Aspen Property Trust

ARSN: 104 807 767

Annual Report for the year ended

30 June 2021

Annual financial report contents

Trust particulars

The key service providers for the Aspen Property Trust ("the Trust") are detailed below:

Service	Provider
Responsible Entity ("RE")	Evolution Trustees Limited ("ET")
Investment Manager	Aspen Funds Management Limited ("AFML")
Custodian	Perpetual Corporate Trust Limited
Statutory Auditor	Deloitte Touche Tohmatsu ("Deloitte")

During the year ET and Perpetual Corporate Trust Limited acted as the RE and custodian of the Trust respectively. AFML provided investment management services throughout the year.

Directors

The following persons held office as Directors of ET during and since the year ended 30 June 2021:

David Grbin	Non-Executive Chairman
Alexander Calder	Non-Executive Director
Rupert Smoker	Executive Director
Ben Norman	Alternative Director

The following persons held office of AFML during or since the year ended 30 June 2021:

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

Registered Offices

Evolution Trustees Limited
Suite 703B, 7th Floor
1 York Street
Sydney NSW 2000, Australia
Telephone: (61 2) 8866 5150
Email: info@evolutiontrustees.com.au
Web address: www.evolutiontrustees.com.au

Aspen Funds Management Limited
Suite 21
285A Crown Street
Surry Hills NSW 2010, Australia
Telephone: (61 2) 9151 7500
Email: homemail@aspengroup.com.au
Web address: www.aspengroup.com.au

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Stock Exchange Listing

The Trust's units are listed on the Australian Securities Exchange ("ASX") through Aspen Group Limited ("AGL") under the ASX code APZ (stapled securities). Each stapled security comprises one unit in the Trust and one share in AGL. The Trust and AGL (and their controlled entities) form the consolidated entity ("Aspen Group" or "Group"). The Trust and its wholly owned subsidiaries, Midland Property Trust ("MPT") and Aspen Equity Investments Pty Ltd ("AEI") form the "Consolidated Trust".

Table of Contents for the Directors' Report

1. Directors

The directors of Evolution Trustees Limited ("ET") present their report together with the consolidated financial statements of Aspen Property Trust (the "Trust") and its subsidiaries (the "Group") for the financial year ended 30 June 2021 ("year").

The directors of ET at any time during or since the end of the financial year are:

Name and qualifications	**Experience, special responsibilities and other directorships**
David Grbin *BEc, CA* **Non-Executive Chairman**	In addition to acting as chairman of ET, David is currently Chief Financial Officer ("CFO") of the ASX listed investment company Washington H Soul Pattinson and Co. Ltd. David formerly acted as CFO and Group Executive, Corporate Clients at the ASX listed professional trustee business The Trust Company. While at The Trust Company David pioneered the development of a single regional corporate trustee offering across the capital markets of Australia, Singapore and New Zealand and the development of Managed Investment Trusts ("MITs") to facilitate significant foreign investment flows into Australian commercial property and infrastructure assets. *Directorships of listed entities within last 3 years* None
Alexander Calder *BA, LLB, MSc, FRICS, GAICD* **Non-Executive Director**	Alexander "Sandy" is a non-executive director of ET. Since qualifying as a lawyer in 1988, Sandy has worked for a number of leading funds management houses, both in Australia and abroad. Sandy's previous experience includes positions as Chief Operating Officer ("COO") of RF Capital, Managing Director of Calibre Capital Limited, a property funds management business he co-founded in 2004, Chief Executive Officer ("CEO") of Principal Real Estate Investors (Australia) Limited managing a $2.2 billion real estate portfolio, Head of Property Securities and Head of Listed Property of Colonial First State Investment Managers (Australia) Limited. Sandy has been a director of numerous real estate company boards. *Directorships of listed entities within last 3 years* None
Rupert Smoker *Grad Dip (Applied finance), LLB, B.Comm* **Executive Director**	Rupert is CEO and founder of ET. Prior to this, Rupert led the significant growth of the corporate trustee business (RE and MIT) within ASX listed professional trustee business The Trust Company before it was acquired by Perpetual Limited in 2013. Rupert then acted as Head of Responsible Entity Services at Perpetual Limited, where he oversaw the integration of two operating teams in a business with over 50 mandates and $14b in funds under supervision. Rupert commenced his career in a variety of roles with the Australian Securities and Investments Commission culminating in his last role as a Senior Manager, responsible for regulating responsible entities in NSW and Queensland. *Directorships of listed entities within last 3 years* None

1. **Directors** *(continued)*

Name and qualifications	Experience, special responsibilities and other directorships
Ben Norman *BBus (Acc), BBus (Banking & Finance), Grad Dip (CA), CA* **Alternate Director**	Ben is an alternate Director for Rupert Smoker and currently acts as COO of ET. Prior to joining ET, Ben was a director in Ernst & Young's Transaction Advisory Services division, where he spent over 9 years working on numerous due diligence, advisory and restructuring engagements with clients in all industry sectors. Other roles Ben previously held include as COO of a boutique funds manager, Group Accountant within the ASX listed Hastings Diversified Utilities Fund and a Senior Accountant focusing on taxation and advisory services with an accounting firm that later merged with PwC. *Directorships of listed entities within last 3 years* None

The directors of AFML at any time during or since the end of the financial year are:

Name and qualifications	Experience, special responsibilities and other directorships
Clive Appleton *Bec, MBA, AMP (Harvard), GradDip (Mktg), FAICD* **Non-Executive Chairman**	Clive has had a successful career in property and funds management with over 30 years' experience in several of Australia's leading retail property investment, management and development groups. Clive's early career was spent with the Jennings Group where, from 1986, he held senior executive roles, responsible for managing and developing the retail assets jointly owned by Jennings Properties Limited ("JPL") and Jennings Property and Investment Group. In 1990, following a restructure of JPL to become Centro Properties Limited, Clive became Managing Director. From 1997 to 2004 he was the Managing Director of the Gandel Group, one of Australia's leading retail property investment, management and development groups. In 2005 Clive joined APN Property Group Limited as Managing Director. From December 2011 to June 2015, Clive was a Non-Executive Director of Federation Centres. Clive is currently Deputy Chairman of the Gandel Group, a Non-Executive Director of Vicinity Limited, APN Property Group Limited, Perth Airport Pty Ltd, Perth Airport Development Group Pty Ltd and the Non-Executive Chairman of Pancare Foundation. Clive was appointed a Non-Executive Director of Aspen Group Limited on 30 April 2012, the Chairman of the Remuneration Committee on 22 June 2015 and a member of the Nomination Committee on 22 January 2013. Mr Appleton was a member of the Remuneration Committee between 10 May 2012 and 22 June 2015. *Directorships of listed entities within last 3 years:* Non - Executive Director of APN Property Group Limited – current (ASX: APD) Non - Executive Director of Vicinity Limited – appointed September 2018 to current (ASX: VCX)

