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ASX ANNOUNCEMENT

23 December 2022

Aspen Group Acquisition – Black Dolphin Motel Merimbula

Aspen Group (ASX: APZ) (“Aspen”) is pleased to announce that it has contracted to acquire the Black Dolphin Resort Motel (“Black Dolphin”) in Merimbula, NSW. Settlement is expected to occur on 1 March 2023.

Merimbula is an attractive coastal location on the Sapphire Coast of NSW, about halfway between Sydney and Melbourne and 3 hours’ drive from the ACT. The region is popular with tourists and retirees.

Black Dolphin is adjacent to Aspen’s Tween Waters Holiday Park (“Tween Waters”) separated by a minor side road. The properties are in an attractive part of Merimbula between the beach and river (not in the 1 in 100 year flood zone) and close to town. The surrounding properties are typically 3-storey apartment buildings, with new top end apartments recently selling for over \$1 million.





Black Dolphin

Black Dolphin is a motel complex with 49 units comprising 47 rooms and 2 large apartments currently used as manager accommodation. The land spans 1.04 hectares as is zoned for medium density residential (R3). It has a large dining room, licenced bar, kitchen, function room, swimming pool, half-court tennis, BBQ facilities and landscaped gardens.

Aspen will combine the operations of Tween Waters and Black Dolphin and upgrade both properties with the aim of achieving the following benefits:

- Improved quality through refurbishment of cabins / rooms and amenities
- Broader customer base – Black Dolphin attracts more couples, retirees and workers than Tween Waters which is skewed to family tourists including caravans
- Mildly reduced seasonality
- Revenue synergies – improved marketing & distribution, dynamic pricing, adding two manager apartments to the rental pool
- Cost synergies – single dedicated manager, single reception, more consistent base workload for casuals, increased utilisation of shared facilities

The combined land spans about 3 hectares and initially has 145 approved dwellings/sites comprising 80 cabins/rooms and 65 sites. There are opportunities to improve utilisation of the properties such as converting Black Dolphin's dining and conference rooms into recreation space and motel rooms with views to the river, and adding cabins on the spare land across both properties. Over the long run, highest and best use may be good quality, multi-storey residential that could be used for tourism and retirement purposes.



Pricing

The purchase price is \$5.20 million (excluding transaction costs), equating to about \$106k per unit, which is roughly the cost of acquiring a new, small 1 bedroom holiday cabin excluding land.

We expect to generate a stabilised ROCE of over 8% through combining and upgrading Tween Waters and Black Dolphin.

Announcement authorised by the Board of Aspen Group Limited.

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