Aspen Group Limited

Annual Report 2019

Chairman’s Letter

Dear Securityholders

I am very pleased to present the 2019 Annual Report for Aspen Group (Aspen).

We have entered the new financial year with positive momentum after combining the management teams of Aspen and Mill Hill Capital, and appointing David Dixon and John Carter as Joint Chief Executive Officers in March 2019. We believe the opportunities within Australia’s $6.5 trillion residential markets are significant. Aspen is now very well positioned with its enhanced management team, fully integrated platform and broad product and service offering.

In FY19 Aspen produced Underlying Earnings per Security (EPS) of 5.15 cents which was up 8% on FY18. Distributions per Security (DPS) totaled 5.00 cents which was up 19% on the prior year. Aspen’s stock produced a total return of 15.7% including a 5.2% distribution yield and 10.5% increase in price.

Aspen currently owns a portfolio of 12 properties valued at $139 million after recently acquiring two apartment buildings in Lindfield, Sydney for $8.65 million. Our properties are well suited to the provision of accommodation on competitive terms in their local markets. They also have the potential to be profitably repositioned and developed into higher value uses over time. The portfolio is attractively valued on a weighted average capitalisation rate (WACR) of 8.9% and an average of $66,000 per site including land and dwellings.

I would like to thank all of Aspen’s employees at head office and the properties for their hard work and commitment through the responsible entity and senior management transition. They have been instrumental in the group’s transformation in recent times.

I look forward to meeting with you and providing a further update at our Annual General Meeting.

Clive Appleton
Chairman

ASPEN GROUP LIMITED

(THE COMPANY)

(ABN: 50 004 160 927)

ASPEN PROPERTY TRUST

(THE TRUST)

(ARSN: 104 807 767)

ANNUAL REPORT FOR THE YEAR ENDED
30 JUNE 2019

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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Directors' report contents

1. Directors

The directors of the Company and Aspen Funds Management Limited ("AFM"), while it was Responsible Entity of the Trust, 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 **Independent Chairman** *(appointed chairman on 7 June 2016)*	Mr Appleton 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. Mr Appleton'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, Mr Appleton 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 Mr Appleton joined APN Property Group Limited as Managing Director. From December 2011 to June 2015, Mr Appleton was a non-executive director of Federation Centres. Mr Appleton 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. Appointed a non-executive director of Aspen 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)
John Carter MBA (Syd), BAppSc (Property Resource Mgmt) (UniSA), AAPI, GAICD **Executive Director**	Mr Carter has over 30 years' experience in real estate and financial markets. On 14 March 2019, Mr Carter was appointed joint Chief Executive Officer (CEO) of Aspen Group Limited. In 2004 Mr Carter established Mill Hill Capital to pursue Private Equity in real estate, agriculture and equities. Prior to this Mr Carter was Managing director, co-head of Equities and on the Australian Executive Committee for UBS in Australasia from 2001 - 2004. From 1991 - 2001 Mr Carter was head of property and head of real estate research at UBS. While at UBS, Mr Carter 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 Mr Carter was involved in commercial real estate at two international real estate consultancy groups. Appointed a Non-executive Director on 23 February 2015. With Mr Carter's appointment as joint CEO of Aspen Group Limited, he is now an Executive Director from 14 March 2019. *Directorships of listed entities within last 3 years :* Nil

1. Directors *(continued)*

Name and qualifications	Experience, special responsibilities and other directorships
Guy Farrands BEc, Grad Dip Man, FAPI, MAICD **Independent Non-Executive Director**	Mr Farrands 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 Mr Farrands was CEO of Valad Property Group between 2005 and 2007, departing prior to Valad's acquisition of Crownstone / Scarborough. Prior to that Mr Farrands was head of corporate development and investor relations for Valad. Mr Farrands' former roles included division director of the real estate division of Macquarie Bank's Investment Banking Group where he managed IPOs, equity raisings and mergers and acquisitions, associate director and joint head of property for Heine Management Limited and Manager in the Investment Sales Department at Jones Lang LaSalle. Mr Farrands is currently the Chief Financial Officer of Viva Energy REIT. Appointed a Non-Executive director on 26 November 2012 and Chairman of the Audit Committee (reconstituted as the Audit, Risk and Compliance Committee in February 2016) on 22 January 2013. *Directorships of listed entities within last 3 years :* Nil

During the year Evolution Trustees Limited and Perpetual Corporate Trust Limited replaced Aspen Funds Management Limited as the Responsible Entity (RE) and custodian respectively of the Trust. Aspen Funds Management Limited continued to provide investment management services throughout the year.

Directors' meetings

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

	Board of Directors		Audit, Risk and Compliance Committee	
Directors	Held	Attended	Held	Attended
C Appleton	6	6	4	4
G Farrands	6	6	4	4
J Carter	6	6	-	-

2. Company Secretary

Mr Mark Licciardo was appointed to the position of joint company secretary in 30 September 2016. He is the founder and Managing Director of Mertons Corporate Services Pty Ltd. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, business management, administration, consulting and company secretarial matters. He is also the former Chairman of the Governance Institute of Australia Victoria division and Melbourne Fringe Festival and a current non-executive director of a number of public and private companies. Mr Licciardo holds a Bachelor of Business Degree (Accounting) from Victoria University and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia.

Ms Belinda Cleminson was appointed to the position of joint company secretary in 30 September 2016. She has over 15 years' experience as an Assistant Company Secretary of Australian listed companies including ASX 200 clients. Ms Cleminson previously managed the Company Secretarial team for Australian Company Secretaries representing a domestic and global client base. Prior to this she held roles within the legal and banking industry.

3. Operating and Financial Review

Operating Results

Aspen Group recorded a statutory loss of $7.92 million (2018: profit of $0.77 million) for the year ended 30 June 2019 calculated in accordance with International Financial Reporting Standards ("IFRS").

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

Operating results as assessed by the directors for FY19 compared to FY18 were:

- Operating Profit increased 4% to $4.96 million and 8% on a per security basis to 5.15 cents, benefiting from the buyback of securities during FY18 and constrained by the capital return of 5 cents per security during FY18
- Ordinary distributions increased 19% to 5.00 cents per security
- Operating and development net income increased 14% to $11.81 million
- Accommodation revenue increased 27% to $22.29 million (continuing operations only), mainly due to the acquisition of Highway 1 Caravan & Tourist Park in October 2018 and full year contributions from Darwin Freespirit Resort and Koala Shores, both of which were acquired during FY18
- Other gross operating profit (from food & beverage and other sales) increased 26% to $1.79 million
- Net operating income increased 21% to $11.23 million at an operating margin of 47% (continuing operations only)
- Development profit increased 164% to $0.58 million at a development margin of 34%
- Income from discontinued operations was $nil compared to $0.86 million in FY18 (from Spearwood South industrial property)
- Corporate overheads increased 13% to $5.92 million
- Net interest expense increased 200% to $0.93 million due to acquisitions, capital expenditure, security buybacks (in FY18), and a capital return to securityholders of 5 cents per security (in FY18) being funded with cash and debt
- Tax paid was $nil in both years

3. Financial Review *(continued)*

The tables below have not been audited by PricewaterhouseCoopers.

Operating Profit:

	2019 ($m)	2018 ($m)
Accommodation revenue	**22.29**	17.53
Other revenue (food & beverage and other)	**5.25**	3.70
Cost of goods sold (including direct labour)	**(3.46)**	(2.28)
Other gross operating profit	**1.79**	1.42
Gross operating income (GOI)	**24.08**	18.95
Operating expenses	**(12.85)**	(9.69)
Net operating income (NOI)	**11.23**	9.26
Operating margin (NOI / GOI)	**47%**	49%
Revenue from development activities	**1.69**	0.51
Cost of sales	**(1.11)**	(0.29)
Development profit	**0.58**	0.22
Development margin (profit / revenue)	**34%**	43%
Discontinued operations profit / (loss)	**-**	0.86
Operating and development net income	**11.81**	10.34
Corporate overheads	**(5.92)**	(5.25)
EBITDA	**5.89**	5.09
Net interest expense	**(0.93)**	(0.31)
Tax	**-**	-
Operating profit	**4.96**	4.78
Securities (weighted)	**96.3**	100.1
Operating profit per security (cents)	**5.15**	4.78
Ordinary distributions per security (cents)	**5.00**	4.20
- 1H19 paid	2.30	
- 2H19 declared (payable end of August)	2.70	

Reconciliation of Statutory Profit and Operating Results:

	2019 ($m)	2018 ($m)
Statutory net (loss) / profit	**(7.92)**	0.77
Add back:		
Depreciation & amortisation	2.63	1.74
Asset revaluations	9.33	(0.90)
Transaction costs & other	0.92	3.17
Operating profit	**4.96**	4.78
Net interest expense	0.93	0.31
EBITDA	**5.89**	5.09
Corporate overheads	5.92	5.25
Operating & development net income	**11.81**	10.34

3. Financial Review *(continued)*

Net Asset Value

Net asset value ("NAV") is a non-IFRS measure that is determined to present, in the opinion of the directors, the fair market value of Aspen's net assets. NAV is determined having regard to principles which include providing clear reconciliation between net assets in the Consolidated Balance Sheet and NAV in the directors' report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

The table below provides the reconciliation between the net assets as per the statutory Consolidated Balance Sheet and NAV. NAV includes the value attributed to goodwill and acquisition costs above carrying values that exist in respect to some of Aspen's properties. The table has not been audited by PricewaterhouseCoopers.

	2019 ($m)	2018 ($m)
Property, plant and equipment per the statutory Consolidated Balance Sheet	**112.93**	82.00
Goodwill and intangibles per the statutory Consolidated Balance Sheet	**15.11**	24.25
Less: Central services PP&E	**-**	(0.09)
Carrying value of properties per the statutory Consolidated Balance Sheet	**128.04**	106.16
Non statutory property carrying value adjustments	**-**	0.25
Adjusted value of properties	**128.04**	106.41
Net assets per the statutory Consolidated Balance Sheet	**108.77**	114.68
Non statutory property carrying value adjustments	**-**	0.25
NAV	**108.77**	114.93
NAV per security ($)	**1.13**	1.19

Total value of property assets increased by $21.6 million to $128.0 million. During the year, Aspen acquired Highway 1 Caravan & Tourist Park for $23.0 million (plus acquisition costs). The property valuations take depreciation into account. The depreciation (based on tax scales) and reduction in intangible assets (i.e. impairment of goodwill) are recorded in the statutory profit and loss, whereas the uplift valuation of the properties were recognised directly in equity.

NAV per security decreased by $0.06, with the main detractors being:

- A $2.00 million (32%) devaluation of Darwin Freespirit Resort determined by the directors due to net operating income being below expected since acquisition. The new valuation reflects a cap rate of over 9% based on the property's expected income in FY20
- A $2.25 million (37%) devaluation of Tomago Village under an external valuation, which reversed a $2.25 million increase in an external valuation in FY18. The property is being repositioned and redeveloped from short-stay workers / tourist accommodation into longer term retirement / residential accommodation and operating income has declined as a consequence. The new valuation is based on a cap rate range of 8.50-8.75%

Balance Sheet

Aspen's balance sheet, including the adjusted value of properties is tabled below. As at 30 June 2019, compared to 30 June 2018:

- Total assets increased 11% to $141.7 million
- Cash declined to $6.47 million. Post the change in responsible entity (RE) to Evolution Trustees Limited, $9.85 million of cash that was backing Aspen Funds Management Limited's RE licence was released and used to repay debt
- Total financial debt increased to $24.5 million. The Group has a $55.0m finance facility that expires in August 2020. At 30 June 2019, undrawn capacity under the facility was $30.20 million (after allowing for bank guarantees of $0.298 million), gearing (net debt / total assets less cash) was 13.33% and loan to value ratio (per the finance facility covenant) was 16.40% (versus a covenant limit of 50%)

3. Financial Review *(continued)*

	2019 ($m)	2018 ($m)
Adjusted value of properties	**128.04**	106.41
Cash	**6.47**	13.37
Other assets	**7.22**	8.13
Total assets	**141.73**	127.91
Financial debt	**24.50**	4.70
Other liabilities	**8.46**	8.28
Total liabilities	**32.96**	12.98
Net Asset Value	**108.77**	114.93
Gearing (net debt / total assets less cash)	**13.33%**	-*
Loan to Value Ratio (per debt facility covenant)	**16.40%**	3.94%

* Overall net cash position

Likely developments

The immediate focus for Aspen is to continue to pursue growth opportunities in the affordable accommodation sector, both through acquisitions of assets and selected development works on existing assets.

Business risks

Aspen has policies and processes in place for the oversight and management of business risks. Further details of the risk management framework and process are detailed in Aspen's Corporate Governance Statement, while a discussion of risks, including credit risk, liquidity risk, market risk and operation risk factors are detailed in note 16 of the financial statements. Listed below are relevant key risks for the business identified in the risk management matrix:

- **Exposure to the resources industry** – more specifically, the risk that the demand for accommodation services in Karratha declines. Aspen has exposure to the sector through ownership of Aspen Karratha Village (AKV), which is in a key resource region in Western Australia.
- **Contract risk –** at AKV, Aspen has a contract to supply accommodation services to a corporate client. Upon contract expiry, Aspen may be subject to market factors / conditions which could result in lower earnings and asset value.
- **Tourism market conditions** – short stay income is variable, and occupancy levels and rates for rooms, cabins and sites are dependent on various market conditions which could negatively impact Aspen's short stay earnings. Some examples if Australia, or a geographical location within Australia, were to suffer subdued economic conditions, which negatively impacted consumer spending on holidays, and increased competition.
- **Rental and sales rates of retirement / residential dwellings** – there are a number of risks associated with the development, rental and sale of dwellings which could impact future earnings for Aspen. These risks include the timing of achieving planning and regulatory approvals, cost overruns, rental pricing and sales rates and the ability of prospective purchasers to sell their existing homes.
- **Due Diligence and integration risk** – Aspen is expected to continue to acquire properties. There is a risk that income is materially lower and or capital expenditure requirements are materially higher than expected regardless of the level of due diligence undertaken. This risk is elevated in the case of tourism-related properties. Additionally, acquisitions involve transaction costs and disruption through the transition of ownership and management which may impact operating performance, particularly in the short term.

Safety and environment

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

No significant environmental issues arose during, or subsequent to, the year.

3. Financial Review *(continued)*

Significant changes in the state of affairs

Other than noted elsewhere in this Annual Report, there were no significant changes in the state of affairs of Aspen Group that occurred during the year.

