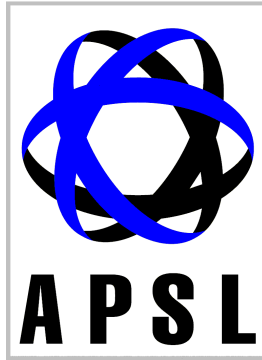


# **Australian Property Systems Limited**

**ACN 096 925 610**

**(“APSL”)**



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## **NOTICE OF ANNUAL GENERAL MEETING**

**and**

## **EXPLANATORY MEMORANDUM**

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**Date:** 16<sup>th</sup> December 2011

**Place:** Level 22, 333 Ann Street, Brisbane, Queensland 4000

**Time:** 10:00 am





## **AUSTRALIAN PROPERTY SYSTEMS LIMITED**

**ACN 096 925 610**

Registered Office: Level 22 333 Ann Street Brisbane Qld 4000

Postal Address: GPO Box 888 Brisbane Qld 4001

Telephone: 07 3234 8988 Facsimile: 07 3221 7431

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

**NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING ("AGM") of Australian Property Systems Limited ("APSL" or "the company") will be held at Level 22, 333 Ann Street, Brisbane Queensland 4000, on Friday 16<sup>th</sup> day of December 2011 at 10:00am.**

#### **AGENDA**

An explanatory memorandum accompanies and forms part of this Notice of Annual General Meeting and describes the various matters to be considered at this AGM.

#### **ORDINARY BUSINESS**

##### **Annual Report**

To receive and consider the audited Financial Reports and the Reports of the Directors in respect of the year ended 30<sup>th</sup> June 2011.

##### **Resolution 1      Adoption of the Remuneration Report**

To consider and, if thought fit, pass the following resolution as an ordinary resolution: "That the Remuneration Report for the Company (included in the Report of the Directors) for the year ended 30 June 2011 be adopted."

##### **Resolution 2      Takeover resolution**

To consider and, if in favour, pass the following resolution as an ordinary resolution:

'That the acquisition by Presidential Capital Pty Ltd and Geoffrey Thomas of a Relevant Interest in Shares through the acquisition of 10,625,000 Shares from Tamlin Holdings Pty Ltd by Presidential Capital Pty Ltd (as trustee of the Geoffrey Thomas Family Trust) be approved for the purposes of item 7 of section 611 of the Corporations Act and all other purposes, even though:



- a. the acquisition of these Shares would increase the Voting Power of the Thomas Shareholders in the manner set out in the Explanatory Memorandum; and
- b. other Shareholders will not be given an opportunity to increase their Voting Power on similar terms.'

### **Other Business**

To consider any other business that may be raised prior to the meeting in accordance with the Company's Constitution, the Corporations Act, or otherwise.

A member has the right to complete a proxy. A Proxy Form is attached to this notice.

Words and expressions defined in the Explanatory Memorandum have the same meanings where used in this Notice of Annual General Meeting.

BY ORDER OF THE BOARD.

James Whitelaw  
Company Secretary

17 November 2011



## **Voting Entitlements**

The Company has determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Share Register at 15 November 2011.

### **Voting Restrictions for resolution 1**

The Company will disregard any votes cast on resolution 1 by a member of the Company's Key Management Personnel or their Closely Related parties, other than, in certain circumstances, as proxy.

### **Voting Restrictions for resolution 2**

The Company will disregard any votes cast on resolution 2 by Tamlin Holdings Pty Ltd and the Thomas Shareholders.

## **Proxies**

A Shareholder has the right to appoint a proxy, who may not be a shareholder of the Company. A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as proxy at the Annual General Meeting. The representative should bring to the Annual General Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company. If the shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. Where a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. The Proxy Form must be received by the Secretary, James Whitelaw, GPO Box 888, Brisbane Qld 4001 or at the Company's registered office, Level 22, 333 Ann Street, Brisbane Qld 4000, or by facsimile to the Secretary on (07) 3221 7431 by no later than 48 hours before the time for holding the Annual General Meeting.

## **Bodies Corporate**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the Annual General Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.



