



## **NOTICE OF ANNUAL GENERAL MEETING 2008**

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 Duxton Room 3 at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia at 3.30pm on 20 November 2008.

# AGENDA

## ORDINARY BUSINESS

### 1. Financial Accounts and Reports

To receive and consider the financial report for the year ended 30 June 2008 for Aspen Group, including the director's declaration, director's report and audit report.

### 2. Remuneration Report

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

*"That the Company's remuneration report for the year ending 30 June 2008 be adopted."*

(Note: this resolution is advisory only and does not bind the directors or the Company)

### 3. Re-election of Seng Fai Chan as a Director by Shareholders

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

*"To re-elect as a Director of the Company, Mr Seng Fai Chan, who retires by rotation and being eligible offers himself for re-election."*

## SPECIAL BUSINESS

### 4. Ratify prior issue of Stapled Securities

To consider and, if thought fit, pass the following resolution as a special resolution of Aspen Group:

*"That pursuant to ASX listing rule 7.4 and ASIC class order 05/26 the members of Aspen Group ratify the placement of 24,518,325 stapled securities issued at \$0.90 on 17 October 2008 to professional investors as defined in section 9 of the Corporations Act."*

#### Voting Exclusion Statement

Aspen Group will disregard any votes cast on this resolution by:

- a person who participated in the issue; or
- an associate of any such persons.

However, Aspen Group will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

**5. Approval for Gavin Hawkins to acquire Stapled Securities pursuant to an Executive Director Long Term Incentive Package**

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

*"That for the purposes of Listing Rule 10.14 of the ASX Listing Rules, the members of Aspen Group hereby approve the acquisition of stapled securities by Gavin Hawkins pursuant to the Executive Director Long Term Incentive Package."*

**Voting Exclusion Statement**

Aspen Group will disregard any votes cast on this resolution by:

- a director of the Company or the responsible entity of the Trust except for a director who is ineligible to participate in the Executive Director Long Term Incentive Package; and
- an associate of a director whose votes are to be disregarded.

However, Aspen Group will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

**6. Approval for Angelo Del Borrello to acquire Stapled Securities pursuant to an Executive Director Long Term Incentive Package**

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

*"That for the purposes of Listing Rule 10.14 of the ASX Listing Rules, the members of Aspen Group hereby approve the acquisition of stapled securities by Angelo Del Borrello pursuant to the Executive Director Long Term Incentive Package."*

**Voting Exclusion Statement**

Aspen Group will disregard any votes cast on this resolution by:

- a director of the Company or the responsible entity of the Trust except for a director who is ineligible to participate in the Executive Director Long Term Incentive Package; and
- an associate of a director whose votes are to be disregarded.

However, Aspen Group will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

**GENERAL BUSINESS**

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

By order of the Board.

A handwritten signature in dark ink, appearing to read 'G. Hawkins', is written over a light blue horizontal line.

Gavin Hawkins  
Company Secretary of Aspen Group Limited  
and Aspen Funds Management Limited

Dated: 20 October 2008

**SNAPSHOT DATE**

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 shareholders at 5:00pm WDST on 18 November 2008. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## EXPLANATORY STATEMENT

This Explanatory Statement comprises part of and should be read in conjunction with the Notice of Annual General Meeting.

### PROPOSED RESOLUTION

#### Item 2 - Remuneration Report

As per 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 44 – 53 of the Annual Report which is available from Aspen Group or available on our website ([www.aspengroup.com.au](http://www.aspengroup.com.au)).

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.

Sections 249L(2) and 250R(2) of the *Corporations Act* require that a resolution that the Remuneration Report be adopted 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 and does not bind the Board.

#### Item 3 – Re-election of Seng Fai Chan as a Director by Shareholders

Mr Seng Fai Chan is a qualified barrister and solicitor with over 20 years experience as a legal practitioner, and has been a member of the Australian Society of Accountants for the past 30 years. He specialises in the fields of commercial law, taxation, leasing, and company structures, and acts for a number of major high net worth offshore clients with particular interests in the Asian region. Prior to commencing his own legal practice Mr Chan spent several years with the Australian Taxation Office gaining valuable experience in the area of taxation law.

His experience and knowledge of both corporate law and property law is of significant benefit to Aspen Group.

#### Item 4 – Ratify Prior Issue of Stapled Securities

This resolution is to ratify the issue of 24,518,325 securities on 17 October 2008 via a placement to institutional and sophisticated investors at \$0.90 per stapled security for the purposes of the *Corporations Act* and ASX Listing Rule 7.4. The new stapled securities ranked equally with existing stapled securities from the date of issue.

