



Aspen Group Limited
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Aspen Property Trust
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15 October 2015

ASX Market Announcements
ASX Limited
Exchange Centre, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

2015 Annual Report, Corporate Governance Statement and Appendix 4G

In accordance with Listing Rule 4.7, please find attached the Aspen Group 2015 Annual Report, the Corporate Governance Statement and Appendix 4G.

Yours faithfully

A handwritten signature in blue ink, appearing to read "M Chiang", is positioned above the printed name and title.

Mandy Chiang
Company Secretary



ANNUAL REPORT
2015



Chairman's Letter



Dear Securityholders

I am pleased to present the 2015 Annual Report to you. It comes at the end of a year which has seen Aspen Group significantly progress its strategic goal to transform the business. Two years ago we set our objective to become a structurally simple business focussed on value for money accommodation, with lower gearing and a more efficient cost base. Aspen Group has substantially achieved that objective and is now largely a pure play accommodation business.

Most of the non-core development assets have been sold or contracted for sale, with the key unsold non-core asset being Spearwood South. The two remaining debt facilities, in Aspen Group and Aspen Parks Property Fund (APPF), have both been extended to

September 2017 and on more favourable terms. As the business has simplified, overhead costs have been reduced markedly.

Operating profit before tax for the year of \$10.2 million was down 31% on FY14. This fall largely reflects the progress Aspen Group has made in its strategy of divesting non-core assets. Aspen Group's gearing was 35.1% at 30 June 2015 which has increased from nil at 30 June 2014, primarily reflecting the consolidation of APPF. On a "look through" basis (adjusting for the APPF consolidation), gearing was 22.5% at 30 June 2015. Distributions declared for the year totalled 9.0 cents per security, in line with guidance.

It is disappointing to report that Aspen Group recorded a statutory loss for the year of \$30.8 million, due largely to further declines in asset values within the resources sector. There was also an impairment of the unsold Spearwood South industrial property.

Our key aims in FY16 are to: drive operational returns from our existing assets via initiatives around both revenue and costs; continue to deliver on and expand our manufactured housing development pipeline, and so grow our high quality annuity residential rental streams; complete the exit from the remaining non-core assets; and maintain discipline in assessing acquisition and development opportunities.

In mid-September 2015, Aspen Group and APPF announced an agreement to merge the two entities (Merged Group), subject to certain conditions (Merger). If successful, the Merged Group will be a leading specialist owner, manager, and developer of accommodation parks in Australia with a fully integrated management platform.

Your Board considers the Merger is a very positive strategic opportunity for both Aspen Group and APPF securityholders. In addition to delivering immediate significant benefits for both sets of securityholders, the Merger will create an improved platform to drive the business and create future value. Detailed information on the Merger has been sent to securityholders, with securityholder votes scheduled for late November.

After the financial year end, Mr Hugh Martin tendered his resignation as Non-executive Director. Hugh served on the Board from April 2012. He also was interim CEO for a period and during that time was instrumental in the financial restructuring and equity raising which stabilised the Group. I would like to acknowledge and thank Hugh for his service to the Aspen Group.

I thank all Aspen staff and my fellow Board members for their dedication and hard work this past year. Most importantly, on behalf of the Board, I extend appreciation to our securityholders for your continued support of Aspen Group.

Frank Zipfinger
Chairman

Business Overview

About Aspen

Formed in 2001, Aspen Group is an ASX listed property group strategically focused on providing “value for money” accommodation. The accommodation industry is considered to have positive long term structural characteristics, with an enduring customer need and effective capital utilisation. Aspen, through its managed fund, Aspen Parks Property Fund, has been a leader in the provision of holiday and accommodation parks since 2004.

The Aspen Group has recently divested most of its commercial property portfolio and non-core development assets. The focus of the Group going forward is to capitalise on its leading market position within the “value for money” accommodation sector.

Our Assets

AFFORDABLE ACCOMMODATION

Aspen Parks Property Fund (APPF)

Aspen Group generates earnings through its investment in, and management of, APPF. At 30 June 2015, Aspen Group held a 42% interest in APPF.

APPF is a leading player in the accommodation park industry, with a portfolio of 21 properties nationally and a management track record extending over 10 years. APPF owns and operates properties across multiple sectors including mixed use short stay and permanent residents and accommodation to the resource industry.

APPF recorded an operating profit of \$11.6m for the year to 30 June 2015, reflecting an 8% increase on the prior corresponding period. However, APPF's resource sector parks were again weaker with average room rates and occupancy levels under pressure in the face of declining demand for accommodation.



Maidens Inn Holiday Park, NSW



Harrington Holiday Park, NSW

Aspen Karratha Village (AKV)

AKV is a 180 room, high quality accommodation facility in Karratha, Western Australia. The property provides a superior standard of amenity than traditionally found locally in the sector, including room sizes which are typically 28 m² as opposed to the market standard 14-18m².

In August 2015, a two year lease extension (to January 2018) was secured with Woodside for 150 rooms, underpinning the stability of income, albeit at lower earnings levels. Terms of the extension were otherwise broadly unchanged and include the tenant's ability to terminate the lease on a change of control of the Aspen Group subsidiary, Aspen Living Villages Pty Ltd, which is the contracting party to the agreement.

Based only on this 83% occupancy, the independent property valuation represents a 12% income yield.

Four Lanterns Estate

Four Lanterns Estate is located within the Leppington Town Centre, part of the major south-western Sydney metropolitan growth corridor.

Established for over 40 years, the site has 102 existing residential sites, with a 100% occupancy level. Development potential exists to increase the number of residential sites subject to Council approval.

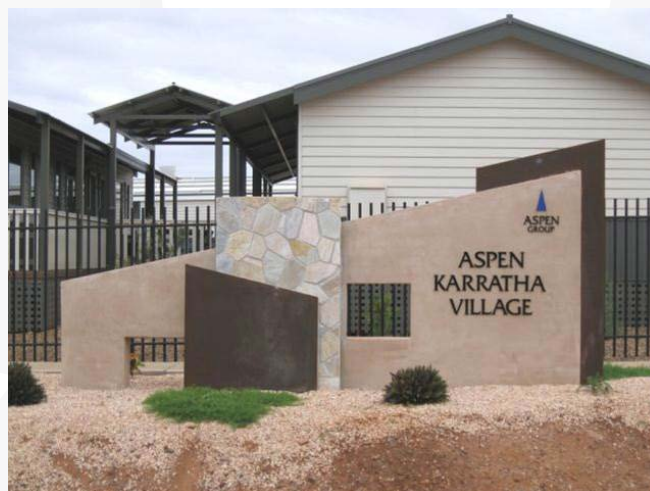
Mandurah Gardens Estate

Mandurah Gardens Estate is located in Mandurah, South of Perth, WA. It is in close proximity to the regional hospital, the Mandurah Forum shopping centre as well as the Mandurah beaches and restaurant precinct.

Established in 1999, it has 158 residential sites and a 100% occupancy level.



Mandurah Gardens Estate



Aspen Karratha Village (AKV)

INDUSTRIAL**Spearwood South**

Spearwood South is the only material non-core asset remaining, valued at \$29.0 million, representing an 11% yield.

The industrial property is fully leased with an approximate 5 year lease term remaining.

Summary of Key Events in FY15

Aspen Group has been refocused to deliver a clear and consistent business strategy. The key events during the 2015 financial year included:

- > Accommodation portfolio growth
 - Aspen holds 42% of Aspen Parks Property Fund (APPF)
 - \$48m acquisitions across both APPF and directly, at a weighted average yield of 10.0% (pre costs)
 - Continuing acquisition momentum
 - Acquisitions oriented to permanent residents
 - Manufactured housing development underway

- > Non-core asset sales
 - \$108m of non-core asset sales announced or settled
 - Spearwood South industrial property the only material non-core asset remaining

- > Financial Performance
 - FY15 group overheads reduced by a further 35% over FY14, reflecting continued strong cost focus
 - Operating profit of \$10.2m
 - NAV per security \$1.26 –negatively impacted by devaluation of resources properties and Spearwood South

- > Disciplined capital management
 - Strong balance sheet - 30 June 2015 look through gearing 22.5%
 - Debt refinanced for both Aspen Group and APPF, increasing facility limits and extending maturities to September 2017
 - Securities buyback completed at average price of \$1.25
 - Completion of APPF entitlement offer

- > Attractive and growing distributions
 - FY15 distribution of 9.0 cents per security consistent with guidance
 - FY16 distribution guidance of at least 9.4 cents per security (+4.4%)
 - 1H FY16 distribution guidance of 4.6 cents per security



ASPEN GROUP LIMITED

(THE COMPANY)
(ABN: 50 004 160 927)

ASPEN PROPERTY TRUST

(THE TRUST)
(ARSN: 104 807 767)

ASPEN FUNDS MANAGEMENT LIMITED

(AS RESPONSIBLE ENTITY)
(ABN: 104 322 278)

FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2015

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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Directors' report

1. Directors

The directors of the Company and Aspen Funds Management Limited ("AFM"), the responsible entity of the Trust, at any time during or since the end of the financial year are:

Name and qualifications	Age	Experience, special responsibilities and other directorships
<p>Frank Zipfinger</p> <p>BA (Economics), LLB, LLM, MBA</p> <p>Independent chairman</p>	62	<p>Mr Frank Zipfinger has over 30 years' experience in the property industry.</p> <p>Mr Zipfinger was formerly a partner in the Property, Construction & Environment practice of the Sydney office of Mallesons Stephen Jaques where he specialised in property investment and development. Mr Zipfinger was also the chairman of Mallesons Stephen Jaques from 1 February 2005 until 30 June 2010. Prior to this appointment, he completed over 5 years in various roles as a managing partner with the firm.</p> <p>Mr Zipfinger is a member of the Australian Institute of Company Directors. He is also a member of the Executive Committee of the St Joseph's College Indigenous Fund, a member of the Board of the Melbourne Business School, a council member to Macquarie University and a director of the Australian Youth Orchestra. He is the president of the Ski Lodges Association of Perisher, Smiggins and Guthega Inc</p> <p>Mr Zipfinger is chairman of the Investor Representative Committee of AMP Capital Wholesale Office Fund and chairman of the Investor Representative Committee of AMP Capital Wholesale Shopping Centre Fund. Mr Zipfinger is also a non-executive director of MHPF Premium Farms (Holdings) Pty Ltd and of the Northcare Foundation.</p> <p>Mr Zipfinger was appointed a non-executive director on 31 January 2011 and chairman on 28 November 2011. Mr Zipfinger was appointed chairman of the Nomination Committee on 10 February 2012 and was appointed a member of the Audit Committee on 2 August 2011. Mr Zipfinger was chairman of the Remuneration Committee between 10 February 2012 and 22 June 2015.</p> <p><i>Directorships of listed entities within last 3 years:</i></p> <p>Non-executive director of Galileo Japan Trust since 2006.</p>
<p>Clem Salwin</p> <p>BA (Honours)</p> <p>Managing director</p> <p><i>(appointed CEO on 1 July 2013)</i></p>	49	<p>Mr Clem Salwin has over 25 years' experience across real estate funds, investment, management, development, investment banking and corporate management.</p> <p>Mr Salwin was most recently the acting Chief Executive Officer ("CEO") of Valad Property Group, the ASX listed REIT, with operations across Australia and Europe.</p> <p>Prior to Valad, Mr Salwin was a real estate investment banker with UBS, having been based both in Australia and Japan. Before then, he was with Bankers Trust Australia, responsible for real estate funds management.</p> <p>Mr Salwin was appointed as managing director and CEO of Aspen from 1 July 2013.</p> <p><i>Directorships of listed entities within the last 3 years:</i></p> <p>Nil</p>

Name and qualifications	Age	Experience, special responsibilities and other directorships
<p>Hugh Martin</p> <p>B.Bus, CPA, MAICD</p> <p>Non-executive director</p>	68	<p>Mr Martin has enjoyed a successful career at director and senior executive levels with over 30 years' experience in major institutions in the property industry, internationally and domestically. Mr Martin started his career as an accountant in South Africa before relocating to Australia.</p> <p>Mr Martin was formerly an executive director of Lend Lease Limited.</p> <p>From 1997 to 2001, Mr Martin was CEO of the joint venture between Mirvac and Lend Lease for the development, construction and sale of the Olympic Village, now known as the suburb of Newington in Sydney.</p> <p>Mr Martin has previously held senior executive positions as finance director of Baulderstone Hornibrook, director of Property Investment with the State Authorities Superannuation Board of NSW (now Dexus), managing director of Leda Holdings, chief general manager of Homebush Bay Development Corporation, general manager of special projects at Westfield Holdings Limited, Executive Director for Vivas Lend Lease; and National General Manager for the Apartments Development Division at Stockland Corporation.</p> <p>Mr Martin is a member of the Advisory Board of PRM Property Group.</p> <p>Appointed a non-executive director on 30 April 2012 and a member of the Audit Committee on 10 May 2012. He relinquished his position on the Audit Committee upon becoming the Interim CEO between 23 August 2012 and 30 June 2013.</p> <p>From 1 July 2013, he has resumed his role as a non-executive director and as a member of the Audit Committee.</p> <p><i>Directorships of listed entities within last 3 years:</i></p> <p>Nil</p>
<p>Clive Appleton</p> <p>BEC, MBA, AMP (Harvard), GradDip (Mktg), FAICD</p> <p>Non-executive director</p>	63	<p>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.</p> <p>Mr Appleton's early career was spent with the Jennings Group where, from 1986, he held senior executive roles, responsible for managing and developing the retail assets jointly owned by Jennings Properties Limited (JPL) and Jennings Property and Investment Group. In 1990, following a restructure of JPL to become Centro Properties Limited, Mr Appleton became managing director.</p> <p>From 1997 to 2004, Mr Appleton was the managing director of the Gandel Group Pty Limited, one of Australia's leading retail property investment, management and development groups.</p> <p>In 2005 Mr Appleton joined APN Property Group Limited as managing director.</p> <p>Mr Appleton is currently a non-executive director of the Gandel Group, Arrow International Group Limited, APN Property Group Limited, Perth Airport Pty Ltd and Perth Airport Development Group Pty Ltd. He is also a council member of Cairnmillar Institute.</p> <p>Appointed a non-executive director on 30 April 2012, the chairman of the Remuneration Committee on 22 June 2015 and a member of the Nomination Committee on 22 January 2013. Mr Appleton was a member of the Remuneration Committee between 10 May 2012 and 22 June 2015.</p> <p><i>Directorships of listed entities within last 3 years:</i></p> <p>Non-executive director of Federation Centres to 11 June 2015 (ASX: FDC)</p>

Name and qualifications	Age	Experience, special responsibilities and other directorships
<p>Guy Farrands</p> <p>BEc, Grad Dip Man, FAPI, MAICD</p> <p>Non-executive director</p>	52	<p>Mr Farrands has over 30 years' experience in direct and listed property markets both in Australia and internationally and across commercial, retail, industrial, residential and retirement asset classes. He was managing director and CEO of GEO Property Group (now Villa World Limited) between 2007 and 2011. Previously Mr Farrands was CEO of Valad Property Group between 2005 and 2007, departing prior to Valad's acquisition of Crownstone / Scarborough. Prior to that Mr Farrands was head of corporate development and investor relations for Valad.</p> <p>Mr Farrands' former roles included division director of the real estate division of Macquarie Bank's Investment Banking Group where he managed IPOs, equity raisings and mergers and acquisitions, associate director and joint head of property for Heine Management Limited and Manager in the Investment Sales Department at Jones Lang LaSalle.</p> <p>Appointed a non-executive director on 26 November 2012, a member of the Remuneration Committee on 22 January 2013, a member of the Nomination Committee on 22 January 2013 and Chairman of the Audit Committee on 22 January 2013.</p> <p><i>Directorships of listed entities within last 3 years</i></p> <p>Nil</p>
<p>John Carter</p> <p>MBA (Syd), BAppSc (Property Resource Mgmt) (UniSA), AAPI, GAICD</p> <p>Non-executive director</p>	51	<p>Mr Carter has over 30 years' experience in real estate and financial markets. In 2004 Mr Carter established Mill Hill Capital to pursue investment opportunities in Real Estate, Agriculture and Equities.</p> <p>Prior to this Mr Carter was managing director, co-head of Equities and on the Australian Executive Committee for UBS in Australasia from 2001 - 2004.</p> <p>From 1991 - 2001 Mr Carter was head of property and head of real estate research at UBS. While at UBS, John led over \$10 billion of M&A and \$20 billion of capital raising transactions for Australia's leading companies including Colonial, Westfield, Stockland, GPT, Mirvac, AMP, Multiplex, Macquarie Airports and Bankers Trust.</p> <p>Prior to UBS Mr Carter was involved in commercial real estate at two international real estate consultancy groups.</p> <p>Appointed a non-executive director on 23 February 2015 and a member of the Remuneration Committee on 22 June 2015.</p> <p><i>Directorships of listed entities within last 3 years</i></p> <p>Nil</p>

Directors meetings

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

Directors	Board of Directors		Nomination Committee		Remuneration Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Non-executive								
F Zipfinger	15	14	1	1	3	3	6	5
H Martin	15	12	N/A	N/A	N/A	N/A	6	4
C Appleton	15	13	1	1	3	3	N/A	N/A
G Farrands	15	14	1	1	3	3	6	6
J Carter	4	4	N/A	N/A	-	-	N/A	N/A
Executive								
C Salwin	15	15	N/A	N/A	N/A	N/A	N/A	N/A

2. Company secretary

Ms Men (Mandy) Chiang was appointed to the position of company secretary on 18 March 2015.

Ms Chiang has over 18 years of company secretarial experience including having worked at MLC and Brookfield Australia Group prior to joining Aspen.

Ms Chiang is a Fellow member of Governance Institute of Australia. She holds a Bachelor of Arts (Hons) Accountancy Degree and a Master of Business Law Degree.

Since the end of the last financial year, Mr Eric Lee held position of company secretary and resigned on 18 March 2015.

3. Operating and financial review

Aspen recorded a loss after tax of \$31.724 million (2014: loss of \$81.810 million) for the year ended 30 June 2015 calculated in accordance with International Financial Reporting Standards ("IFRS").

Operating results

Operating Profit (also referred to as "net profit after tax before non-underlying items") is a non-IFRS measure that is determined to present, in the opinion of the directors, the operating activities of Aspen in a way that appropriately reflects Aspen's operating performance. Operating Profit excludes items such as consolidation/deconsolidation losses and gains and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives, financial assets and investment property). Other Non-Operating Profit adjustments are made for realised transactions occurring infrequently and those that are outside the course of Aspen's core ongoing business activities.

Operating Profit is determined having regard to principles which include providing clear reconciliation between statutory profit and Operating Profit in the directors' report and financial report, including both positive and negative adjustments, maintaining consistency between reporting years, and taking into consideration property industry practices.

Operating Profit after adjusting for non-controlling interests and management fees as assessed by the directors, for the year was \$10.171 million (2014: \$14.710 million), reflecting a 30% decrease from the previous year.

The table below has not been audited by PwC.

	2015 \$ '000	2014 \$ '000
Consolidated statutory net loss after tax	(31,724)	(81,810)
Specific non-underlying items		
Financial income	-	(1,376)
Other income	(353)	175
Change in fair value of investment properties and PPE	36,474	11,500
Property expenses	-	502
Administration and restructuring expenses	3,748	145
Financial expenses (mark to market of interest rate swap position)	2,026	257
Other expenses	4,093	1,013
Change in fair value of assets held for sale	1,892	1,893
Share of (profit)/loss of equity accounted investees	(1,262)	7,487
Loss from discontinued operations – subsidiary assets held for sale	(2,024)	27,130
Loss from discontinued operations	1,321	35,653
Total specific non-underlying items	45,915	84,379
Tax benefit	-	12,141
Residential / short stay operating profit before tax	13,389	2,915
Resources operating profit before tax	8,273	17,411
Discontinued operations operating profit before tax	8,749	16,900
Other operating loss before tax	(16,220)	(22,516)
Total operating profit before tax	14,191	14,710
Non-controlling interest adjustments	(4,020)	-
Total operating profit before tax attributable to securityholders of Aspen	10,171	14,710
Operating profit before tax attributable to securityholders of Aspen per security (cents)	9.0	12.3

Income distributions paid during the year and payable as at 30 June 2015 to Aspen securityholders were as follows:

	Cents per Unit	Total \$ '000
Paid during the year		
Final distribution for the previous year	4.0	4,775
Interim distribution for the year	4.5	5,035
	8.5	9,810
Proposed and unpaid at the end of the year		
Final distribution for the year	4.5	5,093
	4.5	5,093

Income distributions paid during the year and payable as at 30 June 2015 to APPF securityholders were as follows:

Paid during the period	Cents per Unit	Total \$ '000
Monthly Distribution – October	0.340	829
Monthly Distribution – November	0.329	803
Monthly Distribution – December	0.340	790
Monthly Distribution – January	0.340	790
Monthly Distribution – February	0.307	714
Monthly Distribution – March	0.340	790
Monthly Distribution – April	0.329	765
Monthly Distribution – May	0.340	790
	2.665	6,271
Proposed and unpaid at the end of the year		
Monthly Distribution – June	0.329	765
	0.329	765

Reconciliation of carrying amount to net asset value for stapled security pricing

Net asset value (“NAV”) is a non-IFRS measure that is determined to present, in the opinion of the directors, the fair value of Aspen’s net assets in a way that appropriately reflects the market value of Aspen’s net assets.

