



NOTICE OF ANNUAL GENERAL MEETING 2013

Notice is hereby given that the Annual General Meeting of Aspen Group Limited ACN 004 160 927 (the "**Company**") and Aspen Property Trust ARSN 104 807 767 (the "**Trust**") (together "**Aspen Group**") will be held in the Karri Room at the Parmelia Hilton Hotel, Perth, Western Australia at 11am on Wednesday, 23 October 2013.

A proxy form is enclosed

Please read the Notice of Meeting and Explanatory Statement carefully. If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.

AGENDA

ORDINARY BUSINESS

1. Financial Accounts and Reports

To receive and consider the financial report for the year ended 30 June 2013 for Aspen Group, including the Directors' declaration, Directors' report and audit report.

There is no vote on this item.

2. Re-election of Guy Farrands as a Director by securityholders

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

Resolution 1

"To re-elect as a Director of the Company, Mr Guy Farrands, who retires in accordance with Rule 7.3 (g) of the Company's constitution and being eligible offers himself for re-election."

Details of the qualifications and experience of Mr Farrands and the recommendation of the Board are set out in the attached Explanatory Statement.

3. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

Resolution 2

"That the Company's remuneration report for the year ended 30 June 2013 be adopted."

The Remuneration Report appears on pages 16 to 29 of the 2013 Annual Report. Additional details about the Company's remuneration policies and practices are included in the Explanatory Statement.

(Note: the vote on this item is advisory only and does not bind the Directors, the Company or the responsible entity of the Trust).

Voting Exclusion Statement – Corporations Act

In accordance with the Corporations Act, the Company will disregard any votes cast:

- by a member of the Key Management Personnel (KMP) details of whose remuneration is included in the 2013 Remuneration Report; or
- a closely related party of a member of the KMP referred to above. A 'closely related party' is defined in the Corporations Act and includes any spouse, dependant and certain other close family members of a member of the KMP, as well as any companies controlled by a member of the KMP.

However, the Company need not disregard a vote if the vote is cast as a proxy for a person entitled to vote:

- in accordance with a direction on the proxy form; or
- by the Chairman where he has been expressly authorised to vote undirected proxies as he sees fit.

SPECIAL BUSINESS

4. Approval of the Aspen Group Performance Rights Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company and Trust:

Resolution 3

"That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), section 200E of the Corporations Act 2001 (Cth) and for all other purposes the "Aspen Group Performance Rights Plan" (PRP) tabled at the meeting (and signed by the Chairman for the purpose of identification), and the issue of securities and giving of termination benefits under the PRP, is approved."

Voting exclusion statement – ASX Listing Rules and Corporations Act

In accordance with the ASX Listing Rules Aspen Group will disregard any votes cast by:

- a director of the Company or a director of the responsible entity of the Trust (except a director who is ineligible to participate in the PRP); and
- an associate of that person.

Further, in accordance with the Corporations Act, Aspen Group will also disregard any votes cast by:

- a person who is eligible to participate in the PRP and holds an executive or managerial office with the Company or a related body corporate of the Company (including a person who held such a position in the last 3 years); and
- an associate of that person.

However, Aspen Group need not disregard a vote if the vote is cast as a proxy for a person entitled to vote:

- in accordance with a direction on the proxy form; or
- by the Chairman where he has been expressly authorised to vote undirected proxies as he sees fit.

5. Consolidation of shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

Resolution 4

“That with effect on and from 8 November 2013 the Company’s share capital will be consolidated through the conversion of every ten fully paid ordinary shares in the Company into one fully paid ordinary share in the Company, and that any fractions of a share be rounded up to the next whole number of shares.”

6. Buy-Back

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company and Trust:

Resolution 5

“That for the purposes of sections 257C and 601KH (as inserted by ASIC class order 07/422) of the Corporations Act 2001 (Cth), and for all other purposes, approval is given for an on-market buy-back of up to 299,620,005 Stapled Securities (or 29,962,000 Stapled Securities if Resolution 4 is passed and the Consolidation takes effect) during the 12 month period commencing after the date of the meeting on the terms detailed in the Explanatory Statement.”

GENERAL BUSINESS

To transact any business that may be properly brought before the meeting.

By order of the Board



Eric Lee

Company Secretary

Dated: 20 September 2013

HOW TO VOTE

You may vote by attending the meeting in person or by proxy or a body corporate can appoint a corporate representative.

VOTING IN PERSON

To vote in person, you must attend the meeting on Wednesday, 23 October 2013 at Parmelia Hilton Hotel, Mill Street, Perth. The meeting will commence at 11:00am with registrations from 10:30am.

VOTING BY PROXY

A securityholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the securityholder. A proxy need not be a securityholder.

As a member of the Company's KMP, the Chairman of the meeting is not permitted to vote undirected proxies on Resolutions 2 and 3, unless he is expressly authorised to exercise the proxy even though it is connected with the remuneration of the Company's KMP. If you intend to appoint the Chairman of the meeting as your proxy, or the Chairman of the meeting becomes your proxy by default, you can direct the Chairman how to vote by either marking the boxes for each of Resolutions 2 and 3 (for example, if you wish to vote 'for', 'against' or to 'abstain' from voting), or you can expressly authorise the Chairman to vote as he sees fit on those Resolutions by marking the Chairman's box on the proxy form. The Chairman intends to vote all available proxies in favour of Resolutions 1 to 5.

