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RETAIL FUND UPDATE

Aspen Group (**ASX:APZ**) is pleased to announce recent significant developments within its two unlisted retail funds, Aspen Parks Property Fund and Aspen Diversified Property Fund. Aspen Group is a cornerstone shareholder and manager for both Funds.

Aspen Parks Property Fund

- **Increases distribution to 10.40 cents per security annualised (Yield of 8.8% p.a.)**
- **Net equity inflows up 73% on FY09**

Aspen Diversified Property Fund

- **Further debt reduction through asset sale**
- **Significant new leasing outcomes including 15 year lease for Melbourne industrial property**
- **Independent valuations on the entire portfolio resulting in a 2% asset impairment**

Aspen Parks Property Fund (“Aspen Parks”)

Aspen is pleased to advise of a 6% increase in Aspen Park’s annualised distribution rate to 10.40 cents per security. The new rate represents an attractive income yield of 8.8% p.a. based on the Fund’s current security price. The new distribution rate was effective from the July 2010 monthly distribution.

Aspen Parks CEO, Mr Lino Brolese, said the increase in distribution payment reflected the strong operating performance and cash flow of Aspen Parks.

“The unaudited FY10 result reflects a strong earnings surplus which has enabled an increase in the distribution rate, with the earnings outlook for FY11 remaining positive”.

“The Fund targets a distribution payout ratio of around 80-90% of earnings with the balance retained and reinvested in capital expenditure across the portfolio to generate further income and capital growth,” said Mr Brolese.

Aspen Parks, which owns and manages 25 properties in the holiday and accommodation park sector, continues to be a success in the unlisted property fund sector, with an impressive track record of strong securityholder returns since inception. Furthermore, independent research ratings firm Lonsec, recently re-confirmed its rating for the Fund of Recommended (Upper End).

“Revenues from our North West parks continue to benefit from their exposure to the robust resources industry. In addition, the strong Aspen Parks brand is resulting in steady growth across our tourist-based parks,” said Mr Brolese.

Aspen Parks remains open to both direct investors through its retail fund and via investment platforms through a wholesale version of the Fund. The ongoing success of Aspen Parks has resulted in a 73% increase in FY10 net equity inflows over the previous corresponding period.

Aspen Diversified Property Fund (“Aspen Diversified”)

Management has over the past 12 months been actively implementing the Fund's revised strategy of holding and repositioning its assets for valuation re-ratings and potential sale as markets recover. The Fund continues to make good progress in this regard including:

- The sale of the commercial office property at 2 Bagot Road, Subiaco. The sale price of \$8.5 million represents a 70% uplift on its 2005 acquisition value of \$5 million, and a 5% increase over book value of \$8.1 million. Settlement of the property occurred 16 June 2010, with net sale proceeds applied against debt reduction;
- A new 15 year lease has been signed with an automotive parts and accessories group for the 22,541 sqm Nunawading industrial property in Melbourne. The lease commencement is timed to coincide with the departure of the incumbent tenant resulting in no vacancy downtime at the property; and
- Successful re-leasing of the Castle Hill retail complex, including a new anchor tenant in Fantastic Furniture, bringing the complex close to full occupancy.

Following completion of the above transactions, the weighted average lease expiry increases from 2.7 years to 4.5 years. Furthermore the loan to value ratio of 54% is well within the bank covenant of 70%.

Independent valuations were undertaken on the entire portfolio as at 30 June 2010 resulting in a 2% downward movement to the value of the portfolio (\$122.2 million). The key reason for this movement was a 33% exposure to the soft secondary Sydney office market, impacting the value of 80 Mount Street, North Sydney, the Fund's biggest asset. Excluding this asset, the remainder of the portfolio showed a small upward movement in value, vindicating the revised strategy for the Fund.

Management continue to address the remaining key vacancies going forward, principally the Mount Street office building and the vacant Henderson industrial property. Interest in the Henderson property continues to be shown by prospective tenants associated with the Gorgon gas project, with an outcome expected in the near future.

Aspen Group Managing Director Mr Gavin Hawkins said the leasing transactions represent significant achievements in a competitive market.

“It is pleasing to see our asset management team working through the challenges and achieving results consistent with the Fund's strategy, and we expect the outstanding vacancies to be reduced going forward,” said Mr Hawkins.

Ends

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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 is a member of the S&P/ASX 300 index with assets under management in excess of A\$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 security holders.

Website: www.aspengroup.com.au