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ASX ANNOUNCEMENT
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2024 AGM – Chair Address

Welcome to the 2024 Annual General Meeting of Aspen Group. I am very pleased to report that 2024 was the most rewarding and enjoyable of my 12 years at the company.

Aspen is a leading provider of truly affordable accommodation with high growth, fueled by the acute shortage of housing for low-income households. Roughly 40% of Australian households cannot afford to pay more than about $400 per week in rent, yet only 6% of newly listed rentals are currently offered at this level[7].

The affordability problem is structural, not cyclical. Low-income households will always struggle to compete when land is scarce in suitable locations close to jobs and facilities, and to employ builders with below-average productivity on above-average wages. They also cannot afford rampant building regulations that are adding more costs than benefits.

Governments have an important role to play when there's market failure, but State Governments have been withdrawing from social housing for decades, and Commonwealth Rent Assistance of about $5 billion this year pales in comparison to Australia's $11 trillion housing market.

Aspen is doing its bit by acquiring, refurbishing and developing suitable properties at a sensible cost, and sharing the benefits with customers through lower rents and prices. We have enormous opportunities to do more.

We continually improve our portfolio through refurbishment and new development, and by recycling capital from higher to lower rent properties more suited to Aspen's core customer base. We also take good care of our customers and our lease terms and rent reviews are conscionable. Over the 5 years to FY24 we managed to limit the increase in Aspen's average weekly rent[1] to 16% in total, less than half the increase in the median residential market rent of 40%[2]. Aspen's accommodation has become relatively more affordable over time.

We offer good value-for-money which helps attract and retain quality tenants who look after our properties and pay the rent on time, increases growth prospects, and reduces risk in our opinion.

Aspen also owns an approved pipeline of over 1,100 sites to be developed as affordable Lifestyle accommodation and Residential land. In FY24 the average sales price of a new Aspen Lifestyle house was only $418,000, well below median residential house prices. Our Lifestyle customers enjoy the benefits of community living, remaining independent, and freeing up capital for retirement. Their existing houses are freed up for younger households seeking their first or second affordable home.

While remaining affordable for our customer base, Aspen has generated excellent investment returns for securityholders. Over the 5 years to FY24, Aspen's statutory return on equity averaged about 20% per annum[3], Underlying EPS[4] increased 2.7x, NTA[5] doubled, and the average distribution yield was about 5% per annum[6]. APZ was amongst the best performing ASX-listed real estate stocks over the period. We expect Aspen to continue outperforming.

I warmly welcome John Freedman as the newest Independent Director of the Board and wish Guy Farrands all the best with his appointment as the new Chair. I extend my gratitude to my fellow directors and Aspen's employees for their continuing hard work and commitment. And I sincerely thank Aspen's securityholders and all other stakeholders for your support over the years.

In concluding my term as Chair I would like to congratulate the management team. Aspen has been transformed since we transitioned to John Carter and David Dixon as joint CEOs along with Patrick Maddern in 2019. It has been a privilege working with them and watching the company expand and grow profitably, aided by new, capable and enthusiastic professionals.

I will now hand over to Patrick Maddern, Head of Asset Management & Development, to provide a positive update on the business.

Clive Appleton
Chairman

2024 AGM – Management Address

Aspen's Track Record

Good morning. As Clive mentioned, Aspen has been successfully providing more affordable accommodation to Australian households while generating superior investment returns for securityholders.

Over the past 5 years Aspen's rental pool doubled to about 4,000 dwellings and land sites, total net rental income tripled to about $31 million, and total investment property value quadrupled to over $500 million.

Along the way, we kept rents affordable for our core customer base. Average weekly gross rent was only $317 per dwelling/site in FY24, declining 5% in real terms over 5 years[8]. From every dollar of gross rent paid by our customers, we extracted 22% more net rent through improved operational management and portfolio mix. The value of each dollar of net rent is higher today due to the improved growth and risk dynamics of Aspen's portfolio.

The growth and performance of Aspen's development business has also been exceptional. It commenced in FY19 with the sale of just five Lifestyle houses at Four Lanterns Estate, our only active project at the time. Aspen now has 10 active projects with over 1,100 approved sites in the development pipeline, diligently accumulated at a low cost. In FY24 we sold 97 Lifestyle houses and Residential land lots, realising total development profit of $8.7 million and creating new annuity land lease value of around $8 million.

Aspen's platform and portfolio has expanded across Australia and into high value-add refurbishment and development, and the quality of the management team at head office and the properties is better than ever. Meanwhile, MER[9] declined about 70% over the period to only 1.2%.

Risks have diminished too. The location, quality and diversity of the portfolio have improved. Average lease duration has increased, and net rental income margin is higher. Rents have been maintained at affordable and competitive levels as evidenced by negligible arrears and high tenant retention. Capital invested in development is currently only 7% of total assets, and there are alternative profitable uses for the land at our low entry cost. Aspen's balance sheet is strengthening with a more liquid property portfolio, gearing[10] approaching 20%, and ICR[11] currently above 4x.

Market Conditions

Aspen's operating environment is playing out as expected in FY25. Demand for more affordable, essential accommodation remains very strong and the acute undersupply is still driving rents and prices higher at this end of the market. Conditions are generally flat for more discretionary and expensive accommodation, particularly short stay tourism and higher end residential in Australia's more expensive locations. Household budgets are stretched in the high inflation and high interest rate environment, and many are switching to better value-for-money accommodation to alleviate the pressure.

Operations

Aspen's total net rental income (NRI) in 1Q FY25 was $8.7 million, up 11% on the previous corresponding period. As expected, segment NRI performance was mixed with Residential up 43%, Lifestyle up 12% and Parks down 7%. Aspen's diversity of income is key, and an increasing proportion of NRI is coming from longer term leases in metropolitan locations, providing more stability and long-term growth prospects in our opinion.

