

Perth Apartment Tours

7-9 November 2022



Perth WA

Snapshot

Aspen Group Business Model

Provider of Quality
Accommodation on
Competitive Terms in
Residential, Retirement and
Park Communities

Target Market

The c.40% of Australian
households who can afford to
pay no more than \$400pw in
rent or \$400k purchase price
for their accommodation
needs

Highest Weighting to WA¹

38%

WA's Appeal

- ✓ Strong Economy
- ✓ Plentiful Jobs
- ✓ Attractive Lifestyle
- ✓ Population Growth
- ✓ Low Housing Costs
compared to East Coast of
Australia

Housing Shortages

Perth metro vacancy rate only
0.4%²

Rents growing rapidly –
**extreme shortage at
<\$400pw**

Prices increasing, but still
generally below new
replacement cost (which has
increased materially)

Perth Apartment Portfolio (PAP)

132 Guildford Rd Maylands

10 storey building with 119 apartments, a freestanding house, under-utilised land and expansive views across the Swan River to Perth CBD

Redevelopment opportunity and specification has improved materially from initial expectations – commencing soon

Expected total acquisition and project costs of \$19m - \$158k per unit

Expected stabilised NOI of \$1.3m per annum
6.8% on cost

Rest of PAP

395 apartments

Internal refurb almost complete - externals underway

Expected total acquisition and project costs of \$68m - \$172k per unit

Already >98% occupied

\$307pw average passing rent
(contracted bumps of \$20-30pw after 6 months)

Expected stabilised NOI of \$4.1m per annum
6.0% on cost

Valuation Update

Four properties valued in October 2022
Whole building basis (not strata titled basis)

CBRE: Kathleen Ave and Tenth Ave Maylands
JLL: Seventh Ave Maylands and Stirling Hwy Claremont

Combined completed value of \$55.2m - \$242k per unit
WACR of 4.76%

Combined valuation uplift to cost of \$19m or 53%

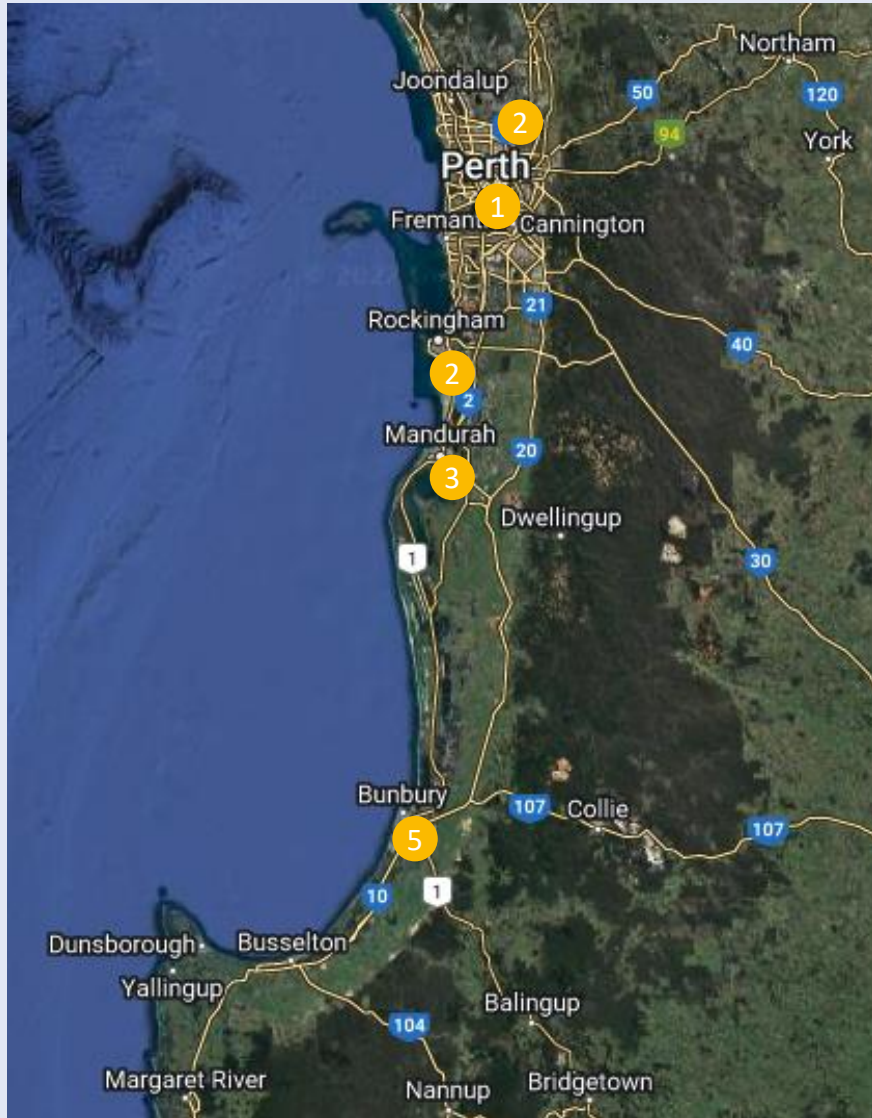
These latest valuation parameters were consistent with our 30 June 2022 book values for the PAP properties – **we still expect at least \$20m valuation uplift in future accounts as projects are completed**



