

Aspen Group

Bell Potter Foundations Property Conference / 1Q FY25 Results

17 OCTOBER 2024



Contents

1. Business and Portfolio Overview
2. 1Q FY25 Results Summary



1

Business and Portfolio Overview

Aspen Group

Owner

Proprietary approach focused on maximising sustainable returns for Aspen securityholders – no JV or Fund interests and conflicts to consider

Operator

Maximising profitability through intensive management of properties and offering a variety of lease terms and additional services – not a passive rent collector

Developer

Cost effective creation of quality accommodation that is suited to our customer base through brownfield and greenfield development

Capital Manager

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

Provider of Quality Rentals
on Competitive Terms



Dwellings and Land Sites



Target Market

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

Aspen's Diversity Increases Opportunities and Reduces Risk

National footprint

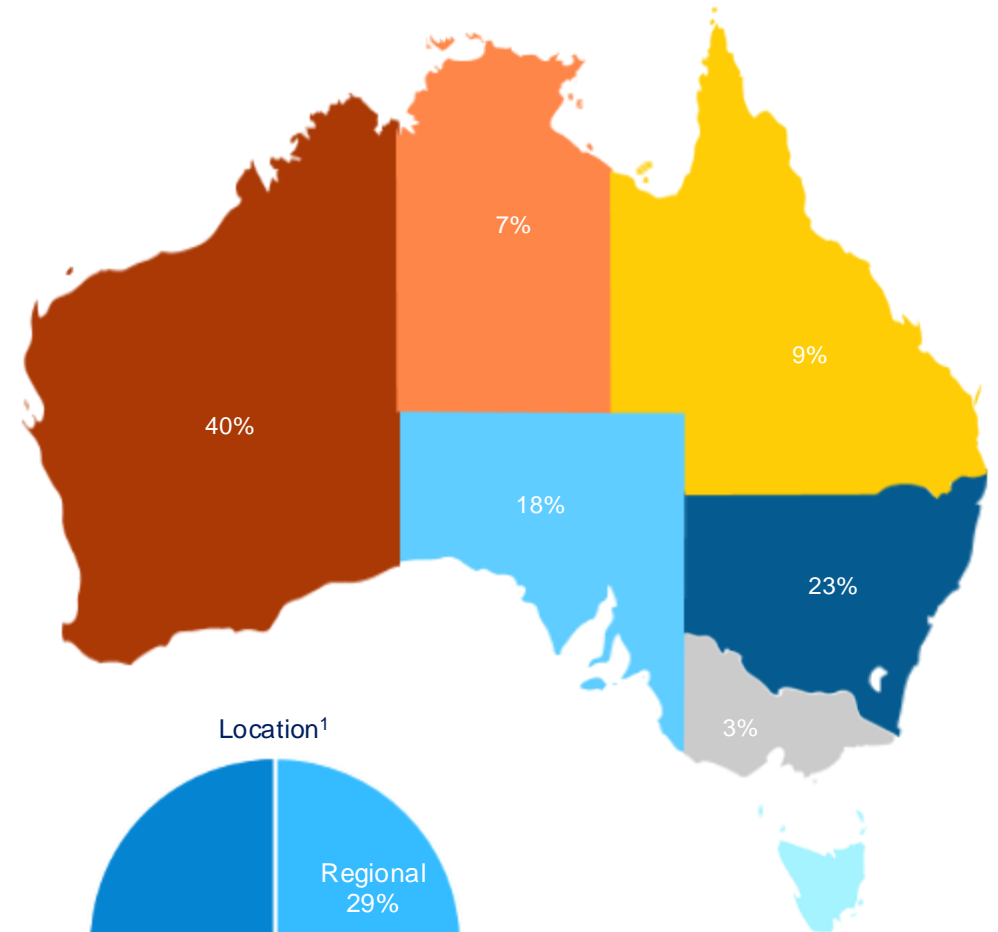
Rental pool c.4,000 dwellings & land sites

Development pipeline c.1,100 sites - 10 active projects

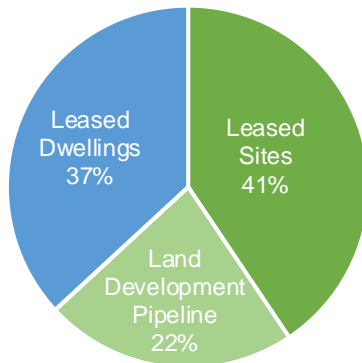
Attractive locations with population growth – metropolitan / regional within 1-2 hours of a major city

