



ASPEN GROUP LIMITED

ABN 50 004 160 927

ASPEN PROPERTY TRUST

ARSN 104 807 767

Appendix 4D
For the period ended
31 December 2020

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Results for announcement to the market

Aspen Group Limited & Aspen Property Trust

Details of reporting periods:

Current period	31 December 2020
Corresponding period	31 December 2019

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount \$'000
Revenue from continuing operations	up	8.29%	to	18,020
Profit or (loss) after tax	up	199.56%	to	9,535
Profit or (loss) after tax attributable to securityholders of Aspen Group	up	199.56%	to	9,535
Operating profit before tax*	up	44.80%	to	5,294

* Operating profit represents earnings before tax excluding non-underlying items. Non-underlying items include depreciation, gains and losses on fair value movements and disposals together with non-recurring items which are not part of ordinary operating performance.

Dividends/Distributions

Combined

31 December 2020		31 December 2019	
Cents per Stapled Security	Total \$ '000	Cents per Stapled Security	Total \$ '000
3.10	3,607	2.75	2,649

Aspen Property Trust

31 December 2020			31 December 2019		
Period	Cents per Unit	Total \$ '000	Period	Cents per Unit	Total \$ '000
Jul 20 – Dec 20	3.10	3,607	Jul 19 – Dec 19	2.75	2,649
	3.10	3,607		2.75	2,649

Aspen Group Limited

31 December 2020				31 December 2019			
Period	Cents per Share	Total \$ '000	Tax rate for franking credit %	Period	Cents per Share	Total \$ '000	Tax rate for franking credit %
Jul 20 – Dec 20	-	-	-	Jul 19 – Dec 19	-	-	-
	-	-			-	-	

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Aspen Group Limited & Aspen Property Trust (continued)

Interim distribution dates

Ex-dividend date	30 December 2020
Record date	31 December 2020
Payment date (on or around)	26 February 2021

Net tangible assets per security

	31 December 2020	31 December 2019
Net tangible assets per security	\$1.20	\$1.14

This information should be read in conjunction with the 30 June 2020 annual report and any public announcements made by Aspen Group Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' report and the consolidated interim financial statements for the half-year ended 31 December 2020 (attached).

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ASPEN GROUP LIMITED

(THE COMPANY)

(ABN: 50 004 160 927)

ASPEN PROPERTY TRUST

(THE TRUST)

(ARSN: 104 807 767)

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED

31 December 2020

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Aspen Group Limited

for the period ended 31 December 2020

Directors' report

The directors present their report together with the consolidated condensed interim financial statements of Aspen Group ("Aspen") comprising Aspen Group Limited (the "Company") and its subsidiaries, and its stapled entity Aspen Property Trust (the "Trust") and its subsidiaries, for the half-year ended 31 December 2020 ("period") and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are:

Clive Appleton	Non-executive Chairman
Guy Farrands	Non-executive Director
John Carter	Executive Director and Joint Chief Executive Officer

Evolution Trustees Limited is the Responsible Entity (RE) of the Trust. The following persons held office as Directors of Evolution Trustees Limited during or since the end of the period:

David Grbin	Non-executive Chairman
Alexander Calder	Non-executive Director
Rupert Smoker	Executive Director

Aspen Funds Management Limited is the investment manager. The following persons held office as Directors of Aspen Funds Management Limited during or since the end of the period:

Clive Appleton	Non-executive Chairman
Guy Farrands	Non-executive Director
John Carter	Executive Director
David Dixon	Executive Director

Operating and financial review

Statutory net profit after tax attributable to ordinary equity holders of the parent entity for the period was \$9.54 million (up 200% on restated 1H FY20 of \$3.18 million) calculated in accordance with international financial reporting standards (IFRS).

Operating results

Operating Profit for the period was \$5.29 million (up 45% from \$3.66 million in 1H FY20). Net operating cashflow for the period was \$4.74 million (up 7% from \$4.42 million in 1H FY20). A reconciliation between Operating Profit and statutory net profit is shown below.

Operating Profit (also referred to as "net profit after tax before non-underlying items") 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. Operating Profit excludes items such as consolidation/deconsolidation losses and gains and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives, financial assets and property). Other Non-Operating Profit adjustments are made for realised transactions occurring infrequently and those that are outside the course of Aspen's ongoing business activities. Operating Profit is determined having regard to principles which include providing clear reconciliation between statutory profit and Operating Profit in the directors' report and financial report, including both positive and negative adjustments, maintaining consistency between reporting years, and taking into consideration property industry practices.

Operating results as assessed by the directors for 1H FY21 compared to 1H FY20 were:

- Operating Profit per security increased 20% to 4.55 cents
- Ordinary distributions per security increased 13% to 3.10 cents equating to a payout ratio of 68%
- EBITDA increased 37% to \$5.97 million
- Total revenue from operations and development & trading increased 8% to \$17.77 million
- Operating revenue declined 2% to \$14.88 million. Accommodation revenue was materially impacted by a decline in tourism activity due to the COVID-19 event and associated travel restrictions. This was largely offset by increased revenue from all of our residential and land lease properties, except Sweetwater Grove which is under development, and additional revenues from the new function and entertainment facilities at Darwin Freespirit Resort

Aspen Group Limited

for the period ended 31 December 2020

Directors' Report (continued)

Operating and financial review (continued)

Operating results (continued)

- Net operating income increased 11% to \$7.05 million and operating margin increased from 42% to 47%, mainly due to a change in business mix and tight cost controls (including the use of Job Keeper subsidies totalling \$0.6 million for 3 months)
- Development profit increased 135% to \$0.97 million and development margin increased from 32% to 34%. 11 new house sales were settled in 1H FY21 at an average margin of approximately \$88,000 compared to 4 settlements in 1H FY20 at an average margin of approximately \$103,000. The increase in volumes and reduction in average margin was due to the commencement of new house sales at Sweetwater Grove at a lower price point than our Four Lanterns community
- Net corporate overheads decreased 15% to \$2.05 million. Gross overheads were \$2.30 million and project management fees earned on the Mill Hill Capital funds' projects totalled \$0.20 million. Aspen received \$0.05 million in ATO cash boost incentive
- Net finance expense decreased 5% to \$0.67 million due to a reduction in interest rates
- Tax was \$nil in both years. Aspen Group has a material amount of tax losses from prior years that could possibly shelter taxable income in current and future years

Note that all the tables below have not been audited or reviewed by Deloitte Touche Tohmatsu.

Operating Profit:

	1H FY21 (\$'000)	1H FY20 (\$'000)	% Change
Operating revenue	14,876	15,131	(2%)
Operating expenses	(7,829)	(8,768)	(11%)
Net operating income (NOI)	7,047	6,363	11%
Operating margin	47%	42%	
Revenue from development activities	2,894	1,301	122%
Cost of sales	(1,922)	(887)	117%
Development profit	972	414	135%
Development margin (profit / revenue)	34%	32%	
Operating and development net income	8,019	6,777	18%
Net corporate overheads	(2,054)	(2,416)	(15%)
EBITDA	5,965	4,361	37%
Net finance expense	(671)	(705)	(5%)
Tax	-	-	
Operating profit	5,294	3,656	45%
Securities (weighted)	116,359	96,322	21%
Operating profit per security (cents)	4.55	3.80	20%
Ordinary distributions per security (cents)	3.10	2.75	13%

Aspen Group Limited

for the period ended 31 December 2020

Directors' Report (continued)

Operating and financial review (continued)

Operating results (continued)

Reconciliation of Statutory Profit and Operating Results: (continued)

	1H FY21 (\$'000)	1H FY20 (restated) (\$'000)	% Change
Statutory net profit attributable to parent entity	9,535	3,183	200%
Adjustments:			
Depreciation of property, plant and equipment	354	247	
(Gain) / Loss on asset revaluations	(4,832)	69	
Transaction costs & other	237	157	
Operating profit	5,294	3,656	45%
Net finance expense	671	705	
EBITDA	5,965	4,361	37%
Net corporate overheads and other	2,054	2,416	(15%)
Operating & development net income	8,019	6,777	18%

Balance Sheet

Aspen's balance sheet is below. As at 31 December 2020, compared to 30 June 2020:

