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MEDIA RELEASE

ASX ANNOUNCEMENT
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2011 FULL YEAR RESULTS

Highlights

- FY11 operating EPS of 6.24 cents 1.8% above guidance
- DPS of 4.2 cents in line with previous guidance
- Increase in operating profit before tax of 11.4% to $33.4 million (after tax $35.2 million)
- Increase in statutory profit after tax of 39% to $17.4million
- Increase in cash flow from operations of 18% to $36.8 million
- Increase in recurring funds management fees of 19% to $13.3million
- Retail equity inflows into Aspen Parks up 22% on prior year
- Successful syndication of Enclave residential land estate raises $11.5million
- Executed property portfolio improvement strategy through ATO Office Building transaction
- $469 million of refinancing including managed funds completed in FY11 and year to date
- $117.6 million of debt funding secured for the ATO Building development subsequent to year end

Aspen Group (ASX:APZ) today announced an operating profit after tax of $35.2 million for the year ended 30 June 2011, an increase of 4.8% on the prior year result.

Aspen Group Managing Director Mr Gavin Hawkins said the 2011 financial year performance was pleasing and reflected positively upon the strategies put in place at the beginning of the year.

"We have delivered a really encouraging result for our shareholders, built on the back of executing our key imperatives for the year – improving the property portfolio quality, executing on our key funds management delivery requirements and extending our core debt facilities".

"Securing Telstra Super as a co-investor in the ATO Office Building is a tremendous result for the Group, reinforcing our belief in the value of the property and the long term income stream it will generate. We also see that a strategic alliance with wholesale investors, particularly major super funds, will be significant in the long term as we look to grow our portfolio of assets," said Mr Hawkins

Aspen's final distribution of 1.05 cps was paid on 19 August 2011, bringing the total distributions paid for FY11 to 4.20 cps, reflecting a payout ratio of 67% of operating earnings.

OPERATIONAL REVIEW

Group Overview

Managing Director Gavin Hawkins said the 2011 financial year has seen Aspen Group deliver on it's key strategic objectives and overcome a number of challenges, including an extraordinary general meeting in March 2011 calling for a spill of a majority of the Board of Directors.

"The result of that meeting reflected strong support from shareholders for the incumbent directors and affirmed the appropriateness of the Group's strategy. It is pleasing to note that significant progress has been made in delivering on the strategy, which was outlined at the beginning of FY11.

"We have successfully executed our strategy to improve the quality of the investment property portfolio through the trading of either mature or secondary assets into a higher grade property with stronger tenant covenants and a longer lease expiry profile. The most significant component of the strategy was the acquisition of the Australian Taxation Office Building in Adelaide which is being acquired in a joint venture with Telstra Super.

"The funds management business continues to perform soundly. Recurring management fees increased 19% to $13.3m whilst non-recurring transactional and performance fees increased 21% to $1.7m for the period. The growth is pleasing given the challenging conditions encountered in the residential land market, which were centred around buyer's concerns over the direction of interest rates and affordability issues.

"The Aspen Parks fund remains one of the country's leading unlisted property options and we have seen a growth in inflows and distribution channels in FY11. Along with the retail syndication of Enclave at St Leonards residential estate and the joint venture with Telstra Super we are confident of identifying further expansion in our distribution capabilities going forward.

"In terms of our corporate imperatives, we have extended our senior debt facility by three years to 2014, providing the Group with a solid funding platform.

"Importantly, the revised senior executive team and management structure put in place at the beginning of FY11 have functioned exceptionally well, and provide strong capabilities to take the Group's strategy forward."

Property Portfolio

Investment Property Portfolio

AUM $M	REVENUE FY 11 $M	OPERATING EBITDA FY 11 $M	OPERATING EBITDA FY 10 $M	FUNDS Employed $M	ROC FY 11 %	ROC FY 10 %
327	49.97	30.85	33.48	383.15	8.1%	8.2%

- ⇨ Net operating income up 4.4% on a like for like basis (i.e. excluding assets sold during the year)
- ⇨ Weighted average lease expiry (WALE) of 5.0 years on completion of the ATO Building (30 June 2010: 3.1 years)
- ⇨ Weighted average occupancy of 93% at 30 June 2011(31 December 2010: 92%)

Aspen's investment property portfolio continued to provide a sound income generating platform for FY11. Notwithstanding an unexpectedly high vacancy rate at Septimus Roe Square during the year, net rental income increased strongly by 4.4% on a like for like basis on the prior year.

A key strategic objective for the Group is to ensure that the portfolio quality continues to be actively maintained. In line with this strategy, the Group selectively sold two of its assets during the year to recycle into the acquisition of the ATO Building in Adelaide, which is currently under development by Aspen Development Fund No 1 Limited (ADF No. 1).