Variety of lease structures and regulatory regimes

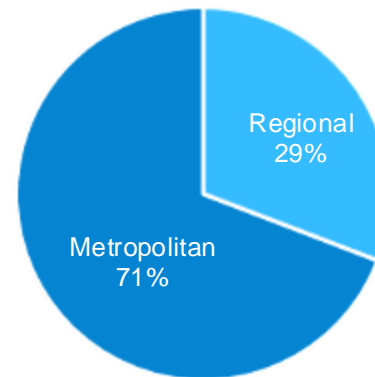
Location by State¹



Total Dwellings/Sites – Rental Pool v. Development



Location¹



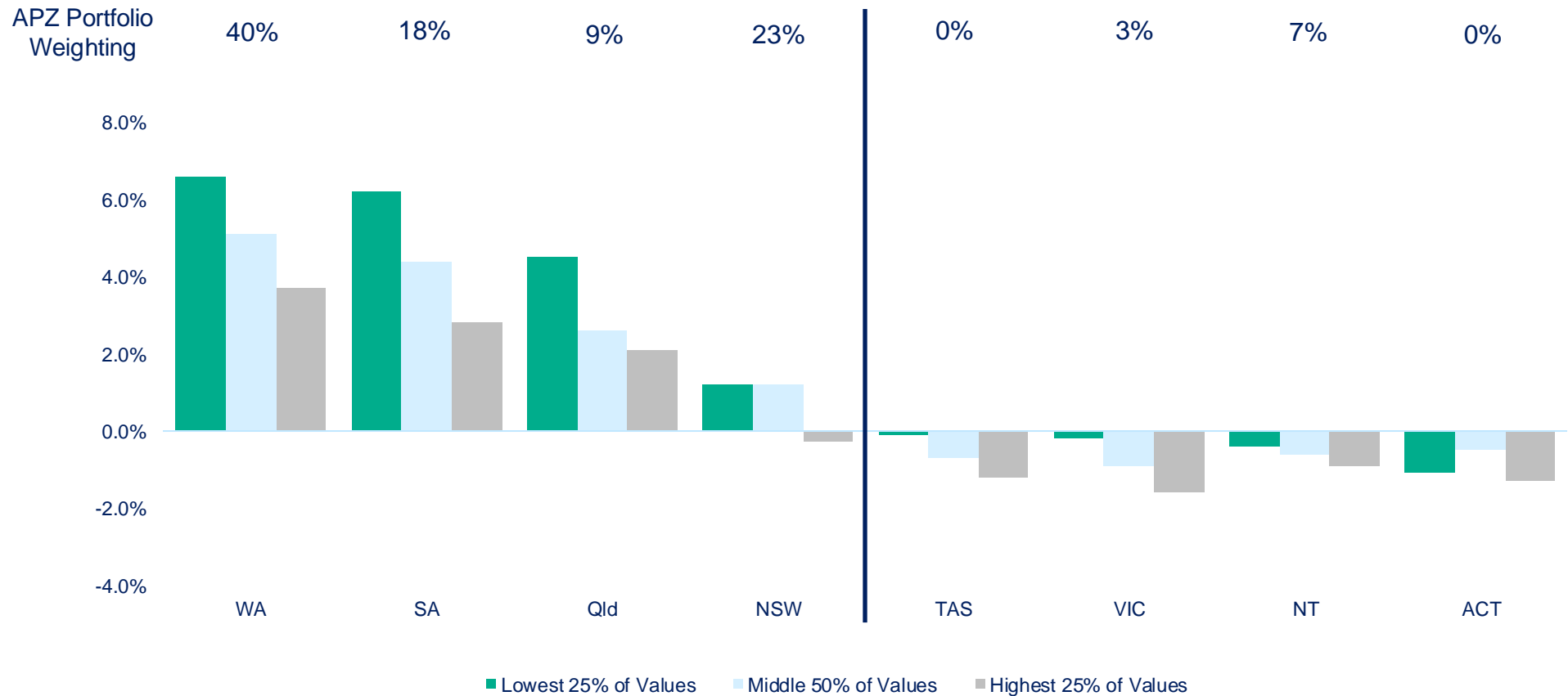
1. At 30 June 2024 – weighted by book value

Aspen's Portfolio is Very Well Positioned – Opportunities Increasing

90% of portfolio in highest growth States and Rent/Price points – increasing opportunities to recycle capital into developing new properties cheaper

Minimal exposure to weak markets – increasing opportunities to acquire affordable accommodation below replacement cost

CoreLogic Change in Dwelling Value Index - 3 Months to September 2024¹



1. Source: RP Data / CoreLogic – Capital City of each State

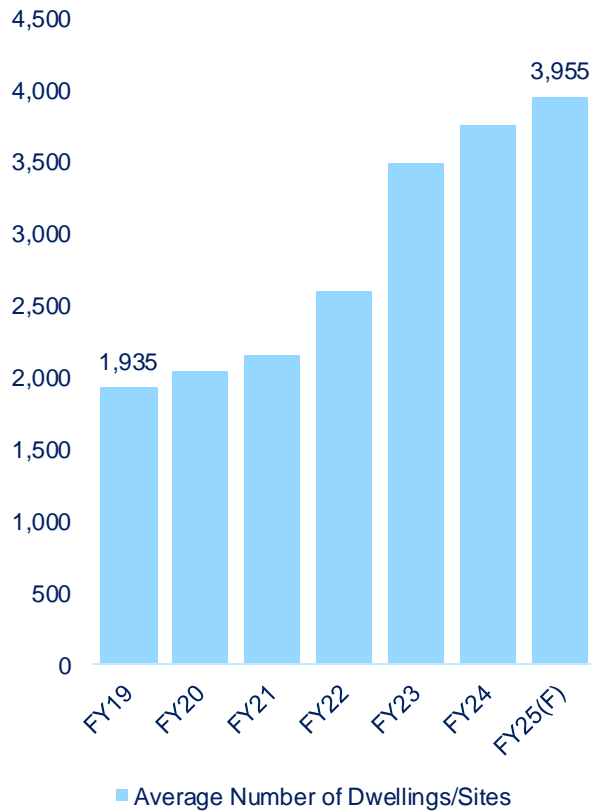
Aspen's Competitive Rents and Expanding Margin Driving Growth

