Aspen Group Limited

Annual Report 2024

Chairman's Letter

Dear Securityholders

I am very pleased to present the 2024 Annual Report for Aspen Group. Aspen provides quality accommodation on competitive terms. Our target customer base is approximately 40% of Australian households with income less than $90,000 per annum that can afford to pay no more than about $400 per week to rent or $400,000 to purchase their housing needs.

The shortages of accommodation Aspen's end of the market have become even more acute over recent years with the proportion of rentals offered in capital cities at less than $400 per week collapsing from 37% in 2020 to only 6% in 2024[1].

We continue to methodically grow our portfolio of properties highly suited to our strategy and customer base. Aspen now owns over 5,100 approved dwellings and land sites valued at over $550 million, equating to only $108,000 per dwelling/site. Against the backdrop of rapidly increasing rents in most markets, Aspen's rents have remained affordable and competitive, averaging only $317 per week per dwelling/site in FY24. This is driving high occupancy and low arrears across our portfolio and increases growth prospects and reduces risk in our opinion.

Aspen offers accommodation on a variety of lease terms from overnight to lifetime. Nearly all of the accommodation we offer on longer term leases (typically 12 months or more) has only frictional vacancy. The one exception is CoVE Upper Mount Gravatt (formerly UniResort) where occupancy has recently been impacted due to additional visa restrictions for international students, so we have started offering the property to a broader, complementary customer base. When Aspen offers accommodation on a shorter stay basis, we aim to boost profitability by dynamically managing the mix of lease term, average occupancy, rent and operating expenses. Demand for our short stay accommodation has been generally flat in the subdued economic environment over the past 6-12 months, with growing corporate demand offsetting softer / patchy tourist demand.

Aspen's development business continues to perform very well. Aspen sells Lifestyle homes and Residential land lots at highly competitive prices, averaging only $418,000 per home and $200,000 per land lot respectively in FY24, while generating a healthy development profit margin of 30% and attractive ROIC[2] of 21%. Aspen's development pipeline is significant with nine active projects diversified by location, regulation and product type, with a total of over 1,150 approved sites representing more than 10 years supply at current sales rates.

We are very proud of Aspen's ESG credentials, and we continuously seek to invest and make improvements. Aspen enhances society and reduces inequality by providing quality accommodation on affordable terms to lower income households. We help charities and their customers by offering subsidised rents through our Aspen Social program. Our communities and efficient houses typically consume less resources than traditional houses, and we install solar systems, energy and water saving devices, and recycling facilities where feasible. We also prefer to refurbish than demolish and rebuild dwellings where possible to reduce wastage and our carbon footprint.

Over the five years to 30 June 2024 Aspen's Underlying Operating Earnings per Security[3] increased by 22% per annum to 13.81 cents and Net Asset Value per Security increased by 14% per annum to $2.18. Aspen paid total distributions of 8.50 cents per security relating to FY24, an increase of 10% over the previous year. Despite softening economic activity, we expect continued growth in Aspen's earnings, distributions and net asset value in FY25.

At the conclusion of the Annual General Meeting this year I will retire from the Board. My fellow director Mr Guy Farrands will assume the Chair. It has been a privilege to serve you as a Director for the last 12 years and as Chair since 2016.

The Aspen journey has been a rewarding one for me and I am grateful to have had the opportunity to work with such a dedicated group of professional people who are passionate about their involvement and dedication to the company. The future direction of the business is now clear, and I believe, as evidenced by the last few years results, will continue to be a rewarding journey for securityholders.

I would like to take this opportunity to thank all of Aspen's employees at head office and the properties for their hard work and commitment throughout the last 12 months. I look forward to meeting with you and providing a further business update at our Annual General Meeting in November.

Clive Appleton Chairman

1. Source PropTrack - % of all dwellings (houses and units) offered for rent in Australia at <$400pw on Realestate.com.au in the months ending April 2020 and April 2024
2. ROIC - Return on Invested Capital = Total Development Profit divided by average of opening and closing book value of development assets including Residential land inventory, civils inventory, new Lifestyle house inventory, and spare land in Lifestyle properties
3. Underlying Operating Earnings is a non-statutory accounting 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 underlying operating performance – refer to financial report for full definition

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 2024

Aspen Group Limited
Directors' report
30 June 2024

The Directors of Aspen Group Limited ("AGL" or the "Company") present their report together with the Company's financial report for the year ended 30 June 2024 and the Independent Auditor's Report thereon. The Company's financial report comprises the consolidated financial report of the Company and its controlled entities, including Aspen Property Trust ("APT" or the "Trust") and its controlled entities (collectively the "Group").

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

In accordance with Accounting Standard AASB 3 Business Combinations, the stapling of the Company and the Trust is regarded as a business combination. The Company has been identified as the parent for preparing consolidated financial statements.

Directors

The Directors of the Company at any time during or since the end of the current period were:

Non-Executive Directors (NEDs)
Clive Appleton (Chairman)
Guy Farrands
Edwina Gilbert (appointed 18 August 2023)

Executive Directors
John Carter (Joint Chief Executive Officer)
David Dixon (Joint Chief Executive Officer) (appointed 22 November 2023)

Company Secretaries
David Dixon
Mark Licciardo

Qualifications, experience and special responsibilities

Clive Appleton – Independent Chairman *(appointed chairman on 7 June 2016)*
BEc, MBA, AMP (Harvard), GradDip (Mktg), FAICD

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 he held senior executive roles from 1986, 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 Vicinity Limited, Perth Airport Pty Limited, and Perth Airport Development Group Pty Limited and the Non-Executive Chairman of Pancare Foundation.

Appointed as a Non-Executive Director of Aspen Group Limited on 30 April 2012.

Directorships of other listed entities within last 3 years:
Non-Executive Director of Vicinity Limited – appointed September 2018 to current (ASX:VCX)
Non-Executive Director of APN Property Group Limited – held from 2004 to 2021

Guy Farrands – Independent Non-Executive Director
BEc, Grad Dip Man, FAPI, *MAICD*

Mr Farrands has over 30 years' experience in direct and ASX listed property markets in Australia and internationally across commercial, retail, industrial, residential and retirement property classes.

He was Managing Director and/or CEO of the ASX listed groups ALE Property Group, GEO Property Group and Valad Property Group.

Mr Farrands was also Chief Financial Officer of Viva Energy REIT (now Waypoint REIT).

His previous roles include 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.

Appointed a Non-Executive Director of Aspen Group Limited 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 other listed entities within last 3 years:
Executive Director of ALE Property Group – held from October 2020 to December 2021

Edwina Gilbert - Non-Executive Director (appointed 18 August 2023)
BLaw, BArts, GAICD

Ms Gilbert has over 20 years executive experience in the automotive sector. She was the Managing Director of family automotive Phil Gilbert Motor Group operating and property ownership, until 2021 when she held various positions including Chair of Phil Gilbert Motor Group until June 2024.

She is currently a non-executive director of CarGroup.com (Chair of its Risk Committee and Member of the Audit and People and Culture Committee), Infomedia Limited (Member of the Audit and People and Culture Committee).

Ms Gilbert was formerly a non-executive director of The Australian Automotive Dealers Association, the peak industry association for franchised automotive dealers.

Appointed a Non-Executive Director of Aspen Group Limited on 18 August 2023.

Directorships of other listed entities within last 3 years:
Non-Executive Director of Carsales.com Limited - held from May 2016 to current (ASX:CAR)
Non-Executive Director of Infomedia Limited - held from March 2023 to current (ASX:IFM)

John Carter - Executive Director
MBA (Syd), BAppSc (Property Resource Mgmt) (UniSA), AAPI, GAICD

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 of Aspen Group Limited. In 2004, he established Mill Hill Capital to pursue private equity opportunities in real estate, agriculture and equities. Prior to this Mr Carter was Managing Director, Co-Head of Equities and on the Australian Executive Committee of UBS in Australasia from 2001 to 2004.

From 1991 to 2001 Mr Carter was Head of Real Estate at UBS. While at UBS, he led over $30 billion of M&A and capital raising transactions for Australia's leading real estate and infrastructure companies.

Prior to UBS Mr Carter was involved in commercial real estate at two international real estate consultancy groups.

Appointed a Non-Executive Director of Aspen Group Limited on 23 February 2015. With Mr Carter's appointment as Joint CEO of Aspen Group Limited, he became an Executive Director from 14 March 2019.

Directorships of other listed entities within last 3 years:
Nil

David Dixon - Executive Director (appointed 22 November 2023)
B Bus (Finance & Economics)

Mr Dixon has over 30 years’ experience in real estate and financial markets in Australia. He is currently Joint Chief Executive Officer of Aspen Group Limited being appointed on 14 March 2019.

Mr Dixon is joint owner and managing director of Mill Hill Capital, a private equity real estate group. From 2010 to 2014 David was Head of Real Estate Investment Banking (REIB) at Morgan Stanley. Mr Dixon was Joint Head of REIB at Credit-Suisse from 2006 to 2010 and Deutsche Bank from 1998 to 2006 including a dual role in the broader Equity Capital Markets division.

Prior to Deutsche Bank, David helped build Bankers Trust’s real estate franchise into one of Australia’s largest, most active and diversified investors at the time.

Directorships of other listed entities within last 3 years:
Nil

Directors’ meetings

	Board of Directors		Audit, Risk and Compliance Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**
Clive Appleton	8	8	4	4
Guy Farrands	8	8	4	4
Edwina Gilbert (appointed 18 August 2023) [1]	7	7	2	2
John Carter	8	8	-	-
David Dixon (appointed 22 November 2023) [1]	6	6	-	-

[1] Number of meetings held and attended since appointment date

Interests of Directors

Securities in the Group held by directors, company secretaries or their associates as at 30 June 2024 were:

	Issued Securities	Performance Rights
Clive Appleton	940,583	-
Guy Farrands	211,046	-
Edwina Gilbert	-	-
John Carter	7,990,059	1,037,183
David Dixon	7,613,078	1,037,183
Mark Licciardo	-	-

Company Secretaries

David Dixon was appointed as Aspen Group Limited’s Joint Chief Executive Officer on 14 March 2019 and was appointed to the position of Joint Company Secretary on 18 November 2019.

Mark Licciardo was appointed to the position of Joint Company Secretary on 30 September 2016. Mark is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia’s Listed Services Division. He is also an ASX experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, biotechnology, and digital sectors. He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies. During his executive career, Mark held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX:100 companies Transurban Group and Australian Foundation Investment Company Limited. Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia, and the Australian Institute of Company Directors.

Operating and financial review

Aspen's business

Aspen's mission is to provide quality rental accommodation on competitive terms. Our core customer base is the approximate 40% of Australian households with income of less than $90,000 per annum who can afford to pay no more than about $400 per week to rent their accommodation needs.

Aspen's fully integrated platform encompasses operations, asset management, development, and capital management. We provide a broad spectrum of products and services to our customers within residential, lifestyle and park communities, under different lease types and terms. We seek to maximise the profitability and value of our properties and reduce risk by continually optimising the product and customer mix based on demand, relative pricing and expenses, regulatory requirements, capital usage and other factors.

Operations

Australia's residential markets continue to experience historically low vacancy rates and rental growth continues to be strong across our markets. Demand for accommodation is outstripping supply due to population growth and people moving around and into the country for a variety of reasons – work, study, holidays, lifestyle changes, retirement. Meanwhile, building costs have remained elevated after increasing materially over the past few years. In our opinion, the acute shortages of affordable housing in Australia, particularly at the more affordable end, will not be resolved in the foreseeable future.

Aspen's Australia-wide property portfolio is highly occupied by a diverse customer base. Our longer leased accommodation is essentially full, and rents are increasing, but they are still typically below levels achieved on recent leasing transactions, local competition, and economic rents for new supply. At some of our properties we offer shorter term leases and maximise profitability through dynamic yield management - optimising the balance of rental rate, lease term, occupancy and costs. Our rents are well supported by household income, government subsidies and corporate profitability. The average rent achieved across Aspen's whole portfolio was $317 in FY24, up 15% on the FY23 result. Net rental income margin was 50% in FY24, up 2 percentage points on the FY23 result mainly due to excellent operational management, increased occupancy post completion of refurbishment projects, and a change in portfolio composition.

Rents are growing most rapidly across Aspen's Residential segment properties located in metropolitan areas, yet they remain competitive and affordable averaging only $349 per week in FY24. Our properties are essentially full, with only frictional vacancy, except UniResort Upper Mount Gravatt at around 10% where demand has been impacted recently by heightened restrictions on foreign student visas. The quality of Aspen's tenant base has been improving over the past few years and arrears are negligible despite increasing rents. Residential segment net rental income margin was 62% in FY24, up 3 percentage points on the FY23 result.

Aspen's Lifestyle segment is growing rapidly through measured land rent increases of 4-5% per annum and additions to the land rental pool through acquisition and development. Aspen's current average Lifestyle land rent is good value at only $187 per week which is 21% below the level at which Commonwealth Rent Assistance (CRA) caps out. CRA has increased substantially over the past 12 months and a pensioner couple can now receive up to $89 per week to help pay their rent. Lifestyle segment net rental income margin was 60% in FY24, down 6 percentage points on the FY23 result, however this was mainly due to the acquisition of two distressed, partially completed properties with minimal profitability that are being refurbished and repositioned (Meadowbrooke WA and Sierra WA). Aspen offers new Lifestyle houses at prices well below the median price of local freehold houses and competing retirement villages. In FY24 the average sales price was highly attractive for customers at only $418,000, while Aspen generated its targeted development profit margin of 30%, despite the 30-40% increase in building costs over the past few years.

Aspen's Park segment offers a mixture of dwelling and land leases to tenants ranging from "lifetime" residents through to short stay corporates and tourists. Our Parks generated an average rent of $333 per week per dwelling / site, a pleasing increase of 13% on the FY23 result despite the generally weaker economic conditions and cost of living pressures. Park net rental income margin was 42% in FY24, up 1 percentage point on the FY23 result.

Financial Performance

Aspen generated a comprehensive income of $54.02 million, statutory net profit of $48.44 million and Underlying Operating Earnings of $25.26 million.

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

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

Aspen's underlying financial performance improved materially in FY2024 compared to FY2023:

- **Statutory profit decreased 11% to $48.44 million equating to 26.49 cents per security.**
- **Underlying EBITDA increased 31% to $32.21 million.**
- **Underlying Operating Earnings were $25.26 million, an increase of 21% from the prior year.**
- **Underlying Operating Earnings per security were $13.81 cents, an increase of 15% from the prior year.**
- **Full year ordinary distributions per security increased 10% to 8.50 cents.**
- Total rental and ancillary services revenue increased 23% to $61.81 million, with all properties except one generating increased revenue.
- Net rental income increased 27% to $30.79 million and net rental margin increased from 48% to 50% due to rental growth outpacing increased costs, higher occupancy with more dwellings entering the rental pool post refurbishment, and an increasing proportion of higher margin residential properties in our portfolio.
- Development profit increased 39% to $8.68 million at a margin of 30%
- Net corporate overheads increased by 25% to $7.82 million due to an increase in headcount in our growing management platform
- Net finance expense increased 88% to $6.95 million due mainly to higher interest rates and additional debt drawn to acquire new properties during the year.

