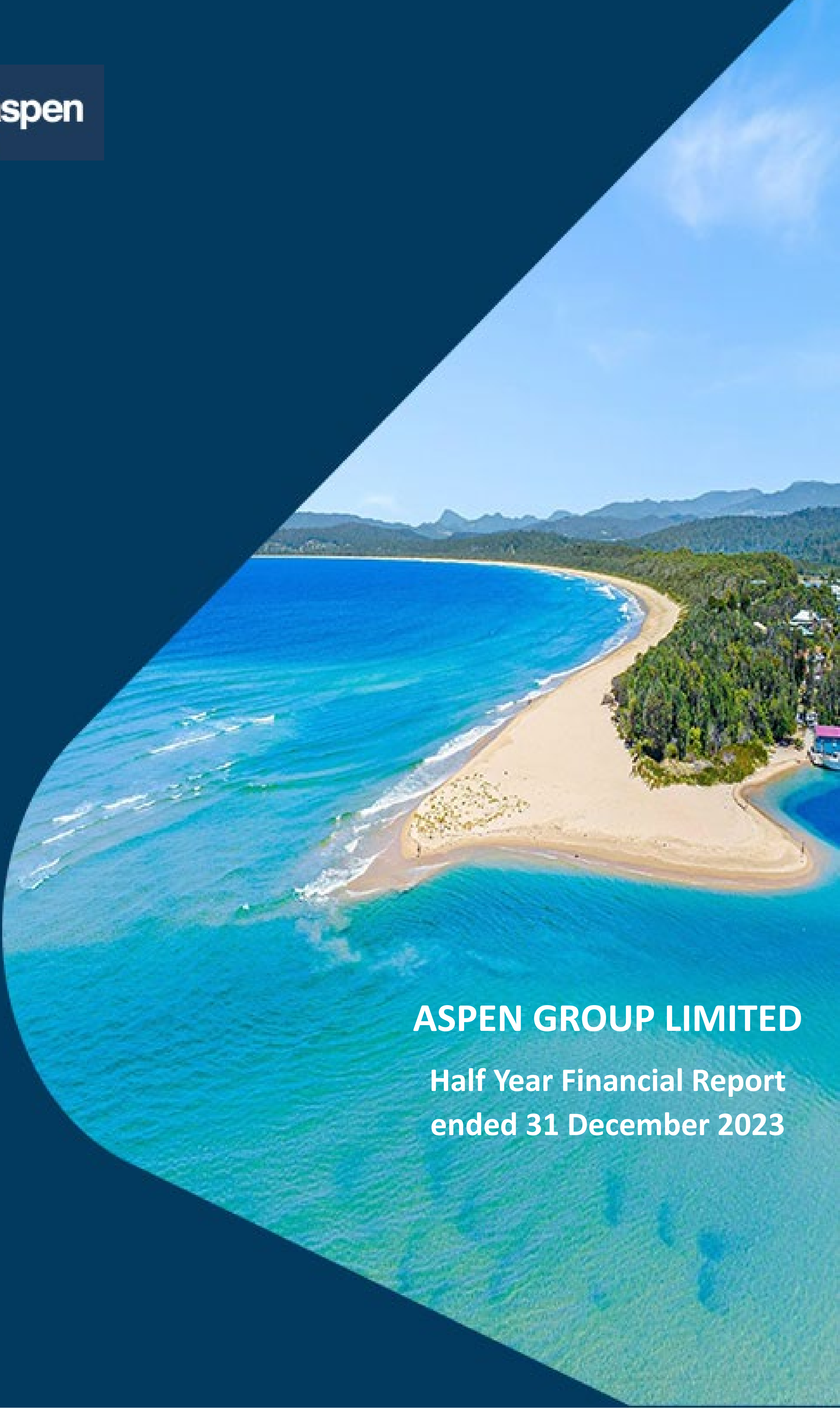

ASPEN GROUP LIMITED

Half Year Financial Report ended 31 December 2023

Aspen Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Aspen Group Limited
ABN:	50 004 160 927
Reporting period:	For the period ended 31 December 2023
Previous period:	For the period ended 31 December 2022

2. Results for announcement to the market

		Percentage Change %		Amount $'000
Revenues from ordinary activities	up	31.0%		42,100
Profit for the period	down	13.9%	to	22,281
Underlying Operating Profit before tax for the period [1]	up	3.0%	to	12,330

[1] Underlying Operating profit represents earnings before tax excluding non-underlying items. Non-underlying items include depreciation, share-based payments, gains and losses on fair value movements and disposals, and non-recurring items which are not part of ordinary operating performance.

	31 December 2023 Cents	31 December 2022 Cents
Basic earnings per security	12.38	15.29
Diluted earnings per security	12.24	15.17

Distributions

Group	Amount per security Cents	Franked amount per security Cents
Interim distribution declared for the period ended 31 December 2023	4.25	-

On 22 February 2024 the directors declared distribution for the period ended 31 December 2023 of 4.25 cents per ordinary security with a record date of 29 December 2023 to be paid on or around 29 February 2024.

3. Net tangible assets

	Reporting period $	Previous period $
Net tangible asset per ordinary security	2.10	1.98

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Distributions

Current period

Combined	**Amount per security Cents**	**Franked amount per security Cents**
Interim distribution declared for the period ended 31 December 2023	4.25	-

On 22 February 2024 the directors declared distribution for the period ended 31 December 2023 of 4.25 cents per ordinary security with a record date of 29 December 2023 to be paid on or around 29 February 2024.

Aspen Property Trust	**Amount per security Cents**	**Deferred tax %**
Interim distribution for the period	4.25	86.3%

Aspen Group Limited	**Amount per security Cents**	**Tax rate for franking credit %**
Interim distribution for the period	-	-

Previous period

Combined	**Amount per security Cents**	**Franked amount per security Cents**
Interim distribution declared for the period ended 31 December 2022	3.50	-

Aspen Property Trust	**Amount per security Cents**	**Deferred tax %**
Interim distribution for the period	3.50	81.4%

Aspen Group Limited	**Amount per security Cents**	**Tax rate for franking credit %**
Interim distribution for the period	-	-

Interim Distribution Dates

Ex-dividend date	28 December 2023
Record Date	29 December 2023
Payment Date (On or around)	29 February 2024

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report.

8. Attachments

Details of attachments (if any):

The Half Year Financial Report of Aspen Group Limited for the period ended 31 December 2023 is attached.

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9. Signed

Signed ____________________________ Date: 22 February 2024

Clive Appleton
Chairman

Aspen Group Limited

ABN 50 004 160 927

Half Year Financial Report - 31 December 2023

Aspen Group Limited
Directors' report
31 December 2023

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 2023 ("period") and the auditor's review report thereon.

Directors

The following persons were directors of Aspen Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Clive Appleton	Independent Non-executive Chairman
Guy Farrands	Independent Non-executive Director
Edwina Gilbert	Independent Non-executive Director (appointed 18 August 2023)
John Carter	Executive Director and Joint Chief Executive Officer
David Dixon	Executive Director and Joint Chief Executive Officer (appointed 22 November 2023)

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
Ben Norman	Alternate 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	Independent Non-executive Chairman
Guy Farrands	Independent Non-executive Director
John Carter	Executive Director and Joint Chief Executive Officer
David Dixon	Executive Director and Joint Chief Executive Officer

Operating and financial review

The profit for the Aspen Group after providing for income tax amounted to $22,281,000 (31 December 2022: $25,868,000).

Aspen's business

Aspen's mission is to provide quality accommodation on competitive terms. Our core customer base is the approximate 40% of Australian households with income of less than $90,000 per annum who can afford to pay no more than about $400,000 to purchase a home or $400 per week to rent a home. Aspen's fully integrated platform encompasses operations, asset management, development, and capital management. We provide a broad spectrum of products and services to our customers within residential, lifestyle and park communities, under different lease types and terms. We seek to maximise the profitability and value of our properties and reduce risk by continually optimising the product and customer mix based on demand, relative pricing and expenses, regulatory requirements, capital usage and other factors.

Operations

Australia's residential markets are experiencing historically low vacancy rates and very strong rental growth. Demand for accommodation has increased due to population growth and people moving around the country for a variety of reasons – work, study, holidays, lifestyle changes, retirement. Meanwhile, building costs have remained elevated after increasing materially over the past few years. Additionally, interest rates have increased from artificially low levels which has increased the investment return and therefore rent that landlords require to provide their capital and effort. In our opinion, the acute shortages of affordable housing in Australia will not be resolved in the foreseeable future.