Rental Pool Size up 2x
 >1,000 dwellings and all common facilities X improved

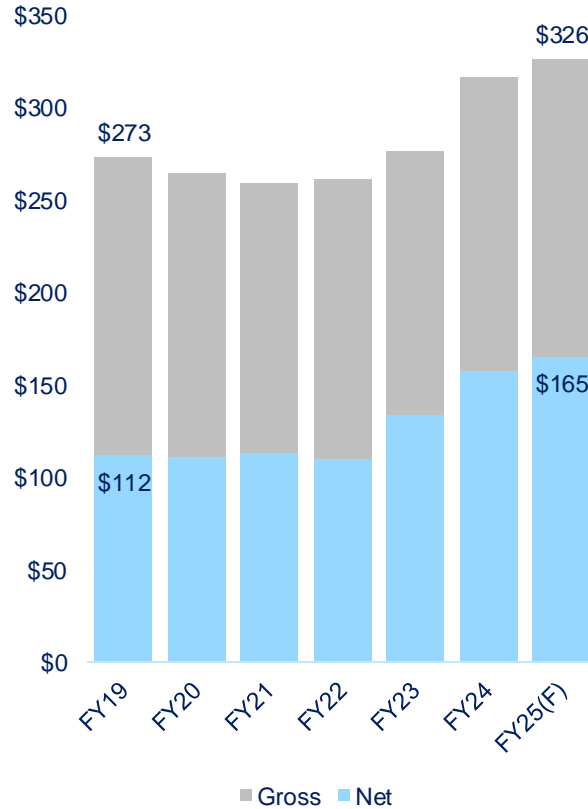
Avg. Gross Rent up 19% (around CPI only)
 Avg. Net Rent up 48% - Margin Expansion

= Total Net Rental Income up 3x

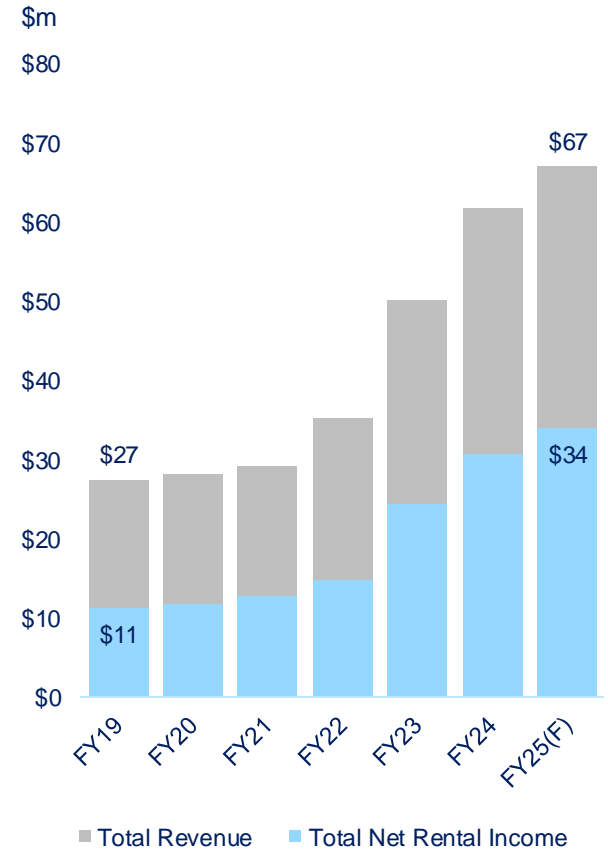
Rental Pool



Average Weekly Rents



Total Rental Revenue and Income



1. Rent includes some ancillary revenues at some of our properties.

Aspen's Quality Residential Accommodation - Example

Aspen's CoVE Maylands - Fully Refurbished 1 Bedroom Apartments Leased at \$405pw on average



Cheapest Available Competition in Maylands – Unrefurbished at \$430pw¹



1. Based on rentals advertised on realestate.com.au on 1 October 2024

Aspen's Quality Lifestyle Accommodation - Example

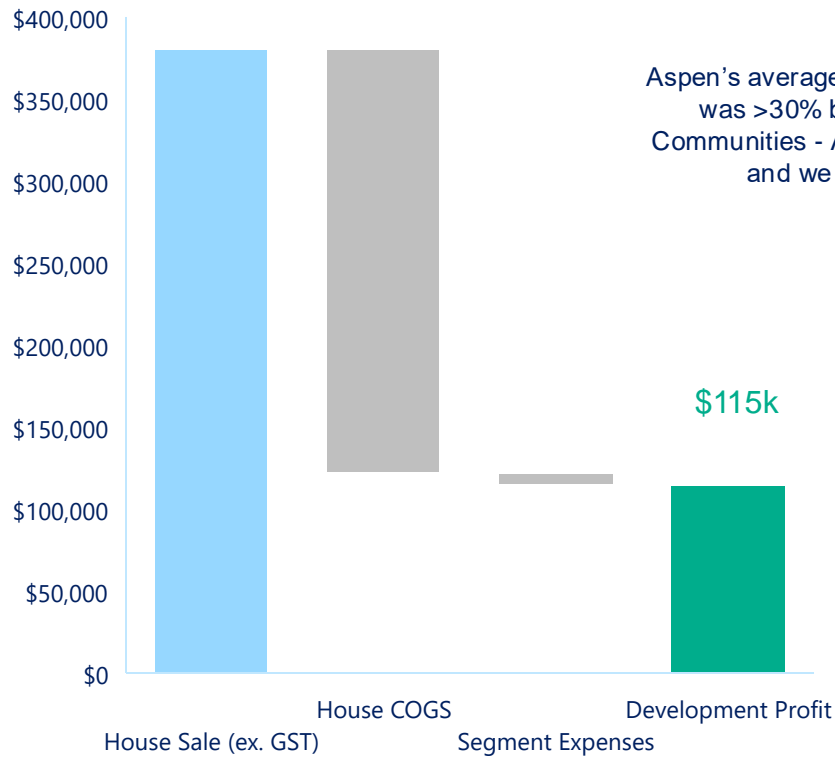
Alexandrina Cove Lifestyle Village – Coorong Quays, Hindmarsh Island SA



