

Aspen Group

Barrenjoey – Emerging Property Companies Day

1 MAY 2025



Aspen Group

Owner

Proprietary approach maximising sustainable returns for Aspen securityholders – we own 100% of all our properties and projects - 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 services to customers – not a passive rent collector

Developer

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

Capital Manager

Disciplined acquisitions, offering rentals + shared equity + ownership options to customers, recycling capital to optimise portfolio, profits and equity value, and reduce risk

Specialist Provider of Quality Rental Accommodation on Competitive Terms



Dwellings and Land Sites



Target Market

The c.40% of Australian Households with Income <\$100k per annum

Strong Focus on Costs Enables Competitive Prices & Rents and High Returns

- ✓ Disciplined acquisitions – buying suitable properties at a price that makes sense for our rent/price points
- ✓ Optimising land use – unlike some competitors, Aspen has multiple options at its disposal – on some sites we can create rentals, lifestyle and/or residential land for sale to maximise cashflows, profitability and return on capital
- ✓ Recycling existing buildings – most large developers prefer to demolish and rebuild which significantly increases cost and economic rent/price points
- ✓ Low rise new builds - can be half the cost and a third of the development timeframe of high rise
- ✓ Intelligent and efficient design – the optimal rental product and for-sale product can be different
- ✓ Generating superior NRI margins through excellent operational management and tight cost controls
- ✓ Maximising use of subsidies – eg. land tax exemptions



CoVE Maylands WA

Total Cost to date \$27m / \$225k per unit
Average Passing Rent \$456pw
Passing NRI \$2.0m / Yield on Cost 7.5%

Current Book Value \$37m / \$312k per unit
Cap Rate 5.5%



Aspen Lifestyle Meadowbrooke WA

Total Cost to date \$6m / \$33k per site

FY25 expected total return \$1.4m:

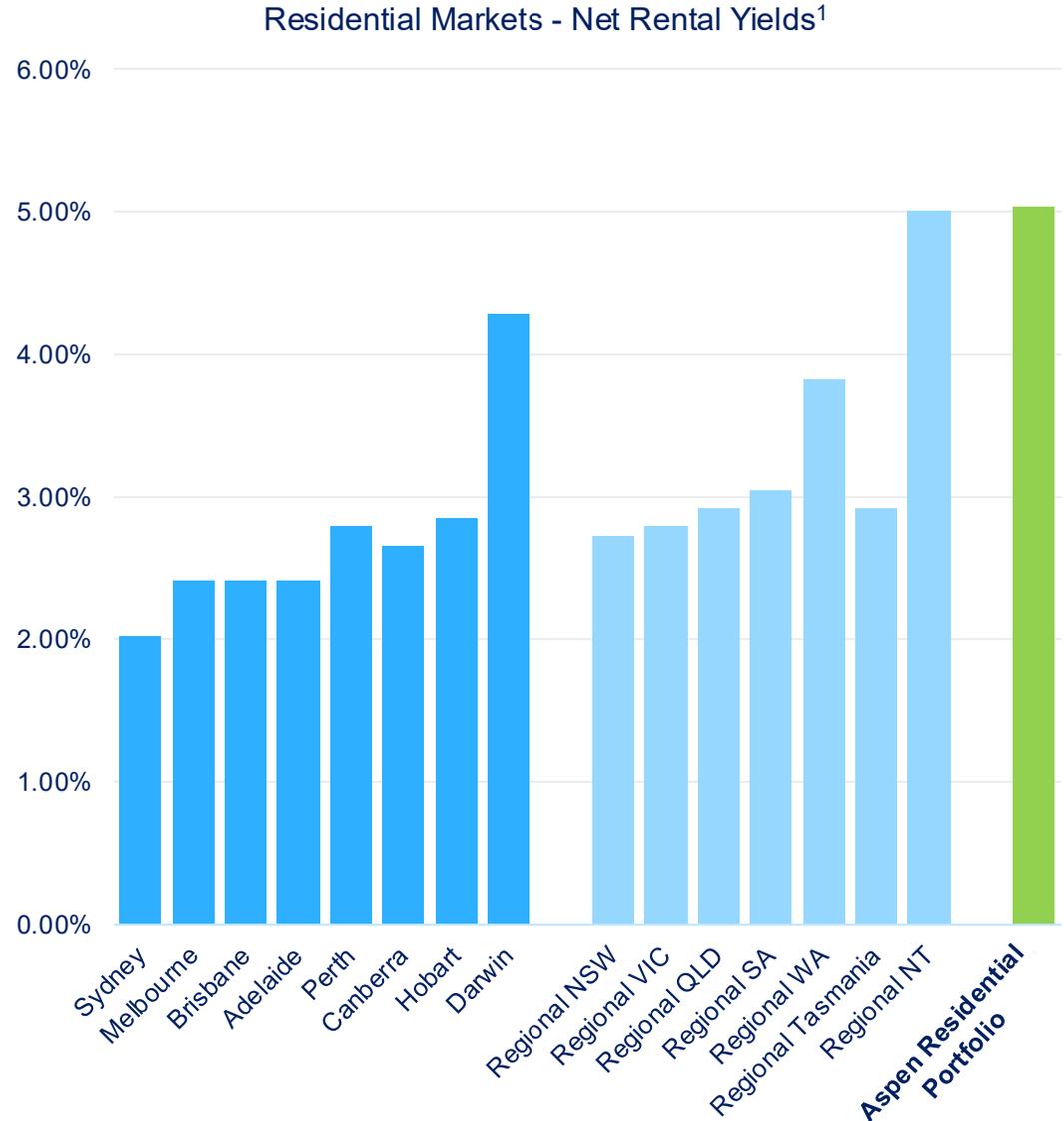
- NRI \$0.1m: early-stage community
- Development Profit \$0.8m: sale of 10 houses at ~\$410k average price
- NAV Uplift \$0.5m: value of newly leased sites of \$90k v. cost of \$40k each