WA Overview



Aspen's Western Australia Portfolio



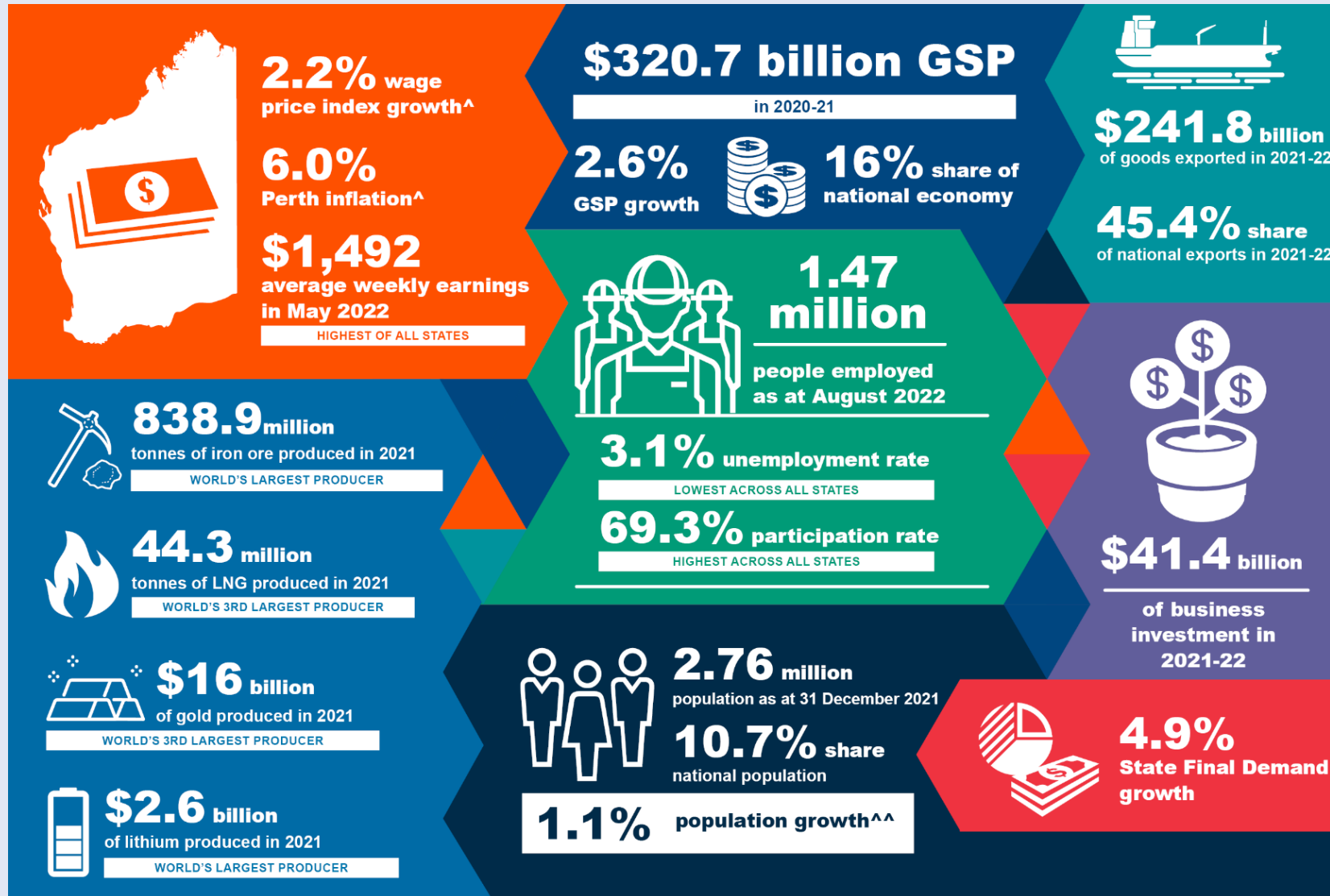
About 38% of Aspen's property assets are based in WA¹



Western Australia		Land Area (Hectares)	Dwellings / Sites ²	Book Value (\$m) ²	Value per Dwelling/Site	Cap Rate ¹
1	Perth Apartment Portfolio	4.7	514	\$93.48	\$182k	4.22%
2	Perth House Portfolio	2.5	67	\$24.30	\$363k	3.50%
3	Mandurah Gardens	6.8	158	\$16.05	\$102k	6.25%
4	Aspen Karratha Village	2.9	180	\$15.50	\$86k	16.00%
5	Meadowbrooke	9.1	184	\$3.26	\$18k	9.00%
Total WA		26.0	1,103	\$152.59	\$138k	

1. Based on 30 June 2022 book values. 2. As at 30 June 2022 – post this date, two houses have been sold from the Perth House Portfolio and one apartment has been created from under-utilised space in the Perth Apartment Portfolio.

