



Aspen Group Limited

Annual Report 2023

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Chairman's Letter



Dear Securityholders

I am very pleased to present the 2023 Annual Report for Aspen Group.

Aspen's mission is to provide quality accommodation on competitive terms. Our core customer base is the approximate 40% of Australian households that can afford to pay no more than about \$400 per week to rent or \$400,000 to purchase their housing needs. The shortage of accommodation at our end of the market has become even more acute over recent years with the proportion of rentals offered nationally at less than \$400 per week collapsing from 42% in 2020 to only 16% in 2023¹.

We are very proud of Aspen's ESG credentials, and we constantly seek 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, devices to save energy and water, and recycling facilities where feasible.

We continue to methodically grow our portfolio of properties highly suited to our strategy and customer base. Aspen now owns over 5,000 approved dwellings and land sites valued at \$479 million, equating to only \$95,000 per dwelling/site. In FY23, despite rapidly escalating residential rents across most of Australia, our average rent remained very competitive and attractive to customers at only \$275 per week per operational dwelling/site. Our average residential dwelling rent was only \$295 per week and our average retirement land site rent was only \$186 per week. Our rents remain very well supported by household incomes and Commonwealth Rent Assistance, and arrears are negligible.

Aspen offers accommodation on a variety of lease terms from overnight to lifetime. The accommodation we offer on longer term leases (typically 12 months or more) is essentially full, with only frictional vacancy of about one week when tenants turn over post lease expiry. When we offer our accommodation on a shorter stay basis, we boost profitability by dynamically managing the mix of lease term, average occupancy, rent and operating expenses. Demand for our short stay accommodation has remained robust with growing corporate demand offsetting somewhat patchy tourist demand of late.

Aspen's development business has performed well despite the building industry turmoil over the past couple of years. In FY23 Development Profit increased by 78% compared to FY22, profit margin was healthy at 31%, and Return on Invested Capital² was outstanding at 18%. Across our "refurbish to rent" projects, 773 residential and park dwellings have been upgraded over the past three years and returned to the rental pool at higher rents, driving growth in earnings and net asset value.

Over the three years to 30 June 2023 Aspen's Underlying Operating Earnings per Security³ increased by 21% per annum to 12.00 cents and Net Asset Value per Security increased by 20% per annum to \$2.01. Aspen paid total distributions of 7.75 cents per security relating to FY23.

Aspen has continued to perform well in 1Q FY24 against a more challenging economic backdrop. Revenue has increased at all but one of our properties compared to the previous corresponding period. Net Operating Income also increased compared to the previous corresponding period. Building timeframes are improving and costs have stabilised at our development projects. As expected, demand for our new retirement houses and residential land lots is fairly steady, with higher interest rates and poor consumer sentiment constraining growth. We continue to expect to increase Underlying EPS to 12.50-13.00 cents and increase DPS to a minimum of 8.50 cents in FY24.

I would like 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, providing a further business update, and introducing our newest board member, Edwina Gilbert 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 March 2020 and April 2023.

2. ROIC = Total Development Profit divided by Average of Opening and Closing Book Value of development assets including Residential land inventory, civils inventory, new house inventory, and spare land in Lifestyle Communities.

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 2023**

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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Directors' Report

Aspen Group Limited
For the year ended 30 June 2023

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Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

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 2023 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

Executive Director

John Carter (Joint Chief Executive Officer)

Company Secretaries

David Dixon (Joint Chief Executive Officer)
Mark Licciardo

Qualifications, experience and special responsibilities

Clive Appleton – Independent Chairman (*appointed chairman on 7 June 2016*)

BEd, 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

Directors' Report (continued)

Aspen Group Limited

For the year ended 30 June 2023

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.

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

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Directors' meetings

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

	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
John Carter	8	8	N/A	N/A

Interests of Directors

Securities in the Group held by directors, company secretaries or their associates as at 30 June 2023 were:

	Issued Securities	Rights
Clive Appleton	843,416	-
Guy Farrands	196,046	-
John Carter	7,637,452	925,725
David Dixon	7,263,721	925,725

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. David has over 30 years' experience in real estate and financial markets in Australia. David is a joint owner and managing director of Mill Hill Capital, a real estate private equity group. From 2010 to 2014 David was Head of Real Estate Investment Banking (REIB) for Morgan Stanley. For the period 2006 to 2010, he was Joint Head of REIB at Credit Suisse. David was Joint Head of REIB at Deutsche Bank from 1998 to 2006 and for part of this period he held a dual role in its Equity Capital Markets division. Prior to Deutsche Bank, David helped build Bankers Trust's real estate franchise into one of Australia's largest, most active, and diversified investors at that time.

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.

Directors' Report (continued)

Aspen Group Limited

For the year ended 30 June 2023

Operating and financial review

Aspen's Business

Aspen's mission is to provide quality accommodation on competitive terms. Aspen's opportunities are enormous within Australia's \$10 trillion residential market given significant unsatisfied demand for suitable accommodation at more affordable prices and rents. Our core customer base is the approximate 40% of Australian households with income of less than \$90,000 per annum who can afford to pay no more than about \$400,000 to purchase a home or \$400 per week to rent a home. Aspen's fully integrated platform encompasses operations, asset management, development, and capital management. We provide a broad spectrum of products and services to our customers within residential, lifestyle and park communities, under different regulations and lease structures. 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.

Business Conditions

Australia's residential markets are experiencing historically low vacancy rates and very strong rental growth. Post the borders reopening, demand for accommodation has rebounded due to massive immigration and people moving more freely around the country for a variety of reasons – work, study, holidaying, lifestyle changes, retirement. Meanwhile, building timeframes and costs have escalated due to supply bottlenecks, labour shortages and an abnormally high level of insolvencies in the building industry. Additionally, interest rates have increased from artificially low levels which has increased the investment return and therefore rent that landlords require to provide their capital and effort.

Aspen's Australia-wide property portfolio is highly occupied by a diverse customer base. Our longer stay residential and lifestyle properties are essentially full and typically re-lease within a week of becoming available. At some of our properties we maximise profitability through dynamic yield management (optimising the balance of rental rate, lease term and occupancy) and tight cost controls. We believe our short stay business is outperforming a generally flat market over the past 6-9 months. Our Adelaide parks have enjoyed strong growth due to major event activity in the city, and corporate demand has picked up at our largest parks Darwin FSR, Highway 1, and Aspen Karratha Village. Our average in-place rents have increased across the portfolio, but they are still typically below levels achieved on recent leasing transactions, local competition, and economic rents for new supply. Our rents are also well supported by household income, government subsidies and corporate profitability.

In our development projects we have been quite successful in navigating the very challenging conditions in the building industry, but it has slowed our progress. We have no unsold completed houses in inventory (except display houses), and we have successfully passed through the higher building costs to sustain a healthy profit margin of around 30%. We plan to increase development activity again in FY24 and started the year with contracts / deposits secured on about 30% of planned sales. We are seeing signs of building cost increases flattening out and timeframes improving.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Operating and financial review (continued)

Financial Performance

Aspen generated a statutory net profit of \$54.40 million and Underlying Operating Earnings of \$20.90 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 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 FY2023 compared to FY2022:

- **Underlying Operating Earnings increased 77% to \$20.90 million equating to 12.00 cents per security, an increase of 39%.**
- **Full year ordinary distributions per security increased 17% to 7.75 cents equating to a payout ratio of 65%.**
- **Statutory profit decreased 28% to \$54.40 million equating to 31.22 cents per security.**
- Underlying EBITDA increased 81% to \$24.60 million.
- Total rental and ancillary services revenue increased 43% to \$50.26 million reflecting revenue growth at every property.
- Underlying net operating income increased 64% to \$24.31 million and operating margin increased from 42% to 48% due to rental growth outpacing increased costs, higher occupancy, more dwellings entering the rental pool post refurbishment, and an increasing proportion of higher margin residential properties in our portfolio.
- Underlying development income increased 78% to \$6.25 million, and margin was fairly steady at 31% despite challenging conditions in the building industry.
- Net corporate overheads increased by 31% to \$6.23 million due to a growing management platform and lower management fee income from Mill Hill Capital following the acquisition of Marina Hindmarsh Island Fund (Coorong Quays) in June 2022 which was previously managed by Aspen. Management Expense Ratio remained competitive for an integrated platform at 1.1%.
- Net finance expense increased 110% to \$3.70 million due mainly to higher interest rates. During the year, Aspen extended its \$70 million interest rate hedge from April 2024 to April 2025 to reduce risk with the fixed rate increasing from 50bps to 204bps.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Operating and financial review (continued)

Financial Performance (continued)

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

	FY23 (\$'000)	FY22 (\$'000)	% Change
Rental and ancillary services revenue	50,260	35,268	43%
Direct property expenses	(25,949)	(20,432)	27%
Underlying net operating income (NOI)	24,311	14,836	64%
Operating margin	48%	42%	
Revenue from development activities ¹	20,098	10,690	88%
Cost of sales ¹	(13,850)	(7,183)	93%
Underlying net development income ¹	6,248	3,507	78%
Development margin	31%	33%	
Underlying operating and development net income	30,559	18,343	67%
Dividend income	276	-	-
Net corporate overheads	(6,234)	(4,745)	31%
Underlying EBITDA ²	24,601	13,598	81%
Net finance expense	(3,698)	(1,760)	110%
Tax ³	-	-	
Underlying Operating Earnings	20,903	11,838	77%
No. of Securities (weighted – '000)	174,251	136,934	27%
Underlying Operating Earnings per security (cents)	12.00	8.65	39%
Ordinary distributions per security (cents)	7.75	6.60	17%

¹ 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 page 44 for detailed breakdown of each segment contribution to this EBITDA.

³ For the purpose of illustrating Underlying Operating Earnings, the net deferred tax movement (which is shown in the Statement of Profit or Loss) has been excluded.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Operating and financial review (continued)

	FY23 (\$'000)	FY22 (\$'000)	% Change
Statutory net profit after tax attributable to parent entity	54,395	75,381	(28%)
Adjustments:			
Depreciation of property, plant and equipment	1,201	986	
Property revaluation gains ¹	(37,750)	(61,797)	
Fair value loss on retirement village resident loans	2,820	668	
Asset transaction costs & other	401	1,839	
Fair value loss / (gain) on interest rate swaps	345	(3,605)	
Share based payments expense	1,236	862	
Fair value (gain) / loss on revaluation of investment in securities	(3,082)	80	
Deferred tax movements (income tax expense / (benefit))	1,337	(2,576)	
Underlying Operating Earnings	20,903	11,838	77%
Net finance expense	3,698	1,760	110%
Underlying EBITDA	24,601	13,598	81%
Dividend income	(276)	-	-
Net corporate overheads and other	6,234	4,745	31%
Underlying operating & development net income	30,559	18,343	67%

¹ 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.

Balance Sheet

The value of Aspen's property portfolio² increased by 19% over the year to \$490.46 million, through refurbishment, revaluation and acquisitions. During the year we spent about \$30 million enhancing our properties and acquired the Black Dolphin Resort Motel in Merimbula NSW for \$5.46 million. Aspen has combined the operations of Tween Waters and Black Dolphin and it is now called Tween Waters Merimbula.

As at 30 June 2023, Aspen had total assets of \$553.23 million, total liabilities of \$192.06 million (including gross debt of \$138.95 million) and net asset value (NAV) of \$361.17 million equating to \$2.01 per security, an increase of 13% over the year. The increase in NAV is mainly attributable to property revaluation gains, driven by a general increase in rents and improvement of our properties through refurbishment. The portfolio's weighted average capitalisation rate (WACR) of 6.5% was fairly steady over the year.

