



STOCK EXCHANGE ANNOUNCEMENT

12/5/06

The Directors of APSL would like to announce that on Thursday 11th May 2006 they received from Suncorp, a copy of a letter that Suncorp had written to Brisbane City Council acknowledging that they have provided the Land and construction financing of the individual lots in the Ferry Road development and commenting on the Australian Affordable Housing Association (AAHA) model which utilises the APSL patented system.

Suncorp are proceeding to write a new set of Policy Documents for the AAHA model and they are firmly of the opinion that this model can achieve a scalable solution to the affordable housing crisis. Suncorp have conducted extensive scrutiny of the model and it has met their full funding governance and credit risk requirements.

The APSL system is licensed to Napier and Blakeley who act as Development Managers on behalf of AAHA for the delivery of affordable housing.

The Directors believe that the APSL patented system utilised by AAHA offers the only scalable and viable solution to the affordable housing crisis. Independent Research indicates 3.3 million Australian households on incomes between \$15,000 and \$60,000 per annum cannot afford to rent in the traditional market place and nor do they qualify for Public Housing. These 3.3 million households are the market place for the AAHA product which provides rents at no more than 30% of their income. The Independent research indicates that the Australian market place for the product is a multi billion dollar per annum market.

The product is investment grade rated by Property Investment Research providing a viable and scalable residential investment product for Super Funds, Institutional Funds and Wholesale investors who receive a 10 year lease and income yields of approximately 7% Per annum and Internal Rates of Return in excess of 20% per annum on their investment over a 10 year investment period.

Whilst delivering high returns to investors the product also delivers high quality accommodation in prime locations to Low to middle income Australians for as low as 37.5% of market rent. Rents start at \$100 per week and Investors are bound by a statutory covenant to rent at these low rates for 10 years. AAHA has also developed a home ownership scheme for eligible tenants to take them into home ownership at the end of the 10 years.

With large National firms such as Napier Blakeley, Property Investment Research, Deacons and Suncorp supporting the AAHA model, AAHA should be able to achieve scale into this very large and insatiable market place.

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