Aspen's Australia-wide property portfolio is highly occupied by a diverse customer base. Our longer stay accommodation is essentially full and rents are increasing, but they are still typically below levels achieved on recent leasing transactions, local competition, and economic rents for new supply At some of our properties we offer shorter term leases and maximise profitability through dynamic yield management - optimising the balance of rental rate, lease term, occupancy and costs. Our rents are well supported by household income, government subsidies and corporate profitability.

Production and sales at our Lifestyle development projects are increasing rapidly after being held back by building industry supply bottlenecks over the past couple of years, and we have successfully passed through the higher building costs to sustain a healthy profit margin of around 25%-30%.

Aspen Group Limited
Directors' report
31 December 2023

Financial Performance – 1H FY24

Aspen generated a statutory net profit of $22.28 million and Underlying Operating Earnings of $12.33 million.

Underlying Operating Earnings is a non-IFRS Accounting Standards 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. Underlying Operating Earnings excludes non-cash items including depreciation and amortisation, asset/liability revaluation gains and losses, share based payments and movements in deferred tax assets and liabilities. Other Non-Operating Earnings adjustments are made for transactions occurring infrequently and those that are outside the course of Aspen's ongoing business activities, including but not limited to asset acquisition transaction costs. Underlying Operating Earnings is determined having regard to principles which include providing clear reconciliation between Statutory Net Profit and Underlying Operating Earnings in the directors' report and financial report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

Non-IFRS Accounting Standards financial information has not been audited in accordance with Australian Auditing Standards.

Aspen's underlying financial performance improved materially in 1H-FY2024 compared to 1H-FY2023 - the tables below summarise Aspen's Underlying Operating Earnings (non-statutory) and bridge to statutory profit:

	31 December 2023 $'000	31 December 2022 $'000	Change $'000	Change %
Rental and ancillary services revenue	**30,137**	24,811	5,326	21%
Direct property expenses	**(14,970)**	(12,682)	(2,288)	18%
Underlying net operating income (NOI)	**15,167**	12,129	3,038	25%
Operating margin	**50%**	49%		
Revenue from development activities [1 2]	**11,963**	12,050	(87)	(1%)
Cost of sales [2]	**(8,714)**	(7,987)	(727)	9%
Underlying net development income [2]	**3,249**	4,063	(814)	(20%)
Development margin	**27%**	34%		
Underlying operating and development net income	**18,416**	16,192	2,224	14%
Dividend income	**276**	-	276	-
Net corporate overheads	**(3,378)**	(2,921)	(457)	16%
Underlying EBITDA [3]	**15,314**	13,271	2,043	15%
Net finance expense	**(2,984)**	(1,293)	(1,691)	131%
Tax [4]	**-**	-	-	-
Underlying Operating Earnings	**12,330**	11,978	352	3%
No. of Securities (weighted – '000)	**179,967**	169,164	10,803	6%
Underlying Operating Earnings per security (cents)	**6.85**	**7.08**		**(3%)**
Ordinary distributions per security (cents)	**4.25**	**3.50**		**21%**

[1] Excludes proceeds from sale of investment properties from the Perth House Portfolio totalling revenue of $6.469 million in 1H FY24 ($0.923 million in 1H FY23)
[2] Includes the net revaluation gain on the development and licensing of DMF homes at Wodonga Gardens ($1.42 million). This gain represents the $4.69 million cash proceeds received upon licensing the homes less $3.27 million total cost of producing the homes. For statutory purposes, these amounts are recognised in Net Fair Value Gain on Investment Properties in the Statement of Profit or Loss
[3] Refer to Segments Information on page 23 for detailed breakdown of each segment that forms this EBITDA
[4] For the purpose of illustrating Underlying Operating Earnings, the net deferred tax movement (which is a non-cash item and is shown in the Statement of Profit or Loss) has been excluded.

Reconciliation of Statutory Profit and Operating Results:

	31 December 2023 $'000	31 December 2022 $'000	Change $'000	Change %
Total comprehensive income attributable to parent entity	24,488	30,142	(5,654)	(19%)
Revaluation of property, plant, and equipment (Darwin Freespirit)	(2,207)	(4,274)	2,067	(48%)
Statutory net profit attributable to parent entity	**22,281**	25,868	(3,587)	(14%)
Adjustments:				
Depreciation of property, plant and equipment	**667**	564	103	18%
Property revaluation (gains) / loss	**(23,751)**	(11,329)	(12,422)	110%
Share based payments expense	**868**	622	246	40%
Fair value loss / (gain) on retirement village resident loans	**1,674**	-	1,674	-
Fair value loss / (gain) on revaluation of investment in securities	**795**	(3,464)	4,259	(123%)
Fair value loss / (gain) on interest rate swaps	**1,045**	190	855	450%
Deferred tax expense / (benefit) recognised	**9,089**	(373)	9,462	(2537%)
(Gain) / loss from sale of investment properties	**(281)**	51	(332)	(651%)
Others [1]	**(57)**	(151)	94	(62%)
Underlying Operating Earnings	**12,330**	11,978	352	3%
Net finance expense	**2,984**	1,293	1,691	131%
Underlying EBITDA	**15,314**	13,271	2,043	15%
Net corporate overheads and dividend income	**3,102**	2,921	181	6%
Underlying Operating & Development Net Income	**18,416**	16,192	2,224	14%

[1] Others are those excluded from CODM's review of operating profits. This includes asset acquisition transaction costs and other non-underlying adjustments arising from interest and payment of lease liabilities.

Balance Sheet

As at 31 December 2023, compared to 30 June 2023:

- Total assets increased 7% to $594.614 million
- Total property assets increased by 10% to $537.25 million
- Portfolio attractively valued on a WACR* of 6.8%
- During period, Aspen sold 11 houses from Perth houses portfolio and 1 Perth apartment complex for total gross proceeds of $10.27 million
- During period, Aspen acquired four new properties: Sierra Lifestyle Village WA ($4.00 million), apartment complex at 26 Treatts Road Lindfield NSW ($3.40 million), land in Normanville SA ($2.56 million) and land adjoining our Highway 1 Park SA ($1.32 million).
- Total financial debt (net) increased by 12% to $155.81 million. Gearing** increased from 25% to 27% which is below our long term target range of 30-40%
- NAV per security increased by 5% to $2.10
- In December 2023, the Group has entered into a new syndicated debt facility with Westpac and Bank of Queensland. The new limit is $210 million, expiry is in December 2026, and the drawn margin is 200bps.

* Weighted average capitalisation rate
** Net debt excluding resident loans / total assets less cash less resident loans and deferred revenue

	31 December 2023 $'000	30 June 2023 $'000	Change $'000	Change %
Investment properties	499,226	449,538	49,688	11%
Investment property assets held for sale	1,283	6,543	(5,260)	(80%)
Property, plant and equipment (includes Darwin Freespirit)	36,744	34,380	2,364	7%
Carrying value of properties	**537,253**	**490,461**	**46,792**	**10%**
Cash	5,000	8,922	(3,922)	(44%)
Inventories (includes Mt Barker and CQ land)	24,919	21,696	3,223	15%
Other assets [1]	27,442	32,148	(4,706)	(15%)
Total assets	**594,614**	**553,227**	**41,387**	**7%**
Financial debt [2]	155,807	138,506	17,301	12%
Other liabilities [1]	59,830	53,556	6,274	12%
Total liabilities	**215,637**	**192,062**	**23,575**	**12%**
Net Asset Value (NAV)	378,977	**361,165**	**17,812**	**5%**
NAV per security ($)	**2.10**	**2.01**		

[1] Includes a deferred tax liability of 3.850 million at 31 December 2023 (30 June 2023: deferred tax asset of $5.239 million).
[2] Net of borrowing transaction costs of $1.140 million (30 June 2023: $0.441 million)

Outlook

Conditions in the markets in which Aspen operates are expected to be moderate over the next 12-24 months with inflation and interest rates potentially stabilising, robust employment levels and decent wage growth, building industry conditions normalising, and the general undersupply of housing likely to persist, particularly at Aspen's affordable end of the market.

Aspen will continue to seek opportunities to grow its portfolio through acquisition and development.

