# Aspen Group

## FY24 Results Presentation

15 August 2024

***Aspen is a Leading Provider of Quality Rentals on Competitive Terms***

*Alexandrina Cove Lifestyle Village, Coorong Quays SA*

# Contents

# Aspen's Business Model and Integrated Platform

**Owner**

Proprietary approach - 100% focused on maximising sustainable returns for Aspen securityholders

**Operator**

Intensive management of properties to boost profitability through provision of various lease terms and additional services

**Developer**

Cost effective creation of quality accommodation through brownfield and greenfield development

**Capital Manager**

Disciplined acquisitions and recycling capital to optimise portfolio, maximise profits and equity value, and reduce risk

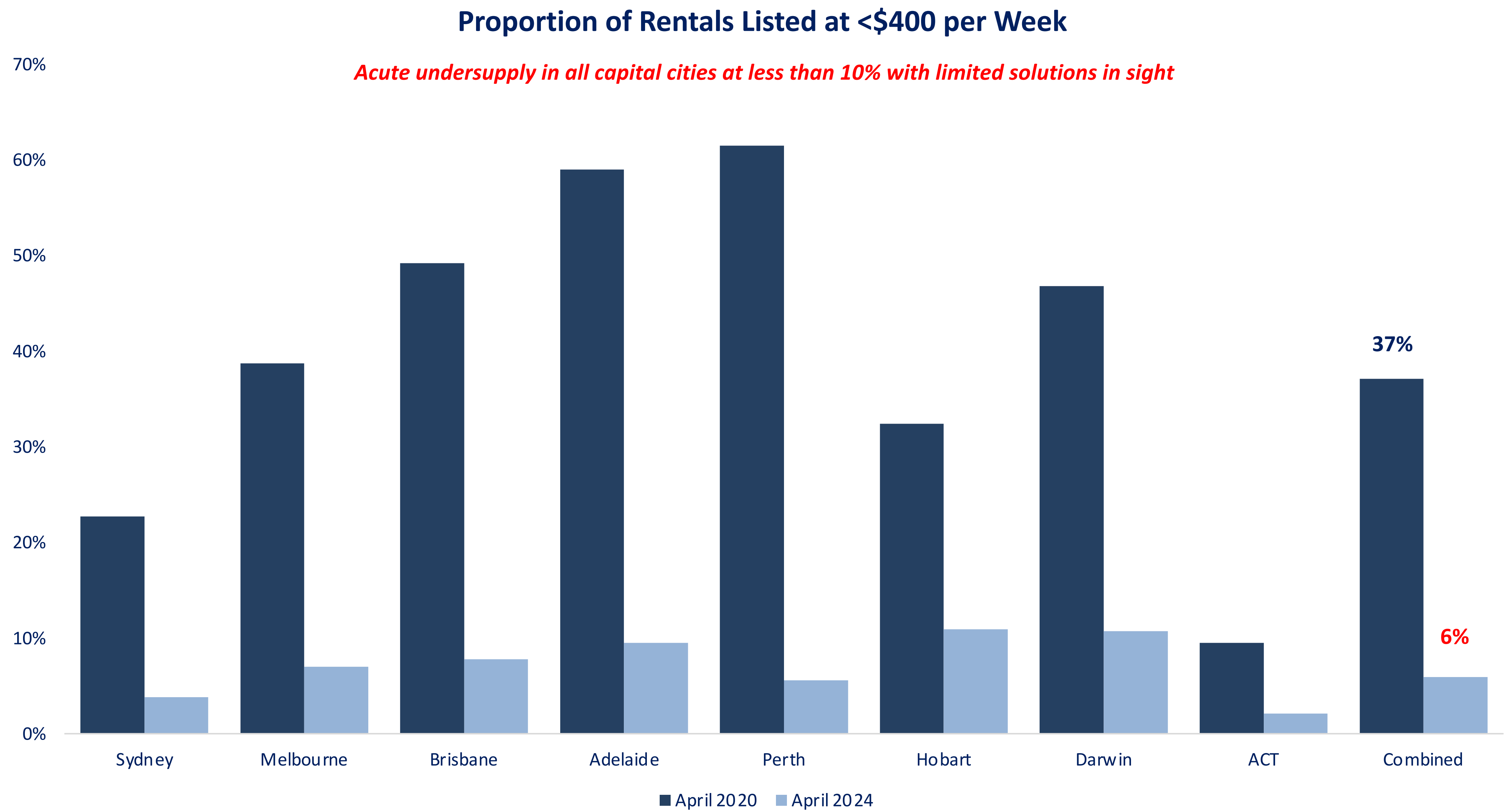
## Provider of Quality Rentals on Competitive Terms

## Target Market

## The c.40% of Australian Households with Income <$90k per annum

## Dwellings and Land Sites

# Aspen is Helping Solve Australia's Housing Problem




Source: PropTrack – April 2024

# 1 | FY24 Results Summary

# FY24 Highlights

**Underlying EPS[1] 13.81 cents**
up 15% on FY23

**DPS 8.50 cents**
up 10% on FY23

**NAV[2] $2.23**
up 11% on 30 June 2023

**Increasing Scale**
Aspen owns 5,107 dwellings/sites
plus 36% of Eureka with c.1,750 owned dwellings

**Average Rent[3] $317pw**
50% NOI margin

**Average Selling Price $332k**
30% Development Profit margin plus annuity land rents

**$52m Acquisitions**
Abundant real estate and optionality - Lindfield NSW Residential, Sierra WA Lifestyle, Normanville and HWY1 SA land, Burwood VIC Residential, Eureka stake

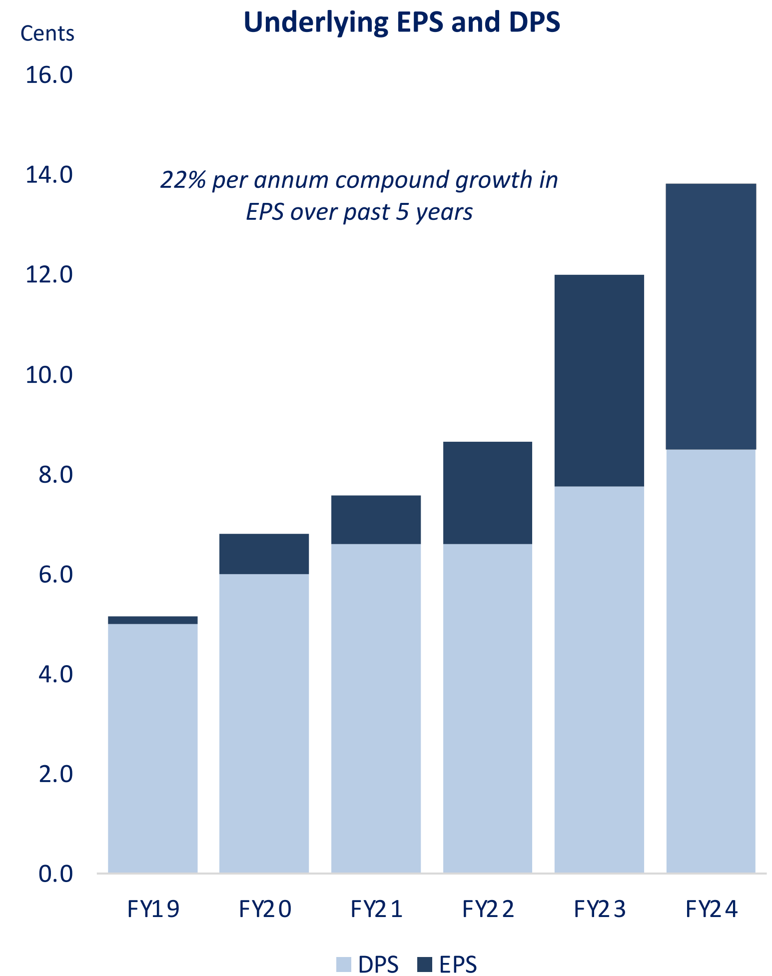
**$25m Disposals[4]**
38 dwellings with relatively high rent at c.3% net yield

**Strong Balance Sheet**
26% gearing[5] / 3.7x ICR[6]

1. Underlying EPS - 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. 2. NAV – Net Asset Value - excludes deferred tax liability provision of $10.6m (5.3cps) at 30 June 2024 for tax that would be payable by Aspen Group Limited if it sold all its assets at book value (Trust entity accounts do not provide for tax liabilities). 3. Rent includes ancillary revenues at some properties. 4. Includes settlements in FY24 and contracted at 30 June 2024. 5. Gearing = financial debt less cash / total assets less cash less retirement village resident loans and deferred revenue. 6. ICR - Interest Cover Ratio – as defined in Aspen's debt covenants.