Proceedings on behalf of the company

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

4. Remuneration report

4.1 Overview

Introduction

The directors present the remuneration report for Aspen Group for the year ended 30 June 2019. This report forms part of the directors' report and has been audited in accordance with the *Corporations Act 2001*. This report sets out remuneration information for Aspen Group's:

- non-executive directors; and
- CEOs as well as former members of the senior executive team (Executives).

These personnel, collectively known as the Key Management Personnel (KMP), are accountable for planning, directing and controlling the affairs of Aspen Group and its controlled entities.

The broader management group (who are participants in various incentive programmes) are referred to as senior managers.

Remuneration of KMP is referred to as compensation throughout this report.

Key management personnel

The table below provides details of the KMP for FY19. For those KMP who served as KMP for part of the year, this Remuneration Report only sets out the amounts they received as remuneration in their capacity as a KMP.

Name	Position	Term as KMP during the year
Executives		
John Carter	Chief Executive Officer (joint)	Employed as KMP from 14 March 2019
David Dixon	Chief Executive Office (joint)	Employed as KMP from 14 March 2019
Former Executives	**Position**	
Joel Cann	Chief Executive Officer	Employed as KMP until 12 April 2019
Emmanuel Zammit	Chief Financial Officer	Employed as KMP until 30 June 2019
Directors	**Position**	
Clive Appleton	Non-Executive director	KMP for full year
Guy Farrands	Non-Executive director	KMP for full year
John Carter	Executive director	KMP for full year

4. Remuneration report *(continued)*

4.2 Remuneration governance and framework

Remuneration Governance

The Board oversees the remuneration practices of Aspen and is responsible for:

I. the assessment of the performance of the CEOs which is conducted on both an informal and continuous basis, as well as formally at the end of each financial year;

II. establishing an overarching remuneration framework for Aspen; and

III. approval of all elements of KMP compensation.

Expert consultants are engaged where necessary to help the Board establish policies to attract, reward, motivate and retain employees. The Board is committed to ensuring KMP pay is fair and comparable to like companies, and importantly, aligns financial rewards with the interests of securityholders.

Remuneration consultants

The Board has in prior years engaged remuneration consultants to advise on remuneration practices and to assess the quantum and structure of fees and incentives.

In FY19 there were no consultants engaged by the Board and consequently no recommendations obtained, and no disclosures required under the *Corporations Act 2001*.

Remuneration framework

The objective of Aspen's remuneration framework is to remunerate its employees both competitively and appropriately such that Aspen Group attracts, retains and motivates a skilled and qualified KMP team. The framework considers, amongst other things:

- Alignment to securityholders' interests:
  - net operating income and total securityholder returns
  - key financial and non-financial drivers of securityholder value, including risk management
  - attracting and retaining high calibre KMP and senior managers
- Alignment to employees' interests:
  - rewards capability and experience
  - provides recognition for individual contribution
  - provides a clear structure of earnings rewards

The remuneration framework provides a mix of fixed and variable ("at risk") pay. As employees gain seniority within Aspen and have a greater role in driving business growth, the balance of this mix shifts to a higher proportion of the "at risk" components.

4. Remuneration report *(continued)*

4.3 Executive remuneration structure

Aspen executives had the following remuneration mix for FY19:

<table>
<tr><th>FIXED</th><th colspan="2">AT RISK</th></tr>
<tr><td>Fixed Remuneration</td><td>Short term incentive (STI)</td><td>Long Term Incentive (LTI)</td></tr>
<tr><td colspan="2">CASH</td><td>EQUITY</td></tr>
<tr><td>• Base salary and superannuation
• Reviewed annually
• Determined by experience, qualifications and role</td><td>• 50% of STI awarded must be taken as equity in Aspen Group (APZ)
• Entitlement to these shares is deferred by 12 months before APZ shares will be issued
• STI dependent on individual performance relative to KPIs
• Only available to executive staff</td><td>• Performance Rights Plan subject to three year vesting period
• 50% Relative Total Securityholder Return (TSR)
• 50% Net Asset Value (NAV) growth
• Only available to executive KMP</td></tr>
<tr><td>Base level of reward competitive with the marketplace</td><td colspan="2">Encourages sustainable performance in the medium to longer term</td></tr>
</table>

Remuneration mix	CEO	Executives
Fixed compensation	50.0%	66.7%
STIs	12.5%	16.7%
LTIs	37.5%	16.7%

STI, LTI and retention bonus components are "at risk" and are only realised if respective performance hurdles are achieved.

Fixed compensation

Fixed compensation consists of an annual base salary plus employer contributions to superannuation funds plus any applicable fringe benefits provided. No guaranteed base salary increases are included in any executive contracts.

Executive remuneration levels are reviewed annually by the Board through a process that considers, amongst other things:

- the Executive's position and level of experience
- individual, divisional and overall performance of Aspen
- market forces, especially as they relate to companies of comparable size, revenue and in similar industries to Aspen
- advice from external consultants or other market sources.

Variable compensation - STI

The STI is an "at risk" incentive awarded annually and is paid in a combination of immediate cash and APZ securities components, subject to agreed KPIs.

All STIs are paid at the discretion of the Board. In addition, the STI pool can be scaled up or down by the Board depending upon the actual performance of Aspen.

The STI plan links the performance of individual employees to the operational and financial objectives of Aspen. These individual KPIs are agreed with employees at the start of each financial year or commencement of employment as part of the individual's performance review process.

The board reserves the right to award no STI at all.

4. Remuneration report *(continued)*

The KPIs measured are linked to Aspen’s overall business strategy and incorporate qualitative indictors of effectiveness, performance and behaviour including, amongst other things:

- financial priorities – e.g. earnings and distribution targets, forecast accuracy, expense management
- business priorities – e.g. business growth, business systems, customer relationships
- people leadership and governance – e.g. leadership, culture, risk management and ethics
- strategic priorities – e.g. evaluating and implementing change, corporate reputation, future growth initiatives.

All STIs for executives are paid 50% in cash with the remainder taken as APZ securities. The issue of securities is deferred by 12 months. The immediate cash portion is paid in September each year following the finalisation of the consolidated financial statements. To receive the benefit of the deferred STI amount, the Executive must have achieved a further hurdle – that employment with Aspen remains in place and no notice of resignation has been served by the employee.

The following table outlines treatment of STI upon an employee’s departure from Aspen:

Event	Eligibility criteria
Resignation during performance year	Employee is not considered for a STI payment for that performance year
Redundancy during performance year	Employee will be considered for a pro rata STI payment. Performance is rated at the time of termination. Any deferred STI amounts for KMP is paid upon redundancy
Redundancy after end of performance year	Employee will be considered for a full year STI payment
Dismissal	Employees will not be considered for an STI payment in the event they are dismissed for cause, including for poor performance
Death	Employees will be considered for a pro-rata STI if employment terminates due to death. Any payment will be made to the estate. This includes any deferred STI amounts for Executives
Change of control	STIs will be payable immediately on the settlement of a change in control of Aspen. Each employee who is currently not undergoing performance management will be paid their current year's STI opportunity based on their performance rating at the time of change of control on a pro rata basis. Any extra vesting conditions for deferred STI amounts are deemed to be immediately satisfied after a change of control

Variable compensation – executive retention bonus scheme

The scheme’s objectives are to minimise the risks of disruption caused by the departure of key employees where the departure has the potential to create significant gaps in the knowledge and capacity that would not be in the best interests of the securityholders. No employees were subject to retention in FY19.

Variable compensation - LTI

The objective of the LTI plan is to reward and retain executives. Awards are linked to Aspen’s Total Shareholder Returns (“TSR”) and Net Asset Value (“NAV”), therefore an executive’s remuneration is aligned to the creation of securityholder wealth. Under this plan, the more Aspen’s security price and distribution increase over the relevant vesting period, the greater the potential benefit to employees.

Aspen’s LTI is delivered via a Performance Rights Plan (“PRP”), which has been in place since 2010 and which was refreshed at the 2016 Annual General Meeting.

The PRP facilitates the grant of performance rights to some executives of Aspen. A performance right granted under the PRP is a conditional right to acquire a stapled security for nil consideration (although the terms of the PRP enable the Board to impose an exercise price if considered appropriate).

A performance right holder will only be able to exercise their performance rights to the extent the vesting conditions are satisfied (if at all). Performance is assessed relative to two measures, TSR and NAV, with each measure accounting for 50% of the potential entitlement. The vesting conditions for each measure determine the award and are measured over a three year period from the start of the financial year in which they are offered.

4. Remuneration report *(continued)*

The Board may consider introducing additional or different conditions for future grants of rights should prevailing market conditions support such a decision. Presently, continued employment and meeting TSR and NAV hurdles are the only two vesting conditions.

TSR hurdle

The Board decided to use relative TSR as the vesting condition because relative TSR is easily measured, verifiable by external data and therefore transparent for securityholders, and it is commonly used by ASX Top 100 companies.

TSR is a measure of the return to securityholders (over the vesting period) provided by security price appreciation, plus reinvested distributions expressed as a percentage of investment. TSR was selected because it measures Aspen's returns for securityholders.

The S&P ASX 300 Property Sector index is used as a comparator group as it represents Aspen's listed property peers that Aspen competes with for equity and talent.
The TSR hurdle is tested at the end of the performance period (three years from grant) by calculating the TSR performance of each entity in the comparator group. The performance of each entity is then ranked, using percentiles. Aspen Group's performance will be calculated at the end of the performance period and compared to the percentile rankings. Vesting of performance rights under this hurdle will only occur if Aspen Group outperforms a majority of the entities making up the S&P ASX 300 Property Sector index over the 3 year period.

The following vesting schedule applies to the award of any performance rights to eligible participants:

Relative TSR over 3 years	Proportion of TSR related rights vested
At or below the 50th percentile	0%
At the 51st percentile	50%
Between the 51st percentile and the 75th percentile	Straight-line between 50% and 100%
75th percentile or above	100%

NAV hurdle

NAV is a measure of the underlying value of securities of the Group. NAV is measured and reported by the Group at each reporting period and shall be the reference base for the testing of this measure.

The NAV hurdle will be tested by calculating NAV growth over the three year measurement period. As distributions by the Group have the effect of reducing the NAV of the Group, the measurement of NAV will take into account distributions over the vesting period. Distributions over the three years period shall be added to NAV to determine the rate of growth achieved. The vesting of Performance Rights will be determined using the matrix in the table below:

NAV growth over 3 years	Proportion of NAV related rights vested
Below 8 percent growth pa	0%
At 8 percent growth pa	50%
Between 8 percent and 10 percent growth	Straight-line between 50% and 100%
10 percent growth pa or above	100%

The respective TSR and NAV hurdles must be satisfied to gain the proportion of Performance Rights referred to in the last column (assuming the other vesting conditions have been satisfied).

4. Remuneration report *(continued)*

The following table outlines treatment of LTI upon an employee's departure from Aspen Group:

Event	Eligibility criteria
Resignation	Any unvested LTIs will automatically lapse and be deemed forfeited
Dismissal	Any unvested LTIs will automatically lapse and be deemed forfeited
Redundancy, retirement or death	Any LTIs will automatically lapse and be deemed forfeited. However, the Board may choose, at their absolute discretion, to allow the unvested LTIs to remain in effect
Change of control	LTIs will be payable immediately on the settlement of a change in control of Aspen. Each employee who is currently not undergoing performance management will be paid their current year's LTI opportunity based on their performance rating at the time of change of control on a pro rata basis

4.4 Executive remuneration outcomes

Overview of FY19 financial performance

In considering Aspen's performance and benefits for securityholder wealth in the current financial year, the Board had regard to the following metrics:

	2019	2018
Operating Profit (underlying)	**$4.96m**	$4.78
Operating Profit per security (cents)	**5.15**	4.78
Distributions per security (cents)	**5.00**	4.20
Security price (30th June)	**$1.06**	$0.96
Net Asset Value (30th June)	**$1.13**	$1.19
Return on capital employed (Operating Profit / NAV)	**4.6%**	4.2%

The Board also considered the relative performance of KMP against the execution of Aspen's strategy. A high-level scoreboard of the Aspen performance for FY19 for the purpose of assessing eligibility for STI and LTI has been considered by reference to both positive and negative factors:

Positive performance indicators	Negative performance indicators
▪ Increase in Operating Profit ▪ Increase in distributions ▪ Introduction of new project management fee streams to Aspen ▪ Increase in refurbishment, cost saving capex and redevelopment activity across the portfolio ▪ Successful transition of the RE role and integration of the management teams of Aspen and Mill Hill Capital with minimal disruption to the business ▪ Improvements in operating information systems and performance ▪ Improvements in employee engagement and motivation ▪ Extension of Aspen's debt facility ▪ Increase in security price from $0.96 to $1.06 at end of period, reducing the gap to NAV ▪ Improved communications with investment community	• Security price trading below NAV • NAV declined • Operating performance at some assets less than budget

4. Remuneration report *(continued)*

STI outcomes

For the year ended 30 June 2019, two KMP were awarded a STI, determined after performance reviews were completed and then approved by the Board.

The total STI awarded to the executives for FY19 was $0.056 million. (FY18 $0.118 million), a reduction of 53%. As a result of the individual performance assessments the average percentage awarded of the maximum STI opportunity for the executives was 100%. A summary of the STIs awarded to executives during FY19 is outlined below:

	Cash STI $	Deferred STI payment[1] $	Total FY19 award $	Total STI $	% of max STI opportunity vested in year	% of STI not yet vested	% of STI opportunity forfeited in year
John Carter	$14,000	$14,000	$28,000	$28,000	100%	-	-
David Dixon	$14,000	$14,000	$28,000	$28,000	100%	-	-
Joel Cann	-	-	-	-	-	-	-
Emmanuel Zammit	-	-	-	-	-	-	-
Total	**$28,000**	**$28,000**	**$56,000**	**$56,000**			

[1] the deferred cash STI payment is due in 12 months post release of FY20 audited accounts.

LTI outcomes

There was no LTI outstanding as at 30 June 2019.

5. Executive contract details

5.1 Overview

Remuneration structure and contract terms for CEO

The contracts of employment for the joint CEOs, Messrs Carter and Dixon, have no fixed term and specifies the duties and obligations of the role.

Salary and benefits

Messrs Carter and Dixon will each receive a salary of $380,000 (gross) per annum, exclusive of superannuation. In addition, Aspen will make statutory superannuation contributions. No directors' fees will be paid to Messrs Carter and Dixon for being a director of Aspen or any other group company (from the date of appointment as CEO).

