Aspen Property Trust

ARSN: 104 807 767

Annual Report for the year ended

30 June 2019

Annual financial report table of 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	PricewaterhouseCoopers ("PwC")

During the year ET and Perpetual Corporate Trust Limited replaced AFML 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 the period 30 November 2018 to 30 June 2019:

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 the period 1 July 2018 to 30 June 2019 (except as noted below):

Clive Appleton	Non-Executive Chairman
Guy Farrands	Non-Executive Director
John Carter	Executive Director
David Dixon	Executive Director (appointed 14 March 2019)

Registered Offices

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

Aspen Funds Management Limited
21 Oxford Street
Bondi Junction N.S.W. 2022
Telephone: (61 2) 9151 7500
Email: homemail@aspengroup.com.au
Web address www.aspengroup.com.au

Auditor

PwC
One International Towers Sydney
Waterman's Quay
Barangaroo
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" or "APZ"). Each stapled security comprises one unit in the Trust and one share in AGL ("Company"). The Trust and AGL (and their controlled entities) form the consolidated entity ("Aspen Group" or "the Group"). The Trust and its wholly owned subsidiaries, Midland Property Trust ("MPT") and Aspen Equity Investments Pty Limited ("AEI"), form the "Consolidated Trust".

The directors of ET as RE of the Trust present their report together with the consolidated financial statements which comprises the Trust, its subsidiaries and the Trust's interest in jointly controlled entities for the financial year ended 30 June 2019 and the auditor's report thereon.

Table of Contents for the Directors' Report

1. Directors

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* **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" Calder 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 (Bking & 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 APN Property Group Limited, Perth Airport Pty Ltd and Perth Airport Development Group Pty Ltd. 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 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 – 2004. From 1991 – 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. Appointed a Non-Executive Director to APZ on 23 February 2015. *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 Villa World Limited) 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. Guy currently acts as CFO of Viva Energy REIT. 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* None

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 Chief Executive Officer 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. During this period David 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 (meetings whilst AFM directors & then meetings whilst ET directors)

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 (appointed 30 November 2018)	9	9
A Calder (appointed 30 November 2018)	9	9
R Smoker (appointed 30 November 2018)	9	9
B Norman (1) (appointed 8 January 2019)	9	8

1. B Norman alternate director

Aspen Fund Management Limited	Board of Directors	
Directors	Held	Attended
C Appleton	6	6
G Farrands	6	6
J Carter	6	6
D Dixon (appointed 14 March 2019)	2	2

3. Operating and financial review

The Consolidated Trust recorded a profit attributable to unit holders of $6.755 million for the year ended 30 June 2019 (2018: profit of $7.210 million).

Review of financial conditions

Property portfolio

During the year:

- The Consolidated Trust acquired one new accommodation property for $17.470 million, funded by borrowings;
- Estate major works for the Four Lanterns development was completed during the year contributing $3.179 million of improvements in land and infrastructure
- There was a net increase in the portfolio carrying value of $3.046 million primarily due to the following increases:
  - Four Lanterns $0.378 million; Mandurah Gardens $0.999 million; Barlings Beach $1.209 million; Darwin FreeSpriit $0.293 million; Koala Shores $0.469 and Tween Waters $0.230 million

  Offset by carry value devaluations of;
  - Adelaide Caravan Park $0.093 million
  - Tomago Van Village $0.380 million

Capital management and financial position

During the year the finance facility term was extended to August 2020.The finance facility limit remained unchanged at $55.000 million, comprising a $45.000 million (2018: $45.000 million) cash advance facility, a $5.000 million bank overdraft facility and a $5.000 million bank guarantee facility. At 30 June 2019, the Consolidated Trust has $24.5 million debt drawn (30 June 2018 $4.700 million) as a result, the Consolidated Trust gearing ratio is 17.93%.

On 25 June 2019 Aspen Group Limited announced it had entered contracts to acquire two apartment buildings at Lindfield for $8.650m (prior to acquisition costs). The acquisition of these assets is expected to be funded by the existing finance facilities available to the Consolidated Trust. As at the date of this report, the contracts for this acquisition are yet to settle.

3. Operating and financial review *(continued)*

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.

4. Principal activities

Principal activities of the Consolidated Trust during the year were to invest in the accommodation sector and to divest non-core assets. 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. Events subsequent to reporting date

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 affect significantly the operations of the Consolidated Trust, the results of those operations, or the state of affairs of the Consolidated Trust, in future financial years.

6. 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.

7. Interests in scheme

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

8. 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	98,613
G Farrands	150,475
J Carter	22,382,539 [1]
D Dixon	22,382,539 [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 directorship of Mill Hill Capital Pty Ltd and investment in the Mill Hill Capital Strategic Real Estate Fund.

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.