1. Directors *(continued)*

Name and qualifications	Experience, special responsibilities and other directorships
John Carter *MBA (Syd), BappSc (Property Resource Mgmt) (UniSA), AAPI, GAICD* **Executive Director**	John has over 30 years' experience in real estate and financial markets. On 14 March 2019, John was appointed joint CEO of Aspen Group Limited. In 2004 John established Mill Hill Capital to pursue private equity opportunities in real estate, agriculture and equities. Prior to this John was Managing Director, co-head of Equities and on the Australian Executive Committee for UBS in Australasia from 2001 to 2004. From 1991 to 2001 John was head of property and head of real estate research at UBS. While at UBS, John led over $10 billion of M&A and $20 billion of capital raising transactions for Australia's leading companies including Colonial, Westfield, Stockland, GPT, Mirvac, AMP, Multiplex, Macquarie Airports and Bankers Trust. Prior to UBS John was involved in commercial real estate at two international real estate consultancy groups. John was appointed a Non-Executive Director of Aspen Group Limited on 23 February 2015 and he became an Executive Director on 14 March 2019. *Directorships of listed entities within last 3 years* None
Guy Farrands *Bec, Grad Dip Man, FAPI,* MAICD **Independent Non-Executive Director**	Guy has over 30 years' experience in direct and listed property markets both in Australia and internationally across commercial, retail, industrial, residential and retirement asset classes. He was managing director and CEO of GEO Property Group (now Villaworld Homes) between 2007 and 2011. Previously Guy was CEO of Valad Property Group between 2005 and 2007, departing prior to Valad's acquisition of Crownstone / Scarborough. Prior to that Guy was head of corporate development and investor relations for Valad. Guy's other former roles included division Director of the real estate division of Macquarie Bank's Investment Banking Group where he managed IPOs, equity raisings and mergers and acquisitions, Associate Director and joint head of property for Heine Management Limited and Manager in the Investment Sales Department at Jones Lang LaSalle. Mr Farrands is currently the Chief Executive Officer of ALE Property Group. Guy was appointed a Non-Executive Director on 26 November 2012 and Chairman of the Audit Committee of APZ (reconstituted as the Audit, Risk and Compliance Committee in February 2016) on 22 January 2013. *Directorships of listed entities within last 3 years* Executive Director of ALE Property Group – appointed October 2020 to current (ASX: LEP)

1. Directors *(continued)*

Name and qualifications	Experience, special responsibilities and other directorships
David Dixon *B Bus (Finance & Economics)* **Executive Director**	David has over 30 years' experience in real estate and financial markets in Australia. He is currently joint CEO of Aspen Group Limited being appointed on 14 March 2019. David is joint owner and Managing Director of Mill Hill Capital, a private equity real estate group. From 2010 to 2014 David was Head of Real Estate Investment Banking (REIB) for Morgan Stanley. For the period 2006 to 2010 Mr Dixon was Joint Head of REIB at Credit-Suisse. David was Head of REIB at Deutsche Bank from 1998 to 2006 and during this period he held a dual role in the broader Equity Capital Markets division. Prior to Deutsche Bank, David helped build Bankers Trust's real estate franchise into one of Australia's largest, most active and diversified investors at that time. *Directorships of listed entities within last 3 years* None

2. Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

Evolution Trustees Limited	Board of Directors	
Directors	Held	Attended
D Grbin	16	16
A Calder	16	16
R Smoker	16	16
B Norman (1)	16	16

1. B Norman alternate director

Aspen Funds Management Limited	Board of Directors	
Directors	Held	Attended
C Appleton	6	6
G Farrands	6	6
J Carter	6	6
D Dixon	6	6

3. Operating and financial review

Profit

The Consolidated Trust recorded a profit attributable to unit holders of $14.584 million for the year ended 30 June 2021 (2020: profit of $5.467 million).

Property portfolio

During the financial year ended 30 June 2021, the following properties[1] were revalued based on independent valuation:

- Aspen Karratha Village was revalued to $16.000 million (2020: $11.014 million)
- Adelaide Caravan Park was revalued to $13.100 million (2020: $11.900 million)
- Barlings Beach Holiday Park was revalued to $16.450 million (2020: $14.700 million)
- Highway One Caravan Park was revalued to $28.350 million (2020: $24.440 million)

[1] Latest independent valuation (and comparatives) are for the entire property, including the property, plant and equipment which are owned by AGL.

Capital management and financial position

The Consolidated Trust had a shared $91.00 million finance facility with AGL (increased from $71.00 million from 30 June 2020), comprising a $85.00 million (30 June 2020: $65.00 million) revolver facility, a $5.00 million bank overdraft facility (30 June 2020: $5.00 million) and a $1.00 million bank guarantee facility (30 June 2020: $1.00 million). The finance facility was extended to April 2024 (from November 2022).

During the year, AGL repaid $18.00 million of its intercompany loan to APT. The receipt was used to reduce the Consolidated Trust's portion of the drawn debt by $18.00 million.

At 30 June 2021, the Consolidated Trust's portion of the drawn debt was $4.29 million (30 June 2020: $22.29 million) and the gearing ratio was 3.35% (30 June 2020: 16.67%).

3. Operating and financial review *(continued)*

Significant events during the year

COVID-19

The operating environment was challenging in FY2021 due to the COVID-19 pandemic and associated lockdowns and increased regulation such as WA's moratorium on rent increases. Also, after Woodside's lease expiry in January 2021 at Aspen Karratha Village, we needed to build a new customer base from scratch. Pleasingly, we navigated the challenges well by pivoting our traditional holiday cabins between short stay and longer stay leases as the environment kept changing, improving our properties such as adding new entertainment and function facilities at Darwin Freespirit Resort, and reducing costs amongst other things.

Significant changes in the state of affairs

Other than noted elsewhere in this report, there were no significant changes in the state of affairs of the Consolidated Trust that occurred during the financial year.

Safety and environment

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

Once the COVID-19 event became evident, we implemented various measures across our businesses to ensure the safety of our employees, customers, suppliers and others, and to ensure compliance with health regulations across the various states. This included, amongst other initiatives, increased frequency of cleaning, reducing interactions between people, and procedures around vetting and monitoring customers and others at our properties. To date there have been no reported incidents of COVID-19 infection at any of our properties.

Aspen's properties are subject to environmental risks including but not limited to bushfires, storm events (eg. cyclones), coastal erosion and flooding. As the climate continues to change in future these risks may increase. Aspen holds insurance for these types of events, but in recent years insurance cover has become more limited and increasingly expensive.

4. Principal activities

Principal activities of the Consolidated Trust during the year were to invest in the accommodation sector. Other than as disclosed within the Operating and Financial Review, there was no significant change in the nature of the activities of the Consolidated Trust during the year.

5. Distributions

Distributions paid to unitholders during the year were as follows:

	2021 $'000
Final distribution for the year ended 30 June 2020 of 3.25 cents per security paid on 28 August 2020	3,781
Half year distribution for the period ended 31 December 2020 of 3.10 cents per security paid on 26 February 2021	3,607
	7,388

On 24 June 2021, Aspen Group announced the expected payment of a final distribution for the year ended 30 June 2021 of 3.50 cents per security ($4.073 million in total). This distribution was subsequently approved by the Board and will be paid on or around 20 August 2021.

Distributions are paid or provided for by AGL and are charged to intercompany loan.

6. Events subsequent to reporting date

Subsequent to the end of the year, there continues to be restrictions implemented by state and federal governments in response to the COVID-19 pandemic. These authorities are likely to continue to pursue a strategy of suppressing COVID-19 with the goal of no local community transmission, at least until sufficient rates of vaccination have occurred. Continued or further lockdowns and restrictions introduced by governments will impact local tourism and therefore this part of Aspen's business. This may in turn negatively affect Aspen Group's operating performance and the valuation of these properties held by the Consolidated Trust.

Aspen Group has entered into agreements to acquire a portfolio of apartments in Perth's inner-metro suburbs (Perth Apartment Portfolio) that are owned by associates of the Buckeridge Group of Companies. Aspen Group has entered into a Nomination Deed with a third party to facilitate the acquisition by Aspen of the properties. The purchase price is $52 million (pre transaction costs). The acquisitions of the Perth Apartment Portfolio and Wodonga Gardens post 30 June 2021, are intended to be funded with approximately $28m of equity, via issuing new stapled securities, and approximately $34 million of debt. Aspen's debt facility provider has agreed to increase the revolving debt facility limit to $150 million, subject to formal documentation and completion of the equity raising. Gearing is expected to increase from 29% to 35% post acquisition on a 30 June 2021 pro forma basis. Further information on the acquisition and equity raising has been released to the ASX on 19 August 2021.

There has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of ET, to significantly affect the operations of the Consolidated Trust, the results of those operations, or the state of affairs of the Consolidated Trust, in future financial years.

