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ASX ANNOUNCEMENT

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Funds Update

Aspen Group is pleased to provide an update on both capital management initiatives and development progress within a number of its managed funds.

Capital Management

As previously disclosed in the 2009 Annual Results announcement, a number of funds managed by Aspen Group have undertaken one-off equity raisings to strengthen their balance sheet positions by reducing debt and gearing levels. Aspen wishes to advise that all such recapitalisation initiatives have now been successfully completed and all funds received.

The recapitalisation process has also provided the ability to negotiate revised finance facility terms. As a result of their strengthened balance sheet positions, Aspen Development Fund No.1 Ltd (ADF No1), Aspen Dunsborough Lakes Limited (Dunsborough Lakes) and St Leonards Estate Pty Ltd (St Leonards) have secured enhanced finance facility terms with their lenders.

Importantly the facility maturity dates for these entities have been extended as follows:

- ADF No1 – from May 2010 to September 2011
- Dunsborough Lakes – from August 2010 to September 2011
- St Leonards – from August 2010 to June 2011

Aspen Parks, an open-ended fund, continues to receive strong equity inflows from its retail and wholesale investor base. This has been driven by the Fund's resilience to the current economic climate and its strong performance track record. On the back of this strong position, Aspen Parks has been successful in extending the maturity date on the current portion of its debt by a further three years. Funds from both equity inflows and surplus operating cash flows have been applied against the Aspen Group loan, reducing the amount owing from \$20.3 million at 30 June 2009 to approximately \$10 million.

These extensions have extended the weighted average facility term across all Aspen managed funds from 1.5 years to 2.0 years.

Aspen Group Managing Director Angelo Del Borrello said that with the recapitalisation process now concluded, Aspen's development funds were now well positioned to progress their respective development projects.

"We are very pleased to have bedded down the equity and debt arrangements, providing the Funds with solid platforms to develop their projects and take full advantage of the improving market sentiment."

Development Progress

Aspen is also pleased to announce the commencement of first stage construction on the St Leonard's Estate. The development is a 900 lot master planned community estate, located in the eastern metropolitan area of Perth, one of the city's key growth corridors. This follows a successful marketing campaign in which 65 lots in the first stage were released and pre-sold, representing approximately 80% of the stage. The stage will include the construction of a 21 home builder display village, which is strong evidence of an improving residential market.

The Dunsborough Lakes Estate has experienced renewed buyer interest in the first quarter of FY2010 with sales activity well up on FY2009. Interest has been predominately in traditional lower priced lots with early signs that demand for higher value golf front lots is also improving. The recent opening of the Forrest Highway has reduced the travel time between Perth and Dunsborough by 30 minutes, making the estate more accessible to Perth buyers.

Also as a result of its recapitalised position, Aspen Whitsunday Shores will be finalising completion of Stage 5, and will commence construction of key community infrastructure works such as the eco-park and foreshore rehabilitation.

"There is firm evidence of a revitalised residential property sector and we have taken the necessary steps to ensure our Funds are well positioned to capitalise on improved trading conditions," said Mr Del Borrello.

"These factors are expected to underpin a stronger contribution from the Aspen Living business in FY2010."

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 to now be a member of the S&P/ASX 300 index with assets under management 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.

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 securityholders.