- Total assets increased 8% to \$205 million
- Total value of property assets increased by 11% to \$186 million. During the half-year, Aspen acquired three investment properties: a co-living community in Cooks Hill NSW for \$3.75 million, a build to rent residential house development in Burleigh Heads QLD for \$3.15 million, and a land site in Mt Barker SA for \$4.51 million
- Aspen Karratha Village WA was independently revalued during the period to \$16.00 million (\$11.00 million at 30 June 2020)
- Total financial debt increased \$11 million to \$54 million as a result of funding the 3 acquisitions during the period. Gearing (net debt / total assets less cash) increased from 19% to 23% which is below our long term target range of 30-40%
- NAV per security increased by 5% to \$1.20

	31 December 2020 (\$'000)	30 June 2020 (\$'000)
Investment properties	168,498	150,085
Property, plant and equipment	17,157	16,919
Carrying value of properties	185,655	167,004
Cash	7,854	8,161
Other assets	11,933	15,549
Total assets	205,442	190,714
Financial debt	53,552	42,498
Other liabilities	11,684	14,186
Total liabilities	65,236	56,684
Net Asset Value	140,206	134,030
NAV per security (\$)	1.20	1.15

Aspen Group Limited

for the period ended 31 December 2020

Directors' Report (continued)

Environmental, Social, and Corporate Governance

Aspen aims to be a trusted and ethical business wherever our operations are located and in doing so, return value to investors as well as local stakeholders. This objective applies across our business of owning, operating and developing real estate.

Our key decisions recognise the interdependence between environment, people and economics. Sustainability practices are incorporated into our day-to-day operations and are integrated into our organisational culture, stakeholder engagement, governance and management practices. This environment helps our people to excel and our customers and communities to prosper. Aspen's employees proudly deliver sustainable outcomes for investors, customers, communities and the environment.

Social

Aspen provides quality accommodation on affordable terms to a wide variety of Australian households in the residential, retirement and short stay sectors. Many of our customers are disadvantaged with below-average wealth and income, and therefore find it difficult to secure suitable accommodation. We typically rent dwellings for \$275-400 per week and land sites for \$140-\$180 per week and sell new houses at our land lease communities for between \$200-400k.

We support our customers in a variety of ways so that they can live happier and healthier lives. For instance, we foster a social, diverse and inclusive culture in our communities by providing on-site management, customer services and community spaces and facilities. This gives our customers a sense of home and meaningful connections to the community.

Our properties are located in past and in some cases present Indigenous communities and we actively seek to help these communities and conserve heritage items. For instance, to help protect the Barlings Beach Aboriginal Place, we recently completed an archaeological dig within our Barlings Beach park with the assistance of the Mogo Local Aboriginal Land Council. Another example is the protection and proposed public display of an Aboriginal Scar Tree within our Mount Barker property.

Environmental

Looking after the environment, today and for future generations is essential. We recognise the need to continually reduce environmental impacts, work towards sustainable resource use and ensure emissions are at or below levels that can be reabsorbed without harm. Additionally, we apply the precautionary principle when considering environmental impact: uncertainty in the long-term outcomes of environmental effects should not delay action to reduce pollution and reduce consumption of non-renewable materials.

With a growing portfolio of properties located across NSW, Queensland, South Australia, Western Australia and Northern Territory, the environmental impact of our communities, environmental risks, and opportunities to mitigate risks and reduce our ecological footprint are a key focus.

Our portfolio is highly diversified in terms of age, location and community types which presents some challenges and opportunities around environmental impacts and performance, and we consider this through our acquisition, operating and development processes. In reviewing our environmental performance we consider not only the impact of our own operations but the performance of the dwellings within our communities that are owned by our customers.

Aspen's assets are typically small land lots and single-level dwellings and therefore their environmental impacts are low compared to the average house and commercial property classes. We continually embrace new technologies to deliver innovative products and services to our customers whilst minimising costs and our ecological footprint. For instance, where feasible, our communities include:

- New homes and community facilities with improved building techniques, designs and materials that must meet current regulated building codes and are usually equivalent to the top 6 Star NABERS rating (eg. replacing obsolete caravans with highly insulated Xodboxes that require significantly less energy for heating and cooling)
- Energy and water metering and monitoring systems that enable us and our customers to better measure and reduce energy and water use
- Solar installations (eg. rooftop solar panels, solar-boosted hot water heaters)
- Appliances and devices that consume less energy and water (eg. LED lighting, low-flow shower heads, automated shut down of air conditioners)
- Recycled water systems (eg. treating wastewater for grounds watering)
- Recycled waste collection facilities
- Shared community facilities including pools, gyms, tennis courts and garden/vegetable/fruit pods
- Shared vehicles for group transport (eg. community bus) and bike storage areas

Environmental, Social, and Corporate Governance (continued)

Environmental (continued)

Most of our properties, particularly within our tourism parks segment, are located in attractive natural environments and are therefore subject to heightened environmental risks and increasing insurance costs. This includes properties located along coastlines and other waterways and close to bushland, which increases the risks of erosion, flood and fire. We also own properties in northern Australia in regions where cyclones are common, such as Karratha and Darwin. We seek to protect these properties through, amongst other things, constructing more robust buildings and infrastructure, and good land management practices such as bushfire management activities and maintaining sand dunes and natural waterways. None of Aspen's properties have suffered material damage directly from flood, fire or cyclones over the past 5 years.

Some of our properties have their own community wastewater management systems (CWMS) and, where possible, we seek to upgrade or replace these facilities to, amongst other things, protect the environment. For instance, at our fund's Coorong Quays property (owned by an Aspen managed fund) which is located in a protected, environmentally sensitive area on Hindmarsh Island at the mouth of the Murray River and Coorong National Park, we are closing our CWMS and diverting wastewater to the Council's facility on the mainland. We have contributed \$500k cash and 100% of the community's future CWMS revenues to Council to fund the project. We are also proposing to build a new bird sanctuary on one of Coorong Quays' islands to enhance the local ecosystem.

Sustainable Procurement

We have commenced a review of our procurement processes to understand how ESG considerations could be more deeply embedded into our processes. Based on this review, we will identify a prioritised set of initiatives to ensure we are appropriately managing ESG risk in our supply chain, including considering modern slavery as a priority.

The Property Council of Australia has established and launched a supplier platform for Modern Slavery reporting. The initiative aims to engage suppliers to the industry via a common modern slavery questionnaire, and achieve greater consistency, efficiency and transparency in reporting. Aspen may invite our key suppliers across our highest risk categories to disclose their labour management practices via the tool, which would allow us to deepen our understanding of modern slavery risk in our supply chain and identify areas for further supplier engagement.

Employees

Aspen's employees provide a competitive advantage for our business, with a high level of sector knowledge and expertise that is critical to our overall business performance. The well-being and engagement of our team is essential to providing quality communities for our residents and guests and ensuring the ongoing growth and success of the business.

We work to maintain a performance oriented and inclusive culture, to attract, develop and retain talented people, and to drive a high level of employee engagement and success. We embrace and value all employee differences including gender, gender-identity, age, culture, race, religion and lifestyle choices, and support each of our employees to achieve their potential and their career goals. Our commitment to diversity extends to all aspects of employment, from recruitment to career development, promotion and remuneration. We recognise the competing demands that are often placed on employees outside of work and we seek to provide appropriate options to achieve work-life balance.

We are committed to improving diversity and in particular, the number of females in leadership and other traditionally male dominated roles within the business. Over the past 18 months, Aspen has recruited females into the head office roles of Operations Manager, Head of Marketing & Sales, Business Administration Manager and Asset Manager. Our head office workforce is currently about 40% female and our total workforce is currently about 60% female.

Aspen's rapid business growth has created significant opportunities for employees. We believe that investing in the development of our people will benefit the business as well as motivate individual employees to achieve their own career objectives while delivering sustainable results. Our development, talent and succession planning processes seek to ensure that we maximise learning and progression for our people and continue to attract and retain individuals aligned with our vision and values. These processes include:

- A defined performance management process that sets clear and measurable goals for individual employees which are aligned with the Group's strategy and values
- Continuous performance reviews which consider alignment with Aspen's culture and values
- Development planning as part of the goal setting and performance review process
- Customer service training for all levels of the business to create a consistent customer experience
- Role-specific training across all departments

Aspen Group Limited

for the period ended 31 December 2020

Directors' Report (continued)

Environmental, Social, and Corporate Governance (continued)

Employees (continued)

Individual performance is regularly assessed both internally and through customer feedback and all of our head office employees and senior management at the properties can benefit from Aspen's incentive schemes.