Environmental, Social, and Corporate Governance

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

The needs of current and future generations are at the heart of our decision-making processes. Our key decisions recognise the interdependence between environment, people and economics. Sustainability practices underline our day-to-day operations and are integrated into our organisational culture, stakeholder engagement, governance and management practices. This environment helps our people excel and our customers and communities to prosper. Aspen's employees proudly deliver sustainable outcomes for investors, customers, communities and the environment.

Social

Aspen improves society and reduces inequality by providing quality accommodation on competitive terms to a wide variety of Australian households in residential, lifestyle and park communities. Many of our customers are disadvantaged with below-average wealth and income, and find it difficult to secure suitable accommodation. We typically rent dwellings for under $400 per week and land sites for under $200 per week, and sell new houses at our lifestyle communities for under $400,000.

Aspen values quality stakeholder relationships that are connected, responsive and collaborative. Through these relationships we understand the communities' needs, aspirations, cultures, and their sense of place. 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. We often collaborate with charitable organisations such as the Red Cross and churches to help people with extra needs.

Some of our properties are located in past and present Indigenous communities and we actively seek to help these communities. For instance, to help protect the Barlings Beach Aboriginal Place, we completed an archaeological dig within our Barlings Beach park community 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 residential community.

Environmental

With a growing portfolio of properties located across Australia, the environmental impact of our communities, environmental risks, and opportunities to mitigate risks and reduce our ecological footprint are a key focus of our ESG program.

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 impacts: uncertainty in the long-term outcomes of environmental effects should not delay action to reduce pollution and reduce consumption of non-renewable materials.

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 and objectives 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.

Reduced resource use, energy intensity and CO_2 emissions are inherent in Aspen's business model because we provide accommodation with some or all of the following attributes:

- Communal living – more efficient sharing of resources such as living, dining, entertaining and recreational spaces, and transport (eg. community bus)
- Dwelling size less than half the Australian average for new homes – it is estimated that about 40% of household energy use is for temperature control (heating and cooling) and this is proportional to floorspace
- New homes and community facilities with improved building techniques, designs and materials that meet increasingly stringent regulatory standards including for energy efficiency (eg. replacing obsolete vans/annexes with highly insulated modern dwellings that require significantly less energy to operate)
- Reduced resource wastage in development / refurbishment work – we prefer to recycle old buildings over demolishing and re-building new
- Installing electricity instead of gas appliances where possible
- Replacing our vehicles (including buggies) with more efficient or electric/hybrid versions when appropriate
- Renewable energy installations such as rooftop solar, solar-boosted gas/electric water heaters and solar street lighting – we intend to install batteries at our properties if they become economic for our customer base
- Water saving devices and recycling – clean water requires energy to produce and distribute
- Metering to make customers more aware of their electricity, gas and water use, and charging directly for it to influence behaviour
- Relatively high levels of vegetation that absorbs CO_2
- Community gardens - local food production reduces transport requirements and absorbs CO_2
- Recycling and composting facilities - composting food reduces emissions relative to burying food

We continually embrace new technologies to deliver innovative products and services to our customers whilst minimising costs and our ecological footprint.

Some of our properties, particularly our park communities, 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 regions where cyclones are common such as Karratha and Darwin. We seek to protect these properties through, amongst other things, undertaking physical risk assessments, constructing more robust buildings and infrastructure and maintaining them well, and good land management practices such as bushfire management programs and maintaining sand dunes and natural waterways. None of Aspen's properties have suffered material physical damage from flood, fire, or storm events over the past 10 years.

Sustainable Procurement

Aspen continually reviews its procurement processes with the aim of ensuring we are appropriately managing ESG risk in our supply chain, including considering modern slavery as a priority.

Due to the types of inputs Aspen uses and that the majority are produced and sourced onshore, we believe the risk is relatively low.

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 wellbeing and engagement of our team is essential in 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. Some of the leadership roles held by females include our Head of Marketing & Sales and Operations Managers. We have also increased the proportion of female property managers. Currently around 46% of our senior management team including head office employees and our property managers are 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 that are aligned with the Group's strategy, culture, and values
- Continuous performance reviews
- Career development planning
- Role-specific training across all departments
- Sponsoring employees for personal development through TAFE

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

Occupational Health and Safety

In operating and developing our communities the safety and health of our people, residents and guests is paramount. We continue 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 control development activity and tradespeople at our properties hold appropriate accreditation standards for health, safety, environment, and quality and are appropriately inducted on work practices required at our projects.

We engage the services of Donesafe, insurers 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. Ensuring 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. 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 of Directors. Between the two entities' Boards, there are seven members of which five are considered independent. The two members of the AGL Board who are considered non-independent are the Joint Chief Executive Officers by virtue of their executive roles and substantial shareholdings in Aspen Group.

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

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

The Board has 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.

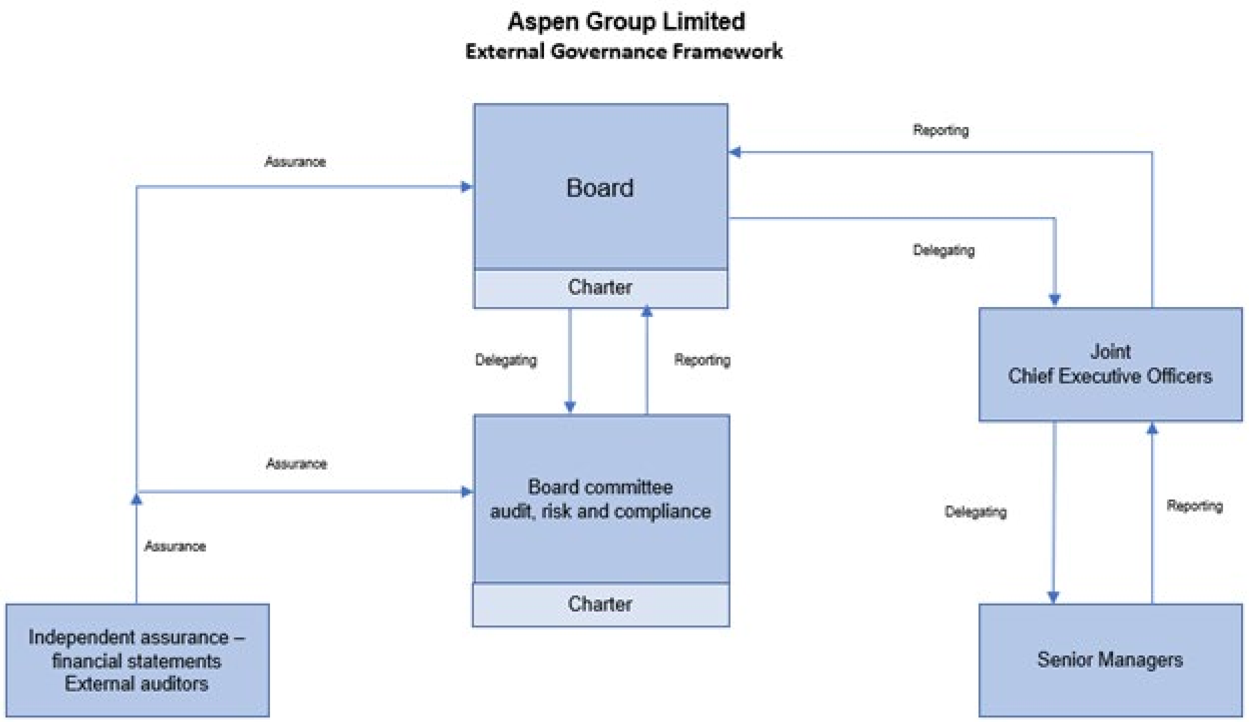
Our senior executives ensure that the organisation continues to perform in a way that demonstrates integrity on our environmental position, our commitment to the communities in which we operate and the opportunities we provide for our people and business partners to contribute to current and future generations.

Our current Key Management Personnel include 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 with over 50% of total remuneration deferred for up to 3 years and subject to vesting conditions including qualitative and quantitative performance measures.

Aspen's Corporate Governance Statement is available on its website at

https://aspengroup.com.au/investor-centre/environmental-social-corporate-governance/

Aspen's governance framework is outlined below, showing the relationship between the Board, its Committees, and the Joint CEOs.



Significant changes in the state of affairs

There were no significant changes in the state of affairs of Aspen Group during the financial period.

Matters subsequent to the end of the financial period

On 23 January 2024, the Group announced its intention to make a takeover offer for all the ordinary shares in Eureka Group Holdings Limited (EGH) via an all-scrip transaction with an offer ratio of 0.26 APZ securities for 1 EGH share. A formal Bidder's Statement is expected to be issued in March 2024.