The tables below summarise Aspen's Underlying Operating Earnings (non-statutory) and bridge to statutory profit:

	30 June 2024 $'000	30 June 2023 $'000	Change $'000	Change %
Rental and ancillary services revenue	**61,807**	50,260	11,547	23%
Direct property expenses	**(31,019)**	(25,949)	(5,070)	20%
Net rental income (NRI)	**30,788**	24,311	6,477	27%
Net rental margin (%)	**50%**	48%	2%	4%
Revenue from development activities [1]	**29,317**	20,098	9,219	46%
Cost of sales	**(20,641)**	(13,850)	(6,791)	49%
Development profit [1]	**8,676**	6,248	2,428	39%
Development margin (%)	**30%**	31%	(1%)	(3%)
NRI and development profit	**39,464**	30,559	8,905	29%
Dividend income	**564**	276	288	104%
Net corporate overheads	**(7,819)**	(6,234)	(1,585)	25%
Underlying EBITDA [2]	**32,209**	24,601	7,608	31%
Net finance expense	**(6,948)**	(3,698)	(3,250)	88%
Tax [3]	**-**	-	-	-
Underlying Operating Earnings	**25,261**	20,903	4,358	21%
No. of Securities (weighted – '000)	**182,883**	174,251	8,632	5%
Underlying Operating Earnings per security (cents)	**13.81**	**12.00**	**1.81**	**15%**
Ordinary distributions per security (cents)	**8.50**	**7.75**	**0.75**	**10%**

[1] FY23 includes development and licensing of DMF homes at Wodonga Gardens representing $4.690 million cash proceeds (revenue) received upon licensing the homes less $3.473 million total cost of producing the homes (cost of sales). For statutory accounting purposes, the net amount of $1.218 million is recognised in Net Fair Value Gain on Investment Properties in the Statement of Profit or Loss.
[2] Refer to Segments Information on note 2 to the financial statements for detailed breakdown of each segment that forms this EBITDA.
[3] For the purpose of illustrating Underlying Operating Earnings, the net deferred tax movement (which is a non-cash item and is shown in the Statement of Profit or Loss) has been excluded.

Reconciliation of Statutory Profit and Operating Results:

	30 June 2024 $'000	30 June 2023 $'000
Total comprehensive income attributable to parent entity	**54,020**	60,914
Revaluation of property, plant, and equipment (Darwin FreeSpirit)	**(5,580)**	(6,519)
Statutory net profit attributable to parent entity	**48,440**	54,395
Adjustments:		
Depreciation of property, plant and equipment	**1,494**	1,201
Property revaluation (gains) / loss [1]	**(39,616)**	(37,750)
Share-based payments expense	**1,730**	1,236
Fair value loss / (gain) on retirement village resident loans	**1,350**	2,820
(Gain) / loss on initial recognition of investment in securities	**(2,910)**	-
Fair value loss / (gain) on revaluation of investment in securities	**(3,473)**	(3,082)
Fair value loss / (gain) on interest rate swaps	**1,570**	345
Deferred tax expense / (benefit) recognised	**15,829**	1,337
(Gain) / loss on sale of investment properties	**(658)**	(344)
Others [2]	**1,505**	745
Underlying Operating Earnings	**25,261**	**20,903**

[1] FY23 excludes the revaluation gain on the development and licensing of DMF homes at Wodonga Gardens ($1.218 million) as this is included in Underlying Operating Earnings. This gain represents the $4.690 million cash proceeds received upon licensing the homes less $3.473 million total cost of developing the homes.
[2] Others are those items excluded from CODM's review of operating profits. This includes asset acquisition transaction costs and other non-underlying adjustments.

Balance Sheet

As at 30 June 2024, compared to 30 June 2023:

- Total assets increased 21% to $668.95 million
- Total property assets increased by 17% to $574.65 million
- Portfolio WACR* increased 30bps from 6.5% to of 6.8%
- During the year, as part of our capital recycling initiatives, Aspen sold 21 houses from Perth house portfolio and a Perth apartment complex of 7 townhouses for total gross proceeds of $14.82 million
- A total of $18.87 million of non-core investment properties have been identified and marketed for sale and these are included in investment property assets held for sale
- During the year, Aspen increased its strategic stake in Eureka Group Holdings Limited (EGH) to 36%. The transaction was funded with equity
- During the year, Aspen acquired five new properties: Sierra Lifestyle Village WA ($4.00 million), an apartment complex at 26 Treatts Road Lindfield NSW ($3.40 million), land in Normanville SA ($2.56 million), land adjoining our Highway 1 Park SA ($1.32 million), and 81 apartments at Burwood VIC ($8.11 million)
- Total financial debt increased by 20% to $166.02 million. Gearing** was 26% which is below our long-term target range of 30-40%
- NAV per security excluding DTL increased by 11% to $2.23
- In December 2023, the Group entered into a new syndicated debt facility with Westpac and Bank of Queensland. The new limit is $210 million, the facility expires in December 2026, and the drawn margin is 200bps

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

	30 June 2024 $'000	30 June 2023 $'000	Change $'000	Change %
Investment properties	**515,611**	449,538	66,073	15%
Investment property assets held for sale	**18,871**	6,543	12,328	188%
Property, plant and equipment (includes Darwin FreeSpirit)	**40,172**	34,380	5,792	17%
Carrying value of properties	**574,654**	490,461	84,193	17%
Cash	**4,524**	8,922	(4,398)	(49%)
Inventories (includes Mt Barker and CQ land, and lifestyle houses)	**25,389**	21,696	3,693	17%
Investment in Eureka Group Holdings Limited	**58,320**	19,138	39,182	205%
Other assets [1]	**6,065**	13,010	(6,945)	(53%)
Total assets	**668,952**	553,227	115,725	21%
Financial debt [2]	**166,015**	138,506	27,509	20%
Other liabilities [1]	**69,280**	53,556	15,724	29%
Total liabilities	**235,295**	192,062	43,233	23%
Net Asset Value (NAV)	**433,657**	361,165	72,492	20%
NAV per security ($)	**2.18**	2.01	0.17	8%
NAV per security excluding DTL ($)	**2.23**	2.01	0.22	11%

[1] Net of borrowing transaction costs of $0.932 million (30 June 2023: $0.441 million)
[2] Includes a deferred tax liability (DTL) of $10.590 million at 30 June 2024 (30 June 2023: deferred tax asset (DTA) of $5.239 million).

Outlook

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

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

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 processes are detailed in Aspen's Corporate Governance Statement, and a discussion of risks, including credit risk, liquidity risk, market risk and operation risk factors are detailed in note 21 of the financial statements. Listed below are relevant key risks for the business identified in the risk management matrix:

- **Leasing and sales rates** – there are a number of risks associated with the development, leasing and sale of dwellings and land which could impact future earnings. These risks include the timing of achieving planning and regulatory approvals, delays in building supplies, the potential for cost overruns, variable demand for our products, and the level of rents and pricing achieved. The increase in interest rates may cause a decline in house prices and sales volumes which could lead to a reduction in the number of sales and profit margin in our development activities.
- **Short stay demand** – we offer short term leases when we believe it sufficiently increases profitability. Compared to our longer stay sources of income, short stay income is volatile and often seasonal, and occupancy levels and rents are more dependent on variables which could negatively impact Aspen's short stay earnings. Some examples include subdued economic conditions, changes in consumer preferences, weather conditions, increased competition, and increased operating costs particularly labour, energy, council rates, and land tax.
- **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 properties that are dependent on seasonal tourism with highly variable income and costs, and refurbishment and development activities. Additionally, acquisitions involve transaction costs and disruption through the transition of ownership and management which may impact operating performance, particularly in the short term.
- **Environmental risk** – Aspen's properties are subject to environmental risks including but not limited to bushfires, storm events, coastal erosion and flooding. As the climate continues to change in future these risks may increase. Aspen holds insurance for these types of events, but insurance cover is becoming more limited and increasingly expensive.
- **Interest rates** – Aspen's financial liabilities consist of variable interest-bearing borrowings and therefore changes in interest rates will have an impact on profitability. The risk is partially mitigated as Aspen has $70.00 million of interest rate swaps fixed at 204bps to April 2025 and, post year end, a further $80.00 million fixed at 367 bps to September 2027.
- **Property valuation** - The core assets for Aspen are its underlying real estate properties, therefore changes in property values impact the balance sheet and equity of the Group. An increase or decrease in property value could have a material impact on net asset value and the loan-to-value ratio for Aspen's debt facility.

Safety and environment

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

Significant changes in the state of affairs of the Group

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.

Remuneration report - Audited

Introduction

The directors present the remuneration report for Aspen Group for the year ended 30 June 2024. 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
- Joint Chief Executive Officers (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 FY24. 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 Directors:		
John Carter	Joint Chief Executive Officer	KMP for full year
David Dixon	Joint Chief Executive Officer	KMP for full year
Non-Executive Directors:		
Clive Appleton	Non-Executive Chair	KMP for full year
Guy Farrands	Non-Executive Director	KMP for full year
Edwina Gilbert	Non-Executive Director	KMP from 18 August 2023

Remuneration Governance

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

- establishing an overarching remuneration framework;

- 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; and

- approval of all elements of KMP and senior manager 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 and senior manager 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 fixed remuneration and variable incentives.

In FY24 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 both competitively and appropriately such that Aspen Group attracts, retains and motivates skilled and qualified KMP and senior managers.

The framework considers, amongst other things:

Alignment to securityholders' interests:
- key financial drivers of securityholder value, including net rental income, earnings per security, distributions per security, net asset value and total securityholder returns
- key non-financial drivers of securityholder value, including culture and risk management
- attracting and retaining high calibre KMP and senior managers

Alignment to employees' interests:
- rewards capability and experience
- provides recognition for both individual contribution and teamwork
- provides a clear structure of earning 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.

Executive remuneration structure

Aspen's executives had the following remuneration mix for FY24:

FIXED	AT RISK	AT RISK
Fixed Remuneration	Short term incentive (STI)	Long Term Incentive (LTI)
CASH	CASH	EQUITY
• Base salary and superannuation • Reviewed annually • Determined by experience, qualifications and role	• 50% of STI awarded is paid in cash and 50% is paid in securities in Aspen Group (APZ) • Entitlement to these securities is deferred by 12 months • STI dependent on individual performance relative to KPIs	• Performance Rights Plan subject to three-year vesting period and two performance hurdles: - 50% Relative Total Securityholder Return (TSR). - 50% Net Asset Value (NAV) growth
Base level of reward competitive with the marketplace	**Encourages sustainable performance in the medium to longer term**	**Encourages sustainable performance in the medium to longer term**

Remuneration mix	CEOs (Executives)	Senior Managers (indicative range)
Fixed compensation	45%	50% - 60%
STIs	10%	15% - 20%
LTIs	45%	35% - 20%

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 performance and overall performance of Aspen
- market forces, especially as they relate to companies of comparable complexity and size, revenue and in similar industries to Aspen
- advice from external consultants or other market sources.

Variable compensation – Short-Term Incentives (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.

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. net asset value, 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, stakeholder engagement and ethics
- Strategic priorities – e.g. evaluating and implementing change, corporate reputation, future growth initiatives.

STIs for Executives are paid 50% in cash with the remainder taken in APZ securities. The immediate cash portion is paid following the approval of the annual financial statements. The issue of securities is subject to shareholders’ approval at the Group’s AGM and the shares are held in escrow until 30 June the following year. 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 Executives.

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

Event	Eligibility criteria
Resignation during performance year	Employee may be considered for a pro-rata STI payment for that performance year depending on performance.
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 – 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 the retention bonus scheme in FY24 (none in FY23).

Variable compensation – Long-Term Incentives (LTI)

The objective of the LTI plan is to reward and retain Executives and senior managers. Awards are linked to Aspen's relative Total Shareholder Returns ("TSR") and Net Asset Value ("NAV"); therefore, an employee's remuneration is aligned to the creation of securityholder wealth. Under this plan, the more Aspen's net asset value, 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 2023 Annual General Meeting. The PRP facilitates the grant of performance rights to Executives and senior managers 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 convert their performance rights to the extent the vesting conditions are satisfied. 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.

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 companies.

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

The S&P ASX 300 real estate 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 is calculated at the end of each 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 three-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 51st percentile	0%
At the 51st percentile	50%
Between the 51st percentile and the 75th percentile	Straight-line between 50% and 100%
At the 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 is the reference base for the testing of this measure. The NAV hurdle is 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-year 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 compound growth over 3 years	Proportion of NAV related rights vested
Below 7 percent per annum	0%
At or above 7 percent per annum but below 8 percent per annum	Straight-line between 50% and 100%
At or above 8 percent per annum	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).

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 its 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 at the time of change of control on a pro rata basis

Unvested forfeited LTIs may be redistributed subject to the Board and Executive approval.