Net asset value is determined having regard to principles which include providing clear reconciliation between net assets in the Consolidated Balance Sheet and NAV in the Directors’ Report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

The table below provides reconciliation between the net assets per the Consolidated Balance Sheet and NAV. The NAV includes the value attributed to goodwill and acquisition costs above its carrying value that exists in respect to Aspen’s accommodation parks. Further detail in respect to this reconciliation is outlined in the table below:

	2015 \$ '000s	2014 \$ '000s
Property, plant and equipment per the Consolidated Balance Sheet	209,794	1,436
Investment properties per the Consolidated Balance Sheet	-	38,500
Goodwill per the Consolidated Balance Sheet	11,953	-
Carrying value of park properties	221,747	39,936
Fair value of goodwill (relating to properties) above carrying value *	5,991	-
Acquisition costs	2,435	-
Adjusted value of park properties	230,173	39,936
Net assets per the Consolidated Balance Sheet	196,062	179,699
Fair value of goodwill (relating to leasehold properties) above carrying value *	5,991	-
Acquisition costs **	2,435	-
Non-controlling interests associated with APPF consolidation	(55,251)	-
Non-controlling interests associated with goodwill above carrying value	(5,941)	-
Non-controlling interests associated with APPF acquisition costs	(776)	-
NAV	142,520	179,699
NAV per security	1.26	1.50

* As a result of the classification of the property portfolio as property, plant and equipment and goodwill on properties, Aspen cannot recognise any portion of the fair value of goodwill on properties above acquisition value for statutory reporting purposes. As a result, the fair value in excess of carrying value is not recognised in the Consolidated Balance Sheet. The fair value of goodwill on properties in excess of carrying value is included in determining the NAV of the park properties, which in the opinion of the directors represents the full fair value of the park properties.

** The acquisition costs pertain to Aspen’s share of transactions during the financial year.

Operating performance

Aspen has three business segments, as outlined below:

ACCOMMODATION		DISCONTINUED OPERATIONS
RESIDENTIAL / SHORT STAY	RESOURCES	NON CORE
<ul style="list-style-type: none"> 2 manufactured housing estates ("MHE") 17 residential / short stay parks GAV¹ of \$188.231 million Caters to short stay residents (cabins and sites), annuals, and permanent residents 	<ul style="list-style-type: none"> 5 resource parks GAV¹ of \$41.942 million Caters to both corporate resource clients and contractors as well as short to long term stays. 	<ul style="list-style-type: none"> Spearwood industrial complex (half sold) 2 resort parks, and 1 short stay park (fully sold) Development assets (2 of 5 remaining) GAV¹ of \$108.485 million Assets are held for sale.

¹Gross Asset Value ("GAV") represents carrying value of property, plant and equipment plus recognised and unrecognised goodwill on properties, as well as acquisition costs relating to transactions.

Accommodation parks are either wholly owned by Aspen, or owned via Aspen Parks Property Fund ("APPF"), which Aspen manages and is the 42% owner, and is consolidated on balance sheet.

Accommodation

Aspen's accommodation business comprises two key business segments:

- Residential / short stay; and
- Resources.

The contribution of both of these segments to the operating result is detailed below.

	2015 \$'000	2014 \$'000	Change %
Residential / short stay			
Underlying profit	13,389	2,915	359.3%
Non-underlying items	(5,623)	(2,257)	(109.6%)
Total residential / short stay	7,766	658	1,080.1%
Resources			
Underlying profit	8,273	17,411	(52.5%)
Non-underlying items	(28,981)	(14,721)	(96.9%)
Total resources	(20,708)	2,690	(870.1%)
Total accommodation (loss) / profit	(12,943)	3,348	(486.7%)
Non-controlling interest	1,620	-	n/a
APZ share	(11,323)	3,348	(438.3%)

Residential / short stay

At 30 June 2015, Aspen owned or managed two MHEs, and seventeen residential / short stay parks.

During the year, Aspen acquired five parks for a combined value of \$51.255 million (including acquisition costs). Two of these parks were 100% MHE's, which were wholly acquired by Aspen, with the balance three parks being a combination of residential / short stay which were acquired via APPF.

During the year, Aspen (via APPF) commenced \$5.037 million of value enhancing works in this segment, with \$1.611 million being incurred during the year. These value enhancing works are aimed at generating additional revenue through increasing either accommodation capacity or improving the amenity of residents or visitors at a number of parks.

Aspen had total residential / short stay assets as at 30 June 2015 of \$179.805 million. When including unrecognised goodwill, Aspen's total residential / short stay assets at 30 June 2015 were \$188.231 million.

a) Underlying earnings

Aspen's share of operating profit from residential / short stay parks during the year was \$13.389 million (2014: \$2.915 million), a 359.3% increase against the prior year.

The acquisition of five operating parks provided earnings accretion of \$1.092 million from their respective settlement dates up to 30 June 2015. The existing residential / short stay parks provided the balance of the increase via consolidation of APPF and improved operating income (\$1.853 million).

During the year, Aspen settled 3 residential cabins for \$0.471 million (2014: nil). Stock on hand at 30 June 2015 comprised 6 cabins, and a further 7 cabins were under construction and scheduled for completion in the 2016 financial year.

b) Non underlying earnings

Aspen had a non-underlying loss of \$5.623 million (2014: \$2.257 million) within the residential / short stay segment, attributable to the change in fair value of properties. The non-underlying transactions were driven by:

- acquisition costs (\$3.292 million) of which \$2.435 million included in NAV;
- net decrease in property valuations (\$2.680 million). This decrease in property value within the Consolidated Income Statement is offset by upward revaluations on certain residential / short stay parks which have gone through Aspen's reserves (\$6.184 million). This has resulted in a net increase of \$3.504 million;

Resources

At 30 June 2015, Aspen owned or managed five resource parks.

During the year, Aspen experienced continued softening in demand for accommodation from users in the resources industry, as further weakness in commodity prices continue to impact resource companies operating in the north-west region of Western Australia and interior of South Australia. This is reflected in a value decline of 40% across the resources parks to \$41.942 million from the 30 June 2014 portfolio value of \$70.152 million.

Subsequent to year end, Aspen secured a further two year extension at its Aspen Karratha Village from its primary tenant, extending the lease term to January 2018. This lease secures 83% occupancy within this resource park.

a) Underlying earnings

Aspen's operating profit from resource parks during the year was \$8.273 million (2014: \$17.411 million), a 52.5% reduction against the prior year, primarily driven by reduction in room rates.

b) Non-underlying items

Aspen had a total non-underlying loss of \$28.981 million (2014: \$14.721 million) within the resource segment. The non-underlying items were predominantly attributed to net changes in the fair value of all resource properties. The valuation reductions at 30 June 2015 reduced the north-west properties in Western Australia by \$26.427 million and the balance (\$2.321 million) at Aspen's South Australian resource property.

Non-core

During the year, Aspen recorded an operating profit of \$8.749 million (2014: \$16.900 million) and a non-underlying loss of \$1.888 million (2014: \$67.361 million). The reduction in underlying earnings reflects the sale of industrial properties and other discontinued assets during the year.

Industrial

At 30 June 2015, Aspen only had one unsold industrial property remaining, being the remainder of the Spearwood industrial complex. The Spearwood property had a carrying value of \$63.346 million at 30 June 2015 with the sale of a \$34.570 million part of this asset having settled subsequent to the year end. Settlement on the sale of Noble Park occurred in October 2014, netting \$20.686 million in proceeds.

Resort / short stay parks

During the year, Aspen (via APPF) secured the conditional sale of its two resort parks, as well as one 100% short stay park. All three parks are located in the north-west region of Western Australia. Settlement of these three parks, following satisfaction of all remaining conditions, is expected to occur in 1H FY16.

These three parks had a carrying value of \$34.171 million at 30 June 2015.

Development

In 2015, Aspen achieved \$18.547 million of development asset settlements (2014: \$13.430 million).

At 30 June 2015, Aspen had \$10.968 million of development assets remaining. Of these, \$8.042 million were contracted sale, with \$2.926 million unsold.

During the year, Aspen commenced the wind up of three of the five development syndicates, with only Aspen Development Fund No 1 Ltd and Aspen Whitsunday Shores Pty Ltd continuing to hold assets. Upon the sale and settlement of property assets within these two syndicates, it is intended that these syndicates will also commence a process to wind up.

Overheads

Overheads have reduced by \$3.968 million to \$7.393 million as compared between FY14 and FY15. In addition, \$0.065 million of wages have been capitalised to development projects. Employee numbers have reduced by 6% since July 2014.

A number of overhead reduction initiatives were undertaken in 2H FY15, in conjunction with Aspen's relocation to Sydney, NSW. Underlying overhead costs declined by 23.8% during the second half of FY15, with the annual underlying overheads having declined by 34.9% from FY14 and 55.3% since FY13.

Capital management

Aspen has two debt facilities. One of these pertains to Aspen, with the other being held by APPF.

Both debt facilities were refinanced during the year. Key outcomes of these refinances include:

- Increase in term to September 2017 for both facilities (an extension of 1 year for Aspen, and 2 years for APPF);
- A weighted average reduction in the debt margin of 0.5%; and
- An increase of \$20.000 million within the Aspen revolving bank facility.

At 30 June 2015, Aspen's combined debt facilities were drawn to \$142.525 million (30 June 2014: \$64.258 million), versus a combined limit of \$170.000 million. Refer to note 16 for a breakdown of debt facilities between Aspen and APPF.

As at 30 June 2014 and at the date of signing this report, both Aspen and APPF were compliant with their banking covenants.

Aspen's gearing is 35.2% at 30 June 2015 which has increased from nil at 30 June 2014, primarily due to consolidation of APPF. Excluding APPF, the standalone gearing for Aspen is 8.4% at 30 June 2015.

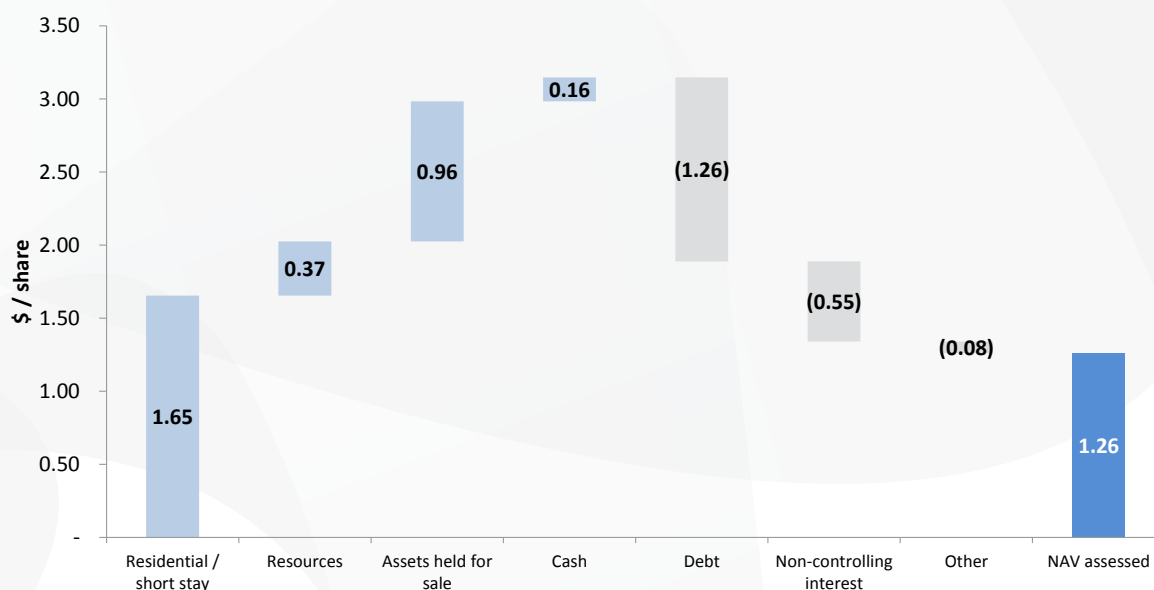
Following the settlement of 50% of Spearwood, the acquisition of Tomago Van Village and the settlement of the three resort / short stay parks, gearing will be reduced to 22.6% on a pro-forma 30 June 2015 consolidated basis.

Aspen's average cost of debt fell to 5.1% during the year (30 June 2014: 6.9%).

Financial position

The NAV of Aspen at 30 June 2015 is \$1.26 per security (\$1.50 per security at 30 June 2014).

The following diagram outlines the key components of the NAV assessed as at 30 June 2015:



Assets

Total assets have increased by \$140.708 million to \$362.428 million during the year and investment property together with property, plant and equipment have increased by \$169.858 million. Both of these are primarily a result of the consolidation of APPF (\$173.563 million increase to equity accounted treatment). Acquisitions made throughout the year (\$51.255 million) offset the fair value decline across primarily resource properties (\$38.366 million) as well as the settlement of a number of non-core assets (\$39.788 million).

Liabilities

Total liabilities increased by \$124.345 million to \$166.366 million during the year, and interest bearing loans and borrowings have increased by \$115.154 million to \$141.891 million. These are primarily a result of Aspen's consolidation of APPF.

Equity

Total equity increased by \$16.363 million during the year, as a result of an increase in non-controlling interests of \$55.775 million from Aspen's consolidation of APPF, partially offset by a consolidated total comprehensive loss of \$25.933 million, distributions of \$14.244 million to securityholders, and capital buyback of \$14.427 million.

Likely developments

The immediate focus for Aspen is to continue to pursue growth opportunities in the accommodation sector, both in acquisitions of parks and selected development works on new cabins, as well as improving yields from its accommodation portfolio (including managing the impact of the downturn in demand for accommodation from the resource sector).

In addition to this, Aspen will continue to progress the sale of its remaining industrial property (gross unsold carrying value of \$29.000 million) and development assets (net unsold carrying value of \$2.926 million).

Business risks

Aspen has policies and processes in place for the oversight and management of business risks. Further details of the risk management framework and process are detailed in Aspen's Corporate Governance Statement, while discussion of risks, including credit risk, liquidity risk, market risk and operation risk factors are detailed in note 25 of the financial statements. Listed below are relevant key risks for the business identified in the risk management matrix:

- Exposure to the resources industry – more specifically the risk that the demand for accommodation services for resource providers reduces further or remains subdued after experiencing significant downturn in demand over the past two years. Aspen has exposure to the sector through ownership of AKV and its interest in and management of 4 accommodation parks in APPF, which derives substantial revenue from properties located in key resource regions in Western Australia and South Australia.
- Economic downturn affecting tourism – short stay income is variable, and occupancy levels and room rates for short stay sites are dependent on various market conditions, which could negatively impact Aspen's short stay earnings. One example would be if Australia, or a geographical location within Australia, were to suffer subdued economic conditions, which in turn affected consumer spending on holidays.
- Sales rates of residential cabins – there are a number of risks associated with the development and sale of cabins which could impact future earnings for Aspen. These risks include delays or issues in respect to planning and regulatory approvals, cost overruns, and sales rates slower than budgeted.

Safety and environment

No significant accidents or injuries were recorded during the year of Aspen employees. During the year Aspen continued management of remediation of historical land use at the Spearwood property in Western Australia and this was completed subsequent to year end.

Other than this, there were no significant environmental issues during, or subsequent to, the year.

Significant changes in the state of affairs

On 10 October 2014, Aspen obtained control of APPF by way of underwriting the APPF entitlement offer and has significantly increased Aspen's proportionate exposure to the accommodation sector, in line with Aspen's long term strategy. As such, the directors deem Aspen to have a controlling interest in APPF and in accordance with AASB 10 *Consolidated Financial Statements*, APPF's results have been fully consolidated with Aspen as a consolidated group from that date. At report date, Aspen held a 42.0% equity interest in APPF (2014: 12.5%).

Since 30 June 2014, Aspen has revised its segments to reflect the refocused strategy of Aspen to the accommodation sector. Aspen has four operating segments, being residential / short stay, resource, non-core, and other. These segments each hold different asset classes and offer different products and services and are based on Aspen's management reporting and oversight. Further details on Aspen's operating segments are located on page 45.

During the year, Aspen secured the conditional sale of its two resort parks, as well as one 100% short stay park. As all three parks are located in the north-west region of Western Australia and form a geographical segment, these assets have been reclassified as a discontinued operation, and form part of Aspen's non-core segment.

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

Proceedings on behalf of the company

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

4. Remuneration report

Introduction from the chairman of the Remuneration Committee

Dear Securityholders,

I am pleased to present our remuneration report for 2015, which is designed to provide a clear summary of the remuneration strategy arrangements and outcomes for your directors and members of the Executive team.

Aspen is a business that has undergone significant transformation during the year.

During the year, Aspen completed the acquisition of \$51.255 million of accommodation parks, the sale or settlement of a further \$108.394 million of property sales, achieved a further 35% reduction in overheads, and has completed a number of capital management initiatives (including refinancing both debt facilities, completing an entitlement offer within APPF, and completing a security buyback). Execution on these deliverables has largely finalised Aspen's transformation into a pure-play accommodation business.

Whilst a number of strategic goals have been achieved during FY15, Aspen has made a statutory loss of \$31.724 million, primarily through further valuation declines in assets within the resource segment and impairment of non-core assets held for sale. This has resulted in Aspen's NAV declining to \$1.26 at 30 June 2015, down \$0.14 from the corresponding period last year. In addition, the underlying earnings for Aspen have declined by 3.3 cents per security.

In weighing up both strategic goals achieved during FY15, as well as the negative performance outcomes, the directors have elected to maintain fixed salaries at the same level as the prior year, and the short term incentive (STI) pool allocation for FY15 was reduced to 50% of the maximum pool available. As a result of the individual performance assessments for executives, the average percentage awarded of the maximum STI opportunity was 25%.

As a result, the STI awarded to the CEO was down 44% compared to the FY14 award and for total executives, down 73% on a comparable basis.

On behalf of the Board and the Remuneration Committee, I invite you to read the 2015 remuneration report and welcome your feedback on Aspen's approach to, and disclosure of its remuneration arrangements.



Clive Appleton
Chairman, Remuneration Committee

Contents

The remuneration report is presented in the nine sections below:

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6. Senior executive contracts	23
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4. Remuneration report *(continued)*

1.0 Overview

1.1 Introduction

The directors present the remuneration report for Aspen Group for the year ended 30 June 2015. 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
- CEO as well as other current and former members of the senior executive team (Executives).

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

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

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

1.2 Key management personnel

The table below provides details of the KMP for FY15. 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		
C Salwin	Chief Executive Officer	KMP for full year
A Marrs Ekamper	Chief Financial Officer	KMP for full year
P Barker	Head of Funds Management	KMP for full year
B Summers	Head of Asset Management	Commenced 27 March 2015
C McMahon*	Head of Human Resources	Commenced 7 April 2015
Former Executives		
Position		
E Lee	Formerly Company Secretary	Ceased 20 April 2015
B Acott	Formerly Head of Asset Management	Ceased 31 March 2015
N Dempsey*	Formerly Chief Operating Officer	Ceased 17 April 2015
K Grafton*	Formerly Head of Human Resources	Ceased 15 May 2015
Non-Executive directors		
Position		
Frank Zipfinger	Non-Executive director	KMP for full year
Clive Appleton	Non-Executive director	KMP for full year
Hugh Martin	Non-Executive director	KMP for full year
Guy Farrands	Non-Executive director	KMP for full year
John Carter	Non-Executive director	Commenced 23 February 2015

* Costs for these Executives are partly borne by APPM.

1.3 Remuneration changes made

The Remuneration Committee and the Board approved the following changes to remuneration during FY15. These changes were effective 1 July 2014 and applied to the 2015 financial year.

- The deferral period for payments made to Executives (other than the CEO) under the STI Policy has been increased. All participants will be subject to revised deferral conditions for awards with adoption of an increased 18 months deferral period (up from 12 months) for 25% of the STI awarded. This is undertaken via an award of equity equivalent to 25% of the STI (which was previously cash) and is subject to a holding lock period for 18 months; and
- A reduced scope of incentive schemes, such that the STI and LTI is only available to senior management level employees and those nominated by the CEO and approved by the Board.

4. Remuneration report (continued)

2.0 Executive remuneration outcomes

The table below sets out the cash and other benefits received by the current Executives who were KMP during the year. This non-statutory remuneration outcomes table has been prepared to provide securityholders with a view of the remuneration that was actually paid to current Executives during the year. The directors believe that presenting information in this way provides securityholders with increased clarity and transparency. Remuneration details prepared in accordance with statutory obligations and accounting standards are contained on page 25 of the remuneration report.

The totals in the table below received by the current Executives in FY15 are either lower or higher than the amounts shown in the remuneration table on page 25 of the remuneration report. This is because the full remuneration table includes:

- Amounts in respect of potential LTI awards which have not yet vested;
- Includes an allowance for an accrued FY15 STI, which would not be paid until September 2015, whereas the below table includes the FY14 STI that was accrued in the prior year and paid during FY15 as well as a deferred repayment of FY13; and
- Does not include retention bonuses which were fully paid in FY15, but were accrued and included in the FY14 remuneration for applicable Executives.

FY15 remuneration outcomes table

	Cash salary	STI ^a	LTI	Other ^b	Total
C Salwin	490,001	82,688	-	-	572,689
A Marrs Ekamper	299,807	46,641	-	150,000	496,448
P Barker	289,998	-	-	6,366	296,364
B Summers	68,981	-	-	-	68,981
C McMahon	47,654	-	-	-	47,654

a) The value of STI represents the actual cash payment received, and excludes any deferred FY14 amounts

b) 'Other' comprises executive retention bonuses and parking benefits

3.0 Remuneration governance and framework

3.1 Remuneration Committee

The Board, through the Remuneration Committee, oversees the remuneration practices of Aspen.

The Remuneration Committee is responsible for:

- I. the assessment of the performance of the CEO which is conducted on both an informal and continuous basis, as well as formally at the end of each financial year;
- II. establishing an overarching remuneration framework for Aspen; and
- III. approval of all elements of KMP compensation.