10. Corporate governance statement

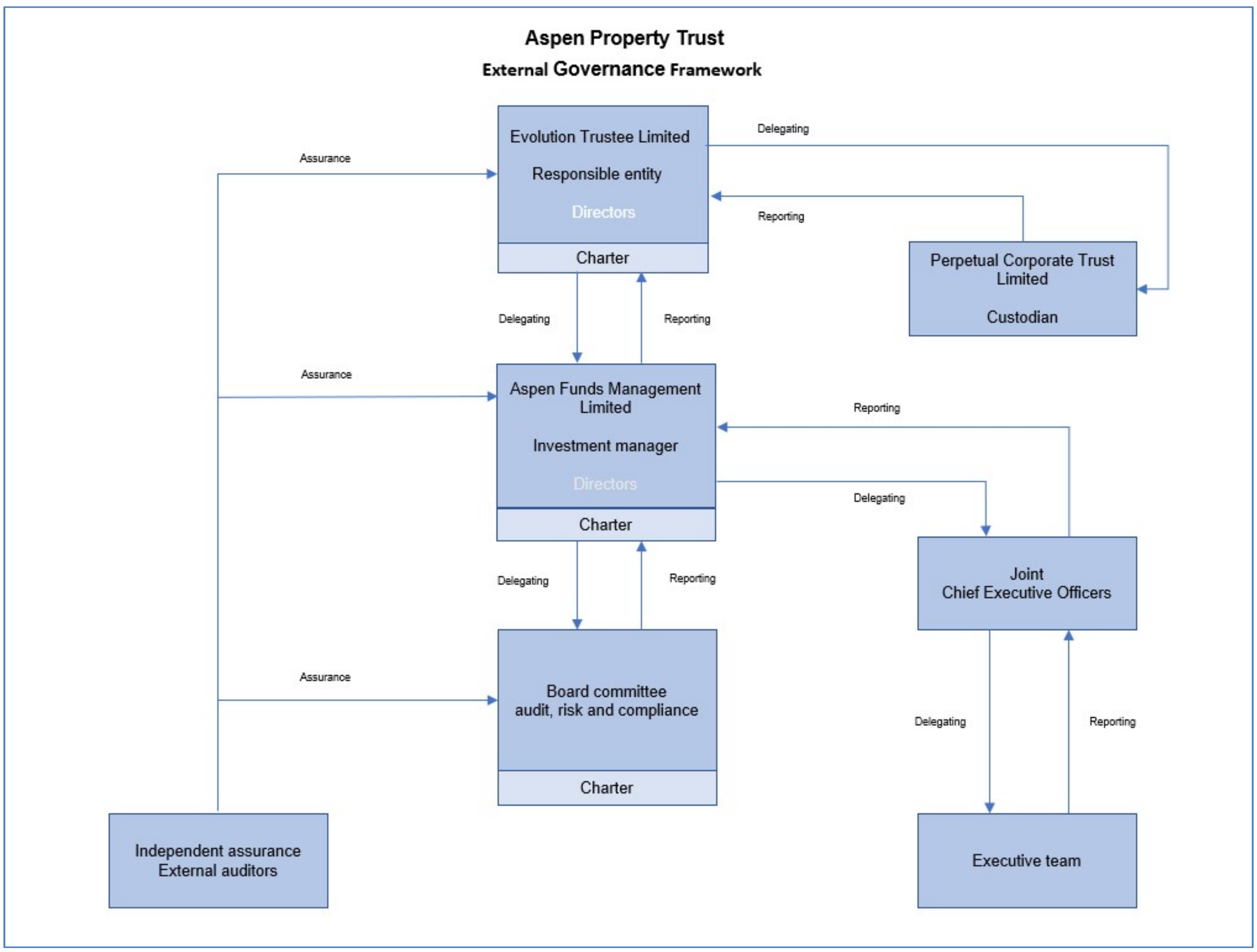
The Board is responsible for establishment of a corporate governance framework that provides a level of accountability and processes and systems which support the day to day operations of APZ. APZ's governance framework has been prepared with regard to the ASX Corporate Governance Council's published guidelines as well as its stated principles and recommendations, contained in the ASX Corporate Governance Principles and Recommendations 3rd Edition (ASX Principles). APZ has established policies, charters and practices that support this commitment.

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

http://www.aspengroup.com.au/shareholder-information/corporate-governance/

At a glance, the Trust's governance framework is outlined below, showing the relationship between the Board, its Committees and the CEO 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 2019.

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 2019

Auditor's Independence Declaration

As lead auditor for the audit of Aspen Property Trust for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aspen Property Trust and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
19 August 2019

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Independent auditor's report

To the unitholders of Aspen Property Trust

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Aspen Property Trust (the Trust) and its controlled entities (together the Consolidated Trust) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated Trust's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Consolidated Trust financial report comprises:

- the Consolidated Balance Sheet as at 30 June 2019
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year then ended
- the notes to the Consolidated Financial Statements, which include a summary of significant accounting policies
- the directors' declaration for Evolution Trustees Limited, the Responsible Entity of the Trust.

The units of the Consolidated Trust and the entities it controlled are stapled with the securities of Aspen Group Limited (the stapled entity).

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

Independence

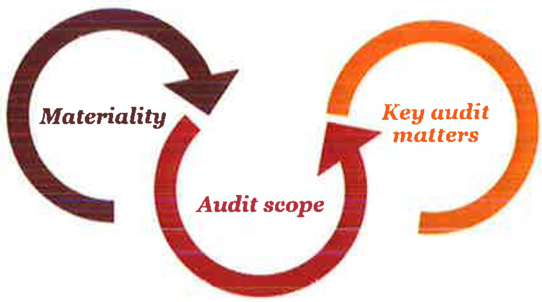
We are independent of the Consolidated Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the

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.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Consolidated Trust, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit of the Consolidated Trust we used overall materiality of $868,000, which represents approximately 0.8% of the Consolidated Trust's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets as the benchmark because the principal activity of the Consolidated Trust is to invest in accommodation properties. Therefore in our view net assets is an appropriate benchmark.
- We selected 0.8% based on our professional judgement, noting it is within the range of commonly acceptable materiality thresholds.