Executive remuneration outcomes

Overview of FY24 financial performance

In considering Aspen's performance in the current financial year, the Board had regard to the following metrics:

	2024	2023	2022	2021	2020
Underlying Operating Earnings (million)	**$25.26**	$20.90	$11.84	$9.00	$6.64
Underlying Operating Earnings per security (cents)	**13.81**	12.00	8.65	7.57	6.80
Ordinary distributions per security (cents)	**8.50**	7.75	6.60	6.60	6.00
Security price (30th June)	**$1.79**	$1.75	$1.47	$1.31	$0.995
Net Asset Value (NAV) per security (30th June)	**$2.18**	$2.01	$1.79	$1.31	$1.15
Return on equity (Underlying Operating Earnings per security / Opening NAV per security)	**6.9%**	6.7%	6.6%	6.6%	6.0%
NAV growth (change in NAV per security plus distribution per security / Opening NAV per security)	**12.7%**	17.0%	41.3%	19.5%	7.3%

The Board also considered the relative performance of KMP against the execution of Aspen's strategy. A high-level scoreboard of Aspen performance for FY24 for the purpose of assessing the award of STI and LTI has been considered by reference to both positive and negative factors:

<table>
<tr><th>Positive performance indicators</th><th>Negative performance indicators</th></tr>
<tr><td>Increased average tenure of senior management team in head office

Increased scale:
- Total assets up 21% to $669 million
- Five new acquisitions secured: Treatts Road Lindfield, Sierra Lifestyle Village, Highway 1 adjoining land, Normanville land, and Burwood apartments.
- Increase in development activity to create more annuity land leases

Strong growth in revenues (39%) and Underlying Operating Earnings (21%)

Net Rental Income margin improved to 50%, and Development Profit margin kept fairly steady at 30% despite challenging conditions in the building industry

Significant increases in profitability and shareholder returns:
- Underlying operating earnings per security up 15%
- Distribution per security up 10%
- Net Asset Value per security up 8%

Risk mitigation:
- Increased portfolio quality and diversity
- Maintained a measured balance of Net Rental Income and Development to enhance stability and predictability of earnings
- Gearing currently at 26% (below long term target of 30-40%) while interest rates have increased, and economic and business conditions could become more challenging
- Strong interest cover ratio of 3.7x

New syndicated debt facility entered into with Westpac and Bank of Queensland providing more flexibility and higher limit, and extending the debt maturity to December 2026.</td><td>Some unwanted turnovers of Property Managers

APZ securities on ASX continue to trade at a discount to NAV</td></tr>
</table>

STI outcomes

For the year ended 30 June 2024, two KMP were awarded STI, determined after performance reviews were completed and approved by the Board. The combined total STI (inclusive of super) awarded to these KMP was $0.263 million (FY23: $0.250 million). As a result of the individual performance assessments the average percentage awarded of the maximum STI opportunity for these executives was 100%. A summary of the STIs payable to these executives during FY24 is outlined below:

	Cash STI [1] $	Deferred STI payment [1 2] $	Total FY24 award $	% of max STI opportunity awarded in year	% of STI not yet vested	% of STI opportunity forfeited in year
John Carter	$65,625	$65,625	$131,250	100%	0%	0%
David Dixon	$65,625	$65,625	$131,250	100%	0%	0%
Total	**$131,250**	**$131,250**	**$262,500**			

1 Inclusive of superannuation

2 The deferred STI payment is payable in APZ stapled securities and requires shareholder's approval at the FY24 Annual General Meeting (AGM). The securities will be held in escrow until 30 June 2025 if issued after the AGM.

LTI outcomes

The table below summarises how Aspen performed compared to vesting conditions for active LTI schemes at 30 June 2024:

	FY24 Scheme	FY23 Scheme	FY22 Scheme
Effective grant date	17 August 2023	17 August 2022	19 August 2021
Award starting date	1 July 2023	1 July 2022	1 July 2021
Vesting date	30 June 2026	30 June 2025	30 June 2024
Current Status	Aspen ranked 12th of 30 stocks in the comparator group with a return of 7.4% for the year to 30 June 2024 NAV growth was 12.7% for the year to 30 June 2024 These LTIs are subject to the performance hurdles until 30 June 2026	Aspen ranked 5th of 30 stocks in the comparator group with a compound total annual return of 15.4% for the 2 years to 30 June 2024. NAV compound annual growth was 14.4% for the year to 30 June 2024. These LTIs are subject to the performance hurdles until 30 June 2025	Aspen ranked 2nd of 30 stocks in the comparator group with a compound total annual return of 15.8% for the 3 years to 30 June 2024. NAV compound annual growth was 22.4% for the 3 years to 30 June 2023. 100% of these LTIs will vest post 30 June 2024.

Executive contract details

Remuneration structure and contract terms for CEOs

The contracts of employment for the Joint CEOs, John Carter and David Dixon, have no fixed term and specify the duties and obligations of the role.

Salary and benefits

The Joint CEOs currently each receive an annual total fixed remuneration ("TFR") of $525,000 inclusive of superannuation. No directors' fees have been paid to either of the Joint CEOs for being a director or officer of Aspen or any other group company (from the date of appointment as CEO).

Incentive arrangements

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

The Joint CEOs are 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 remuneration package for the Joint CEOs 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 their packages, which include the issue of performance rights, will be subject to approval at the Annual General Meeting in November 2024.

Termination

The employment contracts may be terminated by Aspen Group or the Joint CEOs 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 senior managers

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

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

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

		Short-term				Post-employment						
Executives	Year	Base salary[1] $	STI $	Non-monetary benefits $	Total $	Super-annuation benefits $	Termi-nation benefits $	Other Long Term $	LTI[2] $	Total $	% of Remuneration Performance Related	Value of LTI as % of Total Re-muneration
John Carter	**2024**	**496,482**	**131,250**	**-**	**627,732**	**27,500**	**-**	**8,678**	**447,236**	**1,111,146**	**52.1%**	**40.2%**
	2023	471,002	125,000	-	596,002	27,500	-	8,630	362,380	994,512	49.0%	36.4%
David Dixon	**2024**	**496,482**	**131,250**	**-**	**627,732**	**27,500**	**-**	**8,678**	**447,236**	**1,111,146**	**52.1%**	**40.2%**
	2023	471,002	125,000	-	596,002	27,500	-	8,630	362,380	994,512	49.0%	36.4%
Total	**2024**	**992,964**	**262,500**	**-**	**1,255,464**	**55,000**	**-**	**17,356**	**894,472**	**2,222,292**	**52.1%**	**40.2%**
	2023	942,004	250,000	-	1,192,004	55,000	-	17,260	724,760	1,989,024	49.0%	36.4%

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 in the respective reporting period.

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:

Current Executives	Equity type	Balance as at 30 June 2023 No.	Granted during the year as remuneration No.	Fair Value at Grant date $	Rights exercised during the year No.	Fair value of rights exercised $	Lapsed during the year No.	Value of rights lapsed $	Balance as at 30 June 2024 No.
John Carter	Performance rights	925,725	425,101	525,000	(313,643)	273,653	-	-	1,037,183
David Dixon	Performance rights	925,725	425,101	525,000	(313,643)	273,653	-	-	1,037,183

Non-executive director remuneration structure

The total remuneration for Non-Executive Directors for the 2024 financial year was $358,077 (2023: $270,846).

The remuneration level is within the maximum level of $700,000 previously approved by security holders at the 2023 AGM. 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 FY24 were:

Position	Annual Fees $
Non-Executive Chairman	**175,000**
Non-Executive Directors	**183,077**
Total	**358,077**

Non-executive directors' remuneration

Details of the remuneration paid to Non-Executive Directors are in the table below:

	Year	Base fees $	Superannuation $	Total remuneration $
Clive Appleton*	**2024**	**175,000**	**-**	**175,000**
	2023	172,757	-	172,757
Guy Farrands	**2024**	**90,090**	**9,910**	**100,000**
	2023	88,768	9,321	98,089
Edwina Gilbert (appointed from 18 August 2023)	**2024**	**74,844**	**8,233**	**83,077**
	2023	-	-	-
Total Non-Executive Directors	**2024**	**339,934**	**18,143**	**358,077**
	2023	261,525	9,321	270,846

*Director applied for superannuation guarantee exemption for FY24 and FY23 and elected to receive superannuation as part of base pay.

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, including securities held in escrow under the STI scheme is as follows:

	Year	Balance at beginning of year	Net increase / (decrease)	Balance at end of year
Current Executives				
David Dixon	**2024**	**7,263,721**	**349,357**	**7,613,078**
	2023	11,521,194	(4,257,473)	7,263,721
John Carter	**2024**	**7,637,452**	**352,607**	**7,990,059**
	2023	11,894,925	(4,257,473)	7,637,452
Non-executive directors				
Clive Appleton	**2024**	**843,416**	**97,167**	**940,583**
	2023	736,455	106,961	843,416
Guy Farrands	**2024**	**196,042**	**15,004**	**211,046**
	2023	196,042	-	196,042
Edwina Gilbert (appointed from 18 August 2023)	**2024**	**-**	**-**	**-**
	2023	-	-	-

1 John Carter and David Dixon previously held the same indirect interest in some APZ securities via their management and unitholding interests in the Mill Hill Capital Strategic Real Estate Fund (SREF) which held APZ securities. In 2023 SREF distributed all its APZ securities to its unitholders including John Carter, David Dixon, and their associates and accordingly the APZ securities are now held directly. John Carter and David Dixon did not dispose of any of their beneficial interests in APZ securities in 2022, 2023, or 2024.

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

This concludes the Remuneration Report, which is audited.

Principal activities
The principal activity of Aspen during the period was owning, operating and developing accommodation properties. There was no significant change in the nature of the activities of Aspen during the period and from the prior year.

Distributions
Distributions paid to unitholders during the year were as follows:

	Consolidated 30 June 2024 $'000
Interim distribution for the year ended 30 June 2024 of 4.25 cents (30 June 2023: 3.50 cents) per ordinary stapled security	**7,660**
Final distribution for the year ended 30 June 2024 of 4.25 cents (30 June 2023: 4.25 cents) per ordinary stapled security	**8,467**
	16,127

On 21 June 2024, Aspen announced the final distribution for the year ended 30 June 2024 of 4.25 cents per security and this distribution will be paid on or around 30 August 2024.

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

Shares under option or issued on exercise of options
There were no shares under option as at 30 June 2024 (2023: nil).

Matters subsequent to the end of the financial year
The Group entered into a contract on 24 July 2024 to acquire 36 retirement rental village in Viveash, WA for a total consideration of $2.1 million. The acquisition is expected to be settled on 21 August 2024.

On 6 August 2024, the Group entered into new interest rate swaps for a total notional value of $80.00 million at a fixed interest rate of 3.67% from 11 September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect Aspen Group's operations, the results of those operations, or Aspen Group's state of affairs in future financial years.

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 2024 and, since year end Aspen has paid premiums in respect of such insurance contracts up to the annual insurance renewal date of 30 June 2025. 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, Ms Gilbert, 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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Environmental, Social, and Corporate Governance

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

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

Social

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

Aspen values quality stakeholder relationships that are connected, responsive and collaborative. Through these relationships we understand the communities’ needs, aspirations, cultures, and their sense of place. We support our customers in a variety of ways so that they can live happier and healthier lives. For instance, we foster a social, diverse, and inclusive culture in communities by providing on-site management, customer services and community spaces and facilities. This gives our customers a sense of home and meaningful connections to the community. We often collaborate with charitable organisations such as the Red Cross and churches to help people with extra needs.

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

Environmental

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

Looking after the environment, today and for future generations, is essential. We recognise the need to continually reduce environmental impacts, work towards sustainable resource use. Additionally, we apply the precautionary principle when considering environmental impacts: uncertainty in the long-term outcomes of environmental effects should not delay action to reduce pollution and reduce consumption of non-renewable materials.

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

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

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

- Metering to make customers more aware of their electricity, gas and water use, and charging directly for it to influence behaviour
- Relatively high levels of vegetation that absorbs CO_2
- Community gardens - local food production reduces transport requirements and absorbs CO_2
- Recycling and composting facilities - composting food reduces emissions relative to burying food

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

Some of our properties, particularly our park communities, are located in attractive natural environments and are therefore subject to heightened environmental risks and increasing insurance costs. This includes properties located along coastlines and other waterways and close to bushland, which increases the risks of erosion, flood, and fire. We also own properties in regions where cyclones are common such as Karratha and Darwin. We seek to protect these properties through, amongst other things, undertaking physical risk assessments, constructing more robust buildings and infrastructure and maintaining them well, and good land management practices such as bushfire management programs and maintaining sand dunes and natural waterways. None of Aspen's properties have suffered material physical damage from flood, fire, or storm events over the past 10 years.

Sustainable Procurement

Aspen continually reviews its procurement processes with the aim of ensuring we are appropriately managing ESG risk in our supply chain, including considering modern slavery as a priority. Due to the types of inputs Aspen uses and that the majority are produced and sourced onshore, we believe the risk is relatively low.

Employees

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

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

We are committed to improving diversity and in particular, the number of females in leadership and other traditionally male dominated roles within the business.

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

- A defined performance management process that sets clear and measurable goals for individual employees that are aligned with the Group's strategy, culture, and values
- Continuous performance reviews
- Career development planning
- Role-specific training across all departments
- Sponsoring employees for personal development through tertiary education and other courses

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

Occupational Health and Safety

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

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

Governance

Aspen Group comprises the stapled head entities Aspen Group Limited and Aspen Property Trust. Aspen Group Limited is a company with a Board of Directors. Aspen Property Trust is a trust governed by a Responsible Entity, Evolution Trustees Limited which is independent from Aspen Group Limited and has its own Board of Directors. Both Boards are comprised of a majority of independent Directors. The two members of the AGL Board who are considered non-independent are the Joint Chief Executive Officers by virtue of their executive roles and substantial shareholdings in Aspen Group.

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

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

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

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

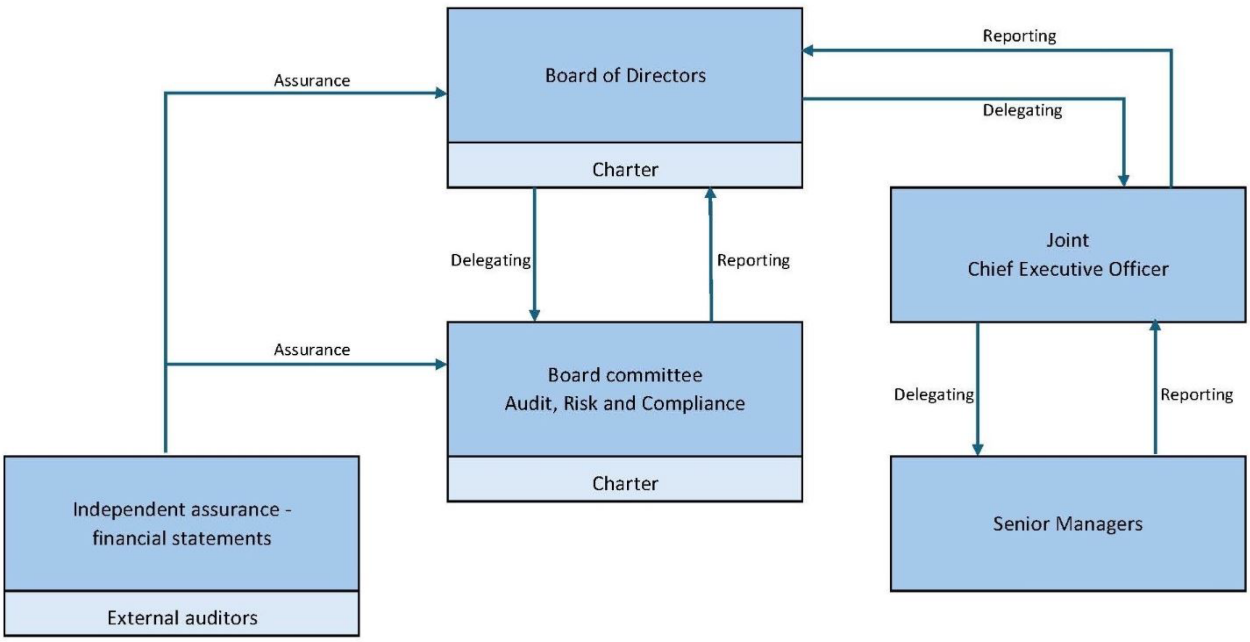
Our current Key Management Personnel include the Joint Chief Executive Officers. They are aligned to the long-term performance of Aspen Group through their substantial personal shareholdings and the structure of their remuneration packages with over 50% of total remuneration deferred for up to 3 years and subject to vesting conditions including qualitative and quantitative performance measures.