Aspen Produces Low-Cost Lifestyle Housing on a Profitable Basis

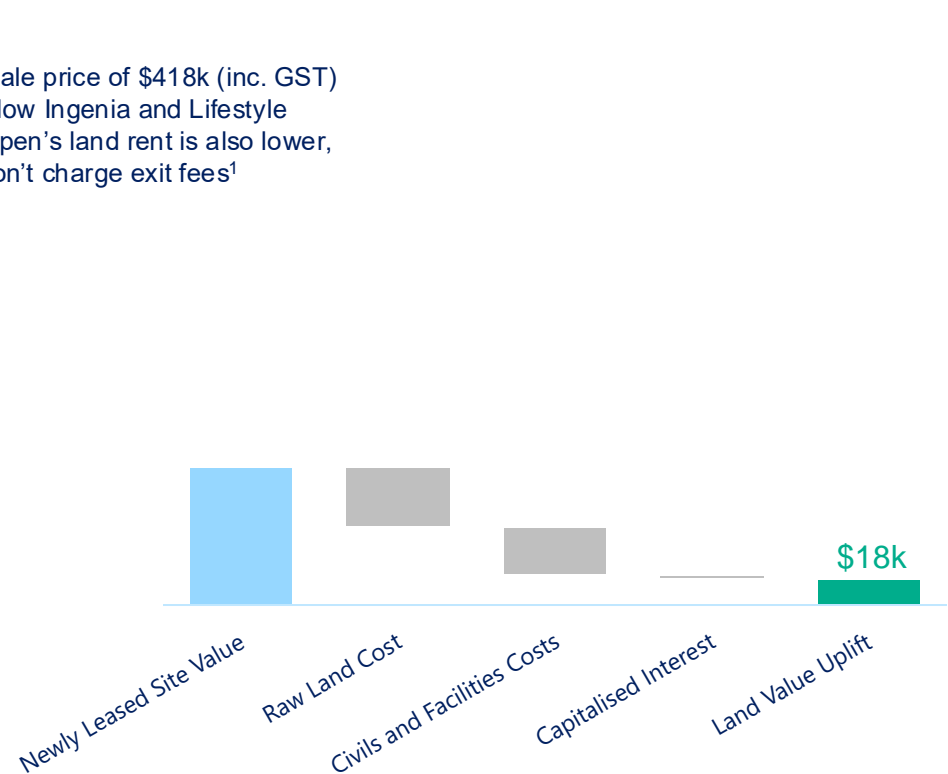
Sell the House + *Lease the Land* = *\$133k Value Creation*

Development Profit Per New House Sold in FY24



Aspen's average sale price of \$418k (inc. GST) was >30% below Ingenia and Lifestyle Communities - Aspen's land rent is also lower, and we don't charge exit fees¹

