ASPEN
GROUP

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ASX ANNOUNCEMENT
30 September 2005

ASPEN GROUP ANNOUNCES PLACEMENT AND FUNDS MANAGEMENT GROWTH

$40 Million Fully Underwritten Capital Raising

Acquisition of Funds Management Assets

FY 06 Earnings Enhancement

Aspen Group (ASX:APZ) is pleased to announce that Patersons Securities has underwritten Aspen's placement of $40 million to institutional and sophisticated investors (as described under section 708 of the Corporations Act).

Proceeds from the capital raising will be utilised to underwrite and invest in the significant growth of Aspen's funds management activities and to strengthen the Group's balance sheet through reduced borrowings.

EQUITY PLACEMENT

Aspen Group is to raise $40 million through the issue of 195,121,951 in new stapled securities at $0.205 per security. The placement was authorised per the Group's general meeting held on 6 July 2005. The issue is expected to be completed by 6 October 2005 and has been fully underwritten by Paterson Securities.

Aspen Group Managing Director, Mr Angelo Del Borrello said the support from both existing securityholders and new securityholders was very positive and we thank them for their support.

"We have been delighted with the response to the placement, which we believe reflects the confidence investors have in the strategic direction of the Group," said Mr Del Borrello.

Proceeds from the issue will be applied equally between debt reduction, reducing the Group's gearing position to at least 44%, and to support the growth in funds management activities.

An overview of Aspen Group's financial position following completion of the placement is shown in the following table.

Balance Sheet	30 June 05	Pro Forma
Securities on issue	524.7M	719.8M
Market capitalisation	$107.6M	$147.6M
Gross assets	$209.7M	$230.3M
NTA per share	16.1c	17.2c

FUNDS MANAGEMENT GROWTH

Aspen is pleased to announce that contracts/terms have been entered into for the acquisition of four tourist parks for the Aspen Parks Property Fund (Aspen Parks), an industrial property for the Aspen Diversified Property Fund (Aspen Diversified), and vacant land for the Aspen Living Villages Fund No. 2. Acquisitions total $46.1 million (inclusive of costs) and bring funds under management for the division to c$150 million.

Aspen remains focused on growing its funds management income. The capital raising will support the following planned acquisitions.

- Aspen Parks has contracted to acquire four properties, all in absolute waterfront locations, for $25.15 million plus acquisition costs. The acquisitions are located in WA, Victoria and New South Wales adding further geographic diversification to the Fund. Included in the acquisitions is a 50% interest in the internationally recognised Monkey Mia Dolphin Resort, in Western Australia.

- Aspen Diversified has entered a conditional contract to acquire an industrial property, bringing to seven the number of properties acquired by the fund since late June 2005. The acquisition price of $17.45 million will show a 9% income yield supported by two blue chip tenants. The existing tenant of this property has first right of refusal to acquire the property and has indicated that they may exercise this option. In this event, the information included in the attached Capital Raising presentation will change and has been described further below.

- The recently launched Aspen Living Villages is a further exciting funds management opportunity, and will acquire a parcel of land for $1 million to commence ALV Fund No2.

The funding support from Aspen provides greater flexibility for each fund to acquire properties without the need to hold surplus cash, overcoming any potential mismatch between the timing of acquisitions and retail inflows.

Total assets under management for the Group will total c$350 million once all transactions are completed.

Further details of the new contracted acquisitions are attached to this announcement.

Impact on FY06 Earnings Outlook

The growth from funds management results in an upward revision to FY06 earnings in the order of 7.5%. Given Aspen expects to meet its FY06 forecast distribution payment of 1.8 cents per security from FY06 earnings, the potential increase in earnings will provide further opportunity to support funds management activities, debt reduction, and/or future distribution growth for the Group.

Capital Raising Presentation

This announcement should be read in conjunction with the capital raising presentation announced to the ASX today. Further to the proposed acquisition of the industrial property as detailed above, if the tenant exercises their first right of refusal, the impact on the presentation is as follows:

- Aspen would allocate its proposed underwriting funds in the Diversified Fund of $6.4m to the reduction of Group borrowings to reduce gearing from the proposed 44% to 42%.

- Assets under management would increase by $26.5m versus $44m and the forecast $70m of acquisitions for FY06 would reduce accordingly.

- The earnings guidance does not change.

Summary

The capital raising provides a number of positives for Aspen Group.

- Financial position is strengthened through a reduction in gearing to 44%;
- NTA increases from 16.1 cents to 17.2 cents;
- 19% premium to NTA is modest compared with sector average;
- Able to secure a number of acquisitions for its unlisted funds, putting growth ahead of forecasts;
- Well positioned to continue its growth strategy in both its property portfolio and funds management activities; and
- Aspen continues to attract further institutional support as its growth strategy is realised and market capitalisation increases.

-ENDS-

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Planned Property Acquisitions

Aspen Parks Property Fund

Aspen Parks was launched in April 2004 to acquire a portfolio of tourist park properties to a value of $150 million over five years.

The four new properties will add to its existing portfolio as described below:

50% interest in Monkey Mia Dolphin Resort, Shark Bay, WA	$8.0m
Yarraby Holiday & Tourist Park, Echuca, Vic	$9.2m
Wallamba Caravan Park, Forster, NSW	$4.2m
Shallimar Ski and Caravan Park, Forster, NSW	$3.7m
Acquisition Costs	$1.9m
Existing Portfolio	$57.0m
Total Fund Assets	$84.0m

Monkey Mia Dolphin Resort

Aspen Parks have entered into a conditional sale contract to acquire a 50% interest in the Monkey Mia Dolphin Resort at Shark Bay, Western Australia for $8 million. Monkey Mia is a World Heritage listed location attracting local, interstate and international visitors.