The interim distributions of 4.25 cents per security which was announced on 13 December 2023 was declared subsequent to balance date on 22 February 2024 and will be payable on 29 February 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Aspen Group's operations, the results of those operations, or the Aspen Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

____

Clive Appleton
Chairman

22 February 2024

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

22 February 2024

The Board of Directors
Aspen Group Limited
Upper Ground, 285A Crown Street
Surry Hills NSW 2010

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 half year financial report of Aspen Group Limited for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Aspen Group Limited
Contents
31 December 2023

General information

The financial statements cover Aspen Group consisting of Aspen Group Limited (the "Company") and the entities it controlled and Aspen Property Trust ("the Trust") and its controlled entities, at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Aspen Group's functional and presentation currency.

The shares of the Company are "stapled" with the units of the Trust and trade on the Australian Securities Exchange ("ASX") as one security (ASX Code: APZ). Evolution Trustees Limited ("ET" or "Responsible Entity") is the responsible entity of the Trust. Perpetual Corporate Trust Limited is custodian of the Trust. Aspen Funds Management Limited provided investment management services to the Group throughout the year. In this report, the Company and the Trust are referred to collectively as Aspen, Aspen Group or the Group.

Its registered office and principal place of business is Suite 21, 285A Crown Street, Surry Hills NSW 2010.

A description of the nature of the Aspen Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2024.

Aspen Group Limited
Condensed consolidated interim statement of profit or loss and other comprehensive income
For the period ended 31 December 2023

	Note	Consolidated 31 December 2023 $'000	31 December 2022 $'000
Revenue			
Rental income		**27,422**	22,653
Lifestyle home and land sales		**11,963**	7,360
Food and Beverage, and other ancillary sales		**2,715**	2,158
		42,100	32,171
Other revenue	4	**289**	32
Total revenue		**42,389**	32,203
Net fair value gain on Investment properties		**23,751**	12,748
Gain / (loss) from sale of investment properties		**281**	(51)
Net fair value (loss) / gain on revaluation of investment in securities		**(795)**	3,464
Net fair value (loss) / gain on revaluation of resident loans		**(1,674)**	-
Expenses and other items			
Operational expenses	5	**(4,245)**	(3,434)
Property expenses	5	**(5,595)**	(5,052)
Employee expenses	5	**(8,316)**	(6,762)
Administration expenses	5	**(994)**	(908)
Cost of homes sold		**(8,716)**	(4,716)
Depreciation and amortisation expense		**(667)**	(564)
Earnings before interest and income tax expense (EBIT)		**35,419**	26,928
Finance costs	5	**(3,108)**	(1,394)
Finance income		**104**	151
Fair value (loss) / gain on interest rate swaps		**(1,045)**	(190)
Profit before income tax (expense)/benefit		**31,370**	25,495
Income tax (expense)/benefit		**(9,089)**	373
Profit after income tax (expense)/benefit for the period		**22,281**	25,868
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		**2,207**	4,274
Other comprehensive income for the period, net of tax		**2,207**	4,274
Total comprehensive income for the period		**24,488**	30,142
		Cents	**Cents**
Basic earnings per security	20	**12.38**	15.29
Diluted earnings per security	20	**12.24**	15.17

The above condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Aspen Group Limited
Condensed consolidated interim statement of financial position
As at 31 December 2023

	Note	Consolidated 31 December 2023 $'000	Consolidated 30 June 2023 $'000
Assets			
Current assets			
Cash and cash equivalents		**5,000**	8,922
Trade and other receivables		**3,062**	2,639
Inventories	6	**12,451**	9,322
Prepaid expenses		**2,490**	394
Investment property assets held for sale		**1,283**	6,543
Total current assets		**24,286**	27,820
Non-current assets			
Investment properties	9	**499,226**	449,538
Property, plant and equipment	8	**36,744**	34,380
Inventories	6	**12,468**	12,374
Intangible assets		**44**	72
Right-of-use assets		**726**	844
Deferred tax		**-**	5,239
Derivative financial assets		**2,215**	3,260
Investments at fair value through profit and loss	7	**18,905**	19,700
Total non-current assets		**570,328**	525,407
Total assets		**594,614**	553,227
Liabilities			
Current liabilities			
Trade and other payables		**16,035**	14,903
Lease liabilities		**225**	217
Resident loans	11	**33,640**	32,223
Provisions		**1,633**	1,771
Deferred management revenue (DMF)	12	**764**	744
Total current liabilities		**52,297**	49,858
Non-current liabilities			
Interest bearing loans and borrowings	10	**155,807**	138,506
Lease liabilities		**630**	743
Deferred tax		**3,850**	-
Deferred management revenue (DMF)	12	**3,053**	2,955
Total non-current liabilities		**163,340**	142,204
Total liabilities		**215,637**	192,062
Net assets		**378,977**	361,165
Equity			
Issued capital	13	**599,863**	599,104
Reserves	14	**16,550**	14,118
Accumulated losses		**(233,599)**	(248,220)
		382,814	365,002
Non-controlling interest		**(3,837)**	(3,837)
Total equity		**378,977**	361,165

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

Aspen Group Limited
Condensed consolidated interim statement of changes in equity
For the period ended 31 December 2023

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	562,602	6,966	(288,710)	(3,837)	277,021
Profit after income tax benefit for the period	-	-	25,868	-	25,868
Other comprehensive income for the period, net of tax	-	4,274	-	-	4,274
Total comprehensive income for the period	-	4,274	25,868	-	30,142
Transactions with security holders in their capacity as security holders:					
Security-based payments	-	622	-	-	622
Security-based compensation - issued during the year	603	(603)	-	-	-
Issue of stapled securities, net of transaction costs	35,899	-	-	-	35,899
Distributions payable or paid (note 15)	-	-	(6,280)	-	(6,280)
Balance at 31 December 2022	599,104	11,259	(269,122)	(3,837)	337,404

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023	**599,104**	**14,118**	**(248,220)**	**(3,837)**	**361,165**
Profit after income tax expense for the period	**-**	**-**	**22,281**	**-**	**22,281**
Other comprehensive income for the period, net of tax	**-**	**2,207**	**-**	**-**	**2,207**
Total comprehensive income for the period	**-**	**2,207**	**22,281**	**-**	**24,488**
Transactions with security holders in their capacity as security holders:					
Security-based payments	**-**	**868**	**-**	**-**	**868**
Security-based compensation - issued during the year	**643**	**(643)**	**-**	**-**	**-**
Issue of stapled securities, net of transaction costs	**116**	**-**	**-**	**-**	**116**
Distributions payable or paid (note 15)	**-**	**-**	**(7,660)**	**-**	**(7,660)**
Balance at 31 December 2023	**599,863**	**16,550**	**(233,599)**	**(3,837)**	**378,977**

The above condensed consolidated interim statement of changes in equity 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 2023

	Consolidated	
	31 December 2023	31 December 2022
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**42,221**	35,711
Payments to suppliers (inclusive of GST)	**(31,585)**	(27,927)
Net cash from operating activities	**10,636**	7,784
Cash flows from investing activities		
Payment for development of investment properties	**(17,764)**	(15,389)
Proceeds from sale of investment property assets, net of selling costs	**9,998**	897
Acquisition of property, plant and equipment	**(677)**	(868)
Acquisition of investment properties, including transaction costs	**(12,106)**	(517)
Purchase of investment in listed securities	**-**	(16,104)
Dividends received	**276**	-
Interest received	**104**	151
Net cash used in investing activities	**(20,169)**	(31,830)
Cash flows from financing activities		
Proceeds from borrowings	**18,000**	20,000
Repayment of borrowings	**-**	(26,292)
Proceeds from net investment in sublease	**-**	158
Payment of financing and borrowing costs	**(4,658)**	(1,995)
Payment of lease liability	**(106)**	(311)
Distributions paid	**(7,625)**	(5,426)
Issue of shares, net of issue costs	**-**	35,780
Net cash from financing activities	**5,611**	21,914
Net decrease in cash and cash equivalents	**(3,922)**	(2,132)
Cash and cash equivalents at the beginning of the financial period	**8,922**	10,730
Cash and cash equivalents at the end of the financial period	**5,000**	8,598

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

Note 1. Introduction

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 Suite 21, 285A Crown Street, Surry Hills, New South Wales 2010.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 2023 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

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:

- Property, plant and equipment (note 8)
- Investment properties (note 9)

Financial position

During the period ended 31 December 2023 Aspen recorded a profit after tax of $22.281 million (31 December 2022: profit after tax of $25.868 million). At 31 December 2023 Aspen had net assets of $378.977 million (30 June 2023: $361.165 million), cash reserves of $5.000 million (30 June 2023: $8.922 million).
The consolidated statement of financial position shows a net current asset deficiency as at 31 December 2023 totalling $28.011 million (30 June 2023: $22.038 million). This position arises predominantly as a result of the current classification of Resident Loans totalling $33.640 million (30 June 2023: $32.223 million) which, as described in note 11, are not expected to result in an equivalent outflow of funds during the next twelve months. In addition, the Resident Loans are recognised as a gross up of the carrying value of associated non-current classified Investment Properties, resulting in a mismatch between the resident loans recognised as current liabilities and underlying property assets recognised as non-current assets.
In addition, as noted in note 10 of the financial statements, the Group has financing facilities totalling $52.789 million which are available to be drawn down to provide short term cash flows if required.
The consolidated financial statements have been prepared on the 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 assessment 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.