7. Likely developments

The Consolidated Trust will look to pursue growth opportunities that may arise in the accommodation sector, which meet the Consolidated Trust's strategic focus on affordable accommodation.

8. Interests in scheme

ET does not hold any units or options in the Trust.

Directors' interests

The relevant interest of each director in the stapled securities and rights or options over such instruments issued by Aspen Group Limited as notified by the directors to the Australian Stock Exchange ("ASX") in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	Fully paid stapled securities
Evolution Trustee Limited - Directors	
D Grbin	-
A Calder	-
R Smoker	-
B Norman	-
Aspen Funds Management Limited - Directors	
C Appleton	605,613
G Farrands	170,475
J Carter	9,449,910 [1]
D Dixon	9,831,197 [1]

[1] John Carter and David Dixon were appointed joint CEOs of the Company on 14 March 2019. Both hold an indirect interest in APZ via their ownership and directorship of Mill Hill Capital Pty Ltd and investment in the Mill Hill Capital Strategic Real Estate Fund, and separate indirect interests through their associates.

9. Indemnification and insurance of officers and auditors

During the year, the RE paid a premium to insure officers of the RE. The officers of the RE covered by the insurance policy include all directors and officers past and present.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the RE, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving wilful breach of duty to gain advantage for themselves or someone else or to cause detriment to the RE.

No premiums were paid by the RE to indemnify the auditors.

10. Corporate governance statement

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.

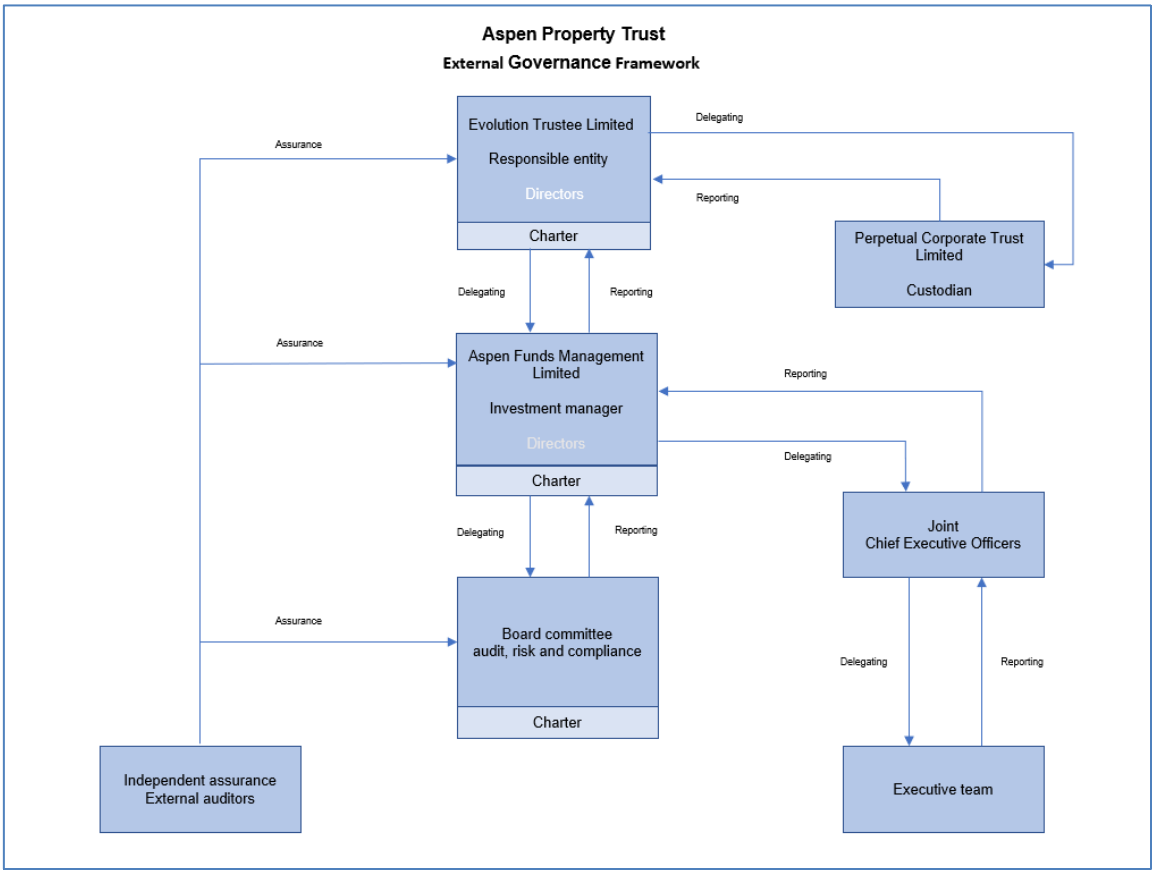
Our senior executives ensure that the organisation continues to perform in a way that demonstrates integrity on our environmental position, our commitment to the communities in which we operate and the opportunities we provide for our people and business partners to contribute to current and future generations.

APZ's Corporate Governance Statement is available on the following website:

https://aspenholidayparks.com.au/investor/ethical-social-and-corporate-governance/

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

External Governance Framework



11. Auditor’s independence declaration under Section 307C of the *Corporations Act 2001*

The auditor’s independence declaration is included on page 15 and forms part of the Directors’ Report for the financial year ended 30 June 2021.

12. Rounding off

The Consolidated Trust is of the kind referred to in ASIC Corporations (Rounding in Financial Directors’ Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with the ASIC Corporations instrument, amounts in the Financial Report and Directors’ Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

Rupert Smoker
Director
SYDNEY, 19 August 2021

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

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

19 August 2021

The Board of Directors of the
Responsibility Entity of Aspen property Trust
Upper Ground, 285A Crown St
Surry Hills NSW 2010

Dear Directors

Aspen Property Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of the Responsibility entity of Aspen Property Trust.

As lead audit partner for the audit of the financial report of Aspen Property Trust for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

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

Independent Auditor's Report to the Unit Holders of Aspen Property Trust

Opinion

We have audited the financial report of Aspen Property Trust (the "Trust"), and its controlled entities (together referred to as the "Group") which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 & 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 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 directors of the Responsible Entity of Aspen Property Trust (the "Responsible Entity") would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matte
Fair value assessment of investment property assets The Group accounts for its investment property assets valued at $125.930 million as at 30 June 2021 (30 June 2020: $111.481 million), by adopting the fair value model measurement approach in accordance with AASB 13 *Fair Value Measurement* as disclosed in Note 3(e). The Group determines the fair value of its investment properties on the basis of external valuations conducted on a 3-year rotation basis and director valuations in interval years. The valuations are judgemental and determined by factors such as prevailing market conditions, the individual nature, condition and location of each asset, as well as net operating income (NOI) and capitalisation rate valuation inputs and other relevant factors such as the impact of COVID-19 in the current year.	Our procedures included, but were not limited to: • Obtaining an understanding of and evaluating management's key processes and controls in so far as they apply to the fair value determination of property assets. • Agreeing fair values of those property assets externally valued in the current year to external valuations and assessing the competency, objectivity and independence of the external valuers. • For a sample of the property assets, comparing the NOI adopted in the valuations to the FY 2021 actual performance and FY2022 budget, with specific consideration of the impact of COVID-19 and other market or asset specific factors impacting current year and forecast performance. • For a sample of valuations comparing the capitalisation rates adopted in current and previous year valuations and validating the basis supporting the rate adopted by the external valuers and/or management. • Assessing the appropriateness of the Group's disclosures including key judgements and assumptions underlying the valuations in the Notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report
The directors of the Responsible Entity are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 19 August 2021

Consolidated Financial Statements Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

		Consolidated	
	Note	**30 June 2021 $ '000**	30 June 2020 $ '000
Rent from investment properties		5,133	4,934
Net change in fair value of investment properties	9	11,807	2,441
Operating expenses		(1,880)	(1,698)
Administration and general expenses		(141)	(125)
Profit from operating activities		**14,919**	**5,552**
Finance income	6	101	913
Finance expenses	6	(436)	(998)
Net finance expense		**(335)**	**(85)**
Profit for the year before income tax		**14,584**	**5,467**
Income tax expense		**-**	**-**
Profit for the year		**14,584**	**5,467**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**14,584**	**5,467**
Profit attributable to:			
Unit holders of the Consolidated Trust		14,584	5,467
Total comprehensive income for the year		**14,584**	**5,467**
Total comprehensive income attributable to:			
Unit holders of the Consolidated Trust		14,584	5,467
Total comprehensive income for the year		**14,584**	**5,467**
		cents per unit	cents per unit
Basic earnings per unit	13	12.533	5.605
Diluted earnings per unit	13	12.454	5.605

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.

