

ASPIRE

Aspen Acquires Prime St Kilda Road Office Building

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Happy New Year to all our securityholders.

We trust you enjoyed the Christmas and New Year period and are looking forward to a prosperous 2005. Aspen Group is excited by the opportunities ahead.

We finished 2004 on a high, with the acquisition of an outstanding property in St Kilda Road, Melbourne purchased for \$25 million, representing an initial yield of 8.7%. The purchase provides further diversification of Aspen's property portfolio.

Aspen's portfolio has now reached \$155 million, and total assets under management for the group are now over \$185 million. Our strategy in 2005 will be to continue growing assets under management as we identify good opportunities.

In conjunction with the St Kilda Road acquisition, Aspen also announced a capital raising of \$14.5 million through a 1 for 6 non-renounceable entitlement issue to existing securityholders. The raising provides all securityholders with the opportunity to increase their holding as the capital base expands. A pleasing aspect of the capital

raising was the support of stockbroker Patersons Securities, who agreed to act as underwriter, and several institutional securityholders who are acting in a sub underwriting capacity.

The refinancing of Aspen's debt facilities on more favourable terms was also a significant event in late 2004, with the improved terms reflecting the increased size and quality of the Aspen portfolio.

The increased interest and support for Aspen Group has been reflected in our security price which finished the year at 23 cents, well up from 14.5 cents at the start of the 2004.

I was delighted to speak personally with a number of securityholders at our AGM in November and outline Aspen's strategy going forward. I look forward to continuing the positive momentum we have built up during the past year into 2005.

Angelo Del Borrello
Managing Director

Acquisition of St Kilda Road Office Building

Aspen was delighted to acquire an outstanding office building at 564 St Kilda Road, Melbourne, on 15 December 2004. The purchase price of \$25 million represented an initial yield of 8.7%.

The property is located 4 kms from the Melbourne CBD and enjoys panoramic views to Albert Park Lake, Port Phillip Bay and the CBD. The St Kilda Road office precinct is well known and the valuation report described the building as one of the prime office investments offered in the location.

This A-grade building was constructed in 1992 and comprises 8 levels of office accommodation and a further six levels of car parking, with the generous amount of car parking being a feature of the building. The total net lettable area is 8,470 sqm, with occupancy presently at 93%.

Hewlett Packard is the building's major tenant occupying 76% of total space. Hewlett Packard is a global provider of technology solutions to consumers, businesses and institutions.

Not only is the building an attractive acquisition in terms of quality, yield, and location, it also fits well with Aspen's strategy of continued expansion and diversification of its property portfolio.



“The directors of Aspen were keen to ensure all securityholders had the opportunity to participate in the growth of the Group.”

Entitlement Issue

The growth of Aspen Group continued with the announcement on 25 November 2004 of an entitlement issue to raise \$14.5 million. The capital raising was undertaken following the decision to purchase the office building at 564 St. Kilda Road, Melbourne. The proceeds from the capital raising will be directed toward debt reduction given the St Kilda Road acquisition was financed from the Group's debt facilities.

An entitlement issue of one new stapled security for every six held enables all securityholders to participate in the capital raising. The directors of Aspen were keen to ensure all securityholders had the opportunity to participate in the growth of the Group.

The issue was fully underwritten by Patersons Securities Limited, providing confidence to the market that the issue would be successful and also indicating the growing stature of Aspen Group within the investment community.

The closing date for acceptances is 21 January 2005, and we look forward to a high participation rate from securityholders.

Refinancing to reduce interest costs

A positive event since our last investor update was the refinancing of the Group's debt facilities. This was a significant transaction, with NAB agreeing to provide debt facilities to fund Aspen's entire portfolio.

The new debt facilities provide greater flexibility for short and long term financing, as well as resulting in a reduced interest rate margin leading to a significant saving in interest payments. Given the relatively low interest rates we have also taken the opportunity to lock in approximately 80% of the Group's debt on fixed rates.

Tenant focus – from computer chips to blue chips

The most recent major tenant to join the Aspen portfolio is Hewlett Packard, a well known and respected global provider of IT solutions. Hewlett Packard was established in 1939 in the US with 2 employees and now boasts to being one of the biggest US based companies with worldwide employees in excess of 140,000. Revenue for the past 12 months for the group was US\$80 billion.

Listed on the New York Stock Exchange, Hewlett Packard is one of the 30 companies that comprises the Dow Jones Industrial Average, and is therefore arguably one of the major global blue chip companies.

Hewlett Packard has a strong presence within Australia with offices in all mainland states and territories. The company's offerings span IT infrastructure, personal computing and access devices, global services and imaging and printing for consumers, enterprises and small to medium size businesses.