OH&S

In operating and developing our communities the safety and health of our people, residents and guests is paramount. We aim to create and maintain safe and healthy environments, ensuring that the operations of the Group are conducted in a manner which safeguards the health and wellbeing of our teams, residents, guests, contractors and other visitors to our communities. Relevant staff have KPIs which are related to health and safety, reinforcing the importance of our health and safety framework. We ensure that contractors who have operational control of development activity hold appropriate accreditation standards for safety, environment and quality and are appropriately inducted on work practices required at our sites.

We engage the services of Donesafe and other experts to provide support and training to on the ground teams, to help identify and mitigate health and safety risks, and to help ensure compliance with relevant legislation. Seeking to ensure that we have adequate resources and processes to address risks to health and safety, responding to any issues in a timely manner and reporting to management and the Board are key priorities.

Governance

Aspen Group comprises the stapled head entities Aspen Group Limited and Aspen Property Trust. Aspen Group Limited is a company with a Board of Directors and Aspen Property Trust is a trust governed by a Responsible Entity, Evolution Trustees Limited which is independent from Aspen Group Limited and has its own Board. Between the two entities' Boards, there are currently 6 members of which 5 are considered independent. The only member who is considered non-independent is the Joint Chief Executive Officer by virtue of his executive role and substantial shareholding in Aspen Group.

Aspen's governance framework is led by the Boards and the senior executives. They currently focus on the following from a sustainability perspective:

- The health and safety of employees and contractors, customers and visitors
- Legal and regulatory requirements
- Environmental impacts
- Stakeholder engagement

The Boards have ultimate responsibility for ensuring that Aspen's sustainability strategies are robust and that systems are in place for managing Aspen's key areas of sustainability risk and opportunity.

Our senior executives ensure that the organisation continues to perform in a way that demonstrates integrity on our environmental position, our commitment to the communities in which we operate and the opportunities we provide for our people and business partners to contribute to current and future generations.

Our current key management personnel are the Joint Chief Executive Officers. They are aligned to the long-term performance of Aspen Group through their substantial personal shareholdings and the structure of their remuneration packages where 50% of total remuneration is deferred for up to 3 years, and subject to vesting conditions including qualitative and quantitative performance measures.

Aspen Group Limited

for the period ended 31 December 2020

Directors' Report (continued)

Likely developments

Aspen intends to continue to pursue opportunities in the affordable accommodation sector through acquisitions and developing existing assets.

Safety and environment

No significant accidents or injuries involving Aspen employees were recorded during the period.

Significant changes in the state of affairs

Other than as noted elsewhere in this Directors' Report, there were no significant changes in the state of affairs of Aspen that occurred during the period.

Proceedings on behalf of the company

No person has applied for leave to the Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of Aspen, or intervened in any proceedings to which Aspen is a party for the purpose of taking responsibility on behalf of Aspen for all or part of those proceedings.

Principal activities

The principal activities of Aspen during the half-year were to invest in the affordable accommodation sector. Other than as disclosed above, there was no significant change in the nature of the activities of Aspen during the year.

Events subsequent to reporting date

The impacts of COVID-19 have continued into the first half of FY21 and in the subsequent period to the date of the financial report and Aspen Group's operating conditions are largely unchanged from 2HFY20. Aspen's operating environment is expected to be mixed over the next 12 months and the likelihood that inbound migration and tourism remains restricted until COVID-19 is contained. The Group is being prudent and maintaining a relatively high level of longer stay patronage and exercising tight control of costs. The directors believe Aspen can continue to perform relatively well in this environment as domestic household and tourists seek lower cost accommodation in attractive locations. Nonetheless the continued or further closures and restrictions introduced by state governments may impact local tourism and therefore Aspen's business including its financial performance and position.

Other than as disclosed above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Aspen, to affect significantly the operations of Aspen, the results of those operations, or the state of affairs of Aspen, in future financial periods.

Auditor's independence declaration under Section 307C of the Corporations Act 2001

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 and forms part of the Directors' Report.

Aspen Group Limited

for the period ended 31 December 2020

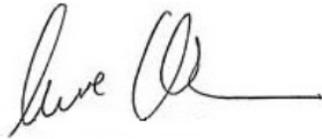
Directors' Report (continued)

Rounding off

The Consolidated Group is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to Sec 298(2) of the *Corporations Act 2001*.

On behalf of the directors of Aspen Group Limited



Clive Appleton

Chairman

SYDNEY, 25 February 2021

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The Board of Directors of
Aspen Group Limited
21 Oxford Street
Bondi Junction NSW 2022

25 February 2021

Dear Board Members

Auditor's Independence Declaration to Aspen Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Board of Directors of Aspen Group Limited.

As lead audit partner for the review of the financial report of Aspen Group Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

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Independent Auditor's Review Report to the Stapled Security Holders of Aspen Group Limited and Aspen Property Trust

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Aspen Group Limited (the "Company"), Aspen Property Trust (the "Trust") and their subsidiaries (together referred to as the "Group"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2020, and the condensed consolidated interim statement of profit or loss, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and

complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 25 February 2021

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	Key numbers	Capital	Risk	Other	Unrecognised items	
	1. Revenue	5. Distributions	9. Financial risk management	11. Non-controlling interests	17. Commitments and contingencies	
	2. Expenses and other items	6. Equity and reserves	10. Derivative liability	12. Rights of use assets	18. Subsequent events	
	3. Property, plant and equipment	7. Earnings per stapled security		13. Net investment in sublease		
	4. Investment properties	8. Interest bearing loans and borrowings		14. Lease liability		
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Aspen Group Limited

Condensed consolidated interim statement of profit or loss

for the period ended 31 December 2020

	Note	CONSOLIDATED	
		31 December 2020 \$'000	Restated 31 December 2019* \$'000
Continuing operations			
Rental income		13,712	14,130
Home sales		2,894	1,301
Food and Beverage, other ancillary sales, and net gaming revenue		1,164	1,001
Other revenue	1	250	208
Total revenue		18,020	16,640
Other income – insurance claim	2	577	-
Expenses and other items			
Operational expenses	2	(2,759)	(3,186)
Property expenses	2	(3,143)	(2,864)
Cost of Homes sold		(1,922)	(887)
Employee expenses	2	(3,679)	(4,505)
Administration expenses	2	(786)	(939)
Depreciation and amortisation expenses		(354)	(247)
Other expenses		(605)	(32)
Total expenses		(13,248)	(12,660)
Net Fair value gain/(loss) on Investment properties		4,832	(69)
Earnings before interest and income tax expense (EBIT)		10,181	3,911
Finance income	2	99	108
Finance costs	2	(745)	(836)
Profit before income tax		9,535	3,183
Income tax expense		-	-
Profit from continuing operations		9,535	3,183
Profit for the year		9,535	3,183
Profit attributable to ordinary equity holders of the parent entity		9,535	3,183
Profit/(Loss) attributable to non-controlling interest	11	-	-
Profit for the year		9,535	3,183
Earnings per security (EPS) attributable to ordinary equity holders of the parent entity from continuing operations			
Basic / Diluted earnings per security	7	8.19	3.30

*Refer to "About this report" section for detailed information on restatement of comparatives.

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

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Aspen Group Limited

Condensed consolidated interim statement of comprehensive income

for the period ended 31 December 2020

	Note	CONSOLIDATED	
		31 December 2020 \$'000	Restated 31 December 2019* \$'000
Profit for the year		9,535	3,183
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		9,535	3,183
Total comprehensive income for the year from:			
Continuing operations		9,535	3,183
		9,535	3,183
Total comprehensive income for the year attributable to:			
Securityholders of Aspen		9,535	3,183
Non-controlling interests		-	-
		9,535	3,183

*Refer to "About this report" section for detailed information on restatement of comparatives.