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

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

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

Aspen Group Limited
External Governance Framework



Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is provided with this report.

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

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

On behalf of the directors of Aspen Group Limited

____

Clive Appleton
Chairman

15 August 2024

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

15 August 2024

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

Dear Board Members

Auditor's Independence Declaration to Aspen Group Limited

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

As lead audit partner for the audit of the financial report of Aspen Group Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

Member of Deloitte Asia Pacific Limited and the Deloitte Organisation

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

Independent Auditor's Report to the members of Aspen Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aspen Group Limited (the "Company") and its controlled entities (together referred to as the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the consolidated entity disclosure statement and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

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

Liability limited by a scheme approved under Professional Standards Legislation

Member of Deloitte Asia Pacific Limited and the Deloitte Organisation

Deloitte.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td colspan="2">Fair value assessment of property assets</td></tr>
<tr><td>The Group accounts for its property assets valued at $574.482 million (2023: $490.367 million) comprising property, plant and equipment (PP&E) and Investment Property by adopting the fair value model measurement approach in accordance with AASB 13 Fair Value Measurement, as disclosed in Notes 9 and 10.

The Group determines the fair value of its PP&E and investment properties on the basis of external valuations conducted on a 3-year rotation basis and director valuations in interval years. The valuations include significant judgements and factors such as prevailing market conditions, the individual nature, condition and location of each asset, as well as net operating income (NOI) and capitalisation rate valuation inputs.</td><td>Our procedures included, but were not limited to the following:
Assessing management’s process for valuing PP&E and investment property assets held at fair value in accordance with the Group’s stated accounting policy, including the review and approval of the valuations by the directors;
Assessing the independence, competence and objectivity of the external valuers, as well as competence and objectivity of internal valuers;
Performing a risk assessment of the portfolio by comparing the key valuation inputs and assumptions to independent property market reports and other evidence to identify properties which were assessed as displaying a greater risk of material misstatements;
For the properties that were assessed as displaying a greater risk of material misstatement performing the following with respect to the valuation models:
reviewing the external or internal valuations and testing the integrity of the information used by agreeing key inputs such as net operating income to underlying records and source documents;
benchmarking the capitalisation rates with reference to external market trends and transactions and challenging whether those assumptions where appropriate;
evaluating the net operating income with reference to current and forecast financial results.
We also assessed the adequacy of the disclosures included in Notes 9 and 10 to the Group’s financial statements.</td></tr>
</table>

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Classification of Investment in Eureka Group Holdings Limited ("EGH") As disclosed in Note 25, the Group accounts for its investment in EGH securities at fair value through profit or loss. At 30 June 2024, the fair value of the investment is $58.320 million representing a 35.87% equity interest in EGH (2023: $19.138 million representing a 13.7% equity interest). Classification of the investment in EGH requires significant judgement in assessing whether the Group exercises 'significant influence' over the financial and operating policy decisions of EGH. *AASB 128 Investments in Associates and Joint Ventures* includes a presumption that, unless it can be clearly demonstrated not to be the case, an investor holding 20% or more of the voting power in an investee is presumed to have 'significant influence' over the financial and operating decision of such investee, and therefore is required to adopt the equity method of accounting in its financial statements. The directors have determined that although the Group holds a 35.87% voting interest in EGH at 30 June 2024, it does not have the ability to obtain representation on EGH's Board, nor does it have access to the financial records of EGH in order to adopt the equity method of accounting in its financial statements. On the basis of these factors, the directors have determined that Aspen does not have significant influence over the financial and operating decisions of EGH. Therefore, the Group continues to classify its investment at fair value through profit or loss. Classification of the investment in EGH at fair value through profit or loss, rather than adopting equity accounting as an associate has a material impact on the financial statements.	Our procedures included, but were not limited to the following: • Reviewing the relevant facts in relation to the EGH takeover offer and resultant acquisition of additional EGH securities; • Evaluating management's assessment that the Group does not exercise 'significant influence' over the financial and operating policy decisions of EGH at 30 June 2024; • Challenging management's assessment of the Group's inability to obtain representation on the Board of EGH, or to obtain relevant financial information to adopt the equity method of accounting in its financial statements; and • Assessing the adequacy of the relevant disclosures included in Note 25 to the Group's financial statements. .

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's report and additional ASX disclosures and Shareholder information, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 Chairman's report and additional ASX disclosures and Shareholder information in the Annual Report which we have not yet received, if we conclude 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.

Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and

- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, 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 this financial report.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

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

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

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

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

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

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

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

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

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

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

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 17 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Aspen Group Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors 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.

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 15 August 2024

Contents

30 June 2024

Aspen Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Revenue			
Rental income		**56,615**	46,333
Lifestyle home and land sales		**29,317**	15,408
Food and Beverage, and other ancillary sales		**5,192**	3,927
		91,124	65,668
Other revenue	3	**577**	468
Total revenue	3	**91,701**	66,136
Net fair value gain on Investment properties		**39,616**	38,968
Gain / (loss) from sale of investment properties		**658**	344
Fair value gain / (loss) on retirement village resident loans		**(1,350)**	(2,820)
Net fair value (loss) / gain on revaluation of investments at fair value through profit and loss		**3,473**	3,082
Gain on initial recognition of investment in securities		**2,910**	-
Expenses and other items			
Operational expenses	4	**(8,621)**	(7,007)
Property expenses	4	**(12,168)**	(10,355)
Employee expenses	4	**(17,224)**	(14,079)
Administration expenses	4	**(2,349)**	(2,113)
Cost of homes sold		**(20,642)**	(10,377)
Depreciation and amortisation expense		**(1,494)**	(1,201)
Other expenses		**(1,687)**	(768)
Earnings before interest and income tax expense (EBIT)		**72,823**	59,810
Finance costs	4	**(7,288)**	(3,916)
Finance income	4	**304**	183
Fair value (loss) / gain on interest rate swaps		**(1,570)**	(345)
Profit before income tax expense		**64,269**	55,732
Income tax expense	5	**(15,829)**	(1,337)
Profit after income tax expense for the year		**48,440**	54,395
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		**5,580**	6,519
Other comprehensive income for the year, net of tax		**5,580**	6,519
Total comprehensive income for the year		**54,020**	60,914
		Cents	**Cents**
Basic earnings per security	18	**26.49**	31.22
Diluted earnings per security	18	**26.12**	30.88

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

Aspen Group Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	6	**4,524**	8,922
Trade and other receivables	7	**2,408**	2,639
Inventories	12	**12,613**	9,322
Derivative financial assets	20	**1,689**	-
Prepaid expenses		**671**	394
Investment property assets held for sale	11	**18,871**	6,543
Total current assets		**40,776**	27,820
Non-current assets			
Investment properties	10	**515,611**	449,538
Property, plant and equipment	9	**40,172**	34,380
Inventories	12	**12,776**	12,374
Intangible assets		**60**	72
Right-of-use assets		**607**	844
Deferred tax asset	5	**-**	5,239
Derivative financial assets	20	**-**	3,260
Investments at fair value through profit and loss	25	**58,950**	19,700
Total non-current assets		**628,176**	525,407
Total assets		**668,952**	553,227
Liabilities			
Current liabilities			
Trade and other payables	8	**18,335**	14,903
Lease liabilities		**165**	217
Resident loans	24	**33,146**	32,223
Provisions		**2,849**	1,771
Deferred management revenue (DMF)		**661**	744
Total current liabilities		**55,156**	49,858
Non-current liabilities			
Interest bearing loans and borrowings	19	**166,015**	138,506
Lease liabilities		**578**	743
Deferred tax liability	5	**10,590**	-
Deferred management revenue (DMF)		**2,956**	2,955
Total non-current liabilities		**180,139**	142,204
Total liabilities		**235,295**	192,062
Net assets		**433,657**	361,165
Equity			
Issued capital		**632,616**	599,104
Equity and reserves	16	**20,785**	14,118
Accumulated losses		**(215,907)**	(248,220)
		437,494	365,002
Non-controlling interest	23	**(3,837)**	(3,837)
Total equity		**433,657**	361,165

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

Aspen Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	562,602	6,966	(288,710)	(3,837)	277,021
Profit after income tax expense for the year	-	-	54,395	-	54,395
Other comprehensive income for the year, net of tax	-	6,519	-	-	6,519
Total comprehensive income for the year	-	6,519	54,395	-	60,914
Transactions with security holders in their capacity as security holders:					
Security-based payments	-	1,236	-	-	1,236
Security-based compensation - issued during the year	603	(603)	-	-	-
Issue of stapled securities, net of transaction costs	35,899	-	-	-	35,899
Distributions paid (note 15)	-	-	(13,905)	-	(13,905)
Balance at 30 June 2023	599,104	14,118	(248,220)	(3,837)	361,165

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023	599,104	14,118	(248,220)	(3,837)	361,165
Profit after income tax expense for the year	**-**	**-**	**48,440**	**-**	**48,440**
Other comprehensive income for the year, net of tax	**-**	**5,580**	**-**	**-**	**5,580**
Total comprehensive income for the year	**-**	**5,580**	**48,440**	**-**	**54,020**
Transactions with security holders in their capacity as security holders:					
Security-based payments	**-**	**1,730**	**-**	**-**	**1,730**
Security-based compensation - issued during the year	**643**	**(643)**	**-**	**-**	**-**
Issue of stapled securities, net of transaction costs	**32,869**	**-**	**-**	**-**	**32,869**
Distributions payable or paid (note 15)	**-**	**-**	**(16,127)**	**-**	**(16,127)**
Balance at 30 June 2024	**632,616**	**20,785**	**(215,907)**	**(3,837)**	**433,657**

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

Aspen Group Limited
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**92,705**	71,838
Payments to suppliers (inclusive of GST)		**(61,758)**	(53,029)
Net cash from operating activities	17	**30,947**	18,809
Cash flows from investing activities			
Payment for development of investment properties		**(30,644)**	(29,841)
Proceeds from sale of investment property assets, net of selling costs		**14,816**	4,029
Acquisition of property, plant and equipment		**(1,829)**	(2,268)
Acquisition of investment properties, including transaction costs		**(21,637)**	(6,215)
Purchase of investment in listed securities [1]		**-**	(16,105)
Dividends received		**564**	276
Interest received		**304**	183
Net cash used in investing activities		**(38,426)**	(49,941)
Cash flows from financing activities			
Proceeds from borrowings		**38,000**	37,000
Repayment of borrowings		**(10,000)**	(26,292)
Proceeds from net investment in sublease		**-**	158
Payment of financing and borrowing costs		**(9,416)**	(5,206)
Payment of lease liability		**(218)**	(410)
Distributions paid		**(15,285)**	(11,706)
Issue of stapled securities, net of issue costs[1]		**-**	35,780
Net cash from financing activities		**3,081**	29,324
Net decrease in cash and cash equivalents		**(4,398)**	(1,808)
Cash and cash equivalents at the beginning of the financial year		**8,922**	10,730
Cash and cash equivalents at the end of the financial year	6	**4,524**	8,922

[1] FY24 excludes non-cash impact of issuance of $32.867 million worth of APZ stapled securities relating to the purchase of EGH listed securities in May 2024.

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

Note 1. Introduction

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

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

The Trust, the Company and their controlled entities are domiciled in Australia. The address of Aspen's registered office is Suite 21, 285A Crown Street, Surry Hills, New South Wales 2010.

The consolidated financial statements of Aspen as at and for the year ended 30 June 2024 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 accommodation assets.

The consolidated financial statements were authorised for issue by the Board on 15 August 2024.

The consolidated financial statements are general-purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- comply with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB);
- have been prepared on a historical cost basis, except for derivative financial instruments, investment property, certain classes of property, plant and equipment, share-based payments, resident loans, investment in listed company, and investment in unlisted company, which are recognised at fair value;
- are 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;
- disclose comparative information where required for consistency with the current year's presentation;
- adopt 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 2023;
- do 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:

		Pages
note 5:	Deferred tax assets / liabilities	42
note 9:	Property, plant and equipment	46
note 10:	Investment properties	47
note 24:	Resident loans	67
note 25:	Investments at fair value through profit and loss	68

Note 1. Introduction (continued)

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. The Company has been identified as the parent for the purpose of preparing the consolidated financial statements.

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.

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

		Pages
note 22:	Subsidiaries	66
note 23:	Non-controlling interests	67

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.

Financial performance and position

During the year ended 30 June 2024 Aspen recorded a profit after tax of $48.440 million (2023: profit after tax of $54.395 million). At 30 June 2024, Aspen had net assets of $433.657 million (30 June 2023: $361.165 million) and cash reserves of $4.524 million (30 June 2023: $8.922 million).

The consolidated statement of financial position shows a net current asset deficiency as at 30 June 2024 totalling $14.380 million (30 June 2023: $22.038 million). This position arises predominantly as a result of the current classification of Resident Loans totalling $33.146 million (30 June 2023: $32.223 million) which, as described in note 24, are not expected to result in an equivalent outflow of funds during the next twelve months. The Resident Loans are recognised as a gross up of the carrying value of associated non-current assets classified as Investment Properties, resulting in a mismatch between the resident loans recognised as current liabilities and underlying property assets recognised as non-current assets.

In addition, as noted in note 21 of the financial statements, the Group has multi-option facilities totalling $9.736 million which are available to be drawn down to provide short-term working capital if required.

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

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

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.

Note 2. Segment information

Operating segments

Aspen has four operating and reporting segments as detailed below that are based on Aspen's management reporting and oversight.

The following details the four operating and reporting segments, namely residential, lifestyle, park, and other:

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

Note 2. Segment information (continued)

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 joint chief executive officers (Chief Operating Decision Makers – "CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Joint Chief Executive Officers 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 and are allocated to the "other" segment.

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.