Aspen Property Trust

Consolidated Balance Sheet

As at 30 June 2021

	Note	30 June 2021 $ '000	30 June 2020 $ '000
Assets			
Current Assets			
Cash at bank and on hand		73	96
Cash in term deposits		-	150
Trade and other receivables	7	5	7
Total current assets		**78**	**253**
Non-current assets			
Receivables from related parties	8	-	20,757
Investment properties	9	125,930	111,481
Total non-current assets		**125,930**	**132,238**
Total assets		**126,008**	**132,491**
Current liabilities			
Trade and other payables	10	4,199	3,876
Total current liabilities		4,199	3,876
Non-current liabilities			
Payable to related parties	8	4,365	-
Interest bearing loans and borrowings	11	4,068	22,151
Total non-current liabilities		8,433	22,151
Total liabilities		**12,632**	**26,027**
Net assets		**113,376**	**106,464**
Equity			
Equity attributable to unit holders			
Units on issue	12	351,008	351,000
Accumulated losses		(237,632)	(244,536)
Total equity		**113,376**	**106,464**

The Consolidated Balance Sheet is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Note	Units on issue $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020		**351,000**	**(244,536)**	**106,464**
Profit for the year		-	14,584	14,584
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	14,584	14,584
Transactions with unit holders of the Trust, recognised directly in equity				
Contributions by and distributions to unit holders of the Trust				
Issue of units	12	8	-	8
Distributions to unit holders	12	-	(7,680)	(7,680)
Total contributions by and distributions to unit holders		8	(7,680)	(7,672)
Total transactions with unit holders of the Trust		8	6,904	6,912
Balance at 30 June 2021		**351,008**	**(237,632)**	**113,376**

	Note	Units on Issue $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 July 2019		367,168	(243,573)	123,595
Profit for the year		-	5,467	5,467
Other comprehensive income for the period		-	-	-
Total comprehensive income for the year		-	5,467	5,467
Transactions with unit holders of the Trust, recognised directly in equity				
Contributions by and distributions to unit holders of the Trust				
Issue of units	12	13,692	-	13,692
Reallocation of capital	12	(29,860)	-	(29,860)
Distributions to unit holders	12	-	(6,430)	(6,430)
Total contributions by and distributions to unit holders		(16,168)	(6,430)	(22,598)
Total transactions with unit holders of the Trust		(16,168)	(963)	(17,131)
Balance at 30 June 2020		**351,000**	**(244,536)**	**106,464**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

As at 30 June 2021

		Consolidated	
	Note	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		-	3
Cash payments to suppliers and employees (inclusive of GST)		-	-
Net cash from operating activities	14	**-**	**3**
Cash flows used in financing activities			
Proceeds from borrowings		-	9,792
Repayment of borrowings		-	(12,000)
Net proceeds from / (loan to) related entity[1]		356	(10,479)
Borrowing and financing costs		(529)	(960)
Issue of securities		-	13,692
Net cash (used in) / from financing activities		**(173)**	**45**
Net increase / (decrease) in cash and cash equivalents		(173)	48
Cash and cash equivalents at beginning of year		246	198
Cash and cash equivalents at end of year		**73**	**246**
Cash and cash equivalents comprise of:			
Cash at bank and in hand		73	96
Cash in term deposits[2]		-	150
		73	246

[1] This excludes the non-cash impact of:

- The related party loan repayment of $20.757 million between AGL and the Trust, $18 million of which was used to reduce the Consolidated Trust's portion of the drawn debt in the year ended 30 June 2021;
- Further provision of $4.365 million of additional funding from AGL to the Trust in the year ended 30 June 2021; and
- Capital reallocation between AGL and the Trust, with AGL using the proceeds to repay $29.859 million of the related party loan in the year ended 30 June 2020.

[2] Term deposits included as cash and cash equivalent as maturity period is 3 months or less.

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

1. Reporting entity

The Consolidated Trust is an Australian resident trust. Evolution Trustees Limited is the Responsible Entity ("RE") of the Trust. The address of the Trust's registered office is Suite 703B, 7th Floor, 1 York Street, Sydney, New South Wales 2000. The Trust forms part of the Aspen Group Limited's ("Aspen") stapled security structure consisting of one share in the Company and one unit in the Trust. The consolidated financial statements of the Trust (the Consolidated Trust) as at and for the year ended 30 June 2021 comprise the Trust, and its subsidiaries. The Trust is a for-profit entity and is primarily involved in the investment in income-producing accommodation properties.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements also comply with the International Financial Reporting Standards ("IFRSs") and interpretations issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorised for issue by the Board of RE on 19 August 2021.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the investment property in the consolidated balance sheet which are stated at their fair value.

The methods used to measure fair value are discussed further in note 2(d).

(c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars which is the functional and presentation currency of the Consolidated Trust.

The Consolidated Trust is of the kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with the ASIC Corporations instrument, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of 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 accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2. Basis of preparation *(continued)*

(d) Use of key judgements and estimates (continued)

Measurement of fair values

A number of the Consolidated Trust accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Consolidated Trust has an established control framework with respect to the measurement of fair values. This includes oversight and reporting of all significant fair value measurements, including Level 3 fair values.

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, then the team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

When measuring the fair value of an asset or a liability, the Consolidated Trust uses market observable data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Consolidated Trust recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 9 - Investment properties.

(e) Financial position

During the year ended 30 June 2021 the Consolidated Trust recorded a profit after tax of $14.584 million (2020: profit $5.467 million). At 30 June 2021, the Consolidated Trust had net assets of $113.376 million (30 June 2020: $106.464 million). The balance sheet presents a net working capital deficiency of $4.121 million (2020: $3.623 million). This position arises since liabilities are settled in the normal course through funds held by the stapled entity, AGL, and recorded through the intercompany loan account. It is noted that the Trust has available borrowing facilities shared with AGL not utilised at balance sheet date totalling $16.093 million (refer to Note 11).

The 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.

(f) Prior year comparatives

Certain prior year comparatives were reclassified to conform with current year presentation.

3. Significant accounting policies

This note provides a list of all significant accounting policies adopted in the presentation of these consolidated financial statements. The financial statements are for the group consisting of the Trust and its subsidiaries.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Trust. The Trust controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Trust. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Trust.

(ii) Loss of control of subsidiaries

Upon the loss of control, the Trust derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Trust retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Trust's contractual rights to the cash flows from the financial assets expire or if the Consolidated Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Consolidated Trust commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Consolidated Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables are subsequently measured at their amortised cost less impairment losses (see note 7).

3. Significant accounting policies *(continued)*

(b) Non-derivative financial instruments *(continued)*

Cash and cash equivalents comprise cash balances and call deposits with original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Trust's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities are recognised initially on the trade date at which the Consolidated Trust becomes a party to the contractual provisions of the instrument.