Audit Scope

- The audit scope covers the Consolidated Trust, which includes the Trust and its controlled entities.
- Our audit focused on where we identified a higher risk of material misstatement to the financial report including areas where subjective judgements were made by the Consolidated Trust; for example significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matter

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. The key audit matter was 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 this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit, Risk and Compliance Committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties *Refer to note 10* As at 30 June 2019, the Consolidated Trust's portfolio consisted of 10 accommodation parks carried at $93.9 million fair value. The Consolidated Trust determined the fair value as required by Australian Accounting Standards on the basis of valuations prepared by external valuers or director's. The valuation is determined by factors such as prevailing market conditions, the individual nature, condition and location of each park and the expected future income of each park. Key assumptions include the capitalisation rate and the net operating income (NOI). We considered this to be a key audit matter due to the judgement required in determining key assumptions, the significance of these assets to the consolidated balance sheet and the significant impact of changes in fair value to the consolidated statement of profit and loss and other comprehensive income.	We performed the following procedures, amongst others, to assess the valuation: • Reconciled the list of accommodation park values to our prior and current year supporting evidence to check compliance with the Consolidated Trust's policy that all parks had been externally valued at least once in the last three years and that the parks had been externally valued when the current internal valuation suggested a movement greater than 10% compared to the previous external valuation. • Agreed fair values of those accommodation parks externally valued during the year to the external valuations. Assessed the competency and capabilities of the relevant external valuers. • Discussed with management to develop an understanding of specific details of a sample of individual accommodation parks including the performance of the parks, vacancy rates and the structure of the leases. • For all the parks, compared the NOI adopted in the valuations to the current year NOI. • Challenged the Consolidated Trust's adjustments made to the NOI with reference to the current year result. • For all the parks, performed look back procedures by comparing budgeted NOI to

Key audit matter	How our audit addressed the key audit matter
	actual NOI. • Compared the capitalisation rates adopted in current and prior year valuations and the last external valuations for all valuations. • Challenged the rationale of the rate applied in the valuations by discussing with management the reasons for the adopted rate for a sample of valuations.

Other information

The directors of Evolution Trustees Limited, the Responsible Entity of the Trust, are responsible for the other information. The other information comprises the information included in the Consolidated Trust's annual report for the year ended 30 June 2019, 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 accordingly 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 on the other information that we obtained prior to the date of this auditor's report, 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 Evolution Trustees Limited, the Responsible Entity of the Trust, 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 of the Responsible Entity of the Trust 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 of Evolution Trustees Limited, the Responsible Entity of the Trust are responsible for assessing the ability of the Consolidated Trust 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 Consolidated Trust or to cease operations, or have no realistic alternative but to do so.

pwc

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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
19 August 2019

Consolidated Financial Statements Contents

Aspen Property Trust

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

		Consolidated	
		2019	2018
	Note	**$ '000**	$ '000
Rent from investment properties		5,429	4,965
Property expenses		(1)	(160)
Gross profit		**5,428**	4,805
Change in fair value of investment properties	10	3,046	5,067
Operating expenses		(1,958)	(3,198)
Administration and general expenses		(325)	(159)
Profit from operating activities		**6,191**	6,515
Finance income	6	1,703	1,455
Finance expenses	6	(1,139)	(760)
Net finance income		**564**	695
Profit for the year		**6,755**	7,210
Total comprehensive income for the year		**6,755**	7,210
Profit attributable to:			
Unit holders of the Consolidated Trust		6,755	7,210
Profit for the year		**6,755**	7,210
Total comprehensive income attributable to:			
Unit holders of the Consolidated Trust		6,755	7,210
Total comprehensive income for the year		**6,755**	7,210
		cents per unit	cents per unit
Basic earnings per unit	14	7.013	7.204
Diluted earnings per unit	14	6.953	7.154

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 2019

	Note	Consolidated 2019 $ '000	2018 $ '000
Assets			
Current Assets			
Cash at bank and on hand		48	861
Cash in term deposits		150	150
Trade and other receivables	7	89	143
Assets classified as held for sale	8	-	2,525
Total current assets		**287**	3,679
Non-current assets			
Receivables from related parties	9	41,416	39,424
Deferred finance costs		94	66
Investment properties	10	93,934	70,239
Total non-current assets		**135,444**	109,729
Total assets		**135,731**	113,408
Current liabilities			
Trade and other payables	11	2,742	2,147
Total current liabilities		2,742	2,147
Non-current liabilities			
Interest bearing loans and borrowings	12	24,500	4,700
Total non-current liabilities		24,500	4,700
Total liabilities		**27,242**	6,847
Net assets		**108,489**	106,561
Equity			
Equity attributable to unit holders			
Units on issue	13	367,168	367,179
Accumulated losses		(258,679)	(260,618)
Total equity		**108,489**	106,561

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

Aspen Property Trust

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Units on issue $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018		**367,179**	**(260,618)**	**106,561**
Total comprehensive income for the year				
Profit for the year		-	6,755	6,755
Total comprehensive income for the year		-	6,755	6,755
Transactions with unit holders of the Trust, recognised directly in equity				
Contributions by and distributions to unit holders of the Trust				
Cancellation of units	13	(11)	-	(11)
Distributions to unit holders		-	(4,816)	(4,816)
Total contributions by and distributions to unit holders		(11)	(4,816)	(4,827)
Total transactions with unit holders of the Trust		(11)	(4,816)	(4,827)
Balance at 30 June 2019		**367,168**	**(258,679)**	**108,489**