A securityholder that is entitled to cast two (2) or more votes may appoint up to two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the securityholder's votes.

To be effective, proxies must be lodged by 11:00am (WST) on Monday, 21 October 2013. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

- by post to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138;
- in person to Level 12, 680 George Street, Sydney NSW 2000;
- by faxing a completed proxy form to +61 2 9287 0309; or
- online – www.linkmarketservices.com.au
Select 'Investor Login' and enter the holding details as shown on the proxy form. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

The proxy form must be signed by the securityholder or the securityholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Securityholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the securities registry of Aspen Group – www.linkmarketservices.com.au. Where the appointment of a proxy is signed by the appointer's attorney, an originally certified copy of the power of attorney, or the power itself, must be received by Aspen Group at the above address by 11:00am (WST) on Monday, 21 October 2013.

VOTING ENTITLEMENTS

The Directors have determined that for the purposes of Regulation 7.11.37 of the Corporations Regulations, the persons eligible to vote at the meeting will be those persons who are registered as securityholders at 4:00pm (WST) on 21 October 2013. Accordingly, security transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

EXPLANATORY STATEMENT

This Explanatory Statement forms part of the Notice of Meeting and contains information about the resolutions contained in the Notice of Meeting. You should read the Notice of Meeting and this Explanatory Statement carefully, and seek your own independent advice on any issues that you are not certain about.

Annual Financial Report

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the annual financial report, including the financial statements of Aspen Group for the year ended 30 June 2013,

to be laid before the Annual General Meeting. Neither the Corporations Act or the Company's constitution requires a vote of securityholders on the reports or statements. However, securityholders will be given ample opportunity to raise questions or comments on the management of Aspen Group.

PROPOSED RESOLUTIONS

Resolution 1 – Election of Guy Farrands as a Non-Executive Director by securityholders

Mr Guy Farrands joined the Board of the Company as a non-executive Director in November 2012.

Mr Farrands has over 30 years experience in direct and listed property markets both in Australia and internationally and across commercial, retail, industrial, residential and retirement asset classes. He was Managing Director and Chief Executive Officer of GEO Property Group (now VillaWorld Group) between 2007 and 2011. Previously Mr Farrands was Chief Executive Officer of Valad Property Group between 2005 and 2007, departing prior to Valad's acquisition of Crownstone/Scarborough. Prior to that Mr Farrands was Head of Corporate Development and Investor Relations for Valad.

Mr Farrands' former roles included Division Director of the real estate division of Macquarie Bank's Investment Banking Group where he managed IPOs, equity raisings and mergers and acquisitions, Associate Director and joint head of property for Heine Management Limited and Manager in the Investment Sales Department at Jones Lang LaSalle.

The Directors (other than Mr Farrands) unanimously recommend that securityholders vote in favour of Resolution 1.

Resolution 2 - Remuneration Report

Under the Corporations Act the Company is required to include in its Directors' report a detailed Remuneration Report relating to Directors' and executives' remuneration. Section 300A of the Corporations Act sets out the information to be included in the Remuneration Report. A copy of the Remuneration Report appears on pages 16 to 29 of the Annual Report which is available from Aspen Group or on its website.

Sections 249L(2) and 250R(2) of the Corporations Act require that a resolution on the Remuneration Report be put to the vote of shareholders at the Company's Annual General Meeting. The vote on this resolution is advisory to the Company only.

The report describes the remuneration principles used by the Company to determine the nature and amount of remuneration and includes details of the remuneration of Directors and specified executives.

As outlined in the Remuneration Report, a key principle of remuneration is that the financial rewards of KMP are linked to the performance of Aspen Group.

For FY13, the Board implemented changes to the remuneration framework and policies, in response to securityholders' concerns. The specific areas that the Board changed for FY13 included:

- all directors fees and board committee fees were reduced by 5% from FY12;
- the Short Term Incentive ("STI") Policy was amended to include a deferral component, where 25% of any future award for KMP is deferred for 12 months. Upon completion of 12 months further service the KMP will then be eligible to take the deferred component of the STI in cash, provided

that there is no material misstatement in the financial outcome for which the KMP was responsible; and

- employment of Mr Hugh Martin, a non-executive director, as Interim CEO on reduced fixed remuneration (down 18%) to that paid to the former Managing Director.

In June 2013, Aspen Group announced the appointment of Mr Clem Salwin as CEO and Managing Director, commencing his employment on 1 July 2013. The remuneration package for Mr Salwin was designed and negotiated to ensure a strong alignment of his financial rewards with the creation of value for Aspen Group securityholders. As such, Mr Salwin's contract includes a combination of fixed remuneration, at a rate 30% lower than that of Mr Martin, whom he replaced, together with short term and long term incentives.

The Remuneration Committee also considered the relative performance of KMP against the execution of Aspen Group's strategy, including:

- simplification of the business model;
- significant realisation of non-core assets;
- exceeding core operating guidance of 1.8 cps for FY13;
- achievement of debt reduction targets;
- successful \$97.157 million equity raising; and
- successful retention of staff during a period of considerable business disruption, arising from internal and external factors.