## **Questions from Shareholders**

At the meeting the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.



## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared to assist members in their consideration of the resolutions proposed for the Annual General Meeting of Australian Property Systems Limited ACN 096 925 610 ("APSL" or "the Company") to be held at Level 22, 333 Ann Street, Brisbane, Queensland 4000 on Friday 16<sup>th</sup> December 2011 commencing at 10:00am. It must be read in conjunction with the Notice of Meeting.

The Board aims to set out in this document an explanation as to the reasons for putting forward the motion to be voted on by Shareholders at the forthcoming Shareholders' meeting, and the results which might follow.

**1. Resolution One – "That the Remuneration Report for the Company (included in the Report of the Directors) for the year ended 30 June 2011 be adopted."**

The amounts recorded in the financial statements and reports reflect the amounts actually paid to the former directors.

**2. Resolution Two - 'That the acquisition by Presidential Capital Pty Ltd and Geoffrey Thomas of a Relevant Interest in Shares through the acquisition of 10,625,000 Shares from Tamlin Holdings Pty Ltd by Presidential Capital Pty Ltd (in its capacity as trustee of the Geoffrey Thomas Family Trust) be approved for the purposes of item 7 of section 611 of the Act and all other purposes, even though:**

- a. the acquisition of these Shares would increase the Voting Power of the Thomas Shareholders in the manner set out in the Explanatory Memorandum; and**
- b. other Shareholders will not be given an opportunity to increase their Voting Power on similar terms.'**

### **Background to the transaction**

- 1.1 On 27 April 2005, Geoffrey Thomas (as trustee of the Geoffrey Thomas Family Trust) and Tamlin Holdings Pty Ltd entered into a loan agreement, under which Tamlin Holdings Pty Ltd borrowed \$212,500 for the purpose of acquiring 10,625,000 Shares in the Company under a placement. Since the date of that agreement, Geoffrey Thomas has retired and Presidential Capital Pty Ltd has been appointed as trustee of the Geoffrey Thomas Family Trust. The loan funds were provided on a non recourse basis, with recourse limited to the Shares acquired using the loan funds. The loan was not secured by way of a charge or other security over the Shares, however if it is not repaid in accordance with its terms, Tamlin Holdings Pty Ltd is required to transfer the Shares to Presidential Capital Pty Ltd (in its capacity as trustee of the Geoffrey Thomas Family Trust).
- 1.2 The loan has not, at the date of this notice, been repaid and Presidential Capital Pty Ltd seeks to rely on the recourse available to require the transfer of 10,625,000 Shares from Tamlin Holdings Pty Ltd.



- 1.3 Geoffrey Thomas is the sole Shareholder and controls Presidential Capital Pty Ltd. Presidential Capital Pty Ltd (in its capacity as trustee for the Geoffrey Thomas Family Trust) has also loaned the Company \$50,000 and has secured that loan by way of a charge over the assets of the Company. That loan is now due and payable by the Company. Presidential Capital Pty Ltd and Mr Thomas have indicated to the Company that if resolution 2 is not approved by Shareholders, Presidential Capital Pty Ltd intends to call on the Company to repay the loan and will enforce its rights under the charge if required.
- 1.4 The Company also intends to request a further loan from Mr Thomas. Mr Thomas has indicated that he will not provide any further funding to the Company unless resolution 2 is passed. This includes participation in or underwriting of the rights issue (if it proceeds) that was approved by Shareholders at the Company's previous annual general meeting.
- 1.5 Presidential Capital Pty Ltd, Mr Thomas and his Associates currently hold 10,625,000 Shares amounting to Voting Power of approximately 20.39% in the Company. If Presidential Capital Pty Ltd acquires 10,625,000 Shares from Tamlin, the Thomas Shareholders will hold 21,250,000 Shares amounting to Voting Power of approximately 40.79% in the Company.
- 1.6 Resolution 2 seeks the approval of Shareholders for acquisition of a Relevant Interest in Shares by Mr Thomas and Presidential Capital Pty Ltd on the acquisition of 10,625,000 Shares from Tamlin Holdings Pty Ltd and the increase in Voting Power by the Thomas Shareholders.