New or amended Accounting Standards and Interpretations adopted

The Aspen Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments
The Aspen Group is organised into four operating segments:
• Residential – this segment consists of dwellings that are typically located in metropolitan areas and leased on a 6-12 month basis
• Lifestyle – this segment consists of communities that cater to customers who are typically over-50 years old and that are typically subject to State based regulation under Retirement Village Acts or Residential Parks / Manufactured Homes Acts (or similar)
• Parks – this segment consists of properties that cater to a mixture of permanent, tourist and worker residents and customers on varying lease types and terms including over dwellings and land sites
• Other – this segment includes items that are not allocated to an operating segment. This includes corporate overheads and income, interest income and interest expense.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation).

The information reported to the CODM is on a monthly basis.

Segment information is provided below:

	Residential		Lifestyle		Parks		Other		Consolidated	
	31 Dec 2023	31 Dec 2022	**31 Dec 2023**	31 Dec 2022	**31 Dec 2023**	31 Dec 2022	**31 Dec 2023**	31 Dec 2022	**31 Dec 2023**	31 Dec 2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	$'000	$'000	$'000	$'000
Rental income	**7,756**	5,768	**3,314**	2,572	**16,352**	14,313	**-**	-	**27,422**	22,653
Food and Beverage, other ancillary sales, and net gaming revenue	**-**	-	**-**	-	**2,715**	2,158	**-**	-	**2,715**	2,158
Total Rental and ancillary services revenue	**7,756**	5,768	**3,314**	2,572	**19,067**	16,471	**-**	-	**30,137**	24,811
Development sales (houses and land)	**4,167**	6,240	**7,796**	5,810	**-**	-	**-**	-	**11,963**	12,050
Total segment revenue [1]	**11,923**	12,008	**11,110**	8,382	**19,067**	16,471	**-**	-	**42,100**	36,861
Property net operating income	**4,943**	3,387	**2,024**	1,670	**8,200**	7,072	**-**	-	**15,167**	12,129
Development profit [5]	**1,194**	2,394	**2,055**	1,669	**-**	-	**-**	-	**3,249**	4,063
Dividend income	**-**	-	**-**	-	**-**	-	**276**	-	**276**	-
Net corporate overheads	**-**	-	**-**	-	**-**	-	**(3,378)**	(2,921)	**(3,378)**	(2,921)
Total Underlying EBITDA [2]	**6,137**	5,781	**4,079**	3,339	**8,200**	7,072	**(3,102)**	(2,921)	**15,314**	13,271
Finance income	**-**	-	**-**	-	**-**	-	**104**	96	**104**	96
Finance costs	**-**	-	**-**	-	**-**	-	**(3,088)**	(1,389)	**(3,088)**	(1,389)
Underlying Operating Earnings	**6,137**	5,781	**4,079**	3,339	**8,200**	7,072	**(6,086)**	(4,214)	**12,330**	11,978
Depreciation and amortisation	**-**	-	**-**	-	**(501)**	(423)	**(166)**	(141)	**(667)**	(564)
Net Fair value gain on Investment properties [7]	**19,047**	9,532	**3,920**	789	**784**	1,008	**-**	-	**23,751**	11,329
Fair value loss on retirement village resident loans	**-**	-	**(1,674)**	-	**-**	-	**-**	-	**(1,674)**	-
Fair value (loss) / gain on revaluation of investment in securities	**-**	-	**-**	-	**-**	-	**(795)**	3,464	**(795)**	3,464
Fair value loss on interest rate swaps	**-**	-	**-**	-	**-**	-	**(1,045)**	(190)	**(1,045)**	(190)
Share based payments expense	**-**	-	**-**	-	**-**	-	**(868)**	(622)	**(868)**	(622)
Gain/ (loss) from sale of investment properties	**281**	(51)	**-**	-	**-**	-	**-**	-	**281**	(51)
Others [3]	**-**	-	**-**	-	**-**	-	**57**	151	**57**	151
Income-tax (expense) / benefit	**-**	-	**-**	-	**-**	-	**(9,089)**	373	**(9,089)**	373
Profit / (loss) after tax attributable to parent entity	**25,465**	15,262	**6,325**	4,128	**8,483**	7,657	**(17,992)**	(1,179)	**22,281**	25,919
Segment assets and liabilities reviewed by CODM can be analysed as follows:										
Segment assets [4]	**240,262**	207,772	**123,428**	103,669	**173,391**	146,983	**57,533**	49,739	**594,614**	508,163
Segment liabilities [6]	**-**	-	**-**	-	**-**	-	**(215,637)**	(170,759)	**(215,637)**	(170,759)
Additions to non-current assets during the year	**17,172**	58,395	**8,911**	26,993	**4,855**	3,002	**97**	9	**31,035**	88,399

Note 3. Operating segments (continued)

[1] All segment revenues are derived from external customers.
[2] Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, fair value gains/losses, and excludes non-underlying items which are included in other income / expenses – see Footnote 3 for non-underlying items.
[3] Others are those excluded from CODM's review of operating profits. This includes asset acquisition transaction costs and other non-underlying adjustments arising from interest and payment of lease liabilities.
[4] Other segment assets include all assets of the Group excluding the property assets (investment properties and property, plant and equipment).
[5] 1HFY23 Lifestyle development sales and development profit includes development and licensing of DMF homes in development sales ($4.69 million revenue and $1.42 million in underlying EBITDA) in the Lifestyle segment. In the statutory accounts, the net amount of $1.42 million is included in the net fair value gain on investment properties.
[6] Other segment liabilities include all liabilities of the Group including the property liabilities.
[7] 1HFY23 Lifestyle net fair value gain on investment properties excludes the net revaluation gain on the licensing of DMF homes at Wodonga Gardens ($1.42 million) which is included in development profit. This gain represents the $4.69 million cash proceeds received upon licensing the homes less $3.27 million total cost of producing the homes.

Note 4. Other revenue

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Dividend income	**276**	-
Management fees	**13**	32
	289	32

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 over the period until the next market review date. Rent received in advance is recognised as contract liabilities.
Development sales from the sale of houses and land is recognised at the point in time when control of the land / home is transferred to the customer, on settlement of the transaction.
Food and beverage, other ancillary sales, and net gaming revenue are recognised at the point in time 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.
Dividend income is recognised at the point in time when the contractual right to receive the dividend income is established.

Note 5. Expenses and other items

	Consolidated	
Operational expenses	31 December 2023 $'000	31 December 2022 $'000
Contractors	**220**	99
Consumables	**1,074**	755
Services and supplies	**822**	670
Marketing expenses	**135**	197
Other operational costs	**1,994**	1,713
	4,245	3,434

Note 5. Expenses and other items (continued)

Property expenses	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Repairs and maintenance	**695**	675
Motor vehicle expenses	**64**	62
Utilities	**2,392**	2,184
Insurance	**833**	736
Rates and taxes	**1,454**	1,197
Other property expenses	**157**	198
	5,595	5,052

Employee expenses	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Salary and wages	**6,886**	5,673
Superannuation	**562**	467
Security-based payments	**868**	622
	8,316	6,762

Administrative expenses	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Corporate administration costs	**974**	896
Occupancy costs	**20**	12
	994	908

Finance expenses	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Interest – loans and borrowings	**3,089**	1,377
Interest – rights of use assets	**19**	17
	3,108	1,394

Income tax expense

Aspen has recognised a current income tax expense during the period in respect of deferred taxable income. Accordingly, a net $9.089 million income tax expense was recognised in the statement of profit or loss.