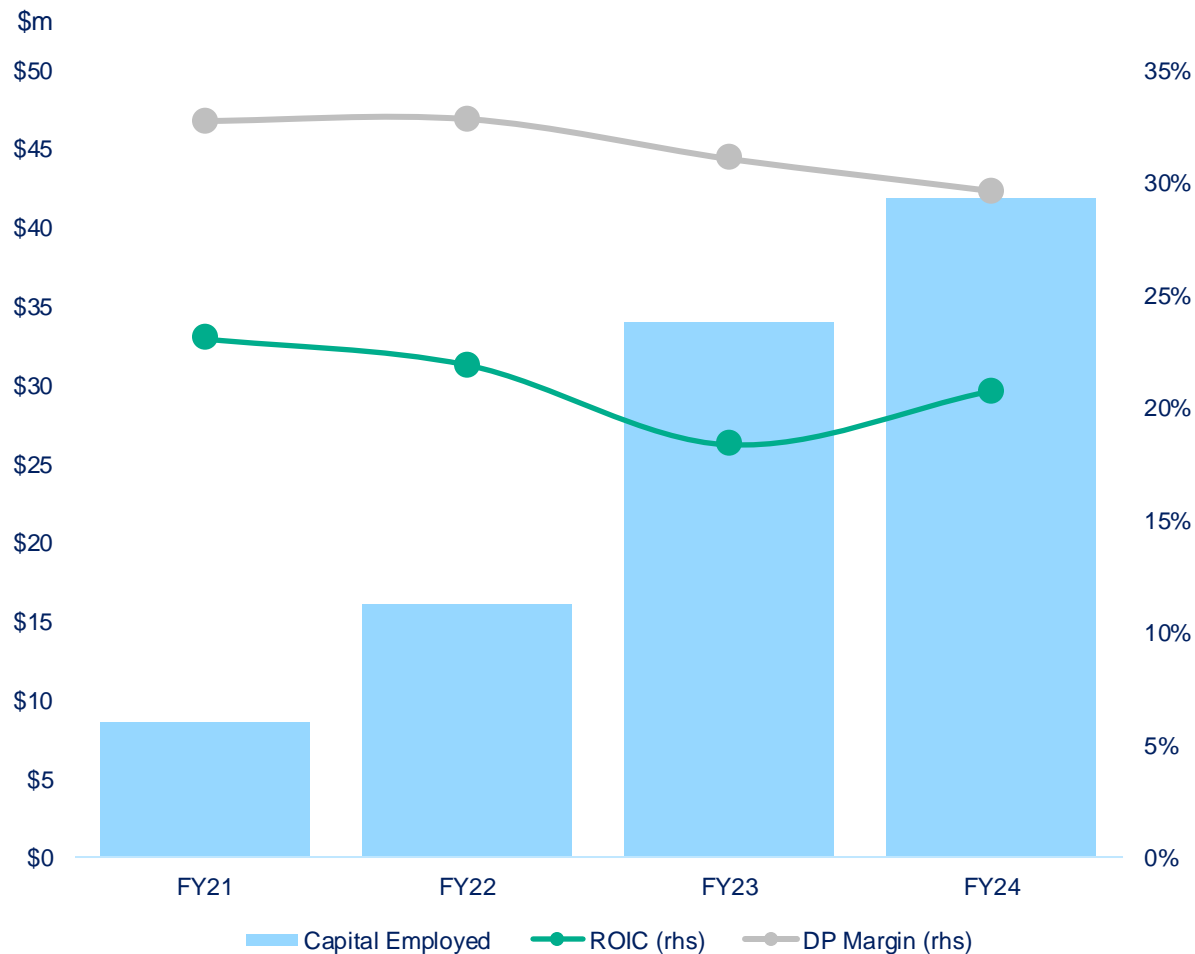
NAV Increase Per New Site Leased in FY24



Source: Management accounts – not audited. 1. Aspen has 104 legacy Retirement Village leases across some Lifestyle properties where the resident is liable for exit fees – Aspen has commenced a program of terminating the leases at no cost to the resident and converting to land leases

Aspen's Lifestyle Projects Generate Superior Margins and ROIC

Development - Capital Employed, Margin & ROIC



Rapid growth in the development business

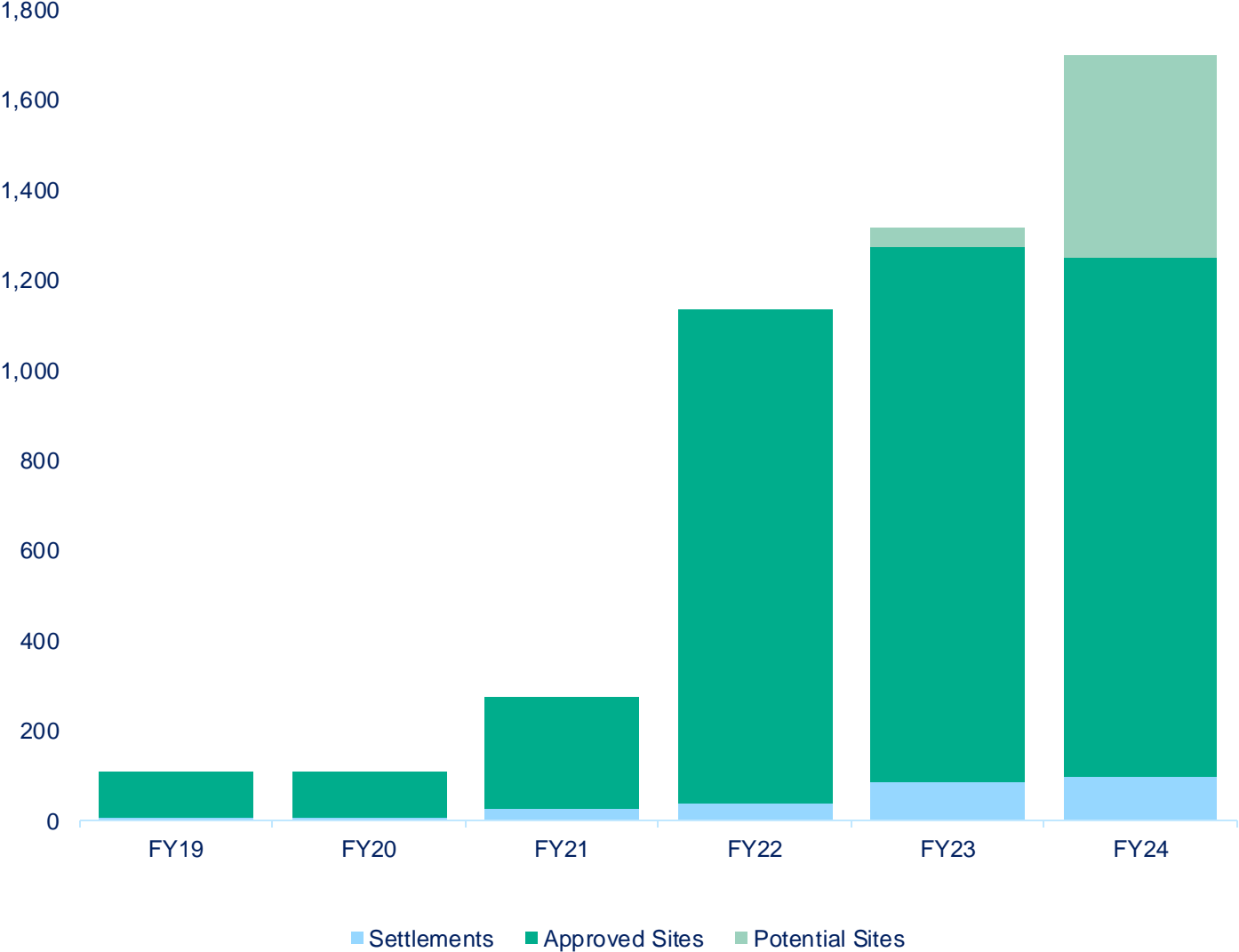
While maintaining attractive development profit margin of 30% and ROIC² of 20% (plus NAV uplift)