At 30 June 2023 gearing was 25% which is below our targeted long term range of 30-40%. Aspen has a debt facility of \$170 million expiring in July 2024, of which \$30.69 million was unutilised at balance date. Total margin (line fee plus drawn margin plus establishment costs) is 200bps. At 30 June 2023 \$70.00 million of interest rate exposure was fixed through interest rate swaps at 204 bps to April 2025.

We have commenced a process to secure a new syndicated debt facility with a larger limit and a term of 3 years. We aim to enter into the new facility in 1H FY2024.

² Including Investment property assets held for sale.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Operating and financial review (continued)

The table below summarises Aspen's balance sheet.

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Investment properties	449,538	386,062
Investment property assets held for sale	6,543	-
Property, plant and equipment	34,380	26,523
Carrying value of properties	490,461	412,585
Cash	8,922	10,730
Inventories	21,696	15,842
Other assets ¹	32,148	13,301
Total assets	553,227	452,458
Financial debt ²	138,506	127,670
Other liabilities	53,556	47,767
Total liabilities	192,062	175,437
Net Asset Value (NAV)	361,165	277,021
NAV per security (\$)	2.01	1.79

¹ This includes a deferred tax asset of \$5.239 million at 30 June 2023 (30 June 2022: \$6.576 million).

² Net of borrowing transaction costs of \$0.441 million (30 June 2022: \$0.569 million)

Outlook

Conditions in the markets in which Aspen operates are expected to be patchy over the next 12-24 months with inflation not yet under control, interest rates remaining elevated compared to recent years, substantial cost of living pressures, the likelihood of economic growth and household incomes declining in real per capita terms, and the reset required in the building industry after a period of turmoil. Regardless, Aspen's business is expected to continue to perform well because we offer quality accommodation at competitive rents and prices, which has become even more attractive for customers.

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

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Operating and financial review (continued)

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 18 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, insurance and energy.
- **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 (eg. cyclones), coastal erosion and flooding. As the climate continues to change in future these risks may increase. Aspen holds insurance for these types of events, but insurance cover is becoming more limited and increasingly expensive.
- **Market 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 204 bps to April 2025.
- **Debt financing** – Aspen's current debt facility expires on 31 July 2024 and Aspen may not be able to renew or restructure the debt facility on competitive terms, or at all. This may have an impact on profitability and shareholders' returns.
- **Property valuation** – The core asset for Aspen is 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.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report – Audited

Introduction

The directors present the remuneration report for Aspen Group for the year ended 30 June 2023. 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 FY23. For those KMP who served as KMP for part of the year, this Remuneration Report only sets out the amounts they received as remuneration in their capacity as a KMP.

Name	Position	Term as KMP during the year
	Executives	
John Carter	Joint Chief Executive Officer	KMP for full year
David Dixon	Joint Chief Executive Officer	KMP for full year
	Directors	
Clive Appleton	Non-Executive Director	KMP for full year
Guy Farrands	Non-Executive Director	KMP for full year
John Carter	Executive Director	KMP for full year

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 FY23 there were no consultants engaged by the Board and consequently no recommendations obtained, and no disclosures required under the *Corporations Act 2001*.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

Remuneration framework for executives

The objective of Aspen's remuneration framework for executives 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 operating 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 FY23:

FIXED	AT RISK	
Fixed Remuneration	Short term incentive (STI)	Long Term Incentive (LTI)
CASH		EQUITY
<ul style="list-style-type: none">Base salary and superannuationReviewed annuallyDetermined by experience, qualifications and role	<ul style="list-style-type: none">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 monthsSTI dependent on individual performance relative to KPIs	<ul style="list-style-type: none">Performance Rights Plan subject to three-year vesting period and two performance hurdles:<ul style="list-style-type: none">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	

Remuneration mix	CEOs	Senior Managers (indicative range)
Fixed compensation	45%	50% - 65%
STIs	10%	12% - 15%
LTIs	45%	38% - 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.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

Variable compensation – STI

The STI is an “at risk” incentive awarded annually and is paid in a combination of immediate cash and APZ securities components, subject to agreed KPIs. All STIs are paid at the discretion of the Board. In addition, the STI pool can be scaled up or down by the Board depending upon the actual performance of Aspen. The STI plan links the performance of individual employees to the operational and financial objectives of Aspen. These individual KPIs are agreed with employees at the start of each financial year or commencement of employment as part of the individual’s performance review process.

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

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

- Financial priorities – eg. Net asset value, earnings and distribution targets, forecast accuracy, expense management
- Business priorities – eg. Business growth, business systems, customer relationships
- People leadership and governance – eg. Leadership, culture, risk management, stakeholder engagement and ethics
- Strategic priorities – eg. 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 – executive retention bonus scheme

The scheme’s objectives are to minimise the risks of disruption caused by the departure of key employees where the departure has the potential to create significant gaps in the knowledge and capacity that would not be in the best interests of the securityholders. No employees were subject to the retention bonus scheme in FY23 (none in FY22).

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

Variable compensation – LTI

The objective of the LTI plan is to reward and retain Executives and senior managers. Awards are linked to Aspen's 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 security price and distribution increase over the relevant vesting period, the greater the potential benefit to employees.

Aspen's LTI is delivered via a Performance Rights Plan ("PRP"), which has been in place since 2010 and which was refreshed at the 2016 Annual General Meeting. The PRP facilitates the grant of performance rights to 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 51 st percentile	0%
At the 51 st percentile	50%
Between the 51 st percentile and the 75 th percentile	Straight-line between 50% and 100%
At the 75 th percentile or above	100%

Directors' Report (continued)

Aspen Group Limited

For the year ended 30 June 2023

Remuneration report (continued)

Variable compensation – LTI (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 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 FY23 financial performance

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

	2023	2022	2021	2020	2019
Underlying Operating Earnings (million)	\$20.90	\$11.84	\$9.00	\$6.64	\$4.96
Underlying Operating Earnings per security (cents)	12.00	8.65	7.57	6.80	5.15
Ordinary distributions per security (cents)	7.75	6.60	6.60	6.00	5.00
Security price (30 th June)	\$1.75	\$1.47	\$1.31	\$0.995	\$1.06
Net Asset Value (NAV) per security (30 th June)	\$2.01	\$1.79	\$1.31	\$1.15	\$1.13
Return on equity (Underlying Operating Earnings per security / Opening NAV per security)	6.7%	6.6%	6.6%	6.0%	4.3%
NAV growth (change in NAV per security plus distribution per security / Opening NAV per security)	17.0%	41.3%	19.5%	7.3%	(0.8%)

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

Executive remuneration outcomes (continued)

The Board also considered the relative performance of KMP against the execution of Aspen's strategy. A high-level scoreboard of Aspen performance for FY23 for the purpose of assessing the award of STI and LTI has been considered by reference to both positive and negative factors:

Positive performance indicators	Negative performance indicators
<ul style="list-style-type: none"> Increased average tenure of senior management team in head office Increased scale: <ul style="list-style-type: none"> Total assets up 22% to \$553 million Total equity up 30% to \$361 million through successful equity raising and asset revaluations Five new acquisitions secured: Black Dolphin, Treatts Road Lindfield, Sierra Lifestyle Village, Highway 1 adjoining land and Normanville land. Approximate doubling of development activity Strong growth in revenues (53%) and Underlying Operating Earnings (77%) Net Underlying Operating Income margin improved materially to 48%, and Development Profit margin kept fairly steady at 31% despite challenging conditions in the building industry Significant increases in profitability and shareholder returns: <ul style="list-style-type: none"> Underlying operating earnings per security up 39% Distribution per security up 17% Net Asset Value per security up 13% APZ stock price up 19% Risk mitigation: <ul style="list-style-type: none"> Increased portfolio diversity Maintained a measured balance of Net Underlying Operating Income (80%) and Development Profit (20%) to enhance stability and predictability of earnings Gearing reduced to 25% (below long term target of 30-40%) while interest rates have increased, and economic and business conditions could become more challenging 	<ul style="list-style-type: none"> Some unwanted turnover of Property Managers Delays and increased cost for some of the development projects Trading of APZ securities on ASX at a stock price below NAV

STI outcomes

For the year ended 30 June 2023, 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 \$0.250 million (FY22 \$0.238 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 FY23 is outlined below:

	Cash STI ¹ \$	Deferred STI payment ^{1 2} \$	Total FY23 award \$	% of max STI opportunity awarded in year	% of STI not yet vested	% of STI opportunity forfeited in year
John Carter	\$62,500	\$62,500	\$125,000	100%	0%	0%
David Dixon	\$62,500	\$62,500	\$125,000	100%	0%	0%
Total	\$125,000	\$125,000	\$250,000			

¹ Inclusive of superannuation

² The deferred STI payment is payable in APZ stapled securities and requires shareholder's approval at the FY23 Annual General Meeting (AGM). The securities will be held in escrow until 30 June 2024 if issued after the AGM.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

LTI outcomes

The table below summarises how Aspen performed compared to vesting conditions for active LTI schemes at 30 June 2023:

	FY23 Scheme	FY22 Scheme	FY21 Scheme
Effective grant date	17 August 2022	19 August 2021	21 August 2020
Award starting date	1 July 2022	1 July 2021	1 July 2020
Vesting date	30 June 2025	30 June 2024	30 June 2023
Current Status	Aspen ranked 1 st of 29 stocks in the FY21 scheme comparator group with a compound total annual return of 24.1% for the year to 30 June 2023 NAV compound annual growth was 17.0% for the year to 30 June 2023 These LTIs are subject to the performance hurdles until 30 June 2025	Aspen ranked 1 st of 29 stocks in the FY21 scheme comparator group with a compound total annual return of 20.3% for the 2 years to 30 June 2023 NAV compound annual growth was 28.2% for the 2 years to 30 June 2023 These LTIs are subject to the performance hurdles until 30 June 2024	Aspen ranked 1 st of 29 stocks in the FY21 scheme comparator group with a compound total annual return of 26.2% for the 3 years to 30 June 2023 NAV compound annual growth was 24.5% for the 3 years to 30 June 2023 100% of these LTIs will vest and convert to APZ securities as TSR was in the top quartile of the comparator group and NAV growth was above the maximum hurdle of 8.0%

Executive contract details

Remuneration structure and contract terms for CEOs

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

Salary and benefits

Messrs Carter and Dixon currently each receive an annual total fixed remuneration ("TFR") of \$500,000 inclusive of superannuation. No directors' fees will be paid to Messrs Carter and Dixon for being a director or officer of Aspen or any other group company (from the date of appointment as CEO).

Incentive arrangements

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

Messrs Carter and Dixon 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 Messrs Carter and Dixon was designed and negotiated to ensure a strong alignment of their financial rewards with the creation of value for Aspen Group securityholders. The equity component of Messrs Carter's and Dixon's packages, which include the issue of performance rights, will be subject to approval at the Annual General Meeting in November 2023.

