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Aspen Property Trust
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ASX ANNOUNCEMENT 20 NOVEMBER 2008

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Ladies and gentlemen, Annual General Meetings are points on the calendar when shareholders get an opportunity to reflect on their Company's recent performance and assess the prospect of their Company going forward.

At this current juncture, particular attention is also being given by investors to the outlook for the Property Sector as a whole.

Invariably and quite rightly attention is also focused on the performance and remuneration of their Board of directors and management team.

We will address all these aspects today, but firstly I can happily report that for the 2008 financial year the following key results were achieved:

- Continued strong track record of underlying EPS and DPS growth;
- Distributions continued to be paid from underlying earnings and not from property revaluations;
- Strong overall property portfolio performance, with major highlight being the St Kilda Rd 10 year lease with L'Oreal for circa 50% of net lettable area;
- Woodside secured as anchor tenant for Aspen Karratha Village Development; and
- Entry into the S&P ASX 300 Index.

Clearly this strong operating performance has not left the Group immune from the current market turmoil. The events over the past 12 months in all global markets have, I suggest, been without precedent in our lifetimes.

The listed property trust sector in particular has underperformed. Negative sentiment to the Australian Property Sector was initially led by the demise of the Centro Property Group. This preceded a long series of profit warnings and further corporate collapses within our peer group.

The Board and executive team are of course extremely disappointed for all shareholders for the loss in market value of the Aspen share price. It is of little or no comfort that the movement of our share price has been mirrored by the broader market.

While I cannot in the current market turmoil discuss where any particular sector is headed, I can say with great confidence that the Board believe the current low share price does not reflect the significant value in the strong underlying recurring business earnings and quality asset base of the Group.

A price/earnings ratio of approximately 3 and a share price at a discount of approximately 65% to Net Tangible Assets demonstrates that the market pendulum has now swung too far and is being led solely by market fear. How long this malaise will continue is unknown but perhaps one previously unsung virtue of globalisation will be the unified international response to this crisis of confidence.

How is your Board responding to this challenge?

The Board along with the executive management team have been continually examining the business model and cost structures in light of the current market conditions as follows:

- Reviewing the carrying values of our properties, our major asset, to ensure they remain appropriate given the back drop of a rapidly changing economic environment;
- Ensuring our cost structures remains consistent with the current status of our business. To this end significant cost savings are expected for the FY09 and FY10 years;
- Reducing, with the full support of all participants, the non-executive director fees and the base remuneration levels of the executive directors by 10%; and
- Continuing to review opportunities and applying a thorough and critical due diligence process so as to only proceed with any transaction on a most advantageous basis.

We believe that with hard work and these wide ranging initiatives we will continue to consolidate and grow in these difficult times.

The pleasing aspect is that Aspen's operations continue to trade well. Key factors that indicate Aspen is well placed going forward include.

1. Strong relations with its Australian banking partners;
2. A conservative gearing position;
3. An asset portfolio that is well placed both in terms of its sector makeup (limited exposure to retail) as well as being predominantly located in the stronger urban markets of Perth and Adelaide (72%);
4. Strong rental growth locked in for FY09 and FY10, particularly with the Karratha village coming on line this year;
5. Ability to benefit from interest rate reductions through having only 52% of its debt book hedged. This means that any rate reductions directly benefit the Group; and
6. Reduced overhead cost structure.

Your Managing Director Mr Angelo Del Borrello will provide further detail in his presentation on the above points and your Board welcomes your questions at the conclusion.

Before proceeding with the agenda items for today's meeting I would like to take this opportunity to congratulate your executive directors Angelo Del Borrello and Gavin Hawkins on the outstanding results for the 2008 financial year, which they could not have achieved without dedicated and hard working team of employees. The Aspen people remain one of our biggest assets and this experienced and stable team will be invaluable going forward.