And managing risk – diversified across 10 active projects / capital employed¹ <8% of total assets

1. Book value of Aspen's entire development assets including inventory and spare land in Lifestyle and Park properties classified as investment property. 2. ROIC – Return on Invested Capital equals Development Profit divided by average capital employed

Aspen's Development Opportunity is Significant

Development - Sales and Pipeline (#)



Potential sites at Normanville and land adjoining Highway 1 (STCA)

Massive approved pipeline = 12x FY24 sales

Significant Growth Potential

Aspen's Book Values / Cap Rates are Conservative

Residential

Aspen has been selling residential houses with relatively high rent at a premium to book value and <3% cap rates

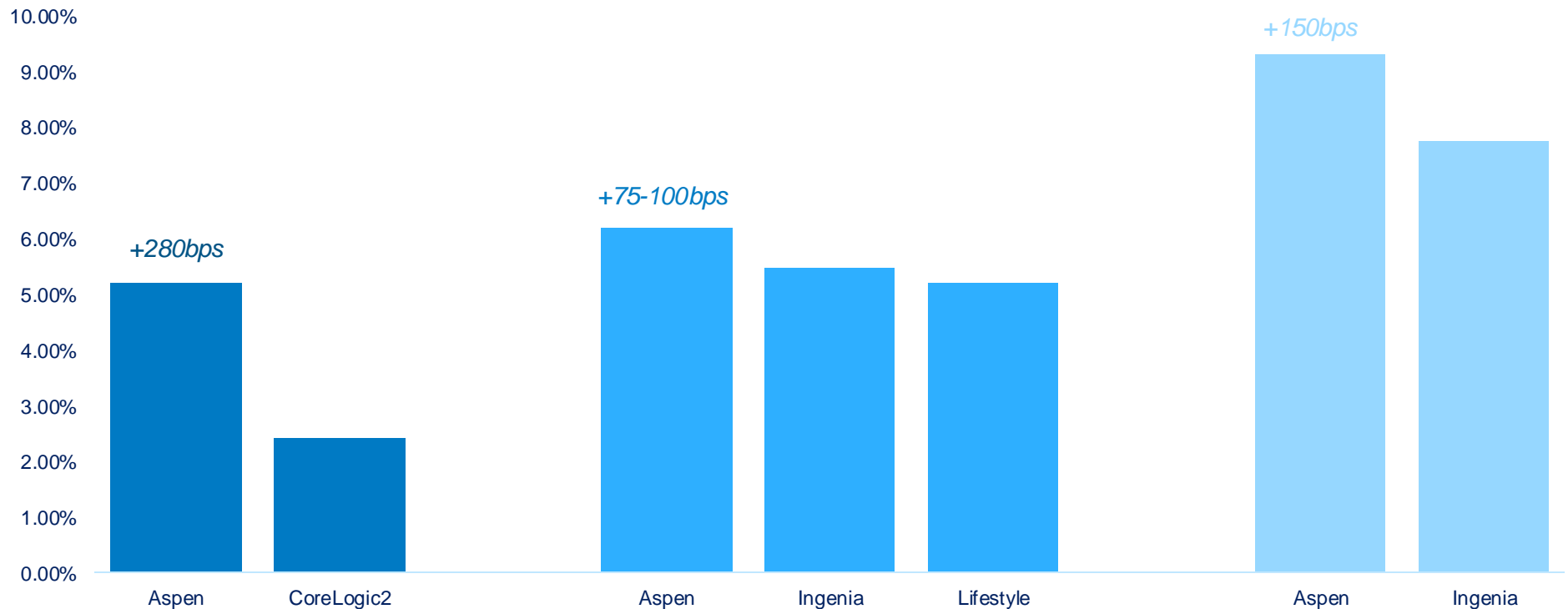
Lifestyle

Aspen's Lifestyle portfolio has lower average rents and fit for purpose community facilities with lower maintenance cost and depreciation