	Note	Units on Issue $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 July 2017		377,374	(263,686)	113,688
Total comprehensive income for the year				
Profit for the year		-	7,210	7,210
Total comprehensive income for the year		-	7,210	7,210
Transactions with unit holders of the Trust, recognised directly in equity				
Contributions by and distributions to unit holders of the Trust				
Issue of securities	13	35	-	35
Buy back of units	13	(5,136)	-	(5,136)
Distributions to unit holders		-	(4,142)	(4,142)
Capital Return		(5,094)	-	(5,094)
Total contributions by and distributions to unit holders		(10,195)	(4,142)	(14,337)
Total transactions with unit holders of the Trust		(10,195)	(4,142)	(14,337)
Balance at 30 June 2018		367,179	(260,618)	106,561

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

Aspen Property Trust

Consolidated Statement of Cash Flows

As at 30 June 2019

		Consolidated	
		2019	2018
	Note	**$'000**	$'000
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		51	1,493
Cash payments to suppliers and employees (inclusive of GST)		(311)	(471)
Cash generated from operating activities		(260)	1,022
Interest received		10	173
Net cash from operating activities	15	**(250)**	1,195
Cash flows from investing activities			
Acquisition of investment properties, including acquisition costs		(20,678)	(20,588)
Proceeds from sale of assets held for sale, net of selling costs		2,525	27,885
Net cash generated / (used in) from investing activities		**(18,153)**	7,297
Cash flows used in financing activities			
Proceeds from borrowings		28,800	4,700
Repayment of borrowings		(9,000)	-
Proceeds from repayment of related entity loan		17,262	24,167
Loan to related entity		(14,076)	(34,669)
Finance costs		(496)	(512)
Borrowing costs		(668)	(20)
Payment for securities buy back		-	(5,136)
Distributions paid		(4,232)	(4,669)
Capital returns to unit holders		-	(5,094)
Net cash used in financing activities		**17,590**	(21,233)
Net decrease in cash and cash equivalents		(813)	(12,741)
Cash and cash equivalents at beginning of year		1,011	13,752
Cash and cash equivalents at end of year		**198**	1,011
Cash and cash equivalents comprise of:			
Cash at bank and in hand		48	861
Cash in term deposits		150	150
		198	1,011

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. On 30 November 2018 Evolution Trustees Limited replaced Aspen Funds Management Limited as 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 2019 comprise the Trust, its subsidiaries and its interests in jointly controlled entities. The Trust is a for-profit entity and is primarily involved in the investment in income-producing accommodation property.

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 2019.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position which are stated at their fair value:

- Investment property;
- Assets classified as held for sale; and
- Financial instruments.

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. Significant valuation issues are reported to the Audit, Risk and Compliance Committee.

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 far 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 the following notes:

- Note 8 – Assets classified as held for sale;
- Note 10 – Investment property;
- Note 16 – Financial instruments.

(e) Financial position

During the year ended 30 June 2019 the Consolidated Trust recorded a profit after tax of $6.755 million (2018: profit $7.210 million). At 30 June 2019, the Consolidated Trust had net assets of $108.489 million (30 June 2018: $106.561 million). 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.

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

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. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Consolidated Trust's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investees, when the Consolidated Trust's interest in such entities is disposed of.

(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 statement of financial position 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 six 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 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.

Refer to Note 4 for changes in accounting estimate.

Other

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

(c) 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, 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.

3. Significant accounting policies *(continued)*

(d) Investment property

Investment properties are properties which are held either to earn rental income or capital appreciation or both, but not for the 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.

(e) 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.

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. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is 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 then the asset's recoverable amount is estimated.

3. Significant accounting policies *(continued)*

(e) Impairment *(continued)*

(ii) Non-financial assets *(continued)*

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.

(f) 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.

(g) Revenue

(i) 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 statement of financial position as a receivable or if paid in advance, as rent in advance. 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.

Lease incentives provided by the Consolidated Trust to lessees, and rental guarantees which may be received from third parties (arising on the acquisition of investment property) are excluded from the measurement of fair value of investment property and are treated as separate assets. Such assets are amortised over the respective periods to which the lease incentives and rental guarantees apply, either using a straight-line basis, or a basis which is representative of the pattern of benefits.

3. Significant accounting policies *(continued)*

(g) Revenue *(continued)*

(ii) Goods sold

Revenue from the sale of residential, retail, commercial and industrial property developments is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and rebates. Revenue is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the significant risks and rewards of ownership and effective control has been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return, or there is continuing managerial involvement to the degree usually associated with ownership. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(h) 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, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, 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.

(i) 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.

(j) 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.

(k) 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 building and plant and equipment depreciation are distributed to unit holders in the form of tax deferred components of distributions.

3. Significant accounting policies *(continued)*

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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 2018

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* and other new and amended standards and interpretations commencing 1 January 2018 which have been adopted where applicable.

(b) Recently changed accounting standards

The Consolidated Trust has adopted AASB 9 and AASB 15 at 1 July 2018. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time.

There has been no financial impact as a result of adopting AASB 9 or AASB 15 and new disclosures have been included where required.

AASB 9 Financial Instruments

The requirements of AASB 9 represent a significant change from AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effects of the key changes to the Consolidated Trust's accounting policies resulting from the adoption of AASB 9 are summarised below.

(i) Classification and measurement of financial assets and financial liabilities

On 1 July 2018 (the date of initial application of AASB 9), The Consolidated Trust's management has assessed which business models apply to the financial assets held by the Trust and has classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the classification and carrying value of financial assets.