Termination

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

Contract terms for 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.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

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

Current Executives	Year	Short-term			Post-employment			LTI ²	Total	% of Remuneration Performance Related	Value of LTI as % of Total Remuneration
		Base salary ¹	STI	Non-monetary benefits	Total	Superannuation benefits	Termination benefits	Other Long Term			
John Carter	2023	471,002	125,000	-	596,002	27,500	-	8,630	994,512	49.0%	36.4%
	2022	439,557	118,750	-	558,307	27,500	-	-	883,013	47.1%	33.7%
David Dixon	2023	471,002	125,000	-	596,002	27,500	-	8,630	994,512	49.0%	36.4%
	2022	439,557	118,750	-	558,307	27,500	-	-	883,013	47.1%	33.7%
Total	2023	942,004	250,000	-	1,192,004	55,000	-	17,260	1,989,024	49.0%	36.4%
	2022	879,114	237,500	-	1,116,614	55,000	-	-	1,766,026	47.1%	33.7%

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 (LTI) disclosed is the portion of the fair value of the instruments allocated to the profit and loss this reporting period.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

LTI grants and movements during the year

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

Current Executives	Equity type	Balance as at 30 June 2022	Granted during the year as remuneration	Fair Value at Grant date	Rights exercised during the year	Fair value of rights exercised	Lapsed during the year	Value of rights lapsed	Balance as at 30 June 2023
		No.	No.	\$	No.	\$	No.	\$	No.
John Carter	Performance rights	881,396	340,136	452,381	(295,807)	256,612	-	-	925,725
David Dixon	Performance rights	881,396	340,136	452,381	(295,807)	256,612	-	-	925,725

Non-executive director remuneration structure

The total remuneration for Non-Executive Directors for the 2023 financial year was \$270,846 (2022: \$263,340). There was an increase in remuneration of individual Directors in FY23 effective from 24 October 2022.

The remuneration level is within the maximum level of \$700,000 previously approved by security holders at the 2010 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 FY23 were:

Position	Annual Fees
Non-Executive Chairman	\$172,757
Non-Executive Director	\$98,089
Total	\$270,846

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Remuneration report (continued)

Non-executive directors' remuneration

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

	Year	Base salary	Superannuation	Total remuneration
		\$	\$	\$
Clive Appleton*	2023	172,757	-	172,757
	2022	169,290	-	169,290
Guy Farrands	2023	88,768	9,321	98,089
	2022	85,500	8,550	94,050
Total Non-Executive Directors	2023	261,525	9,321	270,846
	2022	254,790	8,550	263,340

*Director applied for superannuation guarantee exemption for FY23 and FY22 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	2023	11,521,194	(4,257,473) ¹	7,263,721
	2022	9,831,197	1,689,997	11,521,194 ¹
John Carter	2023	11,894,925	(4,257,473) ¹	7,637,452
	2022	9,449,910	2,445,015	11,894,925 ¹
Non-executive directors				
Clive Appleton	2023	736,455	106,961	843,416
	2022	605,613	130,842	736,455
Guy Farrands	2023	196,046	-	196,046
	2022	170,475	25,571	196,046

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 2023 or 2022.

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

This concludes the Remuneration Report, which is audited.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

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:

	2023
	\$'000
Final distribution for the year ended 30 June 2022 of 3.50 cents per security paid on 25 August 2022	5,426
Half year distribution for the period ended 31 December 2022 of 3.50 cents per security paid on 24 February 2023	6,280
	11,706

On 23 June 2022, Aspen announced the expected final distribution for the year ended 30 June 2023 of 4.25 cents per security (\$7.625 million in total) and this distribution will be paid on or around 25 August 2023.

Shares under option or issued on exercise of options

There were no shares under option as at 30 June 2023 (2022: nil).

Events subsequent to reporting date

Subsequent to the financial year end, the Group settled the acquisition of two additional investment properties to its portfolio, being 26 Treatts Road Lindfield for \$3.4 million (before transaction costs) and Sierra Lifestyle Village, WA for \$4.0 million (before transaction costs). Both of the acquisitions were debt funded. Furthermore, the Group entered into conditional contracts to acquire land adjoining Highway 1 Tourist and Lifestyle Park, SA for \$1.2 million (before transaction costs) and land in Normanville, SA for \$2.56 million (before transaction costs).

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

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

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 2023 and, since year end Aspen has paid premiums in respect of such insurance contracts up to the annual insurance renewal date of 30 June 2024. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been directors or executive officers of Aspen.

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

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

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

Non-audit services

During the year Deloitte Touche Tohmatsu ('Deloitte'), Aspen's auditor, has not performed any other services in addition to their audit service.

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 land lease communities for under \$400,000.

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

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

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Environmental, Social and Corporate Governance (continued)

Environmental

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

Looking after the environment, today and for future generations, is essential. We recognise the need to continually reduce environmental impacts, work towards sustainable resource use and ensure emissions are at or below levels that can be reabsorbed without harm. Additionally, we apply the precautionary principle when considering environmental impacts: uncertainty in the long-term outcomes of environmental effects should not delay action to reduce pollution and reduce consumption of non-renewable materials.

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

Reduced resource use, energy intensity and CO₂ emissions are inherent in Aspen's business model because we provide accommodation with some or all of the following attributes:

- Communal living – more efficient sharing of resources such as living, dining, entertaining and recreational spaces, and transport (eg. community bus)
- Dwelling size less than half the Australian average for new homes – it is estimated that about 40% of household energy use is for temperature control (heating and cooling) and this is proportional to floorspace
- New homes and community facilities with improved building techniques, designs and materials that meet increasingly stringent regulatory standards including for energy efficiency (eg. replacing obsolete vans/annexes with highly insulated modern dwellings that require significantly less energy to operate)
- Reduced resource wastage in development / refurbishment work – we prefer to recycle old buildings over demolishing and re-building new
- Installing electricity instead of gas appliances where possible
- Replacing our vehicles (including buggies) with more efficient or electric/hybrid versions when appropriate
- Renewable energy installations such as rooftop solar, solar-booster gas/electric water heaters and solar street lighting – we intend to install batteries at our properties once 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 CO₂
- Community gardens - local food production reduces transport requirements and absorbs CO₂
- 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.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Environmental, Social and Corporate Governance (continued)

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 recognize the competing demands that are often placed on employees outside of work and we seek to provide appropriate options to achieve work-life balance.

We are committed to improving diversity and in particular, the number of females in leadership and other traditionally male dominated roles within the business. Some of the leadership roles held by females include our Head of Marketing & Sales and Operations Managers. We have also increased the proportion of female property managers. Currently around 46% of our senior management team including head office employees and our property managers are female.

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

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

Individual performance is regularly assessed both internally and through customer feedbacks 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.

Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Environmental, Social and Corporate Governance (continued)

Governance

Aspen Group comprises the stapled head entities Aspen Group Limited and Aspen Property Trust. Aspen Group Limited is a company with a Board of Directors. Aspen Property Trust is a trust governed by a Responsible Entity, Evolution Trustees Limited which is independent from Aspen Group Limited and has its own Board of Directors. Between the two entities' Boards, there are six members of which four are considered independent. The member of the AGL Board who is considered non-independent is the Joint Chief Executive Officer by virtue of his executive role and substantial shareholding 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.

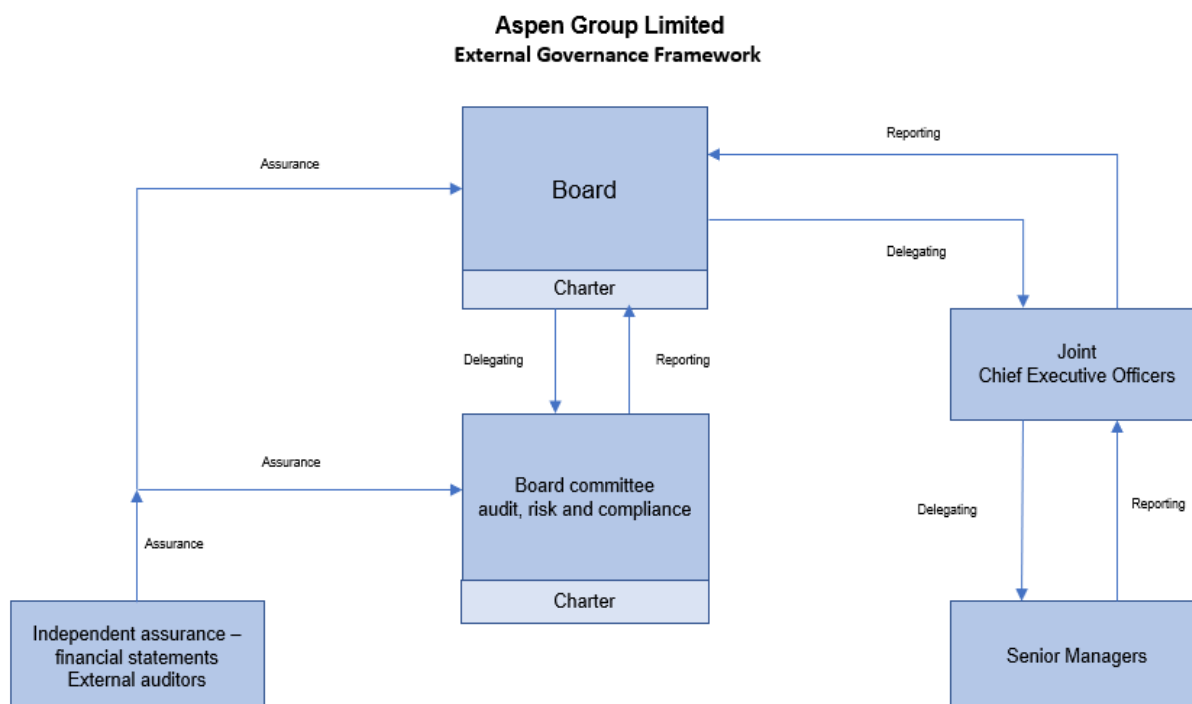
Our senior executives ensure that the organisation continues to perform in a way that demonstrates integrity on our environmental position, our commitment to the communities in which we operate and the opportunities we provide for our people and business partners to contribute to current and future generations.

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.



Directors' Report (continued)

Aspen Group Limited
For the year ended 30 June 2023

Auditor's independence declaration under Section 307C of the *Corporations Act 2001*

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29 and forms part of the Directors' Report.

Rounding off

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

SYDNEY, 17 August 2023

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17 August 2023

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

Dear Directors

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 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

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

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 balance sheet as at 30 June 2023, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Fair value assessment of property assets</p> <p>The Group accounts for its property assets valued at \$490.367 million (2022: \$412.507 million) comprising property, plant and equipment (PP&E) and Investment Property by adopting the fair value model measurement approach in accordance with AASB 13 <i>Fair Value Measurement</i>, as disclosed in Notes 7 and 8.</p> <p>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 are judgemental and determined by factors such as prevailing market conditions, the individual nature, condition and location of each asset, as well as net operating income (NOI) and capitalisation rate valuation inputs.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Assessing management's processes for valuing PP&E and investment property assets held at fair value, 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 Holding discussions with management to obtain an understanding of portfolio movements and their assessment of the impact of current market trends on property valuations 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: <ul style="list-style-type: none"> 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 were appropriate evaluating the net operating income with reference to current and forecast financial results Performing procedures over specific assumptions adopted for properties that are under development including forecast completion costs and developers margin We also assessed the adequacy of the disclosures included in Notes 7 and 8 to the Group's financial statements.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

- 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 22 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Aspen Group Limited for the year ended 30 June 2023, 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, 17 August 2023

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Consolidated Financial Statements