Incentive arrangements

Messrs Carter and Dixon may be entitled to discretionary short-term incentives (STI), under Aspen Group's Short-Term Incentive Policy (STI Policy), depending on Aspen's and Messrs Carter and Dixon's performance against financial and non-financial metrics determined by the Board.

Messrs Carter and Dixon may be eligible to participate in Aspen's Performance Rights Plan (PRP) in respect of each completed financial year and to receive a discretionary Long-Term Incentive (LTI) allocation. The entitlement to receive a LTI allocation in respect of any financial year is at the Board's absolute discretion and will be determined by the Board in accordance with the LTI Rules.

5. Executive contract details *(continued)*

5.1 Overview *(continued)*

Incentive arrangements *(continued)*

The remuneration package for Messrs Carter and Dixon was designed and negotiated to ensure a strong alignment of their financial rewards with the creation of value for Aspen Group securityholders. The equity component of Messrs Carter's and Dixon's packages will be subject to approval at Annual General Meeting in November 2019, which include an issue of performance rights.

Termination

The employment contracts may be terminated by Aspen Group or Messrs Carter and Dixon by giving 3 months' notice of an intention to terminate employment. Termination benefits to the extent permitted under the Corporations Act are included in the contracts in the event of certain termination events.

Contract terms for other current KMPs

It is Aspen's policy that employment contracts for Executives have no fixed term but are capable of termination on generally three months' notice and that Aspen retains the right to terminate the contract immediately, by making payment equal to three month's pay in lieu of notice.

The entitlement of Executives to unvested LTI awards is dealt with under the LTI plan rules and the specific terms of grant.

6. Executive remuneration

Details of the nature and amount of each major element of remuneration of key management personnel are:

		Short-term				Post-employment						
	Year	Base salary[1]	STI	Non-monetary benefits	Total	Superannuation benefits	Termination benefits	Other Long Term	LTI[2]	Total	% of rem performance related	Value of LTI as % of rem
Current Executives												
John Carter	**2019**	**105,231**	**28,000**	**-**	**133,231**	**5,133**	**-**	**-**	**-**	**138,364**	**20.2%**	**-**
	2018	-	-	-	-	-	-	-	-	-	-	-
David Dixon	**2019**	**105,231**	**28,000**	**-**	**133,231**	**5,133**	**-**	**-**	**-**	**138,364**	**20.2%**	**-**
	2018	-	-	-	-	-	-	-	-	-	-	-
Former Executives					-							
Joel Cann	**2019**	**346,770**	**-**	**-**	**346,770**	**18,536**	**22,779**	**-**	**(93,468)**	**294,617**	**(31.7%)**	**(31.7%)**
	2018	429,334	30,000	-	459,334	20,049	-	-	43,037	**522,420**	14.0%	8.2%
Emmanuel Zammit	**2019**	**380,086**	**-**	**-**	**380,086**	**27,616**	**115,725**	**-**	**(28,449)**	**494,978**	**(5.7%)**	**(5.7%)**
	2018	358,312	87,500	-	445,812	29,085	-	-	10,518	**485,415**	20.2%	2.2%
Brett Summers	**2019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2018	45,454	-	-	45,454	5,012	-	-	(51,636)	**(1,170)**	n/m[3]	n/m[3]
Total	**2019**	**937,318**	**56,000**	**-**	**993,318**	**56,418**	**138,504**	**-**	**(121,917)**	**1,066,323**	**(6.2%)**	**(11.4%)**
	2018	**833,100**	**117,500**	**-**	**950,600**	**54,146**	**-**	**-**	**1,919**	**1,006,665**	**11.9%**	**0.2%**

Notes in relation to the table of key management personnel remuneration

(1) Base salary includes annual leave and superannuation payments which exceeded the Federal Government superannuation cap.

(2) The stapled securities issued under the various LTI plans are treated for accounting purposes as options and their fair value is calculated at the date of grant using a Monte Carlo option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value of these Long-Term Incentive Instruments (LTII) disclosed is the portion of the fair value of the instruments allocated to the profit and loss this reporting period.

(3) Percentage disclosure not meaningful.

6. Executive remuneration *(continued)*

LTI grants and movements during the year

The following table provides details of rights granted during the year under the LTI plan, as well as the movement during the year in options and rights granted under the LTI plan in previous financial years.

	Equity type	Balance as at 30 June 2018	Granted during the year as remuneration	Value of Grant	Exercised / vested during the year	Value of options and rights exercised / vested	Lapsed / cancelled during the year	Value of options and rights lapsed / cancelled	Balance as at 30 June 2019
		No.	No.	$	No.	$	No.	$	No.
Current Executives									
John Carter	PR	-	-	-	-	-	-	-	-
David Dixon	PR	-	-	-	-	-	-	-	-
Former Executives									
Joel Cann	PR	763,696	-	-	-	-	(763,696)	93,468	-
Emmanuel Zammit	PR	238,901	-	-	-	-	(238,901)	28,449	-

There were no outstanding options and rights for the Executives as at 30 June 2019.

7. Non-executive director remuneration

Non-executive director remuneration structure

The total remuneration for non-executive directors for the 2019 financial year was $323,127 (2018: $346,404), the decrease is due to John Carter being appointed as Joint CEO from 14 March 2019.

There has been no increase in remuneration of individual directors since FY2013, apart Clive Appleton's due to his appointment as Chairman in 7 June 2016.

The remuneration level is within the maximum remuneration level previously approved by security holders at the 2010 AGM of $700,000. Within this limit, the Board reviews the remuneration packages of all non-Executive directors on an annual basis. In making its recommendations, the Board has due regard to the current market conditions for the supply of these services and the duties and responsibilities of each member. Remuneration levels are compared to that of similar businesses and advice is sought from external consultants as required.

Non-Executive directors do not receive performance-based remuneration such as cash bonuses or the ability to participate in Aspen Group's LTI scheme.

The annual fees payable in FY19 were in accordance with the table below:

Position	FY19 remuneration (base fees excluding super)*
Non-executive chairman	$149,625
Non-executive director	$76,950
Audit committee chairman	$8,550
Audit committee member	$4,275

* The Board has determined that for FY20, there will be no increase in fees.

Non-executive directors' remuneration

Details of the remuneration paid to non-executive directors are in the table below:

	Year	Non-executive director	Committee chair fees	Committee member fees	Superannuation	Total remuneration
		$	$	$	$	$
Directors						
Clive Appleton	**2019**	**149,625**	**-**	**4,275**	**14,621**	**168,521**
	2018	149,625	-	4,275	14,621	168,521
Guy Farrands	**2019**	**76,950**	**8,550**	**-**	**8,123**	**93,623**
	2018	76,950	8,550	-	8,123	93,623
John Carter*	**2019**	**55,641**	**-**	**-**	**5,342**	**60,983**
	2018	76,950	-	-	7,310	84,260
Total Directors	**2019**	**282,216**	**8,550**	**4,275**	**28,086**	**323,127**
	2018	303,525	8,550	4,275	30,054	346,404

*Director fee was paid pro-rata up to the date of appointment as joint CEO being 14 March 2019.

8. KMP transactions

Loans

There were no loans made during the year, or outstanding at year end, to KMP (current or former).

Movements in securities

The movement during the reporting year in the number of ordinary securities in Aspen held, directly, indirectly or beneficially, by KMP, including their related parties, is as follows:

	Year	Balance at beginning of year	Net purchases / (sales)	Balance at end of year
Current Executives				
David Dixon*	**2019**	**22,382,539**	**-**	**22,382,539**
	2018	22,382,539	-	22,382,539
John Carter *	**2019**	**22,382,539**	**-**	**22,382,539**
	2018	22,382,539	-	22,382,539
Former Executives				
Joel Cann	**2019**	**23,669**	**(23,669)**	**-**
	2018	-	23,669	23,669
Emmanuel Zammit	**2019**	**11,835**	**-**	**11,835**
	2018	-	11,835	11,835
Brett Summers	**2019**	**-**	**-**	**-**
	2018	10,766	(10,766)	-
Non-executive directors				
Clive Appleton	**2019**	**79,862**	**18,751**	**98,613**
	2018	71,000	8,862	79,862
Guy Farrands	**2019**	**150,475**	**-**	**150,475**
	2018	150,475	-	150,475

*John Carter and David Dixon were appointed joint CEOs on 14 March 2019. Both hold an indirect interest in Aspen Group Limited via their directorship of Mill Hill Capital Pty Ltd and investment in the Mill Hill Capital Strategic Real Estate Fund.

Directors and KMP received distributions on the above securities from the date acquired.

9. Principal activities

The principal activities of Aspen during the year were to invest in the affordable accommodation sector and to continue divestment of its remaining non-core assets. Other than as disclosed above, there was no significant change in the nature of the activities of Aspen during the year.

10. 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 Aspen, to affect significantly the operations of Aspen, the results of those operations, or the state of affairs of Aspen, in future financial periods.

11. Indemnification and insurance of officers and auditors

During the financial year Aspen paid premiums in respect of directors' and officers' liability and legal expense insurance contracts for the year ended 30 June 2019 and, since year end Aspen has paid or agreed to pay premiums in respect of such insurance contracts up to the annual insurance renewal date of 30 June 2020. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been directors or executive officers of Aspen.

The directors have not included details of the nature of the liabilities covered nor the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Aspen has agreed to indemnify the following current officers of the Company, Mr Appleton, Mr Carter, Mr Farrands, and Mr Dixon against all liabilities to another person (other than Aspen) that may arise from their positions as officers of Aspen, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that Aspen will meet the full amount of any such liabilities, including costs and expenses.

Other than this, Aspen has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify any officer or auditor of Aspen or of any related body corporate against a liability incurred as such by an officer or auditor.

12. Non-audit services

During the year PricewaterhouseCoopers ('PwC'), Aspen's auditor, has not performed any other services in addition to their statutory duties.

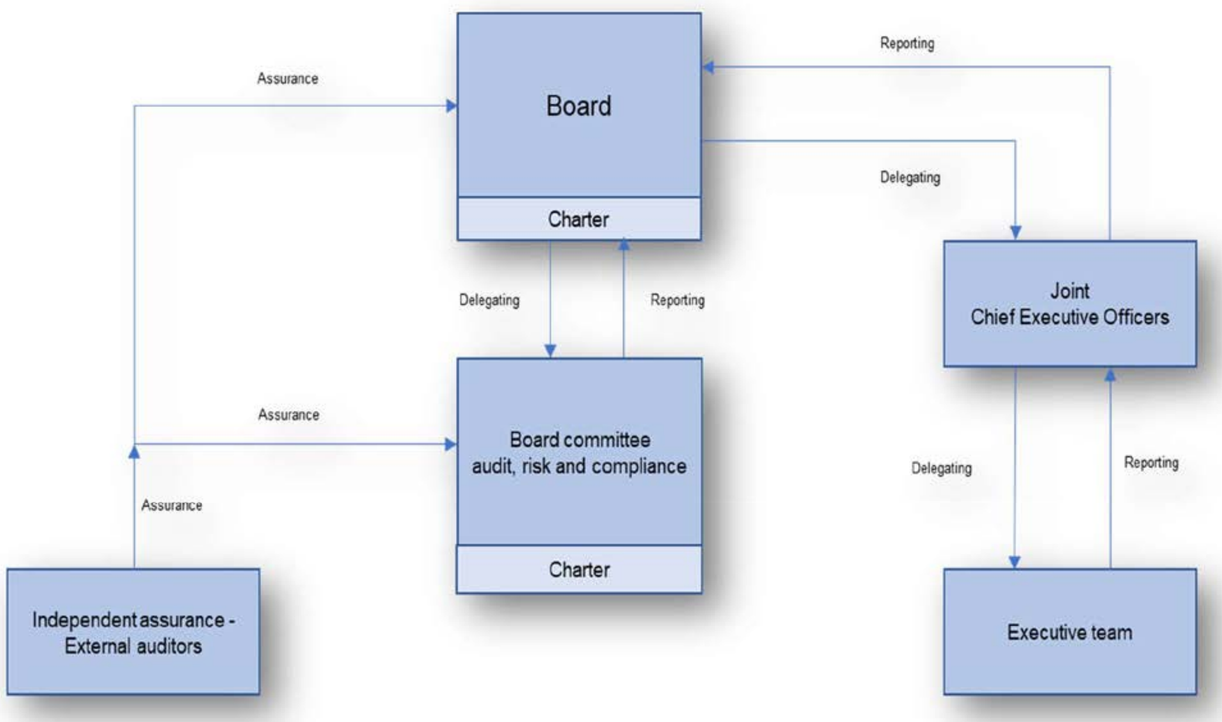
13. Corporate governance statement

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 Aspen. Aspen'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). Aspen has established policies, charters and practices that support this commitment.

Aspen's Corporate Governance Statement is available on our website at
http://www.aspengroup.com.au/shareholder-information/corporate-governance/

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

External Governance Framework



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

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27 and forms part of the Directors’ Report.

15. Rounding off

The Consolidated Group is of the kind referred to in ASIC Class Order 2016/191 and in accordance with the Class Order, 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 made pursuant to Sec 298(2) of the *Corporations Act 2001*.

On behalf of the directors of Aspen Group Limited

Clive Appleton

Chairman

SYDNEY, 19 August 2019

Auditor's Independence Declaration

As lead auditor for the audit of Aspen Group Limited 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 Group Limited and the entities it controlled during the period.

JA Dunning
Partner
PricewaterhouseCoopers

Sydney
19 August 2019

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Independent auditor's report

To the stapled security holders of Aspen Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group'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 Group financial report comprises:

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

The Group comprises Aspen Group Limited and Aspen Property Trust (together the stapled entity) and the entities they controlled at year end or from time to time during the financial year.

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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit of the Group we applied an overall materiality of $253,750, which represents approximately 5% of the Group's adjusted profit/loss before tax for the year ended 30 June 2019.
- 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 adjusted profit/loss before tax as the benchmark because, in our view, it is a key metric against which the performance of the Group is regularly measured.
- Profit/loss before tax is mainly adjusted for fair value movements and depreciation as they are non-cash items in addition to items deemed to be infrequently occurring.
- We selected 5% based on professional judgement, noting it is within the range of commonly acceptable profit-related materiality thresholds.

Audit Scope

- The Group owns and manages accommodation facilities across New South Wales, South Australia, Northern Territory and Western Australia. The accounting processes are structured around a Group finance function at its head office in Sydney. Our audit procedures were predominately performed at the head office of the Group.
- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit, Risk and Compliance Committee.