Segment information is provided below:

Aspen Group Limited
Notes to the consolidated financial statements
30 June 2024

Note 2. Segment information (continued)

	Residential		Lifestyle		Park		Other		Consolidated	
	30 June 2024	30 June 2023	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	$'000	$'000	$'000	$'000
Rental income	**16,662**	12,246	**7,154**	5,267	**32,799**	28,820	**-**	-	**56,615**	46,333
Food and Beverage, other ancillary sales, and net gaming revenue	**-**	-	**-**	-	**5,192**	3,927	**-**	-	**5,192**	3,927
Total Rental and ancillary services revenue	**16,662**	12,246	**7,154**	5,267	**37,991**	32,747	**-**	-	**61,807**	50,260
Development sales (houses and land)	**6,902**	7,683	**22,415**	12,415	**-**	-	**-**	-	**29,317**	20,098
Total segment revenue [1]	**23,564**	19,929	**29,569**	17,682	**37,991**	32,747	**-**	-	**91,124**	70,358
Net rental income	**10,407**	7,276	**4,276**	3,489	**16,105**	13,546	**-**	-	**30,788**	24,311
Development profit [5]	**1,900**	2,782	**6,776**	3,466	**-**	-	**-**	-	**8,676**	6,248
Dividend income	**-**	-	**-**	-	**-**	-	**564**	276	**564**	276
Net corporate overheads	**-**	-	**-**	-	**-**	-	**(7,819)**	(6,234)	**(7,819)**	(6,234)
Total Underlying EBITDA [2]	**12,307**	10,058	**11,052**	6,955	**16,105**	13,546	**(7,255)**	(5,958)	**32,209**	24,601
Finance income	**-**	-	**-**	-	**-**	-	**304**	182	**304**	182
Finance costs	**-**	-	**-**	-	**-**	-	**(7,252)**	(3,880)	**(7,252)**	(3,880)
Underlying Operating Earnings	**12,307**	10,058	**11,052**	6,955	**16,105**	13,546	**(14,203)**	(9,656)	**25,261**	20,903
Depreciation and amortisation	**-**	-	**-**	-	**(1,159)**	(903)	**(335)**	(298)	**(1,494)**	(1,201)
Net Fair value gain on Investment properties [7]	**28,790**	24,092	**4,177**	5,039	**6,649**	8,619	**-**	-	**39,616**	37,750
Fair value loss on retirement village resident loans	**-**	-	**(1,350)**	(2,820)	**-**	-	**-**	-	**(1,350)**	(2,820)
Fair value (loss) / gain on revaluation of investment in securities	**-**	-	**-**	-	**-**	-	**3,473**	3,082	**3,473**	3,082
Gain on initial recognition of investment in securities	**-**	-	**-**	-	**-**	-	**2,910**	-	**2,910**	-
Fair value loss on interest rate swaps	**-**	-	**-**	-	**-**	-	**(1,570)**	(345)	**(1,570)**	(345)
Share based payments expense	**-**	-	**-**	-	**-**	-	**(1,730)**	(1,236)	**(1,730)**	(1,236)
Gain/ (loss) from sale of investment properties	**658**	318	**-**	26	**-**	-	**-**	-	**658**	344
Asset transaction costs and others [3]	**-**	(10)	**(28)**	41	**(401)**	(594)	**(1,076)**	(182)	**(1,505)**	(745)
Income-tax (expense) / benefit	**-**	-	**-**	-	**-**	-	**(15,829)**	(1,337)	**(15,829)**	(1,337)
Profit / (loss) after tax attributable to parent entity	**41,755**	34,458	**13,851**	9,241	**21,194**	20,668	**(28,360)**	(9,972)	**48,440**	54,395
Segment assets and liabilities reviewed by CODM can be analysed as follows:										
Segment assets [4]	**260,617**	229,959	**128,300**	110,560	**185,565**	166,047	**94,470**	46,661	**668,952**	553,227
Segment liabilities [6]	**-**	-	**-**	-	**-**	-	**(235,295)**	(192,062)	**(235,295)**	(192,062)
Additions to non-current assets during the year	**23,525**	24,883	**13,658**	4,519	**8,448**	12,642	**32,989**	16,150	**78,620**	58,194

[1] *All segment revenues are derived from external customers. The group is not reliant on any single customer.*
[2] *Underlying EBITDA represents earnings before interest, tax, depreciation and amortisation, fair value gains/losses, and excludes non-underlying items which are included in other income / expenses – see Footnote 3 for non-underlying items.*
[3] *Others are those items excluded from CODM's review of operating profits. This includes asset acquisition transaction costs and other non-underlying adjustments.*
[4] *Other segment assets include all assets of the Group excluding the property assets (investment properties and property, plant and equipment).*
[5] *FY23 Lifestyle development sales and development profit includes development and licensing of DMF homes in development sales ($4.69 million revenue and $1.42 million in underlying EBITDA) in the Lifestyle segment. In the statutory accounts, the net amount of $1.42 million is included in the net fair value gain on investment properties.*
[6] *Other segment liabilities include all liabilities of the Group, including the property liabilities.*
[7] *FY23 Lifestyle net fair value gain on investment properties excludes the net revaluation gain on the licensing of DMF homes at Wodonga Gardens ($1.42 million) which is included in development profit. This gain represents the $4.69 million cash proceeds received upon licensing the homes less $3.27 million total cost of producing the homes.*

Note 3. Revenue

(a) Other revenue

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Dividend income	**564**	276
Management fees	**13**	125
Miscellaneous income	**-**	67
Total other revenue	**577**	468

External revenue by timing of revenue

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Timing of revenue recognition		
Performance obligation satisfied at a point in time	**35,073**	19,611
Performance obligation satisfied over time	**56,628**	46,525
	91,701	66,136

Recognition and measurement

Revenue

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

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

Lifestyle and residential home and land sales are recognised at the point in time when control of the land / home is transferred to the customer, on settlement of the transaction.

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

Dividend income is recognised at the point in time when the legal right to receive the dividend income is established.

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

Note 4. Expenses and other items

(a) Operational expenses

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Contractors	**413**	148
Consumables	**2,028**	1,488
Services and supplies	**1,789**	1,372
Marketing expenses	**279**	353
Other operational costs	**4,112**	3,646
Total operational expenses	**8,621**	7,007

Note 4. Expenses and other items (continued)

(b) Property expenses

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Repairs and maintenance	**1,577**	1,418
Motor vehicle expenses	**120**	134
Utilities	**4,950**	4,416
Insurance	**1,726**	1,503
Rates and taxes	**3,195**	2,529
Other property expenses	**600**	355
Total property expenses	**12,168**	10,355

(c) Employee expenses

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Salary and wages	**14,290**	11,767
Superannuation	**1,140**	955
Security-based payments	**1,730**	1,236
Other employee costs	**64**	121
Total employee expenses	**17,224**	14,079

(d) Administrative expenses

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Corporate administration costs	**2,310**	1,965
Occupancy costs	**39**	21
Other expenses	**-**	127
Total administrative expenses	**2,349**	2,113

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 vesting 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 11.

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

Note 4. Expenses and other items (continued)

Depreciation expense

Refer to note 9 on depreciation expense.

Occupancy costs

Occupancy costs represent charges pursuant to operating leases which are for short term duration of under 12 months or in respect of low value items.

Amortisation

Licenses are amortised 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	
	30 June 2024 $'000	30 June 2023 $'000
Interest – loans and borrowings	7,252	3,880
Interest – rights of use assets	36	36
Finance costs	**7,288**	3,916
Interest – bank deposits	304	183
Finance income	**304**	183

Finance income

Finance income comprises interest income on bank deposits and interest income on investment in sublease. 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, right of use assets, 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.

Capitalisation of finance costs

Finance costs are capitalised if they are directly attributable to the acquisition, construction or production of significant value enhancing property, plant and equipment, investment properties and inventories (land development) that takes a prolonged period of time to complete. Once capitalised, these finance costs form part of the qualifying asset. Total finance costs capitalised in the current year totalled $1.836 million (2023: $1.290 million). Finance costs have been capitalised during the year as part of the carrying amounts of the following assets:

- Inventories (land development): $0.523 million (2023: $0.252 million)
- Investment properties: $1.313 million (2023: $1.038 million)

Note 4. Expenses and other items (continued)

Transaction costs relating to borrowings

In addition, finance 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. Total finance costs capitalised during the year totalled $0.932 million (2023: $0.441 million).

Note 5. Tax expense

	Consolidated	
	30 June 2024 $'000	**30 June 2023 $'000**
Income tax expense		
Current tax	**4,423**	3,400
Deferred income tax	**11,406**	(2,063)
Aggregate income tax expense	**15,829**	1,337
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**64,269**	55,732
Tax at the statutory tax rate of 30%	**19,281**	16,720
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	**1,931**	563
Other	**831**	720
	22,043	18,003
Prior year tax losses not recognised now recouped	**-**	(9,582)
Prima facie income tax on profits from trust	**(6,214)**	(5,769)
Remeasurement of deferred tax at 30%	**-**	(1,315)
Income tax expense	**15,829**	1,337

Deferred tax

The recognised deferred tax (liabilities) / assets consist of the following:

Note 5. Tax expense (continued)

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Deferred tax assets		
Trade and other payables	**1,308**	833
Lease arrangement	**40**	35
Provisions	**168**	206
Employee benefits	**690**	528
Other liabilities	**578**	132
Blackhole expenditure	**287**	255
Property, plant and equipment	**66**	279
Tax losses - revenue and capital	**19,638**	25,581
Total deferred tax assets	**22,775**	27,849
Set against deferred tax liabilities		
Financial assets at fair value through profit or loss	**(2,012)**	(440)
Investment properties	**(31,353)**	(22,170)
Total deferred tax liabilities	**(33,365)**	(22,610)
Net deferred tax (liabilities) / assets	**(10,590)**	5,239

Recognition and measurement

Current taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred taxes

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Note 5. Tax expense (continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the Group's Trust owned investment properties which are not subject to any income taxes on gains realised on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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. At 30 June 2024 tax losses with a benefit of $16.638 million (2023: $25.581 million) have been recognised as a Deferred Tax Asset.

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.

Note 6. Cash and cash equivalents

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Cash at bank and on hand	**4,374**	8,772
Term deposits	**150**	150
Total cash and cash equivalents	**4,524**	8,922

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 $0.150 million of Net Tangible Assets ("NTA"), as defined by the regulations. At 30 June 2024 AFM maintained the minimum cash and NTA requirement.

Refer to note 17 for the reconciliation of net profit after tax to net cash flows from operations.

Note 6. Cash and cash equivalents (continued)

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.

Note 7. Trade and other receivables

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Trade receivables, net	**1,511**	1,377
Other debtors	**897**	722
Deposit for acquisition of properties	**-**	540
Total trade and other receivables	**2,408**	2,639

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 are typically 30 days.

The credit risk of trade receivables has been assessed as low on the basis of historical information about counterparty default. The amount recognised as expected credit losses in FY2024 is $41K (2023: $74K).

Note 8. Trade and other payables

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Trade payables	**6,733**	3,973
Distribution payable	**8,569**	7,727
Contract liabilities	**3,033**	3,203
Total trade and other payables	**18,335**	14,903

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 with 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 (see note 15) declared by the Group on or before the end of the reporting period but not distributed at Balance Sheet date.

Note 9. Property, plant and equipment

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

Consolidated	Land (Fair value) $'000	Buildings (Fair value) $'000	Plant and equipment (Fair value) $'000	Corporate assets (Cost) $'000	Total $'000
Balance at 1 July 2022	16,153	5,196	5,096	78	26,523
Additions	-	-	2,225	46	2,271
Revaluation	5,913	173	433	-	6,519
Depreciation expense	-	(173)	(730)	(30)	(933)
Balance at 30 June 2023	22,066	5,196	7,024	94	34,380
Additions	**-**	**-**	**1,293**	**122**	**1,415**
Revaluation	**5,580**	**-**	**-**	**-**	**5,580**
Depreciation expense	**-**	**(172)**	**(987)**	**(44)**	**(1,203)**
Balance at 30 June 2024	**27,646**	**5,024**	**7,330**	**172**	**40,172**

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

Recognition and measurement

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

PPE, with the exception of 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 measured at fair value are obtained at intervals of not more than 3 years and are performed by external, independent property valuers with appropriate professional qualifications and experience in the category of the property being valued.

The fair value of PPE can be measured via either the capitalisation method, the discounted cash flow approach, or by comparison to comparable sales. Aspen may consider any one or all three techniques dependent on the asset type and the judgement that market participants would apply. A revaluation increase is recognised directly against an asset revaluation reserve in equity unless it reverses a previous decrease recognised in profit or loss in which case it is recognised in profit or loss, while a decrease is recognised in profit or loss unless it reverses a previous increase recognised against reserves in which case it is recognised against reserves.

Refer further details regarding fair value assessment in note 10.

Depreciation

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

De-recognition

An item of PPE is de-recognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefit. Any gain or loss from derecognising the asset (the difference between the proceeds of disposal and the carrying amount of the PPE) is included in the income statement in the period the item is derecognised.

Level 3 fair value

The fair value measurement of PPE of $40.000 million (30 June 2023: $34.286 million) has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values. Details of the valuation is included in note 10.

Note 9. Property, plant and equipment (continued)

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

	Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
As at 30 June 2024				
Cost	11,515	5,375	10,111	**27,001**
Accumulated depreciation and impairment	-	(1,142)	(3,447)	**(4,589)**
Net carrying amount	11,515	4,233	6,664	**22,412**

Key judgment and estimates

Judgement is required in assessing classification of accommodation property assets as either PPE or Investment Properties. Accommodation assets are classified as PPE where their principal purpose is for use in the supply of goods or services, and are classified as Investment properties where their principal purpose is to earn rentals or for capital appreciation or for both. Key factors considered in the assessment include the principal purpose of the asset as well as other asset specific characteristics such as the workforce and skillset associated with the property and the level of ancillary services offered by the asset in addition to accommodation services. PPE includes the Darwin FreeSpirit Resort where ancillary services include food and beverage services, gaming and events / functions. All other property assets are classified as investment properties.

The fair value methodology which is used when valuing property assets via the capitalisation method requires significant assumptions to be made in respect of both sustainable net rental income and market capitalisation rate. This applies to both assets classified as PPE and investment properties.

Note 10. Investment properties

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Investment Properties at fair value	**515,611**	449,538
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	**449,538**	386,062
Investment properties acquired	**20,487**	5,460
Investment properties reclassified as investment property assets held for sale	**(26,486)**	(10,221)
Net fair value gain on investment properties	**39,616**	38,968
Additions to investment properties (including capitalised finance costs)	**32,456**	29,269
Closing fair value	**515,611**	449,538

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

Recognition and measurement

Land and buildings have the function of an investment property and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated.