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Aspen Group Limited

Condensed consolidated interim statement of financial position

as at 31 December 2020

	Note	Consolidated	
		31 December 2020	30 June 2020
		\$'000	\$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		7,854	8,161
Trade and other receivables		4,132	6,910
Inventories		1,505	1,958
Net Investment in sublease	13	1,201	1,108
Total current assets		14,692	18,137
<i>Non-current assets</i>			
Investment properties	4	168,498	150,085
Property, plant and equipment	3	17,157	16,919
Intangible asset		70	82
Right of use assets	12	527	538
Deferred tax assets		3,125	3,125
Net Investment in sublease	13	799	1,384
Other		574	444
Total non-current assets		190,750	172,577
Total assets		205,442	190,714
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		7,135	9,046
Provisions		1,198	1,213
Lease liability	14	1,398	1,291
Total current liabilities		9,731	11,550
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings	8	53,552	42,498
Lease liability	14	1,563	2,255
Derivative liability	10	390	381
Total non-current liabilities		55,505	45,134
Total liabilities		65,236	56,684
Net assets		140,206	134,030
Equity			
<i>Equity attributable to equity holders of the parent</i>			
Issued capital	6	509,746	509,715
Reserves	6	418	201
Accumulated losses		(366,121)	(372,049)
Total equity attributable to equity holders		144,043	137,867
Non-controlling interest	11	(3,837)	(3,837)
Total equity		140,206	134,030

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Aspen Group Limited

Condensed consolidated interim statement of cash flows

for the period ended 31 December 2020

	Notes	Consolidated	
		31 December 2020	31 December 2019
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		18,312	18,951
Payments to suppliers and employees (inclusive of GST)		(13,574)	(14,527)
Net cash flows from operating activities		4,738	4,424
Cash flows (used in)/from investing activities			
Acquisition of property, plant and equipment		(373)	(214)
Acquisition of investment properties, including transaction costs		(8,405)	(30,435)
Improvements in investment properties		(2,819)	(847)
Net cash flows used in investing activities		(11,597)	(31,496)
Cash flows (used in)/ from financing activities			
Proceeds from borrowings		11,054	27,998
Proceeds from net investment in sublease		492	487
Interest received		99	108
Payment of financing and borrowing costs		(733)	(827)
Payment of lease liability		(584)	(570)
Distributions paid		(3,776)	(2,601)
Net cash flows used in financing activities		6,552	24,595
Cash and cash equivalents at beginning of the period		8,161	6,466
Net (decrease)/increase in cash and cash equivalents		(307)	(2,477)
Cash and cash equivalents at end of period		7,854	3,989

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Aspen Group Limited

Condensed consolidated interim statement of changes in equity

for the period ended 31 December 2020

		Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
CONSOLIDATED						
	Note					
Restated Balance as at 1 July 2019		490,348	-	(361,181)	(20,143)	109,024
Restated net profit for the period		-	-	3,183	-	3,183
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	3,183	-	3,183
Security based compensation		-	101	-	-	101
Distributions payable or paid to security holders	5	-	-	(2,649)	-	(2,649)
Transfer of non-controlling interest to parent entity upon deregistration of subsidiaries		-	-	(1,246)	1,246	-
Restated balance at 31 December 2019		490,348	101	(361,893)	(18,897)	109,659
Balance as at 1 July 2020		509,715	201	(372,049)	(3,837)	134,030
Net profit for the period		-	-	9,535	-	9,535
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	9,535	-	9,535
Security based compensation	6	-	217	-	-	217
Distributions payable or paid to security holders	5	-	-	(3,607)	-	(3,607)
Issue of stapled securities	6	31	-	-	-	31
Balance at 31 December 2020		509,746	418	(366,121)	(3,837)	140,206

*Refer to "About this report" section for detailed information on restatement of comparatives.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Aspen Group (“the Group” or “Aspen”) is a stapled entity comprising Aspen Group Limited (“the Company”) and its controlled entities, and Aspen Property Trust (“the Trust”) and its controlled entities.

Aspen was established for the purpose of facilitating a joint quotation of the Trust and the Company and their controlled entities on the ASX, with both entities being stapled together. The Deed of the Trust and the Constitution of the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal and that unitholders and shareholders be identical. With the establishment of Aspen via a stapling arrangement, the combined group has common business objectives, and operates as a combined entity in the core business of owning, developing and operating affordable accommodation assets.

The Trust, the Company and their controlled entities are domiciled in Australia. The address of Aspen’s registered office is 21 Oxford Street, Bondi Junction, New South Wales 2022.

The consolidated financial statements of Aspen as at and for the half year ended 31 December 2020 are combined financial statements that present the financial statements and accompanying notes of both the Company and the Trust along with their subsidiaries and their interests in associates and jointly controlled entities.

The consolidated financial statements were authorised for issue by the Board on 25 February 2021.

The consolidated financial statement is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 as appropriate for for-profit entities;
- complies with International Financial Reporting Standards (IFRS) IAS 134 Interim Financial Reporting;
- the principal accounting policies adopted are consistent with those in the previous financial year and corresponding interim reporting period, unless otherwise stated;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$’000) unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Aspen and effective for reporting periods beginning on or after 1 July 2020. Refer to note 16 for further details; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Key judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Information about judgements, estimates and assumptions that have a significant effect on the consolidated financial statements are found in the following notes:

Note 3:	Property, plant and equipment	Page 26
Note 4	Investment properties	Page 28

The notes to the financial statements

The notes are organised into the following sections:

Key numbers: provides a breakdown of individual line items in the consolidated financial statements that the directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;

Capital: provides information about the capital management practices of Aspen and security returns for the year;

Risk: discusses Aspen’s exposure to various financial risks, explains how these affect Aspen’s financial position and performance and what Aspen does to manage these risks;

Unrecognised items: provides information about items that are not recognised in the financial statements but could potentially have a significant impact on Aspen’s financial position and performance; and

Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however, are not considered critical in understanding the financial performance or position of Aspen.

Financial position

During the period ended 31 December 2020 Aspen recorded a profit after tax of \$9.535 million (restated 31 December 2019: profit after tax of \$3.183 million). At 31 December 2020 Aspen had net assets of \$140.206 million (30 June 2020: \$134.030 million), cash reserves of \$7.854 million (30 June 2020: \$8.161 million) and current assets exceeded current liabilities by \$4.961 million (30 June 2020: \$6.587 million).

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Board believes that Aspen will continue as a going concern, and Aspen’s cash flow forecast supports the Board’s opinion that Aspen’s working capital position will remain positive for at least the next twelve months from the date of signing the consolidated financial statements.

Restatement of profit or loss for 31 December 2019

During the second half of the financial year ended 30 June 2020, management reassessed the historical classification of the Group's accommodation property asset portfolio. Historically these assets were classified on the basis of being business assets used in the production of goods and services pursuant to AASB 16 *Property Plant and Equipment*, with the resultant recognition of Property, Plant and Equipment (PP&E) and residual Goodwill balances.

The reassessment included consideration of the classification guidance included in AASB 140 *Investment Property* relating to the principal purpose of the assets as well as consideration of other factors, including the workforce and skillset associated with the assets, the historical level of ancillary services offered at the assets and the classification adopted by the Group's listed peers for similar assets. Based on this reassessment, management concluded that all but one of Aspen's accommodation property assets more appropriately historically and to-date satisfied the classification criteria of Investment Property assets pursuant to AASB 140, with a principal purpose of earning rental income and capital appreciation. The noted exception relates to the Darwin FreeSpirit Resort which has since its acquisition operated as a full facility resort offering significant ancillary services to its rental accommodation, including food & beverage, and more recently gaming.

As a result of this reassessment, certain revenue and expenses in the comparative statement of profit and loss for 31 December 2019 have been restated to conform with the reassessment as shown below.