Aspen Group Limited
For the year ended 30 June 2023

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	Segment information	43

Primary	Capital	Risk	Corporate Structure	Other	Unrecognised Items
1. Revenue	12. Capital management	17. Derivative asset	20. Subsidiaries	22. Resident loans	31. Commitments and contingencies
2. Expenses and other items	13. Distributions	18. Financial risk management	21. Non-controlling interests	23. Rights of use assets	32. Subsequent events
3. Tax expense	14. Equity and reserves	19. Impairment of non-financial assets		24. Net investment in sublease	
4. Cash and cash equivalents	15. Earnings per stapled security			25. Lease liability	
5. Trade and other receivables	16. Interest bearing loans and borrowings			26. Investments at fair value through profit and loss	
6. Trade and other payables				27. Parent entity disclosures	
7. Property, plant and equipment				28. Remuneration of auditors	
8. Investment properties				29. Related party transactions	
9. Investment property assets held for sale				30. Accounting standards adoption	
10. Inventories					
11. Provisions					

Signed reports	Directors' declaration	77
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Consolidated Statement of Profit and Loss

Aspen Group Limited
For the year ended 30 June 2023

		CONSOLIDATED	
	Note	2023 \$'000	2022 \$'000
Rental income		46,333	32,326
Home and land sales		15,408	10,690
Food and Beverage, other ancillary sales, and net gaming revenue		3,927	3,007
Other revenue	1	468	654
Total revenue		66,136	46,677
Net fair value gain on revaluation of Investment properties	8	38,968	58,921
Reversal of previous impairment on property, plant and equipment		-	2,876
Gain from sale of investment properties		344	263
Fair value loss on retirement village resident loans	22	(2,820)	(668)
Fair value gain / (loss) on revaluation of investment in securities	26	3,082	(80)
Expenses and other items			
Operational expenses	2	(7,007)	(5,093)
Property expenses	2	(10,355)	(9,109)
Cost of Homes sold		(10,377)	(7,182)
Employee expenses	2	(14,079)	(10,718)
Administration expenses	2	(2,113)	(2,139)
Depreciation and amortisation expenses		(1,201)	(986)
Other acquisition costs		(768)	(1,828)
Total expenses		(45,900)	(37,055)
Earnings before interest and income tax expense (EBIT)		59,810	70,934
Finance income	2	183	114
Finance costs	2	(3,916)	(1,848)
Other finance income / (expense) - fair value (loss) / gain on interest rate swaps		(345)	3,605
Profit before income tax		55,732	72,805
Income tax (expense) / benefit	3	(1,337)	2,576
Profit for the year		54,395	75,381
Profit attributable to ordinary equity holders of the parent entity		54,395	75,381
Profit/(Loss) attributable to non-controlling interest		-	-
Profit for the year		54,395	75,381
Earnings per security attributable to ordinary equity holders of the parent entity			
Basic earnings per security	15	31.22	55.16
Diluted earnings per security	15	30.88	54.64

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

Consolidated Statement of Comprehensive Income

Aspen Group Limited
For the year ended 30 June 2023

	Note	CONSOLIDATED	
		2023 \$'000	2022 \$'000
Profit for the year		54,395	75,381
Other comprehensive income			
<i>Items that will not subsequently be reclassified to profit or loss:</i>			
Fair value gain on property, plant and equipment		6,519	5,124
Other comprehensive income for the year, net of tax		60,914	80,505
Total comprehensive income for the year attributable to :			
Securityholders of Aspen		60,914	80,505
Non-controlling interests		-	-
		60,914	80,505

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

Consolidated Balance Sheet

Aspen Group Limited
For the year ended 30 June 2023

CONSOLIDATED

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	4	8,922	10,730
Trade and other receivables	5	2,639	1,183
Prepaid expenses		394	511
Investment property assets held for sale	9	6,543	-
Inventories	10	9,322	2,542
Net investment in sublease	24	-	158
Total current assets		27,820	15,124
<i>Non-current assets</i>			
Investment properties	8	449,538	386,062
Property, plant and equipment	7	34,380	26,523
Inventories	10	12,374	13,300
Intangible assets		72	140
Right of use assets	23	844	612
Deferred tax assets	3	5,239	6,576
Derivative asset		3,260	3,605
Investments at fair value through profit and loss	26	19,700	516
Total non-current assets		525,407	437,334
Total assets		553,227	452,458
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	6	14,903	16,256
Resident Loans	22	32,223	25,817
Provisions	11	1,771	1,607
Lease liability	25	217	348
Deferred management revenue (DMF)		744	647
Total current liabilities		49,858	44,675
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings	16	138,506	127,670
Deferred management revenue (DMF)		2,955	2,503
Lease liability	25	743	589
Total non-current liabilities		142,204	130,762
Total liabilities		192,062	175,437
Net assets		361,165	277,021
Equity			
<i>Equity attributable to equity holders of the parent</i>			
Issued capital	14	599,104	562,602
Reserves	14	14,118	6,966
Accumulated losses		(248,220)	(288,710)
Total equity attributable to equity holders		365,002	280,858
Non-controlling interest	21	(3,837)	(3,837)
Total equity		361,165	277,021

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

Consolidated Cash Flow Statement

Aspen Group Limited
For the year ended 30 June 2023

CONSOLIDATED

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		71,838	51,313
Payments to suppliers and employees (inclusive of GST)		(53,029)	(34,066)
Net cash flows from operating activities	4	18,809	17,247
Cash flows used in investing activities			
Acquisition of investment properties		(6,215)	(64,255)
Payment for development of investment properties		(29,841)	(26,048)
Acquisition of property, plant and equipment		(2,268)	(1,619)
Purchase of investment in listed securities		(16,105)	-
Proceeds from sale of investment property assets, net of selling costs		4,029	6,519
Dividends received		276	-
Interest received		183	114
Net cash flows used in investing activities		(49,941)	(85,289)
Cash flows from financing activities			
Proceeds from borrowings		37,000	53,587
Repayment of borrowings		(26,292)	-
Proceeds from net investment in sublease		158	1,255
Payment of lease liability		(410)	(1,629)
Distributions paid		(11,706)	(8,401)
Payment of financing and borrowing costs		(5,206)	(3,238)
Issuance of stapled securities, net of issue costs		35,780	28,921
Net cash flows from financing activities		29,324	70,495
Net (decrease) / increase in cash and cash equivalents		(1,808)	2,453
Cash and cash equivalents at beginning of year		10,730	8,277
Cash and cash equivalents at end of year	4	8,922	10,730

FY22 excludes the following significant non-cash impact of:

- Issuance of \$23.831 million worth of APZ stapled securities relating the acquisition of Marina Hindmarsh Island Fund ("MHIF") in June 2022.

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

Consolidated Statement of Changes in Equity

Aspen Group Limited
For the year ended 30 June 2023

		Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
CONSOLIDATED	Note					
Balance at 1 July 2021		509,745	981	(354,338)	(3,837)	152,551
Net profit for the year		-	-	75,381	-	75,381
Revaluation of property, plant and equipment	14	-	5,124	-	-	5,124
Total comprehensive income for the year		-	5,124	75,381	-	80,505
Issue of stapled securities, net of transaction costs	14	52,857	-	-	-	52,857
Security based compensation	14	-	861	-	-	861
Distributions payable or paid to securityholders		-	-	(9,753)	-	(9,753)
Balance at 30 June 2022 and 1 July 2022		562,602	6,966	(288,710)	(3,837)	277,021
Net profit for the year		-	-	54,395	-	54,395
Revaluation of property, plant and equipment	14	-	6,519	-	-	6,519
Total comprehensive income for the year		-	6,519	54,395	-	60,914
Issue of stapled securities, net of transaction costs	14	35,899	-	-	-	35,899
Security based compensation	14	-	1,236	-	-	1,236
Security based compensation – converted to ordinary shares	14	603	(603)	-	-	-
Distributions payable or paid to securityholders		-	-	(13,905)	-	(13,905)
Balance at 30 June 2023		599,104	14,118	(248,220)	(3,837)	361,165

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

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

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

The Trust, the Company and their controlled entities are domiciled in Australia. The address of Aspen's registered office is 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 2023 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 17 August 2023.

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 and share-based payments and resident loans;
- 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 2022;
- 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 3:	Deferred tax assets	47 to 48
Note 7:	Property, plant and equipment	50 to 51
Note 8:	Investment properties	52 to 56
Note 22:	Resident loans	72

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:

		Page
Note 20:	Subsidiaries	70
Note 21:	Non-controlling interests	71

Other accounting policies

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

The notes to the financial statements

The notes are organised into the following sections:

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

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

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

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

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

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

Financial performance and position

During the year ended 30 June 2023 Aspen recorded a profit after tax of \$54.395 million (2022: profit after tax of \$75.381 million). At 30 June 2023, Aspen had net assets of \$361.165 million (30 June 2022: \$277.021 million), cash reserves of \$8.922 million (30 June 2022: \$10.730 million).

The consolidated statement of financial position also shows a net current asset deficiency as at 30 June 2023 totalling \$22.038 million (30 June 2022: \$29.551 million). This position arises predominantly as a result of the current classification of Resident Loans totalling \$32.223 million (30 June 2022: \$25.817 million) which, as described in Note 22, 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 18 of the financial statements, the Group has financing facilities totalling \$30.688 million which are available to be drawn down to provide short term cash flows if required. The directors have considered the expiration of the Group's current bank facility agreement on 31 July 2024, being within 12 months of this report date, and are confident based on the Group's discussions to date with its financiers that the facility will be renewed or refinanced within the expiration period.

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.

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 communities, park communities and other:

- Residential – this segment consists of dwellings that are typically located in metropolitan areas, have no age restrictions for tenants, and offer 6–12-month fixed term leases.
- Lifestyle Communities – this segment consists of communities that cater to tenants who are typically over-50 years old on long term leases that are regulated under State-based Retirement Village Acts and/or Residential Land Lease / Manufactured Homes Acts (or similar)
- Park Communities – this segment consists of properties that cater to a mixture of permanent through to short stay tenants of various ages on various 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, distributions from investments, interest income and interest expense.

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.

Notes to the consolidated financial statements

Segment information

Aspen Group Limited

For the year ended 30 June 2023

	Residential		Lifestyle Communities		Park Communities		Other		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental income	12,246	6,562	5,267	4,742	28,820	20,957	-	-	46,333	32,261
Food and Beverage, other ancillary sales, and net gaming revenue	-	-	-	-	3,927	3,007	-	-	3,927	3,007
Total Rental, ancillary services, and other revenue	12,246	6,562	5,267	4,742	32,747	23,964	-	-	50,260	35,268
Development sales (houses and land)	7,683	2,542	12,415 ⁵	8,148	-	-	-	-	20,098	10,690
Total segment revenue¹	19,929	9,104	17,682	12,890	32,747	23,964	-	-	70,358	45,958
Property net operating income	7,276	2,692	3,489	2,810	13,546	9,334	-	-	24,311	14,836
Development profit	2,782	971	3,466 ⁵	2,536	-	-	-	-	6,248	3,507
Dividend income	-	-	-	-	-	-	276	-	276	-
Net corporate overheads	-	-	-	-	-	-	(6,234)	(4,745)	(6,234)	(4,745)
Total Underlying EBITDA²	10,058	3,663	6,955	5,346	13,546	9,334	(5,958)	(4,745)	24,601	13,598
Finance income ⁸	-	-	-	-	-	-	182	9	182	9
Finance costs ⁸	-	-	-	-	-	-	(3,880)	(1,769)	(3,880)	(1,769)
Underlying operating profit / (loss) before depreciation and income tax	10,058	3,663	6,955	5,346	13,546	9,334	(9,656)	(6,505)	20,903	11,838
Depreciation and amortisation	-	-	-	-	(903)	(726)	(298)	(260)	(1,201)	(986)
Net Fair value gain on Investment properties	24,092	41,062	5,039 ⁷	9,896	8,619	10,839	-	-	37,750	61,797
Fair value loss on retirement village resident loans	-	-	(2,820)	(668)	-	-	-	-	(2,820)	(668)
Fair value gain / (loss) on revaluation of investment in securities	-	-	-	-	-	-	3,082	(80)	3,082	(80)
Fair value (loss) / gain on interest rate swaps	-	-	-	-	-	-	(345)	3,605	(345)	3,605
Share based payments expense	-	-	-	-	-	-	(1,236)	(862)	(1,236)	(862)
Asset transaction costs and other ³	308	(331)	67	(463)	(594)	(47)	(182)	(998)	(401)	(1,839)
Income tax (expense) / benefit	-	-	-	-	-	-	(1,337)	2,576	(1,337)	2,576
Profit / (loss) after tax attributable to parent entity	34,458	44,394	9,241	14,111	20,668	19,400	(9,972)	(2,524)	54,395	75,381
<i>Segment assets and liabilities reviewed by CODM can be analysed as follows:</i>										
Segment assets	229,959	189,084	110,560	99,544	166,047	139,457	46,661 ⁴	24,373 ⁴	553,227	452,458
Segment liabilities	-	-	-	-	-	-	(192,062) ⁶	(175,437) ⁶	(192,062)	(175,437)
Additions to non-current assets during the year	24,883	72,697	4,519	39,784	12,642	14,842	16,150	14	58,194	127,337

