

Aspen Group

Goldman Sachs Emerging Leaders Conference Investor Presentation

3 April 2024



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Aspen's Business Model and Integrated Platform

Owner

Proprietary approach - 100% focused on optimising returns for Aspen securityholders

Operator

Boosting profitability through intensive operational management and provision of various lease terms and services

Developer

Cost effective creation of quality accommodation through brownfield and greenfield development

Capital Manager

Disciplined acquisitions and recycling capital to align portfolio with our target customer base, and enhance return on capital

Provider of Quality Accommodation on Competitive Terms

Core Customer Base

Four million Australian households with annual income <\$90k

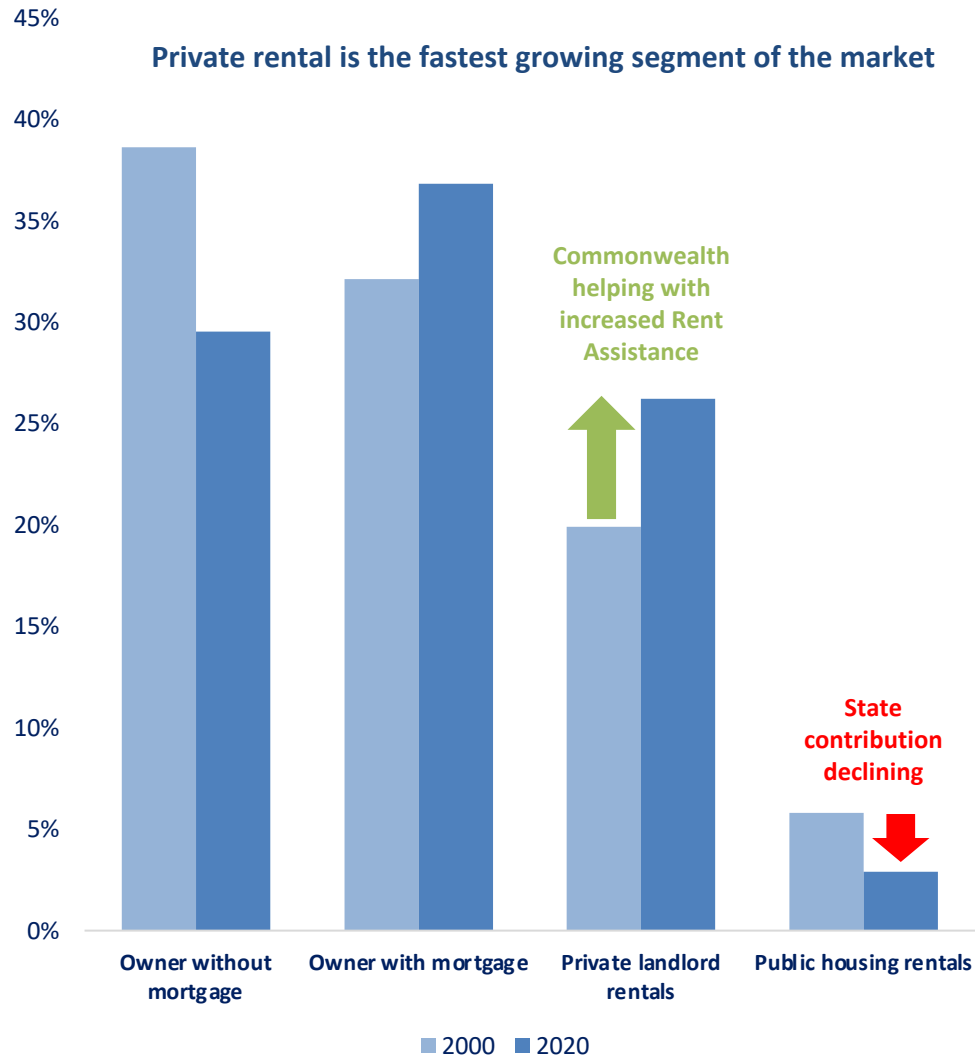
Acute Housing Shortages

<\$400pw rent and <\$400k price

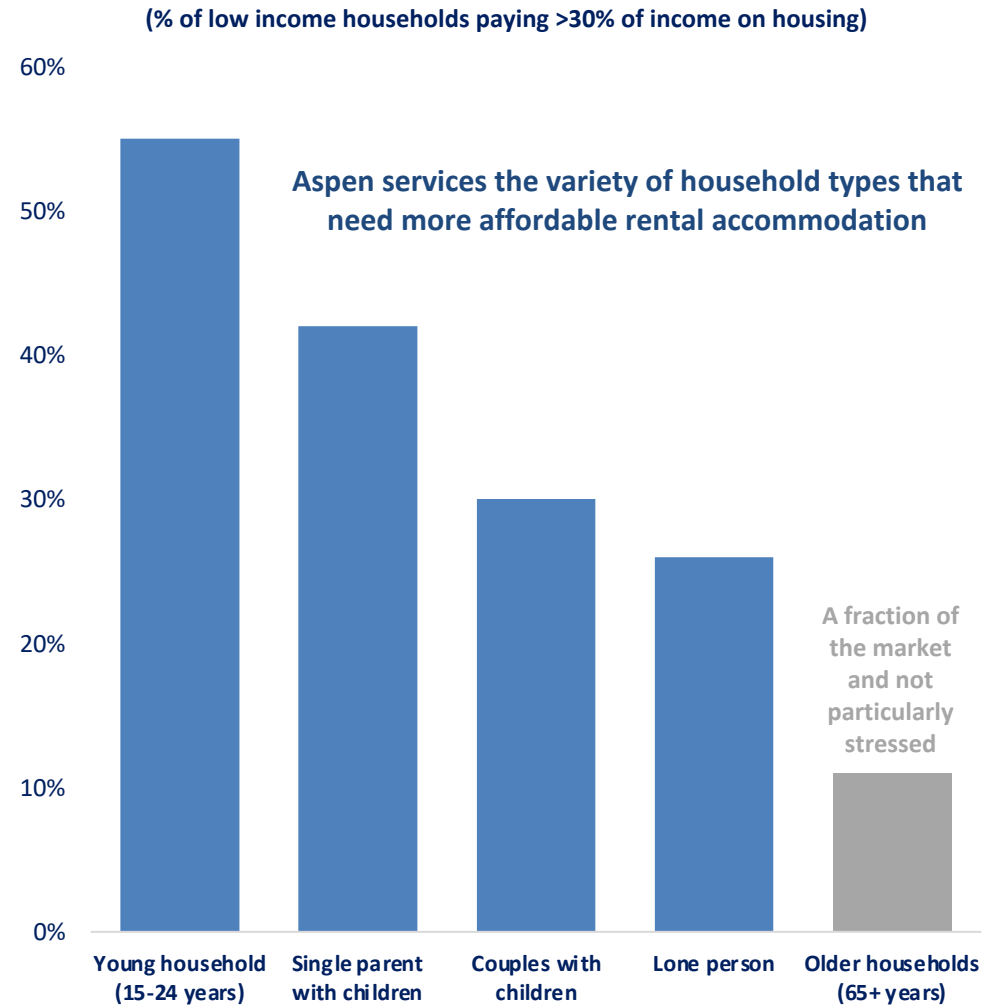
TAM¹ > \$1 trillion of housing stock

Aspen's Market - Highest Growth and Acutely Undersupplied

Funding of Housing in Australia



Housing Stress





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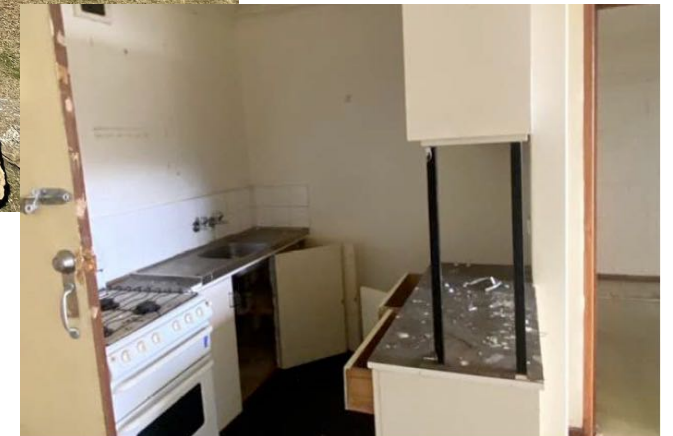
Case Studies