Our Residential and Lifestyle properties are highly occupied, with the small amount of vacancy largely attributable to sudden changes to foreign student visa rules which caused cancellations this semester. Ultimately, the three universities near our properties have been granted increased caps on their student numbers next year which should help strengthen demand.

Passing rents at most of our Residential properties are comfortably below current market rents that are still increasing, supporting continued growth in this segment.

Our Lifestyle land leases have contracted annual rent increases of generally 3-4% which, together with more than 10% growth in the rental pool through development, is driving underlying NRI growth of over 15% per annum in this segment. Aspen does not charge exit fees on its Lifestyle land leases, but we have about 100 legacy

Retirement Village leases with deferred management fees. We have offered these residents the option to terminate their agreement at no cost and switch to a new Lifestyle lease. This will negatively impact Aspen's short-term earnings but is much better for the resident and Aspen over the long run in our opinion.

Some of the soft Park segment performance in the first quarter was attributable to one-off project disruptions for two large corporate customers, not just weak tourism. This year we made a concerted effort to generate early bookings at our Parks for the summer holiday period, and current 3-month forward bookings are 27% ahead of the same time last year. However, there is still more work to be done.

Development

Aspen's development projects are very well positioned in strong markets with increasing house prices. This is making it even more appealing and easier for customers to switch into a new Aspen Lifestyle house and free up capital for retirement. It also makes Aspen's new Residential land more attractive because, at our prices, customers can develop new houses cheaper than buying existing houses.

Aspen is on track to more than double production to over 200 new Lifestyle houses and Residential land sites in FY25. Production costs are stabilising, with typical 3-5% increases at most projects and a small decrease at others.

Sales rate has increased. In FY25 to date 74 sales have already been settled or contracted[12] with an expected total development profit of about $8.9 million, 71% ahead of the same time last year and exceeding the entire FY24 result. Margins have expanded.

We are currently working on new designs and pricing to build rental property on our extensive spare land bank, some of which is valued at nil in our books. This is another exciting opportunity for profitable organic growth.

Acquisitions

Aspen is expected to have around $100 million of spare balance sheet capacity to fund new growth initiatives after the sale of 20.5 million more Eureka Group shares and Burleigh Heads townhouses which are subject to conditional contracts.

We are actively seeking more opportunities to acquire existing buildings where we can add value, and to acquire suitable land at a price that enables the development of new housing cheaper than existing.

Aspen has been acquiring properties from governments, councils, churches, not-for-profits and private groups. Aspen seeks to be a trusted counterparty, and we see opportunities to continue to grow through these partnerships.

Our most recent acquisition at Viveash WA was from The City of Swan. We are taking good care of the existing residents that have lifetime leases with very low rents. We are extensively refurbishing and leasing the vacant units to over-55s. The units are fully self-contained and there will be a community clubhouse. The total cost is expected to be about $120k per unit when completed and the net income yield is expected to be over 8%.

We will continue to seek opportunities in the over-50s rental market which complements our Lifestyle business.

Affordable Housing Solutions

The acute shortage of affordable housing must be resolved, and the public sector has a critical role to play. There is so much they can do in the short-term including:

- Selling their vacant or underutilised buildings to credible parties committed to upcycling and leasing the property quickly at affordable rents
- Improving zoning rules to allow higher density single storey or walk-up building types that are more viable and quicker to build than high-rise
- Eliminating unnecessary building regulations that add more costs than benefits
- Delaying some massive infrastructure projects to free up productive labour for housing
- Speeding up delivery of critical housing infrastructure such as water, sewer and power
- Increasing Commonwealth Rent Assistance and providing higher subsidies for dwelling rentals v. land leases

Upgrade to FY25 Earnings Guidance[13]

Aspen recently reported 1Q FY25 Underlying EPS of 4.4 cents, an increase of 20% on 1Q FY24.

Today, Aspen announced an upgrade to FY25 Underlying EPS guidance to 16.0 cents, a 5% increase on initial guidance and 16% increase on the FY24 result.

Please refer to Aspen's announcement on ASX today regarding the upgrade.

Clive Appleton

After the AGM, Clive will be retiring from Aspen's Board, and we sincerely thank him for his tremendous contribution over many years. Clive helped transform Aspen from a complex, diversified property conglomerate that barely survived the GFC, into Australia's leading, specialist provider of truly affordable accommodation that is helping solve the housing crisis.

The Board, management team, and securityholders have benefited greatly from Clive's commercial acumen, wise guidance, and pragmatism and we wish him all the best for an enjoyable future ahead.

Patrick Maddern
Head of Asset Management & Development

Announcements authorised by the Board of Aspen Group Limited.

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1. Average weekly rent per dwelling/site - rent includes a small amount of ancillary income at some of our properties
2. Source: CoreLogic
3. Average of each FYs statutory earnings per security profit divided by starting net asset value per security
4. Underlying Earnings per Security 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 Aspen's financial reports for full definition
5. NTA – Net Asset Value per security
6. Average of each FYs distributions divided by starting net asset value
7. Source: PropTrack – April 2024
8. Aspen's average gross rent per dwelling/site increased by a total of 16% and Consumer Price Index increased 21%
9. MER – Management Expense Ration = corporate overheads divided by total asset value
10. Gearing = financial debt less cash / total assets less cash less retirement village resident loans and deferred revenue
11. ICR – Interest Cover Ratio as defined in Aspen's debt covenant
12. Contracts includes contracts, EOIs and deposits as at 15 November 2025
13. Subject to no material change in Aspen's operating environment

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