Restated and Reclassification of interim Statement of Profit and Loss – 31 December 2019

	Previously reported \$'000	Reclassification adjustment \$'000	Restatement adjustment \$'000	31 December 2019 Restated \$'000
Continuing Operations				
Revenue	16,640	(16,640)	-	-
Rental income	-	14,130	-	14,130
Home sales	-	1,301	-	1,301
Food and Beverage sales	-	1,001	-	1,001
Other revenue	-	208	-	208
Total revenue	16,640	-	-	16,640
Expenses				
Cost of sales	(9,656)	9,656	-	-
Operational expenses	-	(3,186)	-	(3,186)
Property expenses	-	(2,864)	-	(2,864)
Cost of homes sold	-	(887)	-	(887)
Employee expenses	-	(4,505)	-	(4,505)
Administration expenses	(2,624)	1,685	-	(939)
Depreciation and amortisation expenses	-	(247)	-	(247)
Property depreciation, fair value adjustments and other	(1,341)	449	892	-
Other expenses	-	(32)	-	(32)
Total Expenses	(13,621)	69	892	(12,660)
Net Fair value (loss) on investment properties	-	(69)	-	(69)
Earnings before interest and income tax expense (EBIT)	3,019	-	892	3,911
Finance income	108	-	-	108
Finance expense	(836)	-	-	(836)
Profit before income tax	2,291	-	892	3,183
Income tax expense	-	-	-	-
Profit from continuing operations	2,291	-	892	3,183
Profit attributable to ordinary equity holders of the parent entity	2,291	-	892	3,183
Profit / (Loss) attributable to non-controlling interest	-	-	-	-
Profit for the year	2,291	-	892	3,183

Restatement of profit or loss for 31 December 2019 (continued)

Restated and Reclassification of interim Statement of Comprehensive Income – 31 December 2019

	Previously reported \$'000	Reclassification adjustment \$'000	Restatement adjustment \$'000	31 December 2019 Restated \$'000
Profit for the year	2,291	-	892	3,183
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of property, plant and equipment	892	-	(892)	-
Other comprehensive income for the year, net of tax	3,183	-	-	3,183
Total comprehensive income for the year from:				
Continuing operations	3,183	-	-	3,183
	3,183	-	-	3,183
Total comprehensive income for the year attributable to:				
Securityholders of Aspen	3,183	-	-	3,183
Non-controlling interests	-	-	-	-
	3,183	-	-	3,183

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Operating segments

Aspen has four operating segments as detailed below, that hold different asset classes and offer different products and services and are based on Aspen's management reporting and oversight.

The identification of Aspen's operating segments is based on asset portfolio and internal reporting to the chief operating decision makers in assessing performance and determining the allocation of resources.

The following details the four operating and reporting segments, namely residential, retirement, tourism, and corporate, in addition to the other segment:

- Residential – this segment consists of the two Lindfield apartment buildings, the Perth Residential portfolio, the Cooks Hill co-living community, the Burleigh Heads build to rent community and the Mount Barker land site
- Retirement – this segment consists of our three land lease communities, Four Lanterns, Sweetwater Grove and Mandurah Gardens
- Tourism and Mixed-Use – this segment consists of six parks that cater to a broad range of customers on varying lease terms
- Corporate – this segment includes Aspen's sole corporate accommodation park, Aspen Karratha Village. To date this property has primarily catered to one corporate client and the day-to-day operation of the property was outsourced
- Other – this segment includes items that are not allocated to an operating segment. This includes corporate overheads and income, interest income and interest expense.

Presentation of FY2019 segment information has been changed to align with the current period's presentation.

Recognition and measurement

An operating segment is a component of Aspen that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Aspen's other components. The operating results of all segments are reviewed regularly by Aspen's executive management team (Chief Officer Decision Makers – "CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the executive management team include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, corporate office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Geographical segments

Aspen is based in Australia and has its current operating activities spread throughout Australia. There are no other geographical segments.

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Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

Segment information

	Retirement		Tourism		Residential		Corporate		Other		Consolidated	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental income	1,738	1,743	6,834	7,833	1,046	201	4,094	4,353	-	-	13,712	14,130
Home sales	2,894	1,301	-	-	-	-	-	-	-	-	2,894	1,301
Food and Beverage and other ancillary sales	-	-	1,164	960	-	-	-	41	-	-	1,164	1,001
Other revenue	-	-	-	-	-	-	-	-	250	208	250	208
Total segment revenue¹	4,632	3,044	7,998	8,793	1,046	201	4,094	4,394	250	208	18,020	16,640
Operating EBITDA²	1,994	1,589	3,487	3,325	647	97	1,892	1,774	(2,055)	(2,370)	5,965	4,415
Finance income	-	-	-	-	-	-	-	-	3	19	3	19
Finance costs	-	-	-	-	-	-	-	-	(674)	(666)	(674)	(666)
Operating profit / (loss) before depreciation and income tax	1,994	1,589	3,487	3,325	647	97	1,892	1,774	(2,726)	(3,017)	5,294	3,768
Depreciation and amortisation	-	-	(326)	(224)	-	-	-	-	(28)	(23)	(354)	(247)
Net Fair value gain/(loss) on Investment properties	(53)	18	33	(73)	-	-	4,852	(14)	-	-	4,832	(69)
Other expenses ³	-	-	-	(27)	(745)	-	-	-	(69)	(243)	(814)	(269)
Other income ⁴	-	-	-	-	-	-	-	-	577	-	577	-
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) after tax attributable to parent entity	1,941	1,607	3,194	3,001	(98)	97	6,744	1,760	(2,246)	(3,283)	9,535	3,183
Segment assets and liabilities reviewed by CODM can be analysed as follows												
Segment assets	39,284	35,383	85,606	82,525	44,717	30,435	16,000	11,000	19,835	14,051	205,442	173,394
Segment liabilities	-	-	-	-	-	-	-	-	(65,236)	(63,735)	(65,236)	(63,735)
Net assets	39,284	35,383	85,606	82,525	44,717	30,435	16,000	11,000	(45,401)	(49,684)	140,206	109,659

¹ All segment revenues are derived from external customers.

² Operating EBITDA represents earnings before interest, tax, depreciation and amortisation and excluding non-underlying items.

³ Other expenses are expenses which are excluded from CODM's review of operating profits. This includes expenses such as share-based payments, fair value adjustment on interest rate swaps, and all transaction costs related to acquisitions.

⁴ Other income includes insurance claims for material damages and business disruption arising from the bush fire in FY2020 across two parks (Barling Beach Holiday Park and Tween Waters Holiday Park).

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

1. Revenue

(a) Other revenue

	31 December 2020	31 December 2019
	\$'000	\$'000
Management fees	200	208
Miscellaneous income	50	-
Total other revenue	250	208

Recognition and measurement

Revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Rental income (short and long stay) is recognised on a straight-line basis over the accommodation period. Fixed rental increases are recognised on a straight-line basis until the next market review date. Rent received in advance is recognised as contract liabilities.

Revenue from the sale of homes is recognised at the point in time when control of the home is transferred to the customer, being on settlement of the sale of the home.

Food and beverage, other ancillary revenue, and net gaming revenue are recognised when the provision of the service is provided to the customer.

Management fees are recognised over the period the provision of the related service is transferred to the customer.

Interest income is recognised as the interest accrues, using the effective interest rate method.

2. Other income / Expenses and other items

(a) Other income – insurance claim

As previously reported, the Group made claims for material damages and business disruption arising from the bush fires in FY2020 at two of its parks, Barlings Beach Holiday Park and Tween Waters Holiday Park. The parties have agreed to a net payment to Aspen of \$577k (after deductibles and expenses).

(b) Operational expenses

	31 December 2020	31 December 2019
	\$'000	\$'000
Contractors	(803)	(411)
Consumables	(579)	(1,537)
Services and supplies	(457)	(495)
Marketing expenses	(95)	(238)
Other operational costs	(825)	(505)
Total operational expenses	(2,759)	(3,186)

2. Expenses and other items (continued)

(c) Property expenses

	31 December 2020	31 December 2019
	\$'000	\$'000
Repairs and maintenance	(346)	(527)
Motor vehicle expenses	(40)	(64)
Utilities	(1,468)	(1,381)
Insurance	(698)	(553)
Rates and taxes	(583)	(315)
Other property expenses	(8)	(24)
Total property expenses	(3,143)	(2,864)

(d) Employee expenses

	31 December 2020	31 December 2019
	\$'000	\$'000
Salary and wages ¹	(3,138)	(4,010)
Superannuation	(266)	(312)
Security-based payments	(217)	(101)
Other employee costs	(58)	(82)
Total employee expenses	(3,679)	(4,505)

¹ Government incentives received in the form of JobKeeper payments totalling \$0.6 million have been netted off against salary and wages.