# Underlying Operating Earnings[1]

| $m (unless otherwise stated) | FY24 | FY23 | Change |
|---|---|---|---|
| Rent and ancillary revenue | $61.81 | $50.26 | 23% |
| *Average per Operational Dwelling/Site per Week[2]* | *$317* | *$276* | *15%* |
| **Net Rental Income[3]** | **$30.79** | **$24.31** | **27%** |
| *Margin* | *50%* | *48%* | *2ppt* |
| Development Revenue | $29.32 | $20.10 | 46% |
| *Average Sales Price (inc. GST)* | *$332k* | *$258k* | *29%* |
| **Development Profit** | **$8.68** | **$6.25** | **39%** |
| *Margin* | *30%* | *31%* | *(1ppt)* |
| **Corporate Overheads & Other** | **($7.26)** | **($5.96)** | **22%** |
| **Underlying EBITDA** | **$32.21** | **$24.60** | **31%** |
| Net Interest Expense | ($6.95) | ($3.70) | 88% |
| **Underlying Operating Earnings** | **$25.26** | **$20.90** | **21%** |
| **Underlying EPS (cents)** | **13.81** | **12.00** | **15%** |
| **Distributions per Security (DPS) (cents)** | **8.50** | **7.75** | **10%** |

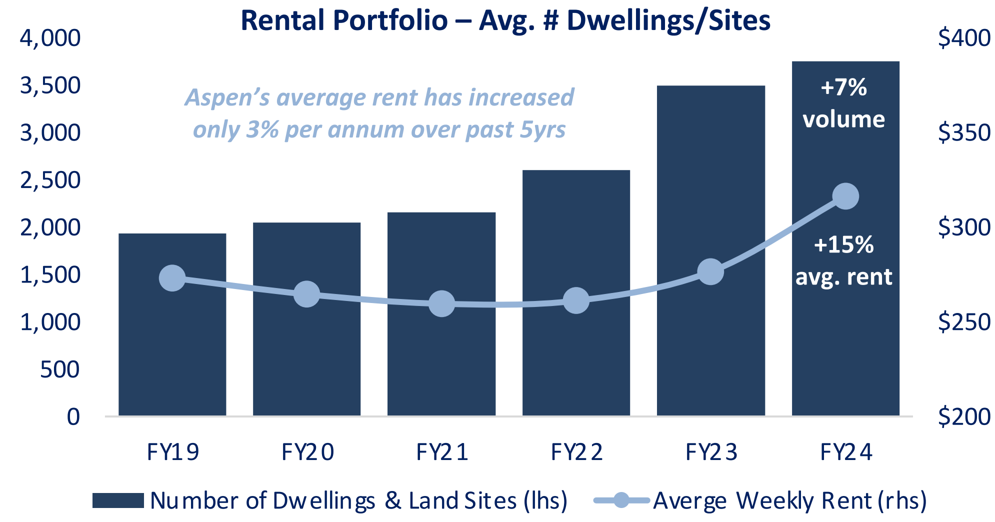



1. Underlying Operating Earnings is a non-statutory accounting measure that is determined to present, in the opinion of the directors, the operating activities of Aspen in a way that appropriately reflects Aspen's underlying operating performance – refer to financial report for full definition. 2. Based on average of opening and closing number of dwellings/sites available for rent in the period. 3. Rental income includes ancillary revenue at some properties

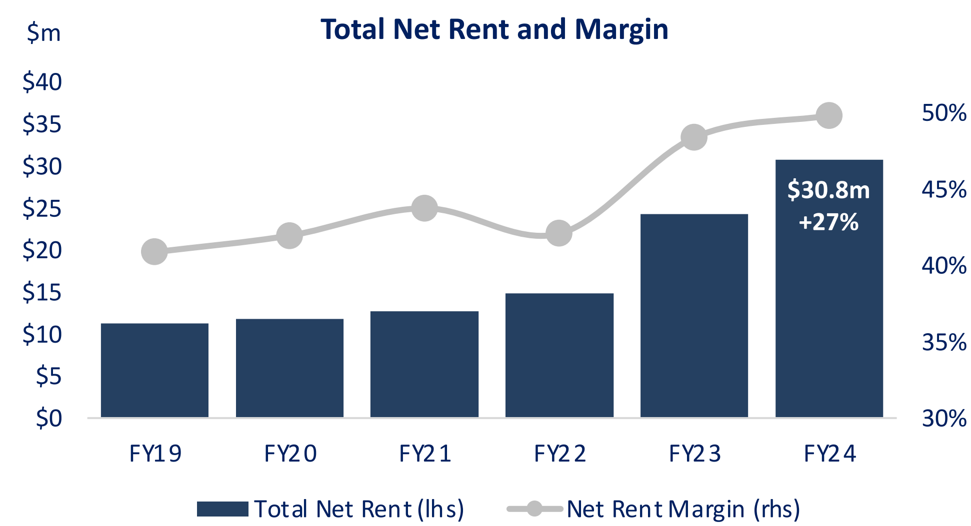
# Operations

**Rental income has become more robust over time:**

- ✓ Increased weighting to deep metropolitan markets
- ✓ Properties improved through refurbishment – c.1,000 dwellings
- ✓ Maintaining competitive rents
- ✓ Higher quality tenant base caring for the properties and paying the rent (arrears <0.2% of revenue)
- ✓ Increasing lease duration
- ✓ Structural improvement in margin due to better operational management, property improvements, and portfolio mix




| FY24 Avg per Week per Dwelling/Site | Residential | Lifestyle | Parks | Total Portfolio |
|---|---|---|---|---|
| | Dwellings | Sites | Mixture | **Mixture** |
| **Rent[1]**<br>**Change on FY23** | $348<br>20% | $217<br>16% | $333<br>13% | **$317**<br>**15%** |
| **NOI**<br>**Change on FY23** | $218<br>26% | $129<br>5% | $141<br>16% | **$158**<br>**18%** |
| **Margin**<br>**Change on FY23** | 62%<br>3ppt | 60%<br>-6ppt | 42%<br>1ppt | **50%**<br>**2ppt** |



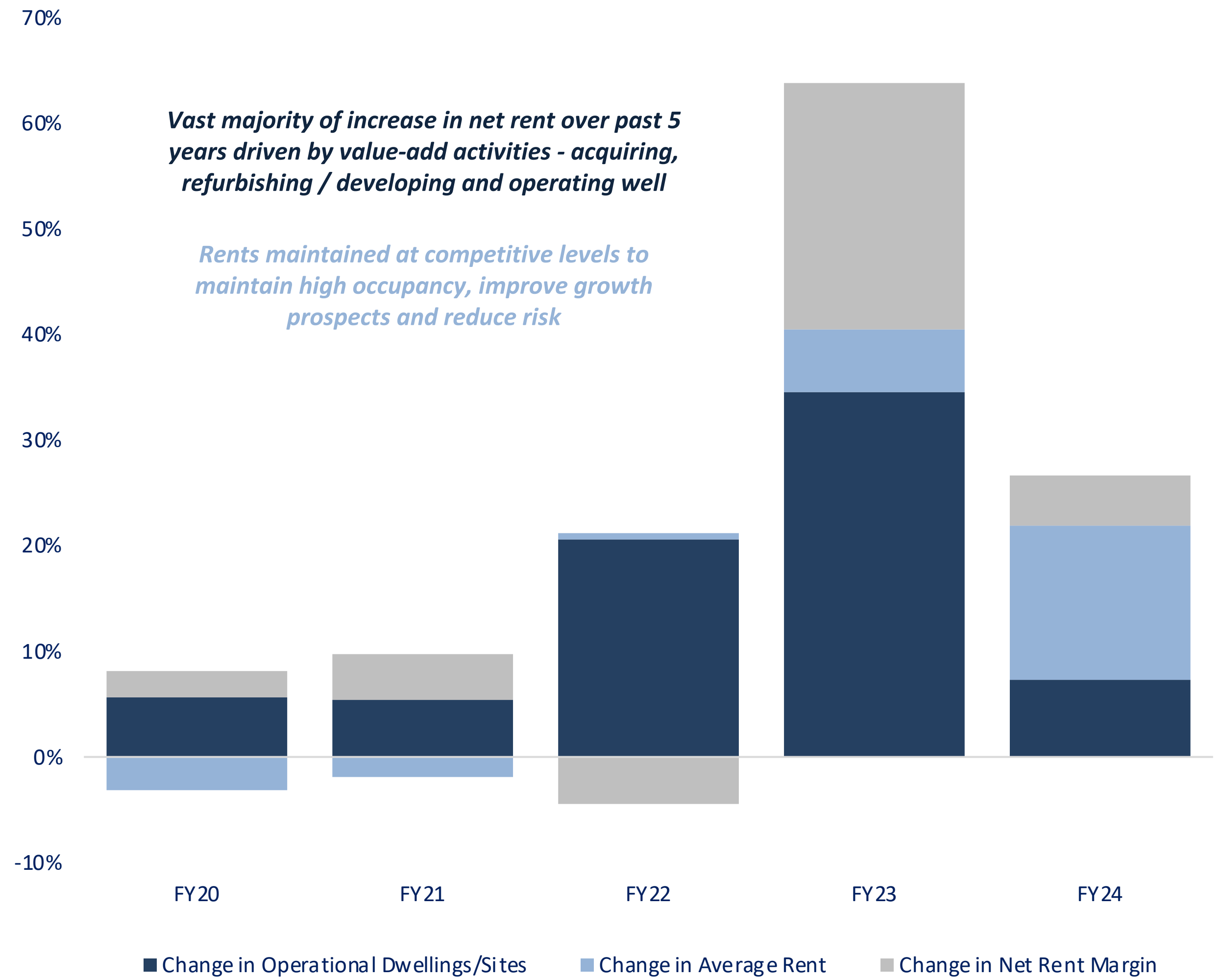

1. Rental income includes ancillary income at some of our properties. Lifestyle rent includes a small amount from dwelling rentals (eg. 20 units at Sierra) – current average land rent is $187pw

# Aspen Value-Add is Driving NOI Growth

**Aspen aims to generate above-market returns by adding value to its properties and maintaining highly competitive rents**

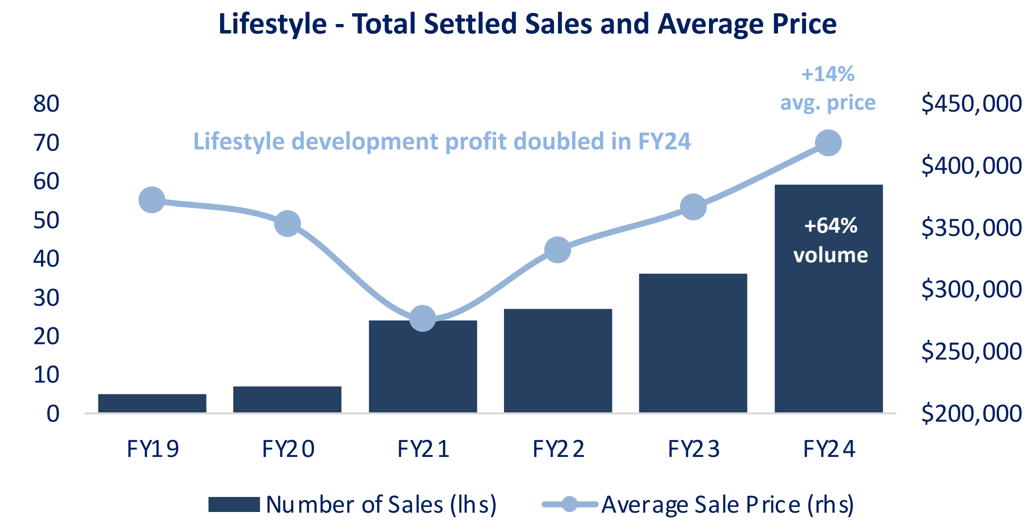
- ✓ Portfolio growing rapidly through disciplined acquisition and development of properties highly suited to our target customer base
- ✓ Cost-effective refurbishment of over 1,000 dwellings to increase sustainable occupancy and rent
- ✓ Intensive management of revenues and costs to increase profit margin – making more profit for shareholders out of every $ of rent paid by tenants
- ✓ Recycling capital out of properties with relatively high rent and value, into properties with more affordable and competitive rents