The Monkey Mia Dolphin Resort enjoys an absolute beachfront position. Facilities comprise a self-contained resort with beachfront motel units, park homes, garden villas, backpackers' accommodation, 58 caravan sites, staff quarters, restaurant, swimming pool and shop.

The acquisition will be conditional on the granting of a 99 year lease from the Shire of Shark Bay and an increase in the resort land area from 3.7 hectares to 7 hectares, both subject to a commitment by the owners to expand the resort over the next ten years. Aspen Parks will also acquire the management rights to operate the resort under the terms of the acquisition.

Included with the acquisition is freehold title over a 205 hectare site which includes the Shark Bay Airport, located some 18 Kilometres from the resort. The airport is of strategic importance for tourism, particularly international visitors, with commercial operators providing regular services to the resort.

In addition to being a high quality resort, Monkey Mia adds strategic importance to the existing Western Australian assets of the Fund, being located approximately half way between the Fund's existing holiday parks in Perth and Exmouth.

Aspen Group's Managing Director Mr Angelo Del Borrello said that "part of the Fund's strategy is to acquire a portfolio of parks whereby tourists can move from park to park within the Aspen Parks chain.

"Monkey Mia is ideally located to build on this strategy," said Mr Del Borrello.

Yarraby Holiday and Tourist Park

The Fund has entered a conditional sale contract for the acquisition of the Yarraby Holiday and Tourist Park for $9.25 million. Yarraby is located on the southern bank of the Murray River a short distance east of the town of Echuca in the Central Murray Tourism Region of Victoria.

The property occupies a total site of approximately 9.431 hectares and is improved with 187 permanent/annual sites, 33 tourist sites, 6 en-suite sites, 33 cabins, 2 main residences, store/office, various amenities/facilities and other ancillary improvements. The property has some additional development potential with an area of approximately 15,000 square metres of the property undeveloped.

Due to the large number of permanent and annual agreements at the property, a significant proportion of income is derived from this relatively secure income stream."

Echuca is the closest Murray River town to Melbourne being located approximately 200 kilometres to the north. Echuca has a population of approximately 11,000 people and is a popular tourism destination with major attractions being generally related to the Murray River. Information from Tourism Victoria indicates that the "Murray" Tourism Region attracted approximately 2.4 million overnight visitors for the 12 months to March 2005.

Shalimar Ski and Caravan Park
Wallamba Caravan Park

The Shalimar Ski and Caravan Park in North Tuncurry, New South Wales is to be acquired for $4.7 million ($1.0 million is to be funded by Aspen Living Villages Fund No.2 as discussed below). Adjacent to this park is Wallamba Caravan Park which is also under contract for $4.2 million. The acquisition of both properties provides a sizeable acquisition on the mid north coast of New South Wales. In addition it provides an opportunity to reconfigure the parks, utilise additional capacity and derive economies of scale from a staffing perspective.

Mr Del Borrello said, "Through the acquisition of both parks the Fund establishes a strong position in the area, and can derive synergies through combining the operations of both parks."

Shalimar is a freehold property comprising 11 hectares. Approval is held for 196 accommodation sites which comprise both long and short term with a combination of cabins, park homes, caravans and camping. Included in the property is approximately four hectares of vacant land on a separate title which has a value of $1.0 million. This parcel has been identified as an ideal site to commence Aspen Living Villages No 2 Fund. The net purchase price for Shalimar is therefore $3.7 million, and results in an accretive earnings yield for the park.

Wallamba is a freehold property set on four hectares with approval for 75 sites. Accommodation is similar to Shalimar, with both long and short term residents, and a mixture of cabins, caravans and camping facilities. There is also some surplus land which provides the opportunity for additional cabin development.

Both parks front the Wallamba River, providing a variety of recreational activities for tourists including sandy beaches and boat launching facilities. Waterskiing is a popular sport within the area.

Aspen Diversified Property Fund

Aspen Diversified was launched in March 2005, and to date has acquired six commercial properties resulting in assets under management of $47.1 million. The Fund aims to acquire properties in the $5 million to $30 million range providing attractive monthly income distributions to investors. The target fund size is $250 million. Following completion of the proposed acquisition the Funds assets will be $65.5 million.

Proposed Acquisition

A conditional contract has been entered to acquire a modern industrial complex for $17.45 million plus acquisition costs. The property provides over 17,000 sq. m of net lettable area with two major corporate tenants occupying the entire area. One of the conditions of this acquisition is that the existing tenant has first right of refusal to acquire the property. This condition expires at 5pm on the 30 September 2005.

"Aspen has identified attractive buying opportunities at the smaller end of the commercial property market and this acquisition is one such opportunity, provided the tenant doesn't exercise its first right of refusal, that will bring further diversification and additional strong tenants to the Fund." Said Mr Del Borrello.

Aspen Living Villages Fund No 2

Aspen Living Villages is a new funds management activity launched in June 2005, with the aim of creating residential accommodation villages for early retirees and the mining industry.

Shalimar Ski and Caravan Park was identified not only for its use as a caravan park but also for the opportunity to develop a parcel of surplus vacant land as a residential accommodation village. The four hectare parcel of land will acquired for $1.0 million.