Note 6. Inventories

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Current assets		
Land under development	**1,875**	3,825
Manufactured homes under development	**10,454**	5,343
Others (supplies)	**122**	154
	12,451	9,322
Non-current assets		
Land under development	**12,468**	12,374
	24,919	21,696

Recognition and measurement

The Group holds inventories in relation to development of residential land lots and manufactured homes, as well as supplies. Inventories are held at the lower of cost and net realisable value. Costs of inventories comprise all acquisition costs, costs of conversion (including capitalised finance costs) and other costs incurred in bringing the inventories to their present location and condition. Inventory includes work in progress and materials used in the production of the manufactured homes. Net realisable value is determined based on an estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The non-current land development represents the amount of inventories that is expected to be recovered more than twelve months after the reporting period.

Note 7. Investments at fair value through profit and loss

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Non-current assets		
Investment in listed entity (Eureka Group Holdings Limited)	**18,315**	19,138
Other investment in unlisted entity	**590**	562
	18,905	19,700

Aspen owns approximately 41 million ordinary shares (representing 13.6% interest) in Eureka Holdings Group Limited (ASX ticker: EGH). The investment is classified as level 1 in the fair value hierarchy, and has been accounted for as a financial asset through profit and loss with the carrying value of the investment determined using the closing price of EGH at the reporting date.

Other investment in unlisted entity is classified as Level 3 in the fair value hierarchy. The fair value of other investment in an unlisted entity has been determined by reference to the net tangible asset value per share as published in the latest audited financial statements.

Refer to note 19 regarding the Group's announcement in January 2024 of its intention to acquire all ordinary shares in Eureka Group Holdings Limited.

Note 8. Property, plant and equipment

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Land (Fair value) $'000	Buildings (Fair value) $'000	Plant and equipment (Fair value) $'000	Corporate assets (Cost) $'000	Total $'000
Balance at 1 July 2023	22,066	5,196	7,024	94	34,380
Additions	-	-	580	97	677
Revaluation gain / (losses)	1,834	86	287	-	2,207
Depreciation expense	-	(86)	(415)	(19)	(520)
Balance at 31 December 2023	23,900	5,196	7,476	172	36,744

Property, plant and equipment (PPE) represent assets held principally for use in the supply of services (provision of accommodation and ancillary services – Darwin Freespirit Resort) or for administration purposes – Corporate assets.

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 any one or all three techniques dependent on the asset type and the judgement that market participants would apply. A revaluation increase is recognised directly against an asset revaluation reserve in equity unless it reverses a previous decrease recognised in profit or loss in which case it is recognised in profit or loss, while a decrease is recognised in profit or loss unless it reverses a previous increase recognised against reserves in which case it is recognised against reserves.

Refer further details regarding fair value assessment in note 9.

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.

<u>Level 3 fair value</u>

The fair value measurement of PPE of $36.572 million (30 June 2023: $34.286 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 9.

Note 8. Property, plant and equipment (continued)

Land and buildings stated under the historical cost convention

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

Property	Land $'000	Building $'000	Plant and equipment $'000	Total $'000
Year ended 31 December 2023				
Cost	11,515	5,375	9,025	**25,915**
Accumulated depreciation and impairment	-	(1,056)	(2,875)	**(3,931)**
Net carrying amount	11,515	4,319	6,150	**21,984**

Note 9. Investment properties

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Non-current assets		
Investment Properties at fair value	**499,226**	449,538

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

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 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 and cost

The total fair value of all property assets owned by the Group as follows:

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Property plant and equipment	**36,572**	34,286
Investment properties	**499,226**	449,538
Investment property assets held for sale (carrying value equates to fair value at balance date)	**1,283**	6,543
Total fair value of all property assets	**537,081**	490,367

Total property assets of the group, including the Mt Barker and Coorong Quays land holdings classified as inventories are as follows:

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Property plant and equipment, investment properties, and investment properties held for sale at fair value	**537,081**	490,367
Inventories – Mt Barker and Coorong Quays residential land at cost	**14,342**	16,199
Total fair value of all property assets and land inventories at cost	**551,423**	506,566

Note 9. Investment properties (continued)

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

Segment	Percentage of total independent valuations undertaken in the current financial period to total carrying value %	Total of independent valuations undertaken in the current financial period $'000	Total carrying value $'000
Residential	20%	47,360	240,262
Lifestyle	21%	25,630	123,428
Park Communities	29%	49,650	173,391
		122,640	537,081

The following table presents individual properties owned by the Group:

Property	Original acquisition date	At cost [7] $'000	Latest independent valuation date	Latest independent valuation $'000	Fair value at 31 December 2023 $'000	Fair value at 30 June 2023 $'000
Residential Properties						
Lindfield Apartments NSW [1 6]	Aug 2019 / Jul 2023	14,705	Jun 2023	17,198	**16,766**	13,171
Perth Portfolio WA [4]	Nov 2019	10,402	May 2021	13,785	**19,277**	22,910
Perth Apartments WA [5 6]	Sep 2021	84,393	Nov 2023	121,450	**142,172**	123,419
Cooks Hill NSW	Jul 2020	10,346	May 2023	12,250	**12,587**	12,250
Burleigh Heads QLD	Dec 2020	9,169	Nov 2022	14,510	**15,300**	14,510
Upper Mount Gravatt QLD	Apr 2021	20,455	Apr 2023	27,500	**31,600**	27,500
Normanville SA [1]	Sep 2023	2,729	Nov 2023	2,560	**2,560**	-
		152,199		209,253	**240,262**	213,760
Lifestyle Properties						
Four Lanterns NSW	Jan 2015	12,144	Dec 2021	19,250	**19,453**	18,476
Mandurah WA	Jun 2015	10,819	May 2023	17,300	**18,100**	17,300
Sweetwater Grove NSW	Aug 2015	19,077	Oct 2021	16,300	**21,666**	19,072
Lewis Fields [3]	Jun 2021	3,509	Nov 2023	12,830	**12,740**	11,418
Wodonga Gardens WA [3]	Aug 2021	9,911	Aug 2021	21,335	**29,963**	29,589
Meadowbrooke WA	Dec 2021	3,678	Dec 2021	3,258	**3,390**	3,258
Alexandria Cove SA [3]	Jun 2022	5,778	Nov 2023	12,800	**12,629**	11,447
Sierra WA [1]	Jul 2023	5,522	Jun 2023	4,000	**5,487**	-
		70,438		107,073	**123,428**	110,560
Park Properties						
Adelaide SA	Oct 2015	11,123	May 2023	17,850	**19,500**	17,850
Tween Waters Merimbula NSW	Dec 2016 / Feb 2023	13,983	Jan 2023	15,700	**15,705**	15,700
Barlings Beach NSW	Jan 2017	18,107	Oct 2022	21,000	**23,047**	23,047
Koala Shores NSW	Sep 2017	11,992	Nov 2021	11,500	**12,504**	12,125
Darwin FreeSpirit NT	Dec 2017	25,915	Oct 2022	32,000	**36,572**	34,286
Highway 1 SA [1]	Oct 2018 / Oct 2023	26,605	Nov 2023	37,650	**37,648**	35,294
Aspen Karratha Village WA	Jun 2005	33,075	Apr 2022	15,500	**16,415**	15,500
Coorong Quays SA	Jun 2022	10,249	Nov 2023	12,000	**12,000**	12,245
		151,049		163,200	**173,391**	166,047
Total fair value of all property assets		373,686		479,526	**537,081**	490,367

Note 9. Investment properties (continued)

Land development – recognised as inventories	Original acquisition date	Original acquisition costs $'000	Latest independent valuation date	Latest independent valuation $'000	Carrying value at 31 December 2023 $'000	Carrying value at 30 June 2023 $'000
Mt Barker SA [2]	Dec 2020	4,510	N/A	-	**4,657**	5,576
Coorong Quays SA [2]	Jun 2022	10,000	N/A	-	**9,685**	10,623
Total land development – recognised as inventories		14,510		-	**14,342**	16,199

[1] Properties acquired during the period. SA water land value ($1.32 million) was combined with Highway 1 acquisition cost. New Lindfield Apartment ($4.00 million) acquired during the period has been added to the total Lindfield Apartments acquisition cost.
[2] These residential lots are currently in development stages and held for sale and classified as inventories – not subject to external valuation and are recognised at cost.
[3] Some leases at these properties are regulated under Retirement Village Acts and residents are obligated to pay Deferred Management Fees (DMF) under contracts. The directors' valuation reflects the fair value of the estimated DMF revenue stream plus the fair value of spare land. This value is grossed up for the market value of the freehold land and buildings that are owned by Aspen and leased to the residents. Corresponding resident loans and deferred revenue (DMF) are recorded as liabilities in the balance sheet.
[4] Perth portfolio's latest independent valuation and fair value has been adjusted for homes that were sold subsequent to external valuation. The valuation relates to the remaining homes in the portfolio.
[5] Four apartment complexes within the Perth portfolio were independently valued at $44.8 million during the period after refurbishment and leasing were largely complete. The remaining complexes in the portfolio were internally valued at 31 December 2023.
[6] Multiple properties with various valuation dates
[7] Value at cost includes original acquisition costs plus subsequent capital expenditures as at 31 December 2023.