Key audit matter	***How our audit addressed the key audit matter***
Accounting for business combination of park acquired *Refer to note 18* The Group acquired one accommodation property during the year. The acquisition included the tangible assets of the park property as well as the existing park business. The Group's accounting policy is for acquisition-related costs to be expensed as incurred. The excess of the consideration paid over the fair value of the net identifiable assets of the property business acquired is recorded as goodwill. Given the acquisition is a significant event for the year and the fair value of the identifying assets acquired on the acquisition date is inherently subjective, we considered this to be a key audit matter. The impacts from the acquisition of the property park is presented in the consolidated statement of profit and loss and consolidated balance sheet respectively as follows: • Addition of $22.3 million property plant and equipment • Addition of $0.7 million goodwill • Acquisition costs of $0.2 million • Consolidated park revenues of $2.5 million and a net profit of $0.3 million	We performed the following procedures, amongst others: • Tested transaction details disclosed per note 18 of the financial statement to the sale and purchase agreement. • Assessed the relevant accounting treatment of the business combination and recognition of goodwill in light of the requirements of Australian Accounting Standards. • Agreed a sample of acquisition costs incurred to invoices and bank statements. • Assessed if the acquisition costs were expensed as incurred. • Agreed the consideration paid to bank statements and settlement statements. • Agreed the valuation of the property, plant and equipment acquired to external valuation. • Assessed the competency and capabilities of the relevant external valuer. • Assessed the Group's allocation of consideration to net identifiable assets.

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Key audit matter	*How our audit addressed the key audit matter*
Valuation of property, plant and equipment in relation to accommodation parks *Refer to note 7* The Group's property, plant and equipment comprises land, buildings, leasehold improvements and plant and equipment in relation to ten accommodation parks. These assets had a carrying value of $112.9 million as at 30 June 2019. These assets are measured at fair value at each balance sheet date. The Group determines the fair value of the property, plant and equipment on the basis of valuations prepared by external valuers or directors' valuations. 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 significant impact of changes in fair value to the consolidated statement of profit and loss.	We performed the following procedures, amongst others to assess the valuation: • Reconciled the list of accommodation parks values to our prior and current year supporting evidence to check compliance with the Group 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 the 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 management's adjustment made to the NOI with reference to the current year result. • For all the parks, performed look back procedures by comparing budgeted NOI to actual NOI. • Compared the capitalisation rates adopted in current and prior year valuations and the last external valuations for all valuations. Challenged the rationale for the rate applied in the valuations by discussing with management the reasons for the adopted rate for a sample of valuations.

Key audit matter	*How our audit addressed the key audit matter*
The appropriateness of goodwill carrying value *Refer to note 19* Goodwill is allocated to the Group's individual parks and is considered to have an indefinite useful life. Due to size of the goodwill balance ($15.1 million as at 30 June 2019), the impairment recorded during the year ($9.8 million) as well that the director's assessment of the recoverable amount of the Group's cash generating units ('CGUs') involves judgments about the future results of the park businesses and the discount rate applied to future cash flow forecasts, we considered the carrying value of goodwill to be a key audit matter.	We performed the following procedures, amongst others: • For all the parks compared the carrying amount of the property, plant and equipment of the parks, and related goodwill, with the recoverable amount of the park assets determined by the Group through calculating the net present value of each CGU's future cash flows. • For all the parks, compared the net operating income (NOI) adopted in the valuations to the current year NOI. • For a selection of parks, challenged management on the key assumptions in the adopted NOI used in the recoverable amount calculation. • For a selection of parks, challenged management and obtained evidence on other key assumptions used in the recoverable amount calculation such as growth rates and discount rates. • Tested the mathematical accuracy of the recoverable amount calculation and the resulting impairment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

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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.

When we read the other information not yct rcccivcd, if wc concludc that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 11 to 17 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Aspen Group Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

JA Dunning

JA Dunning
Partner

Sydney
19 August 2019

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Consolidated Financial Statements Contents

Consolidated statement of profit and loss

for the year ended 30 June 2019 – Aspen Group Limited

	Note	CONSOLIDATED 2019 $'000	2018 $'000
Continuing operations			
Revenue	1	**29,228**	21,745
Cost of sales	2	**(17,449)**	(12,418)
Gross profit		**11,779**	9,327
Expenses and other items			
Corporate overheads	2	**(5,821)**	(5,503)
Property depreciation, fair value adjustments and other	2	**(12,736)**	(3,224)
		(18,557)	(8,727)
Earnings/(loss) before interest and income tax expense (EBIT)		**(6,778)**	600
Finance income	2	**207**	369
Finance costs	2	**(1,284)**	(868)
(Loss)/profit before income tax		**(7,855)**	101
Income tax expense	3	**-**	-
(Loss)/profit from continuing operations		**(7,855)**	101
Discontinued operations			
(Loss)/profit for the year from discontinued operations	21	**(67)**	671
(Loss)/profit for the year		**(7,922)**	772
(Loss)/profit attributable to ordinary equity holders of the parent entity		**(7,811)**	825
Loss attributable to non-controlling interest	22	**(111)**	(53)
(Loss)/profit for the year		**(7,922)**	772
Earnings per security (EPS) attributable to ordinary equity holders of the parent entity from continuing operations		Cents	Cents
Basic earnings per security	14	**(8.15)**	0.10
Diluted earnings per security	14	**(8.15)**	0.10
Earnings per security attributable to ordinary equity holders of the parent entity			
Basic earnings per security	14	**(8.11)**	0.77
Diluted earnings per security	14	**(8.11)**	0.77

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

Consolidated statement of comprehensive income

for the year ended 30 June 2019 – Aspen Group Limited

	Note	CONSOLIDATED **2019** **$'000**	 2018 $'000
(Loss)/profit for the year		**(7,922)**	772
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		**6,963**	5,099
Other comprehensive income for the year, net of tax		**(959)**	5,871
Total comprehensive income for the year from:			
Continuing operations		**(892)**	5,200
Discontinued operations		**(67)**	671
		(959)	5,871
Total comprehensive income for the year attributable to:			
Securityholders of Aspen		**(848)**	5,924
Non-controlling interests		**(111)**	(53)
		(959)	5,871

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

Consolidated balance sheet

as at 30 June 2019 – Aspen Group Limited

	Note	CONSOLIDATED 2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	4	**6,466**	13,370
Trade and other receivables	5	**3,913**	1,950
Assets classified as held for sale	8	**-**	4,157
Inventories		**2,760**	1,566
Total current assets		**13,139**	**21,043**
Non-current assets			
Property, plant and equipment	7	**112,934**	81,996
Intangible assets	19	**15,212**	24,250
Other		**450**	373
Total non-current assets		**128,596**	**106,619**
Total assets		**141,735**	**127,662**
Liabilities			
Current liabilities			
Trade and other payables	6	**6,485**	5,841
Liabilities classified as held for sale	9	**-**	43
Provisions	10	**1,984**	2,402
Total current liabilities		**8,469**	**8,286**
Non-current liabilities			
Interest bearing loans and borrowings	15	**24,500**	4,700
Total non-current liabilities		**24,500**	4,700
Total liabilities		**32,969**	**12,986**
Net assets		**108,766**	**114,676**
Equity			
Equity attributable to equity holders of the parent			
Issued capital	13	**490,348**	490,361
Reserves	13	**14,092**	7,129
Accumulated losses		**(375,531)**	(362,782)
Total equity attributable to equity holders		**128,909**	134,708
Non-controlling interest	22	**(20,143)**	(20,032)
Total equity		**108,766**	**114,676**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

for the year ended 30 June 2019 – Aspen Group Limited

	Note	CONSOLIDATED 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**30,098**	26,140
Payments to suppliers and employees (inclusive of GST)		**(26,249)**	(20,816)
Interest received		**225**	377
Net cash flows from operating activities	4	**4,074**	5,701
Cash flows (used in)/from investing activities			
Proceeds from sale of assets held for sale, net of selling costs		**2,542**	31,082
Deposit paid for business acquisition		**(865)**	-
Acquisition of property, plant and equipment and goodwill		**(27,047)**	(35,030)
Net cash flows used in investing activities		**(25,370)**	(3,948)
Cash flows (used in)/from financing activities			
Proceeds from borrowings		**28,800**	4,700
Repayment of borrowings		**(9,000)**	-
Payments for securities buy-back and transaction costs		**-**	(5,568)
Distributions paid		**(4,232)**	(4,669)
Payment of financing costs		**(336)**	(556)
Borrowing costs		**(840)**	(20)
Capital return		**-**	(5,094)
Net cash flows used in financing activities		**14,392**	(11,207)
Net decrease in cash and cash equivalents		**(6,904)**	(9,454)
Cash and cash equivalents at beginning of year (including cash assets classified as held for sale)		**13,370**	24,451
less: cash included in assets of disposal group held for sale		**-**	(1,627)
Cash and cash equivalents at end of year		**6,466**	13,370

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2019 – Aspen Group Limited

CONSOLIDATED	Note	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2017		500,985	2,030	(359,467)	(19,979)	123,569
Net profit for the year		-	-	825	(53)	772
Revaluation of property, plant & equipment		-	5,099	-	-	5,099
Total comprehensive income for the year		-	5,099	825	(53)	5,871
Issue of stapled securities	13	38	-	-	-	38
Capital Return	13	(5,094)	-	-	-	(5,094)
Security buy-back	13	(5,568)	-	-	-	(5,568)
Security based compensation		-	-	2	-	2
Distributions payable or paid to securityholders		-	-	(4,142)	-	(4,142)
Balance at 30 June 2018 and 1 July 2018		490,361	7,129	(362,782)	(20,032)	114,676
Net loss for the year		**-**	**-**	**(7,811)**	**(111)**	**(7,922)**
Revaluation of property, plant & equipment	13	-	**6,963**	-	-	**6,963**
Total comprehensive income/(loss) for the year		**-**	**6,963**	**(7,811)**	**(111)**	**(959)**
Security cancelled	13	**(13)**	**-**	**-**	**-**	**(13)**
Security based compensation		**-**	**-**	**(122)**	**-**	**(122)**
Distributions payable or paid to securityholders		**-**	**-**	**(4,816)**	**-**	**(4,816)**
Balance at 30 June 2019		**490,348**	**14,092**	**(375,531)**	**(20,143)**	**108,766**

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

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

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

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

The consolidated financial statements of Aspen as at and for the year ended 30 June 2019 are combined financial statements that present the financial statements and accompanying notes of both the Company and the Trust along with their subsidiaries and their interests in associates and jointly controlled entities. Aspen is a for-profit entity and is primarily involved in investment in and operation of affordable accommodation assets.

The consolidated financial statements were authorised for issue by the Board on 19 August 2019.

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

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the AASB;
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for derivative financial instruments, available for sale financial instruments, investment property, assets held for sale, assets of disposal group held for sale, assets of discontinued operations held for sale, certain classes of property, plant and equipment and share-based payments;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191;
- represents comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Aspen and effective for reporting periods beginning on or after 1 July 2018. Refer to notes 28 and 29 for further details; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

Key judgements and estimates

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

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

		Page
Note 7:	Property, plant and equipment	49
Note 10:	Provisions	53
Note 18:	Business combinations	63
Note 19:	Intangible assets	63

Basis of consolidation

These consolidated financial statements consist of the Company, the Trust, and their controlled entities. A list of controlled entities (subsidiaries) at year end is contained in note 20.

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 Aspen'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 entity's interest in such entities is disposed of.

Further details on the basis of consolidation can be found within the following notes:

		Page
Note 18:	Business combinations	63
Note 20:	Subsidiaries	64
Note 22:	Non-controlling interests	66

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the consolidated financial statements are provided throughout the notes to the financial statements.

The notes to the financial statements

The notes are organised into the following sections:

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

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

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

Corporate structure: explains aspects of Aspen's structure and how changes have affected the financial position and performance of Aspen;

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

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

Financial position

During the year ended 30 June 2019 Aspen recorded a statutory loss after tax of $7.922 million (2018: profit after tax of $0.772 million). At 30 June 2019 Aspen had net assets of $108.766 million (30 June 2018: $114.676 million), cash reserves of $6.466 million (30 June 2018: $13.370 million) and current assets exceeded current liabilities by $4.670 million (30 June 2018: $12.757 million).

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

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

Significant changes in the current reporting period

There have been no significant changes to the structure and presentation of this financial report, except where otherwise indicated in this financial report.

Segment information

Operating segments

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

Internal management reports on each of these segments are reviewed on at a least a monthly basis by the executive management team, representing the chief operating decision makers. Segment results and assets include items directly attributable to the operating segments as well as those that can be allocated on a reasonable basis.

The following details the three operating and reporting segments, namely residential / retirement / tourism, corporate, and non-core in addition to the other segment:

- Residential/Retirement/Tourism – this segment includes two land lease communities, three mixed-use parks and four tourism parks. These properties cater to customers with a broad range of commercial terms including duration of stay from overnight through to lifetime.
- Corporate – this segment includes Aspen's sole corporate accommodation park, being Aspen Karratha Village. This property primarily caters to one corporate client and the day-to-day operation of the property is outsourced.
- Non-core – this segment includes discontinued industrial, development and tourism assets and any other activities deemed non-core by the Board.
- Details of assets within the non-core segment are included in the Operating and Financial Review within this financial report.
- Other – this segment includes items that are not allocated to an operating segment. This includes corporate overheads, interest income and interest expenses.

Recognition and measurement

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

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

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

Geographical segments

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

Major customers

Revenue from one customer of Aspen's property portfolio represents approximately $8.203 million of Aspen's total revenues within the corporate segment (2018: $7.619 million).

