



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](mailto:homemail@aspengroup.com.au)

## ASX ANNOUNCEMENT

17 August 2022

# Aspen Group Financial Results – FY22

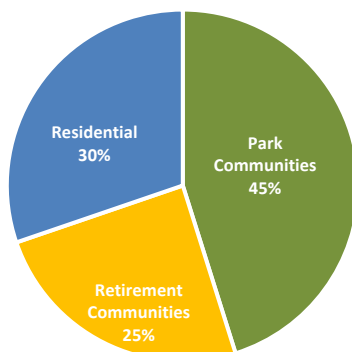
## Rapid Growth Continues – Opportunities Increasing

Aspen Group (comprising Aspen Group Limited and Aspen Property Trust) (ASX: APZ) (“Aspen”) is pleased to provide its financial results for year ending 30 June 2022.

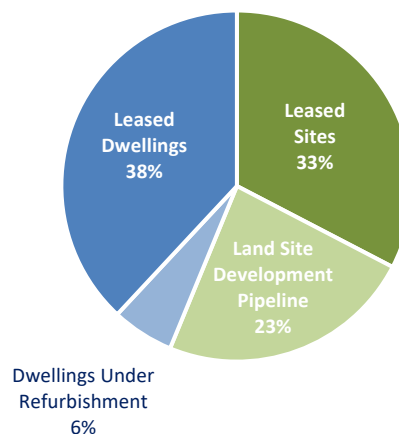
### Continuing strong demand for Aspen’s quality accommodation on truly affordable terms

- Aspen’s core target customer base faces a severe shortage of suitable accommodation – the 40% of Australian households who can afford to pay no more than \$400 per week in rent or \$400,000 purchase price
- Across Australia residential vacancy rates are near historic lows and rents have increased rapidly – average residential rents are up 9.8% over the past 12 months<sup>1</sup>
- Demand for Aspen’s short-stay accommodation is rebounding with Covid dissipating and borders now open – the increase is broad based across tourists, corporates and students
- Our new house and land sales are increasing at prices that are attractive for customers and Aspen – our margins have been stable despite turmoil in the building industry
- Aspen’s total assets have increased 3.2x over the past 3 years to \$452m - portfolio comprises 100% interests in 4,646 dwellings and sites of which 1,362 are currently under value-add redevelopment / refurbishment

Total Dwellings/Sites by Property Type



Operating and Development Mix



For personal use only

## FY22 Financial Results

**Statutory Profit \$75.38m equating to 55.16 cents per security**

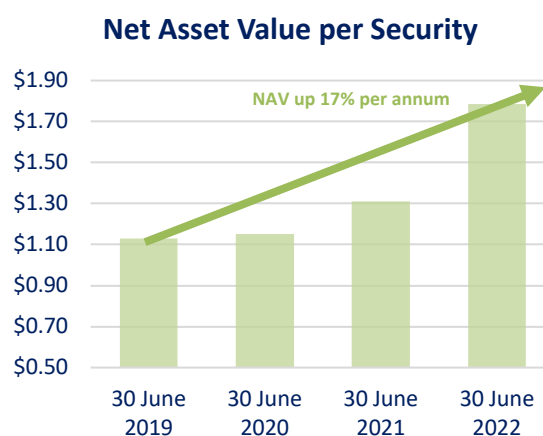
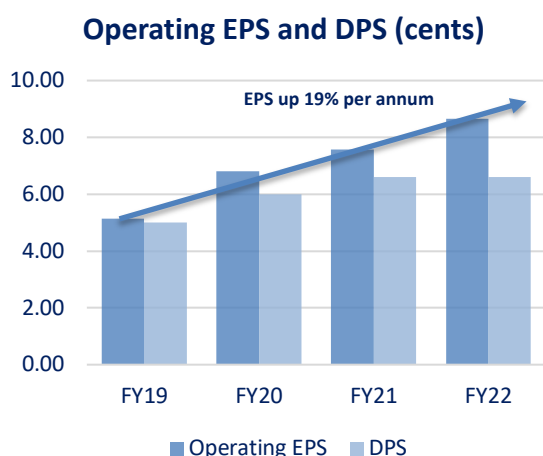
**Operating Earnings<sup>2</sup> \$11.84m equating to 8.65 cents per security – up 14% on FY21**

- Total Revenue up 31% to \$46.02m
- Operating and Development Net Income up 25% to \$18.34m - measured balance of Property NOI (\$14.84m at margin of 42%) and Development Profit (\$3.51m at margin of 33%)
- Net Corporate Overheads up 5% to \$4.75m – MER<sup>3</sup> reduced materially to 1.0%
- Net operating cashflow after financing and borrowing costs up 25% to \$14.12m equating to 119% of Operating Earnings (128% in FY21) – no leasing incentives, no straight-line accounting of income, minimal arrears, low development inventory / high stock turn
- Result excludes Trading Profits from the sale of existing dwellings (this was captured in property revaluations) and sales of residential land at Coorong Quays post acquisition on 1 June 2022 (these land lots were treated as working capital, not development inventory at the time the transaction was agreed)