End

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About Aspen Group

Aspen Group is an ASX listed property investment and funds management group, focused on acquiring quality property assets and creating and managing innovative property funds and syndicates.

Formed in 2001, Aspen has progressed rapidly and is now a member of the S&P/ASX 300 index with assets under management in excess of \$1.4 billion.

Aspen's core strength lies within the Group's broad expertise across property acquisition, development and management enabling the Group to provide leading edge property solutions.

Aspen directly owns and manages a well diversified portfolio of commercial property assets Australia-wide. The portfolio is spread across the office, industrial and retail sectors and has grown through acquisitions and portfolio revaluations of existing properties driven by a strong property management focus.

Aspen also has developed an outstanding reputation for creating unique and successful funds management products and related services. These managed funds have provided investment opportunities across a broad spectrum of property sectors including tourist parks, residential land subdivisions, CBD office developments, private hospital developments and retirement and accommodation villages.

Aspen continues to source acquisition opportunities for both balance sheet and syndication purposes in order to achieve further growth in both assets and earnings for securityholders.

Aspen Group

2008 Annual General Meeting Presentation

“Creating wealth through intelligent property investment”

Aspen Group

Corporate Structure

	Investment Property	Funds Management	Equity Investments
Assets Managed	<ul style="list-style-type: none"> • 12 Properties • \$412M 	<ul style="list-style-type: none"> • 7 Divisions • \$1,099M 	<ul style="list-style-type: none"> • 8 Investments • \$82M
Description	<ul style="list-style-type: none"> • Portfolio of diversified property assets • Strong income security through high quality tenants and long term leases • Underpins funds management growth through finance facilities 	<ul style="list-style-type: none"> • Driving DPU and EPU Growth • Efficient use of capital • Leverages Aspen's core property expertise • Long term and growth sectors • Broadens Aspen revenue streams and sector exposure 	<ul style="list-style-type: none"> • Co-invests in funds <ul style="list-style-type: none"> - Strategic stakes - Enhance investor confidence - Accretive returns to APZ • Ongoing funding activities to support growth

Contents

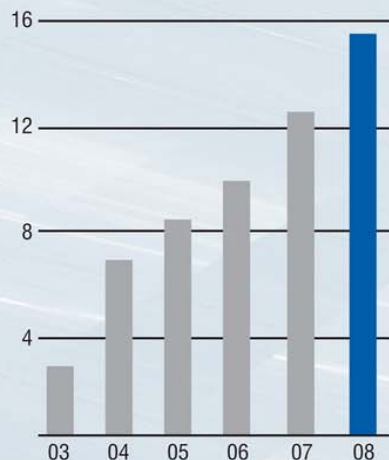
1. 2008 Results Summary
2. State of the Market
3. Aspen Group Update
4. Outlook