As outlined in the report, Aspen Group has retained its Long Term Incentive (**LTI**) plan, which is an equity based plan designed to reward and retain employees by inviting them to become securityholders in Aspen Group. Aspen Group's LTI is delivered via Aspen Group's Performance Rights Plan (**PRP**), which has been in place since 2010 and remains unchanged, with the vesting criteria being a minimum Earnings Per Share (**EPS**) hurdle and a Total Shareholder Returns (**TSR**) hurdle, measured over a 3 year vesting period.

As noted in the remuneration report, the vesting condition of the performance rights issued in 2010 has resulted in both the EPS and the TSR hurdles failing for the three year test period to 30 June 2013 and accordingly no performance rights will vest for that period.

The Directors unanimously recommend that securityholders vote in favour of Resolution 2.

Resolution 3 – Approval of Performance Rights Plan

Aspen Group seeks renewed securityholder approval for its PRP.

Securityholders previously approved the PRP at Aspen Group's 2010 Annual General Meeting. However, under the ASX Listing Rules the approval is only valid for a period of three years and will expire on 29 November 2013. Therefore, Aspen Group is seeking approval for a further three years.

The PRP remains unchanged since its approval in 2010.

The Board considers that the PRP remains the appropriate form of long term employee incentive plan, as the PRP:

- permits appropriate levels of reward to be delivered to eligible employees for achievement of outstanding performance; and
- better aligns Aspen Group's remuneration structure with that of its market competitors.

A summary of the terms of the PRP is set out in Schedule 1 and a copy of the PRP is available on the Aspen Group website.

The PRP facilitates the grant of performance rights (**Performance Rights**) to certain employees of Aspen Group (**Eligible Employees**) whom the Board determines to be eligible to participate in accordance with

the PRP. Aspen Group's current and future executive Directors are entitled to participate in the PRP, although prior securityholder approval will be sought prior to each participation. Non-Executive Directors are not eligible to participate in the PRP.

The Performance Rights form a key component of Aspen Group's long term incentive remuneration strategy. The PRP aligns the interests of securityholders and Eligible Employees, and the PRP is designed to reward performance and out-performance of Aspen Group's earnings per share growth (against targets) as well as total securityholder return compared to the S&P ASX 300 Property Sector index.

A Performance Right granted under the PRP is a conditional right to acquire a Stapled Security for nil consideration (although the terms of the PRP enable the Board to impose an exercise price if considered appropriate).

Aspen Group proposes that Performance Rights will be granted annually under the PRP, however the Board has discretion to grant Performance Rights at other times.

Vesting conditions

Details of the vesting conditions are contained in Schedule 1

Number of Performance Rights to be issued

Aspen Group also proposes to limit the number of Performance Rights issued to the amount which is consistent to comply with ASIC class order relief (which in effect is 5% of the issued Stapled Securities in any rolling five year period).

The Performance Rights that do not vest will immediately lapse.

Approval sought

Securityholder approval of Resolution 3 is sought for the following purposes:

ASX Listing Rule 7.2 Exception 9(b)

Securityholder approval is sought under ASX Listing Rule 7.2 (Exception 9(b)), which will exempt the Performance Rights and Stapled Securities issued on exercise of the Performance Rights counting towards the 15% annual limit on the issue of new securities without prior securityholder approval under ASX Listing Rule 7.1.

As noted above, securityholders previously approved the PRP at the 2010 AGM. However, this approval was only valid for a period of three years. Accordingly, Aspen Group seeks securityholder approval for a further period of 3 years from the passing of this Resolution 3. In the absence of this approval Aspen Group can still issue Performance Rights. However, the issue would count towards the 15% limit which would otherwise apply during a 12 month period.

In accordance with Listing Rule 7.2, Exception 9(b), the following information is provided to securityholders:

- a summary of the terms of the PRP (set out in Schedule 1) – securityholders should note that the terms of the PRP have not changed since the last approval in 2010; and
- 26,503,224 Performance Rights have been issued under the PRP since the date of the last approval.

Part 2D.2 of the Corporations Act: Termination Benefits

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by securityholders or an exemption applies.

The term "benefit" in Part 2D.2 has a wide operation, and would include the accelerated vesting of the Performance Rights in accordance with the PRP. The termination benefit given under the PRP would be (were it to occur) the early exercise of Performance Rights upon cessation of employment or office with Aspen Group.

Accordingly, securityholder approval is sought under section 200E of the Corporations Act for the giving of termination benefits in accordance with the PRP to Eligible Employees who hold (or have held in the three years prior to their retirement) a managerial or executive position with the Company.

This approval will only apply to benefits given on the exercise of a discretion in accordance with the PRP.

The value of such benefits cannot presently be ascertained but matters, events and circumstances that will,

or are likely to, affect the calculation of that value include:

- the number of Performance Rights held by the Eligible Employee prior to cessation of employment or office;
- the number of Performance Rights that are exercised; and
- the value of the Stapled Securities when the Performance Rights are exercised.

Financial implications

Australian Equivalents International Financial Reporting Standards require the Performance Rights to be expensed which is guided by AASB 2 – Share Based Payments. As the Performance Rights granted under the PRP will not vest immediately, they are expected to be expensed over their vesting period.