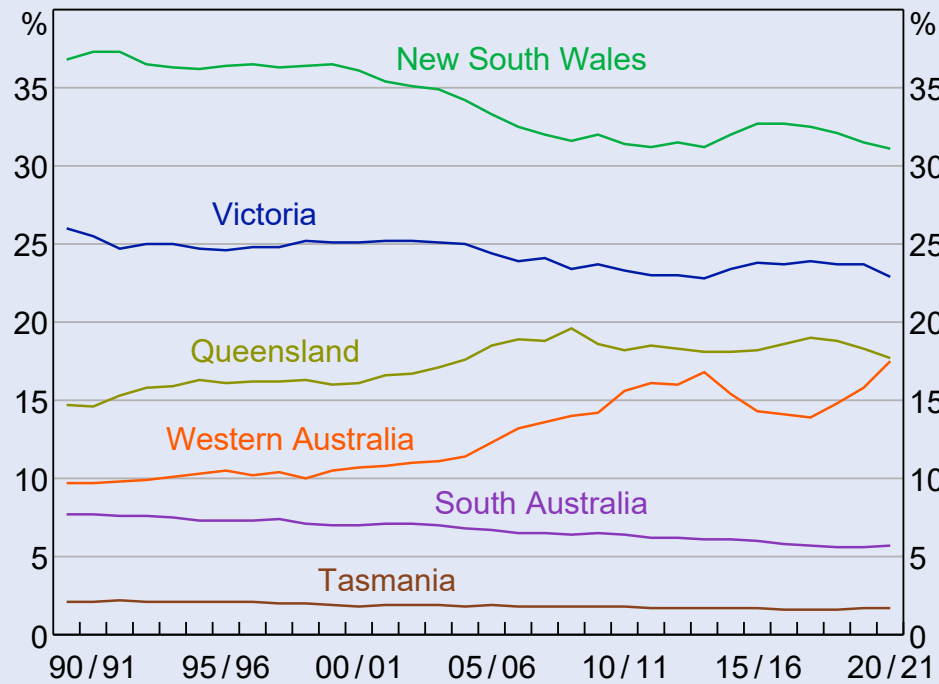
Western Australia's Robust Economy



WA – Fastest Growing State by Output with Lowest Unemployment Rate

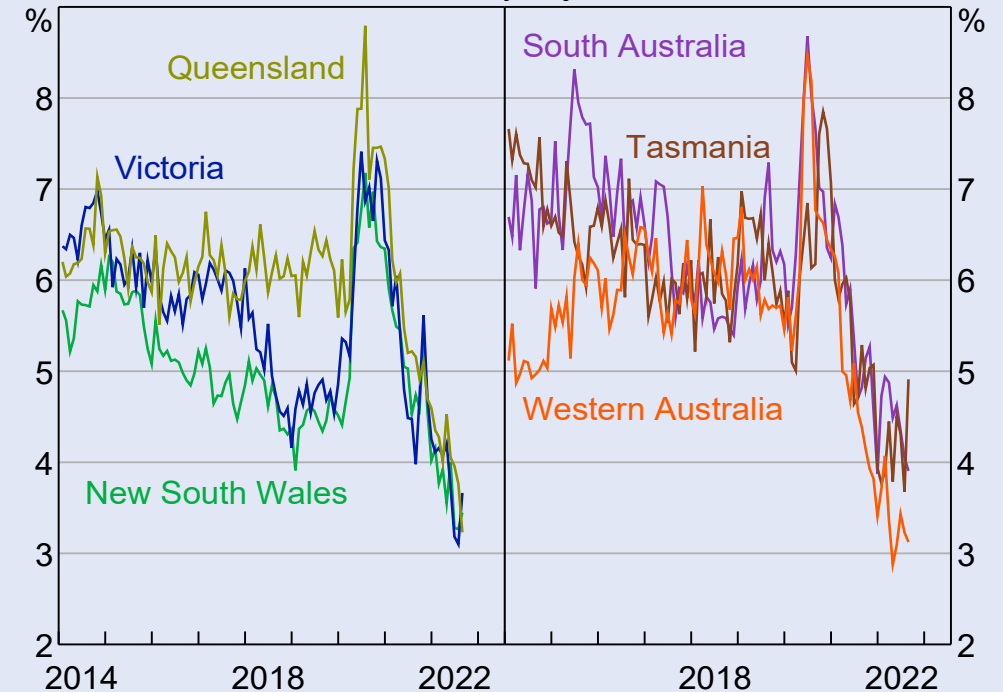
State Share of Output

Nominal



State Unemployment Rates

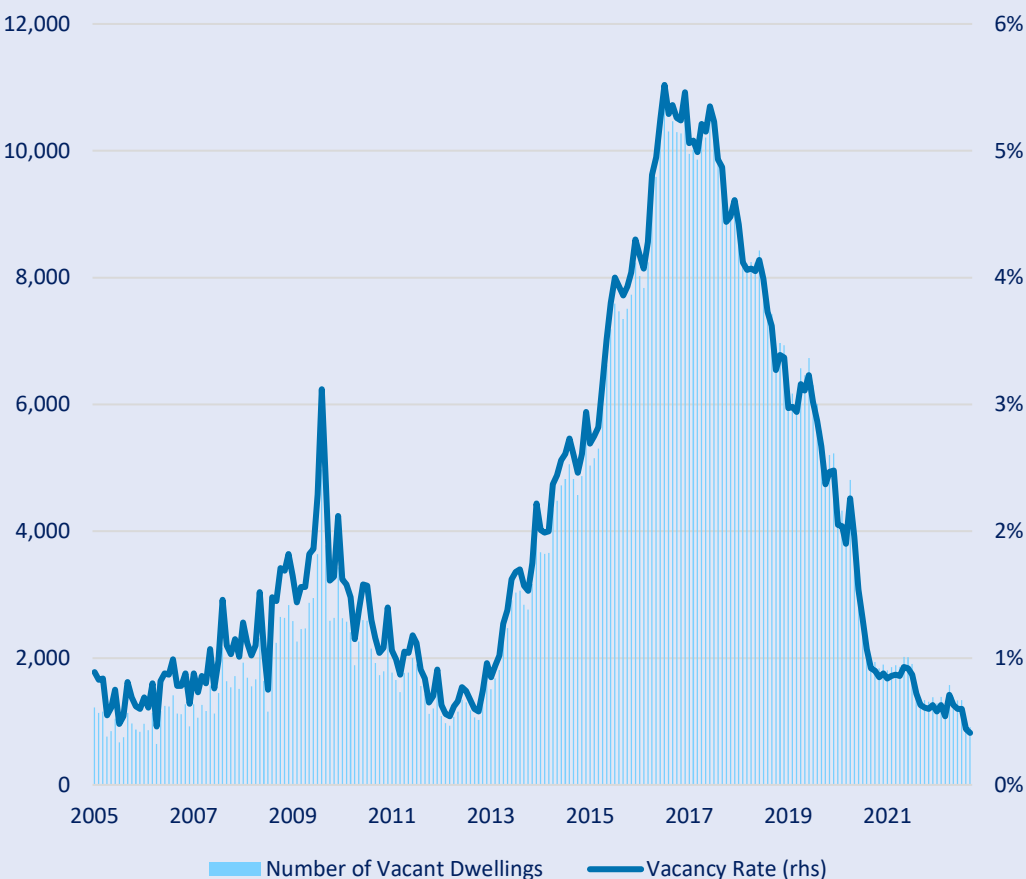
Seasonally adjusted



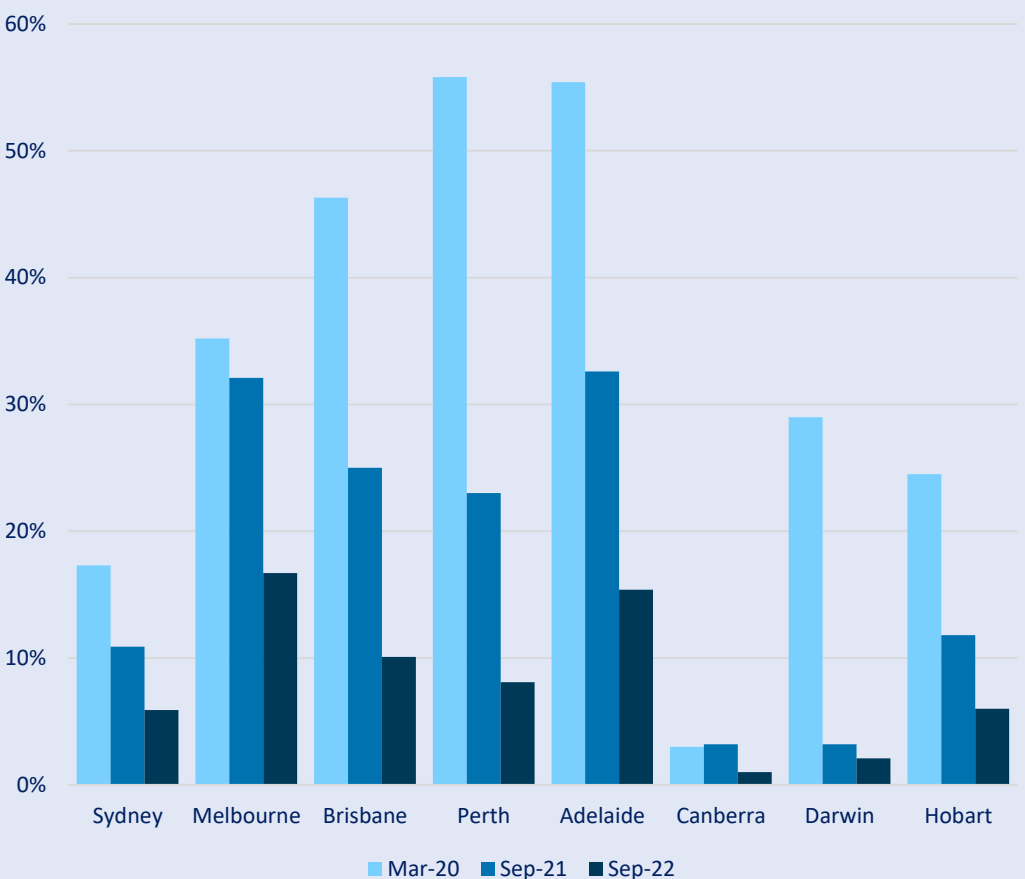
Extreme Shortage of Rentals – Particularly at Aspen’s Low Rent Points

