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ASX ANNOUNCEMENT
19 February 2014

UPDATE ON CARRYING VALUES AND IMPACT ON STATUTORY PROFIT

Aspen Group provides an update on its carrying value assessments currently being undertaken for the purpose of statutory reporting for the six months to 31 December 2013; this process remains incomplete. Carrying value adjustments reflect value impairments and provisions, the majority of which are in relation to assets that have been sold or are held for sale.

The current estimate of these non-cash carrying value adjustments is approximately $79 million. The major elements of this relate to:

- Adelaide City Central development site, held by the Aspen Development Fund – $16 million, reflecting sales negotiations currently in progress;
- Septimus Roe Building – $12 million, reflecting a new independent valuation based on softening conditions in the Perth CBD office market;
- Aspen Karratha Village – $12 million, reflecting a new independent valuation based on the recently extended lease;
- Non-core (development) assets – $8 million, reflecting either actual sales or revised expectations of realisation amounts for assets held for sale;
- Other valuation adjustments and provisions for capital expenditure, tenant incentives and selling costs for the other assets – totalling approximately $19 million; and
- Deferred Tax Asset – $12 million, reflecting the asset being de-recognised from the balance sheet (which does not impact on NTA).

The above non-cash adjustments would result in a pro-forma reduction in net tangible assets (NTA) of $0.56 per security to $1.66, and Aspen Group recording a statutory loss in the range of $68 to 72 million. These non-cash adjustments have no impact on Aspen Group's debt facilities, and Aspen Group remains compliant with its debt facilities.

Aspen Group will provide further details and finalised position in its half year results announcement scheduled for 24 February 2014.

End

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