Expensing the Performance Rights will have the effect of increasing both the expenses and other equity of the Company. Whilst there will be a reduction in profit, there will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Performance Rights.

There are no adverse tax implications for the Company in issuing these Performance Rights noting however that share based payments are not deductible for income tax purposes.

Recommendation

Mr Salwin has abstained from providing a recommendation on this resolution as he is a participant in the PRP. All other Directors believe that the PRP is reasonable in all the circumstances because it is an appropriately designed equity based incentive, and further that, if the performance hurdles described above are met, this will result in benefits for Aspen Group as a whole.

The Directors (other than Mr Salwin) unanimously recommend that securityholders vote in favour of Resolution 3.

Resolution 4 – Consolidation of Stapled Securities

Overview

The Board seeks the approval of securityholders for a consolidation of the Company's issued share capital. The Company proposes to consolidate every ten existing fully paid ordinary shares into one fully paid ordinary share (**Share Consolidation**). If securityholders approve the Share Consolidation, the units in the Trust that are stapled to these shares will also be consolidated in the same proportion (**Unit Consolidation**). Securityholder approval of the Unit Consolidation is not required.

If the Share Consolidation is approved, and following the Share Consolidation and Unit Consolidation implementation (together, the **Consolidation**), each securityholder will still hold the same proportion of Stapled Securities as before the Consolidation. The current rights of Stapled Securities set out in the constitutions of the Company and the Trust will not be affected by the Consolidation (beyond the negligible impact of rounding fractional entitlements).

If Resolution 4 is approved the Consolidation will take effect on 8 November 2013.

Rationale

Aspen Group currently has 1,198,480,019 Stapled Securities on issue. In conjunction with the on-market buy-back proposed in Resolution 5, the purpose of the Consolidation is to provide Aspen Group with a more appropriate capital structure and a more appropriate security price for a listed entity of Aspen Group's size and market capitalisation.

The Board considers the benefits of the Consolidation are:

- reduced volatility of the Stapled Securities arising from the fact that the minimum security price movement permitted by the ASX (of \$0.005 cents) represents a higher proportion of the Aspen Group's Stapled Security price than it would if Aspen Group had a security price comparable to other entities;
- likely increase in the total average value of Stapled Securities traded, as a result of the spread between bid and asking prices being a smaller percentage of Aspen Group's security price post consolidation, leading to greater liquidity;
- reduced administrative costs associated with the current large number of Stapled Securities on issue;
- improved market perception and attractiveness of Aspen Group; and

- potential increased investment by institutional investors who may have been limited by their charters or mandates from investing in, or increasing their positions above certain levels in, securities with low security prices and/or low liquidity.

Effect of Consolidation on Stapled Securities, Options and Performance Rights

Stapled Securities

As at 16 September 2013, Aspen Group had 1,198,480,019 Stapled Securities on issue. If Resolution 4 is passed the number of Stapled Securities on issue will be reduced to approximately 119,848,002. The price per Stapled Security can be expected to increase to reflect the reduced number of Stapled Securities on issue.

Options

Under the Consolidation, any options and their respective exercise prices will be reorganised in accordance with ASX Listing Rule 7.22.1. This means that any options will be consolidated in the same ratio as the Stapled Securities and their exercise prices will be amended in inverse proportion to that ratio.

Currently, the only options on issue are 17,294,118 options granted to the Managing Director, Mr Salwin, which were approved by securityholders at a general meeting on 6 September 2013. Accordingly, if Resolution 4 is passed, the 17,294,118 options will be consolidated into 1,729,412 options and the current exercise price of each option will be multiplied by 10 to obtain the new exercise price post-Consolidation of \$2.00.

Performance Rights

Aspen Group has 14,144,839 Performance Rights on issue. Each Performance Right is exercisable into one Stapled Security for nil consideration (subject to satisfaction of any vesting conditions). If Resolution 4 is passed, the number of Performance Rights on issue will reduce to approximately 1,414,484 (i.e. on a one for ten basis).

The table below sets out the number of securities on issue before and after the Consolidation.

Securities on issue (as at 16 September 2013)	Pre-consolidation	Post-consolidation *
Stapled Securities	1,198,480,019	119,848,002
Options	17,294,118	1,729,412
Performance Rights	14,144,839	1,414,484

* Subject to rounding adjustments

Securityholders will hold the same proportion of Aspen Group's share capital and net assets before and after the Consolidation (beyond the negligible impact of rounding fractional entitlements). The existing rights attaching to the Stapled Securities, Performance Rights and Options will not be affected by the Consolidation (beyond the negligible impact of rounding fractional entitlements).

Indicative timetable

If this Resolution 4 is passed, the Consolidation is expected to take effect on 8 November 2013 and otherwise in accordance with the following indicative timetable:

Details	Date
Annual General Meeting held	23 October 2013
Announcement to ASX that securityholders have approved the Share Consolidation	23 October 2013
Last day for trading in pre-consolidated Stapled Securities.	24 October 2013
Trading commences in the consolidated Stapled Securities on a deferred settlement basis.	25 October 2013

Last day for Aspen Group to register Stapled Security transfers on a pre-consolidated basis.	31 October 2013
First day for Aspen Group to register Stapled Security transfers on a post-consolidated basis.	1 November 2013
Last day to register Stapled Securities on a post-consolidation basis in the register of securityholders Deferred settlement trading ends. Dispatch of new confirmation statements.	8 November 2013
Normal trading of Stapled Securities starts	11 November 2013

These dates are indicative only and may be subject to change.