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 at every six-month reporting period and to revalue properties to fair value when their carrying value materially differs to their fair values. In determining fair values, the Group considers relevant information, as applicable to the asset, 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 fair value measurement of the investment property assets totalling $499.226 million (30 June 2023: $449.538 million) and PPE assets totalling $36.572 million (30 June 2023: $34.286 million) have been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount tables above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values for investment property and PPE assets. There were no transfers between the hierarchy levels during 1H FY24.

The Board has reviewed the carrying value of all properties as at 31 December 2023 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. Independent valuations were commissioned for nine properties/portfolios during the financial year including the new acquisitions noted above, with director valuations being undertaken for the remaining balance of properties. As a result of the independent valuations received, as well as the use of directors' valuations as at 31 December 2023, there was a net upwards movement of $25.958 million (adjusted for capital expenditure since the previous valuation) in the portfolio carrying value during the period ended 31 December 2023. This has been reflected as fair value gain in the profit or loss ($23.751 million) and in the asset revaluation reserve ($2.207 million).

Note 9. Investment properties (continued)

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
Capitalisation method, discounted cashflow approach, direct comparison approach and residual method: The Group considers one or more of the techniques as deemed appropriate for the asset type. Where more than one technique is considered, the Group reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The capitalisation method estimates the sustainable net income (where applicable) of the property, and then applies a capitalisation rate to this sustainable net income to derive the value of the asset. The discounted cashflow approach considers the present value of net cash flows expected to be generated from the property, taking into account the receipt of contractual rentals, future market rentals, letting up periods, escalation (of sales 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 building and its location, tenant credit quality and lease terms. The direct comparison approach considers the price at which comparable properties are transacting in the open marketplace. The residual approach which is used for vacant properties subject to refurbishment / development estimates the value of the completed project, less the remaining refurbishment / development costs which includes construction costs and an allowance for developer's risk and profit. This valuation is then discounted back to the present value.	For the financial period ended 31 December 2023, the properties were primarily valued using the capitalisation approach. **Residential** Key valuation inputs include: - Net sustainable operating income ranging from $0.14 million to $7.70 million (30 June 2023: $0.20 million to $6.11 million) - Capitalisation rates ranging from 3.65% to 10.00% (30 June 2023: 3.65% to 6.51%) - Direct comparison of comparable properties **Lifestyle** Key valuation inputs include: - Net sustainable operating income ranging from $0.12 million to $1.05 million (30 June 2023: $0.17 million to $1.00 million) - Capitalisation rates ranging from 4.75% to 8.75% (30 June 2023: 4.75% to 11.23%) - For leases with DMF: discount rate of 13.70% to 15.00% (30 June 2023: 12.00% to 14.50%), price growth of 2.38% to 3.00% (30 June 2023: 1.94% to 3.00%), average length of stay (ALOS) 12 years (30 June 2023: 12 years) and average house market value of $398,000 (30 June 2023: $379,000) **Park** Key valuation inputs include: - Net sustainable operating income ranging from $0.82 million to $3.28 million (30 June 2023: $0.63 million to $3.00 million) - Capitalisation rates ranging from 7.00% to 20.00% (30 June 2023: 6.99% to 16.00%)	The estimated fair value would increase (decrease) if: - Net sustainable income increases (decreases) - Capitalisation rates and or discount rates decrease (increase) which could result from: - Interest rates decreasing (increasing) - Expected growth in sustainable net income increasing (decreasing) - The required risk premium decreasing (increasing) - Comparable property values on a per unit basis increase (decrease)

Sensitivity analysis

The Group has conducted sensitivity analysis on the fair value of the property assets (excluding DMF 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)	(36,667)	44,221	(23,735)	23,735

Note 9. Investment properties (continued)

For DMF lease assets sensitivity has been analysed as follows:

	Key assumptions			
	Current market value 5% increase $'000	Current market value 5% decrease $'000	Discount rate 1% increase $'000	Discount rate 1% decrease $'000
Fair value changes – on gross basis to the book value of the investment properties	2,029	(2,030)	(440)	490
Fair value changes – on net asset basis [1]	160	(160)	(440)	490

[1] After netting off the residential loans and DMF revenue.

Note 10. Interest bearing loans and borrowings

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Non-current liabilities		
Secured debt facilities	**156,947**	138,947
Less borrowing transaction costs	**(1,140)**	(441)
	155,807	138,506

Refer to note 16 for further information on financial instruments.

During the period, Aspen has entered into a new syndicated debt facility with Westpac and Bank of Queensland. The facility limit is $210 million, term is 3 years to December 2026, and the drawn margin is 200bps.

The facility is secured with first ranking registered real property mortgages over all of Aspen Group's directly owned properties, and a fixed and floating charge over Aspen Group Limited, 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, Realise Residential WA 5 Pty Ltd, Realise Residential WA 6 Pty Ltd, Realise Residential WA 7 Pty Ltd, Realise Residential WA 8 Pty Ltd, Realise Residential WA 9 Pty Ltd, Realise Residential WA 10 Pty Ltd, Realise Residential WA 11 Pty Ltd, Realise Residential WA 12 Pty Ltd, Realise Residential WA 13 Pty Ltd, Realise Residential WA 14 Pty Ltd, Realise Residential WA 15 Pty Ltd, Realise Residential WA 16 Pty Ltd, Realise Residential WA 17 Pty Ltd, Realise Retirement WA 1 Pty Ltd, Nest QLD Pty Ltd, Footprint MB Pty Ltd, Digs Accommodation Vic Pty Ltd, Marina Hindmarsh (SA) Pty Ltd, Coorong Quays Pty Ltd, Tavern HI Pty Ltd, and Cove HI Pty Ltd.

Note 10. Interest bearing loans and borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Total facilities		
Revolver	**200,000**	164,000
Overdraft	**-**	5,000
Guarantees	**-**	1,000
Multi-option facility	**10,000**	-
	210,000	170,000
Used at the reporting date		
Revolver	**156,947**	138,947
Overdraft	**-**	-
Guarantees	**-**	365
Multi-option facility	**264**	-
	157,211	139,312
Unused at the reporting date		
Revolver	**43,053**	25,053
Overdraft	**-**	5,000
Guarantees	**-**	635
Multi-option facility	**9,736**	-
	52,789	30,688

Note 11. Resident loans

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Current liabilities		
Resident loans	**33,640**	32,223

Resident loans associated with leases under Retirement Village Act are classified as financial liabilities at fair value with resulting fair value adjustments recognised in the profit or loss. Fair value is the amount payable on demand if the resident vacated the premises at balance date and is measured at the original loan amount plus any changes in the market value of the house to reporting date less Aspen's contractual entitlement to deferred management and other fees.

Resident loans are classified as current liabilities due to the absence of an unconditional right to defer settlement for more than 12 months. Despite this classification, the rate at which the Group's retirement residents vacate their units, and hence the rate at which the resident loans will fall due for repayment, can be estimated based on statistical tables. In the vast majority of cases, the resident obligations are expected to be able to be repaid from receipts from incoming residents.

The resulting estimates of amounts expected to be settled less than and more than 12 months after reporting date are:

Note 11. Resident loans (continued)

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Expected to be settled:		
No more than 12 months after reporting date	**1,725**	2,483
More than 12 months after reporting date	**31,915**	29,740
Closing balance	**33,640**	32,223

The following table presents the movement of resident loans for the financial year.