Available for sale financial assets are classified and measured at fair value through profit and loss.

AASB 9 requires that all financial liabilities be subsequently classified at amortised cost, except in certain circumstances. None of these circumstances apply to the Consolidated Trust and accordingly there is no change to the classification of the Consolidated Trust's payables and borrowings on adoption of AASB 9.

(ii) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' ("ECL") model. The new impairment model applies to Receivables from related parties, financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income ("FVOCI"), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The Consolidated Trust's trade receivables have maturities of less than 12 months therefore will be adopting the 'simplified' model approach. Under this approach current trade receivables will recognised 'lifetime expected credit losses' from the first reporting period. These are the credit losses expected over the term of the receivables.

The Consolidated Trust has assessed the impact of the adoption of an ECL model under AASB 9 and no adjustment to the opening balance has been recognised. See section (iv)'Recoverability of loans and receivables' section below for details on how ECL amounts are determined.

(iii) Derivatives and hedge accounting

On 1 July 2018 (the date of initial application of AASB 9 for the Consolidated Trust), the Consolidated Trust has elected to adopt the new general hedge accounting model in AASB 9. There has been no impact with the adoption of AASB 9 on the Consolidated Trust's derivatives and hedge accounting, due to the absence of these instruments at the reporting date.

4. Changes in accounting policies *(continued)*

(b) Recently changed accounting standards *(continued)*

(iv) Accounting policies
Policy applicable from 1 July 2018

AASB 9 contains three principal classification categories for financial assets:

- measured at amortised cost;
- FVOCI; and
- fair value through profit and loss (FVTPL)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Loans and receivables
Loans and receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less any allowance under the ECL model.

All loans and receivables with maturities greater than 12 months after the balance date are classified as non-current assets.

Recoverability of loans and receivables
At each reporting date, the Consolidated Trust assesses whether financial assets are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Consolidated Trust recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets are deducted from the gross carrying amount of the assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the receivable and are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Consolidated Trust in accordance with the contract and the cash flows that the Consolidated Trust expects to receive).

For trade receivables, the Consolidated Trust uses historical information adjusted for other current observable data as a means to estimate lifetime ECL. Other current observable data may include:

- forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- conditions specific to the asset to which the receivable relates.

For intercompany loans, the general model is used. Debts that are known to be uncollectable are written off when identified.

4. Changes in accounting policies *(continued)*

(b) Recently changed accounting standards *(continued)*

AASB 15 Revenue from Contracts with Customers

The requirements of AASB 15 replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. It contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts. It requires reporting entities to provide users of financial statements with more informative and relevant disclosures.

Classification and measurement of revenue

Revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits as the entity performs;
- the customer controls the asset as the entity creates or enhances it; or
- the seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date.

Where the aforementioned criteria is not met, revenue is recognised at a point in time.

From our assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policies to those now under AASB 15.

Transition

Changes in accounting policies resulting from the adoption of AASB 15 have been applied retrospectively. There has been no impact on Aspen's previously reported financial position as a result of the adoption AASB 15.

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

The following standards and amendments to standards are relevant to the Consolidated Trust.

Reference	Description	Application of standard by the group
AASB 16 *Leases*	The new standard supersedes AASB 117 Leases and specifies recognition, measurement, presentation and disclosure requirements of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from AASB 117.	1 July 2019

4. Changes in accounting policies *(continued)*

(d) Impact of adopting the new accounting standards

The table below sets out the impact of adopting the new accounting standards.

Reference	Impact
AASB 9 Financial Instruments	Management believes the provisions of AASB 9 does not require an impairment of the intercompany receivable from the related entity AGL. When applying the general model under AASB 9, the calculated estimate for the expected credit loss is immaterial.
AASB 15 Revenue from contracts with customers	Adoption of this standard has been applied retrospectively. There has been no impact on the Consolidated Trust's current or previously reported financial position as a result of the adoption AASB 15.
AASB 16 Leases	Given that there is currently no operating lease in place, there is no impact on the financial statements from the adoption of this standard.

5. Operating segments

The Consolidated Trust operated in one segment, being investment properties within Australia for the years ended 30 June 2019 and 30 June 2018.

6. Net finance income

	2019 $'000	2018 $'000
Finance income		
Interest income - bank deposits	10	166
- loans to related parties	1,693	1,289
	1,703	1,455
Finance expenses		
Interest expense on financial liabilities measured at amortised cost	(1,139)	(760)
	(1,139)	(760)
Net finance income	564	695

7. Trade and other receivables

	2019 $'000	2018 $'000
Current		
Trade receivables	2	55
Deferred finance costs	78	78
Other receivables	9	10
	89	143

The Consolidated Trust's exposure to credit risk is disclosed in note 16.

8. Assets classified as held for sale

	2019 $'000	2018 $'000
At 1 July	2,525	2,525
Sold during the year	(2,525)	-
At 30 June	-	2,525

Measurement of fair values

Fair value hierarchy

The non-recurring fair value measurement for the assets classified as held for sale have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The valuation technique used is by reference to a conditional sale contract entered into with a third party.

9. Receivables from related parties

	2019 $'000	2018 $'000
Current		
Amounts receivable from Aspen (net of loan forgiveness and impairment)	41,416	39,424

Notes:

(1) At 30 June 2019, the Consolidated Trust had a loan agreement with AGL. The maturity date of the loan is 30 June 2021.