ASPEN
GROUP

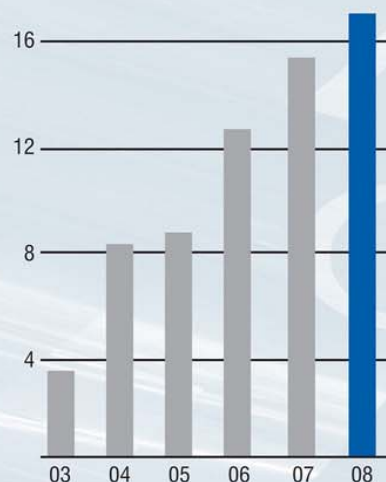
1. 2008 Results Summary

Consistent Track Record

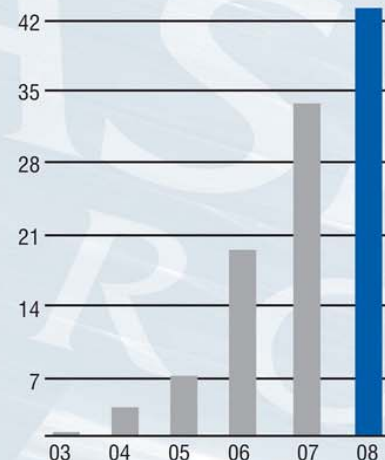
Distribution
per Security
15.50
cents



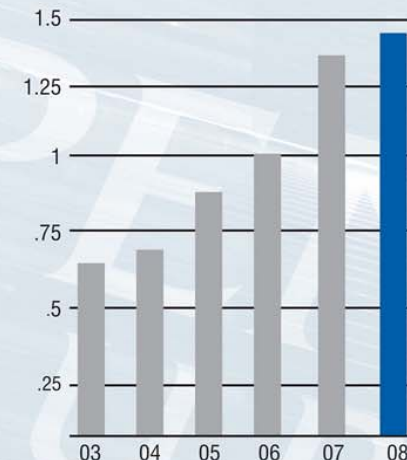
Underlying
Earnings per Security
17.01
cents



Underlying
Net Profit
\$43.80
million



Net Tangible
Assets
\$1.41



Five year Cumulative Annual Growth Rate

EPS 18.1%

DPS 22.6%

1. 2008 Results Summary

Highlights

- Continued strong track record of underlying EPS and DPS growth
- Distributions continued to be paid from underlying earnings
- Strong property portfolio performance
- St Kilda Rd building secured a 10 year lease with L'Oreal for circa 50% of net lettable area
- Woodside secured as anchor tenant for Aspen Karratha Village Development
- Entry into S&P ASX 300 Index
- Enjoyed market recognition through:
 - National Property Council award “Excellence & Innovation” for Adelaide CBD Office Tower
 - Aspen Parks received 5 Star Morningstar rating

1. 2008 Results Summary

Key Results Summary

	FY08	FY07	Change	%
Underlying Operating Revenue	\$76.9m	\$60.0m	28%	▲
Profit from Underlying Earnings after tax	\$43.8m	\$33.5m	31%	▲
Underlying Earnings per Security	17.01 cents	15.62 cents	9%	▲
Distribution per Security	15.50 cents	12.75 cents	22%	▲
Total Assets	\$652.7m	\$536.9m	22%	▲
Net Tangible Assets per Security	\$1.41	\$1.32	7%	▲
Gearing	33%	31%	6%	▲

Contents

1. 2008 Results Summary
2. State of the Market
3. Aspen Group Update
4. Outlook

ASPEN
GROUP

2. State of the Market

Key Factors

Concerns

- General sentiment in the listed property sector
- Lack of liquidity and changed asset allocations (movement to cash) has severely restricted buyers in the market
- Tight credit conditions have put downward pressure on property values
- Listed and unlisted property groups are attempting to divest non-core assets to reduce gearing. Limited sales occurring due to:
 - lack of available buyers resulting from tight credit conditions
 - buyers only seeking stressed sale pricing
- Expectation that property values may come under pressure in the short term
- Possible implications from a slowing economic environment

Positives

- Rapidly reducing interest rates will improve earnings performance of sector
- Construction costs remain high, which combined with recent yield softening is eliminating new supply from entering the market, underpinning current rent levels
- Assets generally not stressed (i.e. well tenanted), thus minimising “fire sales” through this cycle
- Still some very strong markets in Australia with tight supply

2. State of the Market

Outlook

- The recent 200 bps interest rate reduction and projected further falls should have a positive impact on demand for property
- Expect availability of debt to remain tight in the short term
- Deteriorating economic conditions may flow through to some occupancy softening
- The risk free bond rate has come off recent highs (6.29%) which was a major factor pressuring softening in cap rates. To date the bond rate is trending back down to all time lows below 5%
- Reduction in cost of capital, softening property yields and the lower Australian dollar have created renewed interest from foreign investors
- Commercial property fundamentals such as generally low vacancy rates, solid rental rates and constrained supply issues remain positives for the market
- Properties that are in sectors or geographical locations that attract strong rental growth will be able to protect their asset values