The \$22.1 million raised from the issue is to be used for the development of two property assets as outlined in the announcement to the ASX dated 17 October 2008.

The issue was managed by Euroz Securities Limited. The securities were acquired by professional investors within the definition of section 9 of the *Corporations Act*. Aspen Group, its directors and associates did not participate in the issue.

Under ASX Listing Rule 7.1, listed entities are entitled to issue up to 15% of their issued capital in any 12 month period without securityholder approval. ASX Listing Rule 7.4 allows an issue made without securityholder approval under ASX Listing Rule 7.1 to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if it is subsequently approved by securityholders. Aspen Group wishes to seek securityholder approval for the purposes of ASX Listing Rule 7.4 by ratification in order to renew the capacity to issue up to 15% of the equity securities on issue in a 12 month period.

ASIC Class Order 05/26 provides relief under section 601QA(1)(a) and (b) of the Corporations Act so that units in a trust can be issued without unitholder approval at a price determined by the responsible entity provided the issue, together with any issues of units up to one year previously, would not comprise more than 15% of the units of the same class on issue after the issue is included. The issue of securities referred to in this resolution did not require approval under either ASX Listing Rule 7.1 or the Corporations Act as modified by ASIC Class Order 05/26.

The effect of securityholder approval of this resolution would be that this issue of securities would not be counted in determining whether any further issues of securities would breach the 15% limit under ASX Listing Rule 7.1 or ASIC Class Order 05/26. In other words, the limits under ASX Listing Rule 7.1 and ASIC Class Order 05/26 would be refreshed to the extent of the approval and Aspen Group would not be required to count the issue referred to in this resolution if making an issue of securities in the next 12 months without securityholder approval.

Under ASIC Class Order 05/26 securityholder approval is required by special resolution whereby votes must be cast on the resolution by holders of not less than 25% of the stapled securities entitled to vote. Only securityholders who did not participate in the placement are entitled to vote. Securityholders are therefore encouraged to cast their vote on this resolution (whether in person or by proxy).

The directors recommend that securityholders vote in favour of this resolution.

#### **Items 5 and 6 – Approval for Directors to acquire stapled securities under an Executive Director Long Term Incentive Package (“EDLTIP”)**

The Group’s executive remuneration policy is outlined within the 2008 Aspen Group Annual Report.

Long Term Incentives are a key component of this remuneration policy and designed to recognise the effectiveness of the Executive Directors, reward them for continued sustained performance and out-performance, as well as providing an effective lock-in mechanism for the retention of their services.

At the Aspen Group’s 2007 Annual General Meeting, shareholders voted in favour of the issue of securities under the EDLTIP and this comprised two tranches being:

- Tranche A - a one-off issue of 4,000,000 stapled securities; and
- Tranche B - an annual component for the 2007/08 financial year of 1,500,000 stapled securities.

The remuneration committee has recommended that a Tranche B issue of 1,500,000 securities be made to each Executive Director for the 2008/09 financial year following the outstanding performance of Aspen Group as demonstrated by the 2008 financial results.

The key conditions of the issue of Tranche B securities are described further below, and are consistent with the approval obtained at the 2007 Annual General Meeting except for the time period in relation to the calculation of the performance hurdles, vesting period and loan waiver, which is to be 1 July 2008 to 30 June 2011.

ASX Listing Rule 10.14 requires a listed entity to obtain security holder approval by ordinary resolution for directors of the entity to acquire securities under an employee incentive scheme.

For the purpose of ASX Listing Rule 10.15A, the following information is provided with regard to the EDLTIP for the proposed issue:

- (a) Each of the persons acquiring stapled securities are Executive Directors of the Company or the responsible entity of the Trust.
- (b) The names of persons who received securities under the EDLTIP since the 2007 Annual General Meeting approval, and the number of securities received and acquisition price of each security are as follows:
  - Gavin Hawkins received 5,500,000 stapled securities at \$2.693 on 27 November 2007; and
  - Angelo Del Borrello received 5,500,000 stapled securities at \$2.693 on 27 November 2007.

- (c) The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are:
- Gavin Hawkins; and
  - Angelo Del Borrello.
- (d) The maximum number of stapled securities that may be acquired by each of those persons is as follows:

Tranche B, representing an annual issue for the 2008/9 financial year of 1,500,000 stapled securities per Executive Director, with an issue price of the 5 day Volume Weighted Average Price prior to the day of issue, and a vesting period over three financial years commencing from 1/7/08.

- (e) The vesting of the stapled securities will be subject to the achievement of performance hurdles over the vesting periods. The performance hurdles selected are Total Securityholder Return (TSR) relative performance against the S&P/ASX 200 Property Accumulation Index and Underlying Earnings per Security (EPS) growth. Each hurdle is weighted 50% toward the proposed issue of securities, and are determined independently of each other.

