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MEDIA RELEASE/ASX ANNOUNCEMENT

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Aspen Diversified Property Fund Update

Aspen Group (ASX:APZ) wishes to provide an update on the progress towards meeting the finance facility obligations of the Aspen Diversified Property Fund (the "Fund").

Approximately 85% of the \$33 million in required funds has been raised:

- Approximately \$10 million of the \$15 million minimum equity component has been raised through existing unitholders. The Manager is currently in discussions with several high net worth and institutional investors to secure the remaining equity portion.
- The required gross asset sales of \$18 million has been achieved with the sale of the Riseley Corporate Centre and Champion Drive Shopping Centre.

The Manager looks forward to finalising the remaining equity requirement in advance of its finance facility obligation deadline of 1 October 2009, with applications from its existing unitholders still being received.

Background

The Fund is an unlisted Fund managed by Aspen Funds Management Limited (the "Manager"), a subsidiary of Aspen Group Limited.

Due to a significant fall in valuation of the Fund's property portfolio, the Fund was in potential breach of its bank Loan to Value Ratio (LVR) covenant. AFM has successfully negotiated a new bank facility that provided time for the Fund to reduce both its overall debt levels, but more importantly, reduce its current LVR.

The Fund is required under its revised financing facilities to undertake a minimum equity raising of \$15 million and secure asset sales of \$18 million to meet its debt reduction and LVR requirements.

The \$15 million minimum level has been structured to ensure the Fund meets its revised LVR covenant obligations, is sensible in light of the weak property market and importantly provides a reasonable buffer for any potential future breach should market conditions deteriorate further.

The equity raising was structured as a pro-rata Entitlements Offer (“Offer”) to allow all existing unitholders the opportunity to participate. The Offer was priced in accordance with the Fund’s constitution and reflected the estimated net realisable value of the assets in the current market conditions.

Existing unitholders were offered the first opportunity to participate through a priority offer. Recognising the difficult market conditions, the Offer also included an external offer if required, to assist in meeting any shortfall following closure of the priority offer.

This course of action has allowed some retention of equity value, with the potential for future equity growth as property market conditions improve. As part of the analysis undertaken by the Manager it was clear that without an equity raising the majority of the Fund’s assets would likely be required to be sold to meet the finance facility LVR requirements. Such a course of action, given the current weak state of property markets, would in the Manager’s view have likely resulted in the loss of all equity in the Fund.

The Manager has been very transparent with the Fund’s unitholders, including holding several investor presentations in each capital city. The feedback from these investor presentations was largely very understanding and supportive of the Fund’s recommended strategy, which has translated into approximately 40% of the Fund’s existing unitholders participating in the Offer to date.

End

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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 in excess of \$1.3 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 conducts via its subsidiary Aspen Funds Management Ltd, several 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.

Aspen continues to source acquisition opportunities for both balance sheet and syndication purposes in order to achieve further growth in both assets and earnings for security holders.