Aspen’s core customer base is the 40% of Australian households who can afford to pay no more than \$400pw in rent...

Residential Vacancies - Perth Metro¹



% of New Rentals Offered at <\$400pw²



Source: 1. SQM Research 2. PropTrack

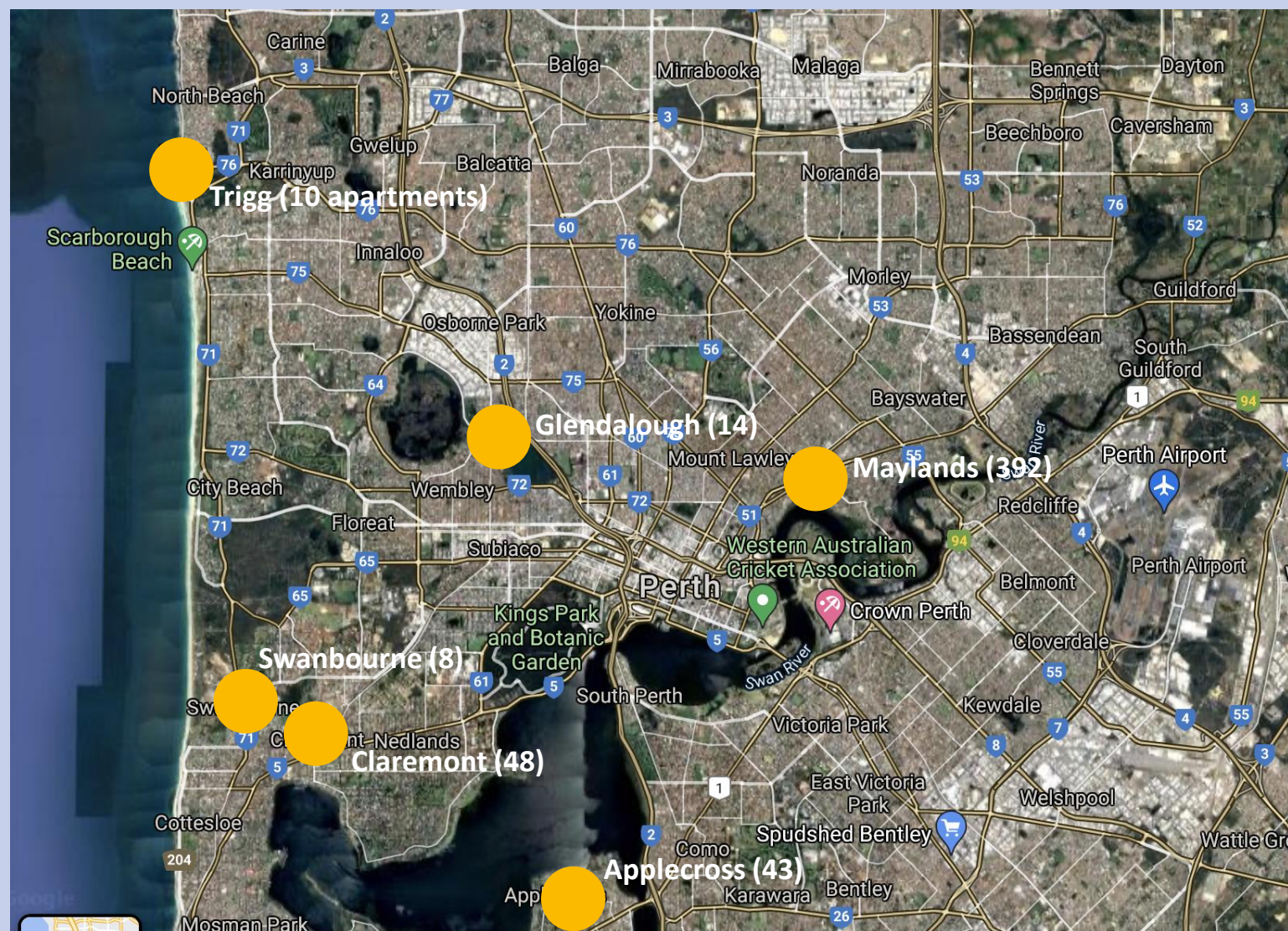


Perth Apartment Portfolio Overview



Perth Apartment Portfolio Summary

- Perth inner metro locations
- Typically, large land lots that could accommodate higher density over time (in some cases would require zoning changes) – total of 4.7 hectares of land
- Buildings mainly built in the 1970s
- Nearly all apartments have been or will be extensively refurbished to maximise occupancy and rents, and improve efficiency and safety
- 515 residential apartments with an estimated internal floorspace of about 55sqms on average
- Mixture of mainly 1 and 2 bedrooms - 856 bedrooms in total - average of 1.7 bedrooms per apartment
- At least 1 car space per apartment
- Very affordable rent and price points – lower end of local markets