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Opening balance	**32,223**	25,817
Items recognised in the profit or loss	**-**	-
- Changes to the fair value of the resident loans	**1,674**	2,820
Accrued deferred management fee income movement	**(498)**	(1,383)
Net cash received from resident departures / arrivals in existing homes	**241**	279
Net cash received from resident arrivals in new homes	**-**	4,690
Closing balance	**33,640**	32,223

Resident loans are classified as Level 3 in the fair value hierarchy. This means that a key assumption used in their valuation is not directly observable. The key assumption is the aggregated current market value of the occupied retirement units of $42.141 million. This was determined on the same basis as the market value of both occupied and unoccupied units used as an input to the fair value of the lifestyle properties – see note 9.

If the market value used for this input was 5% higher, the fair value of these loans would be $1.65 million higher, and if the input was 5% lower, the fair value of these loans would be $1.65 million lower. There would be an equal and opposite impact on the fair value of investment property assets.

Note 12. Deferred management revenue (DMF)

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Current liabilities		
Deferred management revenue - DMF	**764**	744
Non-current liabilities		
Deferred management revenue - DMF	**3,053**	2,955
	3,817	3,699

DMF revenue to which the Group is contractually entitled at reporting date is presented in the statement of financial position as a deduction from resident loans. The excess of DMF revenue to which the Group is contractually entitled at reporting date, over DMF revenue earned to date by amortisation over the expected period of tenure, is recognised as a deferred revenue (DMF) in the statement of financial position. The current portion of the DMF represents the revenue that is expected to crystalise over the next 12 months.

Note 13. Issued capital

	Consolidated			
	31 December 2023 No. '000	30 June 2023 No. '000	31 December 2023 $'000	30 June 2023 $'000
Stapled securities	**180,230**	179,421	**599,863**	599,104

Movements in stapled securities

Details	Date	Stapled securities '000	$'000
Balance	1 July 2023	179,421	599,104
Share based payments		809	759
Balance	31 December 2023	**180,230**	**599,863**

Ordinary stapled securities
Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the stapled securities held. The fully paid ordinary stapled securities have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each stapled security shall have one vote.

Stapled security buy-back
There is no current on-market stapled security buy-back.

Note 14. Reserves

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Asset revaluation reserve	**14,214**	12,007
Security-based payment reserve	**2,336**	2,111
	16,550	14,118

Asset revaluation reserves
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Security-based payment reserve
The security-based payment represents the Long-Term Incentives (LTI) granted to the 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.

Note 14. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current financial period are set out below:

Consolidated	Security-based payment Reserve $'000	Asset revaluation Reserve $'000	Total $'000
Balance at 1 July 2023	2,111	12,007	14,118
Security-based payment	**868**	**-**	**868**
Security-based payment – issued / vested during the period	**(643)**	**-**	**(643)**
Property, plant and equipment revalued during the period	**-**	**2,207**	**2,207**
Balance at 31 December 2023	**2,336**	**14,214**	**16,550**

Note 15. Distributions

Distributions paid and proposed during the financial period were as follows:

	Consolidated 31 December 2023 $'000	Consolidated 31 December 2022 $'000
Final distribution for the year ended 30 June 2023 of 4.25 cents (30 June 2022: 3.50 cents) per ordinary stapled security	**7,625**	5,426
Interim distribution for the year ended 31 December 2023 of 4.25 cents (31 December 2022: 3.50 cents) per ordinary stapled security	**7,660**	6,280
	15,285	11,706

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 4.25 cents per security on 13 December 2023 in respect of the half-year ended 31 December 2023 which is included in the Trade and other payable. This distribution has now been declared and will be paid to securityholders on or around 29 February 2024.

Note 16. Financial instruments

Financial risk management objectives
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 2023

Price risk
The Aspen Group is not exposed to any significant price risk.

Market risk
Aspen is exposed to market risk primarily due to interest rates that can affect Aspen's interest expense and the value of its holdings of financial instruments.

Interest risk management

As part of the managing interest rate risk, Aspen fixed a proportion of its interest rates on borrowings by entering into interest rate swaps to minimise potential adverse interest rate movements. At 31 December 2023, $70.00 million (30 June 2023: $70.00 million) of its floating interest rate exposure was fixed at a BBSW rate of between 2.037% to 2.039% to April 2025 (30 June 2023: 2.037% to 2.039% to April 2025).

Note 16. Financial instruments (continued)

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.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Nature of the 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 (see note 13).

Liquidity risk management

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.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Revolver	**43,053**	25,053
Overdraft	**-**	5,000
Guarantees	**-**	635
Multi-option facility	**9,736**	-
	52,789	30,688

Remaining contractual maturities
Details about the financial guarantee contracts are provided in note 10. The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The Aspen Group does not expect these payments to eventuate.

Fair value of financial instruments
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.

Note 16. Financial instruments (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 in profit or loss.

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

The fair value of Resident loans is recognised based on estimation of settlement obligation when resident occupation expires.

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 (ie. as prices) or indirectly (ie. 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 1 and Level 2) with the exception of the Other investment in unlisted entity discussed in note 7 and Resident loans discussed in note 11 (both are classified as Level 3).

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period ended 31 December 2023 (1H FY23: $Nil).

The following table shows a reconciliation of movements in Aspen's financial assets at fair value through profit or loss (Level 3) for the periods ended 31 December 2023 and year ended 30 June 2023:

	31 December 2023 $'000	30 June 2023 $'000
Opening Balance at 1 July	**19,700**	513
Additions	-	16,105
Total gain or losses - in profit or loss	**(795)**	3,082
Closing balance	**18,905**	19,700

The fair value of other investment in an unlisted entity has been determined by reference to the net tangible asset value per share as published in the latest audited financial statements, and for the investment in listed entity the fair value is based on the closing price on the stock exchange at the balance date.

Note 17. Commitments and contingencies

	Consolidated	
	31 December 2023 $'000	30 June 2023 $'000
Capital commitments *(i)*		
Contracted but not provided for and payable:		
Within 1 year	**12,159**	33,580
Greater than 1 year but not more than 5 years	**-**	-
	12,159	33,580
Other expenditure commitments		
Bank guarantees issued to third parties	**264**	365

(i) In December 2023, Aspen Group announced it has entered into a contract to acquire 81 apartments at 386 Burwood Highway, Burwood, Victoria. Settlement is expected to occur on or around 1 March 2024. Capital commitments also include refurbishment works at Perth Apartments, Lifestyle development civil works, and various cabin and park upgrades.

Other than the above, Aspen Group is not aware of any material contingent liabilities existing at 31 December 2023 or at the date of completion of these condensed consolidated interim financial statements.

Note 18. Related party transactions

Related party arrangements during the period are consistent with those at 30 June 2023. Refer to the consolidated financial statements for the year ended 30 June 2023 for details of related party arrangements.

Note 19. Events after the reporting period

On 23 January 2024, the Group announced its intention to make a takeover offer for all the ordinary shares in Eureka Group Holdings Limited (EGH) via an all-scrip transaction with an offer ratio of 0.26 APZ securities for 1 EGH share. A formal Bidder's Statement is expected to be issued in March 2024.

The interim distributions of 4.25 cents per security which was announced on 13 December 2023 was declared subsequent to balance date on 22 February 2024 and will be payable on 29 February 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Aspen Group's operations, the results of those operations, or the Aspen Group's state of affairs in future financial years.

Note 20. Earnings per stapled security

	Consolidated	
	31 December 2023 $'000	31 December 2022 $'000
Profit after income tax	**22,281**	25,868
	Number '000	**Number '000**
Weighted average number of ordinary stapled securities used in calculating basic earnings per stapled security	**179,967**	169,164
Adjustments for calculation of diluted earnings per stapled security:		
Performance rights	**2,000**	1,353
Weighted average number of ordinary stapled securities used in calculating diluted earnings per stapled security	**181,967**	170,517
	Cents	**Cents**
Basic earnings per security	**12.38**	15.29
Diluted earnings per security	**12.24**	15.17

Note 20. Earnings per stapled security (continued)

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
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Aspen Group's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Clive Appleton
Chairman

22 February 2024

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Aspen Group Limited

Conclusion

We have reviewed the half-year financial report of Aspen Group Limited (the "Company") and its controlled entities (together referred to as the "Group"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2023, the condensed consolidated interim statement of profit or loss and other 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of 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.*

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 auditor independence requirements of the *Corporations Act 2001* and 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 2023 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*.

Deloitte.

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

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, 22 February 2024