¹ All segment revenues are derived from external customers.² Operating EBITDA represents earnings before interest, tax, depreciation and amortisation and excludes non-underlying items which are included in other income / expenses – see Footnote 3 for non-underlying items.³ Asset transaction costs and other are those excluded from CODM's review of operating profits. This includes asset acquisition transaction costs.⁴ Includes all assets of the Group excluding the property assets (investment properties and property, plant and equipment).⁵ FY23 includes development and licensing of DMF homes in development sales (\$4.69 million revenue and \$1.22 million EBITDA) in the Lifestyle Communities segment. FY22 comparative information has been restated to align with current year reporting format to CODM which excludes proceeds from the sale of Perth residential investment properties from development sales. Current year reporting format now aligns with statutory reporting for this line item.⁶ Includes all liabilities of the Group including the property liabilities.⁷ Excludes the net revaluation gain on the licensing of DMF homes at Wodonga Gardens (\$1.22 million) which is included in development profit. This gain represents the \$4.69 million cash proceeds received upon licensing the homes less \$3.47 million total cost of producing the homes.⁸ Excludes interest income, interest expense, rent, and depreciation arising from investment in sublease and lease liabilities arising from rights-of-use assets.

Notes to the consolidated financial statements

Aspen Group Limited
For the year ended 30 June 2023

Primary

1: Revenue

(a) Other revenue

	2023	2022
	\$'000	\$'000
Management fees	125	654
Dividend income	276	-
Miscellaneous income	67	-
Total other revenue	468	654

Recognition and measurement

Revenue

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

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

Development sales from the sale of houses and land is recognised at the point in time when control of the land / home is transferred to the customer, on settlement of the transaction.

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

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

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

2: Expenses and other items

(a) Operational expenses

	2023	2022
	\$'000	\$'000
Contractors	148	256
Consumables	1,488	1,102
Services and supplies	1,372	1,164
Marketing expenses	353	213
Other operational costs	3,646	2,358
Total operational expenses	7,007	5,093

2: Expenses and other items (continued)

(b) Property expenses

	2023	2022
	\$'000	\$'000
Repairs and maintenance	1,418	782
Motor vehicle expenses	134	85
Utilities	4,416	3,722
Insurance	1,503	1,644
Rates and taxes	2,529	2,215
Other property expenses	355	661
Total property expenses	10,355	9,109

(c) Employee expenses

	2023	2022
	\$'000	\$'000
Salary and wages	11,767	9,058
Superannuation	955	689
Security-based payments	1,236	862
Other employee costs	121	109
Total employee expenses	14,079	10,718

(d) Administrative expenses

	2023	2022
	\$'000	\$'000
Corporate administration costs	1,965	1,675
Occupancy costs	21	44
Other expenses	127	420
Total administrative expenses	2,113	2,139

Notes to the consolidated financial statements

Primary

Aspen Group Limited
For the year ended 30 June 2023

2: Expenses and other items (continued)

Recognition and measurement

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.

Depreciation expense

Refer to Note 7 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	
	2023	2022
	\$'000	\$'000
Interest – bank deposits	183	8
Interest – investment in sublease	-	106
Finance income	183	114
Interest – loans and borrowings	3,880	1,763
Interest – lease liabilities	36	85
Finance costs	3,916	1,848

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 \$1.290 million (2022: \$1.057 million). Finance costs have been capitalised during the year as part of the carrying amounts of the following assets:

- Inventories (land development): \$0.252 million (2022: \$0.108 million)
- Investment properties: \$1.039 million (2022: \$0.949 million)

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 \$0.441 million (2022: \$0.569 million).

Notes to the consolidated financial statements

Primary

Aspen Group Limited
For the year ended 30 June 2023

3: Tax expense

	Consolidated	
	2023	2022
	\$'000	\$'000
Income statement (continuing operations)		
<i>Current income tax expense</i>		
Current year	(3,400)	(1,572)
<i>Deferred income tax expense</i>		
Deferred income tax	2,063	4,148
Income tax reported in the income statement	(1,337)	2,576
Tax reconciliation		
Profit before tax	55,732	72,805
Income tax at the statutory tax rate of 30% (2022:25%)	(16,720)	(18,201)
Prima facie income tax on profit from trusts	5,769	7,469
Non-deductible items	(563)	(237)
Remeasurement of deferred tax at 30%	1,315	-
Other	(720)	-
Recognition of previously unrecognised tax losses	9,582	13,545
Income tax on profit before tax	(1,337)	2,576
Deferred tax not recognised on the balance sheet relates to the following:		
Tax losses	-	8,583

Deferred tax assets

The recognised deferred tax assets consist of the following:

	Consolidated	
	2023	2022
	\$'000	\$'000
Trade and other payables	833	629
Lease arrangement	35	42
Provisions	206	209
Employee benefits	528	747
Other liabilities	132	-
Blackhole expenditure	255	101
Other capital losses	-	4,833
Property, plant and equipment	279	-
Tax losses – revenue and capital	25,581	16,048
Deferred tax assets	27,849	22,609
Set off against deferred tax liabilities		
Property, plant and equipment	-	(700)
Financial assets at fair value through profit or loss	(440)	-
Other liabilities	-	(114)
Investment properties	(22,170)	(15,219)
Deferred tax liabilities	(22,610)	(16,033)
Net deferred tax assets	5,239	6,576

At 30 June 2023, the Group has recognised additional net deferred tax assets in respect of previously unrecognised tax losses totalling \$9.58 million. The recognition of the additional tax asset is based on an assessment of probable future tax profits that will be generated within a reasonable forecast period that will allow the deferred tax assets to be utilised.

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.

3: Tax expense (continued)**Deferred taxes** (continued)

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.

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.

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

The Trust

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

Key judgement

At 30 June 2023 a net deferred tax asset of \$5.239 million has been recognised based on an assessment of probable future tax profits that will be generated within a reasonable forecast period that will enable the deferred tax assets to be utilised

Notes to the consolidated financial statements

Primary

Aspen Group Limited
For the year ended 30 June 2023

4: Cash and cash equivalents

	Consolidated	
	2023	2022
	\$'000	\$'000
Cash at bank and on hand	8,772	10,580
Term deposits	150	150
	8,922	10,730

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 2023 AFM maintained the minimum cash and NTA requirement.

Reconciliation of net profit after tax to net cash flows from operations	2023	2022
	\$'000	\$'000
Net profit for the year	54,395	75,381
<i>Adjustments for:</i>		
Depreciation and amortization	1,201	986
Change in fair value of investment properties	(34,930)	(61,129)
Dividend income	(276)	-
Finance income	(183)	(8)
Change in fair value of equity investment	(3,082)	81
Gain from sale of investment property assets	(344)	(264)
Share based payments expense	1,236	862
Net finance and borrowing costs	3,916	1,853
Investment property acquisition costs	768	1,827
Deferred tax expense / (benefit) recognised	1,337	(2,576)
Other income	(306)	(3,692)
Adjusted profit before movements in working capital and provisions	23,732	13,321
<i>(Increase) / Decrease in assets</i>		
Trade and other receivables	(868)	(584)
Other assets	(2,094)	502
<i>(Decrease) / Increase in liabilities</i>		
Trade and other payables	(1,961)	4,008
Net cash inflows from operating activities	18,809	17,247

Recognition and measurement

Cash and cash equivalents

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

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

5: Trade and other receivables

	Consolidated	
	2023	2022
	\$'000	\$'000
Trade receivables, net	1,377	946
Other debtors	722	237
Deposit for acquisition of properties	540	-
	2,639	1,183

Recognition and measurement

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

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

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 2023 is \$74K (2022: \$229K).

6: Trade and other payables

	Consolidated	
	2023	2022
	\$'000	\$'000
Trade payables	3,973	8,449
Distributions payable	7,727	5,528
Contract liabilities	3,203	2,279
	14,903	16,256

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 13) declared by the Group on or before the end of the reporting period but not distributed at Balance Sheet date.

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Notes to the consolidated financial statements

Primary

Aspen Group Limited
For the year ended 30 June 2023

7: Property, plant and equipment

	Land (Fair value) \$'000	Buildings (Fair value) \$'000	Consolidated Plant and equipment (Fair value) \$'000	Corporate assets (Cost) \$'000	Total \$'000
Year ended 30 June 2023					
Cost or valuation	22,066	5,196	7,024	169	34,455
Accumulated depreciation and impairment	-	-	-	(75)	(75)
Net carrying amount	22,066	5,196	7,024	94	34,380
Movement					
Net carrying amount at the beginning of the year	16,153	5,196	5,096	78	26,523
Additions	-	-	2,225	46	2,271
Depreciation	-	(173)	(730)	(30)	(933)
Revaluation	5,913	173	433	-	6,519
Net carrying amount at the end of the year	22,066	5,196	7,024	94	34,380
Year ended 30 June 2022					
Cost or valuation	16,153	5,993	6,825	123	29,094
Accumulated depreciation and impairment	-	(797)	(1,729)	(45)	(2,571)
Net carrying amount - adjusted	16,153	5,196	5,096	78	26,523
Movement					
Net carrying amount at the beginning of the year	8,639	5,196	3,756	89	17,680
Additions	-	-	1,605	14	1,619
Depreciation	-	(167)	(559)	(25)	(751)
Revaluation	7,514	167	294	-	7,975
Net carrying amount at the end of the year	16,153	5,196	5,096	78	26,523

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

Recognition and measurement

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

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

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

Refer further details regarding fair value assessment in Note 8.

Notes to the consolidated financial statements

Primary

Aspen Group Limited
For the year ended 30 June 2023

7: Property, plant and equipment (continued)

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 \$34.286 million (30 June 2022: \$26.445 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 8.

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

Property	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Year ended 30 June 2023				
Cost	11,515	5,375	8,443	25,333
Accumulated depreciation and impairment	-	(969)	(2,459)	(3,428)
Net carrying amount	11,515	4,406	5,984	21,905

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.

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 operating income and market capitalisation rate. This applies to both assets classified as PPE and investment properties.

