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MARKET RELEASE

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CARRYING VALUES AND ASSET UPDATE

Aspen Group announces that as part of its usual valuation process for statutory annual reporting purposes, valuations of its three remaining major properties have been completed.

There is a net \$14.0 million or 9.9% decline from the aggregate carrying value as at 31 December 2013 of \$141 million to \$127 million, solely attributed to the Spearwood Industrial Estate in Perth. This represents a pro-forma reduction in NTA per APZ security of 11.6 cents.

There is no change to the carrying value of the Noble Park industrial estate nor the Aspen Karratha Village, the other major properties held by Aspen Group.

Commenting on these updates, Aspen CEO Clem Salwin said "It is clearly disappointing to take a valuation write-down on the Spearwood property. However, our focus on our final remaining two substantial commercial assets (Spearwood and Noble Park) remains to manage them into a position to maximise value in a sale. We are working expeditiously to achieve this goal."

Asset Updates

Spearwood

Valuation. The independent valuation declined by \$14.0 million to \$68.0 million. This fall has been driven by:

- an expectation of the major tenant (Leighton Contractors, representing 68% of current income) vacating the property at its lease expiry in December 2014;
- reduced net effective income with slowing of activity especially resources related; and
- an increase in capitalisation rate, from 10.00% to 10.25%.

Leasing. A leasing agent has been appointed to lease the space subject to lease expiry in December 2014. The balance of the property is leased until 2020.

Environmental works. As announced with the December first half FY14 results, works are underway associated with the reclassification of the site for that portion of the site which had been historically used as landfill. A detailed investigation process into the extent of contamination has been progressed, assessing the extent of the landfill, groundwater quality, and any landfill gas. The objective of this process is to achieve a reclassification of the affected part of the site that is consistent with its current land use, being hardstand. While the investigation remains a work in progress, current results are in line with expectations that would achieve the above objective. This process is on track for completion toward the end of this calendar year. There has been no change to the forecast costs and the provision already booked as at 31 December 2013 required to complete this process.

Noble Park industrial estate

The management focus for this property is on leasing both the current vacant space and impending lease expiries, as a prerequisite to selling the property. This work continues.

Aspen Karratha Village

The Aspen Karratha Village property continues to trade in line with expectations. During the half, the provision of food and beverage services was outsourced to a third party provider. Woodside recently confirmed that from July 2014, they will hand back 18 rooms taken on a shorter lease term, reducing occupancy to 162 rooms out of 180 in total (90% occupancy). Replacement occupiers for these rooms are being sought.

Aspen Group will provide further detail in its full year financial results in late August 2014.

End

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