The net effect of this strategy was to provide the Group with a materially lower capital expenditure requirement moving forward, a significantly enhanced lease maturity profile and an overall improved portfolio quality. At the same time an additional but no less important factor was that it provided the ADF No. 1 with a pre-funding and ultimate sale solution to its ATO Building development.

This major office development of approximately 36,700 sqm of net lettable area is expected to be completed by October 2012. In July 2011, the Group announced that it had divested a 50% holding of the project to Telstra Super for $34 million with Telstra Super also committing to provide the required development debt funding of $117.6 million. The joint venture with Telstra Super resulted in a more appropriate strategic weighting of the property portfolio, as well as an opportunity to extend the Group's existing funds management relationships in the wholesale investor sector.

The properties sold during the year were done so at a significant uplift on their original acquisition prices, demonstrating the Groups' ability to successfully acquire, manage and add value to major assets. The details of the disposals are as follows:

- 564 St Kilda Rd, Melbourne office building for $33.3 million (settled January 2011), a 33% increase over its original acquisition cost of $25m (acquired November 2004)
- 55 Currie Street, Adelaide office building for $81 million (settled May 2011), a 21% increase over it's original acquisition cost of $67m (acquired June 2006).

In addition to the investment portfolio, the Group has non-core asset holdings which were reduced to $28.4 million during the year following the successful syndication of the Enclave residential land holding for $12 million. In addition the Midland commercial land holding is currently under a conditional sale contract, at a price above book value. Further syndication and/or sale opportunities are currently being pursued for the remaining non-core assets.

FUNDS MANAGEMENT

Management fee revenue for FY11 was $15.0 million, an increase of 18% on the previous year. Whilst funds under management remained steady at circa $1 billion, the additional fee income arose largely from increased residential settlement activity in the second half of the year and management fees from the development of the ATO Office Building.

The performance of each of our funds management divisions is outlined below:

Aspen Living

AUM	REVENUE	OPERATING EBITDA		FUNDS	ROC	ROC
	FY 11	FY 11	FY 10	Employed	FY 11	FY 10
$M	$M	$M	$M	$M	%	%
319	11.04	7.96	4.52	63.15	12.6%	8.8%

Aspen Living achieved an excellent result in the face of challenging market conditions through the period. Total income contribution (including financing and equity contributions) rose 59% to $11.0 million. For the first time the business benefited from having planning approvals across all of its syndicated developments, resulting in contributions from four of the five residential estates. This provides a solid foundation for continued growth over the coming periods from all five residential estates.

Key highlights for the period were:

- Increase in lot settlements of 258% to 269 lots, compared to FY10
- Strong sales performance at St Leonards Estate ($38 million for FY11)
- Successful syndication of Enclave at St Leonards in February 2011 and subsequently selling out stage one of estate (60 lots) within 3 months of release.
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The Aspen Living residential estates are well positioned moving forward. We believe our exposures in the north east corridor of Perth, through St Leonards Estate and Enclave at St Leonards, as well as the improving Newcastle market, through Seaside Fern Bay Estate, will ensure that the land development division remains a strong earnings contributor for current and future financial years. We do however remain conscious of the variable market conditions across the country, with buyers remaining cautious amidst broader global uncertainty.

In accordance with previous practice, a rigorous assessment of carrying values of the residential syndicates was performed resulting in an after tax impairment of $2.5m. This reflects the present challenges to residential asset values particularly in areas outside of major cities.

Aspen Development Fund No.1 Ltd (ADF No.1)

AUM $M	REVENUE FY 11 $M	OPERATING EBITDA FY 11 $M	OPERATING EBITDA FY 10 $M	FUNDS Employed $M	ROC FY 11 %	ROC FY 10 %
254	5.22	2.90	0.99	35.35	8.2%	2.3%

The major activity for ADF No.1 has centered on the sale and development of the Australian Taxation Office (ATO), which is scheduled for completion in October 2012. The progression of this project has resulted in an increase in revenue contribution from ADF No.1 during FY11 to $5.2 million ($2.8 million in FY10).

Notwithstanding this increase, margins and activity across ADF No. 1 have remained subdued in a challenging market for development assets. The primary focus for the Fund has been on advancing planning approvals across a number of projects and realising stock on completed projects, so as to position the Fund for improved returns and execution capacity.

As part of the overall capital management of ADF No. 1, a 12 month extension of it's senior debt facility was secured to September 2012.

During FY11, almost 3,000 sqm of medical suites were realised at Norwest Private Hospital for $16.2 million, including space for the expansion of the private hospital operations of Healthscope Limited. At 30 June 2011, 80% of the development had been sold.

Development of the Byford on the Scarp residential estate continued in a subdued market with 32 lots being settled in FY11 (43 settlements in FY10). Civil works are nearing completion on stages 4D and 6A to deliver 46 lots in the first half of FY12.

Planning initiatives for the Fund's other development assets continue, with a focus on transport related development in Upper Swan to take advantage of Perth's continued growth in resource related projects.

