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ASX ANNOUNCEMENT

15 August 2024

Aspen Group FY24 Results

Continued Strong Growth Across the Platform

Aspen Group (ASX: APZ) is pleased to announce strong FY24 results and an upgrade to underlying earnings and distribution guidance for FY25.

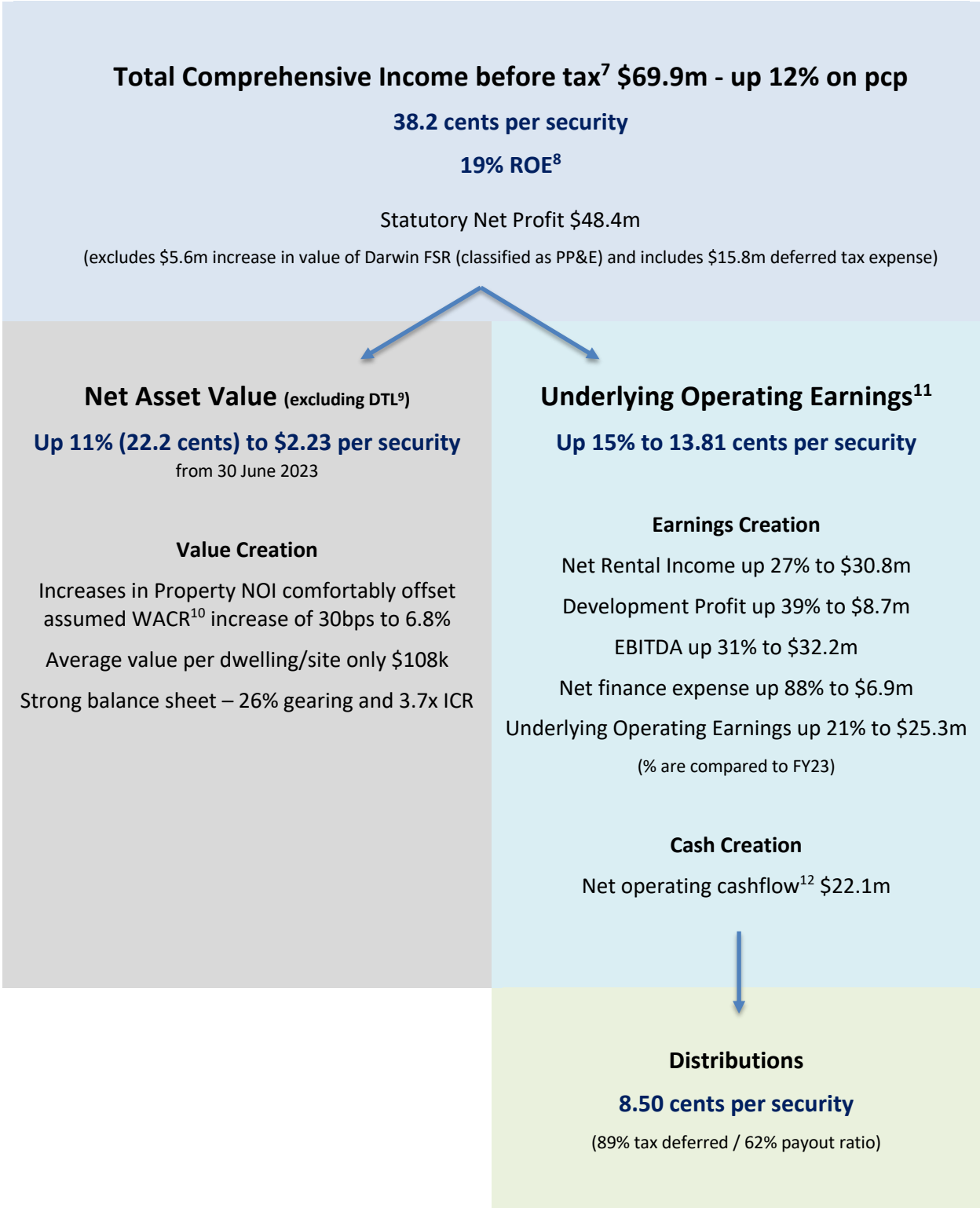
The quality and scale of Aspen continues to improve through disciplined acquisitions & disposals and cost-effective refurbishment & development. Net asset value, earnings and distributions increased materially and we maintained competitive rents and sales prices for our customers which reduces risk and increases growth prospects. Risks were mitigated further by maintaining a measured exposure to development, tight controls on inventories and a strong balance sheet.