The Vesting period and Vesting hurdle conditions are as follows:

<b>Performance Level</b>	<b>Total Securityholder Return</b>	<b>Percentage of LTI Rights Vesting</b>
Under threshold	Less than 50 <sup>th</sup> percentile	Nil Vesting
Threshold	50 <sup>th</sup> percentile	50%
Stretch	75 <sup>th</sup> percentile	100%
Between Threshold and Stretch	50 <sup>th</sup> to 75 <sup>th</sup> percentile	Pro-rata between 50% and 100%

<b>Performance Level</b>	<b>Average Annual Compound Underlying EPS Growth</b>	<b>Percentage of LTI Rights Vesting</b>
Under threshold	Less than 5%	Nil Vesting
Threshold	5%	50%
Stretch	10%	100%
Between Threshold and Stretch	5% to 10%	Pro-rata between 50% and 100%

- (f) The acquisition of stapled securities under the EDLTIP will be financed from the proceeds of a loan extended by Aspen Group to participants under the following terms:
- (i) All stapled securities financed by Aspen Group shall be subject to a holding lock until the loan is repaid in full.
  - (ii) All dividends or distributions paid, capital returns or other proceeds whatsoever received in respect of the stapled securities financed by Aspen Group shall be applied in payment of interest and then to the loan principal. Where a participant is subject to a tax liability as a result of receiving any distribution or issue under the Plan and where the interest component has been satisfied in full Aspen Group may elect to return to the participant an amount equal to the tax liability.
  - (iii) The loan is subject to waiver where the following hurdles have been achieved as at 30 June 2011:

- a waiver of 25% of the original loan amount under each performance hurdle (total 50% waiver) where each of the stretch hurdles as detailed in the above table are achieved over the three year period ending 30 June 2011;
  - a further 25% waiver of the original loan amount where TSR is on or above the 90<sup>th</sup> percentile over the three year period ending 30 June 2011; and
  - a further 25% waiver of the original loan amount where EPS growth is 15% per annum or above over the three year period ending 30 June 2011.
- (iv) On any sale of stapled securities purchased with the loan, the participant must apply the net proceeds of the sale in reduction of the loan as long as any part of the loan remains outstanding.
- (v) If the proceeds of sale of the stapled securities exceeds the amount of the loan then outstanding, Aspen Group shall account to the participant for the surplus.
- (vi) Interest on the loan will be calculated daily and payable by the participant to Aspen Group at an interest rate no less than Aspen Group's cost of funds. Interest will only be payable out of dividends paid, capital returns or other proceeds in respect of the stapled securities at the end of each interest period and on the termination date. Where these funds are not sufficient to cover the interest outstanding, the interest will compound.
- (vii) The participant must repay any outstanding loan balance in full to Aspen Group within 7 years from the date of the grant of the loan. If the participant does not repay the balance in full the recourse of Aspen Group against the participant is limited in the manner set out below.
- (viii) If, after 28 days from the termination of the participant's appointment with Aspen Group, any part of the loan remains outstanding, then Aspen Group shall cause the stapled securities to be sold on such terms as Aspen Group sees fit and shall apply the proceeds of sale in satisfaction of the loan.
- (ix) The recourse of Aspen Group against the participant to recover the loan is limited to the exercise of Aspen Group's powers in respect of the stapled securities such that the participant is only liable in his personal capacity for the payment of the loan for an amount up to the sum recovered by Aspen Group by virtue of the exercise of its powers with respect to the stapled securities.
- (g) Details of any stapled securities issued under the EDLTIP will be published in each annual report of Aspen Group relating to the period in which securities have been issued and that approval for the issue of securities was obtained under Listing Rule 10.14.
- (h) Any additional persons who become entitled to participate in the EDLTIP after the resolutions are approved and who were not named in the notice of meeting will not participate until approval is obtained under Listing Rule 10.14.
- (i) Aspen Group will issue the stapled securities for the proposed Tranche B amount within 15 days of receiving securityholder approval.
- (j) Underlying Earnings Per Security represents the underlying net profit after tax per security of Aspen Group, i.e. adjusted for significant non-cash items, as disclosed per Aspen Group's annual report.
- (k) Where the participant ceases to be employed by Aspen Group because of a Qualifying event prior to the satisfaction of the performance hurdles the stapled securities will vest on a pro-rata basis if the event occurs within two years from the date of issue of the securities, and will fully vest where the event is more than two years from the date of issue. A Qualifying event is considered to be death, total and permanent disability, redundancy, retirement or a change in control of Aspen Group.