Case Study 1 – CoVE Maylands WA Build to Rent Project

- ✓ **Located at Maylands only 5kms from Perth CBD**
- ✓ **Large 6,733sqm land lot**
- ✓ 10-storey complex with 120 units, most with **extensive views** across the Swan River to the city or north-east
- ✓ Constructed in the early 1960s – highly depreciated when **acquired by Aspen in 2021 at a price approximating land value** of only c.\$1,000psm
- ✓ **Aspen upcycled the building** in 15 months rather than demolishing and building new – full gut and refurbishment of all apartments, new building services, balustrades, community facilities and landscaping costing only \$131k per unit
- ✓ **CoVE branding** – representing premium level of community facilities and some fully furnished apartments which enables short stays
- ✓ **Fully leased prior to completion** including 3-year agreements with University of WA and its affiliates over 40% of the apartments of which 75% are furnished
- ✓ **Spare land for potential additional future development** – high density residential and mixed-use zoning

	Acquisition	Development	Completed
Date	Sep 21	Dec 22-Mar 24	Apr 24
Cost	\$7.0m	\$15.7m	\$22.7m
<i>Per unit</i>	<i>\$58k</i>	<i>\$131k</i>	<i>\$189k</i>
Occupancy	38%		100%
Average Rent per Unit	\$190pw		\$425pw
Expected Annual NOI	\$0.2m		\$1.7m
Expected Net Yield on Cost	2.2%		7.5%
Current Book Value (BV)			\$29.7m
<i>Per unit</i>			<i>\$248k</i>
Revaluation Gain to Date			\$7.0m (31%)
Expected Net Yield on BV			5.7%

132 Guildford Road, Maylands WA - Before



CoVE Maylands WA – After



CoVE rents starting at $\\$400\text{pw}$ (excluding furniture)

Only 60 rentals currently offered in Greater Perth at under $\\$400\text{pw}$
(on realestate.com.au - 2 April 2024)



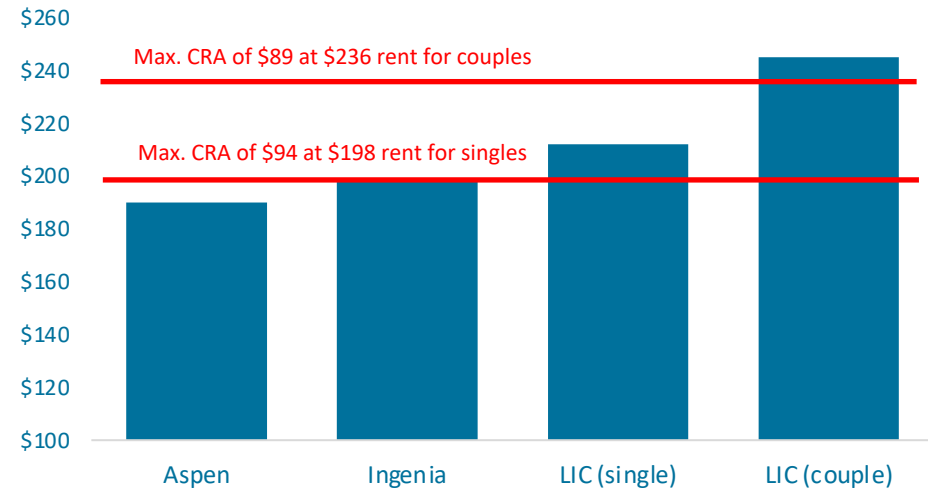
Case Study 2 – Providing Attractive & Affordable Lifestyle

