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ASX ANNOUNCEMENT
10 November 2014

Aspen Group
Annual General Meeting 2014

Please see attached copies of the Chairman's address and the Chief Executive Officer presentation to be presented at the Annual General Meeting of Aspen Group today at the Fremantle Room of the Parmelia Hotel, 14 Mill Street Perth at 10.00am (WST).

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Chairman's Address

Ladies and Gentlemen, welcome to our 2014 Annual General Meeting. My name is Frank Zipfinger. I am the Non-Executive Chairman of Aspen Group, and I have the privilege of being your Chairman for this meeting.

In my Chairman's Report this year I will provide you with a brief overview of the 2014 financial year, reflecting on how we have progressed with re-positioning the business during the year. Importantly, we will update you today on the next steps in our vision to position Aspen as a leader in the provision of "value-for-money" accommodation.

At the outset, I stress that the Board is acutely aware that returns to securityholders in recent years have been unacceptable. The Group's securities continue to trade at a discount to Net Asset Value and so building confidence in the business and closing the gap between Net Asset Value and the security price is a principal objective of everyone at Aspen.

Securityholders will recall that we set out at the beginning of the year with the primary goal of simplifying and focusing the business to concentrate on the "value-for-money" accommodation sector. This is an industry in which Aspen Group has an existing presence through management of and an equity interest in the Aspen Parks Property Fund and also ownership of the Aspen Karratha Village property.

The achievement of this goal required the disposal of our non-core commercial property portfolio, divestment of a myriad of non-core residential and development assets and reduction of debt. With the exception of the Spearwood Industrial Estate, it is pleasing to report that this strategy has been achieved. At 30 June 2014, the Aspen Group business had cash holdings, net of debt, of $18 million, with a simplified funding structure. Gearing was reduced to nil at 30 June 2014, down from 34% at 30 June 2013. To give you a perspective of how far we have come, two years ago this business had debt of $281 million, with a complex financing arrangement of eight debt facilities and an unsustainable overhead structure. These issues have been successfully addressed.

Nonetheless, it is disappointing to reflect that we recorded a statutory loss of $82 million for the 2014 financial year, mainly in the first half of the financial year after taking impairments and losses on assets sold or held for sale. However, our operating results were sound, up 32% from the previous year to $14.7 million and we made distributions totaling 11.5 cents per security this year.

The hard work during the year has provided a sound basis to move Aspen Group forward and in the past two months we have seen the benefits of having a stronger balance sheet. Last month we announced that Aspen Group underwrote a $41 million recapitalisation of the Aspen Parks Property Fund, which enables that Fund to have a stronger financial position and to undertake further acquisitions in the "value-for-money" accommodation sector. Through the underwriting process, Aspen Group emerged with a 40% interest in the Aspen Parks Property Fund, having previously held a 12.5% interest.

While pleased with the progress we have made, there remain some further key steps in our progression towards achievement of the goal of having Aspen Group being a leading provider of "value-for-money" accommodation. Our chief executive Clem Salwin will present these next steps in our strategy, which includes the finalisation of our exit from all the remaining non-core assets, including the Spearwood Industrial Estate.

As part of our strategy to build a leading A-REIT, we are planning to relocate our corporate head office functions from Perth to Sydney during the first half of 2015. This aligns with broadening our national footprint, in particular increasing the NSW and Queensland weighting of our portfolio

Our remuneration outcomes in 2014 mirrored our simplification strategy. In particular:

- all key management personnel remuneration and directors' fees were fixed at prior year levels;
- a significant restructure of finance and commercial leadership roles during the year resulted in annualised savings in fixed remuneration of $0.6m;
- incentive payments to key management personnel were down nearly 64% on the previous year;
- performance rights which were due to vest at 30 June 2014 were cancelled as they did not meet the performance criteria set by the Board; and
- there was an increase in the deferral period for any short term incentives from 12 months to 18 months.

Heading into 2015 we recognise that the transition of the business will necessitate that our remuneration strategy is further reviewed. Particular focus will be on the long term incentive hurdles to ensure they are appropriate for the business model and even further aligned with the interests of our securityholders.