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

Note 10. Investment properties (continued)

Fair value and cost

Total property assets of the group, including land holdings classified as inventories are as follows:

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Property plant and equipment, investment properties, and investment properties held for sale - at fair value	**574,482**	490,367
Inventories – Mt Barker and Coorong Quays residential land - at cost	**13,486**	16,199
Total property assets at fair value and land inventories at cost	**587,968**	506,566

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

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Investment properties	**515,611**	449,538
Property plant and equipment (Darwin FreeSpirit)	**40,000**	34,286
Investment property assets held for sale (carrying value at balance date approximates fair value)	**18,871**	6,543
Total fair value of all property assets	**574,482**	490,367

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

Segment	**Percentage of total independent valuations undertaken in the current financial period to total fair value %**	**Total of independent valuations undertaken in the current financial period $'000**	**Total fair value $'000**
Residential	30%	79,895	**260,617**
Lifestyle	61%	78,140	**128,300**
Park	67%	123,900	**185,565**
Total		**281,935**	**574,482**

Note 10. Investment properties (continued)

The following table presents individual properties owned by the Group:

Property	Original acquisition date	At cost [7] $'000	Latest independent valuation date	Latest independent valuation $'000	Fair value at 30 June 2024 $'000	Fair value at 30 June 2023 $'000
Residential Properties						
Lindfield Apartments NSW [1 6]	Aug 2019 / Jul 2023	14,994	Jun 2023	17,198	**17,860**	13,171
Perth House Portfolio WA [4]	Nov 2019	7,994	May 2024	14,200	**15,293**	22,910
Perth Apartments WA [5 6]	Sep 2021	89,952	Jun 2023/Jun 2024	128,675	**154,422**	123,419
Cooks Hill NSW	Jul 2020	10,345	May 2023	12,250	**13,133**	12,250
Burleigh Heads QLD	Dec 2020	9,335	Nov 2022	14,510	**16,428**	14,510
Upper Mount Gravatt QLD	Apr 2021	20,743	Apr 2023	27,500	**31,615**	27,500
Normanville SA [1]	Sep 2023	2,821	Nov 2023	2,560	**2,652**	-
Burwood VIC [1]	Mar 2024	8,700	Feb 2024	8,110	**9,214**	-
		164,884		225,003	**260,617**	213,760
Lifestyle Properties						
Four Lanterns NSW	Jan 2015	12,203	Dec 2021	19,250	**20,258**	18,476
Mandurah WA	Jun 2015	10,888	May 2023	17,300	**18,658**	17,300
Sweetwater Grove NSW	Aug 2015	19,651	May 2024	22,500	**22,546**	19,072
Lewis Fields SA [3]	Jun 2021	4,679	Nov 2023	12,830	**12,985**	11,418
Wodonga Gardens WA [3]	Aug 2021	10,353	Jul 2024	30,010	**30,756**	29,589
Meadowbrooke WA	Dec 2021	3,828	Dec 2021	3,258	**3,743**	3,258
Alexandrina Cove SA [3]	Jun 2022	7,179	Nov 2023	12,800	**13,071**	11,447
Sierra WA [1]	Jul 2023	6,407	Jun 2023	4,000	**6,283**	-
		75,188		121,948	**128,300**	110,560
Park Properties						
Adelaide SA	Oct 2015	11,471	May 2023	17,850	**20,466**	17,850
Tween Waters Merimbula NSW	Dec 2016 / Feb 2023	14,222	Jan 2023	15,700	**15,705**	15,700
Barlings Beach NSW	Jan 2017	18,276	Oct 2022	21,000	**22,487**	23,047
Koala Shores NSW	Sep 2017	12,111	May 2024	14,250	**14,250**	12,125
Darwin FreeSpirit NT	Dec 2017	27,001	Jun 2024	40,000	**40,000**	34,286
Highway 1 SA [1]	Oct 2018 / Oct 2023	27,758	Nov 2023	37,650	**39,490**	35,294
Aspen Karratha Village WA	Jun 2005	33,330	May 2024	20,000	**20,000**	15,500
Coorong Quays SA	Jun 2022	10,473	Nov 2023	12,000	**13,167**	12,245
		154,642		178,450	**185,565**	166,047
Total fair value of all property assets		394,714		525,401	**574,482**	490,367

Land development – recognised as inventories	Original acquisition date	Carrying value at 30 June 2024 $'000	Carrying value at 30 June 2023 $'000
Mt Barker SA [2]	Dec 2020	**4,366**	5,576
Coorong Quays SA [2]	Jun 2022	**9,120**	10,623
Total land development – recognised as inventories at cost		**13,486**	16,199

Note 10. Investment properties (continued)

[1] Properties acquired during the period. Land adjoining Highway1 ($1.33 million) was combined with Highway 1 acquisition cost. New Lindfield Apartments ($3.58 million) acquired during the period has been added to the total Lindfield Apartments acquisition cost.
[2] These residential lots are currently in development stages and held for sale and classified as inventories – not subject to external valuation and are recognised at cost.
[3] Some leases at these properties are regulated under Retirement Village Acts and residents are obligated to pay Deferred Management Fees (DMF) under contracts. The directors' valuation reflects the fair value of the estimated DMF revenue stream plus the fair value of spare land. This value is grossed up for the market value of the freehold land and buildings that are owned by Aspen and leased to the residents. Corresponding resident loans and deferred revenue (DMF) are recorded as liabilities in the balance sheet.
[4] Perth house portfolio's latest independent valuation and fair value has been adjusted for homes that were sold subsequent to external valuation. The valuation relates to the remaining homes in the portfolio.
[5] Six apartment complexes within the Perth portfolio were independently valued at $56.4 million during the year after refurbishment and leasing were completed. The remaining complexes in the portfolio were internally valued at 30 June 2024.
[6] Multiple properties with various valuation dates
[7] Value at cost includes original acquisition costs plus subsequent capital expenditures as at 30 June 2024.

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

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

The fair value measurement of the investment property assets totalling $515.611 million (30 June 2023: $449.538 million) and PPE assets totalling $40.000 million (30 June 2023: $34.286 million) have been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used. The carrying amount tables above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values for investment property and PPE assets. There were no transfers between the hierarchy levels during the year.

The Board has reviewed the carrying value of all properties as at 30 June 2024 and adopted directors' and independent valuations for all properties as at this date, taking into account historical, current and forecast trading performance, the most recent valuations, and market evidence. Independent valuations were commissioned for nine properties/portfolios during the financial year including the new acquisitions noted above, with director valuations being undertaken for the remaining balance of properties. As a result of the independent valuations received, as well as the use of directors' valuations as at 30 June 2024, there was a net upwards movement of $45.196 million (adjusted for capital expenditure since the previous valuation) in the portfolio carrying value during the period ended 30 June 2024. This has been reflected as fair value gain in the profit or loss ($39.616 million) and in the asset revaluation reserve ($5.580 million).

Note 10. Investment properties (continued)

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation method, discounted cashflow approach, direct comparison approach and residual method: The Group considers one or more of the techniques as deemed appropriate for the asset type. Where more than one technique is considered, the Group reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The capitalisation method estimates the sustainable net income (where applicable) of the property, and then applies a capitalisation rate to this sustainable net income to derive the value of the asset. The discounted cashflow approach considers the present value of net cash flows expected to be generated from the property, taking into account the receipt of contractual rentals, future market rentals, letting up periods, escalation (of sales and costs), occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms. The direct comparison approach considers the price at which comparable properties are transacting in the open marketplace. The residual approach which is used for vacant properties subject to refurbishment / development estimates the value of the completed project, less the remaining refurbishment / development costs which includes construction costs and an allowance for developer's risk and profit. This valuation is then discounted back to the present value.	For the financial year ended 30 June 2024 and 30 June 2023, the properties were primarily valued using the capitalisation approach. **Residential** Key valuation inputs include: - Net sustainable rental income ranging from $0.47 million to $8.19 million (30 June 2023: $0.20 million to $6.11 million) - Capitalisation rates ranging from 2.75% to 7.75% (30 June 2023: 3.65% to 6.51%) - Direct comparison of comparable properties **Lifestyle** Key valuation inputs include: - Net sustainable rental income ranging from $0.08 million to $1.17 million (30 June 2023: $0.17 million to $1.00 million) - Capitalisation rates ranging from 4.75% to 8.75% (30 June 2023: 4.75% to 11.23%) - For leases with DMF: discount rate of 14.50% to 16.00% (30 June 2023: 12.00% to 14.50%), price growth of 2.38% to 3.50% (30 June 2023: 1.94% to 3.00%), average length of stay (ALOS) 12 years (30 June 2023: 12 years) and average house market value of $396,000 (30 June 2023: $379,000) **Park** Key valuation inputs include: - Net sustainable rental income ranging from $0.92 million to $3.70 million (30 June 2023: $0.63 million to $3.00 million) - Capitalisation rates ranging from 7.00% to 18.50% (30 June 2023: 6.99% to 16.00%)	The estimated fair value would increase (decrease) if: - Net sustainable income increases (decreases) - Capitalisation rates and or discount rates decrease (increase) which could result from: - Interest rates decreasing (increasing) - Expected growth in sustainable net income increasing (decreasing) - The required risk premium decreasing (increasing) - Comparable property values on a per unit basis increase (decrease)

Sensitivity analysis

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

	Key assumptions			
	50 bps increase in cap rate	50 bps decrease in cap rate	5% decrease in net rental income	5% Increase in net rental income
(Decrease) / Increase in total value ($'000)	(38,800)	46,708	(25,572)	25,572
Change in value (%)	(7)	9	(13)	13

Note 10. Investment properties (continued)

For DMF lease assets sensitivity has been analysed as follows:

	Key assumptions			
	Current market value 5% increase $'000	Current market value 5% decrease $'000	Discount rate 1% increase $'000	Discount rate 1% decrease $'000
Fair value changes – on gross basis to the book value of the investment properties	2,180	(2,180)	(420)	520
Fair value changes – on net asset basis [1]	340	(340)	(420)	520

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

Note 11. Investment property assets held for sale

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Investment property assets	**18,871**	6,543

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	30 June 2024 $'000	30 June 2023 $'000
Opening balance	**6,543**	-
Reclassification from investment properties	**26,486**	10,221
Disposal through sale	**(14,158)**	(3,678)
Closing balance	**18,871**	6,543

Recognition and measurement

Investment property assets classified as held for sale is measured at fair value and includes certain assets from the Perth house portfolio and all Burleigh Heads townhouses. During the year, Aspen settled the sale of 21 houses from the Perth house portfolio and 1 Perth apartment complex at a gain of $0.658 million.

Note 12. Inventories

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Current assets		
Land under development	**711**	3,825
Manufactured homes under development	**11,758**	5,343
Others (supplies)	**144**	154
	12,613	9,322
Non-current assets		
Land under development	**12,776**	12,374
	25,389	21,696

Note 12. Inventories (continued)

Recognition and measurement

The Group holds inventories in relation to development of residential land lots and manufactured homes, as well as supplies. Inventories are held at the lower of cost and net realisable value. Costs of inventories comprise all acquisition costs, costs of conversion (including capitalised finance costs - refer to note 4) and other costs incurred in bringing the inventories to their present location and condition. Inventory includes work in progress and materials used in the production of the manufactured homes. Net realisable value is determined based on an estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

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

Note 13. Provisions

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Employee benefits	**2,748**	1,761
Other	**101**	10
Total provisions	**2,849**	1,771

Movements in provisions during the financial year

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Carrying amount at beginning of the year	**1,771**	1,607
Additional provisions recognised	**2,691**	1,695
Provisions used	**(1,613)**	(1,531)
Carrying amount at end of the year	**2,849**	1,771

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.

Short term employee benefits

Liabilities for employee benefits for wages, salaries, and annual 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 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.

Note 14. 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 the future growth of Aspen's business.

The Board monitors and determines the level of distributions paid to securityholders.

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Equity and reserves		
Issued capital	**632,616**	599,104
Reserves	**20,785**	14,118
Accumulated losses	**(215,907)**	(248,220)
Non-controlling interests	**(3,837)**	(3,837)
Net capital	**433,657**	361,165
Net financial debt		
Gross interest-bearing debt less cash*	**(162,423)**	(130,025)

**Aspen has outstanding gross debt of $166.947 million (2023: $138.947 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:

- raising capital by 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.

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

The facilities comprise a $200.000 million revolver, and a $10.000 million multi-option facility, 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 2024, Aspen had gross debt of $166.947 million from the drawdown of these finance facilities (2023: $138.947 million). Refer to note 21 for further disclosure on interest rates.

Net debt reconciliation [1]

At 30 June 2024, Aspen had net debt of $162.423 million (2023: net debt of $130.025 million).

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Cash and cash equivalents	**4,524**	8,922
Gross borrowings – repayable after one year (at variable interest rates) [2]	**(166,947)**	(138,947)
Net (debt) / cash [1]	**(162,423)**	(130,025)

[1] Net debt excludes lease liabilities totalling $0.743 million (2023: $0.960 million)
[2] Borrowings shown in note 19 are net of finance transaction costs totalling $0.932 million (2023: $0.441 million)

Note 14. Capital management (continued)

	Cash and cash equivalents $'000	Gross borrowings – repayable after one year $'000	Total $'000
As at 1 July 2022	10,730	(128,239)	(117,509)
Movement during the year	(1,808)	(10,708)	(12,516)
As at 30 June 2023	**8,922**	**(138,947)**	**(130,025)**
Movement during the year	(4,398)	(28,000)	(32,398)
As at 30 June 2024	**4,524**	**(166,947)**	**(162,423)**

Aspen was compliant with its debt covenants during the financial year.

Note 15. Distributions

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

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Interim distribution for the year ended 30 June 2024 of 4.25 cents (30 June 2023: 3.50 cents) per ordinary stapled security	**7,660**	6,280
Final distribution for the year ended 30 June 2024 of 4.25 cents (30 June 2023: 4.25 cents) per ordinary stapled security	**8,467**	7,625
	16,127	13,905

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

Dividend franking accounts	30 June 2024 $'000	30 June 2023 $'000
Franking credits 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.

Note 16. Equity and reserves

Movement in stapled securities	Securities '000 units	Securities $'000
At 1 July 2022	155,043	562,602
Issue of stapled securities, net of transaction costs	24,378	36,502
At 30 June 2023	179,421	599,104
Issue of stapled securities, net of transaction costs	**19,807**	**33,512**
At 30 June 2024	**199,228**	**632,616**

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.

Note 16. Equity and reserves (continued)

Issued capital

Issued capital represents the amount of consideration received for stapled securities issued by Aspen. Issue related costs $0.124 million (2023: $1.511 million) directly attributable to the issue of capital are accounted for as a deduction from equity, net of tax, from the proceeds.

