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MEDIA RELEASE

Aspen Group Business Update

Aspen Group (ASX:APZ) is pleased to present a business update following completion of the first half trading for 2008 and in light of recent market volatility in the property sector.

Aspen wishes to confirm its core business operations, principally the Aspen Property Trust and Aspen Funds Management, have completed a sound six months to 31 December 2007. The Group retains a strong financial position and is well placed to achieve its key performance objectives for the 2008 financial year, with full year results due for release in mid February.

Key Financial Indicators as at 31/12/07

Distributions per security (annualised)	15.5 cents
Gross assets under management	\$1,398 m
Net Tangible Assets per security	\$1.45
Gearing	35%
Gearing post syndication of funds management assets	22%
Security Price	\$2.30

Financial Position

The Aspen Group business is underpinned by a strong property portfolio and conservative gearing position.

Aspen announced a positive uplift in the Group's property portfolio in December. Independent revaluations were undertaken on three properties resulting in the property portfolio increasing \$36.6 million to \$377.8 million, a result of strong leasing activity and firm market conditions.

Aspen Group Managing Director Angelo Del Borrello said, "the combination of quality property assets and active asset management have enabled Aspen to benefit from the firm commercial property market in key locations across Australia".

The Group's gearing position remains at conservative levels. Total debt facilities of \$219 million represents a gearing position of 35%, consistent with the Group's stated long term gearing range of

30%-40%. This facility is not due to expire until October 2011. Aspen's total debt comprises core debt of \$117 million which is fully hedged against increases in interest rates for a further three years. The additional \$102 million of debt represents variable rate facilities used to fund acquisitions for the Group's funds management entities, with these borrowings repaid through equity raisings for each of the underlying funds.

Mr Del Borrello said "on repayment of the \$102 million facility provided to our funds, the Group's gearing position would fall below its long term gearing range to 22%. This provides Aspen with a significant and strong platform to pursue opportunities expected to arise from the current credit tightening and associated market volatility.

Property and Investment Portfolio

Aspen's balance sheet property portfolio continues to provide a sound financial platform for the Group. A summary of the portfolio is shown in the following table.

Property	Location	Sector	Book Value A\$ millions	Occupancy
Septimus Roe Square	Perth, WA	Office	93.9	100%
Alcoa Office Complex	Booragoon, WA	Office	26.8	100%
564 St. Kilda Road	Melbourne, VIC	Office	31.9	100%
33 York Street	Sydney, NSW	Office	3.2	100%
Elders Woolstores	Spearwood, WA	Industrial	57.5	100%
Noble Park	Melbourne, VIC	Industrial	25.0	96%
Rocklea	Brisbane, QLD	Industrial	11.0	100%
Garden Town	Toowoomba, QLD	Retail	35.0	86%
55 Currie Street	Adelaide, SA	Office	93.5	94%
Total			377.8	

The portfolio, which is diversified across a number of states and sectors, continues to maintain high occupancy levels and healthy weighted average lease expiry of 4.6 years. Major tenants, which account for approximately 40% of the portfolios income, include Elders, Department of Immigration and Multicultural Affairs, Alcoa, L'Oreal, and Centrelink.

The securing of L'Oreal as the major tenant for its office building at 564 St Kilda Road, Melbourne was a major coup during the first half. L'Oreal, the world's largest beauty company, signed a ten year lease over 50% of the property's net lettable area, a key factor in its 15% uplift in valuation announced in December.

Strong demand for office space in both the Perth and Adelaide office markets have benefited the portfolio's Septimus Roe Square and MTAA House buildings which also experienced valuation uplifts as per the ASX announcement on 12 December 2007.

Aspen's strategy of maintaining a cornerstone equity position in each of its funds management vehicles, has resulted in a growing investment portfolio in line with the fund's management division growth. This provides Aspen with greater property sector diversification, with exposure across holiday and accommodation parks, small commercial, residential land, retirement villages and commercial construction.

Funds Management

Aspen's growing funds management activities continue to provide a sound return on equity and additional property sector diversification to the Group. The following table provides an overview of the Group's funds management activities.

Branding	Aspen Parks	Aspen Diversified	Aspen Living	Aspen Developments	Aspen Villages	Aspen Communities
Sector	Resort Park	Core Income	Syndicated Land	Development Fund Series	Affordable Living Retirement	Retirement Aged Care
Asset value	\$235 million	\$193 million	\$277 million	\$242 million	\$28 million	\$34 million
Commenced	Apr 04	Apr 05	Nov 05	Feb 07	Jun 05	Sept 07
No of assets	26	12	4	18	6	3
Fund structure	Unlisted Stapled	Unlisted Trust	Unlisted Coy	Unlisted Coy	Unlisted Stapled	Unlisted Stapled
Investors	Retail	Retail	Wholesale Retail	Wholesale	Retail Wholesale	Retail Wholesale

Mr Del Borrello said, "the growth in assets under management provides a substantial base on which annual management fees are derived, underpinning future income contributions from this division".

Aspen's open ended funds, Aspen Parks and Aspen Diversified continue to be attractive options for retail investors in the unlisted property fund sector.

Aspen Parks added a further \$64.1 million in assets to its portfolio in the first half, and combined with ongoing capital enhancements brings the total portfolio value to \$235 million. The Fund delivered an outstanding 17.77% total return for the 12 months to 31/12/07, driven by higher revenues across the portfolio, particularly from the Fund's North West WA parks which are benefiting from the resource industry boom.

Aspen Diversified added \$38.9 million in assets for the first half lifting the total portfolio to \$193 million. Aspen Diversified continues to maintain an 8% monthly income yield from its diversified portfolio, making it an attractive proposition amongst retail investors.

Capital inflows to both funds have been sound during the half and are up 96% on the corresponding period, with expectations of this increasing in the second half as a result of initiatives to obtain greater administration platform representation for both funds.

The addition of a new open-ended property securities fund in the second half of FY08 will provide further scope for Aspen to increase its funds under management while offering investors an opportunity to broaden their property sector exposure.

Aspen Living continued to increase its market presence as a developer of quality land estates, with some 4,000 plus lots currently under construction across four estates, resulting in a strong sales pipeline from which to derive long term project management income. With the successful syndication of each estate now complete and strong investor enquiry for participation in future syndicates, Aspen is working toward the creation of new opportunities in the second half of FY08.

The exciting Aspen Development Fund No1, a multi-project development fund launched in early 2007, has delivered solid results for its institutional investors, including Aspen which holds a cornerstone equity position. Despite a limited trading period the Fund is already ahead of budget, largely driven by its Adelaide CBD development projects where strong demand exists for quality office space.

The second half of FY08 will also see the launch of new funds under the Aspen Villages and Aspen Communities banners following the acquisition of \$62 million in seed assets in the past 6-12 months. Following syndication of these funds in the second half of FY08 the capital raised will further reduce Aspen's current variable rate borrowings. Each of these initiatives reflects Aspen's ability to identify and package niche property sector assets in appropriate investment vehicles.

Outlook

Aspen has established a sound track record of successfully creating value in established property sectors while identifying opportunities in non-traditional property markets. From an operational viewpoint the first half of FY08 has seen a continuation of this record.

The Aspen Board reiterate to the market the Group's strong balance sheet and fully hedged conservative core debt position which they believe place the Group in a sound position despite the volatility and uncertainty currently prevailing in the listed property sector.

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