Segment information

	Residential/ Retirement/Tourism		Corporate		Non-core		Other		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment revenue [1]	**20,734**	13,665	**8,494**	8,080	**-**	1,013	**-**	-	**29,228**	22,758
Operating EBITDA [2]	**8,264**	5,709	**3,550**	3,775	**-**	862	**(5,920)**	(5,252)	**5,894**	5,094
Finance income	**-**	-	**-**	-	**-**	-	**207**	369	**207**	369
Finance costs	**-**	-	**-**	-	**-**	-	**(1,140)**	(678)	**(1,140)**	(678)
Operating profit/(loss) before income tax	**8,264**	5,709	**3,550**	3,775	**-**	862	**(6,853)**	(5,561)	**4,961**	4,785
Depreciation and amortisation	**(2,270)**	(1,265)	**(322)**	(355)	**-**	-	**(40)**	(117)	**(2,632)**	(1,737)
Non-underlying items [3]	**(9,979)**	(2,083)	**253**	866	**-**	(191)	**(525)**	(868)	**(10,251)**	(2,276)
Income tax benefit/(expense)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit/ (loss) after tax	**(3,985)**	2,361	**3,481**	4,286	**-**	671	**(7,418)**	(6,546)	**(7,922)**	772
Other segment information										
Segment assets	**121,628**	97,254	**12,554**	11,808	**407**	4,522	**680**	708	**135,269**	114,292
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**6,466**	13,370	**6,466**	13,370
Total assets	**121,628**	97,254	**12,554**	11,808	**407**	4,522	**7,146**	14,078	**141,735**	127,662
Segment liabilities	**2,737**	2,885	**207**	387	**31**	436	**5,494**	4,578	**8,469**	8,286
Interest bearing loans and borrowings	**-**	-	**-**	-	**-**	-	**24,500**	4,700	**24,500**	4,700
Total liabilities	**2,737**	2,885	**207**	387	**31**	436	**29,994**	9,278	**32,969**	12,986
Net assets	**118,891**	94,369	**12,347**	11,421	**376**	4,086	**(22,848)**	4,800	**108,766**	114,676
Share of net profit or loss of associates included in profit	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

1 *All segment revenues are derived from external customers.*
2 *Operating EBITDA represents earnings before interest, tax, depreciation and amortisation and excluding non-underlying items.*
3 *Non-underlying items include gains and losses on fair value movements and disposals, and non-recurring items which are not part of ordinary operating performance.*

1: Revenue

	Consolidated 2019 $'000	2018 $'000
Revenue from accommodation assets	**27,537**	21,233
Revenue from development activities	**1,691**	512
Revenue	**29,228**	21,745

Recognition and measurement

Revenue from accommodation assets

Accommodation income is recognised when the amount of revenue can be measured reliably, and it is probable that it will be received by Aspen. It is measured at the fair value of revenue received or receivable.

Revenue from development activities

Revenue from development activities is recognised when the risks and rewards of ownership is passed to the buyer and all contractual legal obligations (including payment of the purchase price) have been met. Typically, when the development assets are contracted for sale, this occurs upon settlement.

2: Expenses and other items

(a) Cost of sales

	Consolidated 2019 $'000	2018 $'000
Cost of sales from accommodation assets	**11,235**	8,506
Direct employee benefits expenses	**5,108**	3,624
Cost of sales from development activities	**1,106**	288
Cost of sales	**17,449**	12,418

(b) Corporate overheads

	Consolidated 2019 $'000	2018 $'000
Salary and wages	**2,845**	2,505
Superannuation	**174**	143
Security-based payments	**(135)**	2
Less: employee benefits capitalised	**(76)**	(70)
Occupancy costs	**235**	162
Depreciation	**25**	116
Corporate administration costs	**2,724**	2,453
Other expenses	**29**	192
Corporate overheads	**5,821**	5,503

2: Expenses and other items *(continued)*

(c) Property depreciation, fair value adjustments and other

	Consolidated 2019 $'000	2018 $'000
Acquisition costs	**240**	2,042
Depreciation expense	**2,542**	1,595
Fair value adjustment of PPE	**(252)**	(902)
Impairment of intangible assets	**9,759**	-
Other provisions	**(318)**	328
Change in responsible entity and custodian	**793**	-
Licence amortisation	**64**	25
Fair value adjustment on equity investments	**(92)**	136
Total	**12,736**	3,224

Recognition and measurement

Cost of sales from accommodation assets

Cost of sales from accommodation assets includes all direct property expenses excluding wages and salaries and other employee benefits.

Security-based payments expense

Securities may be issued to employees of Aspen under the Performance Rights Plan ("PRP"). The securities issued are accounted for as options in Aspen. The fair value of the options granted is recognised as an employee expense by Aspen with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of security options that vest, except for those that fail to vest due to market conditions not being met. The fair value is measured at the grant date using an appropriate pricing model, taking into account the terms and conditions upon which the options were granted. The fair value is expensed on a straight-line basis over the vesting period.

Employee benefits expense

Aspen's accounting policy for liabilities associated with employee benefits is set out in note 10.

Employee benefit expenses are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.

Finance leases

The interest portion of payments made under finance leases are recognised in profit or loss over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense and are recognised on a straight-line basis over the term of the lease.

The present obligation of onerous lease contracts are recognised and measured as provisions through profit or loss. An onerous lease contract is a lease contract in which the unavoidable costs of meeting obligations under the contract exceed the economic benefits expected to be received under the contract.

2: Expenses and other items *(continued)*

Depreciation expense

Refer to note 7 on depreciation expense.

Operating leases

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment

Impairment expenses are recognised to the extent that the carrying amount of assets exceeds their recoverable amount. Refer to note 17 for further details on impairment.

Amortization

Licenses are amortized over the period of their expected useful life.

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 ATO is included as a current asset or liability in the statement of financial position.

Finance income and costs

	Consolidated	
	2019	2018
	$'000	$'000
Interest – bank deposits	**207**	369
Finance income	**207**	369
Interest and borrowing costs – loan and borrowings	**1,222**	816
Unwinding of discount on provisions	**62**	52
Finance costs	**1,284**	868

Finance income

Finance income comprises interest income on bank deposits and interest income on loans to related parties. Interest income is recognised as it accrues, using the effective interest method.

Finance costs

Finance costs comprise interest on borrowings, unwinding of the discount on provisions, and mark to market losses through profit or loss and impairment losses recognised on financial liabilities that are recognised in the profit or loss. Borrowing costs that are not capitalised are recognised in profit or loss using the effective interest model.

Key estimate: discounting

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.

Capitalisation of borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of significant value enhancing property, plant and equipment that takes a prolonged period of time to complete. Once capitalised, these borrowing costs form part of the qualifying asset.

In addition, borrowing costs are capitalised when they pertain to the establishment of a new debt facility, with these capitalised borrowing costs being amortised over the term of the debt facility.

3: Tax expense

	Consolidated	
	2019	2018
	$'000	$'000
Income statement (continuing operations)		
Current income tax expense		
Current year	-	-
Deferred income tax expense		
Temporary differences	-	-
Deferred tax assets derecognised	-	-
Income tax reported in the income statement	-	-
Tax reconciliation		
Profit/(loss) before tax	**(7,922)**	772
Income tax at the statutory tax rate of 30%	**(2,376)**	232
Prima facie income tax on profit from trusts	**62**	(525)
Non-deductible items	**(37)**	5
Unrecognised temporary difference, including utilisation of unrecognised tax losses	**2,351**	288
Income tax on profit before tax	-	-
Deferred tax not recognised on the balance sheet relates to the following:		
Deferred tax assets	**91,190**	88,599
Deferred tax liabilities (set off against deferred tax assets)	**(446)**	(281)
Net deferred tax assets	**90,744**	88,318
Unrecognised deferred tax assets	**90,744**	88,318
Net deferred tax recognised	-	-

At 30 June 2019, the Group has approximately $33.2 million (2018: $32.3 million) of tax effected unrecognised tax losses including approximately $11.9 million of tax effected unrecognised capital losses, calculated on a provisional basis.

3: Tax expense *(continued)*

Recognition and measurement

Current taxes

Current tax represents expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred taxes

Deferred tax is recognised using the liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the dividend liability is recognised.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

This disclosed analysis of the deferred tax not recognised on the balance sheet is not finalised for taxation purposes, is unaudited and may change due to calculation adjustment, denial, offset or recoupment.

3: Tax expense *(continued)*

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is the Company.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the Company only.

The Trust

Under current Australian Income Tax Legislation, the 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 may be distributed to unit holders in the form of tax deferred components of distributions.

Key judgement

At 30 June 2019 a deferred tax asset of $90.744 million (2018: $88.318 million) for deductable temporary differences has not been recognised based on the assessment that it is not certain when future taxable profits will be available against which they can be utilised.

4: Cash and cash equivalents

	Consolidated 2019 $'000	2018 $'000
Cash at bank and in hand	**6,316**	8,168
Term deposits	**150**	5,202
	6,466	13,370

Australian Financial Services Licence ("AFSL") regulations require Aspen Group's subsidiary, Aspen Funds Management Limited ("AFM"), to maintain a minimum $0.075 million of cash and Net Tangible Assets ("NTA"), as defined by the regulations, of $0.150 million. At 30 June 2019 cash and cash equivalents of $0.150 million contributed to AFM maintaining the minimum NTA requirement.

Reconciliation of net profit/ (loss) after tax to net cash flows from operations	2019 $'000	2018 $'000
Net profit/ (loss) for the year	**(7,922)**	772
Adjustments for:		
Depreciation and amortization	**2,632**	1,737
Change in fair value of property, plant & equipment	**(252)**	(902)
Impairment of intangible assets	**9,759**	-
Change in fair value of equity investment	**(93)**	136
Loss/(Gain) from sale of assets held for sale	**(45)**	43
Share based payments expense	**(135)**	39
Finance and borrowing costs	**1,177**	816
Business combination costs	**234**	2,042
Other items	**(280)**	27
Adjusted profit before movements in working capital and provisions	**5,075**	4,710
Decrease/(increase) in assets		
Trade and other receivables	**548**	794
Other assets	**(1,480)**	(1,213)
Increase in liabilities		
Trade and other payables	**(69)**	1,410
Net cash inflows from operating activities	**4,074**	5,701

Recognition and measurement

Cash and cash equivalents

Cash and cash equivalents comprise cash balances which are immediately available only.

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.

5: Trade and other receivables

	Consolidated 2019 $'000	2018 $'000
Trade receivables	**2,427**	1,503
Other debtors	**244**	205
Prepayments and other	**377**	242
Deposit for acquisition of properties	**865**	-
	3,913	1,950
Trade receivables past due		
Under 90 days	**52**	36
Over 90 days	**417**	259
Trade receivables past due	**469**	295
Doubtful debts	**(181)**	(73)
Trade receivables past due after provision for doubtful debts	**288**	222

Recognition and measurement

Trade and other receivables are initially measured at their fair value and subsequently measured at amortised cost less expected credit losses. Trade receivables have maturities of less than 12 months, therefore the Group has adopted the 'simplified' model approach in calculating expected credit losses. Under this approach current trade receivables will recognise 'lifetime expected credit losses'. These are the credit losses expected over the term of the receivables.

Aspen's credit terms for commercial customers is typically 30 days.

6: Trade and other payables

	Consolidated 2019 $'000	2018 $'000
Trade payables	**2,679**	2,608
Distributions payable	**2,703**	2,119
Unearned revenue	**1,103**	1,114
	6,485	5,841

Recognition and measurement

Trade and other payables are recognised initially at their fair value and subsequently measured at their amortised cost using the effective interest method. Aspen's credit terms for suppliers is typically between 7 - 30 days.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

A liability is recognised for the amount of any distribution declared by the Group on or before the end of the reporting period but not distributed at Balance Sheet date.

7: Property, plant and equipment

	Consolidated				
	Land $'000	Buildings $'000	Plant and equipment $'000	Corporate assets $'000	Total $'000
Year ended 30 June 2019					
Cost or valuation	59,594	36,561	22,787	-	**118,942**
Accumulated depreciation and impairment	-	(2,090)	(3,918)	-	**(6,008)**
Net carrying amount	**59,594**	**34,471**	**18,869**	**-**	**112,934**
Movement					
Net carrying amount at the beginning of the year	47,197	20,972	13,740	87	**81,996**
Additions	6,400	13,843	5,703	9	**25,955**
Disposal and write-off	-	-	-	(14)	**(14)**
Depreciation	-	(1,038)	(1,504)	(25)	**(2,567)**
Revaluation gains / (losses)	5,997	288	930	-	**7,215**
Reclassification and transfers	-	406	-	(57)	**349**
Net carrying amount at the end of the year	**59,594**	**34,471**	**18,869**	**-**	**112,934**
Year ended 30 June 2018					
Cost or valuation	47,197	22,024	16,154	407	85,782
Accumulated depreciation and impairment	-	(1,052)	(2,414)	(320)	(3,786)
Net carrying amount	47,197	20,972	13,740	87	81,996
Movement					
Net carrying amount at the beginning of the year	31,870	12,685	8,103	146	52,804
Additions	10,600	7,616	6,693	57	24,966
Disposals and write-offs	-	-	-	-	-
Depreciation	-	(496)	(1,099)	(116)	(1,711)
Revaluation gains / (losses)	4,396	1,167	438	-	6,001
Reclassification and transfers	331	-	(395)	-	(64)
Net carrying amount at the end of the year	47,197	20,972	13,740	87	81,996

Property, plant and equipment (PPE) is initially measured at the historical cost of the asset, less depreciation and impairment. The cost of PPE includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections when constructing PPE.

Subsequent measurement

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

The fair value of PPE can be measured via either the capitalisation method, the discounted cash flow approach, or by comparison to comparable sales. Aspen may consider all three techniques and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The capitalisation method estimates the sustainable net income (where applicable) of an asset, and then applies a capitalisation rate to this income to derive the value of asset. The discounted cashflow approach considers the present value of future net cash flows that are expected to be generated from the property. The expected net cash flows are discounted at risk-adjusted discount rates. Among other factors, the discount rate estimation considers the returns typically demanded by investors, the quality of a property and its location, tenant credit quality, and lease terms. A revaluation decrease is recognised in profit or loss except to the extent that the decrease is reducing an existing revaluation surplus in respect of the asset, which is recognised in other comprehensive income.

A revaluation increase is recognised in other comprehensive income except to the extent that it reverses a revaluation decrease previously recognised in profit or loss in respect of the asset. Revaluation surpluses are accumulated in the revaluation reserve within equity (note 13).

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of buildings is between 10 and 40 years; plant and equipment is between 5 and 10 years and corporate office assets is between 3 and 10 years. Land is not depreciated. Leasehold improvements are amortised over the period of the lease or the anticipated useful life of the improvements, whichever is shorter.

7: Property, plant and equipment *(continued)*

De-recognition

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

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

Key estimates:
The fair value methodology which is used when valuing via the capitalisation method requires significant assumptions to be made by the valuers, and subsequently by the directors, including an estimate of the net operating income that a willing seller and willing buyer would assume. Aspen's portfolio has a diverse mix of properties with a wide range of operating metrics and assumed capitalisation rates as follows:

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%

Fixtures, fittings and other equipment used in the operations are an integral part of the properties and have been included in the assessment of fair value.