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

4. Remuneration report *(continued)*

3.2 Remuneration consultants

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

In FY15 there were no consultants engaged by the Remuneration Committee and as a consequence no recommendations obtained and no disclosures required under the *Corporations Act 2001*. To assess market competitiveness of remuneration, the Committee benchmarked the KMP remuneration against market data obtained from the CRA Plan Managers Top 500 Director and Senior Executive Remuneration Report 2015.

3.3 Remuneration framework

The objective of Aspen’s remuneration framework is to remunerate its employees both competitively and appropriately such that Aspen Group attracts, retains and motivates a skilled, motivated and qualified KMP team. The remuneration framework seeks to align securityholder interests with KMP’s own interests, and attract and retain suitable people, by considering:

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

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

4.0 Executive remuneration structure

Aspen Executives had the following remuneration mix for FY15:

FIXED	AT RISK		
Fixed Remuneration	Retention	Short term incentive (STI)	Long Term Incentive (LTI)
	CASH		Equity
<ul style="list-style-type: none"> • Base Salary and superannuation • Reviewed annually • Determined by experience, qualifications and role 	<ul style="list-style-type: none"> • Introduced in FY13 as a ‘one-off’ retention measure during a period of high uncertainty and transition • No further retention schemes are planned 	<ul style="list-style-type: none"> • 75% of STI awarded paid September of each year. • 25% of the STI outcome (50% for the CEO) is deferred for 18 months • STI dependent on individual performance to KPI’s • STI dependent on Group performance 	<ul style="list-style-type: none"> • Performance Rights Plan subject to three year vesting • 100% Relative Total Shareholder Return
Base level of reward competitive with the market	Encourages sustainable performance in the medium to longer term and provides a retention element		

FY 15 Changes

- Deferral period increased to 18 months
- Deferred amounts taken as equity, restricted to executives and senior level managers

FY 15 Changes

- Only available to Executive level employees

4. Remuneration report *(continued)*

Remuneration mix	CEO	Executives
Fixed remuneration	30% - 35%	50% - 70%
STIs	25% - 30%	20% - 30%
LTIs	40% - 50%	10% - 25%
Retention bonus (if applicable)	-	50%

STI, LTI and retention bonus components are “at risk” and are only realised if respective performance hurdles (as described later in the framework) are achieved.

The remuneration components are described in sections 4.1 to 4.4 below.

4.1 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 Remuneration Committee through a process that considers:

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

4.2 Variable compensation - STI

The STI is an “at risk” incentive awarded annually and is paid in a combination of cash and equity, subject to retentions as well as the performance against agreed KPIs and the performance of Aspen as a whole.

The Board modified the eligibility criteria to limit the scope of the STI to include only senior manager level employees and those nominated by the CEO and approved by the Board, effective 1 July 2014.

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 as part of the individual’s performance review process.

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

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

To be eligible for a STI a participant needs to be employed with Aspen for a minimum of 6 months.

All STIs for Executives are paid as a mixture of cash and equity award in the ratio of 75% cash to 25% equity, with the exception of the CEO, who has a ratio of 50% cash to 50% equity. The cash portion is paid in September each year following the finalisation of the financial statements. The equity portion is deferred for a period of 18 months from the grant date. The equity will be calculated by reference to the volume weighted average price of the Aspen securities for the five days prior to the issue date. To receive the benefit of the deferred STI amount, the Executive must have achieved a further hurdle - a period of 18 months continuous employment with Aspen after the granting of the award. Furthermore, notwithstanding the additional 18 months service, the vesting of the deferred STI amount is subject to testing by Aspen that there was no material misstatement in respect of the key performance indicators that were used in assessing the original award. The determination of whether a material misstatement has occurred is for the absolute discretion of the Board to determine.

4. Remuneration report *(continued)*

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

Other eligibility criteria event	Eligibility criteria
Resignation	If employment ceases due to resignation during performance year, the employee is not considered for a STI payment for that performance year.
Redundancy during performance year	If employee is made redundant the employee will be considered for a pro rata STI payment. Performance is rated at the time of termination. Any deferred STI amounts for KMP would be paid upon redundancy.
Redundancy after end of performance year	If an employee is made redundant after the performance year end, the 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 dismissal 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 their estate. This includes any deferred STI amounts for Executives.
Change of control	STI's 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. The extra vesting conditions for deferred STI amounts are deemed to be immediately satisfied after a change of control.

4.3 Variable compensation – executive retention bonus scheme

In the previous financial year, with considerable uncertainty on the future of the business, the Board determined that there was a serious risk that some Executives would depart. Owing to the complexity of Aspen and the urgency required to address the implementation of its strategy to simplify and de-leverage the business, such departures may have created significant gaps in knowledge and capacity that would not have been in the best interests of securityholders. The Board resolved to introduce an Executive Retention Bonus Scheme for some Executives.

The strategy was successful in retaining the required Executives to effect implementation of Aspen’s strategy.

There are no plans to replicate the Executive Retention Bonus Scheme or similar schemes.

4.4 Variable compensation - LTI

The objective of the LTI plan is to reward and retain Executive employees. Awards are linked to Aspen’s Total Shareholder Returns (“TSR”), therefore an employee’s remuneration is aligned to the creation of securityholder wealth. Under this plan, the more Aspen’s security price increases 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 2013 Annual General Meeting.

Performance rights plan

The PRP facilitates the grant of performance rights to Executives and some 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).

Vesting conditions

A performance right holder will only be able to exercise their performance rights to the extent the vesting conditions are satisfied (if at all). The TSR vesting conditions determine 100% of the total award and are measured over a three year period from the start of the financial year in which they are offered.

4. Remuneration report *(continued)*

The Board will consider introducing additional or different conditions for future grants of rights should prevailing market conditions support such a decision. Presently, continued employment and minimum individual performance rating are the only two additional conditions. Earnings per Share (EPS) growth was removed as one of the two vesting conditions on the performance rights from July 2014. The reason for this decision is that the Aspen business is currently in significant transition and as a consequence setting meaningful EPS growth targets is difficult and contrary to the Group's current strategy. The immediate strategic objective is to sell the commercial property portfolio, however this will have a materially negative impact on EPS.

The Committee decided to use relative TSR as the single vesting condition because:

- Relative TSR is easily measured, verifiable by external data and therefore transparent for shareowners;
- Current market evidence supports the proposition of relative TSR as a sole measure – it is the single most utilised measure by ASX Top 100 companies.

The reason for this decision is that the Aspen business is currently in significant transition and as a consequence setting meaningful EPS growth targets is difficult and contrary to Aspen's current strategy. The immediate strategic objective is to sell the non-core property assets, however this will have a materially negative impact on EPS.

TSR hurdle

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

The S&P ASX 300 Property Sector index is used as a comparator group as it represents Aspen's listed property peers that Aspen competes with for equity and talent.

The TSR hurdle is tested at the end of the performance period (three years from grant) by calculating the TSR growth performance of each entity in the comparator group. The performance of each entity is then ranked, using percentiles. Aspen'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 outperforms a majority of the entities making up the S&P ASX 300 Property Sector index over the 3 year period.

The following vesting schedule applies to the award of any performance rights to eligible participants (2014 and 2015 PRP - only TSR applies):

EPS target (2013 legacy issue PRP)	Relative TSR over 3 years	Proportion of TSR related rights vested (from 1 July 2013)
Less than or equal to EPS target	At or below the 50 th percentile	0%
Greater than EPS target	At the 51 st percentile	50%
Significantly greater than EPS target	Between the 51 st percentile and the 75 th percentile	Straight-line between 50% and 100%
EPS stretch target achieved	75 th percentile or above	100%

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

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

4. Remuneration report *(continued)*

5.0 Executive remuneration outcomes

5.1 Overview of FY15 financial performance

In considering Aspen's performance and benefits for securityholder wealth, the Remuneration Committee had regard to the following indices in respect of the current financial year and the previous 4 years.

	2015	2014	2013	2012	2011
Statutory profit /(loss) after tax	(\$30.8m)	(\$81.8m)	(\$38.0m)	(\$147.1m)	\$17.4m
Underlying earnings*	\$14.2m	\$14.7m	\$11.1m	\$28.0m	\$35.2m
Distributions per security	9.0cps	11.5cps	15cps	31.5cps	42cps
Market Cap (30th June)	\$150m	\$145m	\$209m	\$238m	\$255m
Share price (30th June) **	\$1.33	\$1.21	\$1.75	\$4.00	\$4.40
Return on capital employed	(9.3%)	(31.8%)	3.9%	(40.4%)	4.8%

* Underlying earnings, also referred to as net profit before tax before significant items, (as determined by the directors) is considered as one of the financial performance targets in setting the STI. Refer to note 6 for further details.

** Share price for FY11 – FY13 has been adjusted to reflect the 10:1 security consolidation that occurred in November 2013.

In FY15, the Board considered it appropriate to take into consideration underlying earnings as one of the performance targets in setting the FY15 STI. Statutory profit amounts for 2011 to 2015 have been calculated in accordance with Australian Accounting Standards ("AASBs").

The Remuneration Committee also considered the relative performance of KMP against the execution of Aspen's strategy. A high level scoreboard of the Aspen performance for FY15 for the purpose of assessing eligibility for STI has been considered by reference to both positive factors and negative factors:

Positive performance indicators	Negative performance indicators
<ul style="list-style-type: none"> Transition of Aspen into a pure-play accommodation provider substantially complete Acquisition of \$51.255 million of accommodation parks Substantially completed sale of discontinued operations, with \$108.293 million sold or settled Met distribution guidance Achieved a further 35% reduction in overheads Completed a number of capital management initiatives (including refinancing both debt facilities, completing an entitlement offer within APPF, and completing a security buyback) Wind up of non-performing managed investment schemes Relocation of corporate office to Sydney De-risked the Aspen Karratha Village leasing profile Progressed significant business cultural change in respect of safety, customer focus and accountability 	<ul style="list-style-type: none"> Significant reduction in NAV per security during FY15 from \$1.50 (30 June 2014) to \$1.26 Discontinued operations not yet exited in full Half of Spearwood not yet sold Decline in underlying earnings of 3.3 cents per security

4. Remuneration report (continued)

5.2 STI outcomes

For the year ended 30 June 2015, the CEO and two other Executives were awarded a partial STI, determined after performance reviews were completed and then approved by the Remuneration Committee. Nil executives were not awarded STI's.

The performance measures for the STI in FY15 were underlying earnings and the achievement of goals in relation to debt reduction, specific asset sales, business simplification and overhead reduction. The assessment of these outcomes is detailed in section 5.1 above.

The Board determined that 50% was the appropriate scaling to be applied to the overall STI pool for FY15. As a result of the individual performance assessments the average percentage awarded of the maximum STI opportunity for the Executives was 25%.

The total STI awarded to the Executives for FY15 was \$136,875 down 56% on FY14.

A summary of the STIs (excluding payments in the retention scheme) awarded to current executives is outlined below:

	Cash STI	Deferred	Total FY15 award	Retention Accrual (non-cash) ¹	Total STI	% of max STI opportunity vested in year	% of STI not yet vested	% of STI opportunity forfeited in year
	\$	\$	\$	\$	\$			
Clem Salwin	45,937	45,938	91,875	-	91,875	13%	13%	75%
Adam Marrs Ekamper	22,500	7,500	30,000	60,604	90,604	19%	6%	75%
Phil Barker	11,250	3,750	15,000	96,667	111,667	10%	3%	87%
Brett Summers	-	-	-	-	-	-	-	-
Catherine McMahon	-	-	-	-	-	-	-	-
Total	79,687	57,188	136,875	157,271	294,146			

¹ Refer to section 4.3 above for details of the one off retention scheme granted in calendar year 2012.

5.3 LTI outcomes

The table below summarises how Aspen has performed against vesting conditions for active LTI schemes at 30 June 2015:

Issue	Tranche 3 FY13	Tranche 4 FY14	Tranche 5 FY15
Effective Issue date	Nov 2012	Sept 2013	July 2014
Vesting date	30 June 2015	30 June 2016	30 June 2017
Current Status	TSR is below 50 th percentile	TSR is below 50 th percentile	TSR is below 50 th percentile

6.0 Executive contract details

6.1 Remuneration structure and contract terms for Mr Clem Salwin

The contract of employment contract for the CEO, Mr Salwin, commenced 1 July 2013 and has no fixed term and specifies the duties and obligations of the role. The employment contract may be terminated by Aspen or Mr Salwin by giving 6 months' notice of an intention to terminate his employment. Termination benefits to the extent permitted under the Corporations Act are included in his contract in the event of certain termination events.

4. Remuneration report *(continued)*

The remuneration package for Mr Salwin was designed and negotiated to ensure a strong alignment of his financial rewards with the creation of value for Aspen securityholders. The equity component of Mr Salwin's package was approved at an Extraordinary General Meeting in September 2013, including the grant of 3 year options with a strike price of \$2.00 per security (post 10:1 security consolidation), an issue of performance rights and a placement of Aspen securities.

With respect to the placement, Mr Salwin invested \$0.98m of his own funds in Aspen securities at \$1.70 (post 10:1 consolidation). The Aspen Group security price closed at \$1.33 on 30 June 2015.

6.2 Contract terms for other current Executives

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

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

4. Remuneration report (continued)

7.0 Executives remuneration

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

	Year	Short-term						Post-employment				Total	LTI's	Total	% of rem performance related	Value of LTI as % of rem	
		Base salary	STI (non-cash)	Retention Accrual (non-cash) (2)	Annual leave and long service leave	Non-monetary benefits	Total	Superannuation benefits	Termination benefits	Other Long Term							
Current Execs																	
Clem Salwin	2015	491,886	91,875	-	22,181	-	605,942	18,783	-	-	511,396	1,136,121	53.10%	45.01%			
	2014	490,000	165,375	-	25,638	6,280	687,293	17,775	-	-	289,803	994,871	45.75%	29.13%			
Adam Marrs	2015	300,961	30,000	60,604	12,277	-	403,842	18,783	-	-	65,835	488,460	32.03%	13.48%			
Ekemper	2014	250,000	45,000	70,627	30,229	-	395,856	17,775	-	-	26,792	440,423	32.34%	6.08%			
Philip Barker	2015	291,113	15,000	96,667	(605)	6,366	408,541	18,783	-	-	49,400	476,724	33.79%	10.36%			
	2014	290,000	34,800	-	1,160	6,280	332,240	17,775	-	-	31,079	381,094	17.29%	8.16%			
Brett Summers	2015	70,953	-	-	5,385	-	76,338	7,252	-	-	-	83,590	-	-			
Catherine McMahon	2015	49,269	-	-	3,752	-	53,021	5,037	-	-	-	58,058	-	-			
Former Execs																	
Eric Lee	2015	214,075	39,164	39,164	(2,751)	6,366	256,854	18,783	132,212	-	(63,628)	344,221	-7.11%	-18.48%			
	2014	275,000	33,000	77,690	5,040	9,166	399,896	17,775	-	4,741	29,472	451,884	31.02%	6.52%			
Brendan Acott	2015	244,892	44,434	44,434	2,844	6,366	298,536	14,087	150,000	-	(55,499)	407,125	-2.72%	-13.63%			
	2014	312,000	56,160	88,142	12,092	6,280	474,674	29,785	-	1,333	33,437	539,229	32.96%	6.2%			
Noel Dempsey	2015	321,443	-	-	6,342	-	327,785	18,783	187,500	-	-	534,067	-	-			
	2014	85,792	10,125	-	6,323	-	102,240	4,444	-	-	-	106,684	9.49%	-			
Kiah Grafton	2015	156,892	-	-	14,187	-	171,079	16,253	65,385	-	-	252,717	-	-			
	2014	80,797	16,200	-	4,126	-	101,123	7,855	-	-	-	108,978	14.87%	-			
Total	2015	2,141,484	136,875	240,869	63,612	19,098	2,601,938	136,544	535,097	-	507,504	3,781,083	17.04%	13.42%			
	2014	1,783,589	360,660	236,459	84,608	28,006	2,493,322	113,184	-	6,074	410,583	3,023,163	25.51%	13.58%			

Notes in relation to the table of key management personnel remuneration

(1) The performance rights 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.

(2) Refer to section 4.3 above for details of the one off retention scheme granted in calendar year 2012.

4. Remuneration report (continued)

LTI grants and movements during the year

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

	Equity type	Balance as at 30 June 2014	Granted during the year as remuneration ^(a)	Value of Grant ^(b)	Exercised / vested during the year	Value of options and rights exercised / vested	Lapsed / cancelled during the year	Value of options and rights lapsed / cancelled ^(c)	Balance as at 30 June 2015
		No.	No.	\$	No.	\$	No.	\$	No.
Current executives									
Clem Salwin	Options	1,729,412	-		-	-	-	-	1,729,412
	PR	528,018	826,586	204,166	-	-	-	-	1,354,604
	ESSIP	-	-		-	-	-	-	-
Adam Marrs Ekamper	PR	98,766	152,071		-	-	9,323	1,771	241,514
	ESSIP	358	-	37,562	-	-	358	1,151	-
Phil Barker	PR	128,939	78,273		-	-	25,185	4,785	182,027
	ESSIP	10,890	-	19,334	-	-	10,890	35,000	-
Brett Summers		-	-	-	-	-	-	-	-
Catherine McMahon		-	-	-	-	-	-	-	-
Former Executives									
Eric Lee	PR	120,099	74,224	18,334	-	-	194,287	106,868	-
Brendan Acott	PR	139,589	84,211	20,815	-	-	223,860	121,939	-
Noel Dempsey	PR	-	101,215	25,000	-	-	101,215	25,000	-
Kiah Grafton	PR	-	47,233	11,667	-	-	47,233	11,667	-

(a) Rights were granted to Executives on 1 August 2014, to be tested 30 June 2017.

(b) The fair market value of rights granted on 30 June 2015, calculated using a Monte Carlo simulation analysis is \$1.30 per right relating to the TSR measure.

(c) Value is calculated at fair market value of option or right on date of grant

The number of options and rights included in the balance at 30 June 2015 for the Executives is set out below:

	2011	2012	2013	2014	2015	Total
Current executives						
Clem Salwin	-	-	-	2,257,430	826,586	3,084,016
Adam Marrs Ekamper	Cancelled	Cancelled	46,340	43,103	152,071	241,514
Phil Barker	Cancelled	Cancelled	53,754	50,000	78,273	182,027
Brett Summers	-	-	-	-	-	-
Catherine McMahon	-	-	-	-	-	-
Former executives						
Eric Lee	Cancelled	Cancelled	50,974	47,414	74,224	-*
Brendan Acott	Cancelled	Cancelled	57,832	53,793	84,271	-*
Noel Dempsey	-	-	-	-	101,215	-*
Kiah Grafton	-	-	-	-	47,233	-*

* all unvested performance rights were automatically forfeited upon termination by redundancy.

4. Remuneration report *(continued)*

8.0 Non-executive directors remuneration

8.1 Non-executive director remuneration structure

The total remuneration for non-executive directors for the 2015 financial year was \$515,533 (2014: \$475,990) representing a 8% increase from the previous year.

The remuneration level is within the maximum remuneration level previously approved by securityholders at the 2010 AGM of \$700,000. Within this limit, the Remuneration Committee reviews the remuneration packages of all non-executive directors on an annual basis and makes recommendations to the Board. In making its recommendations, the Remuneration Committee 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 those 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 nor the ability to participate in Aspen's LTI scheme.

The annual fees payable in FY15 are in accordance with the table below:

Position	FY15 remuneration (base fees excluding super)
Non-executive chairman	\$149,625
Non-executive director	\$76,950
Audit committee chairman	\$8,550
Audit committee member	\$4,275
Remuneration committee chairman	\$8,550
Remuneration committee member	\$4,275
Nominations committee chairman	\$8,550
Nominations committee member	\$4,275

The Remuneration Committee has determined that for FY16 there will be no increase in fees.

8.2 Non-executive directors' remuneration

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

	Year	Non-executive director \$	Committee chair fees \$	Committee member fees \$	Superannuation \$	Total remuneration \$
Frank Zipfinger	2015	149,625	16,936	4,275	16,229	187,065
	2014	149,625	17,100	4,275	15,818	186,818
Hugh Martin	2015	76,950	-	4,275	7,716	88,941
	2014	76,950	-	4,275	7,513	88,738
Clive Appleton	2015	76,950	187	12,743	8,133	98,013
	2014	76,950	-	12,825	7,909	97,684
Guy Farrands	2015	76,950	17,100	8,550	9,747	112,347
	2014	76,950	8,550	8,550	8,700	102,750
John Carter	2015	26,543	-	94	2,530	29,167
	2014	-	-	-	-	-
Total non-executive directors	2015	407,018	34,223	29,937	44,355	515,533
	2014	380,475	25,650	29,925	39,940	475,990

4. Remuneration report *(continued)*

9.0 KMP transactions

9.1 Loans

There were no loans made during the year, or outstanding at year end, to KMP (current or former), with the loan owing from a former director having been repaid during the year (refer note 29 for details).