The Consolidated Trust's exposure to credit and market risk is disclosed in note 16.

10. Investment properties

	2019 $'000	2018 $'000
At 1 July	70,239	46,625
Acquisition and additions [(1)]	20,649	18,547
Reclassifications	-	-
Fair value adjustments	3,046	5,067
At 30 June	93,934	70,239

Note:

[(1)] Includes acquisition of Highway 1 Caravan Park acquired during the year ended 30 June 2019.

10. Investment properties *(continued)*

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 2019 $ '000	Book value at 30 June 2018 $ '000
Residential/Retirement/Tourism Properties						
Four Lanterns NSW	Jan 2015	6,986	May 2019	12,240	11,877	8,320
Mandurah WA	Jun 2015	7,525	Nov 2017	12,750	9,189	8,190
Tomago NSW	Aug 2015	2,455	May 2019	10,500	4,325	4,705
Adelaide SA	Oct 2015	7,121	Dec 2017	10,750	8,129	8,221
Tween Waters	Dec 2016	6,800	May 2019	7,300	4,908	4,678
Barlings Beach	Jan 2017	13,250	May 2019	13,500	8,118	6,909
Koala Shores NSW	Sep 2017	4,341	May 2019	9,750	4,810	4,341
Darwin FreeSpirit NT	Dec 2017	13,875	Oct 2017	19,500	14,168	13,875
Highway 1 SA	Oct 2018	17,470	Oct 2018	23,000	17,410	-
Corporate						
Aspen Karratha Village WA	Jun 2005	28,881	Nov 2017	10,250	11,000	11,000
At 30 June 2019/2018					93,934	70,239

Notes:

As at 30 June 2019, the above investment properties were pledged as security against the Consolidated Trust's finance facilities. Refer to note 12 for further details.

The independent valuations represent a whole-of-business valuation that includes assets held by the stapled group comprising the Trust and Aspen Group Limited and is accordingly not directly comparable to the book values for the Trust on a standalone basis. It is also noted that in the period subsequent to obtaining valuations, market conditions and property performance expectations have changed, and additional capital expenditure may have been expended on the site.

Measurement of fair values

Fair value hierarchy

Investment properties are measured at fair value. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the date of the balance sheet, or directors' valuation. Independent valuations of property investments are obtained at intervals of not more than three years with directors' valuation in intervening years. Independent valuations were performed by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

Independent valuations were commissioned for five properties in the portfolio during the year with one of those properties being acquired during the year.

As a result of the independent valuations received, as well as the use of directors' valuations as at 30 June 2019 and some reclassification of the values of components of properties (held by the Company and the Trust), there was a net upward movement of $3.046 million in the portfolio carrying value.

The fair value measurement for investment property of $93.934 million (2018: $70.239 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

10. 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 Consolidated Trust considers either of the techniques or when deemed appropriate, both of the techniques. Where both techniques are considered, the Consolidated Trust reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The capitalisation method estimates the sustainable net income (where applicable) of any asset held for sale, and then applies a capitalisation (or discount/risk) rate to this sustainable net income to derive the value of asset. The discounted cashflow approach considers the present value of net cash flows to be generated from the property, taking into account the receipt of contractual rentals, expected future market rentals, letting up periods, escalation (of 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.	Residential/Retirement/Tourism Properties - Occupancy rates of 20% - 100% - Room and site rates of $20 - $500 per day - Net operating income margins of 30% - 70% - Capitalisation rates of 6.5% - 10.0% - The fair value of excess land for one of the properties (Tomago Village) has been assessed having regard to arm's length comparable transactions within an acceptable timeframe of the valuation date Corporate Property (at end of current contract) - Occupancy rate of 45% - Room rate of $105 per day - Net operating income margin of 41% - Capitalisation rate of 15.0%	The estimated fair value would increase (decrease) if: - Occupancy rates increase (decrease) - Room and site rates increase (decrease) - Operating costs decrease (increase) - Net operating income increases (decrease) - Capitalisation rates and or discount rates decrease (increase)

11. Trade and other payables

	2019 $'000	2018 $'000
Current		
Trade payables	-	2
Accrued liabilities	39	26
Distributions payable	2,703	2,119
	2,742	2,147

12. Interest-bearing loans and borrowings

	2019	2018
	$'000	$'000
Non-current liabilities		
Secured debt facility	24,500	4,700
Total non-current	24,500	4,700
Total interest-bearing loans and borrowings	24,500	4,700

The Consolidated Trust's exposure to interest rate risk and liquidity is disclosed in note 16.

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	**Maturity**	**Face value at 30 June 2019 $'000**	**Carrying amount at 30 June 2019 $'000**	Face value at 30 June 2018 $'000	Carrying amount at 30 June 2018 $'000
Secured debt	AUD	Aug 2020	24,500	24,500	4,700	4,700
			24,500	24,500	4,700	4,700

Financing arrangements

The Consolidated Trust has in place financing arrangements with a total limit of $55.000 million comprising of a cash advance facility, a bank overdraft facility and a bank guarantee facility. These financing facilities are secured over the Consolidated Trust's investment properties.

Secured cash advance facility

At 30 June 2019, the Consolidated Trust had a secured debt facility of $45.000 million (30 June 2018: $45.000 million), maturing in June 2020.

Secured bank overdraft facility

At 30 June 2019, the Consolidated Trust had a secured bank overdraft facility of $5.000 million (30 June 2018: $5.000 million).