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)

Level 3 fair value

The fair value measurement of PPE of $112.934 million (30 June 2018: $81.996 million) has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values.

Valuation of assets

The Board has reviewed the carrying value of all properties as at 30 June 2019 and adopted directors' and independent valuations for all properties as at this date, taking into account current and forecast trading performance, the most recent valuations, and market evidence.

Independent valuations were commissioned for five properties in the portfolio during the financial 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, there was a net downwards movement of $4.337 million (adjusted for capital expenditure since the previous valuation) in the portfolio carrying value during the year ended 30 June 2019 which was recorded against the Group's residential/retirement/tourism portfolio.

7: Property, plant and equipment *(continued)*

An overview of assets which have been subject to an independent valuation during the year is outlined as follows:

Segment	Percentage of portfolio revalued	Total of latest independent valuation $'000	Total carrying value $'000
Residential / Retirement / Tourism	56%	119,540	117,040
Corporate	0%	10,250	11,000
Total		129,790	**128,040**

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

Property	Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
Year ended 30 June 2019				
Cost	53,597	45,183	19,885	118,665
Accumulated depreciation and impairment	-	(13,090)	(3,917)	(17,007)
Net carrying amount	53,597	32,093	15,968	**101,658**

8: Assets classified as held for sale

	Assets of disposal groups held for sale $'000	Discontinued operations' assets classified as held for sale $'000	Assets classified as held for sale $'000
Opening balance at 1 July 2017	5,048	30,445	35,493
Additions	-	-	-
Disposed	(3,205)	(27,920)	(31,125)
Other movements	(211)	-	(211)
Closing balance at 30 June 2018 and opening balance at 1 July 2018	**1,632**	**2,525**	**4,157**
Disposed	(1,632)	(2,525)	(4,157)
Other movements	-	-	-
Closing balance at 30 June 2019	**-**	**-**	**-**

Recognition and measurement

Disposal groups held for sale includes all assets and liabilities pertaining to development syndicates consolidated by Aspen. During the year, Aspen settled the sale of Midlands property for $2.537 million (ex GST) and has also substantially completed the orderly wind up of several development syndicates. These development syndicates have all made resolutions to sell all their remaining assets and liabilities, and to complete an orderly wind up.

Impairment

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 financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with Aspen'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.

Cumulative income or expense included in Other Comprehensive Income ("OCI")

There is no cumulative income or expenses included in OCI relating to the assets classified as held for sale.

9: Liabilities classified as held for sale

	Liabilities of disposal group held for sale	Liabilities classified as held for sale
	$'000	$'000
Opening balance at 1 July 2017	123	123
Other movements	(80)	(80)
Closing balance at 30 June 2018 and opening balance at 1 July 2018	**43**	**43**
Other movements	**(43)**	**(43)**
Closing balance at 30 June 2019	**-**	**-**

10: Provisions

	Consolidated 2019 $'000	2018 $'000
Current		
Employee benefits	**688**	625
Deferred purchase consideration	**-**	-
Onerous lease	**912**	1,273
Other	**384**	504
	1,984	2,402

Movements in provisions during the financial year

	Consolidated 2019 $'000	2018 $'000
Carrying amount at beginning of the year	**2,402**	3,088
Additional provisions recognised	**104**	906
Provisions used	**(522)**	(1,592)
Carrying amount at end of the year	**1,984**	2,402

Recognition and measurement

A provision is recognised if, as a result of a past event, Aspen 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.

Key estimate: discounting

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.

Short term employee benefits

Liabilities for employee benefits for wages, salaries, annual leave and accumulating sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that Aspen expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

A provision is recognised for the amount expected to be paid under short-term cash bonus plans if Aspen has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long term employee benefits

Aspen's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increase in wages and salary rates including related on-costs and expected settlement dates.

Key estimates:

Management judgement is required in determining the following key assumptions used in the calculation of long service leave at balance date:

– future increases in salaries and wages;

– future on-cost rates; and

– experience of employee departures and period of service.

The total long service leave liability is $0.08 million (2018: $0.07 million)

11: Capital management

Aspen's capital management objectives

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth of Aspen's business.

The Board monitors the level of distributions paid to securityholders.

	Consolidated	
	2019	2018
	$'000	$'000
Equity and reserves		
Issued capital	**490,348**	490,361
Reserves	**14,092**	7,129
Accumulated losses	**(375,531)**	(362,782)
Non-controlling interests	**(20,143)**	(20,032)
Net capital	**108,766**	114,676
Net financial debt		
Net interest-bearing debt less cash*	**(18,034)**	8,670

**Aspen has outstanding debt of $24.500 million (2018: $4.700 million)*

Aspen regularly assesses the adequacy of its capital requirements, cost of capital and gearing as part of its broader strategic plan.

The Board can alter the capital structure of Aspen by, amongst other things:

- issuing new securities;
- the operation or suspension of a dividend reinvestment plan;
- buying back securities;
- adjusting the amount of distributions paid to securityholders;
- returning capital to securityholders;
- selling assets to reduce debt or increase cash on hand;
- buying assets and increasing debt or decreasing cash on hand; and
- adjusting the timing of development and capital expenditures.

The Group holds finance facilities totalling $55.000 million. The facility, comprising of $45.000 million debt, $5.000 million overdraft and $5.000 million bank guarantees, has a 14 months tenure ending August 2020 and is aligned to support the broader strategic objectives of the group. The facility has been established on commercial terms consistent with the scale and operations of the group. At 30 June 2019, Aspen had a debt of $24.500 million from the drawdown of these finance facilities.

Net debt reconciliation

At 30 June 2019, Aspen had net debt of $18.034 million (2018: net cash of $8.670 million).

	Consolidated	
	2019	2018
	$'000	$'000
Cash and cash equivalents	**6,466**	13,370
Borrowings – repayable after one year (at variable interest rates);	**(24,500)**	(4,700)
Net (debt) / cash	**(18,034)**	8,670

	Cash and cash equivalents	Borrowing – due after one year	Total
	$'000	$'000	$'000
Net cash as at 1 July 2017	22,741	-	22,741
Cashflows	(9,371)	(4,700)	(14,071)
Net cash as at 30 June 2018 and at 1 July 2018	**13,370**	**(4,700)**	**8,670**
Cashflows	(6,904)	(19,800)	(26,704)
Net cash as at 30 June 2019	**6,466**	**(24,500)**	**(18,034)**

Aspen was compliant with its debt covenants during the year and remains compliant with its debt covenants at the date of signing this financial report.

12: Distributions

	Aspen securityholders			
	Cents per security		Total amount	
	2019	2018	**2019**	2018
	Cents	Cents	**$'000**	$'000
Paid during the year				
Final distribution for the previous year	**2.1**	2.5	**2,022**	2,547
Interim distribution for the year	**2.3**	2.1	**2,215**	2,120
Capital return	**-**	5.0	**-**	5,094
	4.4	9.6	**4,237**	9,761
Proposed and unpaid at the end of the year				
Final distribution for the year	**2.7**	2.1	**2,601**	2,022
	2.7	2.1	**2,601**	2,022

Aspen's distributions policy considers, amongst other things, operating profits of the consolidated group, taxable income of the Trust, future capital requirements and forecast cash flows.

Dividend franking accounts	**2019** **$'000**	2018 $'000
Franking credits - calculated at current tax rate of 30% (2017: 30%) available to securityholders of Aspen for subsequent financial years	2,183	2,183

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

(d) Franking credits that the Company may be prevented from distributing in subsequent years.

13: Equity and reserves

	Securities	
Movement in stapled securities	'000 units	$'000
At 1 July 2017	101,897	500,985
Issue of stapled securities	36	38
Capital return	-	(5,094)
Security buy-back	(5,600)	(5,568)
At 30 June 2018 and 1 July 2018	96,333	490,361
Issue of stapled securities	-	-
Capital return	-	-
Security cancellation	**(11)**	**(13)**
At 30 June 2019	**96,322**	**490,348**

The nature of Aspen's contributed equity

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

Issued capital

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

	Revaluation reserve	Total Reserves
Reserves	$'000	$'000
At 1 July 2017	2,030	2,030
Revaluation of property, plant and equipment, net of tax	5,099	5,099
At 30 June 2018 and 1 July 2018	7,129	7,129
Revaluation of property, plant and equipment, net of tax	**6,963**	**6,963**
At 30 June 2019	**14,092**	**14,092**

Revaluation reserve

The revaluation reserve represents the amount to which PPE has been revalued in excess of historical cost.

14: Earnings per stapled security

	Consolidated 2019	Consolidated 2018
(Loss)/Profit for the year attributable to ordinary equity holders of the parent entity ($ '000)	**(7,811)**	825
Basic weighted average number of stapled securities (No. '000)	**96,322**	100,081
Diluted weighted average number of stapled securities (No. '000)	**97,158**	100,784
EPS from total operations:		
Basic earnings per stapled security (cents per security)	**(8.109)**	0.772
Diluted earnings per stapled security (cents per security)	**(8.109)**	0.766
EPS from continuing operations:		
Basic earnings per stapled security (cents per security)	**(8.155)**	0.101
Diluted earnings per stapled security (cents per security) *	**(8.155)**	0.100
EPS from discontinuing operations:		
Basic earnings per stapled security (cents per security)	**0.046**	0.671
Diluted earnings per stapled security (cents per security)	**0.045**	0.666

**Potential ordinary securities are only considered dilutive if loss per security increases on conversion to ordinary securities.*

Calculation of earnings per stapled security

Basic earnings per stapled security

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

Diluted earnings per stapled security

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

15: Interest bearing loans and borrowings

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current		
Secured debt facilities	**-**	-
Non-current		
Secured debt facilities	**24,500**	4,700
Total interest-bearing loans and borrowings	**24,500**	4,700

Recognition and measurement

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 Income Statement over the period of the borrowing on an effective interest basis.

Funding activities

Aspen holds a finance facility with a total limit of $55.000 million (inclusive of a $5.000 million overdraft facility and a $5.000 million guarantee facility). This facility is secured with first ranking registered real property mortgages over Aspen Group's directly owned properties, and a fixed and floating charge over Aspen Group Ltd, Aspen Property Trust, Aspen Living Villages Pty Ltd and Aspen Property Developments Pty Ltd.

Terms and debt repayment schedule

	Maturity	Consolidated Face value 2019 $'000	Consolidated Carrying value 2019 $'000	Consolidated Face value 2018 $'000	Consolidated Carrying value 2018 $'000
Secured debt	Aug 2020	**24,500**	**24,500**	4,700	4,700

15: Financial risk management

Aspen may hold financial instruments for the following purposes:

Financing: to raise finance for Aspen's operations or, in the case of short-term deposits, to invest surplus funds.

Operational: Aspen's activities generate financial instruments, including cash, trade receivables, trade payables and finance advances.

Risk management: to reduce risks arising from the financial instruments described above, including interest rate swaps.

Aspen's holdings of financial instruments exposes it to risk. The Board reviews and approves policies for managing each of these risks, which are summarised below:

- credit risk
- liquidity risk; and
- market risk, including interest rate risk.

These risks affect the fair value measurements applied by Aspen.

Credit risk

Nature of the risk

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

Credit risk management

Aspen's policy is to, wherever possible, trade with recognised, creditworthy third parties and to obtain sufficient collateral or other security where appropriate as a means of mitigating the risk of financial loss from defaults. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. Management performs ongoing monitoring of settlements based on contract terms.

Other than as disclosed as major customers on page 43, Aspen has a diverse range of customers and tenants, and therefore there are no significant concentrations of credit risk either by nature of industry or geographically.

An ageing of trade receivables past due is included in note 5. The credit risk of trade receivables neither past due nor impaired has been assessed as low on the basis of credit ratings (where available) or historical information about counterparty default. Refer to note 2 for the details on the impairment recognised on Aspen's financial assets.

The following concentrations of the maximum credit exposure of current trade and other receivables are shown for the consolidated entity:

	Consolidated	
	2019	2018
	$'000	$'000
Trade receivables (net of provisions)	**2,477**	1,503
GST and other receivables	**243**	205
Subsidiary held for sale – cash	**-**	1,627
	2,720	3,335

Liquidity risk

Nature of the risk

Liquidity risk is the risk that Aspen will not be able to meet its financial obligations as they fall due. Aspen is exposed to liquidity risk primarily due to its capital management policies, which has debt as a component of Aspen's capital structure (see note 11).

Liquidity risk management

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

	Consolidated	
	2019	2018
	$'000	$'000
Financing facilities		
Secured debt facilities	**45,000**	45,000
Bank overdraft and guarantees	**10,000**	10,000
	55,000	55,000
Facilities used at balance date		
Secured debt facilities	**24,500**	4,700
Bank guarantees	**298**	298
	24,798	4,998
Facilities unused at balance date		
Secured debt facilities	**20,500**	40,300
Bank overdraft and guarantees	**9,702**	9,702
	30,202	50,002

16: Financial risk management *(continued)*

Assets pledged as security

At 30 June 2019, Aspen's property assets, comprising PPE and goodwill, have been pledged as security against debt facilities. Refer to note 15 regarding the secured debt facilities.

Maturity of financial liabilities

The following tables analyse Aspen's financial liabilities, including net and gross settled financial instruments, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet. The future cashflows on derivative instruments may be different from the amount in the table as interest rates change. Except for these liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
Year ended 30 June 2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives							
Trade and other payables	5,842	-	-	-	-	-	5,842
Liabilities of subsidiaries held for sale	43	-	-	-	-	-	43
Interest bearing loans and borrowings	-	-	4,700	-	-	-	4,700
Total non-derivatives	5,885	-	4,700	-	-	-	10,585
Derivatives	-	-	-	-	-	-	-
Year ended 30 June 2019							
Non-derivatives							
Trade and other payables	**6,485**	**-**	**-**	**-**	**-**	**-**	**6,485**
Liabilities of subsidiaries held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest bearing loans and borrowings	**304**	**304**	**24,601**	**-**	**-**	**-**	**25,209**
Total non-derivatives	**6,789**	**304**	**24,601**	**-**	**-**	**-**	**31,694**
Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Market risk

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

Interest risk management

For most of the past 2 financial years, Aspen has moved from a net cash to net debt position. While debt levels were low Aspen maintained floating interest rates on its debt. Now that gross debt has increased, Aspen intends to review the proportion of its interest rates on borrowings that are fixed for a reasonable period, possibly through entering into fixed rate borrowings and/or using interest rate swaps or other derivative instruments.