- ✓ **Attractive locations for retirees** – eg. coastal, rural – but still within easy reach of major towns or cities
- ✓ **Land and community facilities not overcapitalised** – typical total cost of a serviced site is roughly \$100k including clubhouse which is around the value of the site once leased – unlike many of our competitors who seek to recover the loss through higher house sales price
- ✓ **Similar type and quality of new house product as rest of the industry - but Aspen’s sales prices are typically lower** and meaningfully below local freehold house prices enabling our customers to sell their existing houses into rising markets with ease
- ✓ **Land rent below most competitors and the level at which CRA¹ caps out** – therefore more growth potential while remaining affordable
- ✓ **Aspen typically does not charge DMF²** in its lifestyle villages – already outlawed in some States and others likely to follow in our opinion
- ✓ **Amongst its listed peers, Aspen charges the lowest average house price and land rent, yet still achieves the highest margin and ROIC³**

Lifestyle House Sales - Average Price and Margin (HY24)³



Lifestyle - Weekly Land Rent (HY24)



Alexandrina Cove Lifestyle Village SA



Located within Aspen's Coorong Quays community at the mouth of the Murray River only 90kms / 80 minutes from Adelaide CBD



Average new house price only \$491k including waterfronts - land rent of only \$181pw

33% below \$730k median house sale price at Hindmarsh Island (realestate.com.au - February 2024)



3

Update

Update – Strong Momentum post HY24 Results

Living - Residential

- ✓ CoVE Maylands WA essentially complete and fully leased at average rent of c.\$425pw
- ✓ Burwood VIC settled 1 March, average rent c.\$305pw (up c.10% since contracting), reduced operating costs

Lifestyle - Retirement

- ✓ Now 64 new houses contracted³ for sale FY24 YTD (v. 36 total in FY23)
- ✓ Only 3 completed houses in inventory for sale
- ✓ Building timeframes reverting to normal at around 6 months - costs have stabilised
- ✓ Now developing larger stages of civils and houses to increase sales flexibility and momentum
- ✓ Lodged DA for Normanville SA – 181 land lease and 119 tourism sites

Parks - Holiday

- ✓ Revenue and profits ahead of expectations
- ✓ High portion of long stay residents with rents highly correlated to general residential and lifestyle market
- ✓ Record Easter holiday trade
- ✓ Darwin FSR – corporate customer taking >40 cabins for extended period after they were refurbished into self-contained over summer – now well positioned maximise yield on remaining cabins over May-Sep holiday season
- ✓ Forward bookings to 30 June currently 26% ahead of same time last year

FY24 Guidance¹

Underlying Operating EBITDA²

\$30.50-31.50m

Up 24-28% on FY23

Underlying Operating EPS²

13.00-13.50 cents

Up 8-13% on FY23

DPS

Minimum 8.50 cents

Up 10% on FY23



1. Earnings guidance is subject to no material change in Aspen's operating environment. 2. Underlying operating earnings is a non-statutory accounting 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 report for full definition. 3. Contracted includes settled, contracted, EOs and deposits

Update – Strong Momentum post HY24 Results

Acquisitions & Disposals

- ✓ Burleigh Heads - EOs (subject to strata) received on three of the 2-bedroom houses at average price of \$948k - 12% premium to average book value and net yield of about 2.7% - capital to be recycled into properties with lower rents more suited to Aspen's customer base
- ✓ Acquisition opportunities are increasing – englobo land, closed-end syndicates with liquidity issues, receiverships, portfolio optimisation with cost of capital increasing (eg. NFPs, governments)
- ✓ Eureka - Aspen's relevant interest has already increased to 35.72% prior to Eureka releasing its Target Statement due by 8 April 2024

Interest Expense

- ✓ Yield curve has inverted – option to reduce borrowing costs by fixing rates

APZ Stock Metrics at \$1.69³

Price / NAV 0.80x	Price / Earnings 12.5-13.0x	Distribution Yield 5.0%	Strong Growth Prospects
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