The Consolidated Trust has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Trade and other payables are subsequently measured at their amortised cost using the effective interest method, less any impairment losses.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings on an effective interest basis.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(c) Derivative financial instruments

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rates, including interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Significant accounting policies *(continued)*

(d) Current assets held for sale

Current assets, or disposal groups comprising assets and liabilities are classified as held for sale if their carrying amount will be recovered primarily through sale rather than through continuing use and a sale is considered highly probable.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Consolidated Trust's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill (if applicable), and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Consolidated Trust's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(e) Investment property

Investment properties are properties which are held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods and services or for administrative purposes.

Investment properties are initially recognised at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for the intended use and capitalised borrowing costs.

Investment properties are subsequently measured at fair value at each balance date with any gains or losses arising from a change in fair value recognised in profit or loss. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting as property, plant or equipment. Investment properties are not depreciated.

Distinction between investment properties and owner-occupied properties

In applying its accounting policies, the Consolidated Trust determines whether or not a property qualifies as an investment property. In making its judgement, the Consolidated Trust considers whether the property generates cash flows largely independently of the other assets held by an entity.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

(f) Impairment

(i) Financial assets

The Consolidated Trust recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Trust's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

3. Significant accounting policies *(continued)*

(f) Impairment (continued)

(i) Financial assets (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. Trade receivables have maturities of less than 12 months, therefore the Consolidated Trust has adopted the 'simplified' model approach in calculating expected credit losses. Under this approach current trade receivables will recognise 'lifetime expected credit losses' all impairment losses are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Consolidated Trust's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(iii) Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

A provision is recognised if, as a result of a past event, the Consolidated Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i) Distributions

A provision for distributions payable is recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the directors on or before the end of the financial year, but not distributed at balance date.

3. Significant accounting policies *(continued)*

(h) Revenue

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income not received at reporting date, is reflected in the balance sheet as a receivable or if paid in advance, as contract liabilities. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease, on a straight-line basis, as a reduction of lease income.

(i) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, and impairment losses recognised on financial assets that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, including loan establishment costs, are recognised in profit or loss using the effective interest method.

(j) Management fees

Under the Trust's Constitution, RE is entitled to management fees. Subject to the *Corporations Act 2001*, RE is entitled to a maximum annual management fee made up of:

- In respect of that part of the value of the assets of the Trust that is less than $10 million, a fee of 0.5% of the value of the assets of the Trust; and
- In respect of that part of the value of the assets of the Trust that exceeds $10 million, a fee of 0.25% of the value of the assets of the Trust, calculated daily and payable quarterly in arrears from the date the Trust commences to the date of final distribution.

Subject to the *Corporations Act 2001*, RE is entitled to a maximum annual investment management fee of 0.5% of the value of the assets of the Trust, calculated monthly at the rate of one twelfth of 0.5% of the value of the assets of the Trust as at the last day of each month and payable in arrears within 5 business days after the last day of the relevant month, from the date the Trust commences to the date of final distribution.

(k) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Board of Directors' of AFML as they are responsible for the strategic decision making of the Trust.

The Consolidated Trust operated in one segment namely investment properties within Australia. Refer to note 5.

(l) Income taxes

Under current Australian Income Tax Legislation, the Consolidated Trust is not liable for income tax, provided that the taxable income (including any assessable component of any capital gains from the sale of investment assets) is fully distributed to unit holders each year. Tax allowances for investment property depreciation are distributed to unit holders in the form of tax deferred components of distributions.

3. Significant accounting policies *(continued)*

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ("ATO") is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Earnings per unit

The Consolidated Trust presents basic and diluted earnings per unit ("EPS") data for its units. Basic EPS is calculated by dividing the profit from ordinary activities attributable to unit holders of the Consolidated Trust by the weighted average number of ordinary units outstanding during the financial period. Diluted EPS is determined by adjusting the profit or loss attributable to unit holders and the weighted average number of ordinary units outstanding for the effects of all dilutive potential ordinary units, which comprise share options granted to employees.

(o) Discontinued operation

A discontinued operation is a component of the Consolidated Trust, the operations and cash flows of which can be clearly distinguished from the rest of the Consolidated Trust and which:

- represents a major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(p) Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of the parent. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

3. Significant accounting policies *(continued)*

(q) Units on issue

Units on issue represent the amount of consideration received for units issued by the Trust and are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

4. Changes in accounting policies

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

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

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

• AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

• AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Amending standard	**Description**
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	The Consolidated Trust has adopted the amendments included in AASB 2019-1 for the first time in the current year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The amendments: • Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for profit entities that voluntarily elect to apply the new Conceptual Framework • Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	This Standard makes amendments to AASB 1054 Additional Australian Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors on the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.

(b) New accounting standards and interpretations issued but not yet applied

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Trust for the annual reporting period ended 30 June 2021. From an initial assessment made, there are no standards not yet applied which are considered to have a material impact for the Consolidated Trust. The Consolidated Trust will continue to assess the impact of new accounting standards and interpretations issued but not yet applied.

5. Operating segments

The Consolidated Trust operated in one segment, being investment properties within Australia for the years ended 30 June 2021 and 30 June 2020.

6. Net finance expense

	2021 $'000	2020 $'000
Finance income		
Interest income - loans to related parties	101	913
	101	913
Finance expenses		
Interest expense on financial liabilities measured at amortised cost	(436)	(998)
	(436)	(998)
Net finance expense	(335)	(85)

7. Trade and other receivables

	2021 $'000	2020 $'000
Current		
Trade receivables	-	2
Other receivables	5	5
	5	7

The Consolidated Trust's exposure to credit risk is disclosed in note 15.

8. Receivables from / (payable to) related parties

	2021 $'000	2020 $'000
Non-current		
Amounts (payable to) / receivable from AGL	(4,365)	20,757

Notes:

Under the stapling arrangements that govern APT and AGL, both entities have agreed and covenanted to the maximum extent permitted by law that they must on the terms and conditions proposed by each other lend money or provide financial accommodation to the other or any of its controlled entities. Based on these arrangements, the Consolidated Trust has a loan agreement with AGL maturing 1 July 2024 as a lender. Both the Board of the RE and AGL agrees that the terms of the agreement would remain the same in the event AGL becomes the lender. There is no expectation that this loan will be called upon by either entity in the next twelve months.

The loan carries an interest rate equivalent to the borrowing costs incurred by the lender. Refer to Note 16 for details.

During the period, AGL repaid $20.7 million of its intercompany loan and provided additional fundings of $4.4 million. The receipt was primarily used to reduce the Consolidated Trust's portion of the drawn debt by $18.0 million.

9. Investment properties

	2021	2020
	$'000	$'000
At 1 July	111,481	109,040
Costs relating to civil works at Sweetwater Grove	2,642	-
Net increase in fair value	11,807	2,441
At 30 June	**125,930**	111,481

The following table presents individual properties owned by the Consolidated Trust:

Property	**Original acquisition date**	**Original acquisition costs $ '000**	**Latest independent valuation date**	**Latest independent valuation $ '000**	**Book value at 30 June 2021 $ '000**	Book value at 30 June 2020 $ '000
Retirement Properties						
Four Lanterns NSW	Jan 2015	6,986	May 2019	12,240	11,898	11,898
Mandurah WA	Jun 2015	7,525	Jun 2020	13,725	13,455	13,455
Sweetwater Grove NSW	Aug 2015	2,455	May 2019	10,500	11,405	8,763
Park Communities Properties						
Adelaide SA	Oct 2015	7,121	Jun 2021	13,100	12,098	11,031
Tween Waters	Dec 2016	6,800	Jun 2020	8,100	5,590	5,590
Barlings Beach	Jan 2017	13,250	Jun 2021	16,450	12,502	11,037
Koala Shores NSW	Sep 2017	4,341	May 2019	9,750	6,760	5,700
Darwin FreeSpirit NT	Dec 2017	13,875	May 2020	16,900	13,835	13,835
Highway 1 SA	Oct 2018	17,470	Jun 2021	28,350	22,524	19,172
Aspen Karratha Village WA	Jun 2005	28,881	Nov 2020	16,000	15,863	11,000
At 30 June					**125,930**	**111,481**

Notes:

As at 30 June 2021, the above investment properties were pledged as security against the Consolidated Trust's and AGL's finance facilities. Refer to note 11 for further details.