Exposure

As at the reporting date, Aspen had the following financial assets and liabilities with exposure to interest rate risk. Interest on financial instruments, classified as variable rate, is repriced at intervals of less than one year. Interest on financial instruments, classified as fixed rate, is fixed until maturity of the instrument. Other financial instruments of Aspen that are not included in the following table are non-interest-bearing and are therefore not subject to interest rate risk.

16: Financial risk management *(continued)*

	2019		2018	
	Balance $'000	**Weighted average interest rate %**	Balance $'000	Weighted average interest rate %
Fixed rate instruments				
Term deposits	**150**	**2.31%**	5,202	2.54%
Variable rate instruments				
Cash and cash equivalents	**6,316**	**1.02%**	3,168	1.39%
Cash held in restricted funds	**-**	**-%**	5,000	2.54%
Cash and cash equivalents - subsidiaries held for sale	**-**	**-%**	1,627	0.93%
Interest bearing loans and borrowings	**(24,500)**	**2.48%**	(4,700)	3.18%
	(18,184)		5,095	
Total fixed and variable rate instruments	**(18,034)**		10,297	

Aspen's sensitivity to interest rate movements

The following sensitivity analysis shows the impact that a reasonably possible change in interest rates would have on Aspen's profit after tax and equity. The impact is determined by assessing the effect that such a reasonably possible change in interest rates would have had on the interest income/(expense) of the group and the impact on financial instrument fair values. This sensitivity is based on reasonably possible changes over a financial year, determined using observed historical interest rate movements for the preceding five-year period, with a heavier weighting given to more recent market data.

	Impact on profit $'000	**Impact on equity $'000**
2018		
Australian variable interest rate +100bps	51	51
Australian variable interest rate -100bps	(51)	(51)
2019		
Australian variable interest rate +100bps	**(224)**	**(224)**
Australian variable interest rate -100bps	**224**	**224**

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%

Equity price risk

Equity investments are long term investments that have been classified as available for sale. Aspen is exposed to insignificant equity price risk arising from its equity investments.

Fair values

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

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

Cash - the carrying amount of cash is considered as the fair value due to the liquid nature of these assets.

Receivables/payables - due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to approximate their fair values.

Other financial assets/liabilities - the fair values of derivatives, corporate bonds, and term deposits held at fair value and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of loan notes and other financial assets have been calculated using market interest rates.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in the fair value are recognised immediately in profit or loss. Aspen did not hold any derivatives which are designated as a hedging instrument as at 30 June 2019.

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

16: Financial risk management *(continued)*

Valuation of financial instruments

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

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

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

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

Aspen's financial instruments are valued using market observable inputs (Level 2) with the exception of available for sale financial assets at fair value (level 3) which were valued at $0.396 million (30 June 2018: $0.304 million).

Information about how the fair value of financial instruments is calculated and other information required by the accounting standards, including the valuation process and critical assumptions underlying the valuations are disclosed in the table below:

Fair value measurement, valuation techniques and inputs	
Class of assets / liabilities	Equity investment
Fair value hierarchy	Level 3
Valuation technique	NTA per security
Inputs used to measure fair value	Estimated NTA based on last audited financial statements
Unobservable inputs as at 30 June 2019	Dec-18 audited financial statements

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the year ended 30 June 2019 (2018: $Nil).

The following table shows a reconciliation of movements in Aspen's financial instruments classified as Level 3 within the fair value hierarchy for the years ended 30 June 2019 and 30 June 2018:

	2019 **$'000**	2018 $'000
Opening Balance	**304**	440
Total gain or losses In profit or loss	**92**	(136)
Closing Balance	**396**	304

Reversal of impairment

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 reversal in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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, if no impairment loss had been recognised.

17: Impairment of non-financial assets

Non-financial assets

The carrying amounts of Aspen's non-financial assets, other than investment property, inventories and deferred tax assets, 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or where there is any indicator of impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. 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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Reversal of impairment

Impairment losses, other than in respect of goodwill, 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 goodwill is not reversed.

Impairment losses previously recognised in Aspen's investment in equity accounted investments are subsequently reversed if the associate subsequently recognises an impairment charge on its assets, and results in Aspen recognising an increased share of equity accounted losses.

18: Business combinations

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Aspen. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of Aspen's share of the net identifiable assets acquired is recorded as goodwill. Any goodwill that arises is tested for impairment at each reporting date or where any indication of impairment is identified. Any gain on a bargain purchase is, after review, recognised in profit or loss immediately.

Acquisition transactions costs that Aspen incurs in connection with a business combination are expensed as incurred. These are included as acquisition costs disclosed in Note 2(c). Any contingent consideration payable is measured at fair value at the acquisition date.

If the business combination during the year had occurred on 1 July 2018, the Group would have generated an estimated additional revenue and profit for the year ended 30 June 2019 of $0.866 million and $0.376 million respectively.

Acquisition of business – accommodation properties

During the year, Aspen settled the following property:

- Highway 1 Caravan Park

The acquisition included the tangible assets of the park property as well as the existing park business and as a result, these transactions are accounted for as business combinations.

Goodwill calculations	**$'000**
Consideration transferred	**23,000**
Less: fair value of identifiable net assets	**(22,281)**
Goodwill	**719**

The goodwill is mainly attributable to the value of the existing businesses which is in excess of PPE acquired.

	$'000
Consideration transferred	
Cash	**23,000**
	23,000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	**22,281**
	22,281

Revenue and profit contribution

The accommodation property acquired during the year contributed revenues of $2.583 million and a net profit of $0.345 million to Aspen for the year from settlement of the accommodation property to 30 June 2019.

19: Intangible assets

	Consolidated	
	2019	2018
	$'000	$'000
Goodwill	**15,106**	23,972
Licenses	**-**	225
Software	**106**	53
	15,212	24,250

	Consolidated	
	2019	2018
	$'000	$'000
Opening	**24,250**	17,534
Additions – business combination (note 18)	**719**	6,716
Additions	**9**	-
Transfer	**57**	-
Impairment	**(9,759)**	-
Amortisation for the period	**(64)**	-
	15,212	24,250

The goodwill outlined above is an indefinite life intangible asset and exists solely in respect to the residential / retirement / tourism operating segment.

Impairment testing

Goodwill acquired through business combinations have been allocated to the following:

	Consolidated	
	2019	2018
	$'000	$'000
Mandurah Garden Estate	**2,818**	2,818
Tomago Van Village	**4,438**	6,555
Adelaide Caravan Park	**2,050**	2,050
Barlings Beach Holiday Park	**1,838**	3,287
Darwin Freespirit Resort	**803**	3,015
Highway One Caravan Park	**719**	-
Koala Shores Holiday Park	**2,440**	3,422
Four Lanterns Estate	**-**	2,825
	15,106	23,972

The recoverable amount of Aspen's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 years projection period approved by management, with a terminal value at end of year 5.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

- Net operating income between $0.64 million to $1.40 million;
- Pre-tax discount rate between 9.00% to 10.50%; and
- Revenue and costs growth rate of 2.5% per annum.

The discount rate of 9.00% to 10.50% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital and the risk-free rate.

19: Intangible assets *(continued)*

Management believes the projected 2.5% revenue and costs growth rate is prudent and justified, based on the general CPI rates.

Based on the above, an impairment on goodwill of $9.584 million has been recognised during the year. In addition, management has also written off licence value of $0.175 million.

Recognition and measurement

Goodwill

Goodwill that is recognised by Aspen is measured at cost less accumulated impairment losses. Goodwill is not amortised and is tested for impairment annually at each balance sheet date or where any indication of impairment is identified.

Goodwill - additions

The business combinations of one park acquisitions, as disclosed in note 18, resulted in the acquisition of $0.719 million of goodwill.

Key judgement: goodwill impairment testing

At the reporting date, management tested the goodwill of $23.972 million relating to its residential / retirement / tourism business and recognised the impairment on goodwill of $9.584 million. This goodwill exists solely in respect of properties held by Aspen for the residential / retirement / tourism segment. In testing the goodwill, Aspen considered the latest independent and directors' valuations for each of its properties.

Goodwill is assessed for impairment on an annual basis. The recoverable amount for the group's cash generating units (CGU) are determined based on value-in-use. This calculation uses a discounted forecast cash flow model based on financial budgets approved by the Board. Forecasts were based on projected returns of the business in light of current market conditions and growth rates in line with the consumer price index. The model uses weighted average cost of capital as discount rates and includes an attribution for terminal value.

20: Subsidiaries

Parent entity	Ownership interest 2019 %	Ownership interest 2018 %
Aspen Group Limited (stapled entity - Aspen Property Trust)	-	-
Subsidiaries		
Aspen Funds Management Limited	100	100
Aspen Living Villages Pty Limited	100	100
Aspen (Septimus Roe) Pty Limited (in members voluntary liquidation)	100	100
Aspen Property Developments Pty Limited	100	100
Aspen Communities Property Fund [1]	100	100
Aspen Villages Property Fund [2]	100	100
Aspen Equity Investments Pty Limited	100	100
Midland Property Trust	100	100
Caversham Property Development Pty Ltd	100	100
Aspen Whitsunday Shores Pty Limited	54	54
Aspen Development Fund No1 Pty Limited [3]	75	75
Aspen Dunsborough Lakes Pty Ltd ("ADLL")	43	43
Aspen Dunsborough Lakes Resort Pty Ltd (in members voluntary liquidation)	43	43
Fern Bay Seaside Village Pty Ltd ("FBSV")	45	45

[1] Aspen Communities Property Fund comprises:

- Aspen Communities Nominees Pty Limited
- Aspen Communities Management Pty Limited
- Aspen Communities Construction Pty Limited

Syndicate voluntary liquidation substantially completed, now subject to ASIC approval and deregistration

[2] Aspen Villages Property Fund comprises:

- Aspen Villages Property Trust (in members voluntary liquidation)
- Aspen Villages Nominees Pty Limited (in members voluntary liquidation)

Syndicate voluntary liquidation substantially completed, now subject to ASIC approval and deregistration

[3] Aspen Development Fund No1 Pty Limited comprises:

- Aspen Development Fund No1 Pty Ltd (in members voluntary liquidation)
- Caversham Property Pty Ltd (in members voluntary liquidation)
- Bradwell Pty Ltd (in members voluntary liquidation)

Syndicate voluntary liquidation substantially completed, now subject to ASIC approval and deregistration

20: Subsidiaries *(continued)*

Recognition and measurement

Subsidiaries

Subsidiaries are entities controlled by either the Company or the Trust. The Company or 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are consistent with Aspen's accounting policies.

Loss of control of subsidiaries

Upon the loss of control, Aspen 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 Aspen retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

21: Discontinued operations

	Disposal groups held for sale		Non-core operations held for sale		Total discontinued operations	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Results of discontinued operations						
Revenue	**-**	-	**-**	1,013	**-**	1,013
Expenses	**(8)**	(158)	**(13)**	(154)	**(21)**	(312)
Profit/(loss) before income tax	**(8)**	(158)	**(13)**	859	**(21)**	701
Finance income	**-**	13	**1**	-	**1**	13
Gain/ (Loss) on disposal after income tax	**(113)**	17	**66**	(60)	**(47)**	(43)
Net change in fair value	**-**	-	**-**	-	**-**	-
Profit/(loss) after tax from discontinued operations	**(121)**	(128)	**54**	799	**(67)**	671
Assets and liabilities of discontinued operations						
Assets						
Cash and cash equivalents	**-**	1,627	**-**	-	**-**	1,627
Trade and other receivables	**-**	-	**-**	-	**-**	-
Properties held for sale	**-**	-	**-**	2,525	**-**	2,525
Prepayments and other assets	**-**	5	**-**	-	**-**	5
Total assets	**-**	1,632	**-**	2,525	**-**	4,157
Liabilities						
Trade and other payables	**-**	43	**-**	-	**-**	43
Provisions and other liabilities	**-**	-	**-**	-	**-**	-
Total liabilities	**-**	43	**-**	-	**-**	43
Net assets	**-**	1,589	**-**	2,525	**-**	4,114
Cash flows of discontinued operations						
Net cash from / (used in) operating activities	**(159)**	(97)	**54**	859	**(105)**	762
Net cash from investing activities	**-**	3,222	**2,525**	27,860	**2,525**	31,082
Net cash from/ (used in) financing activities	**(1,468)**	-	**(2,579)**	-	**(4,047)**	-
Net cash flows for the year	**(1,627)**	3,125	**-**	28,719	**(1,627)**	31,844

21: Discontinued operations *(continued)*

Recognition and measurement

Discontinued operations

A discontinued operation is a component of Aspen's business, the operations and cash flows of which can be clearly distinguished from the rest of Aspen 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 Consolidated Income Statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Disposal groups held for sale

Aspen has a number of its development subsidiaries classified as a disposal group held for sale.

Non-core operations held for sale

This comprises commercial and industrial properties that have been disposed or are held for sale.

22: Non-controlling interests

	ADF	AWSS	FBSV	ADLL	Total
NCI percentage as at 30 June 2019	**24.9%**	**45.9%**	**54.6%**	**56.8%**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July 2017	(15,052)	(3,797)	918	(2,048)	(19,979)
Share of comprehensive income/(expense)	(8)	(40)	9	(14)	(53)
Closing balance at 30 June 2018 and opening balance at 1 July 2018	(15,060)	(3,837)	927	(2,062)	(20,032)
Share of comprehensive income/(expense)	**-**	**-**	**(106)**	**(5)**	**(111)**
Closing balance at 30 June 2019	**(15,060)**	**(3,837)**	**821**	**(2,067)**	**(20,143)**

Recognition and measurement

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on the proportionate amount of the net assets of the subsidiary.

Negative non-controlling interests

Aspen has recognised non-controlling interests for AWSS, ADF and ADLL as at 30 June 2019 even though these NCI's are negative. AWSS and ADF are limited companies, and there is no ability for Aspen to recoup the negative equity attributed to non-controlling interests.