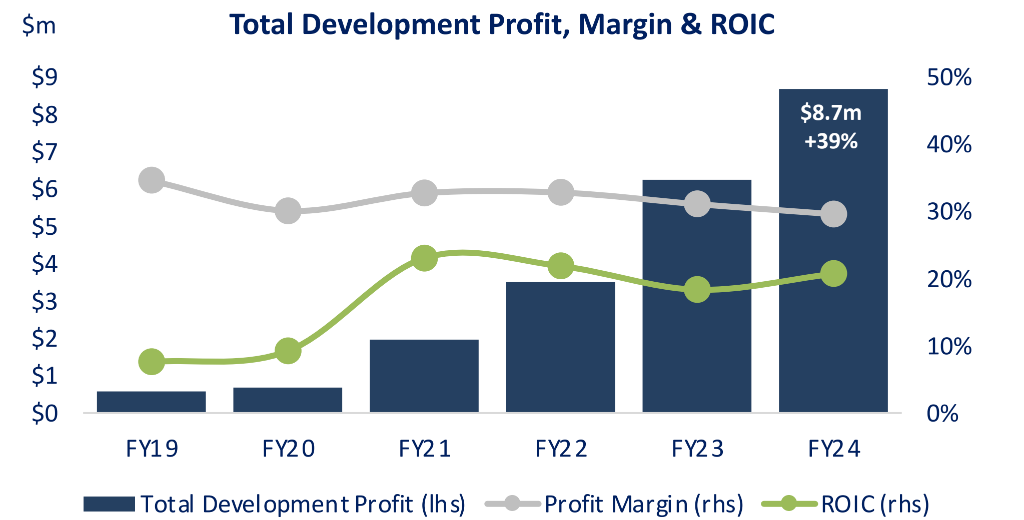
**Contributions to Growth in Total Net Rent**



# Development

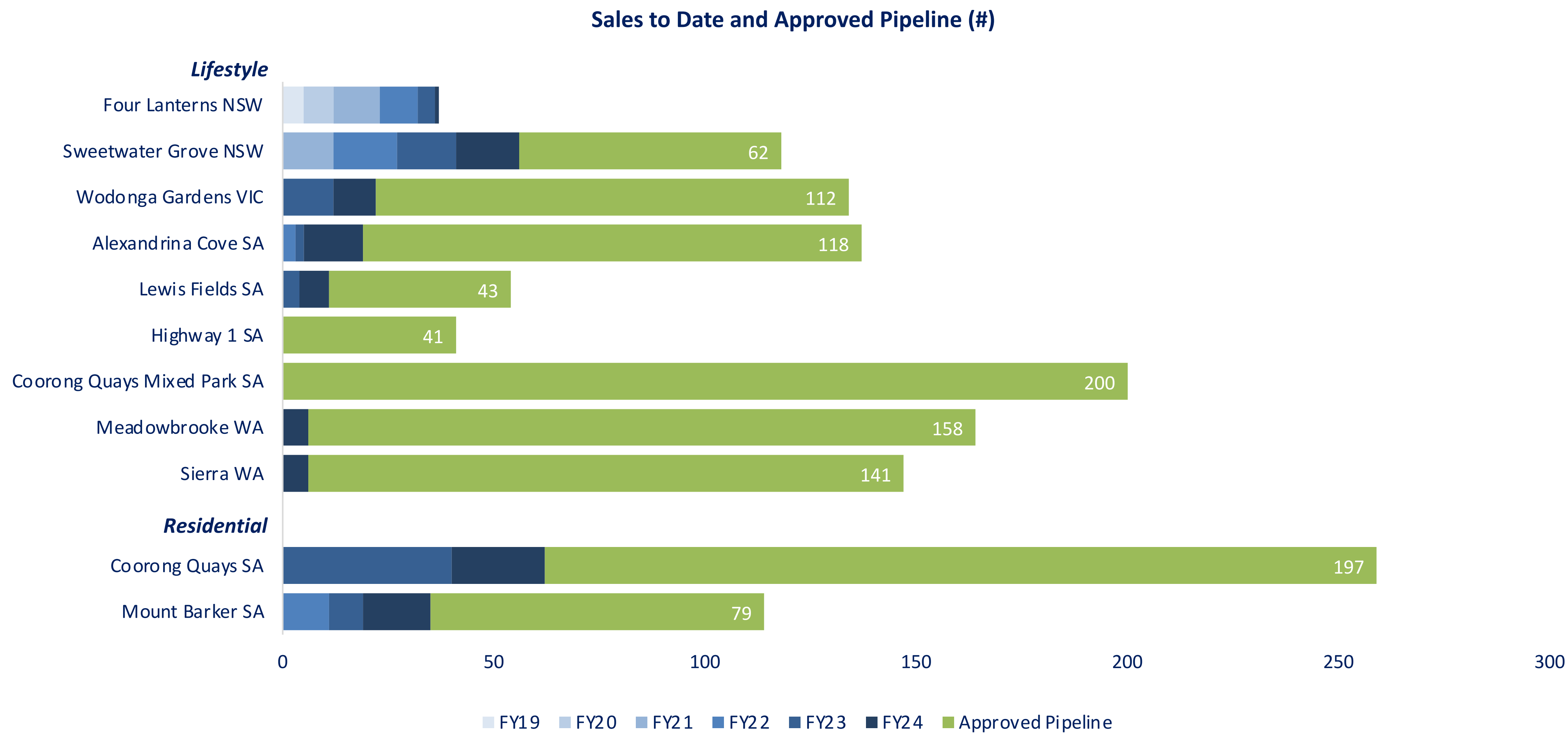
- ✓ Creation of Lifestyle annuity land rentals and sale of Residential land lots typically within mixed communities
- ✓ 9 active projects – diversified by geography, regulation, builders, customers
- ✓ Compelling prices for our customers:
  - $418k average for Lifestyle dwellings – well below local median freehold property prices and most retirement communities
  - $200k average for Residential land - enables production of new houses cheaper than buying existing houses in the local area
- ✓ Value creation:
  - $8.7m development profit split 78% Lifestyle / 22% Residential
  - Plus c.$0.5m net of annuity land rent worth c.$8m
- ✓ Capital-light:
  - Average development profit of $115k per Lifestyle dwelling – more than the cost of the developed land sites including community facilities
  - High ROIC[1] of 21% across entire development assets driven by low-cost land acquisition and disciplined, low-risk inventory management
- ✓ Significant low-cost pipeline on balance sheet - 1,152 approved sites equates to 12x FY24 sales (plus over 400 sites in planning stage)




1. ROIC – Return on Invested Capital equals development profit divided by the carrying value of Aspen entire development assets including inventory and spare land in Lifestyle and Park properties classified as investment property. 2. Contracts includes settlements to date in FY25 and contracts, EOIs and deposits currently on hand

# Approved Development Pipeline




*Significant approved development pipeline of 12x FY24 sales*

*+ DA submitted for 300 Lifestyle and Park sites at Normanville*

*+ Early planning stage for Lifestyle sites on land acquired adjoining Highway 1*

# Normanville SA Project

- Normanville SA is an attractive lifestyle location on the west coast of the Fleurieu Peninsula only 77kms or 70-minute drive to Adelaide CBD
- Nearby attractions include the Normanville township, white sandy beaches, Lady Bay Golf Resort (across the road), Marina St Vincent, McLaren Vale wine region (35-minute drive), and Coorong National Park (1 hour drive), Kangaroo Island (via ferry)
- The property has a rich history, originally as Ferguson's Flour Mill constructed in 1856, then as a thoroughbred horse breeding station, producing and raising the Cummings family's first Melbourne Cup winner, Comic Court in 1950
- The site spans 10.6 hectares and is zoned Tourism which allows development of a mixed-use Park
- Aspen has submitted a development application yielding 300 sites, split 181 Lifestyle sites and 119 Tourism sites
- The Heritage Flour Mill will be refurbished and repurposed
- Purchase price \$2.6m equating to \$242k per hectare and \$8k per planned site

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# Normanville Development Application

ASPEN NORMANVILLE - MASTER PLAN

## 3.0 MASTER PLAN

DEVELOPMENT SUMMARY OF THE MASTER PLAN:

