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## **ASX ANNOUNCEMENT 23 DECEMBER 2008**

### **KARRATHA VILLAGE COMPLETED, WOODSIDE ACCEPT HANDOVER**

Aspen Group (ASX:APZ) is pleased to announce the completion of the Karratha Accommodation Village and the agreed handover to Woodside. Completion has been achieved within the budgeted development costs and timeframe. This now sees the commencement of an attractive new revenue stream forecast to generate circa \$57.5 million over a five year period.

As per the announcement on 23 April 2008, Aspen has developed a 180 room accommodation village on a 2.9 hectare site in Karratha, Western Australia. Significantly for Aspen, income has been secured for at least five years through the signing of a long term lease agreement with Woodside over the village.

On the weekend of 20/21 December Aspen completed handover of 174 of the 180 accommodation units constructed. In addition all central facilities (including catering and recreational) are now fully operational and Aspen's in-house management team are in place. The remaining six units are expected to be handed over in mid January 2009.

Rental income, which commenced in August with the handover of the first cluster of units, will now increase substantially following the formal handover. Under the terms of the head lease agreement with Woodside, the initial five year lease term will commence when the last unit is handed over. This is expected to occur on 15 January 2009 giving an initial term expiry date of January 2014, with an option for a further five year term.

Aspen Managing Director Mr Angelo Del Borrello said the Group was delighted on a number of fronts with the handover of the village.

"The completion of this project on time and on budget confirms the confidence we have in both our property development team and on site management team to deliver against a tight development schedule, while meeting the specific requirements of a major resource group such as Woodside".

"From a financial perspective the commencement of rental income will be a further boost to the Group's strong property portfolio, with gross revenue of \$7.6 million expected in FY09 rising to a full year amount of \$10.5 million plus annual rental adjustments of 4.5%. This is against a development cost of \$28 million, representing an attractive initial annualised yield on cost of 38%".

"We also believe the Karratha Accommodation Village project is a further reflection of Aspen's ability to source opportunistic or niche assets to unlock significant value for the Group, an extremely valuable skill set in the present market conditions", said Mr Del Borrello.

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## **About Aspen Group**

Aspen Group is an ASX listed property investment and funds management group, focused on acquiring quality property assets and creating and managing innovative property funds and syndicates.

Formed in 2001, Aspen has progressed rapidly and is now a member of the S&P/ASX 300 index with assets under management now in excess of \$1.4 billion.

Aspen's core strength lies within the Group's broad expertise across property acquisition, development and management enabling the Group to provide leading edge property solutions.

Aspen directly owns and manages a well diversified portfolio of commercial property assets Australia-wide. The portfolio is spread across the office, industrial and retail sectors and has grown through acquisitions and portfolio revaluations of existing properties driven by a strong property management focus.

Aspen also has developed an outstanding reputation for creating unique and successful funds management products and related services. These managed funds have provided investment opportunities across a broad spectrum of property sectors including tourist parks, residential land subdivisions, CBD office developments, private hospital developments and retirement and accommodation villages.