Fractional entitlements

The Consolidation will result in any securityholder whose existing holding is not a multiple of 10 receiving a fraction of a Stapled Security, Performance Right or Option (as the case may be). Where a fractional entitlement occurs, that fraction will be rounded up to the nearest whole number, provided that, in all the circumstances, the Board considers it fair and in the interests of securityholders as a whole to do so.

Post-Consolidation

As from the effective date of the Consolidation, all confirmation statements for Stapled Securities and certificates for Options and Performance Rights will cease to have any effect, except as evidence of entitlement to a certain number of post-Consolidation Stapled Securities, Performance Rights and Options.

After the Consolidation becomes effective, the Company will despatch confirmation statements to securityholders advising them of the number of securities held by them after the Consolidation.

Taxation

It is not considered that any taxation consequences will arise for securityholders and optionholders from the Consolidation. However, securityholders and optionholders are advised to seek individual tax advice on the effect of the Consolidation on their personal taxation affairs.

Requirements for approval

Section 254H of the Corporations Act and clause 2.3 of the Company's constitution allow the Company to consolidate its shares if the consolidation is approved by an ordinary resolution of securityholders at a general meeting.

Securityholder approval for the consolidation of the Trust's units is not required.

Recommendation

The Directors are not aware of any other information which securityholders of Aspen Group would reasonably require in order to decide whether or not it is in the best interests of Aspen Group to pass Resolution 4.

The Directors unanimously recommend that securityholders vote in favour of Resolution 4.

Resolution 5 – Securities Buy-Back

Overview

The Board seeks the approval of securityholders to commence an on-market buy-back (**Buy-Back**) of up to 299,620,005 Stapled Securities (or 29,962,000 Stapled Securities if Resolution 4 is passed and the Consolidation takes effect) (**Maximum Amount**), during the 12 month period commencing after the date of the meeting. If the Maximum Amount is bought back, it would represent 25% of Aspen Group's Stapled Securities on issue (based on 1,198,480,019 Stapled Securities on issue as at 16 September 2013).

If the Buy-Back is approved, Aspen Group would be able to buy-back Stapled Securities up to the Maximum Amount on-market over the 12 months after the Meeting, without further securityholder approval.

No decision has been made by the Board whether or when to implement the Buy-Back. The Board will only decide to buy-back Stapled Securities on-market if it considers it is in the best interests of Aspen Group.

How does an on-market buy-back work?

An on-market buy-back allows Aspen Group to buy-back Stapled Securities over time, depending on market conditions and prices. Any purchases would occur on-market in the ordinary course of trading in Stapled Securities, and the Stapled Securities would be cancelled immediately after they are bought back.

Although Aspen Group can determine the price at which to buy-back Stapled Securities, the ASX Listing Rules govern the maximum price Aspen Group can pay, being no more than 5% above the average market price over the last five days on which sales were recorded on the ASX before the day on which securities are to be bought back.

The terms of the Buy-Back

The Buy-Back will be conducted on the following terms:

- If securityholders approve Resolution 5 and the Board decides to implement the on-market buy-back of Stapled Securities, the Stapled Securities will be purchased in the ordinary course of trading at the prevailing market price on the ASX, in the same way as other market participants trade on-market;
- **number of Stapled Securities to be bought back:** Aspen Group is seeking approval to buy-back up to 299,620,005 Stapled Securities (i.e. the Maximum Amount). The number of Stapled Securities actually bought back will depend on a range of factors. In particular, an assessment of the value to Aspen Group of buying back Stapled Securities at particular market prices, alternative uses for cash, the market price and the Board's perception of the fair value of the Stapled Securities. In any case, Aspen Group will reserve the right not to buy-back any Stapled Securities; and
- **maximum price:** on any given day, the maximum price that Aspen Group will pay for Stapled Securities under the Buy-Back is the maximum imposed by ASX Listing Rule 7.33, being no more than 5% more than the average of the market price for Stapled Securities over the preceding five days on which sales of Stapled Securities are recorded.

Stapled Security price information

On 16 September 2013 the closing share price of the Stapled Securities was \$0.165. Aspen Group's highest and lowest market sales prices on ASX during the preceding 6 months were \$0.21 and \$0.15 respectively.

Reasons for the Buy-Back

Aspen Group is proposing to dispose of its interests in commercial property. Aspen Group expects to have cash available from the proceeds of disposal after repayment of associated debt. The Board may seek to return part of this cash via the Buy-Back. The Buy-Back forms part of Aspen Group's ongoing capital management, and if approved, will complement the Consolidation proposed in Resolution 4.

The Board considers that the Buy-Back is an effective means of returning capital to securityholders and will enable Aspen Group to maintain an efficient capital structure, thus optimising returns and creating value for securityholders over time.

The Board considers the benefits of returning capital to securityholders through the Buy-Back are as follows:

- it provides an efficient means of returning excess capital to securityholders;
- purchases under the Buy-Back can be tailored to react to changing market conditions; and
- implementation of an on-market buy-back is relatively simple and involves relatively fewer costs than other alternatives.