Return on cost 23%

Residential Typically Trades at ~3% Cap Rate in Aspen's Markets

Australian residential property trades at a lower yield than commercial property classes for good reasons:

- ✓ Essential accommodation
- ✓ Not being disrupted – more working and shopping from home
- ✓ Markets are rarely >3% vacant
- ✓ Rents not propped up by excessive leasing incentives
- ✓ Attractive locations where people need and want to live are typically densifying which drives real growth in land value
- ✓ Deep and highly liquid market
- ✓ Supports relatively high proportion of cheap debt funding - typically backed by personal guarantees and there is favourable capital treatment for banks
- ✓ Strong vested interests of governments and banks to support the market
- ✓ Residential has delivered attractive total returns compared to other asset classes over the long run despite the lower yield



1. Source: CoreLogic Gross Rental Yields March 2025 – Net Yield is derived by multiplying gross yield by 65% being Aspen's typical margin for Residential properties. Aspen based on HY25 book value

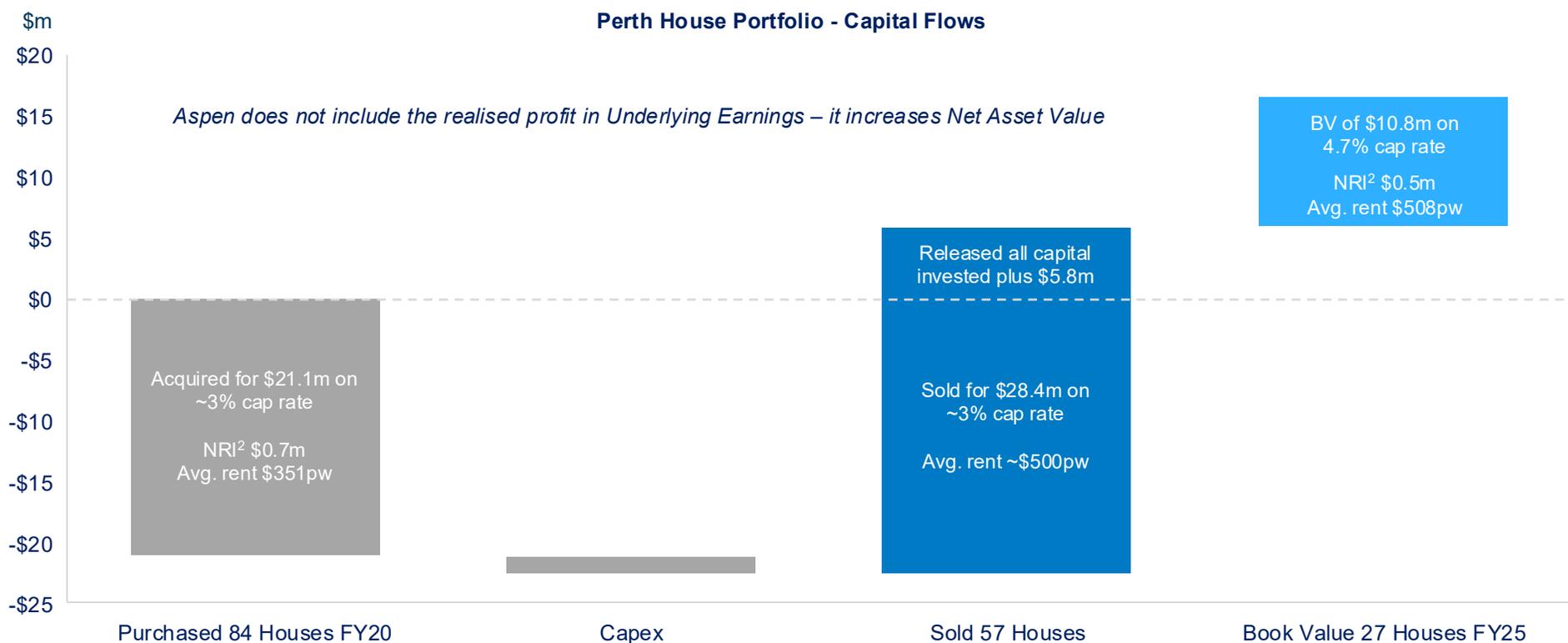
Residential Recycling at 3% Cap Rate Keeps Rents Competitive and Lifts ROIC¹

