



Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
ARSN 104 807 767

Suite 21, 285A Crown Street
Surry Hills NSW 2010

Telephone: 02 9151 7500

Email: homemail@aspengroup.com.au

ASX ANNOUNCEMENT
29 May 2024

Aspen Group

Earnings Upgrade and Strategic Stake in Eureka

Aspen Update

Aspen Group (ASX: APZ) (Aspen or APZ) is pleased to announce continued strong momentum across its platform and an upgrade to FY24 estimated underlying earnings¹ to at least 13.5 cents per security, the top end of previous guidance.

Residential markets remain acutely undersupplied, particularly at lower rent and price points, and this is unlikely to be resolved in the foreseeable future. Aspen's residential and lifestyle portfolios are essentially full and 3-month forward bookings for our parks portfolio are 18% ahead of the same time last year. Rents are growing strongly yet remain affordable and competitive at an average of about \$365 per week for residential dwellings and \$190 per week for lifestyle land sites. We enjoy a high-quality tenant base and negligible arrears.

We continue to recycle capital from properties with relatively high rent and price, at about 3% net yield and a premium to book value, into properties with lower rents more suited to our target customer base. This is keeping a lid on average rent, increasing net asset value, increasing growth prospects, and reducing risk.

Aspen's eight active development projects are performing well. Lifestyle house settlements are up 56% in FY24 to date compared to all of FY23. We have a pleasing number of contracts on hand and minimal unsold inventory. Average sales price is \$416,000 and development profit margin is 30% excluding revaluation gains on the newly leased land sites. Aspen's customers continue to sell their existing homes quickly at a meaningful premium to their new home price and free up capital for retirement.

Aspen takes a disciplined approach to development targeting around 80% Operating Income / 20% Development Profit mix, and development inventory including spare land represents less than 7% of total assets.

Aspen's balance sheet remains strong with gearing of about 27% and interest cover ratio over 3.5x despite the increase in interest rates.

Underlying Earnings and Distributions Guidance

	FY23 Actual	FY24 Guidance	% Change	FY25 Guidance	% Change (midpoint)
Underlying EBITDA (\$m)	24.6	31.5	28%	38.25-39.25	23%
Underlying EPS (cents)	12.0	13.5	13%	14.5-15.0	9%
Minimum DPS (cents)	7.75	8.50	10%	9.50	12%

Aspen's FY24 guidance assumptions were provided with Aspen's HY24 financial results. Aspen's FY25 guidance assumptions were announced on the ASX on 16 April 2024.

Eureka Group Holdings

Aspen's takeover offer for Eureka Group Holdings Limited (Eureka or EGH) has closed. Aspen now owns a strategic stake of 36% in the company valued at about \$58 million, equating to 8% of Aspen's total assets. The transaction was funded with equity, increasing Aspen's equity base by about 10%.

As foreshadowed in Aspen's Bidder's Statement Aspen will seek to obtain representation on Eureka's Board to help improve performance and returns for shareholders. Aspen's views on the initial steps to achieve this is through Board renewal and recruitment of a high quality CEO.

Announcement authorised by the Board of Aspen Group Limited.

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<i>For further information, please contact:</i> David Dixon Joint Chief Executive Officer Phone: (+61) 2 9151 7584 Email: davidd@aspengroup.com.au	John Carter Joint Chief Executive Officer Phone: (+61) 2 9151 7586 Email: johnc@aspengroup.com.au
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1. Underlying Operating Earnings 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 underlying operating performance – refer to financial reports for full definition

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