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

Secured bank guarantee facilities

At 30 June 2019, the Consolidated Trust had secured bank guarantee facilities totalling $5.000 million (30 June 2018: $5.000 million).

	2019 $'000	2018 $'000
Financing facilities		
Secured debt facility	45,000	45,000
Secured bank guarantee and overdraft facilities	10,000	10,000
	55,000	55,000
Facilities utilised at reporting date		
Secured debt facility	24,500	4,700
Bank guarantees and overdraft	298	298
	24,798	4,998
Facilities not utilised at reporting date		
Secured debt facility	20,500	40,300
Bank guarantees and overdraft	9,702	9,702
	30,202	50,002

13. Units on issue

	Securities 2019 Units'000	Securities 2018 Units'000
On issue at 1 July	96,333	101,897
Buy back of units	-	(5,600)
Cancellation of units	(11)	-
Issued during the period	-	36
On issue at 30 June – fully paid	96,322	96,333

During the year, the Consolidated Trust cancelled 0.01 million units.

For the year ended 30 June 2019

Units on issue	2019 Units'000	2019 $'000
On issue 1 July 2018	96,333	367,179
Units cancelled during the period	(11)	(11)
On issue at 30 June 2019 – fully paid	96,322	367,168
Total securities listed on ASX	96,322	367,168

13. Units on issue *(continued)*

For the year ended 30 June 2018

Units on issue	2018 Units'000	2018 $'000
On issue at 1 July 2017	101,897	377,374
Stapled units issued during the period	36	35
Units buy-back during the period [1]	(5,600)	(5,136)
Capital Returns	-	(5,094)
On issue at 30 June 2018 – fully paid	96,333	367,179

[1] Relates to the buyback of 5.600 million units during the year.

Distributions

The following unfranked distributions were paid or provided for by the Consolidated Trust:

2019	Cents per security	Total amount $'000	Date of payment
July 2018 – December 2018	2.3	2,215	28 February 2019
January 2019 – June 2019	2.7	2,601	30 August 2019
	5.0	4,816	

2018	Cents per security	Total amount $'000	Date of payment
July 2017 – December 2018	2.1	2,120	27 February 2018
January 2018 – June 2018	2.1	2,022	30 August 2018
	4.2	4,142	

Capital return

2018	Cents per security	Total amount $'000	Date of payment
Capital return	5.0	5,094	20 October 2017

14. Earnings per unit

	2019 Cents per unit	2018 Cents per unit
Basic earnings per unit	7.013	7.204
Diluted earnings per unit	6.953	7.154

Profit attributable to ordinary stapled unit holders

	2019 $'000	2018 $'000
Profit attributable to ordinary stapled unit holders	6,755	7,210

14. Earnings per unit *(continued)*

Weighted average number of units	2019 '000 units	2018 '000 units
Basic units at 30 June	96,322	100,081
Diluted units at 30 June	97,158	100,784

Note : Excludes non-dilutive LTI instruments

15. Cashflow information

	2019 $'000	2018 $'000
Reconciliation of profit for the year to net cash inflow from operating activities		
Profit for the year	6,755	7,210
Adjustments for:		
Related party rent from investment properties	(5,429)	(3,952)
Management fees and cost recovery	1,941	2,108
Change in fair value of investment properties	(3,046)	(5,067)
Acquisition costs	29	1,090
Interest income from related parties	(1,693)	(1,289)
Profit / loss on disposal of AHS	(11)	60
Finance income	1,139	760
Operating profit before changes in working capital and provisions	(315)	920
Changes in working capital		
Change in trade and other receivables	53	386
Change in payables and provisions	12	(111)
Net cash from operating activities	(250)	1,195

16. 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.

16. 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 is not required to hedge a minimum of its floating rate debt exposure under the conditions of its debt funding facility with its financiers. The Consolidated Trust does not apply hedge accounting to derivative financial instruments.

16. Financial instruments *(continued)*

Capital management

The policy of the Board is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Consolidated Trust. The Board monitors the level of dividends 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 to increase debt, adjusting the timing of development and capital expenditure and through the operation of a dividend and dividend 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 at 30 June 2019 was 17.93% (30 June 2018 3.25%).

Net debt reconciliation

	2019 $'000	2018 $'000
Cash and cash equivalents	198	1,011
Borrowings – repayable after one year	(24,500)	(4,700)
Net (debt) / cash	(24,302)	(3,689)

	Cash and cash equivalents $'000	**Borrowings – due after one year $'000**	**Total $'000**
Net debt at 1 July 2017	**13,752**	**-**	**13,752**
Cash flows	(12,741)	(4,700)	(17,441)
Net cash as at 30 June 2018 and 1 July 2018	**1,011**	**(4,700)**	**(3,689)**
Cash flows	(813)	(19,800)	(20,613)
Net debt at 30 June 2019	**198**	**(24,500)**	**(24,302)**

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:

	2019 $'000	2018 $'000
Cash at bank and in hand	48	861
Cash in term deposits	150	150
Trade and other receivables	89	143
Receivables from related parties	41,416	39,424
	41,703	40,578

16. 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:

	2019 $'000	2018 $'000
Trade and other receivables	89	143
Loans due from related parties	41,416	39,424
	41,505	39,567

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

	Gross 2019 $'000	**Impairment 2019 $'000**	**Net 2019 $'000**	Gross 2018 $'000	Impairment 2018 $'000	Net 2018 $'000
Not past due	89	-	89	143	-	143

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2019 $'000	2018 $'000
Balance at 1 July	-	-
Amounts written-off	-	-
Balance at 30 June	-	-

Management has assessed the collectability of all debts and provided for specific provisions for any doubtful debts. Based on historical default rates, the Consolidated Trust believes that no impairment allowance is necessary in respect of trade receivables not past due. There are no loan receivables past due.

