

# 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

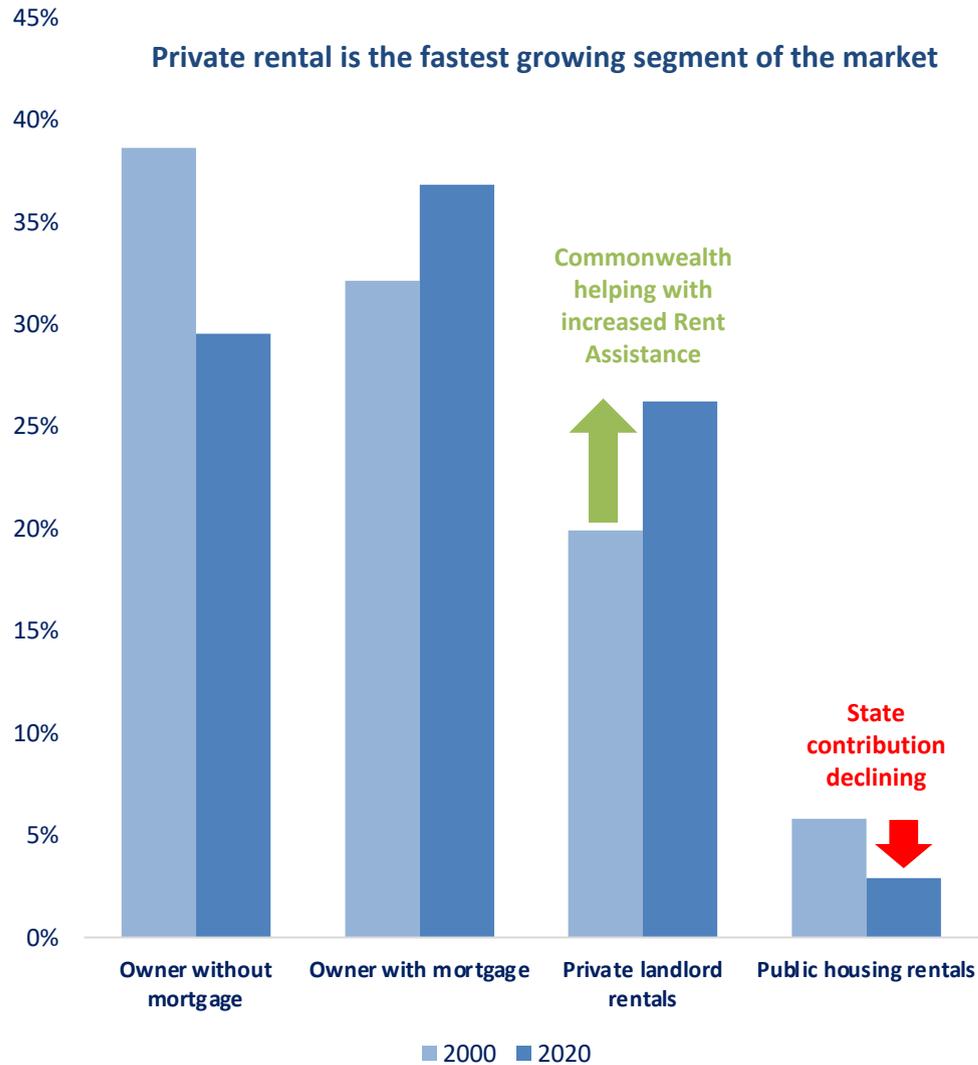
### Acute Housing Shortages

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

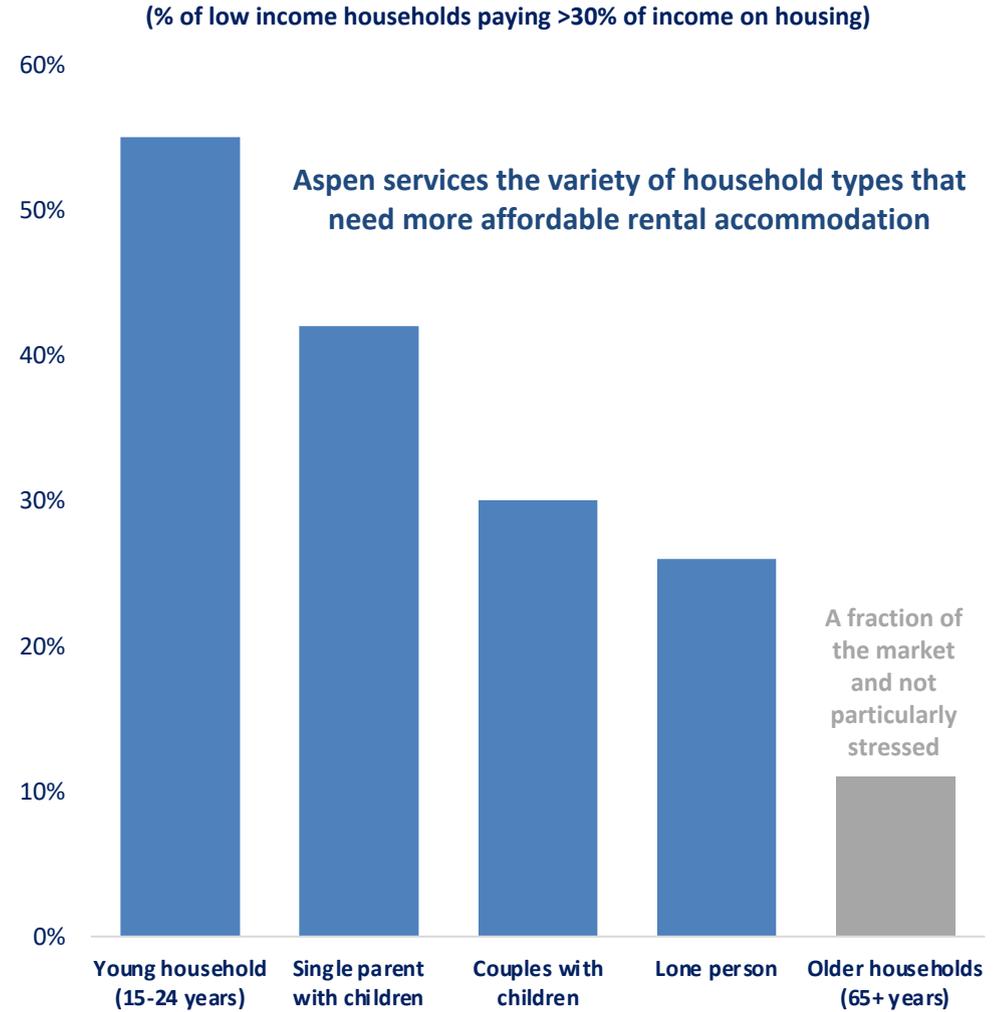
**TAM<sup>1</sup> > \$1 trillion of housing stock**

# Aspen's Market - Highest Growth and Acutely Undersupplied

## Funding of Housing in Australia



## Housing Stress





# 2

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

# 132 Guildford Road, Maylands WA - Before



# CoVE Maylands WA – After



CoVE rents starting at <math>\\$400\text{pw}</math> (excluding furniture)

Only 60 rentals currently offered in Greater Perth at under <math>\\$400\text{pw}</math>  
(on [realestate.com.au](http://realestate.com.au) – 2 April 2024)



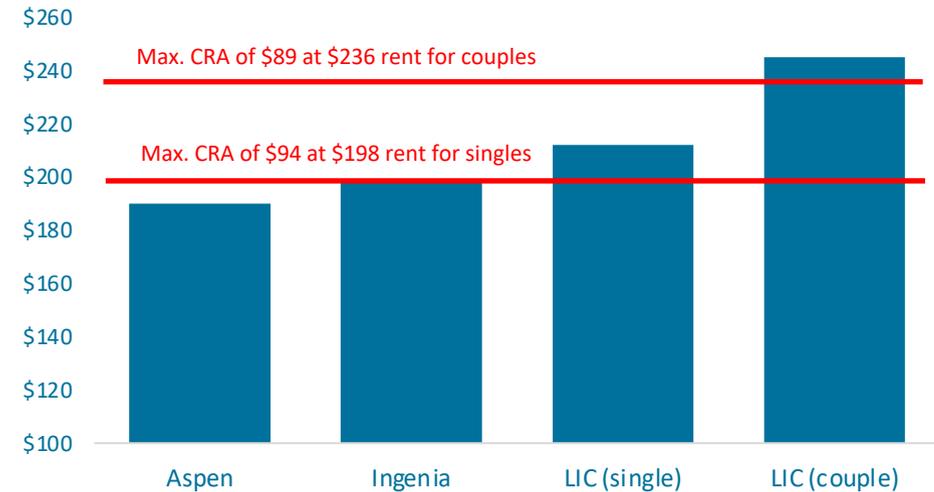
# Case Study 2 – Providing Attractive & Affordable Lifestyle

- ✓ **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 CRA<sup>1</sup> caps out** – therefore more growth potential while remaining affordable
- ✓ **Aspen typically does not charge DMF<sup>2</sup>** 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 ROIC<sup>3</sup>**

Lifestyle House Sales - Average Price and Margin (HY24)<sup>3</sup>



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 contracted<sup>3</sup> 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 Guidance<sup>1</sup>

### Underlying Operating EBITDA<sup>2</sup>

**\$30.50-31.50m**

Up 24-28% on FY23

### Underlying Operating EPS<sup>2</sup>

**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 \$1.69<sup>3</sup>

Price / NAV 0.80x	Price / Earnings 12.5-13.0x	Distribution Yield 5.0%	Strong Growth Prospects
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## FY24 Guidance<sup>1</sup>

**Underlying Operating  
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