Highlights

- Aspen's average rents have increased significantly yet remain highly competitive and attractive to customers:
 - ✓ Total portfolio rent¹ increased 15% to \$317pw per dwelling/site
 - ✓ Residential rent increased 20% to \$348pw per dwelling – current market rent² is 12% higher
 - ✓ Lifestyle rent increased 16% per land site – current average land rent (excluding ancillary services) of \$187pw is 21% below the rent at which CRA caps out³
- Property NOI margin increased 2ppt to 50% mainly through improved operational management and structural improvements in our portfolio
- Record production, sales and average prices for new development:
 - ✓ Lifestyle development profit doubled with sales volume increasing 64% and average sales price increasing 14% to \$418k – still well below local median house prices and some competing villages
 - ✓ Developed stages of Residential land essentially sold out with average sales price increasing 13% to \$200k - allows new homes to be developed cheaper than local existing house prices
 - ✓ Development Profit margin on target at 30% and ROIC⁴ was 21%
 - ✓ Significant growth outlook with low-cost pipeline of 1,152 approved sites already on balance sheet equating to 12x FY24 sales
 - ✓ Risks mitigated – entire development assets represent only c.7% of total assets, spread across 9 active projects diversified by geography, regulation, customers, and builders
- Continued recycling of capital from Residential properties with relatively high rents at c.3% yield into properties with lower rents more suited to Aspen's customer base with higher expected returns
- Strong balance sheet maintained – gearing⁵ of 26% and interest cover ratio⁶ of 3.7x

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Positive Outlook and Upgrade to FY25 Earnings¹¹ and Distribution Guidance

We expect continued strong performance and are pleased to announce an upgrade to FY25 guidance:

- **Underlying Operating EBITDA of \$40m** – up 24% on FY24
- **Underlying EPS of 15.2 cents** – up 10% on FY24
- **DPS of 10.0 cents** – up 18% on FY24

Please refer to Aspen’s FY24 Financial Report and Results Presentation released on ASX today for further information including assumptions underlying the FY25 guidance.

Announcement authorised by the Board of Aspen Group Limited.

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1. Rent includes a small amount of ancillary revenues at some of our properties
2. Market rent is an estimate based on rents currently being achieved on new leases and lease renewals at Aspen’s properties
3. CRA – Commonwealth Rent Assistance - the cap is the rent at which the maximum amount of CRA subsidy is paid to an eligible couple on the age pension
4. ROIC - Return on Invested Capital equals development profit divided by the carrying value of development inventory plus spare land in lifestyle properties classified as investment property
5. Gearing = financial debt less cash / total assets less cash less retirement village resident loans and deferred revenue
6. ICR – Interest Cover Ratio as defined in Aspen’s debt covenant
7. Pre expense provision of \$15.8m (8.6cps) for tax that would be payable by Aspen Group Limited if it sold all its assets at 30 June 2024 book value
8. ROE – Return on Equity = Comprehensive Income before tax per security divided by starting Net Asset Value per security
9. DTL – Deferred Tax Liability provision of \$10.6m (5.3cps) for tax that would be payable by Aspen Group Limited if it sold all its assets at 30 June 2024 book value (Trust entity accounts do not provide for tax liabilities)
10. WACR – Weighted Average Capitalisation Rate
11. 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 report for full definition
12. Operating cashflow includes dividends received, and interest and tax paid

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