**300**
TOTAL YIELD
COMPRISING OF:

**119**
**TOURISM SITES**

20 X HOLIDAY CABIN SITES

20 X DRIVE-THROUGH ENSUITE CARAVAN SITES

79 X CAMPING SITES

**181**
**LAND LEASE LOTS**

**Community Precinct**

- COMMUNITY FACILITY
- BOWLING GREEN
- OUTDOOR POOL
- HERITAGE MILLS BUILDING


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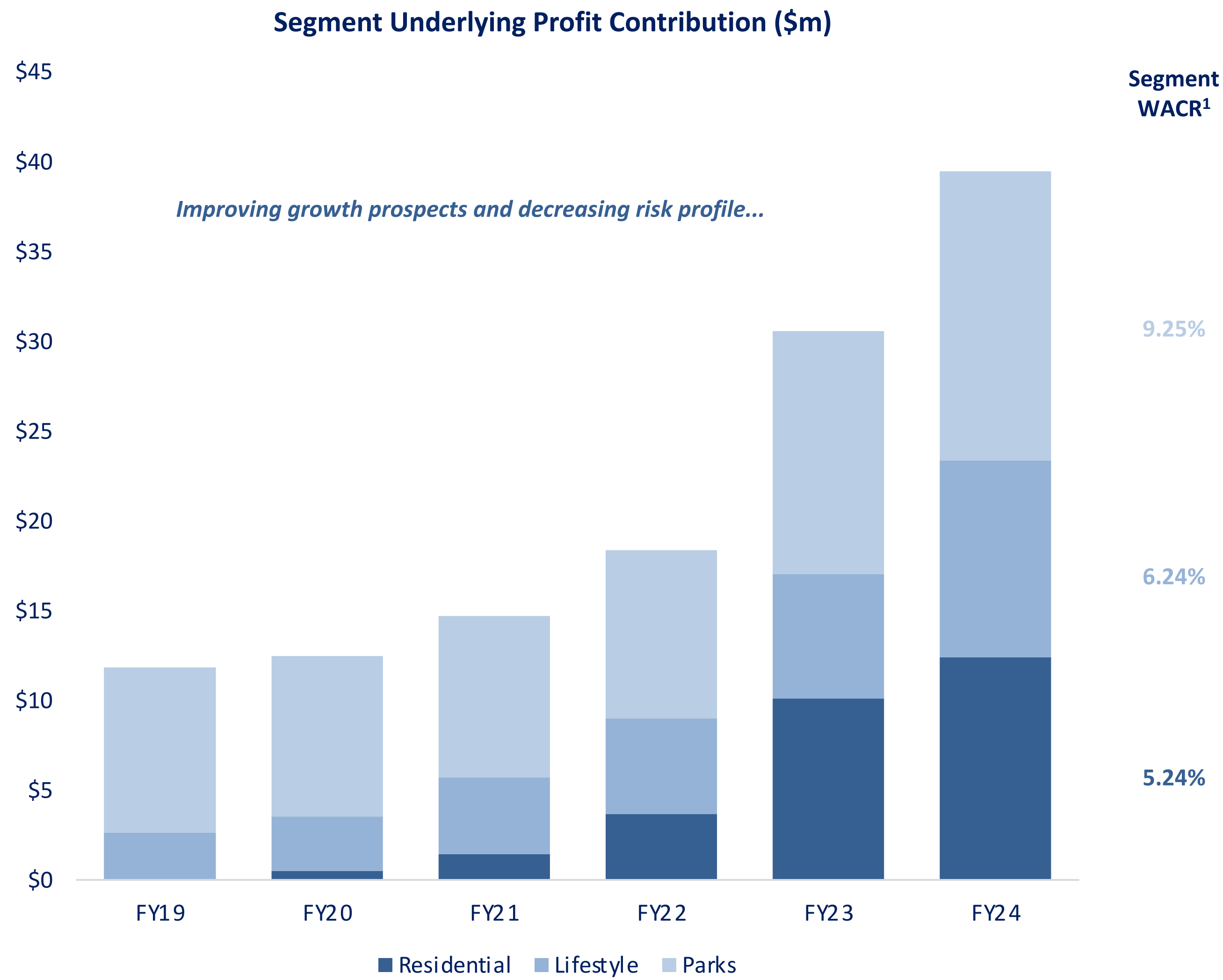
# Improving Portfolio Dynamics

**The quality, diversity and long-term growth prospects of Aspen's portfolio have improved dramatically over the past 5 years**

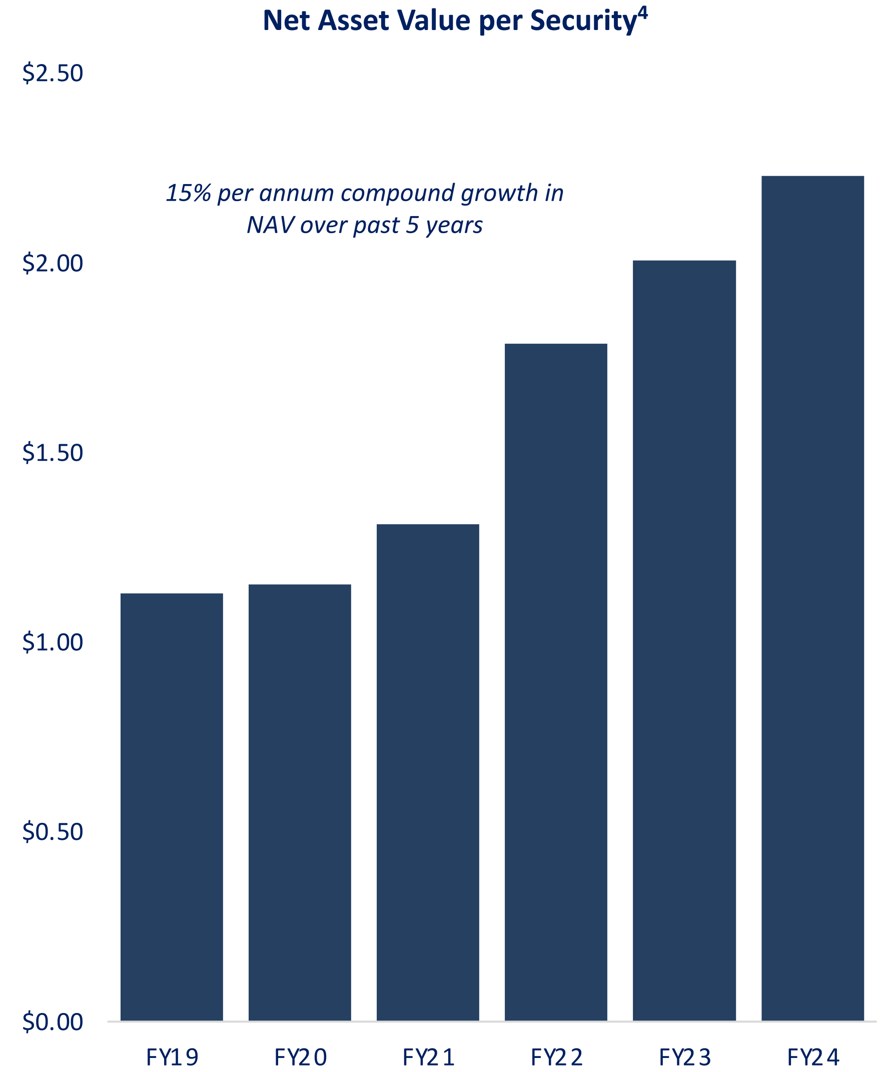
- ✓ Increased weighting to deep, densifying metropolitan markets where Residential housing typically sells for <3% net yield
- ✓ Increased contribution from Lifestyle in attractive retirement locations with lifetime leases and highly profitable, capital-light development
- ✓ Parks have a high component of permanent residents, annual leases, and corporates in need of worker accommodation - manageable exposure to discretionary tourism
- ✓ High component of land value in attractive locations where people want to live - potential for strong growth through development into higher value uses in future




1. WACR - Weighted Average Capitalisation Rate based on book values at 30 June 2024

# Portfolio – Simplified Balance Sheet

| $m (unless stated) | FY24 | FY23 | Change |
|---|---|---|---|
| **Total Dwellings & Sites #** | **5,107** | **4,794** | **7%** |
| **Rentals – Dwellings & Sites #** | **3,955** | **3,702** | **7%** |
| Book Value (ex. spare development land) | $516 | $431 | 20% |
| *Per Dwelling/Site* | *$130k* | *$116k* | *12%* |
| *WACR[1]* | *6.8%* | *6.5%* | *+30bps* |
| **Development Assets[2] – Approved Sites #** | **1,152** | **1,092** | **5%** |
| Book Value | $47 | $37 | 27% |
| *Per Approved Site* | *$41k* | *$34k* | *21%* |
| *ROIC[3]* | *21%* | *18%* | *3ppt* |
| **Total Property and Inventory** | **$563** | **$468** | **17%** |
| Eureka Group (EGH) Stake | $58 | $19 | 205% |
| **Total Property Investments** | **$622** | **$488** | **20%** |
| Net Financial Debt | ($161) | ($130) | 24% |
| Net Other Assets (Liabilities) | ($27) | $3 | |
| **Net Assets** | **$434** | **$361** | **20%** |
| **NAV per Security (pre DTL)[4]** | **$2.23** | **$2.01** | **11%** |
| **Gearing[5]** | **25.7%** | **25.5%** | **20bps** |
| **ICR[6]** | **3.7x** | **4.2x** | **(0.5x)** |



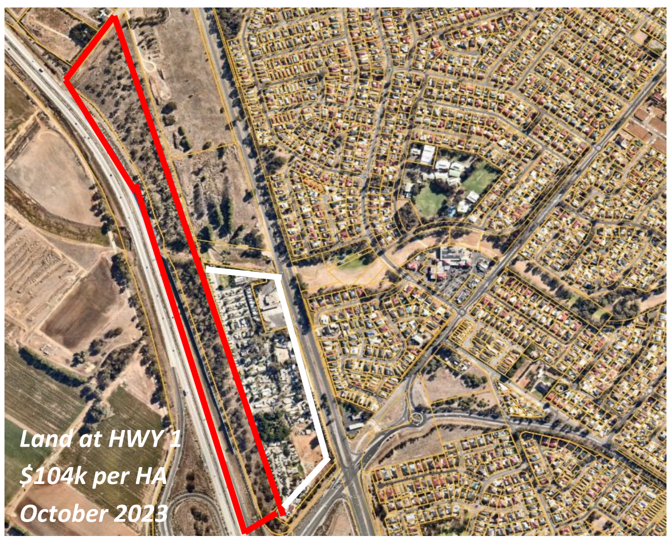

1. Weighted Average Capitalisation Rate 2. Development Assets is all development assets including civils inventory, new lifestyle house inventory, spare land in Lifestyle and Park properties and residential land inventory 3. ROIC = Development Profit divided by average of opening and closing Development Assets 4. Net Asset Value per Security excludes deferred tax liability (DTL) provision relating to capital gains tax that would be payable by Aspen Group Limited if it were to sell all its assets at book value 5. Gearing = financial debt less cash / total assets less cash less retirement village resident loans and deferred revenue. 6. ICR – Interest Cover Ratio – as defined in Aspen's debt covenants.