Contents

1. 2008 Results Summary
2. State of the Market
3. Aspen Group Update
4. Outlook

ASPEN
GROUP

3. Aspen Group Update

FY09 Year to Date

- Karratha Village on track to complete ahead of schedule (Dec 08) and on budget
- Alcoa office building partially re-leased to State Government tenant adding upside to book value
- Lower interest rates will benefit the Group's variable rate debt exposure (circa 47% of Group debt)
- Significant overhead reductions already made with further initiatives planned
- \$22m placement completed at \$0.90 per security in difficult market

3. Aspen Group Update

FY09 Full Year Earnings Outlook

Key factors driving FY09 result:

1. Earnings breakdown:

- 75% earnings from rental income and recurring management fees
- 21% from transactional based management fees (i.e. ADF No1 fund and Aspen Living funds)
- 4% from acquisitions (amortisation of ADF No1 establishment over 3 years)

2. Investment property rental income up an expected 23% on FY08

3. Benefiting from lower interest rate environment (200 bps average expected saving on 47% unhedged portion of debt – full impact in FY10)

4. Savings made to overhead cost structure – circa 10% reduction expected in FY09 (expected FY10 reduction saving of 20% on FY08 costs)

3. Aspen Group Update

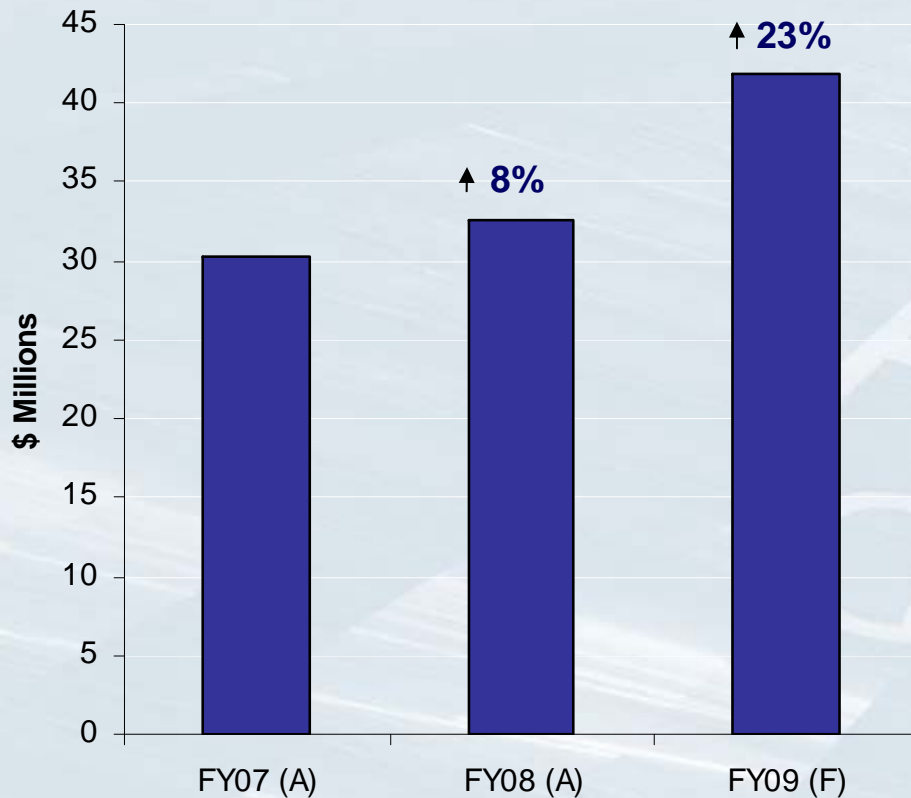
Debt Structure - Aspen Property Trust

Debt Profile (31 October 2008)