In concluding my review, in terms of capital management, I note that a resolution to allow for an on-market buy-back of up to 20% of issued capital is tabled for consideration today. Following approval of a similar resolution at last year's Annual General Meeting, Aspen Group bought back and cancelled 5.7% of its securities which increased the proforma Net Asset Value per security from $1.50 to $1.52. I reiterate, in seeking the approval again this year that, as part of our overall capital management objective, we continue to remain open to all opportunities to create value for securityholders.

A small initiative, in respect of capital management, that we are also announcing today is the implementation of an unmarketable parcel sale facility. Aspen Group has approximately 1,100 securityholders with an unmarketable parcel of stapled securities, being a holding with a value of less than $500. This facility will assist holders of unmarketable parcels to sell them without brokerage costs while assisting Aspen Group in further reducing administrative costs.

We announced last month that guidance for Aspen Group distribution per security for FY15 is unchanged in the range of 8.0 to 10.7 cents. This assumes no material change in business conditions, with the upper end of the range being largely dependent on re-leasing of the Spearwood Industrial Estate post December 2014.

Finally, I thank my fellow Board members and all Aspen staff for their dedication and hard work this past year. Most importantly, on behalf of the Board, I extend gratitude to our fellow securityholders for their support of Aspen Group.

End

Chief Executive Officer presentation

Clem Salwin

Refocussed strategic direction

Transition Aspen to be a leading A-REIT focussed on 'value for money' accommodation

- Creation of a leading business is the surest path to the restoration of shareowner value
- Building blocks are in place to create a leading REIT:
  - Compelling customer / industry trends
  - Capital management discipline
  - Competitive advantage:
    - Customer value proposition
    - Strong operating platform
    - Development expertise to create value
- Path forward for the business builds on the achievements in FY14

Path forward – foundation laid

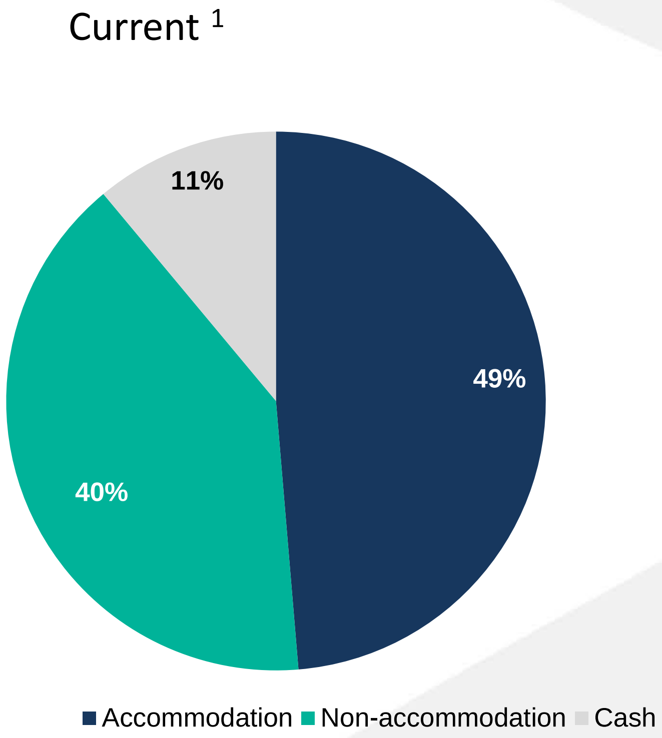
Building on delivery of FY14 strategic priorities