Perth Apartment Portfolio – Return Estimates

	Acquisition Estimates - September 2021		Stabilised Post Refurbishment - November 2022 Estimates		
	Portfolio at Acquisition (A)	Stabilised Portfolio Post Refurbishment	All Except 132 Guildford Rd	132 Guildford Road Maylands	Total PAP
Apartments	514	514	395	120	515
Occupied	211	488	387	118	505
Occupancy Rate	41%	95%	98%	98%	98%
Acquisition Cost - \$m	\$55	\$55	\$48	\$7	\$55
Project Costs - \$m	\$0	\$25	\$20	\$12	\$32
Total Cost - \$m	\$55	\$80	\$68	\$19	\$87
Per Apartment	\$107,237	\$155,875	\$172,468	\$158,167	\$169,136
Average Rent per Week	\$215	\$275	\$325	\$325	\$325
Annual Gross Rent - \$m	\$2.4	\$7.0	\$6.5	\$2.0	\$8.5
Annual NOI - \$m	\$0.7	\$4.1	\$4.1	\$1.3	\$5.4
Margin	28%	58%	63%	65%	63%
Gross Yield on Cost	4.3%	8.7%	9.6%	10.5%	9.8%
Net Yield on Cost	1.2%	5.1%	6.0%	6.8%	6.2%
Completion Value - \$m		\$104.2	\$100.9	\$33.0	\$133.9
Per Apartment		\$202,638	\$255,544	\$275,000	\$260,078
Gross Yield on Value		6.7%	6.5%	6.0%	6.4%
Net Yield on Value		3.9%	4.1%	3.9%	4.0%
Uplift on Total Cost - \$m		\$24	\$33	\$14	\$47
Uplift on Total Cost - %		30%	48%	74%	54%
Expected Completion			Dec-22	Jun-24	

Added 1 apartment in under-utilised space – more to come

Currently 387 apartments occupied at average rent of \$307pw – typical rent bumps of \$25-30pw after first 6 months of lease

132 Guildford Road

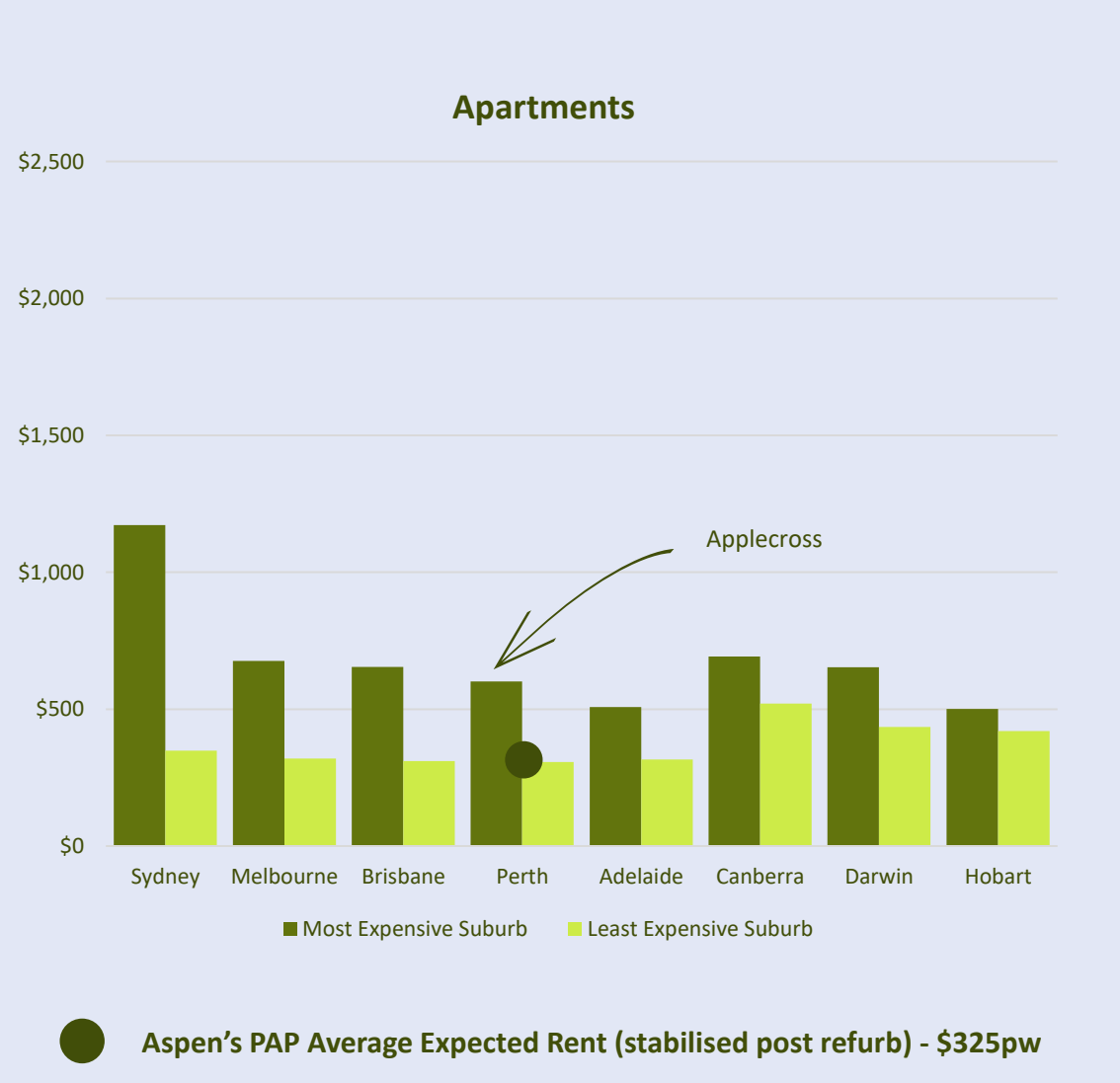
Given the excellent location and views, and structural integrity of the building, we have decided to enhance the project scope relative to the other buildings - improved layout of apartments, higher quality fitout, new lifts, upgrade of external areas

Estimated project cost \$100k per unit - costs are still being finalised

We are also planning for the potential to add more apartments in future (currently not approved or considered in the valuation)