Aspen Parks Fund fully subscribed

We are delighted to announce that the initial Offer Document for the Aspen Parks Property Fund has now closed following acceptance of oversubscriptions to the full amount allowable. It has been an extremely successful fund raising and we look forward to providing investors with further opportunities to participate in the fund during 2005.

Total capital raised to date is \$25.5 million, with \$22.5 million raised from the public through the initial Offer Document and a further \$3 million placement to Aspen Group.

As mentioned in the October 2004 investor update, the fund now has seven parks following the acquisition of Exmouth Cape Holiday Park in October. The fund is also well positioned to acquire further parks, with a number presently being analysed.

The growth of the fund will provide benefits both to investors in the fund and Aspen Group as the fund manager.



Woodman Point Holiday Park

“CARAVAN sales are soaring as the baby boomers of the '60s become "grey nomads" and take to the roads and caravan parks of Australia.”

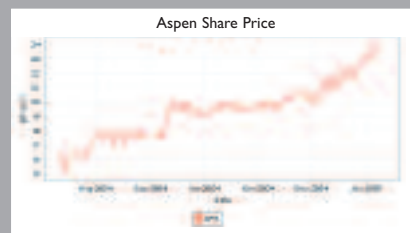
“Caravan sales boom”

By John Sheed - The Australian
December 2004

Austock – Acquisitions continue, outlook remains positive

As the profile of Aspen Group increases within the investing community, we are attracting more attention from investment research firms. In late November 2004, Melbourne based Austock compiled a research report upgrading their hold rating to a buy at the then current security price of 20.5 cents. A copy of this report is available on the Aspen website at www.aspengroup.com.au.

Austock have said in their summary “...we have increased our price target to 23.5c in recognition of the growth opportunities in both the caravan parks trust and other funds management ventures which are likely to come to fruition over the next 12 months”.



AGM resolutions passed

It was pleasing to see a number of securityholders attend the Group's AGM held on 29 November 2004. A number of resolutions were tabled at the meeting and passed by a strong majority. Managing Director Angelo Del Borrello also made a presentation to those present reviewing the Group's current position and strategic direction. A copy of the presentation is available from the ASX announcements website.

Market Talk

Our first guest commentator for the 2005 year is Dr Shane Oliver, Chief Economist and Head of Investment Strategy with AMP Capital Investors. We put the following questions to Dr Oliver.

Its been a great year for the Australian economy and in particular the Australian sharemarket. Will we see this continue in 2005?

We see 2005 as a reasonable year for the Australian economy, with a slowdown in housing offset by strong business investment, reasonable consumer spending and growth in mining sector exports. Despite the strong rise in 2004 we do not see the Australian sharemarket as overvalued. Further gains are likely from the Australian sharemarket (although not as high as 2004) based on attractive yields, solid profit growth and strong demand from investors.

How will this impact on the commercial property sector in Australia?

Unlisted commercial property should have another solid year, given it has not experienced the surge of residential and listed commercial property markets. Yields of 7% plus remain very attractive.

Is the impact any different for Listed Property Groups on the ASX?

Listed property returns were exceptional in 2004 fuelled by high levels of corporate activity and the generally strong performance of the sharemarket. While we don't expect the same in 2005 across the board, we still expect returns at least around the prevailing yield of 7%.

Interest rates were expected by many to increase further in 2004 but didn't. Have we seen the top of the interest rate cycle?

The slowdown in the housing sector, higher oil prices and slower economy saw interest rates remain steady in the later part of 2004. If inflationary pressures (particularly wages growth) build, we may see one further small interest rate rise in the first half of 2005 but this should be the top.

Quarterly Outlook

- **Releasing half yearly financial reports**
- **Acquiring additional assets for Aspen Group's portfolio**
- **Add to the Aspen Parks Property Fund portfolio of tourist parks**
- **Identifying further funds management opportunities**

Website review – please visit

We have recently made some enhancements to the website to ensure it remains current and relevant for our securityholders. Some of the changes are:

- The Aspen portfolio has been updated to reflect the acquisitions in late 2004
- A link from the home page to register for new investment offers
- Updated information on the Aspen Parks Property Fund
- A link is provided directly to Aspen's stock exchange announcements on the ASX website
- Latest news will now only include significant events in relation to Aspen Group.



Further information on Aspen Group and its activities can be obtained by contacting us using the following details:

Address Level 8, 256 Adelaide Terrace
Perth WA 6000

Postal PO Box Y3442
East St George's Terrace, Perth WA 6832

E-mail homemail@aspengroup.com.au

Phone 08 9220 8400

Fax 08 9220 8401

Freecall 1 800 220 840



www.aspengroup.com.au

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