9.2 Movements in securities

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

	Year	Balance at beginning of year (1)	LTI's vested	Net purchases / (sales)	Balance at end of year
Current Executives					
Clem Salwin	2015	641,734	-	650,000	1,291,734
	2014	-	-	641,734	641,734
Adam Marrs Ekamper	2015	29,352	-	42,000	71,352
	2014	-	-	29,352	29,352
Phil Barker	2015	-	-	-	-
	2014	-	-	-	-
Brett Summers	2015	-	-	-	-
	2014	-	-	-	-
Catherine McMahon	2015	-	-	-	-
	2014	-	-	-	-
Former Executives					
Eric Lee (i)	2015	5,000	-	-	5,000
	2014	-	-	5,000	5,000
Brendan Acott (ii)	2015	21,528	-	-	21,528
	2014	9,528	-	12,000	21,528
Noel Dempsey	2015	-	-	-	-
	2014	-	-	-	-
Kiah Grafton	2015	-	-	-	-
	2014	-	-	-	-

(i) Final securityholding at 20 April 2015, the date of ceasing to be an Executive included in KMP

(ii) Final securityholding at 31 March 2015, the date of ceasing to be an Executive included in KMP

Non-Executive directors

Frank Zipfinger	2015	100,000	-	70,000	170,000
	2014	60,105	-	39,895	100,000
Clive Appleton	2015	11,000	-	-	11,000
	2014	-	-	11,000	11,000
Hugh Martin	2015	-	-	-	-
	2014	-	-	-	-
Guy Farrands	2015	50,000	-	55,475	105,475
	2014	-	-	50,000	50,000
John Carter	2015	4,025,864	-	7,025,865	11,051,729
	2014	-	-	-	-

(1) The balances brought forward for FY2014 have been adjusted as per 10:1 securities consolidation in November 2013

(2) As per ASX Changes in Directors Interest Notice Appendix 3Y

5. Principal activities

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

6. Events subsequent to reporting date

The following material events have occurred between the reporting date and the date of this report:

- On 3 August 2015, Aspen exchanged contracts for the acquisition of Tomago Van Village, located in Tomago, NSW for \$10.500 million (pre-acquisition costs). Settlement of this acquisition occurred on 19 August 2015.
- On 17 August 2015, Aspen settled the sale of part of the Spearwood industrial complex for a gross sale value of \$35.000 million.

Other than the above, there has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Aspen, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

7. Indemnification and insurance of officers and auditors

During the financial year Aspen paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2015 and, since year end Aspen has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 30 June 2016. 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 Zipfinger, Mr Salwin, Mr Martin, Mr Appleton, Mr Carter, Mr Farrands and Mr Gillard 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. Aspen has agreed to indemnify Mr Marrs Ekamper in his role as director of development syndicates controlled by Aspen, as well as members of the Compliance Committee and Independent Advisory Committee.

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.

8. Non-audit services

During the year PricewaterhouseCoopers, Aspen's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and it is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Aspen, acting as an advocate for Aspen or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of Aspen, PwC / KPMG (respectively for 2015 and 2014), and their related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	2015 \$	2014 \$
Audit services:		
<i>Audit and review of financial reports</i>		
PwC	300,000	-
KPMG	-	295,000
Other	-	15,000
	300,000	310,000
<i>Assurance related services</i>		
PwC	29,846	-
KPMG	-	43,000
Other	2,000	8,082
	31,846	51,082
<i>Non-assurance related services</i>		
PwC	3,800	
KPMG – tax	123,996	292,344
KPMG - other	-	30,954
	127,796	323,298

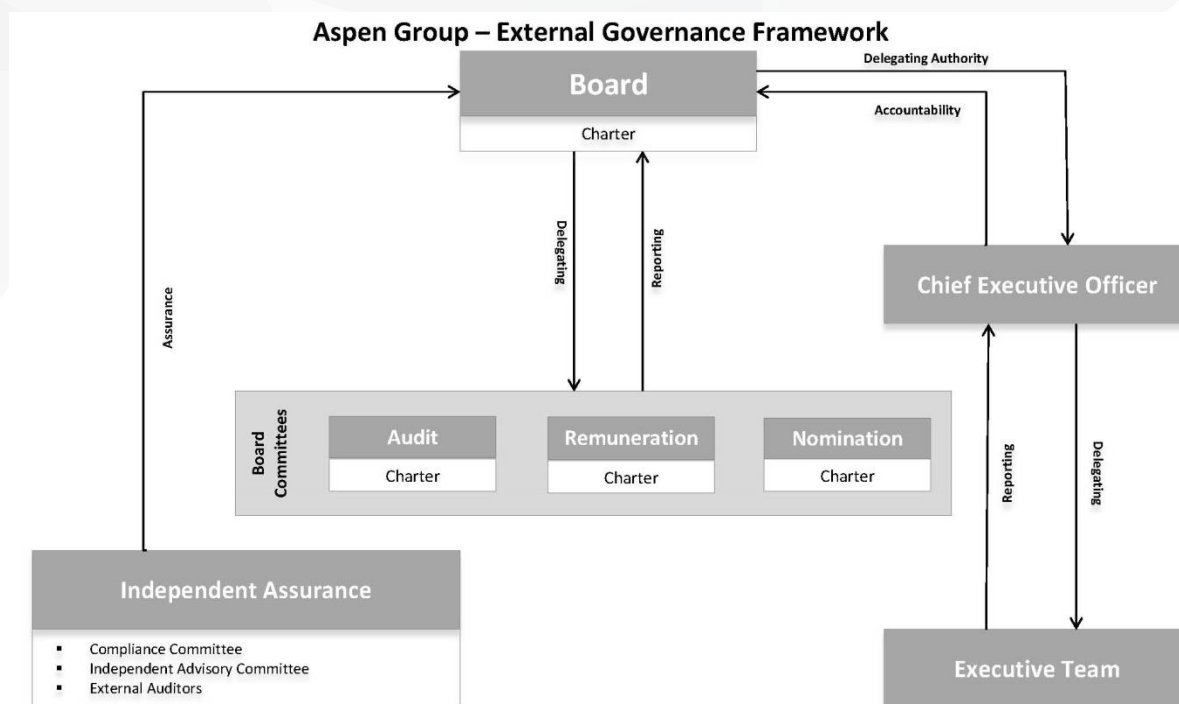
9. Corporate governance statement

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

Aspen’s Corporate Governance Statement is available on our website at

http://www.aspengroup.com.au/shareholder_information/corporate_governance_charter.html

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



10. 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 33 and forms part of the Directors' Report.

11. Rounding off

Aspen is an entity of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the directors' report and the financial 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 AGL and AFM



Clem Salwin

Managing Director

SYDNEY, 24 August 2015



Auditor's Independence Declaration

As lead auditor for the audit of Aspen Group Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aspen Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Dreyer', is written over a white rectangular background.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
24 August 2015

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Independent auditor's report to the members of Aspen Group Limited

Report on the financial report

We have audited the accompanying financial report of Aspen Group Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Aspen Group (the consolidated entity). The consolidated entity comprises both the Company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company 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 is free from material misstatement, whether due to fraud or error. In the notes to the consolidated financial statements entitled "About this report", the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Auditor's opinion

In our opinion:

- (a) the financial report of Aspen Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Regulations 2001*.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in the notes to the consolidated financial statements entitled "About this report".

Report on the Remuneration Report

We have audited the remuneration report included in pages 15 to 28 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Aspen Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
24 August 2015

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	Consolidated Balance Sheet	Page 39
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Key numbers	Capital	Risk	Corporate Structure	Unrecognised items	Other
1. Revenue	12. Capital management	17. Financial risk management	19. Associates	25. Commitments and contingencies	27. Parent entity disclosures
2. Expenses	13. Distributions	18. Impairment of non-financial assets	20. Business combinations	26. Subsequent events	28. Auditors' remuneration
3. Tax expense	14. Equity and reserves		21. Goodwill		29. Related party transactions
4. Cash and cash equivalents	15. Earnings per stapled security		22. Subsidiaries		30. Finance advances and loans
5. Trade and other receivables	16. Interest bearing loans and borrowings		23. Discontinued operations		31. Other accounting policies
6. Trade and other payables			24. Non-controlling interests		
7. Property, plant and equipment					
8. Investment property					
9. Assets classified as held for sale					
10. Liabilities classified as held for sale					
11. Provisions					

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Other information	Glossary	
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Consolidated income statement

for the year ended 30 June 2015

	Note	CONSOLIDATED 2015 \$'000	2014 \$'000
Continuing operations			
Revenue	1	44,593	21,156
Cost of sales	2	(22,924)	(5,995)
Gross profit		21,669	15,161
Expenses			
Administration expenses	2	(19,225)	(12,812)
Property depreciation, fair value adjustments and other	2	(33,824)	(13,393)
Total expenses		(53,049)	(26,205)
Other income		4	1,124
Share of profits/(losses) of associates	19	473	(5,982)
		477	(4,858)
Earnings before interest and income tax expense (EBIT)		(30,903)	(15,902)
Finance income	2	1,128	3,069
Finance costs	2	(8,124)	(9,600)
Loss before income tax		(37,899)	(22,433)
Income tax benefit	3	-	(12,141)
Loss from continuing operations		(37,899)	(34,574)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	23	6,175	(47,236)
Loss for the year		(31,724)	(81,810)
Loss attributable to ordinary equity holders of the parent entity		(23,433)	(70,716)
Loss attributable to non-controlling interest		(8,291)	(11,094)
Loss for the year		(31,724)	(81,810)
Earnings per security (EPS) attributable to ordinary equity holders of the parent entity from continuing operations			
		Cents	Cents
Basic earnings per security	15	(25.45)	(22.17)
Diluted earnings per security	15	(25.45)	(22.17)
Earnings per security attributable to ordinary equity holders of the parent entity			
Basic earnings per security	15	(20.40)	(59.05)
Diluted earnings per security	15	(20.40)	(59.05)

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

Consolidated statement of comprehensive income

for the year ended 30 June 2015

	Note	CONSOLIDATED	
		2015 \$'000	2014 \$'000
Loss for the year		(31,724)	(81,810)
Other comprehensive income/(expenses)			
<i>Items that may be reclassified to profit or loss:</i>			
Share of other comprehensive expense from associates and joint ventures		-	(1,414)
Loss on non-controlling interest from withdrawal offer		(547)	-
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment		6,338	-
Other comprehensive income/(loss) for the year, net of tax		(25,933)	(83,224)
Total comprehensive income/(loss) for the year from:			
Continuing operations		(32,262)	(35,988)
Discontinued operations		6,329	(47,236)
		(25,933)	(83,224)
Total comprehensive loss for the year attributable to:			
Securityholders of Aspen		(21,003)	(72,130)
Non-controlling interests		(4,930)	(11,094)
		(25,933)	(83,224)

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

Consolidated balance sheet

as at 30 June 2015

	Note	CONSOLIDATED	
		2015 \$'000	2014 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	4	18,237	42,502
Restricted cash at bank		5,013	2,179
Trade and other receivables	5	4,950	3,789
Current tax asset		592	-
Financial advances and loans	30	-	5,153
Assets classified as held for sale	9	108,485	115,155
Associates	19	-	25
Inventories		692	-
Other		2,051	2,000
Total current assets		140,020	170,803
<i>Non-current assets</i>			
Associate	19	37	10,729
Investment property	8	-	38,500
Property, plant and equipment	7	209,794	1,436
Intangible asset - goodwill	21	11,953	-
Other		624	252
Total non-current assets		222,408	50,917
Total assets		362,428	221,720
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	6	15,810	7,769
Liabilities classified as held for sale	10	602	23,219
Interest bearing loans and borrowings	16	33,070	2,931
Provisions	11	5,244	2,919
Derivative financial liability		1,392	683
Total current liabilities		56,118	37,521
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings	16	108,821	4,500
Derivative financial liability		1,427	-
Total non-current liabilities		110,248	4,500
Total liabilities		166,366	42,021
Net assets		196,062	179,699
Equity			
<i>Equity attributable to equity holders of the parent</i>			
Issued capital	14	514,473	523,031
Other equity	14	-	(1,465)
Reserves	14	2,660	(1,423)
Accumulated losses		(357,179)	(320,777)
Total equity attributable to equity holders		159,954	199,366
Non-controlling interest	24	36,108	(19,667)
Total equity		196,062	179,699

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

Consolidated cash flow statement

for the year ended 30 June 2015

	Note	CONSOLIDATED	
		2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		76,310	107,624
Payments to suppliers and employees		(67,028)	(58,327)
Dividends and distributions received from associates		230	3,572
Interest received		1,192	1,752
Borrowing costs		(7,289)	(14,114)
Net cash flows from operating activities	4	3,415	40,507
Cash flows from investing activities			
Proceeds from sale of investment properties		20,673	163,659
Proceeds from sale of investment in associates and joint ventures		-	30,546
Proceeds from sale of assets held for sale		18,393	10,908
Proceeds from sale of plant and equipment		-	3
Payments for and development of investment properties		(1,031)	(720)
Payments for investment in associates and joint ventures		-	(10,476)
Proceeds from third party loan repayment		3,000	-
Proceeds from director's loan repayment		2,150	-
Acquisition of property, plant and equipment and goodwill		(53,209)	-
Acquisition of subsidiary, net of cash acquired	20	(33,571)	-
Cash invested in term deposits and restricted funds		(2,834)	175
Net cash flows from investing activities		(46,429)	194,095
Cash flows from financing activities			
Proceeds from borrowings		68,304	-
Repayment of borrowings		(20,150)	(202,258)
Proceeds of issue of securities		-	980
Payments for securities buy-back		(8,641)	-
Loans to associates and joint ventures		-	877
Distribution paid		(10,441)	(17,936)
Payment for securities bought back from non-controlling interest		(5,786)	-
Distribution paid to non-controlling interest		(4,116)	(11,447)
Net cash flows from financing activities		19,170	(229,784)
Net (decrease)/ increase in cash and cash equivalents		(23,844)	4,818
Cash and cash equivalents at beginning of year		43,627	38,809
Less: cash included in assets of disposal group held for sale		(1,546)	(1,125)
Cash and cash equivalents at end of year		18,237	42,502

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

Consolidated statement of changes in equity

for the year ended 30 June 2015

	Attributable to securityholders of Aspen				Non-interest \$'000	Total equity \$'000
	Issued capital \$'000	Other equity \$'000	Reserves \$'000	Accumulated losses \$'000		
CONSOLIDATED						
Balance at 1 July 2013	522,051	(1,465)	(9)	(236,755)	2,874	286,696
Net loss for the year	-	-	-	(70,716)	(11,094)	(81,810)
Other comprehensive expenses	-	-	(1,414)	-	-	(1,414)
Total comprehensive loss for the year	-	-	(1,414)	(70,716)	(11,094)	(83,224)
Issue of stapled securities	980	-	-	-	-	980
Security based compensation	-	-	-	504	-	504
Acquisition of non-controlling interest	-	-	-	-	(1,640)	(1,640)
Distributions to securityholders	-	-	-	(13,810)	(9,807)	(23,617)
Balance at 30 June 2014 and 1 July 2014	523,031	(1,465)	(1,423)	(320,777)	(19,667)	179,699
Net loss for the year	-	-	-	(23,433)	(8,291)	(31,724)
Effect of withdrawal offer of APPF	-	-	-	(230)	(317)	(547)
Revaluation of property, plant & equipment	-	-	2,660	-	3,678	6,338
Total comprehensive income/(loss) for the year	-	-	2,660	(23,663)	(4,930)	(25,933)
Transfer to accumulated loss	-	1,465	1,423	(2,888)	-	-
Issue of stapled securities	83	-	-	-	-	83
Effects of shares buy-back	(8,641)	-	-	-	(16)	(8,657)
Effect of consolidation of APPF	-	-	-	-	70,290	70,290
Effect of withdrawal offer of APPF	-	-	-	-	(5,453)	(5,453)
Security based compensation	-	-	-	277	-	277
Distributions to securityholders	-	-	-	(10,128)	(4,116)	(14,244)
Balance at 30 June 2015	514,473	-	2,660	(357,179)	36,108	196,062

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

Notes to the consolidated financial statements

for the year ended 30 June 2015

About this report

Aspen was established for the purpose of facilitating a joint quotation of the Trust and the Company and their controlled entities on the ASX. The Trust, the Company and their controlled entities are domiciled in Australia. The address of Aspen's registered office is Level 18, 9 Hunter Street, Sydney, New South Wales 2000. 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 unit holders and shareholders be identical.

The consolidated financial statements of Aspen as at and for the year ended 30 June 2015 comprise 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 property and funds management activities in the property sector.

The consolidated financial statements were authorised for issue by the Board on 24 August 2015.

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

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the AASB.
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- has been prepared on a historical cost basis, except for derivative financial instruments, available for sale financial instruments, investment property, assets held for sale, assets of disposal group held for sale, certain classes of property, plant and equipment and share-based payments.
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Class Order 98/100;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Aspen and effective for reporting periods beginning on or after 1 July 2014. Refer to note 31 for further details; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

Key judgements and estimates

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

The judgments, 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:

Note 7:	Property, plant and equipment	Page 51
Note 20:	Business combinations	Page 67
Note 21:	Goodwill	Page 68

Basis of consolidation

These consolidated financial statements consist of the Company, the Trust, and their controlled entities. A list of material controlled entities (subsidiaries) at year end is contained in note 22.

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

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

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

Note 19	Associates	Page 66
Note 20:	Business combinations	Page 67
Note 22:	Subsidiaries	Page 69
Note 24:	Non-controlling interests	Page 71

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the 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 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 shareholder returns for the year;

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

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

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

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

Financial Position

During the year ended 30 June 2015 Aspen recorded a loss after tax of \$31.724 million (2014: \$81.810 million). At 30 June 2015 Aspen had net assets of \$196.062 million (30 June 2014: \$179.699 million), cash reserves of \$23.250 million (30 June 2014: \$44.681 million) and current assets exceeded current liabilities by \$83.902 million (30 June 2014: \$133.257 million).

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

The Board believe 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 these financial statements.

Significant changes in the current reporting period

The financial statements and notes have been reordered, grouped and reworded to make it easier for users to understand and access information.

Notes to the consolidated financial statements

Segment information

for the year ended 30 June 2015

Operating segments

Since 30 June 2014, Aspen has revised its segments to reflect the refocused strategy of Aspen to the accommodation sector. Aspen has three operating segments as detailed below, which hold different asset classes and offer different products and services and are based on Aspen's management reporting and oversight.

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

The following details the three operating and reporting segments, namely residential/short stay, resource and non-core in addition to the other segment:

- Residential / short stay – this segment includes income and expenses relating to 2 MHE and 17 mixed use accommodation assets. These properties cater to permanent and short stay residents, as well as annuals. In addition, this segment includes an allocation of earnings associated with Aspen's cornerstone investment in, and funds management of APPF, as it relates to the mixed use assets.
- Resources – this segment includes income and expenses relating to 5 resource accommodation assets. These properties cater to both corporate resource clients and contractors, as well as short to long term customers. In addition, this segment includes an allocation of earnings associated with Aspen's cornerstone investment in and funds management of APPF, as it relates to the resource accommodation assets.
- Non-core – this segment includes income and expenses relating to discontinued development assets, commercial / industrial properties, resort / short stay parks, and any other activities deemed non-core and of which Aspen is no longer pursuing as part of its corporate strategy. Details of assets within the discontinued operations segment is included in the Operating and Financial Review within this financial report.
- Other – this segment includes income and expenses that is not allocated to an operating segment. This includes corporate overheads, interest revenue and interest expenses.

Recognition and measurement

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

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

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

Geographical segments

Aspen is Australian based, and as such has its current operating activities spread throughout Australia. There are no other geographical segments.

Major customers

Revenues from one customer of Aspen's property portfolio represent approximately \$10.221 million of Aspen's total revenues within the resource segment (2014: \$16.036 million), while revenue from another major customer represents approximately \$6.446 million of total revenues within the discontinued operations segment (2014: \$7.621 million).

Notes to the consolidated financial statements Segment information

for the year ended 30 June 2015

	Residential / short stay		Resources		Non-core		Other		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue ¹	27,178	2,309	17,163	16,955	21,057	89,988	131	1,380	65,529	110,632
Operating EBIT ²	13,389	2,915	8,274	17,411	8,707	21,706	(11,565)	(15,004)	18,805	27,028
Finance income	-	-	2	-	47	-	1,126	1,694	1,175	1,694
Finance costs	-	-	(3)	-	(5)	(4,806)	(5,781)	(9,206)	(5,789)	(14,012)
Profit/(loss) before income tax	13,389	2,915	8,273	17,411	8,749	16,900	(16,220)	(22,516)	14,191	14,710
Non-underlying items ³	(5,623)	(2,257)	(28,981)	(14,721)	(1,888)	(67,361)	(9,423)	(40)	(45,915)	(84,379)
Income tax benefit/(expense)	-	-	-	-	-	-	-	(12,141)	-	(12,141)
Profit/(loss) after tax	7,766	658	(20,708)	2,690	6,861	(50,461)	(25,643)	(34,697)	(31,724)	(81,810)
Other segment information										
Segment assets	178,372	-	45,124	38,508	112,261	125,349	3,384	2,428	339,141	166,285
Investment in associates	-	7,914	-	1,129	37	1,711	-	-	37	10,754
Cash	-	-	-	-	-	-	23,250	44,681	23,250	44,681
Total assets	178,372	7,914	45,124	39,637	112,298	127,060	26,634	47,109	362,428	221,720
Segment liabilities	(8,195)	-	(1,449)	(746)	(2,628)	(6,026)	(12,203)	(8,512)	(24,475)	(15,284)
Interest-bearing liabilities	-	-	-	-	-	-	(141,891)	(26,737)	(141,891)	(26,737)
Total liabilities	(8,195)	-	(1,449)	(746)	(2,628)	(6,026)	(154,094)	(35,249)	(166,366)	(42,021)
Net assets	170,177	7,914	43,675	38,891	109,670	121,034	(127,460)	11,860	196,062	179,699
Share of net profit or loss of associates included in profit	214	(1,652)	150	(2,237)	109	(2,093)	-	-	473	(5,982)

¹ All segment revenues are derived from external customers. Non-underlying revenue of \$0.519 million is not included.