Gearing	36%
Percentage Hedged	53%
Average Hedge Maturity Profile	2.2 yrs
Weighted average cost of funds	6.96%
Senior Debt Facility Expiry	Oct 2011
Look-through gearing	43%
Net interest cover covenant	1.5 times
	FY09 Forecast
Interest Cover – Rental income only	2.2 times
Interest Cover – Group Earnings	4 times

3. Aspen Group Update

Rental Growth Outlook



- Capitalise on exposure to strong Perth and Adelaide CBD office markets which have experienced record low vacancy rates
- Karratha Village rental income commences secured by long term lease to Woodside

Key assumptions:

- CPI adjustments at 3.0 %
- Market reviews at current rates

3. Aspen Group Update

Investment Property Valuations

- Market evidence (based on limited “fire sale” transactions) suggests cap rates have further softened since June 2008
- As outlined in our 2008 results presentation, the Group’s properties are well placed to absorb this softening given significant rental increases and conservative historical valuations
- Internal modeling on our property portfolio, taking into account latest market evidence and conservative assumptions indicates:
 - The weighted average portfolio cap rate will increase from 7.8% to 9.0%
 - Carrying values of balance sheet assets are however expected to withstand the projected cap rate softening and at least maintain current value, due to strong rental growth and the completion of the Karratha project

3. Aspen Group Update

Funds Management

Branding	Aspen Parks	Aspen Diversified	Aspen Living	Aspen Developments	Aspen Villages	Aspen Communities
Sector	Tourism and Accommodation	Core Income	Residential Estates	Development Fund Series	Modular Affordable Accommodation	Retirement Aged Care
Asset Value	\$273 million	\$191 million	\$307 million	\$263 million	\$30 million	\$35 million
Gross Realisable Value	n/a	n/a	\$1,332 million	\$1,486 million	\$290 million	\$401 million

Summary

- Open-ended Funds have limited liquidity which has insulated Aspen from worst of market effects
- Closed-ended Funds (typically 8 years) have locked in equity with recurring returns driven by the development of projects, i.e. equity inflows not required to maintain earnings base
- Development projects within syndicates still attracting new debt funding

3. Aspen Group Update

Funds Management

Funds Management Income



Maturing division as indicated by higher asset management income in FY08

Contents

1. 2008 Results Summary
2. State of the Market
3. Aspen Group Update
4. Outlook

ASPEN
GROUP

4. Outlook

Strength in the Business Model

Current Market Issues	Aspen Position
Debt Facilities / Gearing	<ul style="list-style-type: none">➤ Gearing at 36% within Aspen's target range with scope to reduce➤ Senior facility expiry October 2011➤ 53% hedged and average swap term 2.2 years
Distribution payments from capital or revaluations	<ul style="list-style-type: none">➤ Track record of paying DPS from underlying EPS➤ Continued strong rental growth on current portfolio➤ 75% of income recurring in nature➤ Funds management income maturing
Carrying value of assets	<ul style="list-style-type: none">➤ Portfolio values resilient through:<ul style="list-style-type: none">▪ Strong market rental growth;▪ Over 50% portfolio exposure to strong Perth and Adelaide CBD office markets;▪ Portfolio cap rates not stretched; and▪ Portfolio vacancy of circa 3%
Limited growth outlook through capital and debt scarcity	<ul style="list-style-type: none">➤ Selective but high value acquisition strategy➤ New acquisition deals will need to be more structured in short to medium term➤ Significant organic growth within structure of existing funds

4. Outlook

Why Aspen?

There will be winners and losers from the changed landscape, so why is Aspen well placed to prosper?

- Growing rental income stream from property portfolio (not reliant on asset disposals)
- Current NTA of \$1.34
- 85% of property portfolio located in growth states of WA, QLD and SA
- Long term financing in place to October 2011
- Simple and understandable business model which delivers attractive return on capital
- Growing level of income from maturing funds under management complemented by new funds management initiatives
- Track record of identifying and converting opportunities
- No international property exposure

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