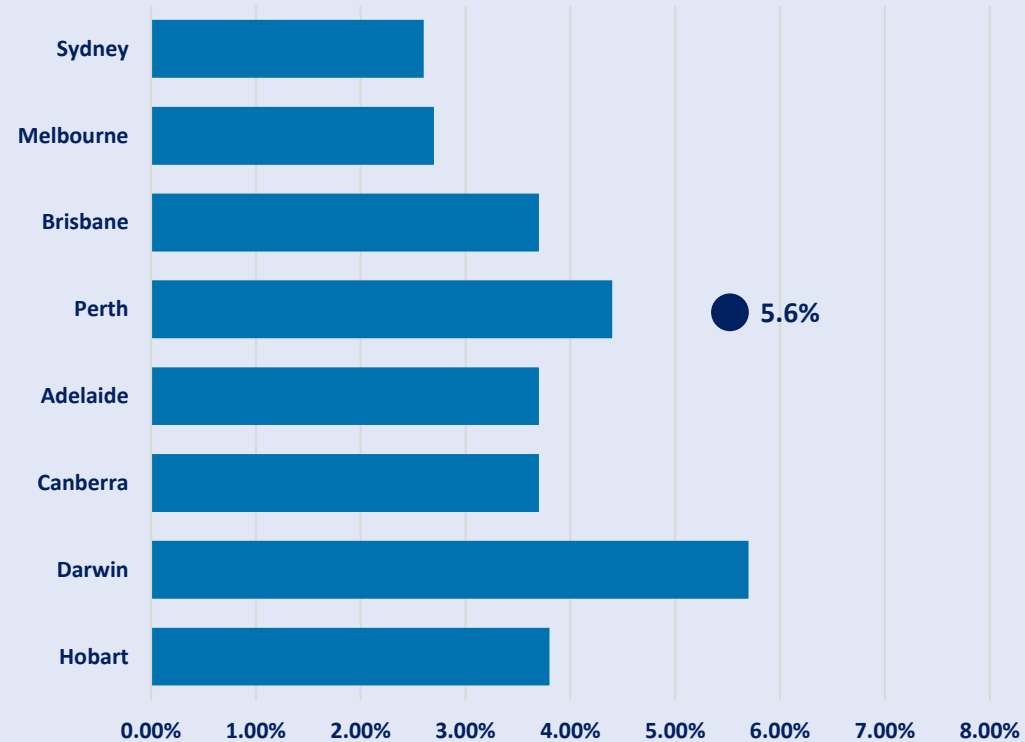
Only \$27m of the expected uplift was taken up in 30 June 2022 accounts

Metro Residential Median Rents by Suburb v. Aspen's Average Rents

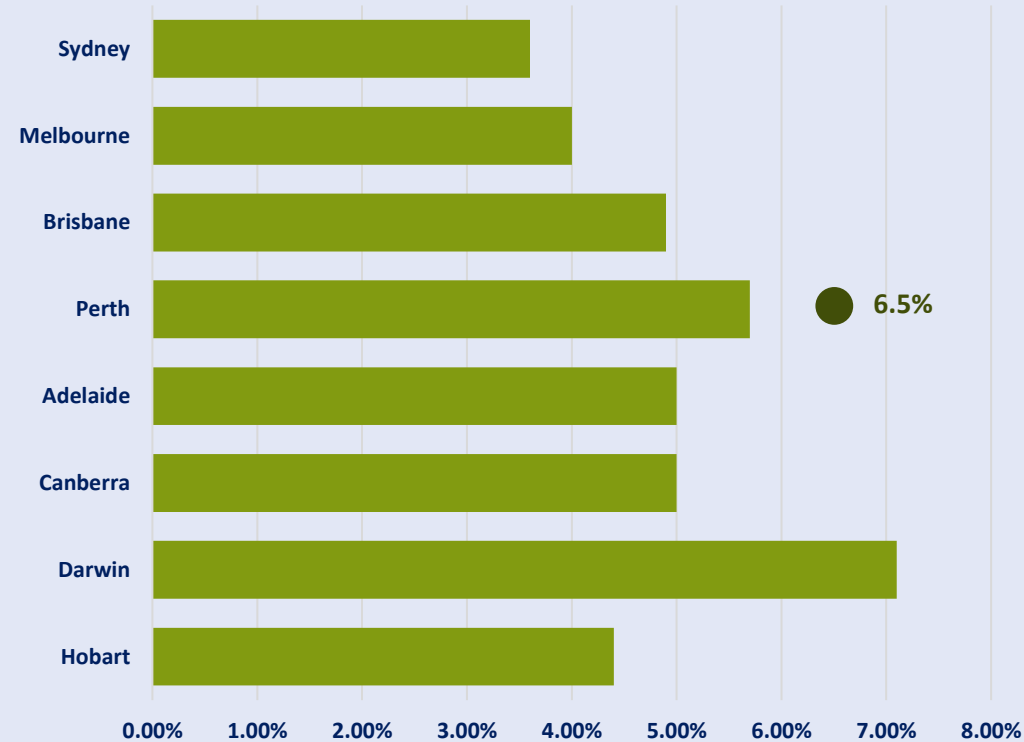


Residential Gross Yields: Market Median v. Aspen Portfolio Book Valuation¹

Houses



Apartments



1. Gross Yield = Median Rent (annualised) / Median Price. Source: Corelogic Quarterly Rental Review September 2022 and Aspen Group