# $52m of Acquisitions in FY24

*Lindfield Apartments*
*$200k per apartment*
*July 2023*

*Sierra Lifestyle Village and Apartments*
*$20k per approved dwelling/site*
*July 2023*

*Normanville SA land*
*$242k per HA*
*September 2023*



*Land at HWY 1*
*$104k per HA*
*October 2023*

*Burwood VIC Apartments*
*$100k per apartment*
*March 2024*

*Additional 22% of Eureka Group*
*May 2024*

# Latest Acquisition – Viveash WA

- Viveash is a Perth metropolitan suburb adjacent to Midlands and only 18kms or 30-minute drive to Perth CBD
- The property spans almost 1 hectare and is operated as Over 55s residential with a community centre, 36 self-contained apartments averaging about 45sqms, and 25 car spaces
- The property was acquired from Council and is currently leased to 7 residents on subsidised rents of about $100pw with CPI increases
- Aspen will refurbish the community facilities and the other 29 apartments which are expected to be leased at about $320pw
- Total project cost is expected to be c.$4.5m ($2.2m purchase cost + $2.3m refurbishment) equating to $125k per apartment
- Expected to be accretive to earnings post refurbishment


# 2 | FY25 Outlook and Guidance

# FY25 - Expected Outlook and Guidance Upgrade

- ✓ Continued high occupancy - significant demand at Aspen's competitive rents
- ✓ Higher average rent:
  - Estimated market rent for Residential portfolio is currently $390pw - 12% above FY24 result
  - Lifestyle land rent increasing around 4% per annum, supported by CRA[3] which caps out 26% above Aspen's current average land rent of $187pw – our Lifestyle residents are not subject to DMF
  - Parks flat / patchy with mixture of long-term residents, corporates (somewhat essential) and tourists (mainly discretionary – softening)
- ✓ Growing rental pool:
  - Full year of CoVE Maylands WA and Burwood VIC earnings, Viveash expected to settle shortly
  - Leased Lifestyle sites growing at >10% per annum through development
- ✓ 36% stake in Eureka (EGH) – Aspen's underlying earnings will include EGH's underlying earnings which Aspen expects to be 3.00 cents per share[4] (flat on EGH's FY24 guidance of 3.00cps)
- ✓ Continued measured growth in development profits targeting around:
  - 100 sales split 80% Lifestyle dwellings / 20% Residential land lots at average margin of $100k
  - Sales contracts on hand[2] - 38% of FY25 budget
- ✓ Capital recycling out of higher rent / price points and non-core properties
- ✓ Remaining disciplined on acquisitions and maintaining strong balance sheet

**FY25 Guidance[1]**

**Underlying EBITDA[2]**

**$40m - up 24%**

**Underlying EPS[2]**

**15.2 cents - up 10%**

**DPS**

**10.0 cents - up 18%**

1. Subject to no material change in Aspen's operating environment. 2. Underlying 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. CRA – Commonwealth Rent Assistance – for a pensioner couple. 4. Aspen's statutory accounts will either equity or investment account its interest in Eureka depending on the level of influence it has over Eureka in FY25 – investment accounted in FY24

# Appendix A

## Property Portfolio


CoVE Maylands WA

# Aspen is Helping Solve Australia's Affordable Housing Problem

## Creating affordable housing through disciplined acquisition and development processes

- upcycling older buildings which are often unlivable
- building new homes at relatively low cost

## Indigenous Programs

- working with local indigenous groups to ensure cultural integrity and to maintain heritage items

## Looking after our Customers

- on-site management, services and community spaces to foster a diverse and inclusive culture so that our customers have a sense of home and meaningful connections to the community

## Aspen Social

- supporting CHPs and NFPs including Red Cross and The Salvation Army by providing housing at discounted rents

## Community Engagement

- supporting over 10 sporting groups, schools, clubs

## Diversity & Inclusion

- 60% of total employees and 36% of head office employees are female
- internship program with Uni SA

## Saving Resources

- actively renovating and upcycling old buildings including heritage
- smaller dwellings which use less resources to construct and operate
- solar installations, metering, converting to electricity, upgrading infrastructure

## Governance and Alignment

- Aspen's Board is majority independent
- CEOs own 8% of Aspen stock and about half their remuneration is contingent on NAV / stock performance

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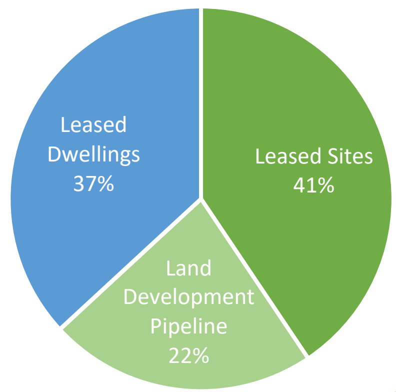
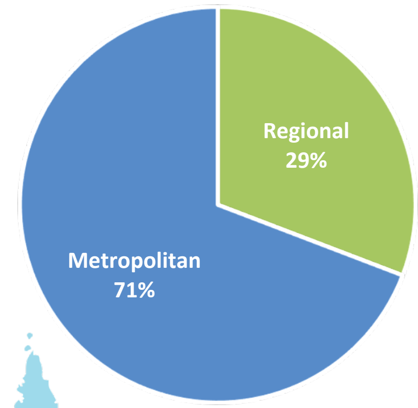
# Portfolio Summary – 30 June 2024

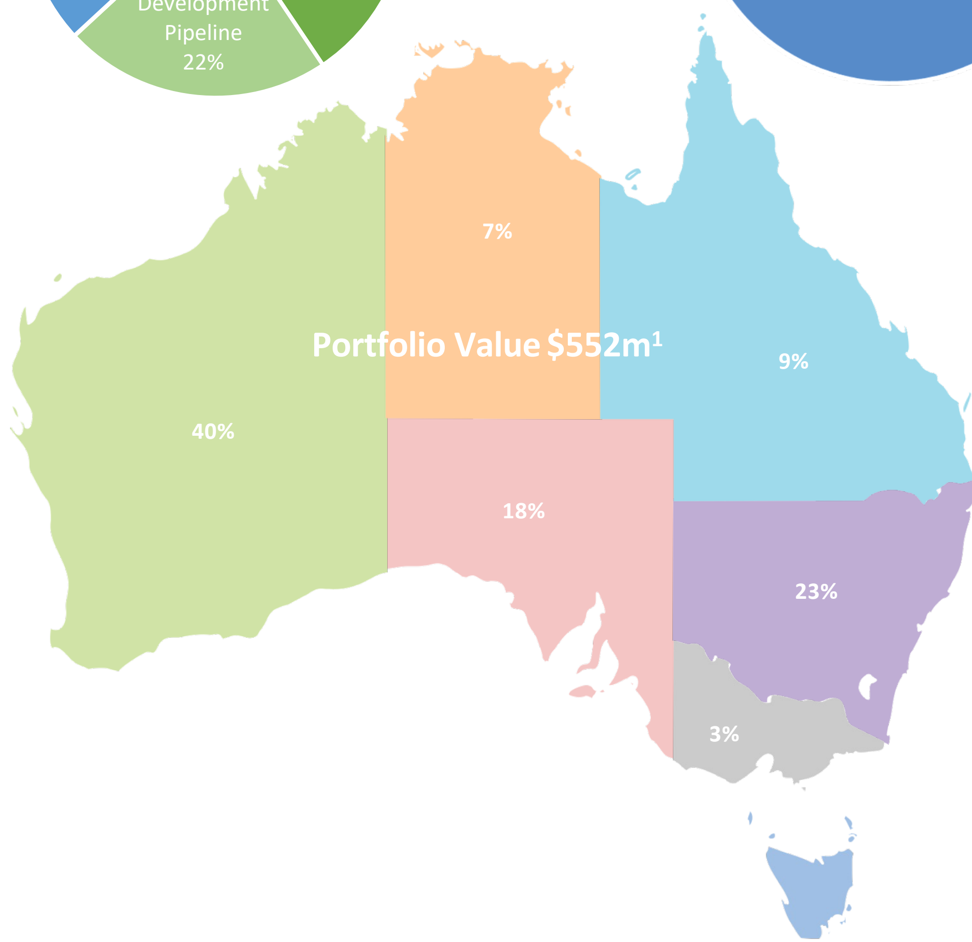
| Portfolio Aggregates | Total |
|---|---|
| **Total Operational Dwellings/Sites** | **3,955** |
| ***Dwellings*** | ***1,883*** |
| ***Land Sites*** | ***2,072*** |
| **Development Pipeline** | **1,152** |
| **Total Approved Dwellings/Sites** | **5,107** |
| | |
| **Land Area (Hectares)** | **231** |
| **Dwellings/Sites per Hectare** | **22** |
| | |
| **Book Value ($m)** | **$552** |
| **- per Hectare ($m)** | **$2.4** |
| **- per Approved Dwelling/Site** | **$108k** |
| | |
| **Valuation WACR** | **6.8%** |