Parks

Aspen's Park portfolio has relatively low exposure to seasonal tourism

Segment Valuation Cap Rate Comparison¹



1. Weighted average cap rates as reported by the entities at 30 June 2024. 2. CoreLogic average National gross rental yield x 65% assumed net rent margin

2

1Q FY25 Results Summary

Continued Strong Growth in Underlying Operating Earnings¹

\$m (unless otherwise stated)	1QFY25	1QFY24	Change	
Rent and ancillary revenue	\$17.07	\$15.52	10%	Larger and improved rental pool
Net Rental Income²	\$8.68	\$7.83	11%	
<i>Margin (%)</i>	50.8%	50.4%	40bps	
Development Revenue	\$9.80	\$5.58	76%	Highly occupied
Development Profit	\$3.24	\$1.46	122%	Higher average rental rate
<i>Margin (% / \$ per sale)</i>	33% / \$135k	26% / \$77k	7ppt / \$58k	Development volumes, prices and margins improving
Eureka Stake³	\$0.82	\$0.28	193%	
Corporate Overheads	(\$1.77)	(\$1.55)	14%	Increased stake in Eureka funded with APZ equity (dilutive to EPS)
Underlying EBITDA	\$10.97	\$8.02	37%	
Net Interest Expense	(\$2.21)	(\$1.43)	55%	Overheads under control
Underlying Operating Earnings	\$8.76	\$6.59	33%	EPS up 20%
Ordinary shares (weighted #)	199.5	179.7	11%	
Underlying EPS (cents)	4.39	3.67	20%	

1. Not audited. 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 reports for full definition 2. Rental income includes some ancillary revenue at some properties. 3. Aspen's 1Q FY25 underlying earnings includes Aspen's estimate of its 36% share of Eureka's average quarterly underlying earnings of 0.75 cents per share. Aspen's 1Q FY24 underlying earnings includes the distribution of 0.70 cents per share that Aspen received on its 13.6% stake in Eureka

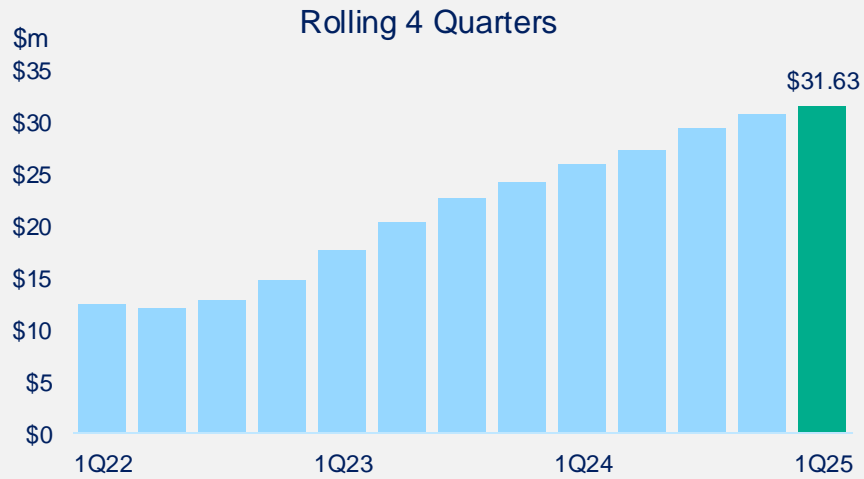
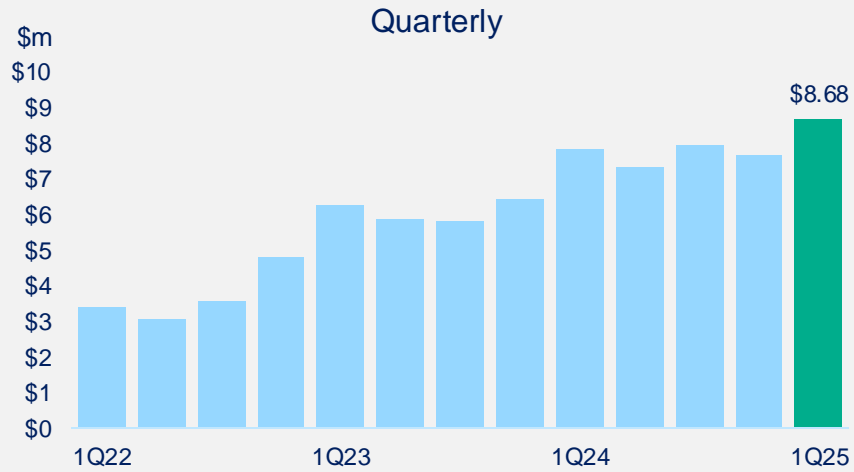
Underlying Operating Earnings¹ - Segments