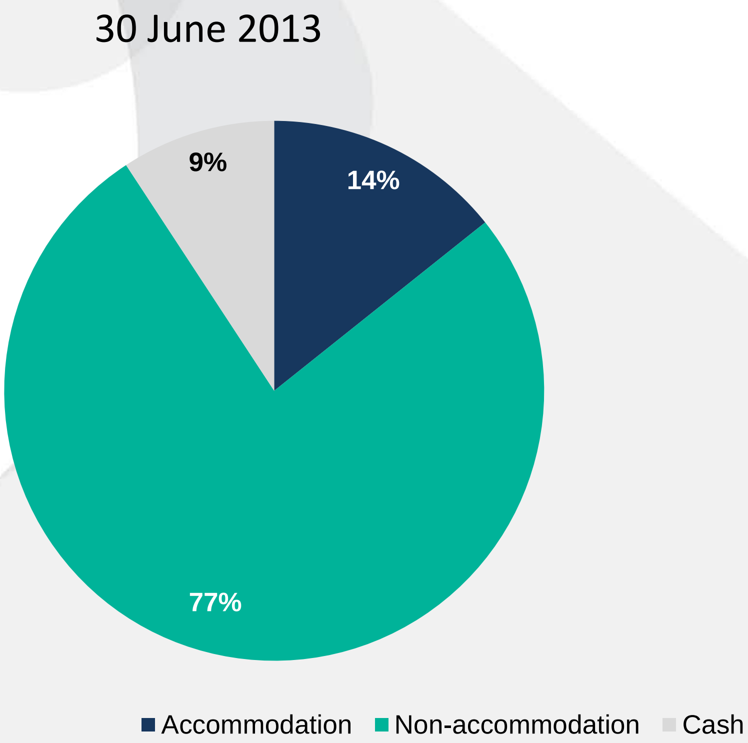
Key priorities	Progress
Exposure reduced to commercial properties and development assets	✓ Sale and settlement of 3 out of 4 commercial assets ➢ Spearwood sole key asset remaining ✓ Development asset exposure reduced from \$204.9m (June 13) to \$23.9m (June 2014). Only \$5.4m uncontracted currently[1]
Business simplified	✓ Overheads reduced by 33% year over year ✓ Current annualised rate is half that of FY13
Capital management	✓ Gearing net of cash at 5.9%[1] (versus 33.5% at 30 June 2013) ✓ All syndicate/subsidiary debt facilities repaid ✓ Undertook buyback of 5.7% of securities at average price of \$1.25
Focused on accommodation portfolio	✓ Aspen Karatha Village re-leased ✓ Recapitalised Aspen Parks Property Fund to strengthen its balance sheet and provide opportunity to grow ✓ Aspen Group currently holds 40% of APPF

1. As per September 2014 quarterly update, pro-forma position

Path forward – foundation laid

Major shift in the portfolio already achieved





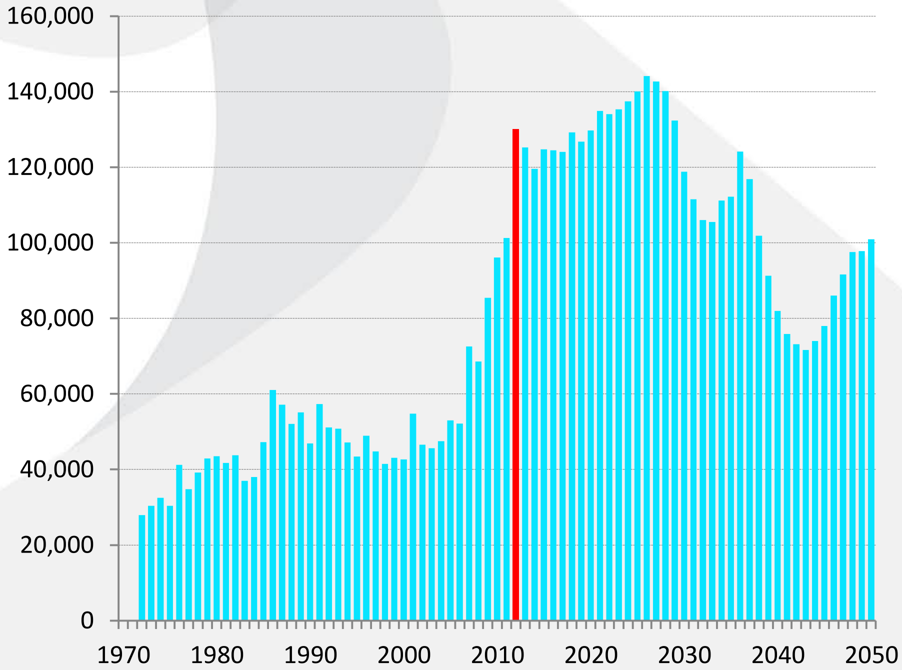
1. As per September 2014 quarterly update, pro-forma look through assets