**Total Dwellings/Sites – Operating v. Development[2]**




**Location[1]**



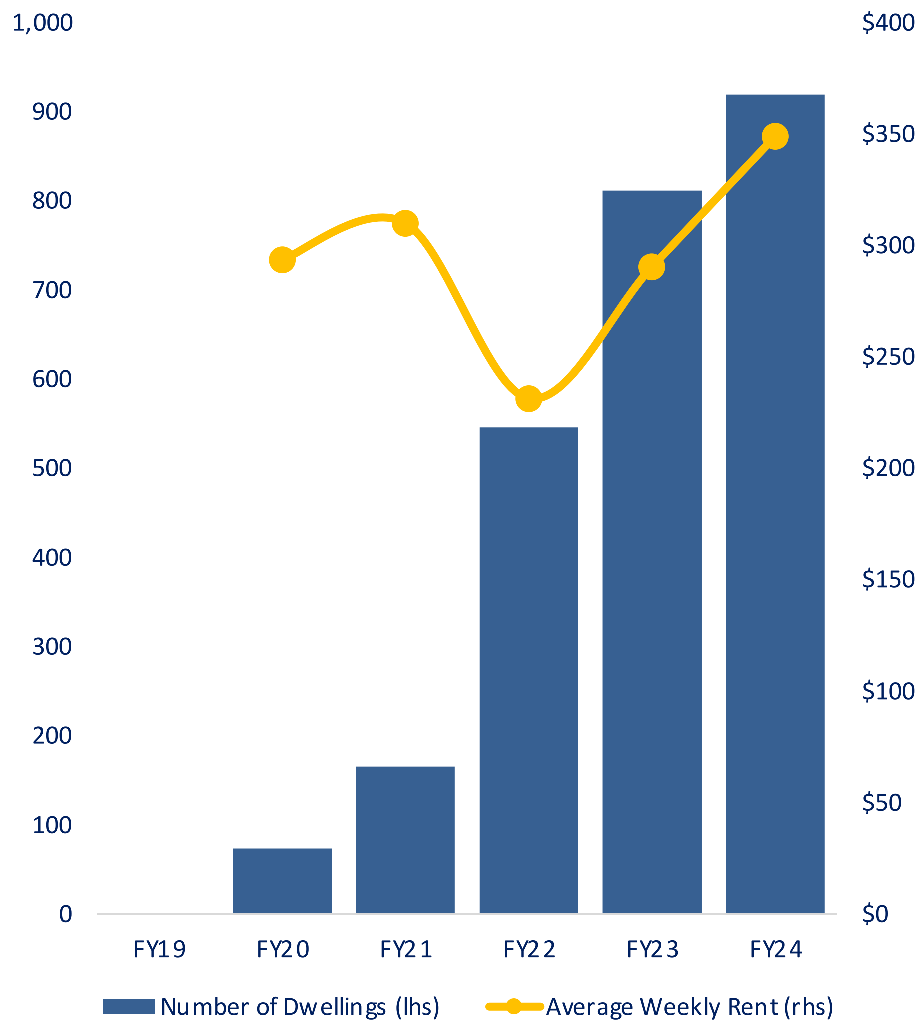

1. Location weighted by book value
2. Mix weighted by # of dwellings and sites

# Residential Overview

| $m unless stated | Residential | | |
|---|---|---|---|
| | **FY24** | **FY23** | **Change** |
| **# Dwellings (close)** | **1,065** | **992** | **7%** |
| ***# Operational*** | *1,065* | *872* | *22%* |
| ***# Refurbishment Pipeline*** | *0* | *120* | *(100%)* |
| **Total Book Value** | **$261** | **$215** | **20%** |
| ***Average per dwelling*** | *$245k* | *$217k* | *13%* |
| ***WACR*** | *5.2%* | *4.6%* | *60bps* |
| **Operating Revenue** | **$16.66** | **$12.25** | **36%** |
| ***Average per operational dwelling per week*** | *$348* | *$290* | *20%* |
| **NOI** | **$10.41** | **$7.28** | **43%** |
| **Margin** | 62% | 59% | 3ppts |

- ✓ CoVE Maylands refurbishment completed and fully leased
- ✓ Acquired apartments at Lindfield NSW in July 2023 and Burwood VIC in March 2024
- ✓ Continued sale of individual houses at c.3% yield
- ✓ Rental rates growing rapidly – market rent is higher than in-place rent for most properties
- ✓ Only frictional vacancy and negligible arrears
- ✓ Margin expanded as refurbishments completed and portfolio occupancy increased - stabilised residential properties achieving c.65%
- ✓ Portfolio value increased substantially despite 60bps increase in assumed WACR

**Residential Rental Pool – Avg. # Dwellings**

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# Residential Properties

| | Residential[1] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | WA | | NSW | | QLD | | VIC | SA | |
| | Perth Apartment Portfolio[6] | Perth House Portfolio | Lindfield Apartments | Cooks Hill | Uniresort | Burleigh Heads | Burwood | Normanville | Total Residential |
| Region | Perth Metro | Perth Metro | Sydney Metro | Newcastle Metro | Brisbane Metro | Gold Coast Metro | Melbourne Metro | Fleurieu Peninsula | |
| Land Ownership | Freehold | Freehold | Freehold | Freehold | Freehold | Freehold | Strata | Freehold | |
| Resident Tenure | Rental | Rental | Rental | Rental | Rental | Rental | Rental | Rental | |
| **Total Land Area (HA)** | 4.5 | 1.0 | 0.68 | 0.19 | 1.2 | 0.94 | NA | 10.6 | **19.1** |
| Operational Sites | 509 | 38 | 60 | 50 | 308 | 18 | 81 | 1 | 1,065 |
| Pipeline - Refurbishment Dwellings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pipeline - Undeveloped Sites | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Approved Sites[2]** | 509 | 38 | 60 | 50 | 308 | 18 | 81 | 1 | **1,065** |
| - per Ha | 113 | 38 | 86 | 263 | 256 | 19 | NA | 0 | 56 |
| Owned Dwelling Inventory[3] | 509 | 38 | 60 | 50 | 308 | 18 | 81 | 1 | 1,065 |
| - per Approved Site | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| **Book Value[4] ($m)** | $154.4 | $15.4 | $17.9 | $13.1 | $31.6 | $17.0 | $9.2 | $2.6 | **$261.3** |
| Valuation Cap Rate | 5.35% | 4.77% | 3.73% | 5.00% | 6.50% | 2.75% | 7.75% | N/A | 5.24% |
| Value Per HA ($m) | $31.15 | $15.21 | $26.13 | $69.12 | $26.22 | $18.11 | NA | $0.25 | $13.68 |
| Value Per Approved Site | $303k | $404k | $303k | $263k | $103k | $946k | $114k | $2.6m | $245k |

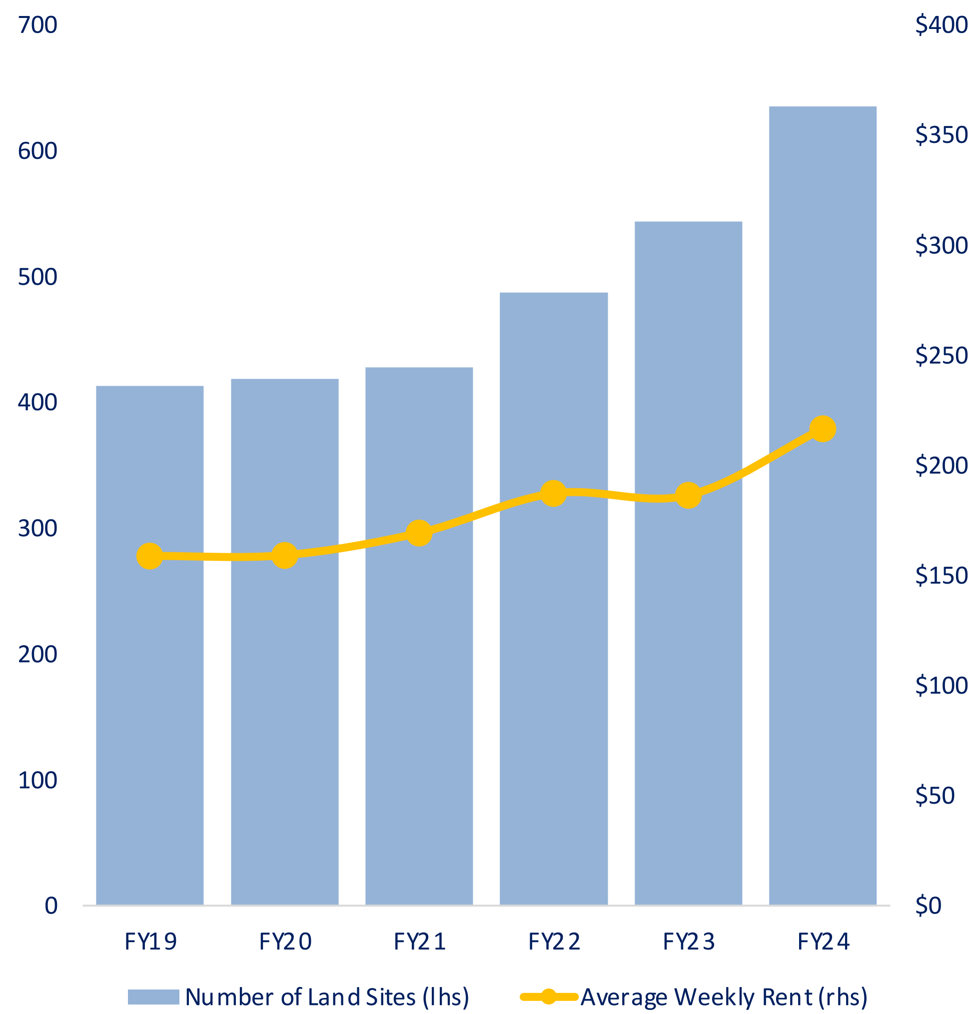
1. The Ridge, Mount Barker and Coorong Quays residential land projects are classified as development inventory on the balance sheet (not investment property) and are therefore not included in this table
2. Approved Sites is the total number of dwellings / sites currently permitted on the property under title, licence or other conditions
3. Owned Dwelling Inventory are houses, apartments, cabins, vans, commercial/retail space etc. that Aspen owns that can be sold or leased on short to long term basis to customers
4. Property values are a mixture of Directors' and external valuations - refer to the financial report for additional information on valuations

# Lifestyle Overview

| $m unless stated | Lifestyle | | |
|---|---|---|---|
| | FY24 | FY23 | Change |
| # Sites (close) | **1,308** | **1,090** | **20%** |
| *# Operational* | *674* | *561* | *20%* |
| *# Development Pipeline* | *634* | *529* | *20%* |
| Total Book Value | **$92** | **$75** | **23%** |
| *Average per site* | *$70k* | *$69k* | *1%* |
| *WACR* | *6.2%* | *6.2%* | *0bps* |
| Operating Revenue | **$7.15** | **$5.27** | **36%** |
| *Average per operational site per week* | *$217* | *$186* | *17%* |
| NOI | **$4.28** | **$3.49** | **23%** |
| Margin | 60% | 66% | (6ppt) |