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Primary

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8: Investment properties

Investment properties	30 June 2023 \$'000	30 June 2022 \$'000
Opening balance	386,062	209,774
Investment properties acquired	5,460	97,811
Additions to investment properties (including capitalised finance costs)	29,269	29,206
Investment properties reclassified to investment property assets held for sale	(10,221)	(5,056)
Investment properties reclassified to inventories	-	(4,594)
Net fair value gain on Investment properties	38,968	58,921
Closing balance	449,538	386,062

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

Aspen acquired Black Dolphin Motel in Merimbula during the current period. In FY22, Aspen acquired four investment properties / portfolios: Wodonga Gardens retirement estate, Perth apartment portfolio, Meadowbrooke lifestyle community, and Coorong Quays.

Recognition and measurement

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated. Investment property includes property under construction, tourism cabins and associated amenities.

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

Fair value and at costs

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

	30 June 2023 \$'000	30 June 2022 '000
Property plant and equipment	34,286	26,445
Investment properties	449,538	386,062
Investment property assets held for sale (carrying value equates to fair value at balance date)	6,543	-
Total fair value of all property assets	490,367	412,507

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

	30 June 2023 \$'000	30 June 2022 '000
Property plant and equipment, investment properties, and investment properties held for sale	490,367	412,507
Inventories – Mt Barker and Coorong Quays residential land	16,199	15,578
Total fair value of all property assets and land inventories at cost	506,566	428,085

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

Segment	Percentage of total independent valuations undertaken in the current financial year to total carrying value %	Total of independent valuations undertaken in the current financial year \$'000	Total carrying value \$'000
Residential	52%	111,560	213,760
Lifestyle Communities	16%	17,300	110,560
Park Communities	52%	86,550	166,047
Total		215,410	490,367

Notes to the consolidated financial statements

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8: Investment properties (continued)

The following table presents individual properties owned by the Group:

Property	Original acquisition date	Original acquisition costs \$ '000	Latest independent valuation date	Latest independent valuation \$ '000	Fair value at 30 June 2023 \$ '000	Fair value at 30 June 2022 \$ '000
Residential Properties						
Lindfield Apartments NSW	Aug 2019	10,372	Dec 2021	13,800	13,171	13,976
Perth Portfolio WA ⁴	Nov 2019	13,373	May 2021	18,515	22,910	24,301
Perth Apartments WA ⁵	Sep 2021	52,000	Oct 2022/ Apr 2023	94,850	123,419	93,486
Cooks Hill NSW	Jul 2020	3,750	May 2023	12,250	12,250	8,967
Burleigh Heads QLD	Dec 2020	3,275	Nov 2022	14,510	14,510	11,472
Upper Mount Gravatt QLD	Apr 2021	18,500	Apr 2023	27,500	27,500	21,304
Lifestyle Communities Properties						
Four Lanterns NSW	Jan 2015	7,420	Dec 2021	19,250	18,476	19,200
Mandurah WA	Jun 2015	10,200	May 2023	17,300	17,300	16,049
Sweetwater Grove NSW	Aug 2015	10,500	Oct 2021	16,300	19,072	16,361
Lewis Fields SA ³	Jun 2021	8,780	Jun 2021	8,780	11,418	9,601
Wodonga Gardens WA ³	Aug 2021	6,010	Aug 2021	21,335	29,589	25,202
Meadowbrooke WA	Dec 2021	3,258	Dec 2021	3,258	3,258	3,258
Alexandrina Cove SA ³	Jun 2022	4,200	Apr 2022	9,675	11,447	9,873
Park Communities Properties						
Adelaide SA	Oct 2015	9,250	May 2023	17,850	17,850	13,786
Tween Waters Merimbula NSW ¹	Dec 2016	12,080	Jan 2023	15,700	15,700	10,026
Barlings Beach NSW	Jan 2017	13,250	Oct 2022	21,000	23,047	20,381
Koala Shores NSW	Sep 2017	10,200	Nov 2021	11,500	12,125	11,906
Darwin FreeSpirit NT	Dec 2017	19,300	Oct 2022	32,000	34,286	26,445
Highway 1 SA	Oct 2018	23,060	Jun 2021	28,350	35,294	31,563
Aspen Karratha Village WA	Jun 2005	29,378	Apr 2022	15,500	15,500	15,500
Coorong Quays SA	Jun 2022	9,850	Apr 2022	9,850	12,245	9,850
Total fair value of all property assets				429,073	490,367	412,507
					Carrying value as at 30 June 2023	Carrying value as at 30 June 2022
Land development – recognised as inventories						
Mt Barker SA ²	Dec 2020	4,510	N/A ²	N/A ²	5,576	5,137
Coorong Quays SA ²	Jun 2022	10,000	N/A ²	N/A ²	10,623	10,441
Total land inventory – at cost					16,199	15,578

¹ Black Dolphin Resort Motel in Merimbula was acquired during the year and combined operations with Tween Waters.

² Note that these residential lots are currently in development stages and held for sale and classified as inventories – not subject to external valuation and are recognised at cost.

³ Some leases at these properties are regulated under Retirement Village Acts and residents are obligated to pay Deferred Management Fees (DMF) under contracts. The directors valuation reflects the fair value of the estimated DMF revenue stream plus the fair value of spare land. This value is grossed up for the market value of the freehold land and buildings that are owned by Aspen and leased to the residents. Corresponding resident loans and deferred revenue (DMF) are recorded as liabilities in the balance sheet.

⁴ Perth portfolio's latest independent valuation and fair value has been adjusted for homes that were sold subsequent to external valuation. The valuation relates to the remaining homes in the portfolio.

⁵ Five apartment complexes within the Perth portfolio were independently valued at \$57.3 million during the year (between Oct 2022 to April 2023) after refurbishment and leasing were largely complete. The remaining complexes in the portfolio were internally valued at 30 June 2023.

8: Investment properties (continued)

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 \$449.538 million (30 June 2022: \$386.062 million) and PPE assets totalling \$34.286 million (30 June 2022: \$26.445 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 FY23.

The Board has reviewed the carrying value of all properties as at 30 June 2023 and adopted directors' and independent valuations for all properties as at this date, taking into account historical, current and forecast trading performance, the most recent valuations, and market evidence. Independent valuations were commissioned for nine properties/portfolios during the financial year including the new acquisitions noted above, with director valuations being undertaken for the remaining balance of properties. As a result of the independent valuations received, as well as the use of directors' valuations as at 30 June 2023, there was a net upwards movement of \$45.487 million (adjusted for capital expenditure since the previous valuation) in the portfolio carrying value during the year ended 30 June 2023. This has been reflected as fair value gain in the profit or loss (\$38.968 million) and in the asset revaluation reserve (\$6.519 million).

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8: 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
<p>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.</p> <p>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.</p> <p>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.</p> <p>The direct comparison approach considers the price at which comparable properties are transacting in the open marketplace. This approach is most relevant for residential properties (particularly individual houses) and comparing the valuation of properties on a per hectare or per approved dwelling/site basis.</p> <p>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.</p>	<p>For the financial year ended 30 June 2023, the properties were primarily valued using the capitalisation approach and residual approach.</p> <p>Residential Key valuation inputs include:</p> <ul style="list-style-type: none"> Net sustainable operating income ranging from \$0.20 million to \$6.11 million (2022: \$0.15 million to \$1.28 million) Capitalisation rates ranging from 3.65% to 6.51% (2022: 3.00% to 5.75%) Residual method inputs include development margin of 10% (2022: 5% to 20%) and discount rate of 10.0% (2022: 5.5%) Direct comparison of comparable properties <p>Lifestyle Communities Key valuation inputs include:</p> <ul style="list-style-type: none"> Net sustainable operating income ranging from \$0.17 million to \$1.00 million (2022: \$0.75 million to \$1.03 million) Capitalisation rates ranging from 4.75% to 11.23% (2022: 4.50% to 7.00%) For leases with DMF: discount rate of 12.00% to 14.50% (2022: 12.00% to 14.50%), price growth of 1.94% to 3.00% (2022: 1.94% to 3.00%), average length of stay (ALOS) 12 years and average house market value of \$379,000 (2022: \$346,000) <p>Park Communities Key valuation inputs include:</p> <ul style="list-style-type: none"> Net sustainable operating income ranging from \$0.63 million to \$3.00 million (2022: \$0.63 million to \$2.65 million) Capitalisation rates ranging from 6.99% to 16.00% (2022: 7.00% to 16.00%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Net sustainable income increases (decreases) Capitalisation rates and or discount rates decrease (increase) which could result from: <ul style="list-style-type: none"> 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			
	0.5% increase in cap rate	0.5% decrease in cap rate	5% decrease in NOI	5% increase in NOI
(Decrease)/Increase in total value (\$'000)	(32,531)	39,033	(21,201)	21,201
Change in value (%)	(7%)	9%	(5%)	5%

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Notes to the consolidated financial statements

Primary

Aspen Group Limited
For the year ended 30 June 2023

8: Investment properties (continued)

For DMF lease assets sensitivity has been analysed as follows:

	Key assumptions			
	Current market value		Discount rate	
	5% increase \$'000	5% decrease \$'000	1% increase \$'000	1% decrease \$'000
Fair value changes – on gross basis to the book value of the investment properties	1,535	(1,527)	(420)	480
Fair value changes – on net asset basis ¹	70	(60)	(420)	480

¹ After netting off the residential loans and DMF revenue.

9: Investment property assets held for sale

	Consolidated	
	2023	2022
	\$'000	\$'000
Opening balance at 1 July	-	1,200
Reclassifications from investment properties	10,221	5,056
Disposals through sale	(3,678)	(6,256)
Closing balance at 30 June	6,543	-

Recognition and measurement

Investment property assets classified as held for sale includes certain assets from the Perth house portfolio and 813 Canning Hwy Applecross from the Perth apartment portfolio. During the year, Aspen settled the sale of eight houses from the Perth house portfolio at a premium to their total carrying value of \$3.68 million.

Notes to the consolidated financial statements

Primary

Aspen Group Limited
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10: Inventories

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current</i>		
Land under development	3,825	2,278
Manufactured homes under development	5,343	134
Others (supplies)	154	130
Total current	9,322	2,542
<i>Non-current</i>		
Land under development	12,374	13,300
Total non-current	12,374	13,300
<i>Total current and non-current</i>		
Land under development	16,199	15,578
Manufactured homes under development	5,343	134
Others (supplies)	154	130
Total	21,696	15,842

Recognition and measurement

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

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

Notes to the consolidated financial statements

Primary

Aspen Group Limited
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11: Provisions

	Consolidated	
	2023	2022
	\$'000	\$'000
Current		
Employee benefits	1,761	1,510
Other	10	97
	1,771	1,607

Movements in provisions during the financial year

	Consolidated	
	2023	2022
	\$'000	\$'000
Carrying amount at beginning of the year	1,607	1,473
Additional provisions recognised	1,695	1,306
Provisions used	(1,531)	(1,172)
Carrying amount at end of the year	1,771	1,607

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.

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Notes to the consolidated financial statements

Aspen Group Limited
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Capital

12: 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	
	2023	2022
	\$'000	\$'000
Equity and reserves		
Issued capital	599,104	562,602
Reserves	14,118	6,966
Accumulated losses	(248,220)	(288,710)
Non-controlling interests	(3,837)	(3,837)
Net capital	361,165	277,021
Net financial debt		
Gross interest-bearing debt less cash*	(130,025)	(117,509)

*Aspen has outstanding gross debt of \$138.947 million (2022: \$128.239 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.

The Group holds finance facilities totalling \$170.000 million. The facilities comprise a \$164.000 million revolver, a \$5.000 million overdraft facility and a \$1.000 million guarantee facility, has a tenure ending 31 July 2024 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 2023, Aspen had gross debt of \$138.947 million from the drawdown of these finance facilities (2022: \$128.239 million). Refer to Note 18 for further disclosure on interest rates.