Customer / industry trends

1. Strong demographics

- Strong demographic trends, underpinned by ageing population
- Sustained increase in number of people turning 65 each year
- Retirement savings often inadequate with increased lifespan
- Accommodation is a necessity

Net growth in population aged 65+



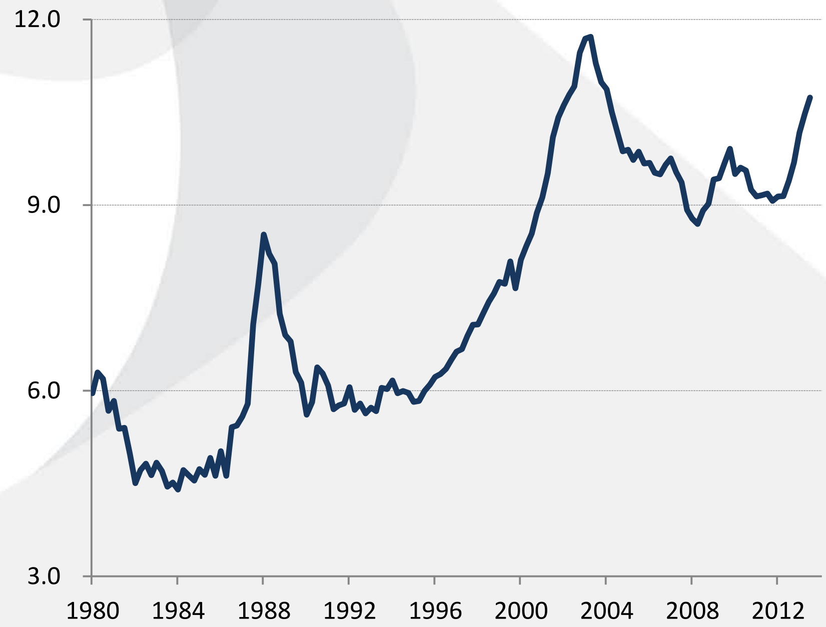
Source: ABS

Customer / industry trends

2. Shift in relativities of house prices

- Median house prices have increased significantly compared to average wages
  - In Sydney in 1980 the median house price was about 6 times average annual earnings
  - In June 2014 it was about 11 times
- Reinforces the benefit of downsizing housing
- Residential affordability remains a key issue

