

PROPERTY MARKET SNAPSHOT

The economy of Western Australia continues to grow strongly, greatly assisted by a buoyant resource sector, and a recovery in global economies. This bodes well for commercial property markets with a strong economy underpinning demand for commercial property. This is not only restricted to commercial office buildings and industrial sites, but flows through to retail property as strong employment and a growing population leads to increased retail spending.

In the Eastern States, we favour Sydney, given its dominance as the financial capital in Australia, and Brisbane due to its ever increasing population growth. During 2004 we will be seeking acquisitions in both of these markets provided they meet our stringent investment criteria.

Dr Shane Oliver, Chief Economist and Head of Investment Strategy for AMP Capital Investors has commented, "attractive yields and reasonable fundamentals also indicate returns from directly held commercial property of 9%-10%".



ASPEN
GROUP

Have you visited our website?

Another method of keeping track of Aspen Group is by visiting our website at

www.aspengroup.com.au

Further information on Aspen Group and its activities can be obtained by contacting us using the following details:

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ASPEN GROUP QUARTERLY NEWSLETTER JANUARY 2004



Welcome to an exciting New Year

The directors of Aspen Group extend a warm welcome to all securityholders for 2004 in what is shaping as another exciting year for the Group.

Our team is busy identifying investment opportunities across Australia that will provide secure income and create wealth for securityholders. We are seeking both direct property acquisitions, as well as opportunities to manage external assets and property-related themed trusts. It promises to be another year of solid growth and we look forward to communicating these opportunities as they arise during the year.

The creation of this newsletter is one part of our communication strategy. Our aim is to forward the newsletter on a quarterly basis with distribution statements, keeping all securityholders informed of the latest developments within the Group including leasing activity, key tenants, and major securityholders.

We hope you find the review informative and welcome any feedback or questions you might have on the Group and its activities.

Here's to an exciting year

Angelo Del Borrello
Managing Director

9.25%
p.a.

Continued Strong Yield for Securityholders

In line with prospectus forecasts, Aspen Group declared a dividend/distribution for the quarter ending 31/12/03 of 0.37 cents per stapled security. Based on the most recent security issue price of 16 cents per share, this represents an annualised yield of 9.25% per annum. In addition 53% of the distribution/dividend was tax advantaged.

We believe this is a strong return in the current investment markets and look forward to continuing this during 2004.

Asset Management Division Created

The recently created Aspen Funds Management Ltd ("AFM") enables the Group to take advantage of the management and corporate opportunities that flow from achieving greater scale.

AFM acquired a responsible entity licence in May 2003 and was initially created to act as responsible entity for the Aspen Property Trust. Holding such a licence allows the Group's experienced management team to create additional revenue from property investment markets, such as project structuring and management. There are also benefits to the balance sheet as Gavin Hawkins, Executive Director states, "these activities require minimal capital outlay and as such are aimed at significantly increasing the return on capital."



New Security holders enter top ten

We welcome all new securityholders to the registry of Aspen Group Limited.

In particular we welcome on board UBS Investment Bank, who has become our largest securityholder with a holding of 9.8%. UBS is one of the world's leading financial institutions with a significant Funds Management and Investment Bank operation in Australia. We welcome their presence on the Aspen register.

Babcock and Brown are a US-based Investment Bank and have a strong presence in Australia in the commercial property sector. With significant knowledge of the eastern states property markets, Babcock and Brown are seen as a strategic securityholder who can provide valuable input and assistance to the Group's planned growth in these markets.

Acorn Funds Management are also in the Group's top ten securityholders. Acorn is a boutique fund manager based in Melbourne who specialise in the small cap sector.

We are also delighted to have the CBH Superannuation Fund as a major security holder. The fund is sponsored by Cooperative Bulk Handling, a well-known WA based grain handler.

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New tenants at Septimus Roe Square

It has been a busy quarter for leasing activity with a total of 1500 square metres leased. This is a positive reflection on the quality and value of Septimus Roe Square.

Aspen Group has recently moved its head office into Septimus Roe Square. Along with existing tenant World Vision, level 8 is now fully occupied.

Further tenant activity during the past few months has seen food exporter Australian Foods, debt collection agency RMG Ltd and Conan Group all take up residence in Septimus Roe Square.

The above tenant activity has increased the occupancy of the building by almost 9%.

We will be reporting on the positive impact of the planned legal precinct near Septimus Roe Square in the next newsletter.

Good news for investors – Margin Lending now possible

Aspen Group has recently gained approval from Tricom Equities Ltd to offer a Margin Lending facility for investors in Aspen Group stapled securities. This is a positive endorsement of the Groups' strength at such an early stage of its development.

Margin Lending enables an investor to borrow funds using stapled securities as security and hence purchase more stapled securities than their capital would otherwise allow. It enables an investor to increase their return on capital.

The key feature of the Tricom arrangement is that Aspen has been approved for a Margin Lending loan to value ratio of 45%, i.e. an investor with \$20,000 of Aspen stapled securities can borrow up to \$9,000 to acquire additional Aspen securities.

For further details of this facility please contact Aspen Group. We also encourage you to speak with your financial adviser to assess your suitability to Margin Lending.

“Global resources giant Alcoa is a major tenant of the Aspen Group, having 100% occupancy of the Booragoon office building...”

Why a Stapled Security? Aspen's successful transition into the market preferred stapled security structure fits well with the Group's key objectives for investors of:

- Accommodating multiple income streams
- Delivering tax benefits
- Ensuring high on-market liquidity

A stapled security is simply the joining of an ordinary share (Aspen Group Ltd) and a trust unit (Aspen Property Trust) to form a single security traded on the Australian Stock Exchange.



Alcoa Office Building



Tenant focus – Alcoa signal commitment in WA

Global resources giant Alcoa are a major tenant of the Aspen Group, having 100% occupancy of the Booragoon office building located 10 kilometers from the Perth CBD. Alcoa, who are celebrating 40 years in Australia, have recently announced their intention to commit a further \$3 billion on improving and growing their resources projects in Western Australia. This follows the announcement last July of a \$440 million upgrade to their Pinjarra refinery.

This is positive news for the Aspen Group. As their major landlord in WA we look forward to assisting them with any future office space requirements they may have. Significantly the Booragoon office building has the potential for future extensions.