Reserves

Reserves	Security-based payment reserve $'000	Asset revaluation reserve $'000	Total Reserves $'000
At 1 July 2022	1,478	5,488	6,966
Security-based payment for the year	1,236	-	1,236
Security-based payment – converted to APZ securities during the year	(603)	-	(603)
Property, plant and equipment revalued during the year	-	6,519	6,519
At 30 June 2023	2,111	12,007	14,118
Security-based payment for the year	1,730	-	1,730
Property, plant and equipment revalued during the year	-	5,580	5,580
Security-based payment – converted to APZ securities during the year	(643)	-	(643)
At 30 June 2024	**3,198**	**17,587**	**20,785**

Security-based payment reserve

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

During the year, Aspen issued 1,712,493 performance rights to the executives and managers. The performance rights are issued at nil consideration for a total fair value of $2,114,929. This is in line with the LTI plan and are granted in accordance with performance guidelines established by the Board. The performance rights may convert to APZ securities upon the satisfaction of the Total Securityholders' Return (TSR) and Net Asset Value (NAV) hurdles below and other 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 companies.

TSR is a measure of the return to securityholders (over the vesting period) provided by security price appreciation, plus distributions expressed as a percentage of initial 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%

Note 16. Equity and reserves (continued)

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 compound 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 compound growth over 3 years	Proportion of NAV related rights vested
Below 7 percent per annum	0%
At or above 7 percent per annum but below 8 percent per annum	Straight-line between 50% and 100%
At or above 8 percent per annum	100%

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

Set out below are summaries of performance rights granted under the plan:

Grant date	Vesting date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
01/12/2023	30/06/2026	-	1,712,493	-	(101,260)	**1,611,233**
01/12/2022	30/06/2025	1,299,493	-	-	(40,669)	**1,258,824**
30/11/2021	30/06/2024	1,007,634	-	-	(25,182)	**982,452**
04/12/2020	30/06/2023	737,336	-	(737,336)	-	**-**

The performance rights granted on 4 December 2020 were converted to APZ securities during the year. The performance rights granted on 30 November 2021 will be converted to APZ stapled securities post year end once the hurdles are met.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/12/2023	30/06/2025	$1.75	31%	4.63%	4.03%	$1.235

Asset revaluation reserves

The reserve is used to recognise increments and decrements in the fair value of property, plant and equipment, excluding investment properties.

Note 17. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Profit after income tax expense for the year	**48,440**	54,395
Adjustments for:		
Depreciation and amortisation	**1,494**	1,201
Net gain on change in fair value of equity instruments	**(3,473)**	(3,082)
Gain on initial recognition of investment in securities	**(2,910)**	-
Net fair value gain on investment properties	**(39,616)**	(37,750)
Net fair value loss on retirement village resident loans	**1,350**	2,820
Security-based payments expense	**1,730**	1,236
Net finance and borrowing costs	**7,288**	3,916
Gain on sale of investment property assets	**(658)**	(344)
Dividend income	**(564)**	(276)
Finance income	**(304)**	(183)
Deferred tax expense recognised	**15,829**	1,337
Investment property acquisition costs	**1,687**	768
Other expense (income)	**591**	(306)
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(296)**	(868)
Increase in other assets	**(2,829)**	(2,094)
Increase/(decrease) in trade and other payables	**3,188**	(1,961)
Net cash from operating activities	**30,947**	18,809

Note 18. Earnings per stapled security

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Profit after income tax	**48,440**	54,395

	Number '000	Number '000
Weighted average number of ordinary stapled securities used in calculating basic earnings per stapled security	**182,883**	174,251
Adjustments for calculation of diluted earnings per stapled security:		
Performance rights	**2,599**	1,880
Weighted average number of ordinary stapled securities used in calculating diluted earnings per stapled security	**185,482**	176,131

	Cents	Cents
Basic earnings per security	**26.49**	31.22
Diluted earnings per security	**26.12**	30.88

[1] Potential ordinary securities are only considered dilutive if loss per security increases on conversion to ordinary securities. Contingently issuable ordinary securities are included in diluted weighted average number of securities only if the conditions of the issue (i.e. events have occurred) are satisfied at the end of the reporting period assuming the end of the reporting period is the end of the vesting period. For the dilutive EPS calculated above, the dilutive securities include the performance rights existing as at the year end.

Note 18. Earnings per stapled security (continued)

Calculation of earnings per stapled security

Basic earnings per stapled security

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

Diluted earnings per stapled security

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

Note 19. Interest bearing loans and borrowings

	Consolidated	
	30 June 2024	**30 June 2023**
	$'000	**$'000**
Non-current		
Secured debt facilities	**166,947**	138,947
Less borrowing transaction costs	**(932)**	(441)
Total interest-bearing loans and borrowings	**166,015**	138,506

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

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

The facility is secured with first ranking registered real property mortgages over all of Aspen Group's directly owned properties, and a fixed and floating charge over Aspen Group Limited, Aspen Property Trust, Aspen Living Villages Pty Ltd, Aspen Property Developments Pty Ltd, Realise Residential WA Pty Ltd, Realise Residential WA 2 Pty Ltd, Realise Residential WA 3 Pty Ltd, Realise Residential WA 4 Pty Ltd, Realise Residential WA 5 Pty Ltd, Realise Residential WA 6 Pty Ltd, Realise Residential WA 7 Pty Ltd, Realise Residential WA 8 Pty Ltd, Realise Residential WA 9 Pty Ltd, Realise Residential WA 10 Pty Ltd, Realise Residential WA 11 Pty Ltd, Realise Residential WA 12 Pty Ltd, Realise Residential WA 13 Pty Ltd, Realise Residential WA 14 Pty Ltd, Realise Residential WA 15 Pty Ltd, Realise Residential WA 16 Pty Ltd, Realise Residential WA 17 Pty Ltd, Realise Retirement WA 1 Pty Ltd, Nest QLD Pty Ltd, Footprint MB Pty Ltd, Digs Accommodation Vic Pty Ltd, Marina Hindmarsh (SA) Pty Ltd, Coorong Quays Pty Ltd, Tavern HI Pty Ltd, and Cove HI Pty Ltd.

Terms and debt repayment schedule

	Consolidated			
	Face value 2024	**Carrying value 2024**	**Face value 2023**	**Carrying value 2023**
	$'000	**$'000**	**$'000**	**$'000**
Secured debt (Expires 15 December 2026)	**166,947**	**166,015**	138,947	138,506

Note 20. Derivative financial assets

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

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Interest rate swaps – asset / (liability) (notional value: $70.00 million (30 June 2023: $70.00 million))	**1,689**	3,260

The terms of the interest rate swaps are at fixed interest rates ranging between 2.037% to 2.039% (30 June 2023: 2.037% to 2.039%) over the period to April 2025 (30 June 2023: April 2025).

Recognition and measurement

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

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

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

Note 21. 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.

Note 21. Financial risk management (continued)

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.

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.

The credit risk of trade receivables has been assessed as low on the basis of historical information about counterparty default. Refer to note 7 for the details on the expected credit losses recognised on Aspen's trade receivables.

The concentrations of the maximum credit exposure for the consolidated entity is as follows:

	Consolidated	
	30 June 2024 $'000	**30 June 2023 $'000**
Cash and cash equivalents	**4,524**	8,922
Trade receivables (net of allowance for expected credit losses)	**1,511**	1,377
Other receivables	**897**	722
Deposit for acquisition of properties	**-**	540
Derivative asset	**1,689**	3,260
	8,621	14,821

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 14).

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.

Note 21. Financial risk management (continued)

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Secured financing facilities available		
Revolver [1]	**200,000**	164,000
Overdraft	**-**	5,000
Guarantees	**-**	1,000
Multi-option [2]	**10,000**	-
Total secured financing facilities available	**210,000**	170,000
Facilities used at balance date		
Revolver	**166,947**	138,947
Guarantees	**-**	365
Multi-option	**264**	-
Total facilities used at balance date	**167,211**	139,312
Facilities unused at balance date		
Revolver	**33,053**	25,053
Overdraft	**-**	5,000
Guarantees	**-**	635
Multi-option	**9,736**	-
Total facilities unused at balance date	**42,789**	30,688

[1] The revolver facility is restricted for capital and development expenditure

[2] The multi-option facility includes working capital and bank guarantees

Assets pledged as security

At 30 June 2024, Aspen's property assets, comprising investment properties and property, plant and equipment, have been pledged as security against debt facilities. Refer to note 19 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 for significantly different amounts.

Note 21. Financial risk management (continued)

	6 months $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Year ended 30 June 2024							
Non-derivatives							
Trade and other payables	**18,335**	**-**	**-**	**-**	**-**	**18,335**	**18,335**
Lease liability	**110**	**85**	**38**	**119**	**840**	**1,192**	**743**
Interest bearing loans and borrowings	**5,359**	**5,359**	**10,718**	**172,321**	**-**	**193,757**	**166,015**
Residents' loan	**33,146**	**-**	**-**	**-**	**-**	**33,146**	**33,146**
Total non-derivatives	**56,950**	**5,444**	**10,756**	**172,440**	**840**	**246,430**	**218,239**
Year ended 30 June 2023							
Non-derivatives							
Trade and other payables	14,903	-	-	-	-	14,903	14,903
Lease liability	106	145	196	116	881	1,444	960
Interest bearing loans and borrowings	4,182	4,182	139,657	-	-	148,021	138,506
Residents' loan	32,223	-	-	-	-	32,223	32,223
Total non-derivatives	51,414	4,327	139,853	116	881	196,591	186,592

Market risk

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

Interest risk management

As part of the managing interest rate risk, Aspen fixed a proportion of its interest rates on borrowings by entering into interest rate swaps to minimise potential adverse interest rate movements. At 30 June 2024, $70.00 million (2022: $70.00 million) of its floating interest rate exposure was fixed at a BBSW rate of between 2.037% to 2.039% to April 2025 (2022: 0.493% to 0.498% to April 2024).

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.

	30 June 2024		30 June 2023	
	Balance $'000	Weighted average interest rate %	Balance $'000	Weighted average interest rate %
Fixed rate instruments				
Term deposits	**150**	4.60%	150	3.40%
Interest rate swaps	**1,689**	2.04%	3,260	2.04%
	1,839		3,410	
Variable rate instruments				
Cash and cash equivalents	**4,524**	3.59%	8,922	3.80%
Interest bearing loans and borrowings [1]	**(166,015)**	6.62%	(138,506)	6.02%
	(161,491)		(129,584)	
Total fixed and variable rate instruments	**(159,652)**		(126,174)	

[1] Excludes hedging and includes undrawn debt fees

Note 21. Financial risk management (continued)

Aspen's sensitivity to interest rate movements

The sensitivity analyses below shows the impact on profit or loss and equity if there was an increase/decrease in market interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100bps increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Impact on profit $'000	Impact on equity * $'000
2023		
Australian variable interest rate +100bps	(353)	(467)
Australian variable interest rate -100bps	353	467
2024		
Australian variable interest rate +100bps	**(732)**	**(923)**
Australian variable interest rate -100bps	**732**	**923**

*Includes impact in respect of interest capitalised to property assets

Equity price risk

Equity investments are long term investments that have been classified as investments at fair value through profit and loss. Aspen is exposed to equity price risk arising from its equity investments (refer to note 25).

If equity prices had been 5% higher/lower, the profit before tax for the year ended 30 June 2024 would increase/decrease by $2.916 million (2023: $0.956 million) as a result of the changes in fair value of the investments in listed shares.

Fair values

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

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

- Cash – the face value of cash is considered as the fair value due to the liquid nature of these assets.
- Receivables/payables – due to the short-term nature of these financial rights and obligations, the face value of receivables/payables are estimated to approximate their fair values, less allowance for credit losses, if applicable.
- Other financial assets/liabilities – the fair values of derivatives, term deposits and borrowings are calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of other financial assets are calculated using market interest rates. The fair value of the net investment in sublease and lease liabilities are discounted using Aspen's incremental borrowing rate. The fair value of investment in listed shares on the ASX is the closing market price. The fair value of unlisted shares is determined based on the most recent reported net tangible assets.
- Derivatives – are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in the fair value are recognised in profit or loss.
- Resident loans – the fair value is recognised based on estimation of the settlement obligation at the reporting date, if the resident occupation were to cease at this date.

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).

Note 21. Financial risk management (continued)

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

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

At reporting date, the Group held the following financial instruments measured at fair value:

30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
Financial assets				
Interest rate swaps	**-**	**1,689**	**-**	**1,689**
Other financial assets held at fair value	**58,320**	**-**	**630**	**58,950**
Total financial assets	**58,320**	**1,689**	**630**	**60,639**
Financial liabilities				
Resident loans	**-**	**-**	**33,146**	**33,146**
Total financial liabilities	**-**	**-**	**33,146**	**33,146**

30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
Financial assets				
Interest rate swaps	-	3,260	-	3,260
Other financial assets held at fair value	19,138	-	562	19,700
Total financial assets	19,138	3,260	562	22,960
Financial liabilities				
Resident loans	-	-	32,223	32,223
Total financial liabilities	-	-	32,223	32,223

Aspen's financial instruments are valued using market observable inputs (Level 1 and Level 2) with the exception of the other investment in unlisted entity discussed in note 25 and Resident loans discussed in note 24 (both are classified as Level 3).

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period ended 30 June 2024 (30 June 2023: $Nil).

Other financial assets held at fair value – Level 3

Fair value of this unlisted financial instrument is considered to approximate to Net Tangible Assets per share.