(e) Administrative expenses

	31 December 2020	31 December 2019
	\$'000	\$'000
Corporate administration costs	(728)	(883)
Occupancy costs	(58)	(56)
Total administrative expenses	(786)	(939)

(f) Finance income / expenses

	31 December 2020	31 December 2019
	\$'000	\$'000
Interest – bank deposits	3	18
Interest – investment in sublease	96	90
Finance income	99	108
Interest and borrowing costs – loans and borrowings	(650)	(723)
Interest on lease liability	(86)	(113)
Loss in the change in the fair value of derivative swaps	(9)	-
Finance costs	(745)	(836)

(g) Income tax expense

Aspen has recognised a current income tax expense during the period in respect of taxable income, and has also recognised an equal income tax benefit to re-establish the deferred tax asset balance for tax losses not recognised in prior years, that are now expected to be recouped through future taxable income. Accordingly a net nil income tax expense was recognised in the statement of profit or loss.

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Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

3. Property, plant and equipment

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Corporate assets \$'000	Total \$'000
Year ended 30 June 2020					
Cost or valuation	8,639	5,650	3,791	23	18,103
Accumulated depreciation and/or impairment	-	(454)	(726)	(4)	(1,184)
Net carrying amount – 30 June 2020	8,639	5,196	3,065	19	16,919
Period ended 31 December 2020					
Movements					
Net carrying amount at the beginning of the period - restated	8,639	5,196	3,065	19	16,919
Additions	-	-	338	35	373
Depreciation	-	(89)	(237)	(6)	(332)
Revaluation gains	-	89	108	-	197
Net carrying amount at the end of the period - adjusted	8,639	5,196	3,274	48	17,157
Period ended 31 December 2020					
Cost or valuation	8,639	5,739	4,237	58	18,673
Accumulated depreciation and impairment	-	(543)	(963)	(10)	(1,516)
Net carrying amount – 31 December 2020	8,639	5,196	3,274	48	17,157

Property, plant and equipment (PPE) represent assets held principally for use in the production or supply of goods or services or for administration purposes.

Recognition and measurement

PPE is initially measured at the historical cost of the asset, less depreciation and impairment. The cost of PPE includes the cost of replacing parts that are eligible for capitalisation.

PPE is subsequently measured at fair value at each balance date. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the balance sheet date or directors' valuation. Corporate office assets are not subsequently revalued and are carried at historical cost. Independent valuations of PPE are obtained at intervals of not more than 3 years and are performed by external, independent property valuers with appropriate professional qualifications and experience in the category of the property being valued.

The fair value of PPE can be measured via either the capitalisation method, the discounted cash flow approach, or by comparison to comparable sales. Aspen may consider all three techniques and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. A revaluation decrease is recognised in profit or loss.

Refer further details regarding fair value assessment in note 4.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

3. Property, plant and equipment (continued)

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of buildings is between 10 and 40 years; plant and equipment is between 5 and 10 years and corporate office assets is between 3 and 10 years. Land is not depreciated.

De-recognition

An item of PPE is de-recognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefit.

Any gain or loss from derecognising the asset (the difference between the proceeds of disposal and the carrying amount of the PPE) is included in the income statement in the period the item is derecognised.

Level 3 fair value

The fair value measurement of PPE of \$17.109 million (30 June 2020: \$16.900 million) has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values. Details of the valuation is included in Note 4.

If Aspen's total land, buildings and plant and equipment were measured using the cost model, the carrying amount would be as follows:

Property	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Year ended 31 December 2020				
Cost	8,639	5,375	4,007	18,021
Accumulated depreciation and impairment	-	(543)	(963)	(1,506)
Net carrying amount	8,639	4,832	3,044	16,515

Key judgment

Judgement is required in assessing classification of accommodation property assets as either PPE or Investment Properties.

Accommodation assets are classified as PPE where their principal purpose is for use in the supply of goods or services, and are classified as Investment properties where their principal purpose is to earn rentals or for capital appreciation or for both. Key factors considered in the assessment include the principal purpose of the asset as well as other asset specific characteristics such as the workforce and skillset associated with the property and the level of ancillary services offered by the asset in addition to accommodation services.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

4. Investment properties

Investment properties	31 December 2020 \$'000	30 June 2020 \$'000
Opening balance – restated	150,085	110,540
Investment properties acquired during the period	13,778	36,144
Net change in fair value	4,635	3,401
Closing balance - restated	168,498	150,085

Investment properties comprise those which are held for the principal purpose of earning rental income or for capital appreciation or both.

During the year, Aspen acquired three investment properties: Cooks Hill NSW co-living community, Burleigh Heads QLD build to rent community, and Mount Barker SA land. The directors have determined the fair values of these properties based on their recent acquisition cost (supported by independent valuation reports).

Recognition and measurement

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated. Investment property includes property under construction, tourism cabins and associated amenities.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are stated at fair value, reflecting market conditions at reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit and loss in the period they arise.

Fair value

The fair value disclosures below relate to all property assets owned by the Group as follows:

	31 December 2020 \$'000	30 June 2020 \$'000
Classified as:		
Property plant and equipment	17,109	16,900
Investment properties	168,498	150,085
	185,607	166,985

Property assets which have been subject to an independent valuation during the half year are as follows:

Segment	Percentage of portfolio independently valued in current half year	Total of latest independent valuation – current and prior years \$'000	Total carrying value* \$'000
Retirement	0%	36,465	39,284
Tourism	0%	83,150	85,606
Residential	33%	40,185	44,717
Corporate	100%	16,000	16,000
Total		175,800	185,607

* The difference between the carrying value and the latest independent external valuation represents subsequent director valuations and investment property capital expenditure.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

4. Investment properties (continued)

The following table presents individual properties owned by the Group:

Property	Original acquisition date	Original acquisition costs \$ '000	Latest independent valuation date	Latest independent valuation \$ '000	Book value at 31 December 2020 \$ '000	Book value at 30 June 2020 \$ '000
Retirement Properties						
Four Lanterns NSW	Jan 2015	7,420	May 2019	12,240	12,442	12,430
Mandurah WA	Jun 2015	10,200	Jun 2020	13,725	13,730	13,725
Sweetwater Grove NSW	Aug 2015	10,500	May 2019	10,500	13,112	12,590
Tourism Properties						
Adelaide SA	Oct 2015	9,250	May 2020	11,900	11,984	11,900
Tween Waters	Dec 2016	6,880	Jun 2020	8,100	8,189	8,100
Barlings Beach	Jan 2017	13,250	May 2019	13,500	14,787	14,700
Koala Shores NSW	Sep 2017	10,200	May 2019	9,750	8,657	8,430
Darwin FreeSpirit NT	Dec 2017	19,300	May 2020	16,900	17,109	16,900
Highway 1 SA	Oct 2018	23,060	Oct 2018	23,000	24,880	24,440
Residential Properties						
Pacific Highway (Kalinda) NSW	Aug 2019	4,929	Jun 2019	4,530	5,005	4,928
Treatts Road (Kiah) NSW	Aug 2019	5,443	Jun 2019	4,120	6,903	6,650
Perth portfolio WA	Nov 2019	21,178	Nov 2019	20,000	21,333	21,178
Cooks Hill NSW ¹	Jul 2020	3,750	May 2020	3,750	3,816	-
Burleigh Heads QLD ^{1,2}	Dec 2020	3,275	Nov 2020	3,275	3,150	-
Mt Barker SA ^{1,2}	Dec 2020	4,510	Nov 2020	4,510	4,510	-
Corporate						
Aspen Karratha Village WA	Jun 2005	29,378	Nov 2020	16,000	16,000	11,014
At 31 December 2020 / 30 June 2020					185,607	166,985

¹ Acquired during the period

² Note that these are currently earmarked as residential but are currently in development stages

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at measurement date, in the principal market for the asset or liability, or the most advantageous market in its absence.

It is the Group's policy to have all properties independently valued at intervals of no longer than three years. It is the policy of the Group to review the fair value of each property every six months reporting period and revalue properties to fair value when their carrying value materially differs to their fair values. In determining fair values, the Group considers relevant information including the capitalisation of rental streams using market assessed capitalisation rates, expected net cash flows discounted to their present value using market determined risk-adjusted discount rates, and other available market data such as recent comparable transactions. The assessment of fair value of properties does not take into account potential capital gains tax assessable.

The fair value measurement of the investment property assets totalling \$168.498 million (30 June 2020: \$150.085 million) and PPE assets totalling \$17.109 million (30 June 2020: \$16.900 million) have been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values for investment property and PPE assets.