Net debt reconciliation¹

At 30 June 2023, Aspen had net debt of \$130.025 million (2022: net debt of \$117.509 million).

	Consolidated	
	2023	2022
	\$'000	\$'000
Cash and cash equivalents	8,922	10,730
Gross borrowings – repayable after one year (at variable interest rates);	(138,947)	(128,239)
Net (debt) / cash¹	(130,025)	(117,509)

¹ Net debt excludes lease liabilities totalling \$0.960 million (2022: \$0.937 million) and finance transactions costs totalling \$0.441 million (2022: \$0.569 million)

	Cash and cash equivalents	Gross borrowings – repayable after one year	Total
	\$'000	\$'000	\$'000
As at 1 July 2021	8,277	(74,652)	(66,375)
Movement during the year	2,453	(53,587)	(51,134)
As at 30 June 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)

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

Notes to the consolidated financial statements

Capital

Aspen Group Limited
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13: Distributions

	Aspen securityholders			
	Cents per security		Total amount	
	2023 Cents	2022 Cents	2023 \$'000	2022 \$'000
Paid during the year				
Final distribution for the previous year	3.50	3.50	5,426	4,073
Interim distribution for the year	3.50	3.10	6,280	4,327
	7.00	6.60	11,706	8,400
Proposed and unpaid at the end of the year				
Final distribution for the year	4.25	3.50	7,625	5,426

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

Aspen announced an estimated distribution of 4.25 cents per security on 23 June 2023 in respect of the year ended 30 June 2023 and the distribution will be paid to securityholders on or around 25 August 2023.

	2023 \$'000	2022 \$'000
Dividend franking accounts		
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.

Notes to the consolidated financial statements

Capital

Aspen Group Limited
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14: Equity and reserves

Movement in stapled securities	Securities	
	'000 units	\$'000
At 1 July 2021	116,368	509,745
Issue of stapled securities, net of transaction costs	38,675	52,857
At 30 June 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

The nature of Aspen's contributed equity

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

Issued capital

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

Reserves

Reserves	Security-based payment reserve	Asset revaluation reserve	Total Reserves
	\$'000	\$'000	\$'000
At 1 July 2021	617	364	981
Security-based payment for the year	861	-	861
Property, plant and equipment revalued during the year	-	5,124	5,124
At 30 June 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 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 1,299,493 performance rights to the executives and managers. The performance rights are issued at nil consideration for a total fair value of \$1,728,326. 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.

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Capital

Aspen Group Limited
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14: Equity and reserves (continued)

Security-based payment reserve (continued)

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 50 th percentile	0%
At the 51 st percentile	50%
Between the 51 st percentile and the 75 th percentile	Straight-line between 50% and 100%
75 th percentile or above	100%

NAV hurdle

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

30 June 2023

Grant date	Vesting date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
01/12/2022	30/06/2025	-	1,299,493	-	-	1,299,493
30/11/2021	30/06/2024	1,007,634	-	-	-	1,007,634
04/12/2020	30/06/2023	737,336	-	-	-	737,336
19/12/2019	30/06/2022	695,404	-	(695,404)	-	-

The performance rights granted on 19 December 2019 were converted to APZ securities during the year. The performance rights granted on 4 December 2020 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
01/12/2022	30/06/2025	\$1.755	32.0%	4.46%	3.07%	\$1.330

Asset revaluation reserves

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

Notes to the consolidated financial statements

Aspen Group Limited
For the year ended 30 June 2023

Capital

15: Earnings per stapled security

	Consolidated	
	2023	2022
Profit for the year attributable to ordinary equity holders of the parent entity (\$ '000)	54,395	75,381
Basic weighted average number of stapled securities (No. '000)	174,251	136,647
Diluted weighted average number of stapled securities (No. '000)	176,131	138,213
EPS from total operations:		
Basic earnings per stapled security (cents per security)	31.22	55.16
Diluted earnings per stapled security (cents per security)	30.88	54.54
EPS from continuing operations:		
Basic earnings per stapled security (cents per security)	31.22	55.16
Diluted earnings per stapled security (cents per security) *	30.88	54.54

*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 (ie. 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.

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.

16: Interest bearing loans and borrowings

	Consolidated	
	2023	2022
	\$'000	\$'000
Current		
Secured debt facilities	-	-
Non-current		
Secured debt facilities – Gross	138,947	128,239
Less borrowing transaction costs	(441)	(569)
Total interest-bearing loans and borrowings	138,506	127,670

Recognition and measurement

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

Funding activities

Aspen holds a finance facility (with maturity date in 31 July 2024) with a total limit of \$170.00 million (inclusive of a \$164.00 million revolver, \$5.00 million overdraft facility and a \$1.00 million guarantee facility). This facility is secured with first ranking registered real property mortgages over all of Aspen Group's directly owned properties (carrying value \$490.367 million (2022: \$412.507 million)), 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, 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		Consolidated	
	Face value	Carrying value	Face value	Carrying value
	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
Secured debt (Expires 31 July 2024)	138,947	138,506	128,239	127,670

Notes to the consolidated financial statements

Aspen Group Limited
For the year ended 30 June 2023

Risk

17: Derivative asset

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

	2023 \$'000	2022 \$'000
Interest rate swaps – asset / (liability) (notional value: \$70.00 million (30 June 2022: 70.00 million))	3,260	3,605
Closing balance	3,260	3,605

The term of the interest rate swaps are at fixed interest rates ranging between 2.037% to 2.039% (30 June 2022: 0.493% to 0.498%) over the period to April 2025 (30 June 2022: April 2024).

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.

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Notes to the consolidated financial statements

Risk

Aspen Group Limited
For the year ended 30 June 2023

18: Financial risk management

Aspen may hold financial instruments for the following purposes:

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

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

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

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

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

These risks affect the fair value measurements applied by Aspen.

Credit risk

Nature of the risk

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

Credit risk management

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

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 5 for the details on the impairment recognised on Aspen's financial assets.

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

	Consolidated	
	2023	2022
	\$'000	\$'000
Cash and cash equivalents	8,922	10,730
Trade receivables (net of provisions)	1,377	946
Other receivables	722	237
Deposit for acquisition of properties	540	-
Derivative asset	3,260	3,605
	14,821	15,518

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 12).

Liquidity risk management

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

	Consolidated	
	2023	2022
	\$'000	\$'000
Secured financing facilities available		
Revolver	164,000	150,000
Overdraft	5,000	5,000
Guarantees	1,000	1,000
	170,000	156,000
Facilities used at balance date		
Revolver	138,947	128,239
Guarantees	365	759
	139,312	128,998
Facilities unused at balance date		
Revolver	25,053	21,761
Overdraft	5,000	5,000
Guarantees	635	241
	30,688	27,002

Notes to the consolidated financial statements

Risk

Aspen Group Limited
For the year ended 30 June 2023

18: Financial risk management (continued)

Assets pledged as security

At 30 June 2023, Aspen's property assets, comprising investment properties and property, plant and equipment, have been pledged as security against debt facilities. Refer to note 16 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.

	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
Year ended 30 June 2022							
Non-derivatives							
Trade and other payables	15,836	-	-	-	-	15,836	15,836
Lease liability	297	72	36	113	920	1,438	937
Interest bearing loans and borrowings	1,661	1,661	131,014	-	-	134,336	127,670
Residents' loan	25,817	-	-	-	-	25,817	25,817
Total non-derivatives	43,611	1,733	131,050	113	920	177,427	170,260

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 2023, \$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.

Notes to the consolidated financial statements

Risk

Aspen Group Limited
For the year ended 30 June 2023

18: Financial risk management (continued)

	2023		2022	
	Balance	Weighted average interest rate	Balance	Weighted average interest rate
	\$'000	%	\$'000	%
Fixed rate instruments				
Term deposits	150	3.40%	150	0.45%
Interest rate swaps	3,260	2.04%	3,605	0.50%
	3,410		3,755	
Variable rate instruments				
Cash and cash equivalents	8,922	3.80%	10,730	0.46%
Interest bearing loans and borrowings ¹	(138,506)	6.02%	(127,670)	2.80%
	(129,584)		(116,940)	
Total fixed and variable rate instruments	(126,174)		(113,185)	

¹ Includes facility fees of 0.77% (2022: 0.77%)

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	Impact on equity *
	\$'000	\$'000
2022		
Australian variable interest rate +100bps	(320)	(455)
Australian variable interest rate -100bps	320	455
2023		
Australian variable interest rate +100bps	(353)	(467)
Australian variable interest rate -100bps	353	467

*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 26).

If equity prices had been 5 per cent higher/lower, the profit before tax for the year ended 30 June 2023 would increase/decrease by \$0.956 million (2022: Nil) 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, corporate bonds, term deposits and borrowings are calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of loan notes and other financial assets are calculated using market interest rates. The fair value of the net investment in sublease and lease liabilities are discounted using Aspen's incremental borrowing rate.

Derivatives – are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in the fair value are recognised in profit or loss.

Notes to the consolidated financial statements

Risk

Aspen Group Limited
For the year ended 30 June 2023

18: Financial risk management (continued)

Fair values (continued)

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

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 (ie. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Aspen has an established control framework with respect to the measurement of fair values. This includes finance staff that have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and 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 are used to measure fair values, the finance staff assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of accounting standards, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation matters are reported to the Aspen Audit, Risk and Compliance Committee.

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

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
<i>Financial assets</i>				
Interest rate swaps	-	3,260	-	3,260
Other financial assets held at fair value	19,138	-	562	19,700
	19,138	3,260	562	22,960
<i>Financial liabilities</i>				
Resident loans	-	-	32,223	32,223
	-	-	32,223	32,223
30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
<i>Financial assets</i>				
Interest rate swaps	-	3,605	-	3,605
Other financial assets held at fair value	-	-	513	513
	-	-	513	513
<i>Financial liabilities</i>				
Resident loans	-	-	25,817	25,817
	-	-	25,817	25,817

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 26 and Resident loans discussed in Note 22 (both are classified as Level 3).

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the year ended 30 June 2023 (30 June 2022: \$Nil).

Other financial assets held at fair value – Level 3

Fair value of financial instrument is considered to materially equate to Net Tangible Assets per share.

Notes to the consolidated financial statements

Risk

Aspen Group Limited
For the year ended 30 June 2023

18: Financial risk management (continued)

The following table shows a reconciliation of movements in Aspen's other financial assets held at fair value :

	2023 \$'000	2022 \$'000
Opening Balance	513	593
Additions *	16,105	-
Total gains / (losses) in profit or loss	3,082	(80)
Closing Balance	19,700	513

* During the year, Aspen acquired 41.158 million ordinary shares of Eureka Group Holdings Ltd for total consideration of \$16.104 million including brokerage fees of \$0.05 million.

19: Impairment of non-financial assets

Non-financial assets

The carrying amounts of Aspen's non-financial assets, other than investment property, property plant and equipment (at fair value), inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Reversal of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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Consolidated statement of profit and loss

Aspen Group Limited
For the year ended 30 June 2023

Corporate Structure

20: Subsidiaries

Parent entity	Ownership interest 2023 %	Ownership interest 2022 %
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
Marina Hindmarsh (SA) Pty Ltd	100	100
Coorong Quays Pty Ltd	100	100
Tavern HI Pty Ltd	100	100
Cove HI 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.