Sydney house prices: average wages



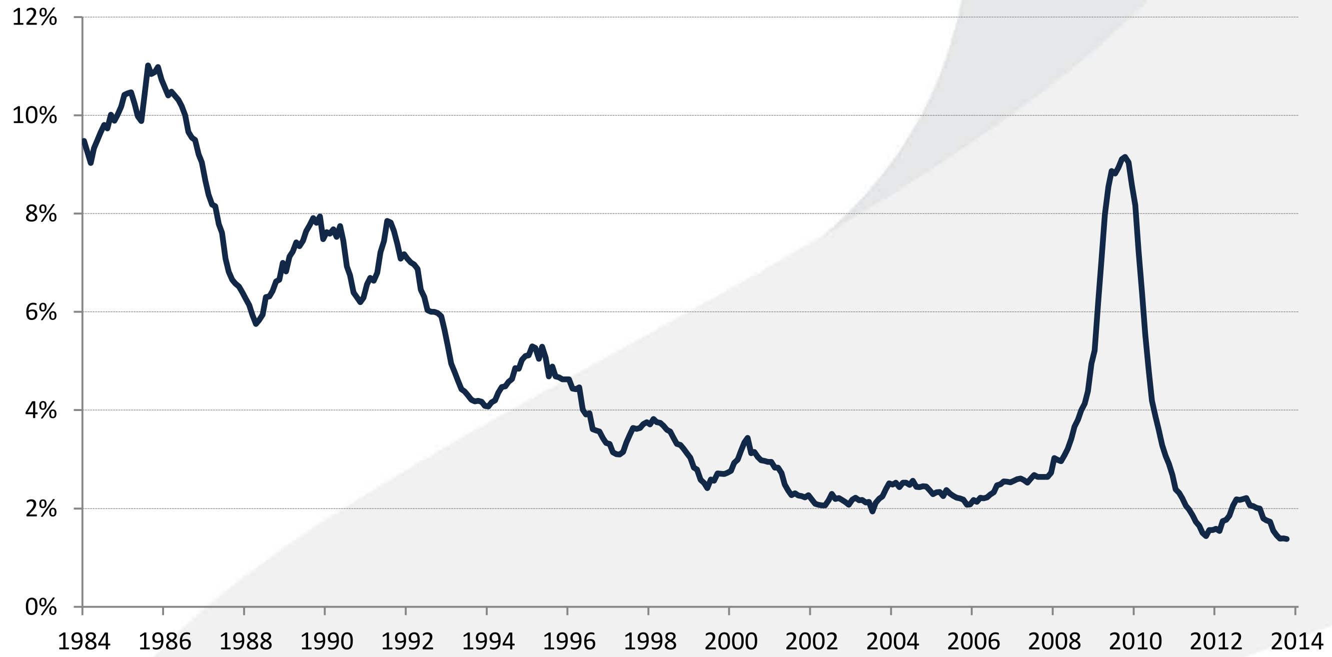
Source: UBS, REIA

Customer / industry trends

3. Affordable housing

- Public sector is no longer a substantial direct supplier of affordable housing
- Indirect public sector support for provision by private sector

Dwelling approvals - public sector% of total approvals



Source: ABS

Capital management

- Part way in process to close the Aspen security price discount to NTA
  - AGM 2013 – 23% discount
  - AGM 2014 – 12% discount
- Our focus to further close this gap and build a sustainable distribution:
  - Complete the sale of non-accommodation assets
  - Acquisitions of properties at attractive yield spreads
  - Drive improved performance at existing assets
  - Increase development activity, particularly of permanent residential
- The accommodation sector is very under-represented in the REIT market
  - Few opportunities for major investors
  - Very few specialist operators