The Board has reviewed the carrying value of all properties as at 31 December 2020 and adopted directors' and independent valuations for all properties as at this date, taking into account historical, current and forecast trading performance, the most recent valuations, and market evidence. Specific consideration has been given to the impact of COVID-19 in respect of consideration of historical and forecast performance. During the half year independent valuations were commissioned for Aspen Karratha Village and the new acquisitions, with director valuations being undertaken for the balance of properties.

As a result of the independent valuation received, as well as the use of directors' valuations as at 31 December 2020, there was a net upwards movement of \$4.832 million (adjusted for capital expenditure since the previous valuation) in the portfolio carrying value.

4. Investment properties (continued)

As previously reported, external valuers have indicated on their reports that the events of COVID-19 present unprecedented set of circumstances on which to base a judgement regarding property values. As a result, they have indicated that their valuations are reported on the basis of ‘material valuation uncertainty’ as per Valuation Reports (VPS 3) and matters that may give rise to material valuation uncertainty (VPGA 10) of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

The impacts of COVID-19 have continued into FY21 and the Group’s operating conditions and settings are largely unchanged from Q4 FY20. Aspen’s operating environment is expected to be mixed over the next 12 months with the likelihood that inbound migration and tourism remains restricted until COVID-19 is contained. The Group is being prudent and maintaining a relatively high level of longer stay patronage and exercising tight control on costs. The directors believe Aspen can continue to perform relatively well in this environment as domestic household tenants and tourists seek lower cost accommodation in attractive locations. Nonetheless continued or further closures and restrictions introduced by state governments will impact local tourism and therefore Aspen’s business. This may in turn negatively affect the Group’s operating performance and the valuation of its properties.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of PPE and investment property assets as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>Capitalisation method and discounted cashflow approach: The Group considers either of the techniques or when deemed appropriate, both of the techniques. Where both techniques are considered, the Group reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. In the current year the capitalisation method was the primary valuation technique adopted.</p> <p>The capitalisation method estimates the sustainable net income (where applicable) of the property, and then applies a capitalisation (or discount/risk) rate to this sustainable net income to derive the value of the asset. One off capital adjustments were made in the current period, where appropriate, to reflect the potential impact of COVID-19 to the underlying derived valuation. These adjustments were made primarily to the Group’s tourist park assets which are most exposed to short-stay accommodation.</p> <p>The discounted cashflow approach considers the present value of net cash flows to be generated from the property, taking into account the receipt of contractual rentals, expected future market rentals, letting up periods, escalation (of revenues and costs), occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a property and its location, tenant credit quality and lease terms.</p>	<p>For the half year ended 31 December 2020, the properties were primarily valued using the capitalisation method.</p> <p>Residential Valuation inputs include:</p> <ul style="list-style-type: none"> Sustainable net operating income range of \$0.18 million to \$0.88 million Capitalisation rate range of 3.74% to 4.25% <p>Retirement Valuation inputs include:</p> <ul style="list-style-type: none"> Sustainable net operating income range of \$0.69 million to \$0.97 million Capitalisation rate range of 6.50% to 8.50% <p>Tourism Valuation inputs include:</p> <ul style="list-style-type: none"> Sustainable net operating income range of \$0.75 million to \$2.31 million Capitalisation rate range of 8.25% to 9.25% <p>Corporate Valuation inputs include:</p> <ul style="list-style-type: none"> Average nightly rate of \$199 including meals Occupancy rate of 42.5% to 52% Net operating income margin of 36% to 42% Capitalisation rate of 17% 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Net sustainable income increases (decreases) Capitalisation rates and or discount rates decrease (increase) which could result from: <ul style="list-style-type: none"> Interest rates decreasing (increasing) Expected growth in sustainable net income increasing (decreasing) The required risk premium decreasing (increasing)

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Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

4. Investment properties (continued)

Sensitivity analysis

The Group has conducted sensitivity analysis on the fair value of the property assets to changes in key assumptions used in the valuation as follows:

	Key assumptions			
	50 bps increase in cap rate	50 bps decrease in cap rate	5% decrease in NOI	5% increase in NOI
(Decrease) / Increase in total value (\$'000)	(9,961)	13,307	(7,750)	9,249
Change in value (%)	(5%)	7%	(4%)	5%

5. Distributions

	Aspen security holders			
	Cents per security		Total amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Cents	Cents	\$'000	\$'000
Paid during the period				
Final distribution for the previous year	3.25	2.70	3,781	2,601
Announced and unpaid at the end of the period				
Interim distribution for the period	3.10	2.75	3,607	2,649

Aspen's distribution policy considers the profitability of the Group, the taxable income of the Trust, capital expenditure requirements, forecast cash flows and the terms and conditions of its debt facility.

Aspen announced an estimated distribution of 3.10 cents per security on 13 December 2020 in respect of the half-year ended 31 December 2020. This distribution will be paid to securityholders on or around 26 February 2021.

6. Equity and reserves

Movement in stapled securities	Securities	
	'000 units	\$'000
At 1 July 2019	96,322	490,348
Issue of stapled securities	20,019	19,367
At 30 June 2020 and 1 July 2020	116,341	509,715
Issue of stapled securities	27	31
At 31 December 2020	116,368	509,746

The nature of Aspen's contributed equity

Aspen does not have an authorised capital or par value in respect of its issued securities. Holders of stapled securities are entitled to receive dividends and distributions as declared from time to time and are entitled to one vote per stapled security at securityholder meetings. The liability of a member is limited to any remaining unpaid amount in relation to a member's subscription for securities.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

6. Equity and reserves (continued)

Issued capital

Issued capital represents the amount of consideration received for stapled securities issued by Aspen. Issue related costs directly attributable to the issue of capital are accounted for as a deduction from equity, net of tax, from the proceeds.

Security-based payment reserve

The security-based payment represents the Long-Term Incentives (LTI) granted to the executive management team of Aspen during the year. The LTI vests upon certain performance hurdles being met, as well as remaining in employment when the performance rights vest.

	Total Reserves \$'000
Reserves	
At 1 July 2020	201
Security-based payment	217
At 31 December 2020	418

7. Earnings per stapled security

	31 December 2020	31 December 2019
Profit for the period attributable to ordinary equity holders of the parent entity (\$ '000)	9,535	3,183
Basic weighted average number of stapled securities (No. '000)	116,359	96,322
Diluted weighted average number of stapled securities (No. '000)	116,359	96,322
EPS from total operations:		
Basic / Diluted earnings per stapled security (cents per security)	8.194	3.305
EPS from continuing operations:		
Basic / Diluted earnings per stapled security (cents per security)	8.194	3.305

Calculation of earnings per stapled security

Basic earnings per stapled security

Basic earnings per stapled security is calculated by dividing the profit/(loss) attributable to securityholders of Aspen by the weighted average number of ordinary stapled securities outstanding during the year.

Diluted earnings per stapled security

Diluted earnings per stapled security is calculated by dividing the profit/(loss) attributable to securityholders of Aspen by the weighted average number of ordinary stapled securities outstanding during the year after adjusting for the effective dilutive securities granted under security plans accounted for as options and rights granted under employee security plans.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

8. Interest bearing loans and borrowings

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Current		
Secured debt facilities	-	-
Non-current		
Secured debt facilities	53,552	42,498
Total interest-bearing loans and borrowings	53,552	42,498

Funding activities

Aspen holds a finance facility (with maturity date in November 2022) with a total limit of \$71.00 million (inclusive of a \$65.00 million revolver, \$5.00 million overdraft facility and a \$1.00 million guarantee facility). This facility is secured with first ranking registered real property mortgages over Aspen Group's directly owned properties, and a fixed and floating charge over Aspen Group Ltd, Aspen Property Trust, Aspen Living Villages Pty Ltd, Aspen Property Developments Pty Ltd, Realise Residential WA Pty Ltd, Realise Residential WA 2 Pty Ltd, Realise Residential WA 3 Pty Ltd, Realise Residential WA 4 Pty Ltd, NEST Qld Pty Ltd, and Footprint MB Pty Ltd.

9. Financial risk management

Financial risk management

Aspen Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2020.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument or customer contract that results in a financial loss to Aspen. Aspen is exposed to credit risk from its operating activities (primarily from trade and other receivables) and from its financing activities, including deposits with financial institutions and holdings of other financial instruments.