\$m (unless otherwise stated)	1QFY25	1QFY24	Change	Comments
Total Net Rental Income²	\$8.68	\$7.83	11%	
<i>Residential</i>	\$3.39	\$2.37	43%	<ul style="list-style-type: none"> - Aspen rents generally below market rents which are still increasing - Essentially full except CoVE UMG due to uncertain foreign student visa rules – we have started targeting a broader, complimentary tenant base
<i>Lifestyle</i>	\$1.11	\$0.99	12%	<ul style="list-style-type: none"> - Rental pool growing >10% per annum through development - Site rent increases of 3-4% per annum
<i>Parks</i>	\$4.17	\$4.47	(7%)	<ul style="list-style-type: none"> - Solid base of long-term leases - Mixed corporate demand – AKV continuing to improve, but offset by reduced demand of two large corporate customers at Darwin and HWY1 due to project disruptions - Softer tourism demand - Darwin peak season was below pcp (discretionary spend + high airfares), and spring school holiday period was skewed to 2Q this year and flat
Total Development Profit	\$3.24	\$1.46	122%	
<i>Lifestyle</i>	\$3.13	\$0.92	240%	<ul style="list-style-type: none"> - 22 sales at average margin of \$142k / 33%
<i>Residential</i>	\$0.12	\$0.54	(78%)	<ul style="list-style-type: none"> - 2 sales at average margin of \$58k / 31%

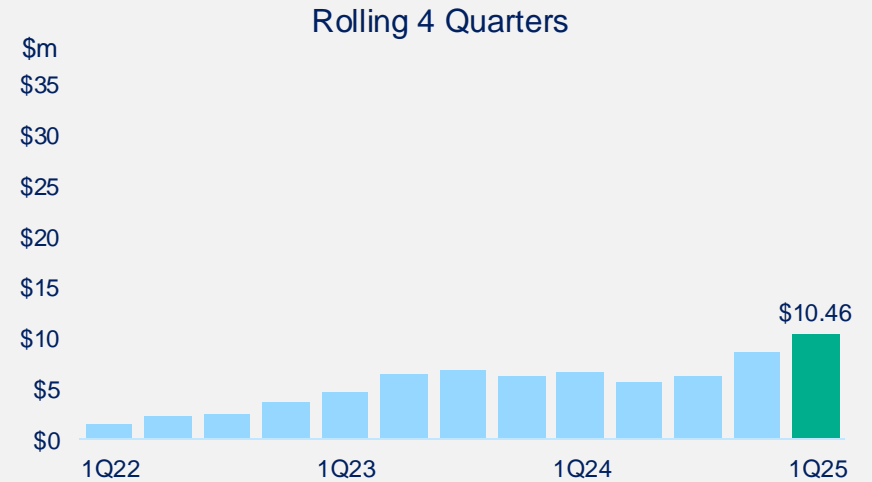
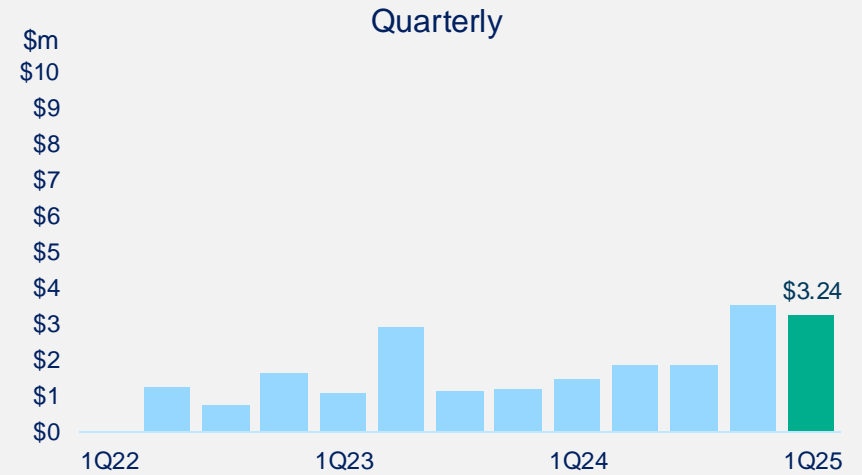
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Solid Underlying Earnings Profile

Net Rental Income



Development Profit



FY25 Guidance on Track

- ✓ **Operations** - net rental income tracking budget to date - long stay occupancy and rental growth are expected to remain strong, but we remain cautious on discretionary short stay tourism demand in the weaker economic environment
- ✓ **Development** – margins and profit ahead of budget to date, settlements and contracts on hand¹ of >70% of FY25 budgeted profit – production has been ramped up to provide more sales flexibility / growth optionality
- ✓ **Eureka** reported underlying earnings of 3.02cps for FY24 – we expect flat underlying EPS of 3.00cps in FY25² (Eureka has not provided guidance)
- ✓ **Corporate Overheads** under control - currently below FY24 quarterly rate
- ✓ **Net Interest Expense** as expected – a larger than usual portion of our interest rate exposure is currently hedged
- ✓ **Continued recycling of capital** out of high rent / low yield properties
- ✓ **Growth opportunities increasing** - particularly developing new accommodation in strong markets and buying existing properties at a discount to replacement cost in weaker markets

FY25 Guidance³

Underlying EBITDA⁴
\$40m - up 24% ↗

Underlying EPS⁴
15.2 cents - up 10% ↗

DPS
10.0 cents - up 18% ↗

1. Contracts includes contracts, EOIs and deposits on 17 October 2024. 2. Aspen currently owns 36% of Eureka. In FY25 Aspen's statutory accounts will either equity or investment account its interest in Eureka depending on the level of influence it has over Eureka as defined by accounting standards. Either way, Aspen's reported Underlying Earnings will include Aspen's estimate of its share of Eureka's underlying earnings. 3. Subject to no material change in Aspen's operating environment. 4. 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.

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