Latest independent valuation is for the entire property, including the property, plant and equipment which are owned by AGL.

9. Investment properties *(continued)*

Fair value

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. In determining the fair value of certain assets, recent market offers have been taken into consideration.

It is the Consolidated Trust's policy to have all properties independently valued at intervals of no longer than three years. It is the policy of the Consolidated Trust to review the fair value of each property every six months reporting period and revalue properties to fair value when their carrying value materially differs to their fair values. In determining fair values, the Consolidated Trust considers relevant information including the capitalisation of rental streams using market assessed capitalisation rates, expected net cash flows discounted to their present value using market determined risk-adjusted discount rates, and other available market data such as recent comparable transactions.

The fair value measurement of the property assets totaling $125.930 million (30 June 2020: $111.481 million) have been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values for investment properties.

AFML as Investment Manager and the Board of ET has reviewed the carrying value of all properties as at 30 June 2021 and adopted directors' and independent valuations for all properties as at this date, considering historical, current and forecast trading performance, the most recent valuations, and market evidence. Specific consideration has been given to the impact of COVID-19 in respect of consideration of historical and forecast performance. Independent valuations were commissioned for four properties during the financial year, 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 30 June 2021, there was a net upwards movement of $11.807 million in the portfolio carrying value during the year ended 30 June 2021.

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

They have further indicated that given the volatility impact and the level of volatility from COVID-19 means that conditions change on a daily basis and would therefore need to be reviewed and updated with greater frequency than might normally apply. In summary the valuers recognise that the global risk outlook, particularly with regard to COVID-19 is extremely fluid and that resultant volatility may adversely impact property valuations. The directors consider that the same cautions apply equally to the internal valuations undertaken at year end.

The impacts of COVID-19 have continued into 1Q FY22 and APZ's operating conditions and settings are largely unchanged from Q4 FY21. APZ's operating environment is expected to continue to be mixed over the next 12 months, particularly for our Parks Communities. APZ is being prudent and maintaining a relatively high level of longer stay patronage and exercising tight control on costs. The directors of ET and AFML believe the Consolidated Trust can continue to perform relatively well in this environment as domestic household tenants and tourists seek lower cost accommodation in attractive locations. Nonetheless, continued or further closures and restrictions introduced by governments will impact local tourism and therefore APZ's business. This may in turn negatively affect APZ's operating performance and the valuation of its properties.

9. Investment properties *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property 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 and discounted cashflow approach: The Group considers either of the techniques or when deemed appropriate, both of the techniques. Where both techniques are considered, the Group reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. In the current year the capitalisation method was the primary valuation technique adopted. The capitalisation method estimates the sustainable net income (where applicable) of the property, and then applies a capitalisation (or discount/risk) rate to this sustainable net income to derive the value of the asset. One off capital adjustment were made in the current year, where appropriate, to reflect the anticipated impact of COVID-19 to the underlying derived valuation. These adjustments were made primarily to the Group's tourist park assets which are most exposed to short-stay accommodation. The discounted cashflow approach considers the present value of net cash flows to be generated from the property, considering the receipt of contractual rentals, expected 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.	For the financial year ended 30 June 2021, the properties were primarily valued using the capitalisation method. **Retirement** Valuation inputs include: • Net sustainable operating income ranging from \$0.69 million to \$0.97 million • Capitalisation rate ranging from 6.50% to 8.50% **Park Communities** Valuation inputs include: • Net sustainable operating income ranging from \$0.75 million to \$2.88 million • Capitalisation rate ranging from 7.75% to 17.00%	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) ○ The required risk premium decreasing (increasing)

Sensitivity analysis

The Consolidated Trust has conducted sensitivity analysis on the fair value of the property assets (on a whole-of-business basis) to changes in key assumptions used in the valuation as follows:

	Key assumptions			
	0.5% increase in cap rate	0.5% decrease in cap rate	5% decrease in NOI	5% increase in NOI
(Decrease) / Increase in total value (\$'000)	(7,635)	9,042	(6,957)	7,356
Change in value (%)	(5%)	6%	(5%)	5%

10. Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade payables	-	(28)
Accrued liabilities	22	24
Distributions payable	4,177	3,880
	4,199	3,876

11. Interest-bearing loans and borrowings

	2021 $'000	2020 $'000
Non-current liabilities		
Secured debt facility – Gross	4,292	22,292
Less: Deferred borrowing transaction costs	(224)	(141)
Total non-current	4,068	22,151
Total interest-bearing loans and borrowings	4,068	22,151

The Consolidated Trust's exposure to interest rate risk and liquidity is disclosed in note 15.

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	Maturity	Face value at 30 June 2021 $'000	Carrying amount at 30 June 2021 $'000	Face value at 30 June 2020 $'000	Carrying amount at 30 June 2020 $'000
Secured debt	AUD	April 2024	4,292	4,068	22,292	22,151

Financing arrangements

The Consolidated Trust together with AGL have in place financing arrangements with a total limit of $91.00 million comprising a revolver of $85.00 million, a bank overdraft facility of $5.00 million, and a bank guarantee facility of $1.00 million. These financing facilities are secured with first ranking registered real property mortgages over the Consolidated Trust's and AGL's directly owned properties, and a fixed and floating charge over AGL, Aspen Property Trust, Aspen Living Villages Pty Ltd, Aspen Property Developments Pty Ltd, Realise Residential WA Pty Ltd, Realise Residential WA 2 Pty Ltd, Realise Residential WA 3 Pty Ltd, Realise Residential WA 4 Pty Ltd, NEST QLD Pty Ltd and Footprint MB Pty Ltd.

Secured revolver

At 30 June 2021, the Consolidated Trust together with AGL had a secured revolver of $85.00 million (30 June 2020: $65.00 million), maturing in April 2024.

Secured bank overdraft facility

At 30 June 2021, the Consolidated Trust together with AGL had a secured bank overdraft facility of $5.00 million (30 June 2020: $5.00 million).

Secured bank guarantee facilities

At 30 June 2021, the Consolidated Trust together with AGL had secured bank guarantee facilities totalling $1.00 million (30 June 2020: $1.00 million).

11. Interest-bearing loans and borrowings *(continued)*

	2021 $'000	2020 $'000
Financing facilities		
Secured revolver	85,000	65,000
Secured overdraft facility	5,000	5,000
Secured bank guarantees	1,000	1,000
	91,000	71,000
Facilities utilised at reporting date		
Secured revolver – Consolidated Trust	4,292	22,292
Secured revolver – AGL	70,360	20,206
Secured bank guarantees – Consolidated Trust	255	243
	74,907	42,741
Facilities not utilised at reporting date		
Secured revolver	10,348	22,502
Secured overdraft facility	5,000	5,000
Secured bank guarantees	745	757
	16,093	28,259

12. Units on issue

	Securities 2021 Units'000	Securities 2020 Units'000
On issue as at 1 July	116,341	96,322
Issued during the period	27	20,019
On issue as at 30 June – fully paid	116,368	116,341

For the year ended 30 June 2021

Units on issue	**2021 Units'000**	**2021 $'000**
On issue 1 July 2020	116,341	351,000
Issued during the period	27	8
On issue at 30 June 2021 – fully paid	116,368	351,008
Total securities listed on ASX	**116,368**	**351,008**

12. Units on issue *(continued)*

For the year ended 30 June 2020

Units on issue	**2020 Units'000**	**2020 $'000**
On issue at 1 July 2019	96,322	367,168
Issued during the period	20,019	13,692
Reallocation of capital	-	(29,860)
On issue at 30 June 2020 – fully paid	116,341	351,000

Distributions

The following unfranked distributions were declared / payable by the Trust:

2021	**Cents per security**	**Total amount $'000**	**Date of payment**
July 2020 – December 2020	**3.10**	**3,607**	**26 February 2021**
January 2021 – June 2021	**3.50**	**4,073**	**20 August 2021**
	6.60	**7,680**	

2020	Cents per security	Total amount $'000	Date of payment
July 2019 – December 2019	2.75	2,649	28 February 2020
January 2020 – June 2020	3.25	3,781	28 August 2020
	6.00	6,430	

Note that the distributions above are paid for by AGL on behalf of the Trust and the payments are recharged through the intercompany loans account.