21: Non-controlling interests

	AWSS	Total
	44%	
NCI percentage as at 30 June 2023	\$'000	\$'000
Opening balance at 1 July 2021	(3,837)	(3,837)
Share of comprehensive income/(expense)	-	-
Transfer to accumulated losses of parent entity upon deregistration of subsidiaries	-	-
Closing balance at 30 June 2022	(3,837)	(3,837)
Share of comprehensive income/(expense)	-	-
Transfer to accumulated losses of parent entity upon deregistration of subsidiaries	-	-
Closing balance at 30 June 2023	(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 2023 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.

Notes to the consolidated financial statements

Other

Aspen Group Limited
For the year ended 30 June 2023

22: Resident loans

Resident loans

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:

	2023 \$'000	2022 \$'000
<i>Expected to be settled:</i>		
No more than 12 months after reporting date	2,483	1,007
More than 12 months after reporting date	29,740	24,810
Closing balance	32,223	25,817

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

	2023 \$'000	2022 \$'000
Opening balance	25,817	6,420
Items recognised in the profit or loss		
- Changes in the fair value of the resident loans	2,820	668
Accrued deferred management fee income movement	(1,383)	-
Resident loans acquired through acquisition of new lifestyle village	-	18,653
Net cash received from resident departures / arrivals in existing homes	279	-
Net cash received from resident arrivals in new homes	4,690	76
Closing balance	32,223	25,817

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 \$40.202 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 communities – see Note 8.

If the market value used for this input was 5% higher, the fair value of these loans would be \$1.25 million higher, and if the input was 5% lower, the fair value of these loans would be \$1.26 million lower. There would be an equal and opposite impact on the fair value of investment property assets.

Notes to the consolidated financial statements

Other

Aspen Group Limited
For the year ended 30 June 2023

23: Rights of use assets

	Consolidated 2023	2022
	\$'000	\$'000
Land and buildings	1,321	888
Accumulated depreciation	(477)	(276)
Total rights of use assets	844	612

24: Net investment in sublease

	Consolidated 2023	2022
	\$'000	\$'000
Current net investment in sublease	-	158
Non-current net investment in sublease	-	-
Total net investment in sublease	-	158

25: Lease liability

	Consolidated 2023	2022
	\$'000	\$'000
Current lease liability	217	348
Non-current lease liability	743	589
Total lease liability	960	937

Refer to Note 18 for the maturity analysis of the lease liability.

26: Investments at fair value through profit and loss

	Consolidated 2023	2022
	\$'000	\$'000
Investment in listed entity (Eureka Holdings Group Limited)	19,138	-
Other investment in unlisted entity	562	513
Total investments at fair value through profit and loss	19,700	513

During the period, Aspen acquired 41 million ordinary shares (representing 13.7% interest) in Eureka Holdings Group Limited (ASX ticker: EGH) for consideration of \$16.1 million. The investment has been accounted for as a financial asset through profit and loss with the carrying value of the investment determined using the closing price of EGH at the reporting date. A resultant gain of \$3.082 million was recognised in the profit and loss. This investment is classified as Level 1 in the Fair Value hierarchy.

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 an unlisted entity has been determined by reference to the net tangible asset value per share as published in its latest audited financial statements.

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Notes to the consolidated financial statements

Other

Aspen Group Limited
For the year ended 30 June 2023

27: Parent entity disclosures

	Aspen Group Limited	
	2023 \$'000	2022 \$'000
Assets		
Current assets	7,561	7,924
Non-current assets	177,268	158,108
Total assets	184,829	166,032
Liabilities		
Current liabilities	3,661	5,661
Non-current liabilities	139,419	124,030
Total liabilities	143,080	129,691
Net assets / (liabilities)	41,749	36,341
Equity		
Issued capital	186,350	172,581
Accumulated losses	(144,601)	(136,240)
Total Equity	41,749	36,341
Profit/(loss) attributable to members of the parent	(8,994)	(496)
Total comprehensive profit/(loss) for the year, net of tax, attributable to members of the parent	(8,994)	(496)

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 20 provide an unlimited guarantee and indemnity in favour of the Trust's banking facilities. The Parent and the Trust have provided guarantees to financiers and insurance bond providers for a number of Aspen's subsidiaries. Under the terms of the agreements, the Parent and the Trust will make payments to reimburse the financiers upon failure of the guaranteed entity to make payments when due. The parent does not expect to incur any material loss in respect of such guarantees.

Parent entity financial information

As at 30 June 2023 the parent had a loan payable to the Trust of \$31.749 million (2022: \$27.464 million). Under the loan agreement in which the Trust is the lender, the maturity of the loan is 1 July 2024. 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.

Going concern

The parent entity has a net asset position of \$41.749 million (2022: net asset of \$36.341 million) with current assets exceeding current liabilities by \$3.900 million (2022: surplus of \$2.263 million). The financial statements for the parent entity 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.

Notes to the consolidated financial statements

Other

Aspen Group Limited
For the year ended 30 June 2023

28: Remuneration of auditors

	Consolidated	
	2023	2022
	\$	\$
Fees paid or payable for services provided by the auditor of the Aspen Group:		
Audit or review of financial statements – Deloitte Touche Tohmatsu		
- Current	344,000	285,000
- Underprovision for prior year	17,000	30,000
	361,000	315,000

29: Related party transactions

Director and executive remuneration

The remuneration disclosures are provided in the Remuneration Report of the directors' report on pages 13 to 22 of this annual report designated as audited and forming part of the directors' report.

	Consolidated	
	2023	2022
	\$	\$
Short-term benefits	1,453,529	1,371,404
Long-term benefits	81,581	63,550
Equity compensation benefits	724,760	594,412
	2,259,870	2,029,366

Other related party transactions

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
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)	124,780	653,778
Payment of responsible entity fees to Evolution Trustees Limited	112,920	97,152

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, and managed Marina Hindmarsh Island Fund until 31 May 2022 (acquired by Aspen on 1 June 2022). In return, Aspen earns project management fees from these funds in line with MHC's project management fee entitlement under its contracts.

30: Accounting standards adoption

(a) New and amended standards adopted from 1 July 2022

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.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(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 2023. From an initial assessment made, there are no standards not yet applied which are considered to have a material impact for the Group. The Group will continue to assess the impact of new accounting standards and interpretations issued but not yet applied.

Notes to the consolidated financial statements

Unrecognised Items

Aspen Group Limited
For the year ended 30 June 2023

31: Commitments and Contingencies

	Consolidated	
	2023 \$'000	2022 \$'000
Capital commitments (i)		
<i>Contracted but not provided for and payable:</i>		
Within 1 year	33,580	16,000
Greater than 1 year but not more than 5 years	-	-
	33,580	16,000
Other expenditure commitments		
Bank guarantees issued to third parties	365	759

- (i) 2023 capital commitments include the acquisition of 26 Treatts Road Lindfield NSW and Sierra Lifestyle Village WA, development work at Perth Apartments, Lifestyle Community 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 2023.

32: Subsequent events

Subsequent to the financial year end, the Group settled the acquisition of two additional investment properties to its portfolio, being 26 Treatts Road Lindfield for \$3.4 million (before transaction costs) and Sierra Lifestyle Village, WA for \$4.0 million (before transaction costs). Both of the acquisitions were debt funded. Furthermore, the Group entered into conditional contracts to acquire land adjoining Highway 1 Tourist and Lifestyle Park, SA for \$1.2 million (before transaction costs) and land in Normanville, SA for \$2.56 million (before transaction costs).

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

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Directors' declaration

Aspen Group Limited
For the year ended 30 June 2023

Directors' Declaration

1. In the opinion of the directors of Aspen Group Limited:
 - (a) the consolidated financial statements and notes set out on pages 36 to 76, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Aspen's Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001*; and other mandatory professional reporting requirements.
 - (b) there are reasonable grounds to believe that Aspen Group Limited will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Joint CEOs for the financial year ended 30 June 2023.
3. The directors draw attention to notes to the consolidated financial statements, which includes statement of compliance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board*.

Signed in accordance with a resolution of the directors.



Clive Appleton

Chairman

SYDNEY, 17 August 2023

Annual Report

for the year ended 30 June 2023 – Aspen Group Limited

Additional Securities Exchange Information

1. Stapled Security

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

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

2. Distribution Policy

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

Distributions paid for the 2022/2023 financial year totalled 7.75 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 27 September 2023 Aspen Group had 180,158,625 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	528
1,001 to 5,000	445
5,001 to 10,000	186
10,001 to 100,000	350
More than 100,001	100
Total	1,609

The number of security investors holding less than a marketable parcel is 241 and they collectively hold 12,676 securities.

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for the year ended 30 June 2023 – Aspen Group Limited

(c) Twenty Largest Securityholders of Stapled Securities

The names of the twenty largest holders of securities as at 27 September 2023 are listed below:

	Name	No. of stapled securities	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,417,976	20.77%
2	NATIONAL NOMINEES LIMITED	27,167,036	15.08%
3	BRAHMAN PURE ALPHA PTE LTD	13,007,255	7.22%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,806,035	7.11%
5	CITICORP NOMINEES PTY LIMITED	11,949,709	6.63%
6	SELWYN JOHN CUSHING & BEVAN DAVID CUSHING <KD CUSHING FAMILY A/C>	9,244,451	5.13%
7	VINE STREET INVESTMENTS PTY LTD <VINE STREET INVESTMENT A/C>	7,286,288	4.04%
8	ONE MANAGED INVESTMENT FUNDS LTD <CHARTER HALL MAXIM PROPERTY SEC>	4,605,537	2.56%
9	REDBROOK NOMINEES PTY LTD	2,848,224	1.58%
10	INVIA CUSTODIAN PTY LIMITED <R BAROONA P/L - CARTER A/C>	2,109,332	1.17%
11	BNP PARIBAS NOMS PTY LTD <DRP>	1,872,545	1.04%
12	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,869,261	1.04%
13	MR IAN MILTON SOUTHWOOD <SOUTHWOOD INVESTMENT A/C>	1,624,420	0.90%
14	DEEMCO PTY LIMITED	1,600,491	0.89%
15	MR DEAN ROLAND GOMEL	1,311,025	0.73%
16	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,169,335	0.65%
17	BIG MORETON PTY LTD	1,152,556	0.64%
18	MADRAG SUPER PTY LTD <MADRAG SUPER A/C>	1,099,266	0.61%
19	WALLBAY PTY LTD <THE MICHAEL ABELL S/F A/C>	895,852	0.50%
20	ROC FAMILY HOLDINGS PTY LTD <ROC FAMILY A/C>	894,766	0.50%
	TOTAL	141,931,360	78.79%
	Balance of Register	38,227,265	21.21%
	Grand TOTAL	180,158,625	100.00%

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for the year ended 30 June 2023 – Aspen Group Limited

(d) Substantial Securityholders

As at 27 September 2023, 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
30 August 2021	MA FINANCIAL GROUP LIMITED	8,242,932	5.99%
3 October 2022	COOPER INVESTORS PTY LIMITED	18,725,542	10.48%
19 July 2023	BRAHMAN PURE ALPHA PTE LTD	16,432,795	9.16%
12 September 2023	DAVID CUSHING ATF KD CUSHING FAMILY TRUST	9,244,451	5.13%
13 September 2023	PINNACLE INVESTMENT MANAGEMENT GROUP LIMITED	9,121,021	5.06%

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.

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Corporate Directory

Responsible Entity

Evolution Trustees Limited
ACN 611 839 519, AFSL 486217

Board of Directors

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

Executive Management

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

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Fax (02) 9151 7599

E-mail homemail@aspengroup.com.au

Group Company Secretaries (jointly held)

Mark Licciardo, David Dixon

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