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MARKET UPDATE

Aspen Group is pleased to provide the following update on a number of key events across its business operations for the four months to October 2011. The Group remains on track to deliver a net profit before tax of \$35.75m and meet its FY12 guidance of underlying EPS after tax of 6.43 cents per security which was provided with the announcement of the FY11 results.

Commenting on the results for the first four months, Mr Hawkins said, "We are pleased that the year has started positively, and in particular, that our exposure to the Western Australian market and the execution of our capital management initiatives have given us a good foundation for the year."

INVESTMENT PROPERTY PORTFOLIO

On the ground trading conditions remain positive, with the portfolio continuing to benefit from its weighted position to the strong Western Australian market.

Benefiting from the strengthening Perth CBD office market, Septimus Roe Square has seen substantial leasing activity, with in excess of 3,000 sqm of new or renewed leases being secured this period, resulting in an increase in occupancy from 84% at June 2011 to 94%, with strong tenant interest across the remaining vacant space.

Pleasingly this increased leasing activity and strengthening of market fundamentals is reflected in an improved valuation of the Septimus Roe Square which rose 10.3% from \$87m to \$96m based on a recently completed independent valuation.

The Group has independent valuations on two other properties in its Western Australian investment portfolio underway. Together with Septimus Roe Square, these two independent valuations represent 64% of the overall portfolio and are expected to show a firming of values across the Western Australian office and commercial market.

Aspen also advises that construction of the 36,700 sqm ATO Office building in Adelaide, being developed by the Aspen Development Fund No.1 Limited for the Aspen Group / Telstra Super joint venture, remains firmly on schedule for completion by the target delivery date of 31 October 2012. The building structure has reached level 11 of the planned 17 levels with no significant cost or timing issues impacting the project.

FUNDS MANAGEMENT DIVISION

Strong Growth in Retail inflows

Aspen Group's funds management business reports that new equity inflows into the Aspen Parks Property Fund has continued its strong upward trend from FY11, with \$10.7m raised in the year to date. This is a 15% increase on the corresponding period in FY11 and a 34% increase over the comparable period two years ago. This is a testament to the continued strong performance of Aspen Parks and the quality of Aspen Group's distribution networks.

Funds Operations update

An update on the principal Aspen Fund activities for the first four months of FY12 is provided:

- The year to date operational performance of Aspen Parks Property Fund is ahead of the Fund forecast and, together with positive independent research ratings, are contributing to the attractiveness of the investment. The annualised yield of 8.6% is appealing to investors in a softening interest rate environment, where the need for regular income is a key consideration for self funded retirees.
- The Aspen Diversified Property Fund has benefitted from an improved level of leasing activity across its portfolio in the last four months, which has seen the WALE improve further from 5.3 years at June 2011 to 5.6 years currently and the portfolio occupancy reach 96%. The most notable enhancement to the lease profile has been at the Castle Hill retail complex in NSW where 3,600 sqm of new tenancies have been secured, improving the property's occupancy to 97%.
- The Group has been active in the first quarter of FY12 in extending the maturity dates of debt facilities across a number of its managed funds as previously advised. The recent activity has seen the execution of documentation for facilities totaling \$140 million across three funds and reiterates the strong relationship the Group has with its senior debt providers, providing the Group and its Funds with a weighted average debt maturity of 2.5 years.
- Trading conditions for Aspen Development Fund No. 1 Limited remain challenging across its portfolio of assets. Pre-commitments to office, apartment and commercial projects are being sought to progress new projects. In the absence of these pre-commitments and the associated pre-funding requirements, activities of the Fund are likely to remain constrained for the foreseeable future.
- Market conditions in the residential sector remain challenging, albeit with some improvement being seen in October with the outlook for a lower interest rate environment moving forward. Nearly two thirds of the new sales in FY12 have been generated in the Perth market, whilst regional and eastern states markets remain subdued. Pleasingly in this environment, Aspen Living has increased its settled and exchanged contracts from 65% to 75% of FY12 forecast settlements.
- Earthworks and civil construction are well advanced for the delivery of the next stage of Aspen Living's estates at St Leonards Estate and also the first stage of The Enclave in Western Australia which has been successfully pre-sold. Forward works are in progress for the next stages of Fern Bay Seaside Village.

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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 A\$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 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