At 30 June 2019 and 2018, the Consolidated Trust had the following loans receivable from related parties:

	2019				2018			
	Gross $'000	**Impairment $'000**	**Loan Forgiveness $'000**	**Total $'000**	Gross $'000	Impairment $'000	Loan Forgiveness $'000	Total $'000
AGL	41,416	-	-	41,416	39,424	-	-	39,424

Liquidity risk

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

2019	**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	2,742	2,742	2,742	-	-	-
Interest bearing loans and borrowings	24,500	25,209	304	304	24,601	-
	27,242	**27,951**	**3,046**	**304**	**24,601**	**-**

16. Financial instruments *(continued)*

Liquidity risk *(continued)*

2018	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	2,147	2,147	2,147	-	-	-
Interest bearing loans and borrowings	4,700	4,700	-	-	4,700	-
	6,847	6,847	2,147	-	4,700	-

The Consolidated Trust has $24.500 million debt, but no interest rate swaps at 30 June 2019. Refer to note 12 for further information regarding bank facilities.

Interest rate risk

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

	2019		2018	
	Balance $'000	**Weighted average interest rate %**	Balance $'000	Weighted average interest rate %
Fixed rate instruments				
Term deposits	**150**	**2.31%**	150	2.50%
Variable rate instruments				
Cash and cash equivalents	**48**	**1.05%**	861	1.47%
Loans to related parties	**41,416**	**3.76%**	39,424	3.65%
Interest bearing loans and borrowings	**(24,500)**	**2.48%**	(4,700)	3.18%
	16,964		35,585	
Total fixed and variable rate instruments	**17,114**		35,735	

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 both 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 2018.

16. Financial instruments *(continued)*

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

Calculation for sensitivity analysis	**Profit or loss / Equity**	
	100bp increase	**100bp decrease**
2019	**$'000**	**$'000**
Variable rate instruments	170	(170)
Fixed rate instruments	1	(1)
Cash flow sensitivity (net)	171	(171)
2018		
Variable rate instruments	356	(356)
Fixed rate instruments	1	(1)
Cash flow sensitivity (net)	357	(357)

Fair Values

Estimation of fair value

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

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the Commonwealth government yield curve at the reporting date plus an appropriate credit spread, and were as follows:

	2019	2018
Interest rate	2.48%	3.18%

17. 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 30 November 2018 to 30 June 2019:

David Grbin	Non-executive chairman
Alexander Calder	Non-executive director
Rupert Smoker	Executive director
Ben Norman	Alternative director

The following persons held office as Aspen Funds Management Limited during the period 1 July 2018 to 30 June 2019 (except as noted below):

Clive Appleton	Non-Executive Chairman
Guy Farrands	Non-Executive Director
John Carter	Executive Director
David Dixon	Executive Director (appointed 14 March 2019)

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.

	2019 **$**	2018 $
Management fees and cost recoveries for the year	1,941,002	2,107,851

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

	2019 **$**	2018 $
Responsible entity fee	56,237	-

Other related party transactions

AGL borrowed funds from the Trust at commercial interest rates and the maturity of the loan is 30 June 2019. The following loans receivable from AGL are outstanding at year end (refer to note 9 for further details):

	2019 **$**	2018 $
AGL	41,415,678	39,424,463

The following interest income was recorded as a result of loans during the year:

	2019 **$**	2018 $
AGL	1,692,528	1,288,687

18. Auditor's remuneration

Auditor's remuneration in current and prior year was paid by AFM's parent entity, AGL.

19. Consolidated entities

	Ownership interest 2019 %	Ownership interest 2018 %
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.

20. Consolidated entity guarantees

External parties	**2019 $'000**	2018 $'000
Bank guarantees issued to third parties	**298**	298

21. Subsequent events

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 affect significantly the operations of the Consolidated Trust, the results of those operations, or the state of affairs of the Consolidated Trust, in future financial years.

22. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2019, the parent entity of the Consolidated Trust was the Trust.

	2019 $'000	2018 $'000
Result of the parent entity		
Profit/ (loss) for the year	6,754	7,183
Total comprehensive expense for the year	6,754	7,183
Financial position of parent entity at year end		
Current assets	42,010	43,414
Non-current assets	94,028	70,305
Total assets	136,038	113,719
Current liabilities	2,742	2,147
Non-current liabilities	24,500	4,700
Total liabilities	27,242	6,847
Net assets	108,796	106,872
Total equity of the parent entity comprising of:		
Units on issue	367,168	367,179
Accumulated losses	(258,372)	(260,307)
Total equity	108,796	106,872

22. Parent entity disclosures *(continued)*

Parent entity loan to AGL

AGL has a loan payable to the Consolidated Trust of $41.416 million at 30 June 2019 (30 June 2018: $39.424 million). The loan's maturity is 30 June 2021 in accordance with the loan agreement.

Parent entity contingencies

The directors of RE are of the opinion that the Consolidated Trust has no contingent liabilities which require disclosure in the financial report for the year ended 30 June 2019 (2018: $Nil).

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 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.

Guarantees to related parties *(continued)*

Details of the guarantees are as follows:

External parties	**2019 $'000**	2018 $'000
Bank guarantees issued to third parties	298	298

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 22 to 52 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 2019 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 2019