- ✓ Acquired Sierra Lifestyle Village in July 2023
- ✓ New house prices are well below local median house prices – customers can remain in their local area, enjoy the benefits of a managed community, and free up capital
- ✓ Average current land rent of $187pw is currently 21% below CRA cap which supports sale of new houses and development profits, and future rental growth
- ✓ NOI margin impacted by two new acquisitions in repositioning phase, Sierra and Meadowbrooke – stabilised properties achieving c.65% margin
- ✓ Plenty of opportunity to grow with approved pipeline of 11x FY24 sales
- ✓ Submitted DA at Normanville SA for 300 sites / planning stage for additional land at Highway 1

**Lifestyle Rental Pool – Avg. # Sites**



# Lifestyle Properties

| | Lifestyle | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | NSW | | WA | | | VIC | SA | | |
| | Four Lanterns | Sweetwater Grove | Mandurah Gardens | Meadowbrooke | Sierra | Wodonga Gardens | Lewis Fields | Alexandrina Cove | Total Lifestyle |
| Region | Sydney Metro | Newcastle Region | South Coast | South Coast | Darling Range | Albury-Wodonga | Fleurieu | Fleurieu | |
| Land Ownership | Freehold | Freehold | Freehold | Freehold | Freehold | Freehold | Freehold | Freehold | |
| Resident Tenure | Land Lease | Land Lease / Rental | Land Lease | Land Lease | Land Lease / Rental | RV / Land Lease | RV / Land Lease | RV / Land Lease | |
| **Total Land Area (HA)** | 3.9 | 6.0[1] | 6.8 | 9.1 | 39.0 | 8.8 | 3.7 | 7.5 | **84.7** |
| | | | | | | | | | |
| Operational Sites | 134 | 142 | 158 | 26 | 63 | 73 | 37 | 40 | **673** |
| Pipeline - Refurbishment Dwellings | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Pipeline - Undeveloped Sites | 0 | 62 | 0 | 158 | 141 | 112 | 43 | 118 | 634 |
| **Total Approved Sites[2]** | 134 | 204 | 158 | 184 | 205 | 185 | 80 | 158 | **1,308** |
| - per Ha | 34 | 34 | 23 | 20 | 5 | 21 | 22 | 21 | 15 |
| Owned Dwelling Inventory[3] | 1 | 30 | 0 | 5 | 28 | 64 | 27 | 18 | 172 |
| - per Approved Site | 1% | 15% | 0% | 3% | 14% | 35% | 34% | 11% | 13% |
| | | | | | | | | | |
| **Book Value[4] ($m)** | $20.3 | $22.5 | $18.7 | $3.7 | $6.3 | $9.0 | $4.4 | $6.7 | **$91.5** |
| Valuation Cap Rate | 4.75% | 6.65% | 6.25% | 8.75% | 8.75% | 6.50%[5] | 6.50%[5] | 6.50%[5] | 6.24% |
| Value Per HA ($m) | $5.16 | $3.76 | $2.76 | $0.41 | $0.16 | $1.02 | $1.18 | $0.89 | $1.08 |
| Value Per Approved Site | $151k | $111k | $118k | $20k | $31k | $49k | $55k | $42k | $70k |

1. Sweetwater Grove land area excludes "Environmental Conservation" land that is not currently approved for development
2. Approved Sites is the total number of dwellings / sites currently permitted on the property under title, licence or other conditions
3. Owned Dwelling Inventory are houses, apartments, cabins, vans, commercial/retail space etc. that Aspen owns that can be sold or leased on short to long term basis to customers
4. Property values are a mixture of Directors' and external valuations – please refer to the financial report for additional information on valuations. Note for Wodonga Gardens, Lewis Fields and ACLV - some leases at these properties are regulated under Retirement Village Acts and residents are obligated to pay Deferred Management Fees (DMF) under contracts. The book values in this table reflect the fair value of the estimated DMF revenue stream plus the fair value of spare land (ie. excludes gross up for resident loans included in the financial statements)
5. Capitalisation rates for Wodonga Gardens, Lewis Fields and ACLV relate to the leased Lifestyle land site component of the villages (the implied cap rates for the Retirement Village DMF contracts are higher)

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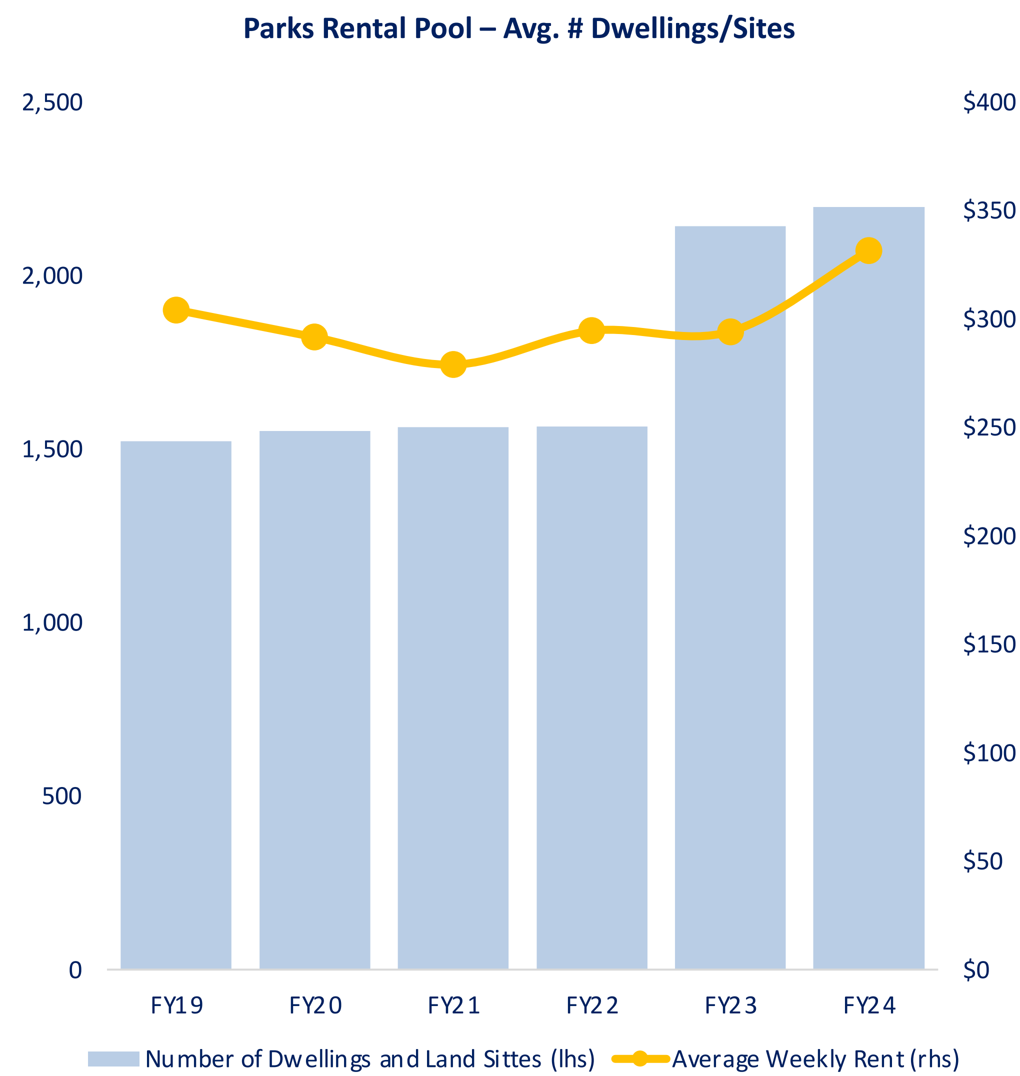
# Parks Overview

**$m unless stated**

| | Park Communities | | |
|---|---|---|---|
| | FY24 | FY23 | Change |
| # Dwellings / Sites (close) | **2,458** | **2,395** | **3%** |
| *# Operational* | *2,217* | *2,149* | *3%* |
| *# Development Pipeline* | *241* | *246* | *(2%)* |
| Total Book Value | **$186** | **$163** | **14%** |
| *Average per dwelling/site* | *$76k* | *$68k* | *12%* |
| *WACR* | *9.3%* | *8.9%* | *40bps* |
| Operating Revenue | $37.85 | $32.75 | 16% |
| *Average per dwelling/site per week* | *$331* | *$294* | *13%* |
| NOI | **$16.11** | **$13.55** | **19%** |
| Margin | 43% | 41% | 2ppts |

- ✓ NOI maximised through dynamic yield management – mix of rental rate, lease term, occupancy rate and variable costs
- ✓ Underpinned by relatively high component of long-term leases over land (annuals, "permanents", lifetime), but short stay is patchy in the weaker economic environment:
  - Good corporate demand across largest parks AKV, Darwin and HWY1
  - Tourist demand softer with increased discounting / promotions required to compete and attract customers
- ✓ Portfolio value increased substantially despite 40bps increase in assumed WACR