² Operating EBIT represents earnings before interest and tax excluding non-underlying items.

³ Non-underlying items include depreciation, gains and losses on fair value movements and disposals, and non-recurring items which are not part of ordinary operating performance.

Notes to the consolidated financial statements

for the year ended 30 June 2015

1: Revenue

	Consolidated	
	2015	2014
	\$'000	\$'000
Rental income from investment property	10,727	16,215
Revenue from accommodation parks	32,915	-
Fund management fees from associates	657	4,941
Net income from development activities	294	-
Revenue	44,593	21,156

Recognition and measurement

Revenue from investment property

Rental income from investment property is recognised over the rental period when it is due from tenants and recognised in the period when it is earned. It is measured at the fair value of revenue received or receivable.

Revenue from accommodation parks

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

Management fees from associates

Management fees from associates include fund management fees and property development fees.

Fund management fee income is recognised monthly on an accruals basis based on the gross asset value of the fund, in accordance with fees disclosed in the relevant Product Disclosure Statement or Offer Document. Transaction specific fees including project development, acquisition, incentive and establishment fees as development or acquisition costs are incurred.

Upon consolidation of APPF, management fee income continues to be received by the parent entity but is eliminated on consolidation for group reporting.

Impact of the consolidation of the Aspen Parks Property Fund

On 10 October 2014, Aspen consolidated APPF (refer note 20 for further details) following Aspen's participation and underwriting of the APPF entitlement offer. The consolidation of APPF has resulted in the inclusion of revenue from accommodation parks and the removal of management fees relating to APPF from the date of consolidation by Aspen.

2: Expenses

(a) Cost of sales

	Consolidated	
	2015	2014
	\$'000	\$'000
Cost of sales from investment property	4,051	5,753
Cost of sales from accommodation parks	10,311	-
Direct employee benefits expenses	8,562	242
Cost of sales	22,924	5,995

(b) Administration expenses

Salary and wages	7,500	6,501
Superannuation	456	461
Share-based payments expense	277	504
Less: employee benefits capitalised	(65)	-
Occupancy costs	677	907
Restructuring and relocation costs	3,351	-
Net loss on sale of fixtures included in property, plant & equipment	1,183	531
Transaction costs	1,185	-
Depreciation	273	460
Corporate and fund administration costs	3,202	2,622
Other expenses	1,186	826
Administration expenses	19,225	12,812

(c) Property depreciation, fair value adjustments and other

Acquisition costs	3,292	-
Depreciation expense	5,009	-
Fair value adjustment of investment property	16,607	11,500
Fair value adjustment of PPE	10,408	-
Fair value adjustment of assets held for sale	(525)	1,893
Fair value adjustment on obtaining control of an associate	(967)	-
	33,824	13,393

Recognition and measurement

Cost of sales from investment property

Cost of sales from investment property includes all direct property costs excluding employee benefits.

Cost of sales from accommodation parks

Cost of sales from accommodation parks includes all direct property expenses as above.

Notes to the consolidated financial statements

for the year ended 30 June 2015

Share-based payments expense

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

Employee benefits expense

Aspen's accounting policy for liabilities associated with employee benefits is set out in note 11.

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

Occupancy-related expenses

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense and are recognised on a straight line basis over the term of the lease.

Depreciation expense

Refer to notes 7 on depreciation expenses.

Impairment

Impairment expenses are recognised to the extent that the carrying amount of assets exceeds their recoverable amount. Refer to note 18 for further details on impairment.

Finance costs

	Consolidated	
	2015	2014
	\$'000	\$'000
Interest – bank deposits	1,115	1,494
Interest – related party	13	199
Gain on disposal of financial assets available for sale	-	1,376
Finance income	1,128	3,069
Interest and borrowing costs – loan and borrowings	6,098	8,987
Change in fair value of interest rate swap	2,026	613
Finance costs	8,124	9,600

Finance income

Finance income comprises interest income on bank deposits, interest income on loans to related parties and gains on disposal of available-for-sale financial assets. Interest income is recognised as it accrues, using the effective interest method.

Finance costs

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

Key estimate: discounting

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Capitalisation of borrowing costs

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2015

3: Tax expense

	Consolidated	
	2015	2014
	\$'000	\$'000
Income statement (continuing operations)		
<i>Current income tax expense</i>		
Current year	-	-
<i>Deferred income tax expense</i>		
Temporary differences	-	-
Deferred tax assets derecognised	-	12,141
Income tax reported in the income statement	-	12,141
Tax reconciliation		
Profit before tax	(32,275)	(69,669)
Income tax at the statutory tax rate of 30%	(9,683)	(20,901)
Less prima facie income tax on profit from trusts	5,018	(2,709)
Non-deductible items	(3)	(151)
Unrecognised temporary difference	4,668	23,761
Income tax on profit before tax	-	-
Deferred tax in the balance sheet relates to the following:		
Provisions	1,249	316
Trade and other payables	1,438	1,354
Investment in associates	30,332	33,040
Assets held for sale	25,965	31,122
Tax losses carried forward	34,966	25,313
Other individually insignificant balances	827	-
Deferred tax assets	94,777	91,145
Investment property	600	600
Assets held for sale	185	44
Property, plant and equipment	789	-
Tax losses carried forward	-	408
Other individually insignificant balances	51	-
Deferred tax liabilities (set off against deferred tax asset)	1,625	1,052
Net deferred tax assets	93,152	90,093
Unrecognised deferred tax assets	93,152	90,093
Net deferred tax recognised	-	-

Recognition and measurement

Current taxes

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

Deferred taxes

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

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

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

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

Offsetting deferred tax balances

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

Notes to the consolidated financial statements

for the year ended 30 June 2015

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 are distributed to unit holders in the form of tax deferred components of distributions.

Key judgement

At 30 June 2015 a deferred tax asset of \$93.152 million (2014: \$90.093 million) for deductible temporary differences has not been recognised based on the assessment that it is not probable that future taxable profits would be available against which they can be utilised.

4: Cash and cash equivalents

	Consolidated	
	2015	2014
	\$'000	\$'000
Cash at bank and in hand	4,013	11,367
Deposits at call	14,224	31,135
Cash and cash equivalents at end of the year	18,237	42,502
Reconciliation of net loss after tax to net cash flows from operations		
Net loss for the year	(31,724)	(81,810)
<i>Adjustments for:</i>		
Financial income	-	(1,575)
Property expenses	-	503
Depreciation	5,433	-
Administrative expenses	-	965
Financial expenses	(256)	613
Change in fair value of investment properties	16,607	11,500
Change in fair value of property, plant & equipment	10,268	-
Change in fair value of equity accounted investee	(967)	-
Change in fair value of assets held for sale	(525)	1,893
Share of profit/(losses) of associates	(473)	5,982
Loss on disposal of property, plant & equipment	1,183	-
Change in fair value of interest rate swap	1,095	-
Share based payments expense	277	-
Other expenses	(551)	527
Income tax expense	-	12,141
Loss from discontinued operation	3,233	59,866
<i>Operating profit before movements in working capital and provisions</i>	3,600	10,605
<i>(Increase)/decrease in assets</i>		
Trade and other receivables	1,839	878
Assets of disposal group held for sale	1,994	49,361
Investments in associates	230	3,572
Other investments	303	-
Other assets	(596)	573
<i>Increase/(decrease) in liabilities</i>		
Trade and other payables	(644)	(7,861)
Liabilities of disposal group held for sale	(3,311)	(14,461)
Other liabilities	-	(2,160)
Net cash inflows from operating activities	3,415	40,507

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.

Notes to the consolidated financial statements

for the year ended 30 June 2015

5: Trade and other receivables

	Consolidated	
	2015	2014
	\$'000	\$'000
Trade receivables	3,128	3,046
Other debtors	212	127
Prepayments and other current assets	1,610	616
	4,950	3,789
Trade receivables past due		
Under 90 days	309	-
Over 90 days	138	-
Trade receivables past due	447	-
Impairment expenses	(138)	-
Trade receivables past due after impairment expenses	309	-

Recognition and measurement

Trade and other receivables are initially measured at their fair value and subsequently at amortised cost less impairment losses. The collectability of debts is assessed at reporting date and a specific provision is made for any doubtful debts. Aspen's policy is to impair any debtors greater than 90 days.

6: Trade and other payables

	Consolidated	
	2015	2014
	\$'000	\$'000
Trade payables	5,460	2,360
Distributions payable	5,537	4,777
Unearned revenue	2,787	-
Other	2,026	632
	15,810	7,769

Recognition and measurement

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

Notes to the consolidated financial statements

for the year ended 30 June 2015

7: Property, plant and equipment

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Corporate assets \$'000	Total \$'000
Year ended 30 June 2015						
Cost or valuation	40,054	100,235	23,509	57,085	592	221,475
Accumulated depreciation and impairment	(7,446)	(1,387)	(351)	(2,224)	(273)	(11,681)
Net carrying amount	32,608	98,848	23,158	54,861	319	209,794
Movement						
Net carrying amount at the beginning of the year	-	-	-	-	1,436	1,436
Disposals and write-offs	-	-	-	-	(1,183)	(1,183)
Additions	19,574	7,616	650	17,655	339	45,834
Consolidation of APPF	21,676	106,880	33,674	15,325	-	177,555
Depreciation	-	(3,575)	(201)	(1,657)	(273)	(5,706)
Revaluation gains / (losses)	(7,404)	2,188	(150)	(566)	-	(5,932)
Reclassification from investment property	-	21,154	-	846	-	22,000
Reclassification to assets held for sale	(1,238)	(10,676)	(10,815)	(1,481)	-	(24,210)
Net carrying amount at the end of the year	32,608	123,587	23,158	30,122	319	209,794
Year ended 30 June 2014						
Cost	-	-	-	-	2,536	2,536
Accumulated depreciation and impairment	-	-	-	-	(1,100)	(1,100)
Net carrying amount	-	-	-	-	1,436	1,436
Movement						
Net carrying amount at the beginning of the year	-	-	-	22	2,405	2,427
Additions	-	-	-	-	63	63
Disposals and write-offs	-	-	-	(22)	(656)	(678)
Depreciation	-	-	-	-	(329)	(329)
Impairment	-	-	-	-	(47)	(47)
Net carrying amount at the end of the year	-	-	-	-	1,436	1,436

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

Subsequent measurement

PPE, except for corporate assets, is subsequently measured at fair value at each balance date. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the balance sheet date or directors' valuation. Corporate office assets are not subsequently revalued and are carried at historical cost.

Independent valuations of PPE are obtained at intervals of not more than 3 years. Independent valuations were performed by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued.

The fair value of PPE is measured based on the capitalisation method and, where applicable, the discounted cash flow approach. Aspen considers both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply.

The capitalisation method estimates the sustainable net income (where applicable) of any asset held for sale, and then applies a capitalisation (or discount/risk) rate to this sustainable net income to derive the value of asset.

The discounted cashflow approach considers the present value of net cash flows to be generated from the property, taking into account the receipt of contractual rentals, expected future market rentals, escalation (of sales and costs), and occupancy rate. 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.

A revaluation decrease is recognised in profit or loss except to the extent that the decrease is reducing an existing revaluation surplus in respect of the asset, which is recognised in other comprehensive income. A revaluation increase is recognised in other comprehensive except to the extent that it reverses a revaluation decrease previously recognised in profit or loss in respect of the asset, which is recognised in profit or loss.

Revaluation surpluses are accumulated in the revaluation reserve within equity (note 14).

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 is between 3 and 10 years. Land is not depreciated. Leasehold improvements are amortised over the period of the lease or the anticipated useful life of the improvements, whichever is shorter.

Notes to the consolidated financial statements

for the year ended 30 June 2015

De-recognition

An item of PPE is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits.

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

Key estimates:

The fair value methodology requires significant assumptions to be made by the valuers, and subsequently by the directors including:

- The estimated future earnings of properties have been capitalised using capitalisation rates in the range of 8.2% - 23.0% for residential / short stay properties, and 10.8% - 36.2% for resource properties;
- Net operating income margins of between 31.8% - 70.4% for residential / short stay properties, and 20.4% - 55.6% for resource properties;
- Occupancy assumed to be between 14.8% - 100.0% for residential / short stay properties, and 12.7% - 85.0% for resource properties;
- Room rates assumed to be between \$15 - \$185 per day for residential / short stay properties, and \$25 - \$277 per day for resource properties;
- The fair values of excess land adjacent to the properties have been assessed having regard to arm's length transactions noted within an acceptable timeframe of the valuation date; and
- Fixtures, fittings and other equipment used in the operations are an integral part of the properties and have been included in the assessment of the properties' fair values.

Level 3 fair value

The fair value measurement of PPE of \$209.794 million (30 June 2014: \$1.436 million) has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used.

The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values.

Valuation of assets

Independent valuations were commissioned for 20 properties in the portfolio for the 30 June 2015 reporting period. The balance of 4 properties that were not revalued for the 30 June 2015 reporting period were acquired during the year, and independent valuations were received on these 4 properties immediately prior to acquisition.

The valuations conducted resulted in a downward movement of \$2.822 million in the portfolio carrying value. Positive movements were seen in a number of the residential / short stay properties as there has been both an improvement in performance, as well as a tightening in capitalisation rates at a number of parks, which saw an increase of \$1.196 million.

The performance of resource orientated properties continued to be weak, down \$6.358 million, primarily reflecting lower income.

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

Segment	Percentage of portfolio revalued	Total of latest independent valuation \$'000	Total carrying value \$'000
Mixed use	100%	182,995	167,852
Resource	100%	48,600	41,942
Total	100%	231,595	209,794

If land, buildings and leasehold improvements were measured using the cost model, the carrying amount would be as follows:

Property	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2015				
Cost	40,012	124,974	23,509	188,495
Accumulated depreciation and impairment	-	(3,575)	(201)	(3,776)
Net carrying amount	40,012	121,399	23,308	184,719

Notes to the consolidated financial statements

for the year ended 30 June 2015

8: Investment property

	Consolidated	
	2015	2014
	\$'000	\$'000
Net carrying amount at beginning of year	38,500	261,000
Additions	107	-
Transfers out	-	(211,000)
Fair value loss**	(16,607)	(11,500)
Transfer to property, plant & equipment*	(22,000)	-
Net carrying amount at end of year	-	38,500

* At 30 June 2015, Aspen reclassified its investment property portfolio to PPE. This was on the basis that given Aspen's strategic focus is to now provide value for money accommodation, the Board believes that the intent of its holding of accommodation assets is no longer solely to generate passive rental income and capital returns, but also to provide accommodation services.

** Refer to note 7 for information on valuation techniques and inputs.

Recognition and measurement

Investment properties are properties which are held either to earn rental income, capital appreciation, or for both. Investment properties are initially recognised at cost and are 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.

Independent valuations are obtained at intervals of not more than 3 years. Independent valuations are performed by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued.

The fair value of investment properties is measured based on the capitalisation method and the discounted cash flow approach. Aspen considers both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply.

The capitalisation method estimates the sustainable net income (where applicable) of any asset, and then applies a capitalisation (or discount/risk) rate to this sustainable net income to derive the value of the asset.

The discounted cashflow approach considers the present value of net cash flows to be generated from the property, taking into account the receipt of contractual rentals, expected future market rentals, letting up periods, escalation (of sales and costs), occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Notes to the consolidated financial statements

for the year ended 30 June 2015

9: Assets classified as held for sale

	Non-core assets classified as held for sale	Assets of disposal group held for sale	Discontinued operations' assets classified as held for sale	Assets classified as held for sale
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2013	26,119	178,818	-	204,937
Additions	-	-	240,704	240,704
Disposals	(21,434)	(152,351)	(120,906)	(294,691)
Transfers out	-	-	(2,000)	(2,000)
Movement during the year	-	(1,913)	-	(1,913)
Fair value adjustments	(1,893)	-	(29,989)	(31,882)
Closing balance at 30 June 2014 and opening balance at 1 July 2014	2,792	24,554	87,809	115,155
Additions	-	1,817	12,517	14,334
Disposals	(376)	(18,547)	(20,297)	(39,220)
Transfers in	-	-	24,210	24,210
Transfers out	(416)	-	-	(416)
Other movements	-	(1,354)	-	(1,354)
Fair value adjustments	525	1,973	(6,722)	(4,224)
Closing balance at 30 June 2015	2,525	8,443	97,517	108,485

Recognition and measurement

Current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

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

During the year, Aspen secured the conditional sale of its two resort parks, as well as one short stay park. As all three parks are located in the north-west region of Western Australia forming a geographical segment, these are reclassified as discontinued operations, and form part of Aspen's non-core segment. In addition, Aspen has classified its commercial/industrial portfolio as a discontinued operation. At 30 June 2015, there was only one asset remaining within this discontinued segment, being the Spearwood Industrial Complex.

Disposal groups held for sale includes all assets and liabilities pertaining to development syndicates consolidated by Aspen. These development syndicates have all made resolutions to sell all of their remaining assets and liabilities, and to complete an orderly wind up. At 30 June 2015, three of the five development syndicates were in liquidation.

All assets held for sale form part of the non-core segment. Of the assets held for sale, \$105.559 million has been contracted for sale, with settlement of the majority of these contracted assets due for settlement in the 2016 financial year. \$2.926 million of assets remain unsold at 30 June 2015.

Impairment

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2015

10: Liabilities classified as held for sale

	Non-core liabilities classified as held for sale	Liabilities of disposal group held for sale	Discontinued operations' liabilities classified as held for sale	Liabilities classified as held for sale
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2013	-	124,546	11,903	136,449
Disposals	-	-	(11,903)	(11,903)
Movement during the year	-	(120,633)	-	(120,633)
Transfers in	-	-	19,306	19,306
Closing balance at 30 June 2014 and opening balance at 1 July 2014	-	3,913	19,306	23,219
Disposals	-	-	-	-
Other movements	-	(3,311)	-	(3,311)
Transfers out	-	-	(19,306)	(19,306)
Closing balance at 30 June 2015	-	602	-	602

Notes to the consolidated financial statements

for the year ended 30 June 2015

11: Provisions

	Consolidated	
	2015	2014
	\$'000	\$'000
Current		
Employee benefits	1,967	481
Other	3,277	2,438
	5,244	2,919

Movements in provisions during the financial year

	Consolidated	
	2015	2014
	\$'000	\$'000
Carrying amount at beginning of the year	2,919	3,274
Additional provisions recognised	5,244	2,522
Provisions used during the year	(2,919)	(2,877)
Carrying amount at end of the year	5,244	2,919

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.

Other provisions of \$3.277 million include provisions raised in respect to contracts that exist on the relocation of Aspen's corporate office, and forecast costs required to finalise Aspen's exit from its non-core segment. These costs are primarily expected to be paid during the 2016 financial year.

Key estimate: discounting

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Short term benefits

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

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

Long-term service benefits

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

Key estimate: discounting

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

- future increases in salaries and wages;
- future on-cost rates; and
- experience of employee departures and period of service.

The total long service leave liability is \$0.70 million (2014: \$0.19 million)

Notes to the consolidated financial statements

Capital

for the year ended 30 June 2015

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 future growth of Aspen's business.

The Board actively monitors the level of distributions paid to securityholders.

	Consolidated	
	2015	2014
	\$'000	\$'000
Equity and reserves		
Issued capital	514,473	523,031
Other equity	-	(1,465)
Reserves	2,660	(1,423)
Accumulated losses	(357,179)	(320,777)
Non-controlling interests	36,108	(19,667)
Net capital	196,062	179,699
Net financial debt		
Net interest bearing debt less cash (F)	118,641	(13,968)

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:

- issuing new stapled securities;
- adjusting the amount of distributions paid to securityholders;
- returning capital to securityholders;
- selling assets to reduce debt;
- buying assets.
- adjusting the timing of development and capital expenditure; and
- by the operation of a dividend reinvestment plan.

During the year, Aspen Group bought back 6.852 million securities, at an average price of \$1.25.

In addition, APPF completed an entitlement offer, securityholders being offered the opportunity to apply for 1 new security for every 2 securities held, at an issue price of \$0.49 per security. This was underwritten by Aspen Group, with any amounts subscribed at via the underwriting occurring at an issue price of \$0.51 per security. Equity of \$7.035 million was raised from existing APPF securityholders, with \$34.177 million being raised by way of the Aspen Group underwriting facility. The equity raised by APPF was applied to the repayment of debt, with \$6.000 million then used to fund a withdrawal offer in December 2014.

Other than normal banking covenant requirements and AFSL requirements applicable to AFM, Aspen is not subject to externally imposed capital requirements.

	Aspen Group	
	2015	2014
	\$'000	\$'000
Interest cover		
EBITDA * ¹	(A) 13,171	15,964
Interest expense	(B) 2,390	1,253
Interest cover (times) *²	(A/B) 5.51 times	12.74 times
Net debt gearing ratio		
Total assets less cash	(E) 339,178	30,713
Net interest bearing debt less cash (F)	118,641	(13,968)
Net debt gearing ratio	(F/E) 35.0%	0% * ³

*¹ EBITDA represents earnings before interest, tax, depreciation and amortisation, and non-underlying transactions. This calculation is consistent with the bank covenants that Aspen is subject to under its debt facilities.

*² Calculated in accordance with bank covenants that Aspen is subject to under its debt facilities.

*³ Net gearing ratio is calculated as Nil, as cash exceeds interest bearing debt.