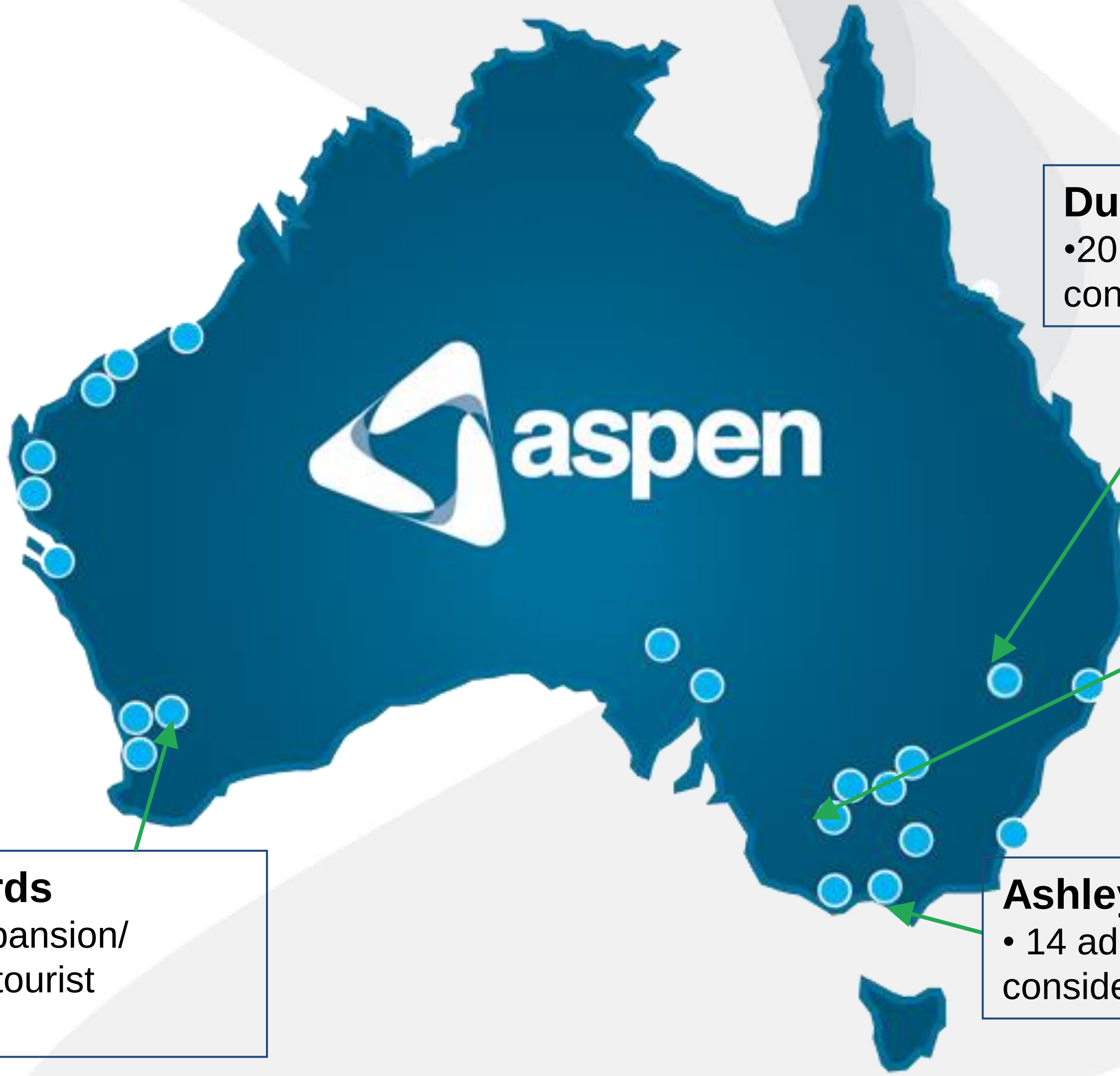
Competitive advantage

- Ten year operational track record
  - Nationwide footprint
  - Expertise across multiple customer and product types
  - Scale allows in-house expertise (eg. marketing) as well as technology
- Development track record
  - Projects completed across a range of properties over the last 2 years
  - Developed Karratha workforce accommodation village from scratch
  - Capital constraints for the business have eased - development is now a renewed focus

Path forward – key priorities

- Spearwood Industrial Estate
  - Contamination classification process and leasing
  - Committed to sale but only at appropriate value
- Finalise sale of last development assets
- Operational focus on the existing accommodation properties
  - Cost discipline
  - Revenue enhancement, particularly with improved yield management
- Development activity to ramp up
  - Focus on permanent residential opportunities
  - Opportunities for expansion in the existing portfolio

Development projects – short term



Dubbo Parklands
•20 additional sites under consideration

Shady River
• Residential expansion opportunity
•Development approval submitted for up to 82 new permanent sites