- Aspen aims to provide good quality, well-located Residential accommodation at competitive rents below \$400pw and generate 5-6% yield on cost
- We expect our rents to grow faster than market because they are typically below local market average and the economic rent for new supply
- When rents become expensive for Aspen's target customers, we are prepared to recycle the property / capital into more suitable opportunities

Example - all capital invested (and more) has been released from our Perth House Portfolio by selling some of the houses on a cap rate of ~3%

The remaining 27 townhouses are valued in our books at a conservative \$400k each on a cap rate of 4.7%

- Aspen's opportunities to develop new Residential accommodation with this attractive low starting rent / high growth / high return dynamic are increasing in our favoured markets

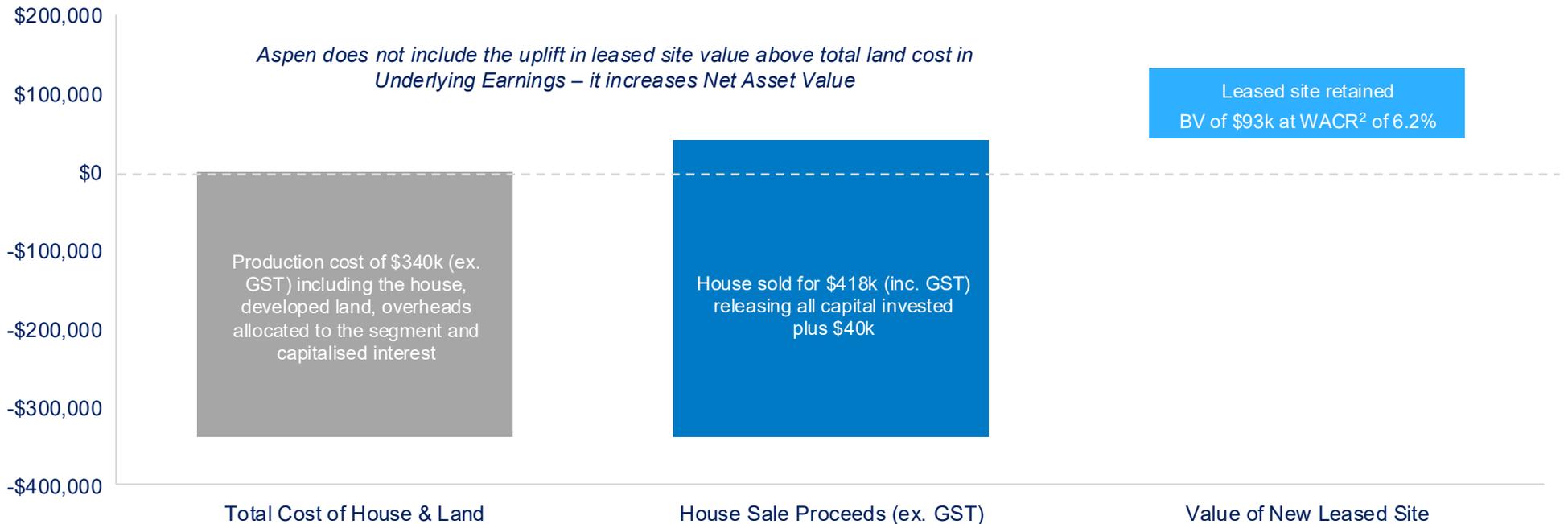


1. ROIC – Return on Invested Capital. 2. NRI – net rental income

Aspen's Lifestyle Business also Generates High ROIC

- Aspen produces good quality, well-located Lifestyle communities at a low cost – around half the cost of some competitors
- We sell new Lifestyle houses at highly competitive prices - typically ~30% discount to the median price of local freehold houses, and lease the underlying land sites at <\$200pw - well below the level at which Commonwealth Rent Assistance caps out (at \$254pw rent for a pensioner couple)
- On an average house/site basis, all of Aspen's invested capital (and more) is released when houses are sold, and Aspen retains the land and ongoing annuity land rent – the capital released is essentially recycled back into Aspen's development business which generates ~20% ROIC¹
- Some of Aspen's competitors earn a profit on house sale that is less than the total cost of developed land – they need to employ more capital over time at ~5% yield to grow their portfolios of leased sites
- Aspen plans to accelerate Lifestyle development – we now own >1,500 approved and planned Lifestyle sites across 10 projects that have been secured at very low cost**

Aspen's Lifestyle Development – Average per Dwelling Sold / Site Leased in FY24



1. ROIC – return on invested capital = Total Development Profit divided by book value of all assets employed in Aspen's development business. 2. WACR – weighted average capitalisation rate on book values 6

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