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

Notes to the consolidated financial statements

Capital

for the year ended 30 June 2015

13: Distributions

	Aspen securityholders			
	Cents per security		Total amount	
	2015 Cents	2014 Cents	2015 \$'000	2014 \$'000
Paid during the year				
Final distribution for the previous year	4.0	7.5	4,775	8,903
Interim distribution for the year	4.5	7.5	5,035	9,035
	8.5	15.0	9,810	17,938
Proposed and unpaid at the end of the year				
Final distribution for the year	4.5	4.0	5,093	4,775
	4.5	4.0	5,093	4,775

Aspen's distributions policy considers taxable income of the Trust, operating profits, stay in business capital requirements and forecast cash flows.

	APPF securityholders			
	Cents per security		Total amount	
	2015 Cents	2014 Cents	2015 \$'000	2014 \$'000
Paid during the period				
Monthly Distribution – October	0.340	-	829	-
Monthly Distribution – November	0.329	-	803	-
Monthly Distribution – December	0.340	-	790	-
Monthly Distribution – January	0.340	-	790	-
Monthly Distribution – February	0.307	-	714	-
Monthly Distribution – March	0.340	-	790	-
Monthly Distribution – April	0.329	-	765	-
Monthly Distribution – May	0.340	-	790	-
	2.665	-	6,271	-
Proposed and unpaid at the end of the period				
Monthly Distribution - June	0.329	-	765	-
	0.329	-	765	-

	2015 \$'000	2014 \$'000
Dividend franking accounts		
Franking credits - calculated at current tax rate of 30% (2014: 30%) available to securityholders of Aspen for subsequent financial years	2,094	2,094

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

- Franking credits that will arise from the payment of the current tax liabilities;
- Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- Franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- Franking credits that the Company may be prevented from distributing in subsequent years.

Notes to the consolidated financial statements

Capital

for the year ended 30 June 2015

14: Equity and reserves

Movement in stapled securities	Stapled Securities	
	'000 units	\$'000
At 1 July 2013	1,192,665	522,051
Issue of stapled securities – pre consolidation	7,150	980
Cancellation of stapled securities under ESSIP – pre consolidation	(362)	-
Effect of security consolidation – 10:1	(1,079,507)	-
Issue of stapled securities – post consolidation	33	-
Cancellation of stapled securities under ESSIP – post consolidation	(31)	-
At 30 June 2014 and 1 July 2014	119,948	523,031
Issue of stapled securities	65	83
Cancellation of stapled securities under ESSIP	(6,852)	(8,641)
At 30 June 2015	113,161	514,473

The nature of Aspen's contributed equity

Aspen does not have an authorised capital nor par value in respect of its issued stapled 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. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

	Available for sale reserve	Equity accounted investee – share of other comprehensive income	Revaluation reserve	Total Reserves
Reserves	\$'000	\$'000	\$'000	\$'000
At 1 July 2013	(9)	-	-	(9)
Equity accounted investee – share of other	-	(1,414)	-	(1,414)
	(9)	(1,414)	-	(1,423)
At 30 June 2014 and 1 July 2014	-	-	-	(1,423)
Transfer to retained losses	9	1,414	-	1,423
Revaluation of property, plant and equipment, net of tax	-	-	2,660	2,660
At 30 June 2015	-	-	2,660	2,660

Revaluation reserve

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

Notes to the consolidated financial statements

Capital

for the year ended 30 June 2015

15: Earnings per stapled security

	Consolidated	
	2015	2014
Loss for the year attributable to ordinary equity holders of the parent entity (\$ '000)	(23,433)	(70,716)
Basic weighted average number of stapled securities (No. '000)	114,864	116,495
Diluted weighted average number of stapled securities (No. '000)	116,793	116,495
EPS from total operations:		
Basic earnings per stapled security (cents per security)	(20.401)	(59.052)
Diluted earnings per stapled security (cents per security) *	(20.401)	(59.052)
EPS from continuing operations:		
Basic earnings per stapled security (cents per security)	(25.445)	(22.175)
Diluted earnings per stapled security (cents per security) *	(25.445)	(22.175)
EPS from discontinuing operations:		
Basic earnings per stapled security (cents per security)	5.044	(39.390)
Diluted earnings per stapled security (cents per security)	4.961	(39.390)

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

Calculation of earnings per stapled security

Basic earnings per stapled security

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

Diluted earnings per stapled security

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

16: Interest bearing loans and borrowings

	Consolidated	
	2015	2014
	\$'000	\$'000
Current		
Secured debt facilities	33,070	2,931
Secured debt facilities – classified as liabilities of discontinued operations held for sale	-	19,306
	33,070	22,237
Non-current		
Secured debt facilities	109,455	4,500
Deferred finance costs ¹	(634)	-
	108,821	4,500
Total interest-bearing loans and borrowings	141,891	26,737

¹ Deferred finance costs are costs associated with the establishment of debt facility with the financiers. The capitalised costs are being amortised over the life of the facility.

Recognition and measurement

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

Funding activities

During the year, Aspen re-negotiated both debt facilities.

One debt facility, with a total limit of \$65.000 million (inclusive of a \$5.000 million facility for working capital and bank guarantees), is applicable to Aspen Group. This debt facility is secured by first ranking registered real property mortgages over Aspen Group's properties, as well as a fixed and floating charge over Aspen Group.

The second debt facility, with a total limit of \$115.000 million (inclusive of a \$5.000 million facility for working capital and bank guarantees), is applicable to APPF. This debt facility is secured by first ranking registered real property mortgages over APPF's properties, as well as a fixed and floating charge over APPF.

Terms and debt repayment schedule

		Consolidated		Consolidated	
		Face value	Carrying value	Face value	Carrying value
		2015	2015	2014	2014
		\$'000	\$'000	\$'000	\$'000
Secured	Maturity				
Debt facility	Aug 2015	-	-	7,500	7,500
Debt facility	Aug 2015	-	-	19,306	19,237
Aspen Group debt facility	Sep 2017	35,100	35,100	-	-
APPF debt facility	Sep 2017	107,425	107,425	-	-
		142,525	142,525	26,806	26,737

Aspen Group securityholders have not provided any guarantees or in respect to the APPF debt facility.

Secured debt facilities – classified as liabilities of discontinued operations held for sale

A portion of the interest-bearing loans and borrowings are secured by assets of discontinued operations held for sale and have therefore been reclassified as current. Refer note 23 for further details on discontinued operations.

Notes to the consolidated financial statements

Risk

for the year ended 30 June 2015

17: Financial risk management

Aspen holds 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 holding of these 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 will result 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 other financial instruments.

Credit risk management: trade and other receivables

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

Other than as disclosed as major customers on page 44, Aspen has a diverse range of customers and tenants, and therefore there are no significant concentrations of credit risk either by nature of industry or geographically.

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

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

	Consolidated	
	2015	2014
	\$'000	\$'000
Property management receivables (net of provisions)	2,998	2,961
Interest receivable on term deposits	-	18
Loan to TRGP No1 (refer note 29)	-	3,000
Amounts due from associates (refer note 29)	-	3
Amount due from former directors (refer note 29)	-	2,150
Dividend receivable	-	67
GST and other receivables	212	743
Subsidiary held for sale – cash	1,546	1,125
Subsidiary asset held for sale – trade receivables	225	1,973
Commercial property disposal amount held in trust	2,048	2,000
	7,029	14,040

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 view debt as an element of Aspen's capital structure (see note 12).

Liquidity risk management

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

	Consolidated	
	2015	2014
	\$'000	\$'000
Financing facilities		
Secured debt facilities	170,000	27,306
Bank overdraft and guarantees	10,000	7,000
	180,000	34,306
Facilities used at balance date		
Secured debt facilities	142,525	26,806
Bank guarantees	1,464	6,135
	143,989	32,941
Facilities unused at balance date		
Secured debt facilities	27,475	500
Bank overdraft and guarantees	8,536	865
	36,011	1,365

Notes to the consolidated financial statements

Risk

for the year ended 30 June 2015

Assets pledged as security

At 30 June 2015 Aspen's PPE and goodwill has been pledged as security against loan facilities. Refer to note 16 regarding the secured bank loans.

Maturity of financial liabilities

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

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

	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years	Total contractual cash flows	Carrying amount (assets)/liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2014							
Non-derivatives							
Trade and other payables	2,875	-	-	-	-	2,875	2,875
Liabilities of subsidiaries held for sale	1,349	-	-	-	-	1,349	1,349
Loans and borrowings before swaps	2,374	2,321	24,098	-	-	28,793	26,737
Total non-derivatives	6,598	2,321	24,098	-	-	33,017	30,961
Derivatives							
Interest rate swaps	683	-	-	-	-	683	683
Total derivatives	7,281	2,321	24,098	-	-	33,700	31,644
Year ended 30 June 2015							
Non-derivatives							
Trade and other payables	15,810	-	-	-	-	15,810	15,810
Liabilities of subsidiaries held for sale	602	-	-	-	-	602	602
Loans and borrowings before swaps	35,414	2,371	4,761	111,215	-	153,761	142,525
Total non-derivatives	51,826	2,371	4,761	111,215	-	170,173	158,937
Derivatives							
Interest rate swaps	696	696	1,387	1,788	-	4,567	2,819
Total derivatives	696	696	1,387	1,788	-	4,567	2,819

Market risk

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

Nature of interest rate risk

Aspen adopted a policy of ensuring that the majority of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Combined with fixed rate securities, interest rate swaps denominated in Australian dollars have been entered into to achieve an appropriate mix of fixed and floating rate interest rate exposures.

Aspen currently manages a proportion of its cash flow interest rate risk through the use of fixed interest rate swaps, which have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, Aspen agrees with hedge counterparties to exchange at specified intervals the difference between fixed contract rates and floating rate interest amounts, calculated with reference to the agreed notional principal amount.

Aspen is not required to hedge any of its senior debt floating rate exposure in accordance with the conditions of its debt funding facility with its financiers.

At 30 June 2015, Aspen had interest rate swaps of \$130.000 million (30 June 2014: \$40,000 million) with a weighted average interest rate of 3.25% (2014: 4.66%) and a weighted average maturity term of 3.2 years.

Notes to the consolidated financial statements

Risk

for the year ended 30 June 2015

Interest risk management

Aspen's policy is to limit exposure to adverse fluctuations in interest rates, which could erode Group profitability and adversely affect securityholder value. The policy requires Aspen to hedge between 50% - 85% of its debt. In circumstances where Aspen is outside of this policy bandwidth, a clear path to returning to within the policy within a reasonable timeframe is required, otherwise Aspen must either put in place or cancel (as applicable) hedging.

To manage the interest rate exposure, Aspen generally enters into interest rate swaps, in which Aspen agrees to exchange, at specified intervals, the difference between

fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

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.

	2015		2014	
	Balance \$'000	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %
Fixed rate instruments				
Term deposits	14,224	2.39%	31,135	2.50%
Interest rate derivatives	2,819	3.26%	683	4.66%
Variable rate instruments				
Cash and cash equivalents	4,173	1.50%	11,367	2.90%
Cash held in restricted funds	5,013	2.00%	2,179	2.50%
Cash and cash equivalents - subsidiaries held for sale	1,546	0.10%	1,125	0.12%
Loan to TRGP No1	-	-	3,000	-
Amounts due from associates	-	-	3	-
Amount due from former executive directors	-	-	2,150	7.50%
Commercial property disposal amount held in trust	2,048	2.38%	2,000	2.38%
Interest-bearing loans	(142,525)	3.90%	(26,737)	4.56%
	(129,745)		(4,913)	
Total fixed and variable rate instruments	(112,702)		26,905	

Aspen's sensitivity to interest rate movements

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

	Impact on profit \$'000	Impact on equity \$'000
2014		
Australian variable interest rate +100bps	351	351
Australian variable interest rate -100bps	(351)	(351)
2015		
Australian variable interest rate +100bps	340	340
Australian variable interest rate -100bps	(340)	(340)

The interest rates used to discount estimated cash flows, where applicable, are based on the Commonwealth

government yield curve at the reporting date plus an appropriate credit spread, and were as follows:

	2015	2014
	%	%
Interest rate	3.26%	4.66%

Equity price risk

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

Notes to the consolidated financial statements

for the year ended 30 June 2015

Fair values

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

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

Cash

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

Receivables/payables

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

Interest-bearing liabilities

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held or based on discounting expected future cash flows at market rates.

Other financial assets/liabilities

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

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

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

Valuation of financial instruments

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

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

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

These finance staff regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or external valuations is used to measure fair values, then 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 Committee.

Aspen's financial instruments valued using market observable inputs (Level 2) with the exception of available for sale financial assets at fair value (level 3) that were valued at \$0.431 million (30 June 2014: \$0.807 million).

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the year ended 30 June 2015 (2014: nil).

The following table shows a reconciliation of movements in Aspen's financial instruments classified as Level 3 within the fair value hierarchy for the years ended 30 June 2015 and 30 June 2014:

	2015 \$'000	2014 \$'000
Opening Balance	807	1,747
<u>Total gains or losses</u>		
In profit or loss	(376)	(885)
Disposals	-	(55)
Closing Balance	431	807

The fair value of financial assets including those available for sale has been determined by reference to the published unit price of the investments at the year-end date. The investment comprises an investment in a closed fund which is not currently meeting redemption requests.

Reversal of impairment

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

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

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

18: Impairment of non-financial assets

Non-financial assets

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

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

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

Reversal of impairment

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

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

Notes to the consolidated financial statements

Corporate Structure

for the year ended 30 June 2015

19: Associates

	Consolidated	
	2015	2014
	\$'000	\$'000
Investment in APPF *	-	10,729
Investment in EASL	37	25
Share of equity net assets	37	10,754
Share of equity accounted profit/(loss)	473	(6,117)
Share of other comprehensive income	-	(1,414)
Income tax (expense)/benefit	-	135
Share of equity accounted net profit/(loss) accounted for using the equity method	473	(7,396)

	Consolidated	
	2015	2014
	%	%
Investment in APPF	- *	12.5
Investment in EASL	10.0	10.0

	APPF		EASL		Consolidated	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (100%)		67,815		18,539		
Profit/(Loss)	3,003	(48,082)	21	2,416	3,024	(45,666)
Other comprehensive expense	-	(11,953)	-	-	-	(11,953)
Total comprehensive income/(expense)	3,003	(60,035)	21	2,416	3,024	(57,619)
Share of associate net profit/(loss)	462	(6,225)	11	243	473	(5,982)
Share of associate other comprehensive expense	-	(1,414)	-	-	-	(1,414)
Share of total comprehensive income/(expense)	462	(7,639)	11	243	473	(7,396)
Total assets (100%)	-*	200,779	368	1,224	368	202,003
Total liabilities (100%)	-*	(122,361)	-	(977)	-	(123,338)
Net assets as per associate (100%)	-*	78,418	368	247	368	78,665

Recognition and measurement

Aspen's investments in its associates, being entities in which Aspen has significant influence and are neither subsidiaries nor jointly controlled assets, are accounted for using the equity method.

Each investment is treated as a separate cash generating unit and the fair value less cost of disposal method was used to determine the appropriate impairments for the investments.

Investment in APPF

* On 10 October 2014, Aspen obtained control for accounting purposes of APPF and is required to consolidate APPF from this date and no longer recognises it as an equity accounted associate. As such, the disclosure of APPF's total assets and total liabilities in the note above is not applicable. Refer note 20 for further details.

Key judgement: control and significant influence

Aspen considers a range of items when deciding whether Aspen has control or significant influence of an investee including the assessment of Aspen's power over the associate, the exposure to variability of returns and the link between power and returns. In assessing this, Aspen reviews details including but not limited to:

- Voting rights;
- Board composition; and
- Management and other agreements.

20: Business combinations**Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to Aspen. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested for impairment at each reporting date or where any indication of impairment is identified. Any gain on a bargain purchase is, after review, recognised in profit or loss immediately.

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

If all the business combinations during the year had occurred on 1 July 2014, the consolidated group would have generated an estimated revenue and loss for the year ended 30 June 2015 of \$88.745 million and \$24.266 million respectively.

Acquisition of subsidiary – APPF

On 10 October 2014 Aspen acquired an additional 27.5% of the stapled securities and voting interests in APPF, an entity which owns and manages properties in the accommodation sector. As a result, Aspen's equity interest in APPF increased from 12.5% to 40.0%, obtaining control for accounting purposes of APPF. The acquisition, by way of underwriting the APPF entitlement offer, has significantly increased Aspen's proportionate exposure to the accommodation sector, in line with Aspen's long-term strategy.

The fair values at acquisition date of identifiable assets and liabilities have been determined on a provisional basis.

Goodwill calculations	\$'000
Consideration transferred	39,179
Fair value of pre-existing interest in APPF	11,927
Less: Fair value of identifiable net assets	(117,150)
Add: NCI based on their proportionate interest in the recognised amounts of the net assets of APPF	70,290
Goodwill	4,246

The goodwill is attributable to the value of assets within APPF on certain accommodation park properties, not recognised by Aspen on consolidation of APPF.

	\$'000
Consideration transferred	
Cash – APPF entitlement offer	5,001
Cash – Underwriting of APPF entitlement offer	34,178
	39,179
Reconciliation - acquisition of subsidiary, net of cash acquired	
Cash – APPF entitlement offer	5,001
Cash – underwriting of APPF entitlement offer	34,178
Less: cash and cash equivalents of APPF at acquisition date	(5,608)
	33,571
Fair value of pre-existing interest in APPF	
Carrying value of investment in APPF	10,960
Fair value adjustment of equity accounted investee	967
	11,927
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,608
Trade and other receivables	1,234
Assets classified as held for sale	10,091
Prepayments and other current assets	1,534
Inventories	572
Property, plant and equipment	177,555
Trade and other payables	(8,358)
Interest bearing loans and borrowings	(67,000)
Provisions	(1,647)
Employee benefits	(1,398)
Tax liabilities	(553)
Derivative liabilities	(488)
Total identifiable net assets acquired	117,150

For the acquisition of APPF, Aspen elected to recognise the non-controlling interest of APPF at its proportionate share of the acquired net identifiable assets at acquisition date.

	\$'000
Total identifiable net assets acquired	117,150
NCI percentage	60%
NCI share of identified net assets	70,290

The fair value of receivables assumed is equal to the gross contractual amounts receivable. There are no contractual cash flows not expected to be collected.

Notes to the consolidated financial statements

Corporate Structure

for the year ended 30 June 2015

Revenue and profit contribution

The acquired business, APPF, contributed revenues of \$43.868 million and a net loss of \$14.415 million to Aspen for the period from 10 October 2014 to 30 June 2015.

Key judgement: control and significant influence of APPF

Aspen considered a range of items when deciding whether Aspen had control or significant influence of APPF. In assessing this, Aspen reviewed the following details including but not limited to:

- Voting rights;
- Board composition; and
- Management and other agreements.

As part of deciding whether Aspen had control of APPF for accounting purposes, consideration was given to Board composition, Aspen's management contract with APPF, voting rights of Aspen vis-à-vis external security holders, and that Aspen's ownership increased to 42.0% (from 12.5%). After considering these factors, it was decided that Aspen did obtain control of APPF for accounting purposes.

Acquisition of business – accommodation properties

During the year, Aspen acquired five accommodation properties:

- Harrington on 8 December 2014;
- Four Lanterns on 13 January 2015;
- Australiana on 31 March 2015;
- Mandurah on 26 June 2015; and
- Ballina on 30 June 2015.

These acquisitions included the tangible assets of the park properties as well as the existing park businesses and as a result, these transactions are accounted for as business combinations.

The fair values at acquisition date of identifiable assets and liabilities have been determined on a provisional basis as external consultant reports on the value of PPE have not been finalised for all properties.

Goodwill calculations	\$'000
Consideration transferred	47,820
Less: Fair value of identifiable net assets	(40,113)
Goodwill	7,707

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

Identifiable assets acquired and liabilities assumed	\$'000
Consideration transferred	47,820
Cash – Acquisition of accommodation properties	47,820
Identifiable assets acquired and liabilities assumed	40,113
Property, plant and equipment	40,113

Revenue and profit contribution

The accommodation properties acquired during the year contributed revenues of \$2.115 million and a net profit of \$1.352 million to Aspen for the period from settlement date to 30 June 2015.

21: Goodwill

	Consolidated	
	2015	2014
	\$'000	\$'000
Opening	-	-
Additions	11,953	-
	11,953	-

Recognition and measurement**Goodwill**

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

Goodwill - additions

The business combination of APPF and five park acquisitions resulted in the generation of \$11.953 million of goodwill.

Key judgement: goodwill impairment testing

At the reporting date, management tested the goodwill of \$11.953 million and concluded the goodwill did not require impairment. This goodwill exists in respect to properties held by Aspen. In testing the goodwill, Aspen considered the independent valuations that exist in respect to the leasehold properties, and the value of PPE.

Details of the independent valuations which pertain to leasehold properties are outlined in note 7.

