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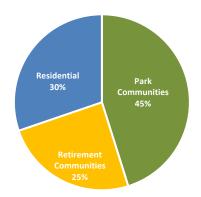
# Aspen Group Financial Results – FY22 Rapid Growth Continues – Opportunities Increasing

Aspen Group (comprising Aspen Group Limited and Aspen Property Trust) (ASX: APZ) ("Aspen") is pleased to provide its financial results for year ending 30 June 2022.

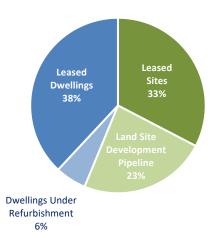
#### Continuing strong demand for Aspen's quality accommodation on truly affordable terms

- Aspen's core target customer base faces a severe shortage of suitable accommodation the 40% of Australian households who can afford to pay no more than \$400 per week in rent or \$400,000 purchase price
- Across Australia residential vacancy rates are near historic lows and rents have increased rapidly average residential rents are up 9.8% over the past 12 months<sup>1</sup>
- Demand for Aspen's short-stay accommodation is rebounding with Covid dissipating and borders now open –
   the increase is broad based across tourists, corporates and students
- Our new house and land sales are increasing at prices that are attractive for customers and Aspen our margins have been stable despite turmoil in the building industry
- Aspen's total assets have increased 3.2x over the past 3 years to \$452m portfolio comprises 100% interests
  in 4,646 dwellings and sites of which 1,362 are currently under value-add redevelopment / refurbishment

#### **Total Dwellings/Sites by Property Type**



#### **Operating and Development Mix**



#### **FY22 Financial Results**

## Statutory Profit \$75.38m equating to 55.16 cents per security

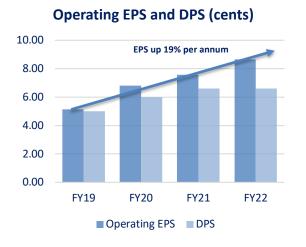
# Operating Earnings<sup>2</sup> \$11.84m equating to 8.65 cents per security – up 14% on FY21

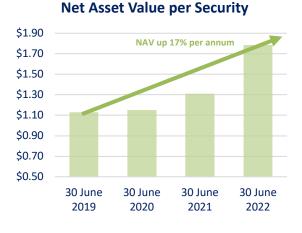
- Total Revenue up 31% to \$46.02m
- Operating and Development Net Income up 25% to \$18.34m measured balance of Property NOI (\$14.84m at margin of 42%) and Development Profit (\$3.51m at margin of 33%)
- Net Corporate Overheads up 5% to \$4.75m MER<sup>3</sup> reduced materially to 1.0%
- Net operating cashflow after financing and borrowing costs up 25% to \$14.12m equating to 119% of Operating Earnings (128% in FY21) no leasing incentives, no straight-line accounting of income, minimal arrears, low development inventory / high stock turn
- Result excludes Trading Profits from the sale of existing dwellings (this was captured in property revaluations)
  and sales of residential land at Coorong Quays post acquisition on 1 June 2022 (these land lots were treated
  as working capital, not development inventory at the time the transaction was agreed)

#### Net Asset Value (NAV) \$1.79 - up 36% over the year

- Material uplift driven predominantly by Property NOI increases, value-add projects and retained earnings -40bps compression of WACR contributed only 9cps of the 48cps uplift over the year<sup>4</sup>
- Total Assets have increased by \$311m over the past 3 years with only \$73m of new equity raised
- Portfolio attractively valued on a WACR of 6.4%, and average of only \$85k per dwelling/site and \$34k per development site – this puts Aspen in a good position to offer very competitive terms to customers while still generating attractive returns for securityholders
- Expected value uplift on current residential redevelopment/refurbishment projects only partially reflected in current NAV – estimated \$25m (16cps) imbedded discount in book values for development risk, leasing risk, and time value that is expected to be released over the next 6-18 months as projects complete
- Gearing<sup>5</sup> of 28% below long-term target range of 30-40%

#### DPS 6.60 cents (87% tax deferred) - new distribution policy targeting 65-75% of Operating Earnings





#### **Outlook**

- Aspen has an exceptional fully integrated platform and we are delivering significant value to customers and securityholders
- Residential vacancy rates are near historic lows across Australia and there is plenty of unsatisfied demand for more affordable accommodation - our dwelling and land rents are growing
- Demand is rebounding for our short stay accommodation with Covid dissipating and borders now open to
  date in FY23 every park is generating revenue pleasingly ahead of pcp forward bookings are up too
- Completion of current residential redevelopment/refurbishment projects is expected to add materially to NOI and NAV over the next 6-18 months
- Continued ramp up of house and land development activity is generating increased annuity rents, development profits and NAV - value of development contracts<sup>6</sup> on hand is already 1.3x total development revenue in FY22
- Building industry turmoil generally, our projects have been delayed 3-6 months and costs have increased 15-20%, but we have managed the risks well so far and we expect the issues to abate over the next 12 months
- Immigration we would like the Federal Government to speed up visa processing and increase immigration, which would help us accelerate the rollout of more affordable accommodation product across Australia
- Cost of debt is increasing we have always assumed interest rates would normalise at some point and we have operated the business and acquired/marked the portfolio accordingly
- Acquisitions property transaction prices have generally remained robust despite deteriorating economic and financial conditions - we expect our opportunities to increase, and we will remain patient

### Guidance

Aspen remains well positioned to grow Operating Earnings and/or Net Asset Value per security over the medium term by at least 10% per annum.

Please refer to FY22 Results Presentations released on ASX today for further information.

Announcement authorised by the Board of Aspen Group Limited.

#### END

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<sup>1.</sup> Source: CoreLogic – 12 months to 31 July 2022

<sup>2.</sup> Operating Earnings is a non-IFRS measure that is determined to present, in the opinion of the directors, the operating activities of Aspen in a way that appropriately reflects Aspen's operating performance – refer to financial report for full definition

<sup>3.</sup> MER – Management Expense Ratio calculated as Net Corporate Overheads divided by closing Total Assets

<sup>4.</sup> WACR – weighted average cap rate - on a like-for-like basis for all properties held since 30 June 2021

<sup>5.</sup> Gearing = (financial debt less cash) / (total assets less cash less retirement village resident loans)

<sup>6.</sup> Contracts includes contracts, deposits and EOIs at 30 June 2022

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