13. Earnings per unit

	2021 Cents per unit	2020 Cents per unit
Basic earnings per unit	**12.533**	5.605
Diluted earnings per unit	**12.454**	5.605

Profit attributable to ordinary stapled unit holders

	2021 $'000	2020 $'000
Profit attributable to ordinary stapled unit holders	14,584	5,467

Weighted average number of units	**2021 '000 units**	2020 '000 units
Basic units at 30 June	116,363	97,541
Diluted units at 30 June	117,103	97,541

14. Cashflow information

	2021 $'000	2020 $'000
Reconciliation of profit for the year to net cash inflow from operating activities		
Profit for the year	14,584	5,467
Adjustments for:		
Related party rent from investment properties	(5,133)	(4,934)
Management fees and cost recovery	1,880	1,698
Change in fair value of investment properties	(11,807)	(2,441)
Interest income from related parties	(101)	(913)
Finance costs	436	998
Administration & General expenses	141	125
Operating profit before changes in working capital and provisions	-	-
Changes in working capital		
Change in trade and other receivables	-	3
Change in payables and provisions	-	-
Net cash from operating activities	-	3

15. Financial instruments

The Consolidated Trust has exposure to the following risks from using its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Consolidated Trust's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial report.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Consolidated Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Trust's activities.

The Board oversees how management monitors compliance with the Consolidated Trust's risk management policies and procedures and reviews the adequacy of the risk management framework.

15. Financial instruments *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Consolidated Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Trust's receivables from related party AGL who acts as tenant of the Trust's properties.

The Consolidated Trust's exposure to credit risk is influenced mainly by the financial capacity of AGL. Accordingly, there is a high concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Consolidated Trust will not be able to meet its financial obligations as they fall due. The Consolidated Trust's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Trust's reputation.

AFML as Investment Manager of the Consolidated Trust has liquidity risk management policies, which assist it in monitoring cash flow requirements and optimising its cash return on investments. Cash flow requirements for the Consolidated Trust are reviewed monthly or more regularly if required. The Consolidated Trust is proactive with its financiers in managing the expiry profile of its debt facilities.

Offsetting Financial assets and Financial Liabilities

The trust does not have any financial assets or financial liabilities that are subject to set off to a net position.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Consolidated Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

The Consolidated Trust is exposed to interest rate risk arising from its long-term interest-bearing borrowings. Borrowings issued at variable rates expose the Consolidated Trust to cash flow interest rate risk. Borrowings issued at fixed rates expose the Consolidated Trust to fair value interest rate risk. Any decision to hedge interest rate risk will be assessed by the Board in light of the overall Consolidated Trust exposure, the prevailing market interest rate and any funding counterparty requirements.

The Consolidated Trust does not apply hedge accounting to derivative financial instruments.

15. Financial instruments *(continued)*

Capital management

The policy of the Boards of AFML and ET are to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth of the Consolidated Trust. The Boards monitor the level of distributions paid to unit holders.

The Consolidated Trust assesses the adequacy of its capital requirements, cost of capital and gearing as part of its broader strategic plan.

Management can alter the capital structure of the Consolidated Trust by, amongst other things, issuing new units, adjusting the amount of distributions paid to unit holders, returning equity to unit holders, selling assets to reduce debt/buying assets and increasing debt, adjusting the timing of development and capital expenditure and through the operation of a distribution and distribution reinvestment plan (DRP).

Gearing is a measure used to monitor levels of debt capital used by the Consolidated Trust to fund its operations. This ratio is calculated as interest bearing debt, net of cash and cash equivalents divided by total assets less cash. The gearing ratio as at 30 June 2021 was 3.35% (30 June 2020: 16.67%).

Net debt reconciliation

	2021 $'000	2020 $'000
Cash and cash equivalents[1]	73	246
Borrowings – repayable after one year [2]	(4,292)	(22,292)
Net (debt) / cash	(4,219)	(22,046)

[1] Include term deposits as maturity period is 3 months or less.

[2] Excludes related party balances and deferred borrowing transaction costs

	Cash and cash equivalents $'000	**Borrowings – due after one year $'000**	**Total $'000**
Net debt at 1 July 2020	**198**	**(24,500)**	**(24,302)**
Net cash flows	48	2,208	2,256
Net debt as at 30 June 2020 and 1 July 2020	**246**	**(22,292)**	**(22,046)**
Net cash flows	(173)	18,000	17,827
Net debt at 30 June 2021	**73**	**(4,292)**	**(4,219)**

The Consolidated Trust is not subject to externally imposed capital requirements.

Exposure to credit risk

The carrying amount of the Consolidated Trust's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021 $'000	2020 $'000
Cash at bank and in hand	73	96
Cash in term deposits	-	150
Trade and other receivables	5	7
Receivables from related parties	-	20,757
	78	21,010

15. Financial instruments *(continued)*

Exposure to credit risk *(continued)*

The Consolidated Trust's maximum exposure to credit risk for trade receivables and financial assets at the reporting date by type of customer was:

	2021 $'000	2020 $'000
Trade and other receivables	5	7
Loans due from related parties	-	20,757
	5	20,764

The ageing of the Consolidated Trust's trade receivables and financial assets at the reporting date was:

	Gross 2021 $'000	**Impairment 2021 $'000**	**Net 2021 $'000**	Gross 2020 $'000	Impairment 2020 $'000	Net 2020 $'000
Not past due	5	-	5	7	-	7

The allowance for impairment in respect of trade and other receivables during the year was nil (2020: nil).

Based on historical default rates, the Consolidated Trust believes that no material impairment allowance is necessary in respect of trade receivables not past due. There are no loan receivables past due.

At 30 June 2021 and 2020, the Consolidated Trust had the following loans receivable from related parties:

	2021				2020			
	Gross $'000	**Impairment $'000**	**Loan Forgiveness $'000**	**Total $'000**	Gross $'000	Impairment $'000	Loan Forgiveness $'000	Total $'000
AGL	-	-	-	-	20,757	-	-	20,757

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and net receipts under cash flow hedges:

2021	**Carrying amount $'000**	**Contractual cash flows $'000**	**6 months or less $'000**	**6-12 months $'000**	**1-2 years $'000**	**2-5 years $'000**
Trade and other payables	4,199	4,199	4,199	-	-	-
Loans due to related parties	4,365	4,657	42	42	83	4,490
Interest bearing loans and borrowings	4,068	4,436	26	26	52	4,334
	12,632	**13,292**	**4,267**	**68**	**135**	**8,824**

15. Financial instruments *(continued)*

Liquidity risk *(continued)*

2020	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000
Trade and other payables	3,876	3,876	3,876	-	-	-
Interest bearing loans and borrowings	22,151	22,949	136	136	272	22,405
	26,027	**26,825**	**4,012**	**136**	**272**	**22,405**

The Consolidated Trust has $4.292 million debt[1] (2020: $22.292 million). Refer to note 11 for further information regarding bank facilities.