Possible disadvantages of the Buy-Back

The Board considers that the Buy-Back is in the best interests of securityholders. However, in making their decision, securityholders should evaluate the following factors:

- there will be a reduction in available cash levels and therefore Aspen Group's ability to use that cash for other purposes (including for asset acquisitions);
- the Buy-Back entails a reduction in the capital base of Aspen Group;

- the Buy-Back is likely to result in a reduction in the liquidity of the Stapled Securities and may result in reduction of the Group's index weighting or the Group being removed from an index; and
- the voting power of those securityholders who do not participate in the Buy-Back (or otherwise reduce their holding) will increase (see the "Control" section below for further details).

Effect of the Buy-Back on Aspen Group

Control

As at 16 September 2013, Aspen Group had 1,198,480,019 Stapled Securities on issue. As noted above, if the Buy-Back is approved, Aspen Group will be able to buy-back a total of 299,620,005 Stapled Securities (or 29,962,000 if the Consolidation goes ahead), which represents approximately 25% of the issued capital of Aspen Group.

As at 16 September 2013, Aspen Group's major securityholder, fund manager Allan Gray Australia Pty Ltd (**AGA**), holds approximately 19.4% of Aspen Group's Stapled Securities. If Aspen Group buys-back the Maximum Amount of Stapled Securities under the Buy-Back and AGA does not participate in the Buy-Back or otherwise reduce its holding, AGA's holding will increase to approximately 25.9%. As a result of an exemption under the general takeover provisions, such an increase does not mean that AGA is making, or is obliged to make, a takeover for the Aspen Group. AGA has indicated that it has no intention to make a formal takeover of the Aspen Group. In addition, were AGA's holding to increase by non-participation in the buyback, AGA could have a greater degree of influence when voting on resolutions to be considered at securityholder meetings. This is especially so for special resolutions, which requires at least 75% of the votes to be cast in favour of the resolution.

Financial position

The financial impact of the Buy-Back on Aspen Group is set out below. Solely for the purposes of illustration, the statements in this section **assume** that the Maximum Amount is bought back by Aspen Group at an average price of \$0.18 per Stapled Security. The Board can give no assurance that this will in fact occur.

NTA per Stapled Security	The NTA per Stapled Security is expected to increase by 33%.
Capital base	Aspen Group's capital base will be reduced by the market value of the Stapled Securities acquired by Aspen Group under the Buy-Back.
Business operations	The Buy-Back will not have any impact on Aspen Group's business operations or assets (other than a reduction in cash reserves as mentioned above).
Franking credits	The Buy-Back is not expected to result in any reduction in the Company's franking account.
Source of funds	The source of the funds for the Buy-Back will be the proceeds of the sale of Aspen Group's commercial property portfolio. Aspen Group does not believe that the Buy-Back will materially prejudice Aspen Group's ability to pay its creditors nor result in Aspen Group being unable to pay its debts as and when due.
Cash reserves	The Buy-Back will result in a reduction of Aspen Group's total cash holdings by approximately \$54 million. The Board is confident that Aspen Group will have sufficient remaining cash reserves to meet its financial needs and obligations for the future.

Employee incentive plans and Options

The Buy-Back will not:

- trigger vesting of any unvested Performance Rights issued under the PRP; nor
- result in an adjustment to the exercise price or the number of Stapled Securities to be issued on the exercise of any Options.

Taxation

The disposal of securities as a result of an on-market buy-back will result in the same taxation implications as any other dealing in Aspen Group Stapled Securities on the ASX. However, securityholders and optionholders are advised to seek individual tax advice on the effect of the Buy-Back on their personal taxation affairs.

Interests of Directors and Responsible Entity

As at 16 September 2013, the Directors and their associates have a direct or indirect interest in Stapled Securities:

Director	Registered holder if not directly held	Number of Stapled Securities	Number of Performance Rights	Number of Options
Frank Zipfinger		1,000,000	Nil	Nil
Hugh Martin		Nil	Nil	Nil
Clive Appleton	CR & J Appleton Super Fund	110,000	Nil	Nil
Guy Farrands	Kanook Pty Ltd ATF Kanook Super Fund	500,000	Nil	Nil
Clement Salwin	Magrippa Pty Ltd holds 50% of Stapled Securities	5,764,706	5,280,172	17,294,118

Proposed timing

Aspen Group may commence buying Stapled Securities under the Buy-Back after this Resolution 5 is passed. Aspen Group may buy-back Stapled Securities under the Buy-Back at its discretion in accordance with the above terms (including only being able to buy-back Stapled Securities up to the Maximum Amount) for the 12 months after the date on which Resolution 5 is passed.

Requirements for approval

Under the Corporations Act (as modified by ASIC relief), securityholder approval is required for Aspen Group to conduct a buy-back of its Stapled Securities if the number of Stapled Securities to be bought-back would exceed the "10/12 limit". The "10/12 limit" is 10% of the smallest number, at any time during the last 12 months, of Stapled Securities on issue (**10/12 limit**). As at 16 September 2013, Aspen Group's 10/12 limit was 119,848,002. Therefore, as Aspen Group is proposing to buy-back more than this number of Stapled Securities, securityholder approval for the Buy-Back is required.

