

Aspen Group

AGM November 2022



Peninsula Road Maylands



Aspen Group - Chairman's Address

Aspen is a Leading Provider of Truly Affordable Accommodation

For the 40% households that can afford no more than \$400 weekly rent or \$400k purchase price

**Strong Growth Over Past 3 Years
Driven by Quality Management Team and
Shortages of Affordable Housing**

EPS Growth

+19% per annum

NAV Growth

+17% per annum

**Genuine Crisis for Lower Income
Households who Rent**

National Residential Vacancy Rates only 1%

National Average Rent up 10% past 12 Months

Only 14% of newly offered rentals <\$400pw

(Sources: SQM Research, CoreLogic, PropTrack)

**Productivity Commission
Recommendations**

- ✓ Review CRA for “sufficiency, fairness and effectiveness”
- ✓ Consider “Portable Rent Assistance” so Social Housing tenants can use it on affordable Private Sector Housing



Aspen Group - CEOs' Address

Aspen's Scale has More than Tripled past 3 Years – Over 4,600 Dwellings/Sites Worth Over \$400m



- ✓ Available dwellings over 99% occupied
- ✓ Refurbished and leased more than 350 dwellings past 12 months – rate of almost 1 per day
- ✓ Projects generating >6% net income yield and material NAV uplift
- ✓ Quality tenant base – arrears <0.2% of total rent
- ✓ Market rents generally up c.10% past 12 months
- ✓ Land settlements / contracts on hand significantly above FY22 – ahead of a slowing market



- ✓ Available dwellings 100% occupied
- ✓ All newly completed houses sold including intended display stock - acceptable profits and margins
- ✓ Land rent increase <CPI and <CRA cap – helping our retiree customer base cope with other cost of living pressures – also helps drive sales of new houses
- ✓ Large development pipeline secured at very attractive cost – well positioned to continue to offer competitive house prices while growing development profits, annuity income and NAV
- ✓ Early signs that building costs have stabilised and bottlenecks are easing



- ✓ Strong rebound in demand post borders reopening – tourists and workers
- ✓ Average rent/rate has increased too – facilitated by cabin and grounds upgrades during pandemic
- ✓ Darwin Freespirit Resort performed strongly in high season – YTD NOI \$2.2m, up 33% to pcg
- ✓ Aspen Karratha Village rebounding – YTD NOI \$0.6m, up 500% to pcg
- ✓ All other Parks generating higher NOI than pcg during their low season
- ✓ Forward bookings ahead of same time last year across the portfolio

Aspen Group - CEOs' Address

Financial Update and Guidance

October YTD FY23

Operating Earnings¹ (compared to pcg)

Property NOI
\$8.2m (+83%)

Development Profits
\$1.8m (+314%)

Net Corporate Overheads
\$1.8m (+13%)

EBITDA
\$8.2m (+148%)

Operating Earnings
\$7.4m (+163%)

EPS
4.50 cents (+105%)

Balance Sheet

4 Perth Apartment Complexes Externally Revalued by CBRE and JLL
Supports expected valuation uplift of another \$20m across portfolio as refurbishments are completed

Darwin Freespirit Resort Externally Revalued by Colliers
+\$8.5m (+36%)
Cap Rate up 25bps to 8.75%

Low Net Debt / Gearing
\$97m / 22% (pre revaluations)

Interest Rate (BBSW) Hedges
\$70m at 50bps to April 2024

FY23 Guidance

Operating EPS

9.75 to 10.25 cents
+12.7% to 18.5% on FY22

Implies EPS highly skewed to 1H, allowing for:

- potential delays in planned settlements of new houses in our Retirement communities from 2H FY23 into FY24
- potential for weaker economic conditions to negatively impact activity at our Parks in 2H (though not yet evident)

Assumes no new acquisitions

DPS

At least 7.00 cents
+6.1% on FY22

Consistent with new policy to distribute 65-75% of Operating EPS

1. 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 operating performance – refer to Aspen's financial reports for full definition



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