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## ASX ANNOUNCEMENT

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# Aspen Group – 1Q FY24 Update

## Strong Growth – Earnings Ahead of Budget and PCP

Aspen Group (comprising Aspen Group Limited and Aspen Property Trust) (ASX: APZ) (“Aspen”) is pleased to provide the following update.

### Aspen Group

Aspen provides quality accommodation on competitive terms. Our core target customer base is the approximate 40% of Australian households who can afford to pay no more than \$400 per week in rent or \$400,000 purchase price for their housing needs. Aspen owns over 5,000 dwellings and sites in Residential, Lifestyle and Park Communities including over 1,000 in value-add development and refurbishment projects.

### Earnings

Aspen continued its strong growth in 1Q FY24 generating Underlying Operating Earnings<sup>1</sup> above budget and the previous corresponding period:

Underlying Operating Earnings	1Q FY24	1Q FY23	Increase
Property NOI	\$7.8m	\$6.3m	25%
Development Profit	\$1.5m	\$1.1m	30%
Corporate Overheads and Other	(\$1.3m)	(\$1.3m)	0%
<b>EBITDA</b>	<b>\$8.0m</b>	<b>\$6.1m</b>	<b>33%</b>
Net Interest Expense	(\$1.4m)	(\$0.6m)	129%
<b>Operating Earnings</b>	<b>\$6.6m</b>	<b>\$5.4m</b>	<b>21%</b>
<b>Operating EPS</b>	<b>3.67 cents</b>	<b>3.41 cents</b>	<b>7%</b>

Unaudited management accounts. On a quarterly basis Aspen’s overall profitability is not materially seasonal.

### Aspen is well on track relative to initial FY24 guidance:

- Underlying Operating EBITDA of \$29-30m: up 18-22% on FY23
- Underlying Operating EPS of 12.50-13.00 cents: up 4-8% on FY23
- Minimum DPS of 8.50 cents: up 10% on FY23

**Operations**

All Residential, Lifestyle and Park community segments generated higher revenue and net operating income in 1Q FY24 compared to budget and the previous corresponding period.

Our Residential and Lifestyle properties remain essentially full including the newly completed CoVE Cooks Hill which is now 100% let. Rents are increasing across the board. The CoVE Maylands (Guildford Road) refurbishment project is exceeding our expectations: higher quality space and finishes, completion moved forward to 3Q FY24 (from 4Q), expected average rent increased to at least \$375 per week (from \$350), expected stabilised NOI now over \$1.5 million per annum (from \$1.4m).

We have already secured a new lease for 21 refurbished motel rooms at our recently acquired Sierra Residential community with a quality corporate to house some of its local workforce. The expected ROIC<sup>3</sup> for this component of the project is about 14%.



*CoVE Maylands – Under Refurbishment*



*Display Apartment with Rendered Furniture at CoVE Maylands*



We continue to invest in upgrading cabins and facilities at our Park communities to drive increased revenue, profit, and asset value. Occupancy is fairly stable and average rate is higher than a year ago. Darwin Freespirit Resort’s performance over the recent peak season was as good as last year, and we expect corporate demand over the low season to be stronger. As expected, economic activity in the Karratha region is buoyant. Aspen Karratha Village’s profitability improved materially to about \$1 million in the first quarter alone (72% occupancy and \$163 per night average rate). Bookings for the upcoming peak summer holiday season at our NSW coastal Parks are pleasingly ahead of the same time last year.



**Development**

Post the recent acquisition of Sierra Lifestyle Village, Aspen now has 10 active Lifestyle and Residential projects with a total development pipeline of 967 sites. We are targeting a 19% increase in sales in FY24 to 100, skewed towards new houses in our Lifestyle villages which creates new annuity land leases. Over 50% of the target has been settled and contracted<sup>2</sup> to date.

Over the past few years nearly all our new houses were sold before they were built mainly due to supply delays. Delivery timeframes are now improving and for the first time we will soon have display houses and new houses available for immediate sale at all of our development projects. This should support buyer confidence and increase sales rates moving forward.

Residential land enquiries were slow in the quarter but have picked up recently with five sales in October already. We expect sales rates to improve as existing house prices increase, interest rates stabilise, and capacity frees up in the building industry.

#	Lifestyle Houses	Residential Land	Total
Settlements – 1Q FY24	8	11	19
Contracts on Hand <sup>2</sup>	22	13	35
<b>Combined – FY24 YTD</b>	<b>30</b>	<b>24</b>	<b>54</b>
Total Settlements – FY23	36	48	84



## Capital

Capital continues to be recycled from properties with relatively high rents and low yields into accommodation more suited to our core customer base. In the quarter we sold and exchanged contracts on 17 residential houses and apartments in Perth for a total price of \$9.7m, equating to a 5% premium to 30 June 2023 book value and net income yield of about 3%.

The refinancing of our bilateral debt facility with a larger syndicated debt facility has been progressing smoothly and is expected to be completed in 2Q FY24.

Announcement authorised by the Board of Aspen Group Limited.

**END**

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1. Underlying 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 underlying operating performance – refer to financial reports for full definition
2. Contracts on hand includes contracted, deposited and EOI
3. ROIC – Return on Invested Capital – contracted net rent (assuming stabilised margin of 65%) divided by total cost of this component



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