Recommendation

The Board is not aware of any other information (not set out in this Explanatory Statement or made publicly available) which securityholders of Aspen Group would reasonably require in order to decide whether or not it is in the best interests of Aspen Group to pass the resolution.

The Directors unanimously recommend that securityholders vote in favour of Resolution 5.

GLOSSARY

Capitalised terms used in this Notice of Meeting and Explanatory Statement (other than Schedule 1) have the following meanings.

Term	Meaning
\$	Australian dollars.
Aspen Group	the Company and the Trust.
ASX	ASX Limited.
Board	the board of directors of Aspen Group.
Buy-Back	the on-market buy-back of Stapled Securities proposed in Resolution 5.
Company	Aspen Group Limited (ACN 004 160 927).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Eligible Employees	means any employee who is declared by the Board to be an eligible participant for the purposes of the PRP.
Explanatory Statement	the explanatory statement forming part of this Notice of Meeting.
EPS	earnings per share.
LTI	long term incentive.
KMP	the key management personnel of Aspen Group.
Meeting	the meeting of securityholders convened by the Notice of Meeting.
Notice of Meeting	the notice convening a meeting of securityholders to be held at 23 October 2013.
Option	options which on their exercise entitle the holder to be issued Stapled Securities.
Performance Right	a performance right granted under the PRP.

Term	Meaning
PRP	the Aspen Group Performance Rights Plan.
Remuneration Report	the Company's remuneration report for the year ended 30 June 2013.
Stapled Security	a fully paid ordinary share in the Company and a fully paid unit in the Trust stapled and traded together in accordance with the constitutions of the Company and the Trust as amended from time to time.
STI	short term incentive.
Trust	Aspen Property Trust (ARSN 104 807 767).
TSR	total securityholder return.

Schedule 1 – Summary of the Performance Rights Plan

Grant of Performance Rights	The Board may invite employees of a member of the Aspen Group to participate in the Performance Rights Plan (PRP). Eligible employees (Eligible Employees) return an acceptance form to respond to the invitation made to them by the Board. The Eligible Employee agrees to be bound by the PRP rules when accepting the invitation. When inviting Eligible Employees to participate in the PRP, the Board may set the exercise price, the performance period, the expiry date, and impose vesting conditions on the Performance Rights. If no exercise price is set it will be deemed to be zero.
Vesting Conditions	The Board has discretion to set vesting conditions that must be satisfied before an Eligible Employee can exercise their performance rights (Performance Rights). As set out in the Remuneration Report, the vesting conditions currently imposed on the Performance Rights under the PRP are: (i) continued employment throughout the vesting period; (ii) minimum internal performance ratings; and (iii) meeting TSR and EPS hurdles. The Board will consider introducing additional or different conditions for future grants of Performance Rights should prevailing market conditions support such a decision. TSR Hurdle TSR is a measure of the return to securityholders (over the vesting period) provided by security price appreciation, plus reinvested distributions expressed as a % of investment. The S&P ASX 300 Property Sector index will be used as a comparator group as it represents Aspen Group's listed property peers who compete for capital and talent. The TSR hurdle will be tested at the end of the performance period (three years from grant) by calculating the TSR growth performance of each entity in the comparator group. The performance of each company is then ranked, using percentiles. Aspen Group's performance will then be calculated at the end of the performance period and compared to the percentile rankings. The vesting of Performance Rights will be determined using the matrix in the table below. EPS Hurdle EPS growth is a measure of Aspen Group's financial performance. EPS is calculated using operating earnings per security adjusted for significant items and other items determined by the Board, as disclosed in the Director's Report and is usually set at the start of each financial year by the Board. EPS growth will be measured as the percentage increase in EPS (with respect to the previous financial year) in each of the three consecutive financial years commencing with the year in which the Performance Rights are granted. The aggregate of actual EPS growth rates over the three year performance period is then compared to the aggregate of the individual target EPS growth rates as determined by the Board for the corresponding financial years.