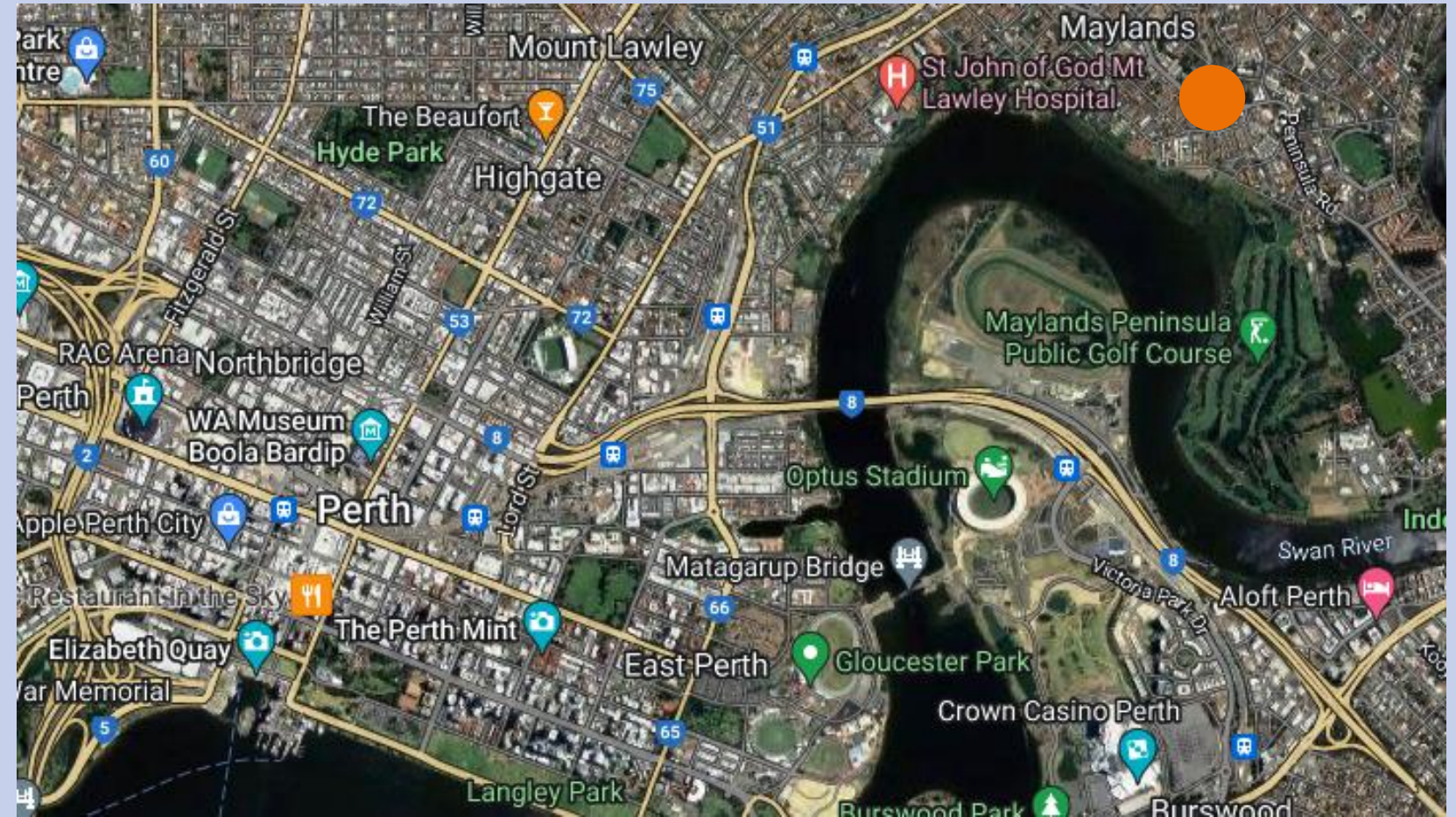
126 Peninsula Road, Maylands

Maylands Properties



Maylands

- ✓ Only 5kms from Perth CBD
- ✓ Good transport links – car, train, bus
- ✓ Cultural and creative hub that is gentrifying - home of the West Australian Ballet and Youth Jazz Orchestra
- ✓ Large public open spaces including parks and golf course along the Swan River
- ✓ Socio demographics relative to WA averages: younger, more born overseas, more working, higher tertiary educated and professional occupation, more using public transport, more renting



Kathleen Ave and Peninsula Rd Maylands Aggregation – At Acquisition

13-15 Kathleen Avenue



17-31 Kathleen Avenue



126 Peninsular Road



1.65 hectares of land

10 individual buildings

167 apartments



Aspen acquisition - \$12.6m
\$763psm of land
\$75k per unit

Market transaction – Feb 2020
\$1.16m
\$758psm of vacant land

Kathleen Ave and Peninsula Rd Maylands Aggregation - Refurbished



Kathleen Ave & Peninsula Rd Aggregation

	Total	Per Apartment
Land Area – sqms	16,510	
Land Titles	5	
Buildings	10	
Apartments	167	
Bedrooms	334	2.0
Carspaces	176	1.1
Income		
Current Occupancy	98.8%	
Contracted Rent (post rent bumps) - \$m / pw	\$2.82	\$329
Expected NOI - \$m / pw	\$1.78	\$207
Margin	63%	
Valuation		
Valuer	CBRE	
Date	June & Oct 2022	
WACR	4.79%	
Value on Completion - \$m	\$37.63	\$225,315
Acquisition Cost - \$m	\$12.93	\$77,425
Expected Total Refurbishment Costs - \$m	\$8.70	\$52,078
Expected Total Cost - Completed - \$m	\$21.63	\$129,503
Valuation Uplift - \$m	\$16.00	\$95,812
Valuation Uplift - %	74%	

16-18 Tenth Avenue Maylands



16-18 Tenth Avenue Maylands



16-18 Tenth Avenue Maylands

Land Area – sqms	4,062	
Land Titles	1	
Buildings	2	
Apartments (already strata titled)	60	
Bedrooms	120	2.0
Carspaces	65	1.1

Income

Current Occupancy	100.0%	
Contracted Rent (post rent bumps) - \$m / pw	\$0.99	\$316
Expected NOI - \$m / pw	\$0.62	\$199
Margin	63%	

Valuation

Valuer	CBRE	
Date	Oct 2022	
Cap Rate	4.75%	
Value of Building on Completion - \$m	\$13.54	\$225,637
Acquisition Cost - \$m	\$3.18	\$53,000
Expected Total Refurbishment Costs - \$m	\$3.77	\$62,867
Expected Total Cost - Completed - \$m	\$6.95	\$115,867
Valuation Uplift - \$m	\$6.59	\$137,213
Valuation Uplift - %	95%	

Opportunities

- ✓ Apartments are already strata titled and could be sold individually - CBRE estimates a value of \$290k per strata titled apartment - total of \$3.86m above whole building value

132 Guildford Road Maylands



132 Guildford Road Maylands

	Total	Per Apartment
Land Area – sqms	6,347	
Apartments	120	
- 1 bedroom	89	
- 2 bedroom	30	
- 3 bedroom house	1	
Bedrooms	152	1.3
Carspaces	125	1.0
Acquisition Cost - \$m	\$6.98	\$58,167
Valuation 30 June 2022 - \$m	\$9.53	\$79,417
Valuation Uplift - \$m	\$2.55	\$21,250
Valuation Uplift - %	37%	

Opportunities

- ✓ Refurbishment and leasing of existing apartments
- ✓ Additional revenue sources – rooftop, laundry, community facilities
- ✓ Potential to add floorspace on under-utilised land (STCA)