Perth Vineyards
• Residential expansion/ conversion and tourist expansion

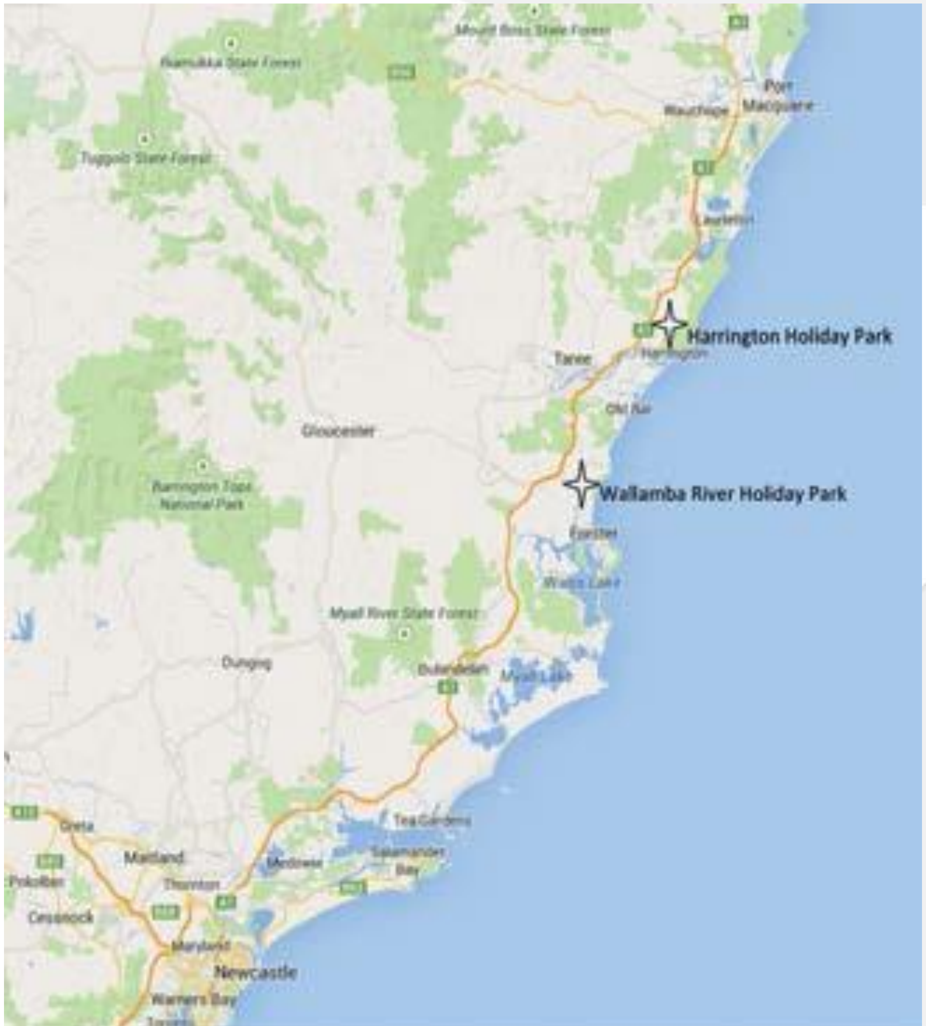
Ashley Gardens, Melbourne
• 14 additional tourist cabins under consideration

Path forward – acquisitions

- Accommodation asset acquisitions
  - Fragmented industry ownership facilitates acquisition opportunities
  - Asset yields provide an attractive spread
  - Increases business scale
- Focus on permanent residential, either as part of mixed assets (with short-term accommodation) or pure residential
  - Development potential
  - Greater focus on eastern states
- Potential joint acquisitions between Aspen Group and Aspen Parks Property Fund
  - Low gearing in Aspen Group provides acquisition capability > $50m

Acquisition case study

Harrington Holiday Park, NSW



- ✓ Popular northern NSW coastal location
- ✓ Attractive yield spread at 12%, post acquisition costs
- ✓ Tourism and permanent mix
- ✓ Further development potential upside

Conclusion

- Achievements for FY14 have provided the foundation to move forward - business is much more simple with much lower debt
- Strategic priorities for FY15
  - Sale of the remaining commercial property
  - Optimise performance in the existing portfolio
  - Seize strong returns from development
  - Acquisition opportunities at very attractive yield spreads
- Full year distribution guidance range 8.0 to 10.7 cents per share for FY15 (FY14:11.5 cps)
  - Lower end of range assumes Spearwood is not leased during 2H15
- Ongoing commitment to achieve value for Aspen Group shareowners
  - Building a strong business is the cornerstone of achieving value

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