	The following vesting schedule applies to the award of any Performance Rights to eligible participants: <table><tr><th>Relative TSR over three years</th><th>Aggregate EPS Growth over three years</th><th>Proportion of TSR/EPS related rights vested</th></tr><tr><td>At or below the 50th percentile</td><td>Less than or equal to EPS Target</td><td>0%</td></tr><tr><td>At the 51st percentile</td><td>Greater than EPS Target</td><td>50%</td></tr><tr><td>Between the 51st percentile and the 75th percentile</td><td>Significantly greater than EPS Target</td><td>Straight-line between 50% and 100%</td></tr><tr><td>75th percentile or above</td><td>EPS Stretch Target achieved</td><td>100%</td></tr></table> The respective TSR and EPS hurdles must be satisfied to gain the proportion of Performance Rights referred to in the last column (assuming the other vesting conditions have been satisfied).	Relative TSR over three years	Aggregate EPS Growth over three years	Proportion of TSR/EPS related rights vested	At or below the 50 th percentile	Less than or equal to EPS Target	0%	At the 51 st percentile	Greater than EPS Target	50%	Between the 51 st percentile and the 75 th percentile	Significantly greater than EPS Target	Straight-line between 50% and 100%	75 th percentile or above	EPS Stretch Target achieved	100%
Relative TSR over three years	Aggregate EPS Growth over three years	Proportion of TSR/EPS related rights vested														
At or below the 50 th percentile	Less than or equal to EPS Target	0%														
At the 51 st percentile	Greater than EPS Target	50%														
Between the 51 st percentile and the 75 th percentile	Significantly greater than EPS Target	Straight-line between 50% and 100%														
75 th percentile or above	EPS Stretch Target achieved	100%														
Rights attaching to Performance Rights	Performance Rights granted under the PRP are not transferrable other than with the prior written consent of the Board nor may they be used to secure the payment of monies. Performance Rights immediately lapse if the participant encumbers or transfers their Performance Rights without consent. A Performance Right does not give the Eligible Employee any rights as a securityholder. The Eligible Employee has no interest in any stapled securities of Aspen Group until those stapled securities are transferred to the Eligible Employee following exercise of the Performance Rights.															
Lapse of Performance Rights	An Eligible Employee's Performance Rights will lapse in certain circumstances including if the: (a) Eligible Employee is terminated for cause; (b) Eligible Employee transfers their Performance Right without the prior written consent of the Board; (c) vesting condition attaching to the Performance Rights (if any) is not satisfied; (d) Performance Rights are not exercised within the specified period.															
Impact of leaving Aspen Group before vesting	Where an Eligible Employee leaves Aspen Group, the Eligible Employee's Performance Rights that have not yet vested are to be treated as follows: (a) termination for cause - automatically lapse; (b) ceasing employment for ill health or death – automatically lapse unless the Board determines otherwise; (c) ceasing employment by consent - automatically lapse unless the Board determines otherwise; (d) other reasons - automatically lapse unless the Board determines otherwise. When exercising its discretion the Board may determine some or all of the															

	Performance Rights vest.
Exercise of Performance Rights and issue of Stapled Securities	Performance Rights cannot be exercised unless the Vesting Conditions attaching to those Performance Rights (if any) have been satisfied. If the vesting conditions are met, the Eligible Employee may exercise their Performance Rights in accordance with the process set by the Board – which may be automatic exercise. Aspen Group must allocate stapled securities to the Eligible Employee shortly after exercise and arrange for the listing of any stapled securities issued by Aspen Group on exercise of the Performance Rights. Provisions are included to address the ability of an Eligible Employee to exercise Performance Rights during a trading blackout period in accordance with the requirements of Aspen Group's trading policy and any post issue restrictions on trading of stapled securities.
Takeovers, Schemes of Arrangement, Winding up and corporate events	The Board may (in its discretion) determine that Performance Rights will vest (irrespective of the vesting condition being satisfied) upon the occurrence of a change of control event, or the winding up of the Company. In considering this issue, the Board will take into account the extent to which the vesting conditions have or have not been satisfied up and until the event in question. Eligible Employees will receive an adjustment to the stapled securities received if the Company conducts a bonus issue or adjustment for re-organisation. No adjustment will be made for a Rights Issue unless the Board determines otherwise.
Amendments to the PRP	The Board may amend the terms of the PRP and vesting conditions save that it must obtain the consent of a Performance Rights holder if the amendment reduces the rights of the Performance Rights holder (other than amendments required to comply with law, correct a manifest error or mistake or address adverse tax outcomes).

End

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By mail:
Aspen Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



X99999999999

SECURITYHOLDER PROXY FORM

I/We being a member(s) of Aspen Group Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am (WST) on Wednesday, 23 October 2013, in the Karri Room at the Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

Resolution 1

Re-election of Guy Farrands as a Director

For	Against	Abstain*
☐	☐	☐

Resolution 4

Consolidation of Shares

For	Against	Abstain*
☐	☐	☐

Resolution 2

Adoption of Remuneration Report

For	Against	Abstain*
☐	☐	☐

Resolution 5

Buy-Back

For	Against	Abstain*
☐	☐	☐

Resolution 3

Approval of the Aspen Group Performance Rights Plan

For	Against	Abstain*
☐	☐	☐

☒ * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

EXPRESS AUTHORISATION

Important for Resolutions 2 and 3 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

If you wish to give the Chairman specific voting directions on Resolutions 2 and 3, you should mark the appropriate box opposite Resolutions 2 and 3 (directing him to vote 'for', 'against' or to 'abstain' from voting). Alternatively, you can authorise the Chairman of the Meeting to vote as he sees fit by marking the box immediately below. If you do not mark the box below, and you have not otherwise directed your proxy how to vote on Resolutions 2 and 3, the Chairman of the Meeting will not cast votes as your proxy on Resolutions 2 and 3 and your votes will not be counted in computing the required majority if a poll is called on Resolutions 2 and 3.

☐

Chairman authorised to exercise proxies on remuneration related resolutions (Resolutions 2 and 3): Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 2 and 3 (except where I/we have indicated a different voting intention above) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Resolutions 2 and 3 are connected directly or indirectly with remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote all undirected proxies in favour of all resolutions.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

APZ PRX302R

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses, unless your proxy is prevented from voting as a result of the voting exclusions set out in the Notice of Meeting for resolutions 2 and 3. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Monday, 21 October 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Aspen Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**