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# Park Properties

| | Parks | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | NSW | | | SA | | | NT | WA | |
| | Barlings Beach | Koala Shores | Tween Waters | Highway One | Adelaide CP | Coorong Quays | Darwin FSR | Aspen Karratha | Total Parks |
| Region | South Coast | Central Coast | South Coast | Adelaide Metro | Adelaide Metro | Fleurieu | Darwin Metro | Pilbara | |
| Land Ownership | Freehold | Free/Leasehold | Freehold | Freehold | Freehold | Freehold | Freehold | Freehold | |
| Resident Tenure | Mixed | Short Stay | Short Stay | Mixed | Short Stay | Mixed | Short Stay | Short Stay | |
| **Total Land Area (HA)** | 8.8 | 5.1 | 3.0 | 21.4 | 1.4 | 42.5 | 10.8 | 2.9 | **95.9** |
| Operational Sites | 260 | 144 | 147 | 291 | 97 | 636 | 455 | 180 | 2,217 |
| Pipeline – Refurbishment Dwellings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pipeline - Undeveloped Sites | 0 | 0 | 0 | 41 | 0 | 200 | 0 | 0 | 241 |
| **Total Approved Sites**[1] | 260 | 144 | 147 | 332 | 97 | 836 | 455 | 180 | **2,458** |
| - per Ha | 30 | 28 | 49 | 15 | 68 | 20 | 42 | 62 | 26 |
| Owned Dwelling Inventory[2] | 33 | 40 | 82 | 102 | 47 | 13 | 150 | 180 | 647 |
| - per Approved Site | 13% | 28% | 56% | 31% | 48% | 2% | 33% | 100% | 26% |
| **Book Value ($m)**[3] | $22.5 | $14.3 | $15.7 | $39.5 | $20.5 | $13.2 | $40 | $20.0 | **$185.6** |
| Valuation Cap Rate | 7.25% | 8.57% | 8.25% | 8.25% | 7.00% | 8.57% | 8.75% | 18.50% | 9.25% |
| Value Per HA ($m) | $2.57 | $2.81 | $5.26 | $1.84 | $14.41 | $0.31 | $3.69 | $6.84 | $1.93 |
| Value Per Approved Site | $86k | $99k | $107k | $119k | $211k | $16k | $88k | $111k | $76k |

1. Approved Sites is the total number of sites currently permitted on the property under title, licence or other conditions
2. Owned Dwelling Inventory are houses, apartments, cabins, vans, commercial/retail space etc. that Aspen owns that can be sold or leased on short to long term basis to customers
3. Property values are a mixture of Directors' and external valuations - please refer to the financial report for additional information on valuations

# Land Development

| | | Residential Land Development Inventory | | | |
|---|---|---|---|---|---|
| | | SA | SA | | |
| | Investment Property | Mount Barker | CQ Residential | Total Residential Land Development | Total Property Portfolio |
| Region | | Adelaide Hills | Fleurieu | | |
| Land Ownership | | Freehold | Freehold | | |
| Resident Tenure | | N/A | N/A | | |
| **Total Land Area (HA)** | **200** | **7.2** | **24.4** | **31.6** | **231** |
| | | | | | |
| Operational Dwellings & Sites | **3,955** | - | - | - | **3,955** |
| Pipeline - Undeveloped Sites | **876** | 79 | 197 | 276 | **1,152** |
| **Total Approved Sites** | **4,831** | **79** | **197** | **276** | **5,107** |
| - per Ha | **24** | 11 | 8 | 9 | **22** |
| Owned Dwelling Inventory | **1,883** | N/A | N/A | N/A | **1,883** |
| - per Approved Site | **39%** | N/A | N/A | N/A | **37%** |
| | | | | | |
| **Book Value ($m)** | **$538.4** | **$4.37** | **$9.12** | **$13.49** | **$551.9** |
| Valuation Cap Rate | **6.87%** | | | | |
| Value Per HA ($m) | **$2.70** | $0.61 | $0.37 | $0.44 | **$2.39** |
| Value Per Approved Site | **$111k** | $55k | $46k | $51k | **$108k** |

Sweetwater Grove, NSW

# Appendix B
## Earnings and Balance Sheet

# Statutory Profit and Underlying Operating Earnings

| Summary | FY24 $m | FY23 $m | Change |
|---|---|---|---|
| **Comprehensive income before deferred tax** | **69.85** | **62.25** | **12%** |
| Revaluation of PP&E – Darwin FSR | (5.58) | (6.52) | |
| Deferred tax (expense)/benefit | (15.83) | (1.34) | |
| Statutory Net Profit | 48.44 | 54.40 | |
| | | | |
| **Rental & Development Revenue** | **91.12** | **70.36** | **30%** |
| **Net Rental Income & Development Profit** | **39.46** | **30.56** | **29%** |
| *Margin* | *43%* | *43%* | *0ppt* |
| | | | |
| **Other Income (EGH distribution)** | **0.56** | **0.28** | **100%** |
| | | | |
| **Net Corporate Overheads** | **(7.82)** | **(6.23)** | **26%** |
| | | | |
| **Underlying EBITDA** | **32.21** | **24.60** | **31%** |
| Net finance expense | (6.95) | (3.70) | 88% |
| **Underlying Operating Earnings[1]** | **25.26** | **20.90** | **21%** |
| Securities (weighted) | 182.88 | 174.25 | 5% |
| **Underlying Operating EPS (cents)** | **13.81** | **12.00** | **15%** |
| | | | |
| **Distribution Per Security (cents)** | **8.50** | **7.75** | **10%** |
| Payout Ratio - DPS/EPS | 62% | 65% | |

| Operations & Development Contributions | FY24 $m | FY23 $m | Change |
|---|---|---|---|
| **Operations** | | | |
| Rental & ancillary services revenue | 61.81 | 50.26 | 23% |
| Direct property expenses | (31.02) | (25.95) | 20% |
| **Net Rental Income (NRI)** | **30.79** | **24.31** | **27%** |
| *Operating Margin* | *50%* | *48%* | *+2ppt* |
| | | | |
| ***Contributions to NRI:*** | | | |
| ***Residential*** | ***10.41*** | ***7.28*** | ***43%*** |
| ***Lifestyle*** | ***4.28*** | ***3.49*** | ***23%*** |
| ***Parks*** | ***16.11*** | ***13.55*** | ***19%*** |
| | | | |
| **Development** | | | |
| Development revenue | 29.32 | 20.10 | 46% |
| Cost of sales | (20.64) | (13.85) | 49% |
| **Development Profit** | **8.68** | **6.25** | **39%** |
| *Development Margin* | *30%* | *31%* | *(1ppt)* |
| | | | |
| ***Contributions to Development Profit:*** | | | |
| ***Residential*** | ***1.90*** | ***2.83*** | ***(33%)*** |
| ***Lifestyle*** | ***6.78*** | ***3.42*** | ***98%*** |
| ***Parks*** | ***0.00*** | ***0.00*** | ***0%*** |

1. 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.

# Reconciliation of Statutory Profit to Underlying Operating Earnings

| | FY24 $m | FY23 $m |
|---|---|---|
| **Statutory Net Profit before deferred tax** | **64.27** | **55.74** |
| Deferred tax (expense)/benefit recognised | (15.83) | (1.34) |
| **Statutory Net Profit after Tax** | **48.44** | **54.40** |
| **Adjustments:** | | |
| Property revaluation (gain)/loss | (39.62) | (37.75) |
| Deferred tax expense/(benefit) recognised | 15.83 | 1.34 |
| Depreciation & amortisation | 1.49 | 1.20 |
| Fair value (gain)/loss on revaluation of RV resident loans | 1.35 | 2.82 |
| Fair value (gain)/loss on revaluation of investment in securities | (6.38) | (3.08) |
| Fair value (gain)/loss on revaluation of interest rate swaps | 1.57 | 0.35 |
| Share based payment expense | 1.73 | 1.24 |
| Asset transaction costs & other | 0.85 | 0.40 |
| **Underlying Operating Earnings** | **25.26** | **20.90** |

**Underlying Operating Earnings is intended to approximate underlying Funds from Operations (FFO) on average over time.**

**It excludes the increase in property and equity value that we create through development / refurbishment of dwellings and land to rent – this is ultimately captured in Statutory Profit and changes in NAV.**

**Accounting Depreciation v. R&M and General Capex**

- Depreciation expense of $1.49m in the statutory accounts does not reflect the actual expense of maintaining and improving the portfolio
- Repairs & Maintenance (R&M) was $1.58m - expensed at the property level in determining Property NOI / Underlying Operating Earnings
- General Capex was $1.40m – some of this can be considered Stay in Business Capex (SIBC) and some improves income and asset value – not expensed in Property NOI, but ultimately reflected in property value and NAV

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# Summary Balance Sheet and Capital Management

| Key Metrics | 30 June 24 $m | 30 June 23 $m | Change |
|---|---|---|---|
| **Total Assets** | **669.0** | **553.2** | **21%** |
| **Net Debt** | **161.5** | **129.6** | **25%** |
| **Net Asset Value (NAV)** | **433.7** | **361.2** | **20%** |
| Securities (period end) | 199.2m | 179.4m | 11% |
| **NAV per Security** | **$2.18** | **$2.01** | **8%** |
| **NAV per Security (excluding DTL)** | **$2.23** | **$2.01** | **11%** |
| Gearing[1] | 26% | 26% | |
| **Debt Facility** | | | |
| Expiry | December 26 | July 24 | |
| Drawn Margin | 200bps | 190bps | |
| Limit (inc. multi option / guarantee facility) | $210.0m | $170.0m | $50m |
| Undrawn/Unused | $42.8m | $30.7m | $12m |
| Loan to Value Ratio (LTV – covenant 55%)[2] | 34% | 31% | |
| Interest Cover Ratio (ICR – covenant 2.0x)[2] | 3.7x | 4.2x | |
| **BBSW Interest Rate Hedges** | | | |
| Expiry | April 2025 | April 2025 | |
| Amount | $70.0m | $70.0m | $0.0m |
| Rate | 2.04% | 2.04% | |
| Expiry[2] | September 2027 | | |
| Amount | $80.0m | | $80.0m |
| Rate | 3.67% | | |

Gearing is below Aspen's long-term target 30-40%

Not all property value is currently included in the debt facility collateral pool which increases LTV v. gearing

Healthy ICR maintained despite rapid increase in interest rates

New syndicated debt facility with more lenders, higher limit, longer duration and more flexible terms

Additional $80m of interest rate hedges

Interest was being capitalised on $16.3m of debt at 30 June 2024:

- $8.5m for residential land projects – capitalised interest adds to project COGS and is expensed as land is sold
- $7.8m for Lifestyle projects

1. Gearing = Financial Debt minus Cash / Total Assets minus Cash minus Retirement Village Resident Loan Obligations & Deferred Revenue 2. As defined under Aspen's debt facility
2. This swap was entered into post year end on 6 August 2024

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