Liquidity risk

Liquidity risk is the risk that Aspen will not be able to meet its financial obligations as they fall due. Aspen is exposed to liquidity risk primarily due to its capital management policies, which has debt as a component of Aspen's capital structure.

9. Financial risk management (continued)

Liquidity risk is managed by monitoring cash flow requirements on a continuous basis to ensure that Aspen will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses. Aspen endeavours to maintain funding flexibility by keeping committed credit lines available. Surplus funds are, where possible, paid against debt, or invested in instruments that are tradeable in highly liquid markets with highly rated counterparties.

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Secured financing facilities available		
Revolver	65,000	65,000
Overdraft	5,000	5,000
Guarantees	1,000	1,000
	71,000	71,000
Facilities used at balance date		
Secured debt facilities	53,552	42,498
Guarantees	243	243
	53,795	42,741
Facilities unused at balance date		
Revolver	11,448	22,502
Overdraft	5,000	5,000
Bank overdraft and guarantees	757	757
	17,205	28,259

Fair values

The carrying amounts and estimated fair values of all of Aspen's financial instruments recognised in the financial statements are materially the same.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The face value of cash is considered as the fair value due to the liquid nature of these assets.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, the face value of receivables/payables are estimated to approximate their fair values, less allowance for doubtful debts, if applicable.

Interest-bearing liabilities

All of Aspen's interest-bearing liabilities have floating interest rates.

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Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

9. Financial risk management (continued)

Other financial assets / liabilities

The fair values of derivatives, corporate bonds, term deposits and borrowings are calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of loan notes and other financial assets are calculated using market interest rates. The fair value of the net investment in sublease and lease liabilities are discounted using Aspen's incremental borrowing rate.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in the fair value are recognised immediately in profit or loss.

Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that Aspen commits itself to purchase or sell the asset.

Valuation of financial instruments

For financial instruments measured and carried at fair value, Aspen uses the following to categorise the method used:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Aspen has an established control framework with respect to the measurement of fair values. This includes finance staff that have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and who report directly to the Joint Chief Executive Officers.

These finance staff regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or external valuations is used to measure fair values, the finance staff assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of accounting standards, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation matters are reported to Aspen's Audit, Risk and Compliance Committee.

Aspen's financial instruments are valued using market observable inputs (Level 2) with the exception of financial assets at fair value through profit or loss (level 3) which were valued at \$0.546 million (30 June 2020: \$0.408 million).

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period ended 31 December 2020 (1H FY19: \$Nil).

Valuation of financial instruments (continued)

The following table shows a reconciliation of movements in Aspen's financial instruments classified as Level 3 within the fair value hierarchy for the periods ended 31 December 2020 and year ended 30 June 2020:

	31 December 2020 \$'000	30 June 2020 \$'000
Opening Balance at 1 July	408	396
<i>Total gains or losses</i>		
In profit or loss	138	12
Closing Balance	546	408

The fair value of financial assets has been determined by reference to the net asset value per share as published in the latest audited financial statements. The investment comprises securities in an unlisted fund.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

10. Derivative liability

The Group enters into derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

	31 December 2020	30 June 2020
	\$'000	\$'000
Interest rate swaps (notional value: \$25.00 million)	390	381
Closing balance	390	381

The term of the interest rate swap is at fixed interest rate of 0.81% over a period to January 2023.

Recognition and measurement

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately, as hedge accounting is not applied.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and an intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

11. Non-controlling interests

	ADF	AWSS	FBSV	ADLL	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
NCI percentage as at 31 December 2020	-	45.9%	-	-	
Opening balance at 1 July 2019	(15,060)	(3,837)	821	(2,067)	(20,143)
Transfer to accumulated losses of parent entity upon deregistration of subsidiaries	15,060	-	(821)	2,067	16,306
Closing balance at 30 June 2020 and opening balance at 1 July 2020	-	(3,837)	-	-	(3,837)
Share of comprehensive income / (expense)	-	-	-	-	-
Closing balance at 31 December 2020	-	(3,837)	-	-	(3,837)

Negative non-controlling interests

Aspen has recognised non-controlling interests (NCI) for Aspen Whitsunday Shores Pty Ltd (AWSS) as at 31 December 2020 even though these NCIs are negative. AWSS is a limited company, and there is no ability for Aspen to recoup the negative equity attributed to NCI.

Aspen Group Limited

Notes to the condensed consolidated interim financial statements (continued)

for the period ended 31 December 2020

12. Rights of use assets

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Land and building	559	559
Less accumulated depreciation	(32)	(21)
	527	538

13. Net investment in sublease

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Current net investment in sublease	1,201	1,108
Non-current net investment in sublease	799	1,384
Total net investment in sublease	2,000	2,492

14. Lease liability

	Consolidated	
	31 December 2020	30 June 2020
	\$'000	\$'000
Current lease liability	1,398	1,291
Non-current lease liability	1,563	2,255
Total lease liability	2,961	3,546

15. Related party transactions

Related party arrangements during the period are consistent with those at 30 June 2020. Refer to the consolidated financial statements for the year ended 30 June 2020 for details of related party arrangements.

16. Changes in accounting policies

(a) New and amended standards adopted from 1 July 2020

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group are:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

(b) Recently changed accounting standards

In the current half-year, the Group has applied the below amendments to Australian Accounting Standards [and Interpretations] issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's reporting period that began on 1 July 2020. Their adoption has had no material impact on the disclosures and/or amounts reported in these financial statements.

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16. Changes in accounting policies (continued)

Amending standard	Description
AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	<p>This Standard amends AASB 3 Business Combinations. The Group has adopted the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.</p> <p>The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.</p> <p>The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.</p>
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	<p>This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.</p> <p>The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.</p>
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	<p>The Group has adopted the amendments included in AASB 2019-1 for the first time in the current year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The amendments:</p> <ul style="list-style-type: none"> • Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the new Conceptual Framework • Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.
AASB 2019-5 <i>Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</i>	<p>This Standard makes amendments to AASB 1054 Additional Australian Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors on the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.</p>

Aspen Group Limited
 Directors' declaration
 for the period ended 31 December 2020

17. Commitments and contingencies

	Consolidated	
	31 December 2020 \$'000	30 June 2020 \$'000
Capital commitments (i)		
<i>Contracted but not provided for and payable:</i>		
Within 1 year	5,860	5,500
	5,860	5,500
Other expenditure commitments		
Bank guarantees issued to third parties	243	243
	243	243

- (i) Relates to the contracted development expenditure for development currently underway at Sweetwater Grove (formerly Tomago Van Village), Four Lanterns (additional houses) and improvements at various park assets.

Other than the above, Aspen Group is not aware of any material contingent liabilities existing at 31 December 2020 or at the date of completion of these condensed consolidated interim financial statements.

18. Subsequent events

The impacts of COVID-19 have continued into the first half of FY21 and in the subsequent period to the date of the financial report Aspen Group's operating conditions are largely unchanged from 1H FY20. Aspen's operating environment is expected to be mixed over the next 12 months and the likelihood that inbound migration and tourism remains restricted until COVID-19 is contained. The Group is being prudent and maintaining a relatively high level of longer stay patronage and exercising tight control of costs. The directors believe Aspen can continue to perform relatively well in this environment as domestic household and tourists seek lower cost accommodation in attractive locations. Nonetheless the continued or further closures and restrictions introduced by state governments may impact local tourism and therefore Aspen's business including its financial performance and position.

Other than as disclosed above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Aspen, to affect significantly the operations of Aspen, the results of those operations, or the state of affairs of Aspen, in future financial periods.

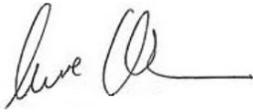
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Aspen Group Limited
Directors' declaration
for the period ended 31 December 2020

Directors' declaration

1. In the opinion of the directors of Aspen Group Limited:
 - (a) the condensed consolidated interim financial statements and notes on pages 14 to 38, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Aspen's Group's consolidated entity's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting, Corporations Regulations 2001*; and other mandatory professional reporting requirements.
 - (b) there are reasonable grounds to believe that Aspen Group Limited will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the period ended 31 December 2020.

Signed in accordance with a resolution of the directors.



Clive Appleton

Chairman

SYDNEY, 25 February 2021