Notes to the consolidated financial statements

Corporate Structure

for the year ended 30 June 2015

22: Subsidiaries

Parent entity	Ownership interest 2015 %	Ownership interest 2014 %
Aspen Group Limited (stapled entity - Aspen Property Trust)		
Subsidiaries		
Aspen Funds Management Limited	100	100
Aspen Living Villages Pty Limited	100	100
Aspen (Septimus Roe) Pty Limited	100	100
Aspen Property Developments Pty Limited	100	100
Aspen Monkey Mia Pty Limited	100	100
Aussie.com.au (2000) Pty Limited	100	100
Aspen Select Property Fund	100	100
Aspen Whitsundays Property Development Pty Limited	100	100
Aspen Communities Property Fund ¹	100	100
Aspen Villages Property Fund ²	100	100
Aspen Equity Investments Pty Limited	100	100
Midland Property Trust	100	100
Aspen Whitsunday Shores Pty Limited ("AWSS") (see note 23)	54	54
Aspen Development Fund No1 Pty Limited ³ ("ADF") (see note 23)	75	75
Aspen Dunsborough Lakes Pty Ltd ("ADLL") (see note 23)	43	43
Aspen Dunsborough Lakes Report Pty Ltd	43	43
Fern Bay Seaside Village Pty Ltd ("FBSV") (see note 23)	45	45
Aspen Parks Property Management Limited	42	12.5
Aspen Gateway Travel Pty Ltd	42	12.5
Aspen Tourist Parks Pty Ltd	42	12.5
Aspen Monkey Mia Trust	42	12.5
Aspen Parks Property Trust	42	12.5
Aspen Shark Bay Airport Pty Ltd	42	12.5
Shark Bay Airport Trust	42	12.5

¹ Aspen Communities Property Fund comprises:

- Aspen Communities Property Fund (in members voluntary liquidation)
- Aspen Communities Nominees Pty Limited (in members voluntary liquidation)
- Aspen Communities Management Pty Limited (in members voluntary liquidation)
- Aspen Communities Construction Pty Limited (in members voluntary liquidation)

² Aspen Villages Property Fund comprises:

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

³ Aspen Development Fund No1 Pty Limited comprises:

- Aspen Development Fund No1 Pty Ltd
- Caversham Property Pty Ltd
- Caversham Property Development Pty Ltd
- Bradwell Pty Ltd

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.

for the year ended 30 June 2015

23: Discontinued operations

	Disposal groups held for sale		Non-core and accommodation operations held for sale		Total Discontinued operations	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Results of discontinued operations						
Revenue	1,643	59,141	19,812	27,837	21,455	86,978
Expenses	(1,965)	(68,681)	(10,082)	(12,214)	(12,047)	(80,895)
Profit/(loss) before income tax	(322)	(9,540)	9,730	15,623	9,408	6,083
Income tax expenses	-	-	-	-	-	-
Gain on disposal after income tax	238	-	373	2,967	611	2,967
Net change in fair value	1,973	(26,297)	(5,817)	(29,989)	(3,844)	(56,286)
Profit/(loss) after tax from discontinued operations	1,889	(35,837)	4,286	(11,399)	6,175	(47,236)
Assets and liabilities of discontinued operations						
Assets						
Cash and cash equivalents	1,547	1,125	-	-	1,547	1,125
Trade and other receivables	225	1,973	-	-	225	1,973
Properties held for sale	6,654	21,193	97,517	87,809	104,171	109,002
Prepayments and other assets	17	263	-	-	17	263
Total assets	8,443	24,554	97,517	87,809	105,960	112,363
Liabilities						
Trade and other payables	189	936	-	-	189	936
Provisions and other liabilities	-	2,564	-	-	-	2,564
Deferred consideration	413	413	-	-	413	413
Interest bearing loans and borrowings	-	-	-	19,306	-	19,306
Total liabilities	602	3,913	-	19,306	602	23,219
Net assets	7,841	20,641	97,517	68,503	105,358	89,144
Cash flows of discontinued operation						
Net cash from/(used in) operating activities	(412)	25,760	9,681	22,577	9,296	30,531
Net cash from investing activities	15,393	75,773	20,911	112,962	36,304	188,735
Net cash from/(used in) financing activities	-	(117,619)	48	(88,087)	48	(195,990)
Net cash flows for the year	14,981	(16,086)	30,640	47,452	45,648	23,276

Recognition and measurement**Discontinued operations**

A discontinued operation is a component of Aspen's business, the operations and cash flows of which can be clearly distinguished from the rest of Aspen and which:

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

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

When an operation is classified as a discontinued operation, the comparative Consolidated Income Statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Disposal group held for sale

Aspen has a number of its development subsidiaries classified as a disposal group held for sale. At 30 June 2015, this primarily comprises ADF and AWSS.

Non-core and accommodation operations held for sale

This operation was deemed discontinued during the year ended 30 June 2014 and is primarily represented at 30 June 2015 by Aspen's industrial property in Spearwood and resorts of Ningaloo Reef, Monkey Mia and Exmouth Cape.

Notes to the consolidated financial statements

Corporate Structure

for the year ended 30 June 2015

24: Non-controlling interests

	ADF	AWSS	ADPF	FBSV	ADLL	APPF	Total
NCI percentage as at 30 June 2015	24.9%	45.9%	53.1%	54.6%	56.8%	58.0%	
Year ended 30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2014	(8,657)	(479)	11,663	742	(395)	-	2,874
Share of comprehensive income/(expense)	(6,835)	(2,415)	(228)	185	(1,801)	-	(11,094)
Distribution to NCI	-	-	(9,807)	-	-	-	(9,807)
NCI portion of put option	-	-	(1,640)	-	-	-	(1,640)
Closing balance at 30 June 2014 and opening balance at 1 July 2014	(15,492)	(2,894)	(12)	927	(2,196)	-	(19,667)
Share of comprehensive income/(expense)	429	(32)	12	(7)	121	(5,136)	(4,613)
Distribution to non-controlling interest	-	-	-	-	-	(4,116)	(4,116)
Effect of consolidation of APPF	-	-	-	-	-	70,290	70,290
Share buy back	-	-	-	-	-	(16)	(16)
Withdrawal offer impact on non-controlling interest	-	-	-	-	-	(5,453)	(5,453)
Loss on withdrawal offer	-	-	-	-	-	(317)	(317)
Closing balance at 30 June 2015	(15,063)	(2,926)	-	920	(2,075)	55,252	36,108

Recognition and measurement**Non-controlling interests**

Non-controlling interests represent interests in Aspen's subsidiaries that are not wholly owned.

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.

Non-controlling interests – consolidation of APPF

On 10 October 2014, Aspen acquired control of APPF and has subsequently consolidated APPF. The consolidation of APPF resulted in the creation of NCI (refer note 20 for further information on the business combination).

Loss on withdrawal offer

In December 2014 APPF bought back 11.478 million securities, for cash consideration of \$6.000 million. At the time of the buy-back, the net identifiable assets of APPF were \$0.48 per unit, a value of \$5.453 million for the 11.478 million securities withdrawn. Therefore, a loss on buy-back of \$0.547 million has been recognised, being the excess cash consideration above the value of the securities bought back.

An amount of \$0.317 million was allocated to non-controlling interest of the total loss of \$0.547 million, with the balance of the loss allocated to the securityholders of Aspen.

Negative non-controlling interests

Aspen has recognised NCI for AWSS, ADF and ADLL as at 30 June 2015 even though these NCI's are negative. AWSS, ADF and ADLL are limited companies, and there is no ability for Aspen to recoup the negative equity attributed to NCI's.

for the year ended 30 June 2015

25: Commitments and contingencies

	Consolidated	
	2015	2014
	\$'000	\$'000
Contingent liabilities		
Defect maintenance periods	3,061	5,000
Tenant fitout incentives received	1,411	1,020
	4,472	6,020
Operating lease commitments		
<i>Group as lessee (i)</i>		
Within 1 year	3,239	1,088
Greater than 1 year but not more than 5 years	11,000	4,833
More than 5 years	6,662	4,444
	20,901	10,365
<i>Group as lessor (ii)</i>		
Within one year	7,480	18,059
Greater than 1 year but not more than 5 years	20,471	23,791
More than 5 years	-	4,418
	27,951	46,268
Capital commitments (iii)		
<i>Contracted by not provided for an payable:</i>		
Within 1 year	1,055	2,354
Greater than one year but not more than five	-	-
	1,055	2,354
Other expenditure commitments		
Bank guarantees issued to third parties	1,464	6,135
Insurance bond guarantees	3,008	6,002
	4,472	12,137

(i) Aspen leases various offices under non-cancellable operating leases. In addition, Aspen leases properties, under non-cancellable leases, on which it operates accommodation businesses. Operating lease expense for the year was \$1.857 million (2014: \$0.658 million).

(ii) Relates to leases of investment properties.

(iii) 2015: Comprises commitments to expenditure on PPE
2014: Commitment of loan funds to managed funds which are classified as subsidiary entities in these financial statements.

Bank guarantees issued to third parties

These guarantees primarily related to the provision of guarantees provided for Aspen's subsidiaries and associates. However, Aspen has also issued bank guarantees to third parties which primarily secure fit out obligations on its office premises.

26: Subsequent events

The following material events have occurred between the reporting date and the date of this report:

- On 3 August 2015, Aspen exchanged contracts for the acquisition of Tomago Van Village, located in Tomago, NSW for \$10.500 million. Settlement of this acquisition occurred on 19 August 2015.
- On 17 August 2015, Aspen settled part of the Spearwood industrial complex, for \$34.570 million.

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

Notes to the consolidated financial statements

Other

for the year ended 30 June 2015

27: Parent entity disclosures

	Parent	
	2015	2014
	\$'000	\$'000
Assets		
Current assets	79,904	96,863
Non-current assets	64,973	50,167
Total assets	144,877	147,030
Liabilities		
Current liabilities	104,119	99,989
Non-current liabilities	96,026	94,081
Total liabilities	200,145	194,070
Net liabilities	(55,268)	(47,040)
Equity		
Issued capital	124,528	124,938
Accumulated losses	(179,796)	(171,978)
Total deficiency	(55,268)	(47,040)
Loss attributable to members of the	(8,414)	(29,804)
Total comprehensive loss for the year, net of tax, attributable to members of the parent	(8,414)	(29,804)
Guarantees		
Guarantees to external parties		
Issued to third parties	2,500	6,135
Insurance bond guarantees	1,464	1,002
Total guarantees to external parties	3,964	7,137
Guarantees to subsidiaries		
ADF	2,500	5,000
Total guarantees to subsidiaries	2,500	5,000
Total guarantees	6,464	12,137

The directors have not identified any material contingencies as at 30 June 2015 (30 June 2014: Nil).

Parent entity financial information

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

Investments in subsidiaries and associates

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

Guarantees

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

The Parent and its subsidiaries as per note 22 provide an unlimited guarantee and indemnity in favour of the Trust's banking facilities. The Parent and the Trust have provided guarantees to financiers and insurance bond providers for a number of Aspen's subsidiaries. Under the terms of the agreements, the Parent and the Trust will make payments to reimburse the financiers upon failure of the guaranteed entity to make payments when due.

Parent entity financial information

As at 30 June 2015 the parent had a loan payable to the Trust of \$71.930 million (2014: \$59.842 million). During the year ended 30 June 2015, no loan was forgiven by the Trust (2014: \$22.500 million). This loan is not due until 30 June 2016.

Going concern

The Parent has a negative asset position of \$55.268 million. This is due to the Parent not being able to recognise an uplift in the value of its equity in its wholly owned subsidiary, AFM, which holds retained profits of \$56.264 million.

When allowing for these retained profits, which can be distributed from AFM by way of a dividend solely to the Parent, the Parent's net asset position would increase to a positive net asset position of \$0.996 million. As a consequence, the Board considers it appropriate for the Parent to be classified as a going concern.

Notes to the consolidated financial statements

Other

for the year ended 30 June 2015

28: Auditors' remuneration

	Consolidated	
	2015	2014
Fees of the auditors of the company for:	\$	\$
Audit and review of financial reports		
PwC	300,000	-
KPMG	-	295,000
Other	-	15,000
	300,000	310,000
Assurance related services		
PwC	29,846	-
KPMG	-	43,000
Other	2,000	8,082
	31,846	51,082
Non-assurance related services		
PwC	3,800	-
KPMG - tax compliance	123,996	292,344
KPMG - other	-	30,954
	127,796	323,298

29: Related party transactions

Identity of related parties

Aspen has a related party relationship with its associates and with its key management personnel.

Loan to former executive director

	2015	2014
	\$	\$
Opening balance at 1 July	2,150,272	2,827,310
Interest incurred	13,338	199,076
Repayments	(2,163,610)	(707,025)
Distributions received	-	(169,089)
Closing balance at 30 June	-	2,150,272

Associates

Associate management fees

	Consolidated	
	2015	2014
	\$	\$
Management fees from APPF *	656,916	3,749,822
Management fees from EASL	-	1,190,970
Management fees from FSPT	-	153,748
	656,916	5,094,540

* This represents fees paid by APPF up until the date of consolidation within Aspen's financial report, being 10 October 2014.

Other

	Consolidated	
	2015	2014
	\$	\$
Interest income from loan from former director	13,338	199,076
	13,338	199,076

Associate receivables

	Consolidated	
	2015	2014
	\$	\$
APPF	-	572,682

Director and executive remuneration

The remuneration disclosures are provided in sections 1 to 7 of the remuneration report on pages 15 to 28 of this annual report designated as audited and forming part of the directors' report.

	Consolidated	
	2015	2014
	\$	\$
Short-term benefits	3,068,841	2,925,097
Long-term benefits	180,899	153,123
Termination benefits	535,097	-
Other	-	6,074
Equity compensation benefits	507,504	410,583
	4,292,341	3,494,877

Notes to the consolidated financial statements

for the year ended 30 June 2015

30: Finance advances and loans

	Consolidated	
	2015	2014
	\$'000	\$'000
Loan to related party	-	2,150
Loan to TRGP No1 Pty Ltd	-	3,000
Other	-	3
	-	5,153

Recognition and measurement

Finance advances and loans

Finance advances and loans consist of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost. A risk assessment process is used for new loan applications, which ranges from conducting credit assessments to relying on the assessments of financial risk provided by credit insurers.

for the year ended 30 June 2015

31: Other accounting policies**a) New and amended accounting standards and interpretations adopted from 1 July 2014**

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2014 to Aspen have been adopted, including:

Reference	Description
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	This amendment provides guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132
AASB 2013-3 <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	This Standard amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> and requires the disclosure of financial information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs to dispose
AASB 2014-1 <i>Part A: Annual Improvements to IFRSs 2010-2012 Cycle</i>	This Standard sets out amendment to a number of IFRS including clarification of the definitions in IFRS 2 <i>Share-based Payment</i> and IAS 24 <i>Related Party Disclosures</i> , removing references to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> in IFRS 3 <i>Business Combinations</i> and requiring additional disclosures in IFRS 8 <i>Operating Segments</i>
AASB 2014-1 <i>Part A: Annual Improvements to IFRSs 2011-2013 Cycle</i>	This Standard sets out amendments to IFRS including clarification of the portfolio exception in paragraph 52 of IFRS 13 <i>Fair Value Measurement</i> and clarification of items in IAS 40 <i>Investment Property</i>

b) New and amended standards and interpretations issued but not yet effective

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by Aspen in this financial report. Aspen is assessing the impact but does not anticipate any significant impact from the adoption.


Reference	Description	Application of Standard	Application by Group
AASB 9 <i>Financial Instruments</i> AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> and AASB 2014-8 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9</i>	AASB 9 includes requirements for the classification and measurement of financial assets and was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements aim to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 <i>Financial Instruments: Recognition and Measurement</i> . It also includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 January 2018	1 July 2018
AASB 15 <i>Revenue from contracts with customers</i> AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised: <ul style="list-style-type: none"> • Identify contracts with customers • Identify the separate performance obligations • Determine the transaction price of the contract • Allocate the transaction price to each of the separate performance obligations, and • Recognise the revenue as each performance obligation is satisfied. Key changes to current practice are: <ul style="list-style-type: none"> • Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. • Revenue must be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal. • The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at some point in time at the end of a contract may have to be recognised over the contract term and vice versa. • There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few. • As with any new standard, there are also increased disclosures. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.	1 January 2018	30 June 2018

Directors' declaration

for the year ended 30 June 2015

1. In the opinion of the directors of Aspen Group Limited and Aspen Fund Management Limited (as responsible entity for Aspen Property Trust):
 - (a) the consolidated financial statements and notes on pages 37 to 76, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and 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 CEO and CFO for the financial year ended 30 June 2015.
3. The directors draw attention to note 2(a) 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.



Clem Salwin

Managing Director

SYDNEY, 24 August 2015

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 2014/15 financial year totalled 9.0 cents per security.

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

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

Prior to suspension, in accordance with the DRP, securities were issued at a discount of 2.5% to the weighted average price of the securities, sold on the Australian Stock Exchange Limited, on the five business days after the securities are quoted, ex-distribution.

3. Capital Structure

As at 25 September 2015 Aspen Group had on issue 113,161,158 securities.

(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	617
1,001 to 5,000	762
5,001 to 10,000	305
10,001 to 100,000	401
More than 100,001	42
Total	2,127

There were 193 holders of less than marketable parcels
(Minimum \$500 parcel at \$1.40 per security)

(c) Twenty Largest Securityholders of Stapled Securities

The names of the twenty largest holders of securities as at 25 September 2015 are listed below:

Name	25 September 2015	%IC
1 J P MORGAN NOMINEES AUSTRALIA LIMITED	27,516,294	24.32
2 CITICORP NOMINEES PTY LIMITED	17,812,798	15.74
3 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,940,514	14.09
4 NATIONAL NOMINEES LIMITED	15,736,817	13.91
5 RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,322,213	3.82
6 BNP PARIBAS NOMS PTY LTD	2,704,930	2.39
7 PERSHING AUSTRALIA NOMINEES PTY LTD	1,855,137	1.64
8 CITICORP NOMINEES PTY LIMITED	1,304,308	1.15
9 REDBROOK NOMINEES PTY LTD	840,000	0.74
10 SKIPTAN PTY LTD	737,136	0.65
11 RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	734,576	0.65
12 ACRES HOLDINGS PTY LTD	654,000	0.58
13 MR CLEMENT PETER SALWIN	650,000	0.57
14 WARBONT NOMINEES PTY LTD	529,349	0.47
15 MR ROBERT ALEXANDER HOAD	520,000	0.46
16 MRS SARAH FOLETTA	500,000	0.44
17 BNP PARIBAS NOMINEES PTY LTD	412,271	0.36
18 SLICK SOLUTIONS PTY LTD	404,222	0.36
19 CLEMENT PETER SALWIN	353,498	0.31
20 MR TZE-FAN CHAN & MRS KIT-SUM LEUNG	311,800	0.28
TOTAL	93,839,863	82.93
Balance of Register	19,321,295	17.07
Grand TOTAL	113,161,158	100.00

(d) Substantial Securityholders

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

Date of Last Notification	Securityholder	No. of stapled securities	% of the issued capital
15 January 2015	Allan Gray Australia Pty Ltd	18,467,630	16.32
21 September 2015	Mill Hill Capital Pty Ltd	13,355,607	11.80
15 January 2015	Westpac Banking Corporation	10,665,317	9.42
25 June 2015	BT Investment Management Ltd	9,496,008	8.39
8 April 2014	Telstra Super Pty Ltd	6,918,586	5.77
5 March 2015	Commonwealth Bank of Australia	6,048,554	5.34
18 December 2014	Legg Mason Asset Management Australia Limited	5,971,330	5.27

(e) Dividend and Distribution History

Period/ Quarter Ended	Date Paid	Aspen Group Ltd		Aspen Property Trust		Total Amount Paid cents
		Dividend Cents per security	Franking %	Distribution cents per security	Tax Deferred%	
March 2003	16/04/03	1.4	-	-	-	1.4
June 2003	29/08/03	1.4	-	-	-	1.4
July 2003	29/08/03	0.4665	-	-	-	0.4665
Aug/ Sept 2003	17/10/03	0.29	71.30	0.9435	47.51	1.235
December 2003	20/01/04	0.4345	71.30	1.4155	47.51	1.85
March 2004	22/04/04	0.4345	71.30	1.4155	47.51	1.85
June 2004	12/08/04	0.337	0.00	1.5130	100.00	1.85
September 2004	30/09/04	-	-	2.0875	57.00	2.0875
December 2004	31/12/04	-	-	2.0875	57.00	2.0875
March 2005	31/03/05	-	-	2.0875	57.00	2.0875
June 2005	15/08/05	-	-	2.0875	57.00	2.0875
September 2005	17/10/05	-	-	2.25	46.70	2.25
December 2005	19/01/06	-	-	2.25	46.70	2.25
March 2006	20/04/06	-	-	2.625	46.70	2.625
June 2006	15/08/06	-	-	2.875	46.70	2.875
September 2006	20/10/06	-	-	2.875	23.00	2.875
December 2006	25/01/07	-	-	2.875	23.00	2.875
March 2007	26/04/07	-	-	3.50	23.00	3.50
June 2007	16/08/07	-	-	3.50	23.00	3.50
September 2007	18/10/07	-	-	3.875	0.70	3.875
December 2007	23/01/08	-	-	3.875	0.70	3.875
March 2008	23/04/08	-	-	3.875	0.70	3.875
June 2008	21/08/08	-	-	3.875	0.70	3.875
September 2008	22/10/08	-	-	3.875	1.54	3.875
December 2008	18/02/09	-	-	2.040	1.54	2.040
March 2009	20/05/09	-	-	2.040	1.54	2.040
June 2009	19/08/09	-	-	1.040	1.54	1.040
September 2009	18/11/09	-	-	1.05	-	1.05
December 2009	18/02/10	-	-	1.05	-	1.05
March 2010	20/05/10	-	-	1.05	-	1.05
June 2010	25/08/10	-	-	1.05	-	1.05
September 2010	18/11/10	-	-	1.05	-	1.05
December 2010	17/02/11	-	-	1.05	-	1.05

Period/ Quarter Ended	Date Paid	Aspen Group Ltd		Aspen Property Trust		Total Amount Paid cents
		Dividend Cents per security	Franking %	Distribution cents per security	Tax Deferred%	
March 2011	20/05/11	-	-	1.05	-	1.05
June 2011	19/08/11	-	-	1.05	-	1.05
September 2011	21/11/11	-	-	1.05	-	1.05
December 2011	16/02/12	-	-	1.05	100.0	1.05
March 2012	21/05/12	-	-	1.05	100.0	1.05
December 2012 (1)	25/02/13	-	-	0.75	58.4	0.75
June 2013	23/08/13	-	-	0.75	58.4	0.75
December 2013 (2)	25/02/14	-	-	7.5	93.6	7.5
June 2014	25/08/14	-	-	4.0	93.6	4.0
December 2014	25/02/15	-	-	4.5	3.46	4.5
June 2015	25/08/15	-	-	4.5	3.46	4.5

(1) From July 2012, distributions paid on a semi annual basis.