23: Commitments and contingencies

	Consolidated 2019 $'000	2018 $'000
Contingent liabilities		
Defect maintenance periods	**2,500**	2,500
	2,500	2,500
Operating lease commitments		
Group as lessee (i)		
Within 1 year	**1,452**	1,477
Greater than 1 year but not more than 5 years	**2,532**	4,292
More than 5 years	**52**	85
	4,036	5,854
Group as lessor (ii)		
Within one year	**6,643**	6,151
Greater than 1 year but not more than 5 years	**5,760**	4,413
More than 5 years	**-**	-
	12,403	10,564
Capital commitments *(iii)*		
Contracted but not provided for and payable:		
Within 1 year (iv)	**7,785**	2,107
Greater than 1 year but not more than 5 years	**-**	-
	7,785	2,107
Other expenditure commitments		
Bank guarantees issued to third parties	**-**	298
Insurance bond guarantees	**2,500**	2,500
	2,500	2,798

(i) Aspen leases various offices under non-cancellable operating leases. In addition, Aspen leases properties, under non-cancellable leases, on which it operates accommodation businesses. Operating lease expense for the year was $0.033 million (2018: $0.149 million).

(ii) Relates to leases of Aspen owned properties and former corporate offices sub leased.

(iii) Comprises commitments to expenditure on PPE.

(iv) Relates to the contracted settlement cost of the purchase of two apartment blocks in Lindfield (net of the $0.865 million deposit). (2018: $2.107 million related to contracted development expenditure for development at Four Lanterns Estate).

Bank guarantees issued to third parties

Bank Guarantees primarily relate to provision of guarantees for Aspen's subsidiaries and associates, security for office lease obligations, and security for deferred purchase consideration.

24: 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 Aspen, to affect significantly the operations of Aspen, the results of those operations, or the state of affairs of Aspen, in future financial periods.

25: Parent entity disclosures

	Parent	
	2019	2018
	$'000	$'000
Assets		
Current assets	**30,965**	26,267
Non-current assets	**4,411**	5,963
Total assets	**35,376**	32,230
Liabilities		
Current liabilities	**2,176**	2,364
Non-current liabilities	**82,343**	72,692
Total liabilities	**84,519**	75,056
Net liabilities	**(49,143)**	(42,826)
Equity		
Issued capital	**123,188**	123,190
Accumulated losses	**(172,331)**	(166,016)
Total Equity	**(49,143)**	(42,826)
Profit/(loss) attributable to members of the parent	**(6,196)**	(5,837)
Total comprehensive profit/(loss) for the year, net of tax, attributable to members of the parent	**(6,196)**	(5,837)
Guarantees		
Guarantees to external parties		
Insurance bond guarantees	**2,500**	2,500
Total guarantees to external parties	**2,500**	2,500
Guarantees to subsidiaries		
ADF	**2,500**	2,500
Total guarantees to subsidiaries	**2,500**	2,500

The directors have not identified any material contingencies as at 30 June 2019 (30 June 2018: $Nil).

Parent entity financial information

The financial information for the parent entity of Aspen Group has been prepared on the same basis as Aspen Group's 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 entity. Dividends received from associates and subsidiaries are recognised in the parent entity's statement of profit or loss when its right to receive the dividend is established.

Guarantees

The Parent has provided performance guarantees to third parties in respect of certain obligations of its subsidiaries.

The Parent and its subsidiaries as per note 20 provide an unlimited guarantee and indemnity in favour of the Trust's banking facilities. The Parent and the Trust have provided guarantees to financiers and insurance bond providers for a number of Aspen's subsidiaries. Under the terms of the agreements, the Parent and the Trust will make payments to reimburse the financiers upon failure of the guaranteed entity to make payments when due.

Parent entity financial information

As at 30 June 2019 the parent had a loan payable to the Trust of $41.416 million (2018: $39.424 million). The loan arrangements have a term ending 30 June 2021.

Going concern

The Parent has a negative asset position of $49.143 million. The negative asset position is primarily due to intergroup loans. Excluding all intergroup loans and investments, the Parent's net asset position would be positive $0.319 million net asset position.

As a consequence, the Board considers it appropriate for the Parent to be classified as a going concern.

26: Auditor's remuneration

	Consolidated	
	2019	2018
Fees paid or payable for services provided by the auditor of the Aspen Group:	**$**	$
Audit and review of financial reports		
PwC – 2019	**225,000**	-
PwC – 2018	**-**	239,400
PwC – 2017 (additional costs billed in FY2018)	**-**	33,890
	225,000	273,290

27: Related party transactions

Identity of related parties

Aspen has a related party relationship with its associates.

Director and executive remuneration

The remuneration disclosures are provided in sections 4 to 8 of the directors' report on pages 11 to 22 of this annual report designated as audited and forming part of the directors' report.

	Consolidated	
	2019	2018
	$	$
Short-term benefits	**1,288,359**	1,266,950
Long-term benefits	**84,504**	84,200
Termination benefits	**138,504**	-
Equity compensation benefits	**(121,917)**	53,555
	1,389,450	1,404,705

Other related party transactions

The following transactions occurred with related parties:

	Consolidated	
	2019	2018
	$	$
Payment for goods and services		
Payment of office rental (GST exclusive) to Belinda Evans, partner of Mr Carter (Director / CEO)	**21,551**	-

In addition to above, the Company has an arrangement with Mill Hill Capital Pty Ltd, an entity associated with Mr Carter and Mr Dixon (Joint CEOs). Under that arrangement, Aspen manages MHC's Affordable Accommodation & Land Fund, and Marina Hindmarsh Island Fund. In return, Aspen will earn project management fees from these funds in line with MHC management fee entitlement under its existing contracts. No management fees were earned during the financial year ended 30 June 2019.

28: Changes in accounting policies

(a) New and amended standards adopted from 1 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

Aspen 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 Aspen'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), Aspen's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. The adoption of AASB 9 has not impacted the 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 Aspen and accordingly there is no change to the classification of Aspen'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 Group's (Aspen'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 recognise 'lifetime expected credit losses' from the first reporting period. These are the credit losses expected over the term of the receivables.

The Consolidated Group 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 (b) '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 Aspen), Aspen 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 Aspen's derivatives and hedge accounting, due to the absence of these instruments at the reporting date.

(iv) Accounting policies

Policy applicable from 1 July 2018

AASB 9 contains three principal classification categories for financial assets:

- measured at amortised cost;
- fair value through other comprehensive income (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.

28:* Changes in accounting policies *(continued)

(b) Recently changed accounting standards (continued)

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, Aspen 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.

Aspen recognises loss allowances at an amount equal to lifetime ECL on trade and other receivables. Loss allowances for financial assets measured at amortised cost 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 trade 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 Aspen in accordance with the contract and the cash flows that Aspen expects to receive).

Aspen uses historical information and 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.

Debts that are known to be uncollectable are written off when identified.

Derivatives and hedge accounting
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. For cash flow hedges, the effective portion of changes in the fair value of derivatives is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Aspen did not utilise derivatives during the reporting period.

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 above criteria is not met, revenue is recognised at a point in time.

The table below summarises the changes in terminology with respect to the timing of revenue recognition between AASB 111 and AASB 118 compared to AASB 15 and the new revenue recognition policies under AASB 15. 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.

***28:* Changes in accounting policies** *(continued)*

(b) Recently changed accounting standards (continued)

Classification and measurement of revenue (continued)

Type of revenue	Description	Revenue Recognition policy under AASB 111 and AASB 118	Revenue Recognition policy under AASB 15
Tourism short stay accommodation revenue	The Group receives revenue from customers for lodging at our properties. These services are typically provided with a short duration of 1-30 days. The customer is invoiced for these services typically at the commencement of their stay at the Group's facilities.	Recognised in the period in which the services are rendered.	Point in time
Tourism annuals and extended stay accommodation revenue	The Group receives revenue from customers for site rental at our properties. Site rental may be in the form of annuals or extended stay visitors who typically store their caravan or similar vehicle in situ for a period greater than 30 days. In the case of annuals, these arrangements are billed on a quarterly basis in advance.	Recognised in the period in which the services are rendered.	Point in time
Retirement land lease community lease income	At a number of the Group's facilities, long term rental arrangements are entered into with tenants. These are lease agreement backed and typically subject to annual escalation clauses which may be CPI linked or fixed in nature. Billing of the lease rental income is typically conducted fortnightly in advance.	Recognised in the period in which the services are rendered.	Point in time
Development revenue – sale of residences	In land lease communities, the Group sells residences to incoming tenants. These inventory sales may occur following the purchase of existing residences or be the result of the expansion in site numbers at a facility. The sale process involves a contract of sale for the residence where a clear contractual commitment with the purchaser is established.	When significant risk and rewards are transferred	Point in time
Fixed term contacts for the supply of food and lodging	In our corporate asset, a contractual arrangement is in place for the provision of both food and lodging services to the employees of a corporate entity. The contract for these services is of a multi-year duration and provides guaranteed supply of rooms at pre-agreed rates. The services are billed to the corporate entity in arrears on a monthly basis.	Recognised in the period in which the services are rendered.	Point in time

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.

28: Changes in accounting policies *(continued)*

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

The following standards and amendments to standards are relevant to Aspen.

Reference	Description	Application of standard by the group
AASB 16 Leases	AASB 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. Where Aspen is the lessee, this new treatment will result in recognition of a right of use asset along with the associated lease liability in the Consolidated Statement of Financial Position and both a depreciation and interest charge in the Consolidated Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice.	1 July 2019

29. Impact of adopting the new accounting standards

The table below sets out the impact of adopting the new accounting standards set out in note 28.

Reference	Impact
AASB 9 Financial Instruments	Management has assessed the provisions of AASB 9 in respect of trade and other receivables and the impact has been determined as immaterial.
AASB 15 Revenue from contracts with customers	Adoption of this standard has been applied retrospectively. There has been no impact on the Consolidated Group's current or previously reported financial position as a result of the adoption AASB 15.
AASB 16 Leases	The new leasing model requires the recognition of operating leases on the consolidated balance sheet. In relation to these operating leases, if Aspen adopted the new standard and applied it retrospectively from 01 July 2018, management estimates a decrease to operating retained earnings of $1.09 million to the year end balances. Assets would increase by $3.48 million and liabilities would increase by $4.57 million.

Directors' Declaration

1. In the opinion of the directors of Aspen Group Limited:

   (a) the consolidated financial statements and notes set out on pages 36 to 73, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of Aspen's Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

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

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

2. The directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Joint CEOs and the CFO for the financial year ended 30 June 2018.

3. The directors draw attention to notes to the consolidated financial statements, which includes statement of compliance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board*.

Signed in accordance with a resolution of the directors.

Clive Appleton

Chairman

SYDNEY, 19 August 2019

Additional Securities Exchange Information

1. Stapled Security

Aspen Group is quoted on the Australian Securities Exchange as a stapled security (ASX code APZ).

A stapled security is created through the joining of a share (Aspen Group Ltd) and a trust unit (Aspen Property Trust) to form a single security traded on the Australian Securities Exchange.

2. Distribution Policy

Aspen Group's distribution policy is to pay distributions on a semi-annual basis.

Distributions paid for the 2018/19 financial year totalled 5.0 cents per security.

Dividend and Distribution Re-Investment Plan ("DRP")

Aspen Group's DRP has been suspended since September 2012.

3. Capital Structure

As at 30 September 2019 Aspen Group had 96,321,775 securities on issue.

(a) Voting Rights

For all securities voting rights are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll shall have one vote.

(b) Distribution of Securities

Analysis of numbers of holders by size of holding:

Size of Holding	Number of Securityholders
1 - 1,000	511
1,001 to 5,000	459
5,001 to 10,000	157
10,001 to 100,000	253
More than 100,001	40
Total	1,420

The number of security investors holding less than a marketable parcel is 252 and they collectively hold 21,519 securities.

(c) Twenty Largest Securityholders of Stapled Securities

The names of the twenty largest holders of securities as at 30 September 2019 are listed below:

	Name	No. of stapled securities	%
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	36,438,122	37.83%
2	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	17,182,602	17.84%
3	SELWYN JOHN CUSHING and BEVAN DAVID CUSHING	8,123,285	8.43%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,988,464	5.18%
5	CITICORP NOMINEES PTY LIMITED	4,323,592	4.99%
6	REDBROOK NOMINEES PTY LTD	2,795,668	2.90%
7	BNP PARIBAS NOMS PTY LTD	1,267,565	1.32%
8	BIG MORETON PTY LTD	1,100,000	1.14%
9	CITICORP NOMINEES PTY LIMITED	856,312	0.89%
10	MRS SARAH FOLETTA	851,067	0.88%
11	DEEMCO PTY LIMITED	743,264	0.77%
12	WORLDWIDE FINANCES HOLDING PTY LIMITED	680,407	0.71%
13	WALLBAY PTY LTD	655,063	0.68%
14	MR RUSSELL OWEN COWLEY	649,952	0.67%
15	NETWEALTH INVESTMENTS LIMITED	523,000	0.54%
16	LUTON PTY LTD	448,652	0.47%
17	B MCK SUPER PTY LTD	365,000	0.38%
18	MR TZE-FAN CHAN & MRS KIT-SUM LEUNG	301,800	0.31%
19	MR ROBERT ALEXANDER HOAD	300,000	0.31%
20	NEWECONOMY COM AU NOMINEES PTY LIMITED	262,250	0.27%
	TOTAL	**82,856,065**	**86.02%**
	Balance of Register	**13,465,710**	**13.98%**
	Grand TOTAL	**96,321,775**	**100.00%**

(d) Substantial Securityholders

Aspen Group has received notification of the following substantial securityholders (5% or more of the issued capital).

Date of Last Notification	Securityholder	No. of stapled securities	% of the issued capital
16 November 2018	K D Cushing Family Trust	7,738,851	8.034%
8 May 2018	Mill Hill Capital Pty Ltd	22,382,539	22.237%
13 June 2019	Brahman Pure Alpha Pte Ltd	16,490,266	17.120%

Disclaimer

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

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

All references to dollar amounts are in Australian currency unless otherwise stated.

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Corporate Directory

Responsible Entity

Evolution Trustees Limited
ACN 611 839 519, AFSL 486217

Board of Directors

Clive Appleton	*Non-Executive Chairman*
Guy Farrands	*Non-Executive Director*
John Carter	*Executive Director*

Executive Management

David Dixon	*Joint Chief Executive Officer*
John Carter	*Joint Chief Executive Officer*
Devron Abdol	*Chief Financial Officer*

21 Oxford Street, Bondi Junction, NSW 2022

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Fax	(02) 9151 7599
E-mail	homemail@aspengroup.com.au

Group Company Secretary

Mertons Corporate Services Pty Limited
Mark Licciardo and Belinda Cleminson (jointly held)

Auditors

PriceWaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Tel	(02) 8266 0000
Fax	(02) 8266 9999

Share Registry

Link Market Services
Level 12, 680 George Street, Sydney NSW 2000

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