132 Guildford Road Comparable - 96 Guildford Road*



132 Guildford Road, Maylands



96 Guildford Road, Mount Lawley

67/96 Guildford Road: 2 bed + 1 bathroom + 1 car space
Asking rent of \$500 per week

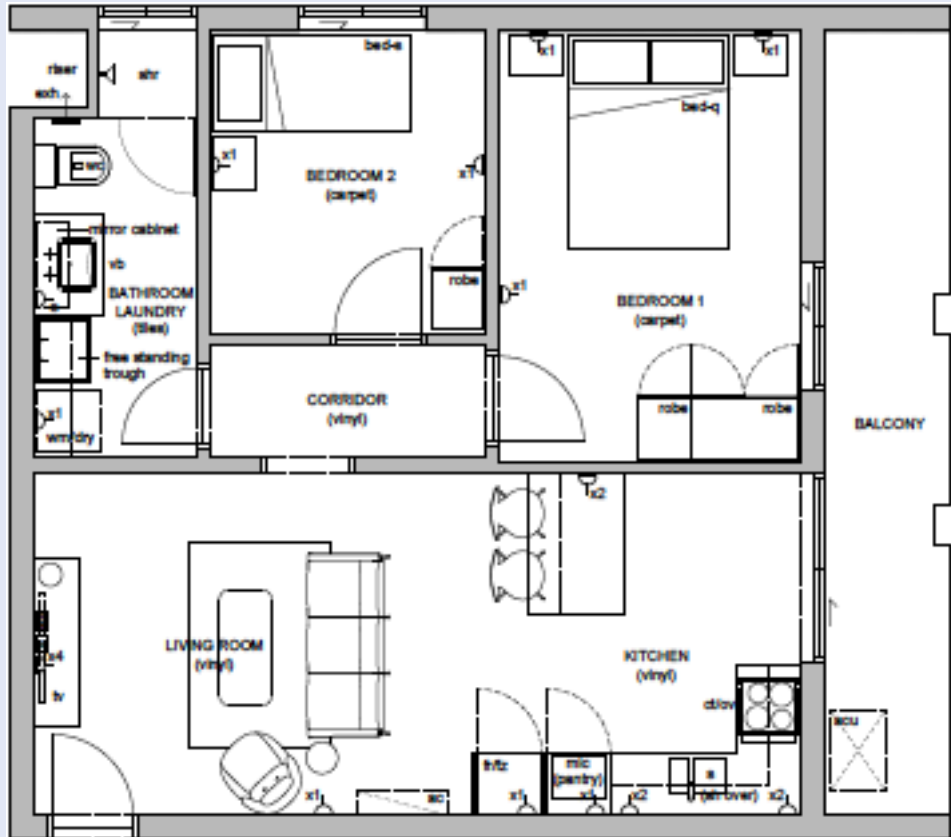


61/96 Guildford Road: 2 bed + 1 bathroom + 1 car space
Sold \$280k

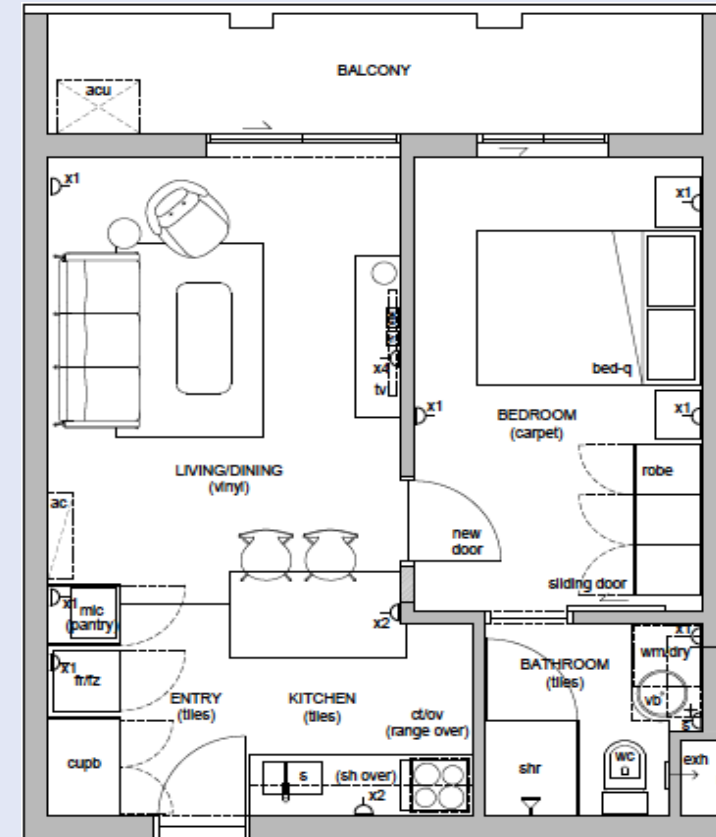


132 Guildford Rd – Two of the Proposed New Floorplans

2 Bedrooms with Balcony – c.63sqms



1 Bedroom with Balcony – c.48sqms





Claremont



230 Stirling Highway Claremont



230 Stirling Highway Claremont

Land Area – sqms	4,720
Land Titles	2
Buildings	1
Apartments	48
Bedrooms	48
Carspaces	50

Income

Current Occupancy	97.9%
Contracted Rent (post rent bumps) - \$m / pw	\$0.74
Expected NOI - \$m / pw	\$0.47
Margin	63%

Valuation

Valuer	JLL
Date	Nov 2022
Cap Rate	4.50%
Value of Building on Completion - \$m	\$11.15
Value of Spare Land - \$m	\$3.40
Total Value on Completion - \$m	\$14.55
Acquisition Cost - \$m	\$9.14
Expected Total Refurbishment Costs - \$m	\$2.82
Expected Total Cost - Completed - \$m	\$11.96
Valuation Uplift - \$m	\$2.59
Valuation Uplift - %	22%

Per Apartment

Opportunities

- ✓ Prime location in upmarket suburb suitable for mixed use apartments and commercial
- ✓ Refurbishment and leasing of existing apartments (laundry converted to one bedroom apartment)
- ✓ Potential to add floorspace on under-utilised land (STCA)
- ✓ Council has proposed planning changes allowing up to 6 storeys and 125 apartments (average of 75sqms) plus over 2,000sqms of commercial space on the site (not yet approved)

230 Stirling Highway Claremont – Standard Refurbished Apartment





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