**Net Asset Value (NAV) \$1.79 – up 36% over the year**

- Material uplift driven predominantly by Property NOI increases, value-add projects and retained earnings - 40bps compression of WACR contributed only 9cps of the 48cps uplift over the year<sup>4</sup>
- Total Assets have increased by \$311m over the past 3 years with only \$73m of new equity raised
- Portfolio attractively valued on a WACR of 6.4%, and average of only \$85k per dwelling/site and \$34k per development site – this puts Aspen in a good position to offer very competitive terms to customers while still generating attractive returns for securityholders
- Expected value uplift on current residential redevelopment/refurbishment projects only partially reflected in current NAV – estimated \$25m (16cps) imbedded discount in book values for development risk, leasing risk, and time value that is expected to be released over the next 6-18 months as projects complete
- Gearing<sup>5</sup> of 28% - below long-term target range of 30-40%

**DPS 6.60 cents (87% tax deferred) – new distribution policy targeting 65-75% of Operating Earnings**



## Outlook

- Aspen has an exceptional fully integrated platform and we are delivering significant value to customers and securityholders
- Residential vacancy rates are near historic lows across Australia and there is plenty of unsatisfied demand for more affordable accommodation - our dwelling and land rents are growing
- Demand is rebounding for our short stay accommodation with Covid dissipating and borders now open – to date in FY23 every park is generating revenue pleasingly ahead of pcp – forward bookings are up too
- Completion of current residential redevelopment/refurbishment projects is expected to add materially to NOI and NAV over the next 6-18 months
- Continued ramp up of house and land development activity is generating increased annuity rents, development profits and NAV - value of development contracts<sup>6</sup> on hand is already 1.3x total development revenue in FY22
- Building industry turmoil - generally, our projects have been delayed 3-6 months and costs have increased 15-20%, but we have managed the risks well so far and we expect the issues to abate over the next 12 months
- Immigration - we would like the Federal Government to speed up visa processing and increase immigration, which would help us accelerate the rollout of more affordable accommodation product across Australia
- Cost of debt is increasing - we have always assumed interest rates would normalise at some point and we have operated the business and acquired/marked the portfolio accordingly
- Acquisitions - property transaction prices have generally remained robust despite deteriorating economic and financial conditions - we expect our opportunities to increase, and we will remain patient

## Guidance

**Aspen remains well positioned to grow Operating Earnings and/or Net Asset Value per security over the medium term by at least 10% per annum.**

Please refer to FY22 Results Presentations released on ASX today for further information.

Announcement authorised by the Board of Aspen Group Limited.

**END**

<i>For further information, please contact:</i>	
David Dixon Joint Chief Executive Officer Phone: (+61) 2 9151 7584 Email: <a href="mailto:davidd@aspengroup.com.au">davidd@aspengroup.com.au</a>	John Carter Joint Chief Executive Officer Phone: (+61) 2 9151 7586 Email: <a href="mailto:johnc@aspengroup.com.au">johnc@aspengroup.com.au</a>

1. Source: CoreLogic – 12 months to 31 July 2022

2. 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 financial report for full definition

3. MER – Management Expense Ratio calculated as Net Corporate Overheads divided by closing Total Assets

4. WACR – weighted average cap rate - on a like-for-like basis for all properties held since 30 June 2021

5. Gearing = (financial debt less cash) / (total assets less cash less retirement village resident loans)

6. Contracts includes contracts, deposits and EOIs at 30 June 2022

## Disclaimer

This address has been prepared by Aspen Group Limited on behalf of Aspen Group Limited and Aspen Property Trust (“Aspen”) and should not be considered in any way to be an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, and neither this document nor anything in it shall form the basis of any contract or commitment. Prospective investors should make their own independent evaluation of an investment in Aspen. Nothing in this address constitutes investment, legal, tax or other advice. The information in this address does not take into account your investment objectives, financial situation or particular needs. The information does not purport to constitute all of the information that a potential investor may require in making an investment decision.

Aspen has prepared this address based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this address. To the maximum extent permitted by law, none of Aspen, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this address or its contents or otherwise arising in connection with it.

This address contains forward looking information. Indications of, and guidance on, future earnings, distributions and financial position and performance are forward looking statements. Forward looking statements are based on Aspen’s current intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties and other factors which could cause actual results to differ materially. Aspen and its related bodies corporate and their respective directors, officers, employees, agents, and advisers do not give any assurance or guarantee that the occurrence of any forward-looking information, view or intention referred to in this address will actually occur as contemplated. All references to dollar amounts are in Australian currency.

This address has been prepared for publication in Australia and may not be released to the US wire services or distributed in the United States. This address does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this address may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration.



For personal use only