The following table shows a reconciliation of movements in Aspen's financial assets at fair value through profit or loss:

	30 June 2024 $'000	30 June 2023 $'000
Opening Balance at 1 July	**19,700**	513
Additions	**32,867**	16,105
Gain on initial recognition of investment in securities	**2,910**	-
Revaluation gain in profit or loss	**3,473**	3,082
Closing balance	**58,950**	19,700

Note 22. Subsidiaries

	Ownership interest 2024 %	Ownership interest 2023 %
Parent entity		
Aspen Group Limited (stapled entity - Aspen Property Trust)	**-**	-
Subsidiaries		
Aspen Funds Management Limited	**100**	100
Aspen Living Villages Pty Limited	**100**	100
Aspen Property Developments Pty Limited	**100**	100
Aspen Equity Investments Pty Limited [1]	**100**	100
Midland Property Trust [1]	**100**	100
Caversham Property Development Pty Ltd	**100**	100
Realise Residential WA Pty Ltd	**100**	100
Realise Residential WA 2 Pty Ltd	**100**	100
Realise Residential WA 3 Pty Ltd	**100**	100
Realise Residential WA 4 Pty Ltd	**100**	100
Nest QLD Pty Ltd	**100**	100
Footprint MB Pty Ltd	**100**	100
Digs Accommodation Vic Pty Ltd	**100**	100
Realise Residential WA 5 Pty Ltd	**100**	100
Realise Residential WA 6 Pty Ltd	**100**	100
Realise Residential WA 7 Pty Ltd	**100**	100
Realise Residential WA 8 Pty Ltd	**100**	100
Realise Residential WA 9 Pty Ltd	**100**	100
Realise Residential WA 10 Pty Ltd	**100**	100
Realise Residential WA 11 Pty Ltd	**100**	100
Realise Residential WA 12 Pty Ltd	**100**	100
Realise Residential WA 13 Pty Ltd	**100**	100
Realise Residential WA 14 Pty Ltd	**100**	100
Realise Residential WA 15 Pty Ltd	**100**	100
Realise Residential WA 16 Pty Ltd	**100**	100
Realise Residential WA 17 Pty Ltd	**100**	100
Hindmarsh Marina (SA) Pty Ltd	**100**	100
Coorong Quays Pty Ltd	**100**	100
Tavern HI Pty Ltd	**100**	100
Cove HI Pty Ltd	**100**	100
Realise Retirement WA 1 Pty Ltd	**100**	100
Aspen Whitsunday Shores Pty Limited	**56**	56

[1] Aspen Property Trust subsidiaries

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.

Note 23. Non-controlling interest

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
NCI in Aspen Whitsunday Shores Pty Limited	**(3,837)**	(3,837)

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 interest for AWSS as at 30 June 2024 even though this NCI is negative. AWSS is a limited company, and there is no ability for Aspen to recoup the negative equity attributed to non-controlling interest.

Note 24. Resident loans

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Current		
Resident loans	**33,146**	32,223

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

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

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

	Consolidated	
	30 June 2024 $'000	30 June 2023 $'000
Expected to be settled:		
No more than 12 months after reporting date	**2,152**	2,483
More than 12 months after reporting date	**30,994**	29,740
Closing balance	**33,146**	32,223

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

Note 24. Resident loans (continued)

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Opening balance	**32,223**	25,817
Items recognised in the profit or loss		
- Changes to the fair value of the resident loans	**1,350**	2,820
Accrued deferred management fee income movement	**(654)**	(1,383)
Net cash received from resident departures / arrivals in existing homes	**227**	279
Net cash received from resident arrivals in new homes	**-**	4,690
Closing balance	**33,146**	32,223

Resident loans are classified as Level 3 in the fair value hierarchy. This means that a key assumption used in their valuation is not directly observable. The key assumption is the aggregated current market value of the occupied retirement units of $41.600 million. This was determined on the same basis as the market value of both occupied and unoccupied units used as an input to the fair value of the lifestyle properties – see note 10.

If the market value used for this input was 5% higher, the fair value of these loans would be $1.64 million higher, and if the input was 5% lower, the fair value of these loans would be $1.65 million lower. There would be an equal and opposite impact on the fair value of investment property assets.

Note 25. Investments at fair value through profit and loss

	Consolidated 30 June 2024 $'000	Consolidated 30 June 2023 $'000
Investment in listed entity (Eureka Group Holdings Limited) (i)	**58,320**	19,138
Other investment in unlisted entity (ii)	**630**	562
Total investments at fair value through profit and loss	**58,950**	19,700

(i) On 8 March 2024, Aspen formally bid to acquire all the issued shares in Eureka Holdings Group Limited (EGH) via an all-scrip takeover-offer. The final offer was 0.28 APZ securities for each EGH share. The offer closed on 28 May 2024 with Aspen increasing its shareholding in EGH by approximately 68 million shares taking its total holding to 35.87%. A gain of $2.910 million was recognised on the date of initial recognition due to market price movement between offer date and final transaction date.

The investment in EGH has been accounted for as a financial asset at fair value through profit and loss with the carrying value of the investment determined using the closing price of EGH at the reporting date. This investment is classified as Level 1 in the Fair Value hierarchy.

(ii) Other investment in unlisted entity is classified as Level 3 in the fair value hierarchy. This means that a key assumption used in the valuation is not directly observable. The fair value of other investment in the unlisted entity has been determined by reference to the net tangible asset value per share as published in its latest audited financial statements.

Key judgment

Key judgements are made in determining whether an entity has significant influence over another entity. In considering the classification, management considers its shareholding, the nature and structure of the relationship with the investee and other facts and circumstances. Pursuant to Accounting Standard AASB 128 *Investments in Associates and Joint Ventures*, unless it can be clearly demonstrated not to be the case, an investor holding 20% or more of the voting power in an investee is presumed to exercise 'significant influence' over such investee, and therefore is required to adopt the equity method of accounting.

Eureka Group Holdings Limited
Although Aspen holds a 35.87% voting interest in Eureka Group Holdings Limited (EGH) at 30 June 2024, it does not presently have the ability to obtain representation on EGH's Board, and furthermore does not have access to the financial records of EGH in order to adopt the equity method of accounting in its financial statements. On the basis of these factors, Aspen is not considered to have significant influence over the financial and operating decision of EGH, and therefore the Group continues to classify its investment at fair value through profit or loss.

Note 26. Parent entity disclosures

	Parent	
	30 June 2024 $'000	30 June 2023 $'000
Loss after income tax	**(26,199)**	(8,994)
Total comprehensive income	**(26,199)**	(8,994)

Statement of financial position

	Parent	
	30 June 2024 $'000	30 June 2023 $'000
Total current assets	**3,802**	7,561
Total assets	**215,536**	184,829
Total current liabilities	**5,227**	3,661
Total liabilities	**183,251**	143,080
Equity		
Issued capital	**201,999**	186,350
Security-based payment reserve	**3,197**	2,111
Accumulated losses	**(172,911)**	(146,712)
Total equity	**32,285**	41,749

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

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from 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 22 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. The parent does not expect to incur any material loss in respect of such guarantees.

Parent entity financial information

As at 30 June 2024 the parent had a loan payable to the Trust of $21.686 million (2023: $31.749 million). Under the loan agreement in which the Trust is the lender, the maturity of the loan is 1 July 2027. The loan is unsecured and carries an interest rate equivalent to the borrowing costs incurred by the lender and there is no expectation that this loan will be called upon by either entity in the next twelve months. Both the Board of the Responsible Entity and AGL agrees that the terms of the agreement would remain the same in the event AGL becomes the lender.

Note 26. Parent entity disclosures (continued)

Going concern

The parent entity has a net asset position of $32.285 million (2023: net asset of $41.749 million) with current liabilities exceeding current assets by $1.425 million (2023: surplus of $3.900 million). As noted in note 21 of the financial statements, the parent entity has multi-option facilities totalling $9.736 million which are available to be drawn down to provide short term cash flows if required. The financial statements for the parent entity 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.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
Fees paid or payable for services provided by the auditor of the Aspen Group:	**30 June 2024 $**	**30 June 2023 $**
Audit or review of financial statements – Deloitte Touche Tohmatsu		
Current year	**403,150**	344,000
Under-provision for prior year	**20,000**	17,000
Total audit services	**423,150**	361,000
Other services – Deloitte Touche Tohmatsu		
Whistle-blowing services	**6,500**	-
Total	**429,650**	361,000

Note 28. Related party transactions

Director and executive remuneration

The remuneration disclosures are provided in the Remuneration Report of the directors' report in this annual report designated as audited and forming part of the directors' report.

	Consolidated	
	30 June 2024 $	**30 June 2023 $**
Short-term benefits	**1,595,398**	1,453,529
Long-term benefits	**90,499**	81,581
Equity compensation benefits	**894,472**	724,760
Total directors and key management personnel remuneration	**2,580,369**	2,259,870

Other related party transactions

	Consolidated	
	30 June 2024 $	**30 June 2023 $**
Sales of goods and services		
Project management fees earned from Mill Hill Capital Pty Ltd, an entity associated with Mr Carter and Mr Dixon (Joint CEOs)	**12,828**	124,780
Payment of responsible entity fees to Evolution Trustees Limited	**139,762**	112,920

The Company has an arrangement with Mill Hill Capital Pty Ltd (MHC), an entity associated with Mr Carter and Mr Dixon (Joint CEOs). Under this arrangement, Aspen manages MHC's Affordable Accommodation & Land Fund. In return, Aspen earns project management fees from the fund in line with MHC's project management fee entitlement under its contract.

Note 29. Accounting standards adoption

(a) New and amended standards adopted from 1 July 2023

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. There was no material impact from the adoption of new and revised Standards and Interpretations.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027, assuming the AASB releases an equivalent standard, and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations.

The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. Aspen will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 30. Commitments and contingencies

	Consolidated	
	30 June 2024	30 June 2023
	$'000	$'000
Capital commitments *(i)*		
Contracted but not provided for and payable:		
Within 1 year	**32,226**	33,580
Greater than 1 year but not more than 5 years	**-**	-
	32,226	33,580
Other expenditure commitments		
Bank guarantees issued to third parties	**264**	365

(i) 2024 capital commitments include the Lifestyle development projects (including civil works and new land lease homes), and various cabin and park upgrades.

Other than the above, Aspen Group is not aware of any material contingent liabilities existing at 30 June 2024 or at the date of completion of these financial statements.

Note 31. Subsequent events

The Group entered into a contract on 24 July 2024 to acquire 36 retirement rental village in Viveash, WA for a total consideration of $2.1 million. The acquisition is expected to be settled on 21 August 2024.

On 6 August 2024, the Group entered into new interest rate swaps for a total notional value of $80.00 million at a fixed interest rate of 3.67% from 11 September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect Aspen Group's operations, the results of those operations, or Aspen Group's state of affairs in future financial years.

Aspen Group Limited
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Aspen Group Limited	Public Listed	Australia	-	Australia
Aspen Property Trust	Public Listed (stapled with AGL)	Australia	100.00%	Australia
Aspen Funds Management Limited	Proprietary Limited	Australia	100.00%	Australia
Aspen Living Villages Pty Limited	Proprietary Limited	Australia	100.00%	Australia
Aspen Property Developments Pty Limited	Proprietary Limited	Australia	100.00%	Australia
Aspen Equity Investments Pty Limited	Proprietary Limited	Australia	100.00%	Australia
Midland Property Trust	Private Trust	Australia	100.00%	Australia
Caversham Property Development Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 2 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 3 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 4 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Nest QLD Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Footprint MB Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Digs Accommodation Vic Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 5 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 6 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 7 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 8 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 9 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 10 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 11 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 12 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 13 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 14 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 15 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 16 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Residential WA 17 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Marina Hindmarsh (SA) Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Coorong Quays Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Tavern HI Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Cove HI Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Realise Retirement WA 1 Pty Ltd	Proprietary Limited	Australia	100.00%	Australia
Aspen Whitsunday Shores Pty Limited	Proprietary Limited	Australia	56.00%	Australia

Aspen Group Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Aspen Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Clive Appleton
Chairman

15 August 2024

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 financial year ended 30 June 2024 totalled 8.50 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 24 September 2024 Aspen Group had 200,210,988 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	575
1,001 to 5,000	487
5,001 to 10,000	204
10,001 to 100,000	392
More than 100,001	104
	1,762

The number of security investors holding less than a marketable parcel is 207 and they collectively hold 6,687 securities.

(c) Twenty Largest Securityholders of Stapled Securities

The names of the twenty largest holders of securities as at 24 September 2024 are listed below:

	Name	No. of stapled securities	%
1	CITICORP NOMINEES PTY LIMITED	51,026,696	25.49%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	49,656,918	24.80%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,067,004	9.02%
4	VINE STREET INVESTMENTS PTY LTD <VINE STREET INVESTMENT A/C>	7,593,948	3.79%
5	NATIONAL NOMINEES LIMITED	7,164,316	3.58%
6	ONE MANAGED INVESTMENT FUNDS LTD <CHARTER HALL MAXIM PROPERTY SEC>	4,773,388	2.38%
7	REDBROOK NOMINEES PTY LTD	2,848,224	1.42%
8	BT PORTFOLIO SERVICES LTD <HETLAM HOLDINGS A/C>	2,271,084	1.13%
9	INVIA CUSTODIAN PTY LIMITED <R BAROONA P/L - CARTER A/C>	2,109,332	1.05%
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,751,573	0.87%
11	BNP PARIBAS NOMS PTY LTD <DRP>	1,745,787	0.87%
12	MR IAN MILTON SOUTHWOOD <SOUTHWOOD INVESTMENT A/C>	1,624,420	0.81%
13	DEEMCO PTY LIMITED	1,600,491	0.80%
14	UBS NOMINEES PTY LTD	1,415,472	0.71%
15	MR DEAN ROLAND GOMEL	1,329,025	0.66%
16	BIG MORETON PTY LTD	1,152,556	0.58%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,152,207	0.58%
18	MADRAG SUPER PTY LTD <MADRAG SUPER A/C>	1,099,266	0.55%
19	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	925,323	0.46%
20	WALLBAY PTY LTD <THE MICHAEL ABELL S/F A/C>	895,852	0.45%
	TOTAL	**160,202,882**	**80.00%**
	Balance of Register	**40,008,106**	**20.00%**
	Grand TOTAL	**200,210,988**	**100.00%**

(d) Substantial Securityholders

As at 24 September 2024, 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
9 May 2024	COOPER INVESTORS PTY LIMITED	36,478,042	18.34%
20 September 2024	PERPETUAL LIMITED	18,444,862	9.21%
23 September 2024	MA FINANCIAL GROUP LIMITED	20,543,300	10.26%

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.

Aspen has prepared this report based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this report. To the maximum extent permitted by law, none of Aspen, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this report or its contents or otherwise arising in connection with it.

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.

This page has been intentionally left blank

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*
Edwina Gilbert	*Non-Executive Director*
John Freedman	*Non-Executive Director*
John Carter	*Executive Director*
David Dixon	*Executive Director*

Executive Management

David Dixon	*Joint Chief Executive Officer*
John Carter	*Joint Chief Executive Officer*

Suite 21, 285A Crown Street, Surry Hills, NSW 2010

Tel	(02) 9151 7500
Fax	(02) 9151 7599
E-mail	homemail@aspengroup.com.au

Group Company Secretaries (jointly held)

Mark Licciardo, David Dixon

Auditors

Deloitte Touche Tohmatsu
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: (02) 9322 7000

Share Registry

Automic Group
Deutsche Bank, Tower Level
5/126 Phillip St. Sydney, NSW 2000

Tel: 1300 288 664

Suite 21, 285A Crown Street, Surry Hills, NSW 2010

Tel	(02) 9151 7500
Fax	(02) 9151 7599
E-mail	homemail@aspengroup.com.au
ABN	50 004 160 927

aspengroup.com.au