[1] excluding deferred borrowing transaction costs

Interest rate risk

At end of the financial year, the interest rate profile of the Consolidated Trust's interest bearing financial instruments were as follows:

	2021		2020	
	Balance $'000	**Weighted average interest rate %**	Balance $'000	Weighted average interest rate %
Fixed rate instruments				
Term deposits	**-**	**0.00%**	150	0.95%
Variable rate instruments				
Cash and cash equivalents	**73**	**0.10%**	96	1.05%
Loans (from) / to related parties	**(4,365)**	**1.96%**	20,757	2.74%
Interest bearing loans and borrowings[1]	**(4,068)**	**1.96%**	(22,151)	1.94%
	(8,360)		(1,298)	
Total fixed and variable rate instruments	**(8,360)**		(1,448)	

[1] includes facility fees of 0.77% (2020: 0.72%)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss for the Consolidated Trust by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis as for 2020.

15. Financial instruments *(continued)*

Cash flow sensitivity analysis for variable rate instruments *(continued)*

Calculation for sensitivity analysis	**Profit or loss / Equity**	
	100bp increase	**100bp decrease**
2021	**$'000**	**$'000**
Variable rate instruments	(84)	84
Fixed rate instruments	-	-
Cash flow sensitivity (net)	(84)	84
2020		
Variable rate instruments	(14)	14
Fixed rate instruments	1	(1)
Cash flow sensitivity (net)	(13)	13

Fair Values

Estimation of fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their net fair values.

16. Related party transactions

Identity of related parties

The Consolidated Trust has a related party relationship with its stapled entity, AGL and their subsidiary entities.

The following persons held office as directors of Evolution Trustees Limited (Responsible Entity of the Trust) during the period 1 July 2020 to 30 June 2021:

David Grbin	Non-Executive Chairman
Alexander Calder	Non-Executive Director
Rupert Smoker	Executive Director
Ben Norman	Alternative Director

The following persons held office as directors of Aspen Funds Management Limited during the period 1 July 2020 to 30 June 2021:

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

16. Related party transactions *(continued)*

Management / Responsible entity fees and cost recoveries

Under the Consolidated Trust's constitution, AFM, a wholly owned subsidiary of AGL, is entitled to management fees.

	2021 $	2020 $
Management fees and cost recoveries for the year	1,879,820	1,698,213

Evolution Trustees Limited as RE is also entitled to fees which are billed monthly.

	2021 $	2020 $
Responsible entity fee	81,750	86,272

Other related party transactions

Under the stapling arrangements that govern APT and AGL, both entities have agreed and covenanted to the maximum extent permitted by law that they must on the terms and conditions proposed by each other lend money or provide financial accommodation to the other or any of its controlled entities. Based on these arrangements, the Consolidated Trust has a loan agreement with AGL maturing 1 July 2024 as a lender which is subject to commercial interest rates. Both the Board of the RE and AGL agrees that the terms of the agreement would remain the same in the event AGL becomes the lender. The following loans (payable to) / receivable from AGL are outstanding at year end (refer to note 8 and note 21 for further details):

	2021 $	2020 $
AGL	(4,364,626)	20,757,276

The Trust also has the following transactions with AGL and its subsidiaries:

	2021 $	2020 $
Rental income – from Aspen Living Villages Pty Ltd ('ALV') (wholly-owned subsidiary of AGL)	5,132,714	4,934,322
Net interest income – from AGL	100,632	913,376

The Consolidated Trust leased all its investment properties to ALV on commercial terms. During the year, the Consolidated Trust provided rent waiver of $58,101 (2020: $155,000) following the National Cabinet Mandatory Code of Conduct for commercial leases during the COVID-19 pandemic.

17. Auditor's remuneration

The auditor's remuneration in the current and prior year was paid by AGL.

18. Consolidated entities

	Ownership interest % 2021	Ownership interest % 2020
Parent entity		
Aspen Property Trust		
Subsidiaries		
Aspen Equity Investments Pty Ltd	100	100
Midland Property Trust	100	100

All subsidiary entities were formed / incorporated in Australia.

19. Consolidated entity guarantees

External parties	2021 $'000	2020 $'000
Bank guarantees issued to third parties	**255**	243

20. Subsequent events

Subsequent to the end of the year, there continues to be restrictions implemented by state and federal governments in response to the COVID-19 pandemic. These authorities are likely to continue to pursue a strategy of suppressing COVID-19 with the goal of no local community transmission, at least until sufficient rates of vaccination have occurred. Continued or further lockdowns and restrictions introduced by governments will impact local tourism and therefore this part of Aspen's business. This may in turn negatively affect Aspen Group's operating performance and the valuation of these properties held by the Consolidated Trust.

Aspen Group has entered into agreements to acquire a portfolio of apartments in Perth's inner-metro suburbs (Perth Apartment Portfolio) that are owned by associates of the Buckeridge Group of Companies. Aspen Group has entered into a Nomination Deed with a third party to facilitate the acquisition by Aspen of the properties. The purchase price is $52 million (pre transaction costs). The acquisitions of the Perth Apartment Portfolio and Wodonga Gardens post 30 June 2021, are intended to be funded with approximately $28m of equity, via issuing new stapled securities, and approximately $34 million of debt. Aspen's debt facility provider has agreed to increase the revolving debt facility limit to $150 million, subject to formal documentation and completion of the equity raising. Gearing is expected to increase from 29% to 35% post acquisition on a 30 June 2021 pro forma basis. Further information on the acquisition and equity raising has been released to the ASX on 19 August 2021.

There has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of RE, to significantly affect the operations of the Consolidated Trust, the results of those operations, or the state of affairs of the Consolidated Trust, in future financial years.

21. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2021, the parent entity of the Consolidated Trust was the Trust.

	2021 $'000	2020 $'000
Result of the parent entity		
Profit for the year	14,584	5,467
Total comprehensive income for the year	14,584	5,467
Financial position of parent entity at year end		
Current assets	385	560
Non-current assets	125,930	132,238
Total assets	126,315	132,798
Current liabilities	4,199	3,876
Non-current liabilities	8,433	22,151
Total liabilities	12,632	26,027
Net assets	113,683	106,771
Total equity of the parent entity comprising of:		
Units on issue	351,008	351,000
Accumulated losses	(237,325)	(244,229)
Total equity	113,683	106,771

Parent entity loan to AGL

The consolidated Trust has a loan payable to AGL of $4.365 million at 30 June 2021 (30 June 2020: loan receivable of $20.757 million). Under the loan agreement in which APT is the lender, the maturity of the loan is 1 July 2024. Both the Board of the RE and AGL agrees that the terms of the agreement would remain the same in the event AGL becomes the lender.

Parent entity contingencies

The directors of RE are of the opinion that the Consolidated Trust has no other contingent liabilities which require disclosure in the financial report for the year ended 30 June 2021 (2020: $Nil) other than those disclosed below,

Guarantees to related parties

From time to time the Consolidated Trust expects to be required to provide performance guarantees to third parties in respect of certain obligations of its related entities.

The Trust has provided an unlimited guarantee and indemnity in favor of AGL's banking facilities as per note 11.

The Trust has provided guarantees to financiers and third parties for a number of the Consolidated Trust's related parties. Under the terms of the agreements, the Consolidated Trust will make payments to reimburse the financiers and third parties upon failure of the guaranteed entity to make payments when due.

The parent does not expect to incur any loss material allowance in respect of such guarantees.

Details of the guarantees are as follows:

External parties	**2021 $'000**	2020 $'000
Bank guarantees issued to third parties	255	243

Directors' declaration

1. In the opinion of the directors of the responsible entity of the Consolidated Trust, Evolution Trustees Limited:

   (a) the financial statements and notes set out on pages 21 to 49 are in accordance with the *Corporations Act 2001*, including:

      (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the Consolidated Trust's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

   (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

2. The directors draw attention to note 2(a) to the financial statements, which includes statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board

This declaration is made in accordance with a resolution of the directors.

Rupert Smoker
Director
SYDNEY, 19 August 2021