In a reflection of the continuing difficult market conditions for diverse development focussed funds, an impairment of $6.9m after tax was booked in the second half against the carrying value of the Group's investment in ADF No. 1.

Aspen Parks Property Fund (APPF)

AUM $M	REVENUE FY 11 $M	OPERATING EBITDA FY 11 $M	 FY 10 $M	FUNDS Employed $M	ROC FY 11 %	ROC FY 10 %
288	7.81	5.25	4.74	18.01	29.1%	18.4%

APPF has again provided a significant contribution for the year, contributing $7.8 million of income through Aspen's equity investment and management fees (FY10: $7.5 million) to the Group from its portfolio of 25 holiday and accommodation parks.

Continued strong demand for accommodation at APPF's North West mining parks and solid tourist numbers have underpinned the result.

Investment into APPF continues to grow with $24.5 million in new equity raised during the year, a 22% increase over FY10. The investor support is reflective of the continued positive outlook for Aspen Parks, where monthly income distributions (annualised) have been increased to 10.7 cents per security reflecting an income yield of 8.8% based on the security price as at 1 July 2011. Gearing has reduced to 44% (53.7% at 30 June 2010), with the decrease below 50% an important factor in gaining further equity support from financial advisers.

These key metrics together with stable management and supportive demographics across the resource and tourism sectors have resulted in an upgrade of the investment rating of APPF by key research house Lonsec, to "Highly Recommended", Lonsec's highest rating.

During the year APPF secured a three-year extension to the senior debt facility of $130 million with its existing financier St George Bank.

The continued focus by investors and financial advisers for stable income streams has seen APPF remain an attractive investment proposition, with its strong income yield (paid monthly) and seven year track record confirming APPF's position as one of the leading unlisted property funds in the market.

Aspen Diversified Property Fund (ADPF)

AUM $M	REVENUE FY 11 $M	OPERATING EBITDA FY 11 $M	 FY 10 $M	FUNDS Employed $M	ROC FY 11 %	ROC FY 10 %
131	3.91	3.07	3.70	32.74	9.4%	11.9%

Aspen Group continues with it's active management strategy for ADPF, having secured a number of significant leasing outcomes in FY11, together with trading selected property assets.

At June 2011 a full independent valuation of the portfolio was undertaken which resulted in a 2.5% increase in the value of investment properties over the 12 month period.

During FY11 major leasing activity included securing a tenant for the vacant Henderson industrial property, together with improvement to the tenant mix for the Castle Hill retail centre and a reduction in the vacancy of the Mount Street, North Sydney office property.

Securing a strong tenant for the Henderson property allowed the property to be sold for $10.5m, above its $10m book value, with settlement occurring in July 2011.

The fundamentals for the markets in which ADPF holds property remain sound, with the key metrics across the portfolio having improved considerably since June 2010. Portfolio occupancy is now at 91% (81% at 30 June 2010) and a weighted average lease expiry of 4.8 years, up from 2.6 years at 30 June 2010.

With respect to capital management it is pleasing to note that subsequent to year end the Fund secured an extension of it's banking facilities for a further three years.

Overall ADPF contributed $3.9 million of earnings to Aspen Group for the year (including financing and equity contributions). This represented a decrease of 11% on the previous year due largely to prior year selling fees earned.

Capital Management and overheads

During the year the Group extended it's senior debt facility for three years to February 2014, thus increasing the Group's weighted average debt maturity profile from 0.9 years to 2.5 years.

As part of the overall capital management strategy, Aspen Group has also secured a five year investment term facility with Telstra Super for the ATO Office Building joint venture, post practical completion. Mr Hawkins commented, "Securing the option of a five year investment facility on market terms for one of our key investments is a great platform from a funding and risk management perspective."

The Group has continued to drive efficiency gains and ensure that overhead expenditure remains appropriate for the business. Operational administration expenses have increased by $0.6m, an increase of 4.5% on the previous corresponding period, whilst employment costs remain in line with FY10.

Outlook

Aspen enters FY12 with a solid platform to pursue earnings growth, underpinned by a revitalised and geographically well positioned investment property portfolio, and a well established funds management business.

The property portfolio is well positioned, particularly with respect to the Western Australian assets, where strong tenant demand should result in reduction in vacancies and rental growth.

For FY12, Aspen Group is targeting an increase to its operating earnings before tax of 7% to $35.75m million, and an operating after tax EPS of 6.43 cents per security (an increase of 3% on FY11). The distribution payout ratio has been amended to between 70% to 75% of operating earnings per security.

The key growth and funding assumptions in respect of this guidance are:

- A 5.8% growth in comparable rental in the property portfolio
- 354 residential lot settlements in Aspen Living, of which 65% of lots are under contract
- Interest rate movements will not have a significant impact as the Group's facilities are currently 88% hedged.

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 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 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 holiday and accommodation 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.

Website www.aspengroup.com.au