(2) In November 2013, Aspen Group concluded a 1 for 10 security consolidation.

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Corporate Directory

Manager and Responsible Entity:

Aspen Funds Management Limited
ABN 48 104 322 278, AFSL 22 7933

Board of Directors:

Frank Zipfinger	Non-Executive Chairman
Clive Appleton	Non-Executive Director
Guy Farrands	Non-Executive Director
John Carter	Non-Executive Director
Clem Salwin	Chief Executive Officer & Managing Director

Level 18
9 Hunter Street
Sydney NSW 2000
Tel: (02) 9151 7500
Fax: (02) 9151 7599
E-mail homemail@aspengroup.com.au

Group Company Secretary:

Mandy Chiang

Share Registry:

Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Tel: 1300 554 474
Fax: (02) 9287 0303

Auditors:

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000
Tel: (02) 8266 0000
Fax: (02) 8266 9999

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ABN 50 004 160 927



Aspen Group

Corporate Governance Statement

15 October 2015

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

Principle 1: Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Board and management – roles and responsibility

The Board has overall responsibility for the governance of Aspen. Its primary role is to ensure security holders' interests are protected and the value of their investment is maximised within acceptable risk parameters.

The Board has adopted a Board Charter that sets out the roles, responsibilities, structures and processes adopted by the Boards of Aspen Group Limited and Aspen Funds Management Limited (AFML) including:

- Role and responsibilities of the Board
- Role of Chair
- Role of the Chief Executive Officer (CEO) and executive management team
- Role of Company Secretary
- Composition and structure of the Board
- Independent Directors
- Independence of Chair
- Orientation and education
- Board and executive performance evaluation

The Board Charter is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Day to day management of Aspen is the responsibility of the CEO supported by the executive management team. The CEO is responsible for running the affairs of Aspen under a delegated authority from the Board and implementing the policies and strategy set by the Board. The Board has also adopted a Delegated Authority Matrix, which sets out key delegations of authority to the CEO and/or appropriate executives for specific activities and transactions of Aspen.

The Company Secretary is accountable to the Board, through the Chair, on all governance matters. The Company Secretary is charged with facilitating Aspen's corporate governance processes and ensuring that the Board policies and procedures run efficiently and effectively. All Directors have right of access to the Company Secretary.

Board – appointment and material information

The Nomination Committee makes recommendations to the Board regarding the appointment of Directors. In addition, each Board Member has the opportunity to meet with any person nominated to become a Director. Aspen undertakes appropriate checks before appointing a person as a Director.

Upon appointment, each Director receives a letter of appointment which sets out the key terms, conditions, obligations and expectations of their appointment.

Directors are elected in accordance with the Aspen Constitution and the ASX Listing Rules. Security holders are provided with all material information in Aspen's possession that is relevant to their decision on whether or not to elect or re-elect a Director, either in the notice of the meeting at which the election of the Director is to be held, or in the Annual Report or other documentation lodged with the ASX where the information can be found.

Diversity Policy

A process has been developed and adopted by the Board for the identification of persons suitable for consideration as a member of the Board. One of the key components of the process is the range of skills, expertise, experience, background and competencies required to enhance Board diversity and performance.

A policy concerning diversity has been established, which is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Aspen respects and values "diversity", and the benefit of its integration throughout Aspen, which is also expected to enrich Aspen's perspective, improve corporate performance, increase security holder value, and enhance the probability of achievement of Aspen's objectives.

Aspen values a diverse and inclusive workforce which reflects the broader community. Aspen recognises the advantages of having a mix of relevant business and professional experience, as well as the benefits of having cultural, ethnic and gender diversity. Aspen has a gender policy appropriate for an organisation of its size that will ensure that there is ongoing recognition of the need for diversity.

This Diversity Policy identifies broad objectives which are:

- To increase gender diversity at non-executive director level, executive/managerial level and across Aspen to meet target levels; and
- To provide an annual assessment of performance against the target levels.

Aspen's performance against the policy objectives is as follows:

	Target		FY15		FY14		FY13	
	% Female	% Male	% Female	% Male	% Female	% Male	% Female	% Male
Non-Executive Directors	20%	80%	0%	100%	0%	100%	0%	100%
Executive / Managerial	30%	70%	25%	75%	26%	74%	18%	82%
Total Employees	45%	55%	41%	59%	41%	59%	34%	66%

Executive / Managerial positions refer to positions which have significant management responsibilities in terms of either team leadership or thought leadership. This includes but is not limited to the direct reports to the CEO.

Aspen continues to foster an environment which provides an inclusive culture and has strategies in place to meet its gender diversity targets, including:

- Recruitment processes that seek gender balance in the candidates assessed; and
- Development of leadership and managerial skills to enhance opportunities for female employees.

The overall participation rate of female employees has increased from 34% in FY13 to 41% in FY15. The female ratio within executive / manager positions has increased from 18% in FY13 to 25% in FY15.

As part of the search process for executive / manager positions, Aspen seek candidates who may complement the existing executive team and also help to fulfil its stated diversity agenda including gender diversity. The Board is committed to continuing to seek opportunities, in particular, to increase female participation in the workforce generally.

Board, committee and individual Director evaluation

In accordance with the Board Charter, the Nomination Committee is responsible for ensuring that there is an effective on-going performance evaluation process in place for Directors.

On an annual basis, the Board must adopt a review process, overseen by the Chair. The process is conducted in a confidential manner by the Chair of the Board, which involves a peer evaluation assessing each individual director's performance and competence, their contribution to the Board and feedback on enhancing performance via questionnaires. The Chair's performance is also evaluated during the process. Board members are encouraged during this process to raise any matter, either positive or negative, which they believe will contribute to the on-going effectiveness of the Board.

During the 2015 financial year, the Board conducted an internal performance review of the Board, its committee and individual directors. The performance review process was then conducted and the Chairman held individual discussions with each Director. The Board then discussed Board and Committee performance as a group at a Board meeting.

Senior executives performance evaluation

All employees, including senior executives, participate in a review process which assesses individual performance against predetermined objectives. The process evaluates the individual's contribution to the organisation, gains feedback on enhancing performance and insight into future career aspirations. The outcomes of the review are used as a basis for determining appropriate remuneration packages and the most efficient organisational structure.

Performance evaluations were conducted for senior executives with more than six months' service during the 2015 financial year. A more detailed description of the performance reviews is contained in the 2015 Annual Report. Outcomes of the performance reviews are communicated to the Board and Remuneration Committee.

Principle 2: Structure the Board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Structure and composition of the Board

The Aspen Board currently has five Directors, consisting of one Executive Director and four Non-executive Directors. Their biographical details are contained in the 2015 Annual Report and on Aspen's website (http://www.aspengroup.com.au/about_aspen/directors.html).

According to Aspen's constitution, one third of the Directors must retire from office at the AGM each year however will be eligible for re-election. Non-Executive Directors appointed during the year to fill casual vacancies are required to submit to election at the next security holder meeting.

Details of the Directors as at the end of the Reporting Period, their independence, the year in which each was appointed to the Board and the year each was last elected/re-elected by security holders are set out below:

Non-executive director	Independent Director?	Date of Appointment / length of service as at 30 June 2015	Year of Last Election / Re-election
Frank Zipfnger (Chair)	Yes	31/01/2011 / 4.4 years	2014
Hugh Martin	No ¹	30/04/2012 / 3.2 years	2012
Clive Appleton	Yes	30/04/2012 / 3.2 years	2012
Guy Farrands	Yes	26/11/2012 / 2.6 years	2013
John Carter	No ²	23/02/2015 / 0.3 year	-
Executive director			
Clem Salwin (CEO)		01/07/2013 / 2 years	N/A

1 Mr Martin resigned as a director on 14 September 2015.

2 Mill Hill Capital Pty Limited as trustee for the Mill Hill Capital Strategic Real Estate Fund is a substantial security holder of Aspen. Mr Carter is a director of Mill Hill Capital Pty Limited.

Nomination Committee

The Board has established a Nomination Committee. Its role is to assist the Board in identifying, assessing and selecting Board members for Aspen, and to review Board members on a regular basis.

The Committee has adopted a formal Committee Charter that sets out the roles, composition and responsibilities. The Committee Charter is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

The Nomination Committee is appointed by the Board and comprises at least three members of the Board of which two must be independent members, with one independent member to be appointed by the Board to act as Chair.

Details of the Committee members, number of Committee meetings held during the 2015 financial year and attendance by Committee members are set out in the 2015 Annual Report.

Board Skills and Experience

A summary of the Directors' skills and experience relevant to the Aspen as at the end of the Reporting Period is set out below:

Skills and Experience (out of 6 Directors)			
Leadership and Management		Sector Experience	
Corporate/Executive management	6	Property investment/development	6
Corporate governance	2	Funds management	4
Strategy	6	Real Estate	6
Capital Markets		Corporate	
Capital raising	6	Business operation	5
Capital management	4	Legal	1
Corporate actions	6	Investor relations	6
Finance and Risk			
Financial	4	Risk management	5

Independent Directors

In accordance to the Board Charter, the majority of the Board should be independent directors. Aspen will regularly review whether each Non-executive Director is independent and each Non-executive Director should provide to the Board all information that may be relevant to this assessment. If a Director's independence status changes this should be disclosed to the Board and explained to the market in a timely manner.

The majority of the Board is independent directors.

The criteria to be adopted in determining the independence of Directors follow the guidance prescribed in the ASX Principles. That the Director:

- is not directly or indirectly a substantial security holder in Aspen;
- has not within the last three years been employed in an executive capacity by Aspen;
- has not within the last three years been an adviser, consultant or material supplier to Aspen;
- has no material contractual relationship with Aspen other than the appointment as Director; and
- has no other interest or relationship that could interfere with the Director's ability to act in the best interests of Aspen and independently of management.

(Materiality in this context is defined as a director-related business relationship that is, or is likely in the future, to be more than 10% of the revenue of the director-related business).

All directors, whether independent or not, should bring an independent judgment to bear on Board decisions. Non-executive Directors are encouraged to confer regularly without management present. Their discussions are to be facilitated by the Chair.

Independence of Chair

As set out in the Board Charter, the Chair is elected by the Board and should be an independent director. The roles of Chair and CEO should not be exercised by the same individual.

The Chair's other positions should not be such that they are likely to hinder the effective performance of the role as Chair of Aspen.

Induction and continuing development of Directors

The Board provides material to new Directors to assist them in gaining an understanding of:

- Aspen's financial, strategic, operational and risk management position;
- the rights, duties and responsibilities of the Directors;
- the roles and responsibilities of the executive management team; and
- the role of Board committees.

Directors are encouraged to undertake continuing education to update and enhance their skills and knowledge. A record of this continuing education is maintained by the Company Secretary.

Aspen Independent Advisory Committee

The members of the Board may be also members of the Board of AFML, a wholly owned subsidiary company which holds an Australian Financial Services licence (**AFSL**) enabling it to manage a number of Managed Investment Schemes as defined by section 601EB of the Corporations Act. One of the schemes is the Aspen Property Trust, which is stapled to Aspen Group Ltd. In recognition of the potential conflicts of interest that may exist between the Board and the Board of AFML as manager of the Aspen Property Trust and other unrelated schemes, AFML has created the Aspen Independent Advisory Committee to make recommendations to the AFML Board in matters where conflict may be present. The Board may take cognisance of these recommendations and be guided by them. These recommendations are not binding.

The members of the Independent Advisory Committee are one Aspen executive and two external and independent members who are able to make a declaration that they are external as defined by the test in s601JB (2) of the Corporations Act.

The Independent Advisory Committee Charter is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

Code of Conduct

The Board has adopted the Code of Conduct to promote ethical and responsible decision making by directors, management and employees.

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Aspen. All directors and employees, who are members of a professional body, are required to comply with their respective bodies' ethical standards.

The Code of Conduct must be read and agreed at the commencement of employment as part of the employee induction process. It is an important reference document that outlines the behavioural expectations that Aspen has of its directors and employees. The Code is not intended to be exhaustive and cannot anticipate every situation which may morally or ethically face the employee or Aspen. However, it is intended to provide a framework for common sense and sound judgement. Compliance with the Code is an obligation owed by all employees to each other and to Aspen, breach of which will result in disciplinary action or dismissal.

The Code of Conduct is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Dealing in Securities

Aspen's Securities Trading Policy and the Code of Conduct require all Directors, executives and employees to abide by Aspen's Securities Trading Policy (Policy). The Policy outlines the circumstances and requirements for trading in Aspen's securities by Directors, executives and employees.

Directors, Key Management Personnel and other employees who have access to price sensitive information will not be able to deal in Aspen securities without obtaining prior approval. The authorisation and dealing restrictions apply to Aspen securities and any derivative product related to Aspen securities.

The Securities Trading Policy is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Audit Committee

The Board has established an Audit Committee pursuant to its Audit Committee Charter.

The purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance role in relation to the integrity of Aspen's financial reporting, internal control structure, risk management systems, compliance with taxation requirements of the ATO and state taxation bodies, and the

internal and external audit functions of Aspen and its controlled entities. The Committee will ensure the truthful and factual presentation of Aspen's financial performance and position.

The Audit Committee is appointed by the Board and comprises at least three Directors of whom two must be Independent Directors, one of whom must be appointed by the Board to act as Chair. Details of the Committee members, the number of Committee meetings held during the 2015 financial year and attendance by Committee members are set out in the 2015 Annual Report.

Due consideration will be given by the Board, from time to time, to rotating members without losing the continuity of experience and knowledge gained by the members of the Audit Committee.

The Audit Committee meets as frequently as required and at least quarterly in line with external reporting requirements. The Chair will call a meeting of the Audit Committee if so requested by any committee member, the Chief Financial Officer (CFO) or the external auditors. Any Director, if they wish, may attend any meeting. The CFO and the external auditors are given notice of all meetings and have the right to attend and speak at each meeting subject to concurrence of the Chair of the Audit Committee. A quorum for a meeting shall be a minimum of two, which must include the Chair of the Audit Committee.

The Audit Committee's Charter is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

CEO and CFO Declaration

The Board has received confirmation from both the CEO and the CFO that their declarations for both the interim and full year financial reporting periods, made in accordance with section 259A of the Corporations Act 2001, were based upon a sound system of risk management and internal control and further that the system is operating effectively in all material respects in relation to financial reporting risk.

Auditor at Annual General Meetings

A representative of the external auditors attends Aspen's Annual General Meeting (AGM) and is available to respond to any security holder queries about the conduct of the audit and the content and preparation of the auditor's report.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Disclosure and Communication Policy

Aspen has written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for compliance.

The Board has adopted a Disclosure and Communication Policy to ensure that:

- All investors have equal and timely access to material information concerning Aspen including its financial position, performance, ownership and governance;
- Aspen announcements are factual, presented in a clear and balanced way, are made in a timely manner and do not omit material information; and

- Aspen provides security holders with information in accordance with this Policy which includes identifying matters that may have a material effect on the price of Aspen's securities, notifying them to the ASX, posting them on Aspen's website and issuing media releases, all in a timely manner.

The Disclosure and Communication Policy is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

The Board is committed to open and accessible communication with holders of Aspen's securities. The Board has adopted a Disclosure and Communication Policy as mentioned above.

Communication through Aspen's website

Aspen's website at www.aspengroup.com.au has a Shareholder Information section, including a Corporate Governance subsection where all relevant corporate governance information can be accessed, including Board and Committee Charters and various corporate governance policies.

All announcements lodged by Aspen with the ASX are available on Aspen's website. Other information of relevance to investors is also made available on Aspen's website, including annual and half yearly financial reports, distribution history and key dates.

The website also contains a link to Aspen's security registry's investor centre.

General Meetings

Security holders are encouraged to attend and participate in Aspen's AGM which is usually held in October or November each year. An explanatory memorandum on the resolutions proposed is provided with the Notice of Meeting. Security holders unable to attend the AGM are able to lodge a proxy in accordance with the Corporations Act 2001. Security holders can submit enquiries regarding Aspen Directors, or complaints, via the website or email homemail@aspengroup.com.au. Aspen uses Link Market Services Ltd to administer the security holder register. Security holders can contact Link Market Services Ltd on 1300 554 474 or via their website www.linkmarketservices.com.au.

The external auditor attends each AGM to answer questions about the conduct of the audit and the preparation and contents of the Auditors Report.

Investor relations

Aspen has an investor relations programme which includes:

- issuing regular written security holder communications such as the quarterly investor update, Interim Report and Annual Report, which address Aspen's strategy and performance,
- webcasting or making available on Aspen's website audio recordings of important events such as results presentations;
- an option to receive communications directly from Aspen's share registry;
- maintaining a Shareholder Information section on Aspen's website;

- engaging in a programme of scheduled interactions with institutional investors, analysts, proxy advisers and other stakeholders; and
- promoting two-way interaction with security holders, by supporting security holder participation in the AGM.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Risk management

Aspen has established policies for the oversight and management of material business risks and discloses a summary of those policies.

The Board as a whole is ultimately responsible for establishing and reviewing Aspen's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has adopted a Risk Management Policy designed to:

- identify, assess, monitor and manage risk; and
- identify material changes to Aspen's risk profile.

Management has instituted a structure that identifies and addresses risks that could have a material impact on its business. This structure includes Aspen executives working with the Compliance Manager. Risks are identified and analysed for each area, and suitable reporting is created to address the risks.

It is also a Board function to identify risks in its consideration of strategic matters, and feed such information into the Risk Management structure.

Aspen's Risk Management Policy is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Management and Board responsibility

The Board constantly monitors the operational and financial aspects of Aspen's activities and, through the Audit Committee, the Board considers the recommendations and advice of external auditors and other external advisers on the operational and financial risks that face Aspen.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that Aspen has an appropriate internal control environment in place to manage the key risks identified. In addition, executives investigate ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced employees. Management is required to report to the Board annually that Aspen has a sound risk management system in place and that those systems are operating efficiently and effectively in all material respects. The Board is required to disclose that management has reported the effectiveness of Aspen's management of its material business risks.

Compliance Committee

AFML as part of its role as Responsible Entity of the Aspen registered schemes, has in place a Compliance Committee. This Committee is responsible for monitoring and reviewing the function and effectiveness of the Compliance Plan and ensuring adherence to applicable laws and regulations, including AFML's compliance with the terms and conditions of its AFSL.

The members of the Compliance Committee during the Reporting Period were:

Name	Membership details	No meetings attended (<i>held</i>)
Keith Platel	External independent Chairman	11 (11)
Mark Atkinson	External independent member	11 (11)
Eric Lee	Executive member (resigned: 18 March 2015)	7 (7)
Mandy Chiang	Executive member (appointed: 18 March 2015)	4 (4)

The role of the Compliance Committee includes responsibility for the evaluation of the effectiveness of AFML's compliance systems which are designed to protect the interests of security holders. The majority of the Compliance Reports presented to the Committee by the Responsible Managers are designed to monitor risks and risk treatment.

The Compliance Committee meets regularly and must report breaches of the law and Constitution to the Board, which must then report to ASIC any material breach of the Compliance Plan.

During the 2015 financial year, a review of Aspen's risk management framework was conducted and/or discussed by the Board, the Compliance Committee and by the Audit Committee.

Internal audit

The Audit Committee assesses the need for an internal audit function. At present the Board considers that Aspen is not of a size nor complexity to justify having a dedicated internal audit resource and that the roles of the existing management and Committees are presently sufficient to provide control over business functions.

Notwithstanding that a dedicated internal audit resource is not deemed required, during the 2015 financial year an internal audit function to review the integrity of data flowing to and from the property assets has been implemented to ensure, among other objectives, key financial and administrative policies are understood and being adhered to and that there are adequate controls over and attention to key financial tasks.

Environmental regulation

Aspen's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that Aspen has adequate systems in place for management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to Aspen, other than the item described below.

During the financial year, Aspen identified, and commenced management of, the remediation of historical land use at the Spearwood industrial estate property. The remediation was completed in August 2015.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

The Board has established a Remuneration Committee pursuant to its Remuneration Committee Charter. The Remuneration Committee Charter is available on Aspen's website at: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html.

Details of the Committee members, the number of Committee meetings held during the 2015 financial year and attendance by Committee members are set out in the 2015 Annual Report.

Information regarding Aspen's remuneration framework for Directors and executives is set out in the 2015 Annual Report. The Remuneration Report includes a summary of Aspen's policies and practices for the deferral of performance based-remuneration for executives.

Executives and senior employees are remunerated via salary as well as Plans providing Short and Long Term Incentives. These plans provide cash and shares as an incentive for high performance.

The Aspen Performance Rights Plan, which was approved by the members on 23 October 2013, prohibits any Performance Right granted under the Plan being encumbered or used to secure the payment of any monies.

Non-Executive Directors do not receive equity or bonus payments.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Aspen Group

ABN / ARBN:

50 004 160 927

Financial year ended:

30 June 2015

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: http://www.aspengroup.com.au/shareholder_information/corporate_governance.html

The Corporate Governance Statement is accurate and up to date as at 15 October 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 15 October 2015

Name of Director or Secretary authorising lodgement: Mandy Chiang

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at the 2015 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at the 2015 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
6.1 A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at www.aspengroup.com.au
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://www.aspengroup.com.au/shareholder_information/corporate_governance.html</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at the 2015 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at the 2015 Annual Report</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
<p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>