## Capital structure of the Company

- 1.7 The table below sets out the current capital structure of the Company:

Security	Exercise price/ratio	Number
Shares		52,099,000
Options expiring 2 January 2012	\$1.00	1,000,000
Options expiring 9 May 2012	\$2.00	1,000,000

## Thomas Shareholders' current Relevant Interests and Voting Power in Shares and the effect of the acquisition

- 1.8 The table below shows the Thomas Shareholders' current Relevant Interests and Voting Power and the Relevant Interests and Voting Power that they will have after the completion of acquisition. The Thomas Shareholders' Voting Power will increase by 20.40% on completion of the acquisition.

Thomas Shareholder	Relevant Interests in Shares at the date of this notice	Voting Power at the date of this notice	Relevant Interests in Shares after the acquisition	Voting Power after the acquisition
Geoffrey Thomas*	10,625,000	20.39%	21,250,000	40.79%
Presidential Capital Pty Ltd (in its capacity as trustee for the Geoffrey Thomas Family Trust)	10,625,000	20.39%	21,250,000	40.79%



\*Geoffrey Thomas has a relevant interest in Shares held by Presidential Capital Pty Ltd and Presidential Capital Pty Ltd and Geoffrey Thomas are Associates.

- 1.9 Section 606(1) Corporations Act prohibits a person from acquiring a Relevant Interest in Shares if as a result of the acquisition, any person's Voting Power in the Company would increase above 20% or increase from a starting point that is above 20% and below 90%.
- 1.10 The acquisition of 10,625,000 Shares by Geoffrey Thomas would result in the Thomas Shareholders' Voting Power exceeding the 20% threshold in section 606(1) Corporations Act.
- 1.11 Item 7 of section 611 Corporations Act provides an exception which enables a person to exceed the 20% threshold, namely where the Shareholders at a general meeting approve the acquisition of the Relevant Interest in the Shares. Shareholder approval for this purpose is sought under resolution 2.

#### **Independent Directors' recommendation**

- 1.12 The Independent Directors have undertaken an assessment of the transaction. Due to the prohibitive costs associated with obtaining an independent expert report on the transaction and the limited time frame available, the Company has not commissioned a report. Further, the Independent Directors have not prepared a report on the transaction or whether it is fair and reasonable to the non-associated Shareholders.
- 1.13 Each Independent Director recommends that Shareholders vote in favour of resolution 2. The Independent Directors recommend shareholders vote in favour of the resolution because:
  - (a) Geoffrey Thomas has indicated that if shareholders do not vote in favour of the resolution, he and Presidential Capital Pty Ltd intend to call on the loan owing and may, to enforce repayment of that loan, rely on the security granted over the assets of the Company;
  - (b) It is likely that, the only potential source of further capital for the Company will be from Geoffrey Thomas (or entities associated with him) and Mr Thomas has indicated that he will not be willing to participate in future capital raising (including the proposed rights issue approved by Shareholders at the Company's previous annual general meeting) or provide any further debt funding, unless the shareholders approve the resolution; and
  - (c) if further capital cannot be raised, the Company may need to be placed into external administration.
- 1.14 Geoffrey Thomas does not make a recommendation on the resolution because of his interest in the outcome.

#### **Information about Geoffrey Thomas and Presidential Capital Pty Ltd**

Presidential Capital Pty Ltd acts only in its capacity as the trustee of the Geoffrey Thomas Family Trust. The company does not transact in its own right. The business of the Trust is mainly investment in property and equities. The Trust also conducts some small businesses.

#### **Intentions of the Thomas Shareholders with respect to the Company**

- 1.15 This section sets out the Thomas Shareholders' present intentions concerning the matters set out below, on the basis of facts and information known to Mr Thomas as at the date of this document. The present intentions of the Thomas Shareholders set out below may change as a consequence of the passage of time or a change in circumstances of the Company or the Thomas Shareholders.



- 1.16 On that basis, the Thomas Shareholders have confirmed to the Company that as at the date of this document:
- (a) they have no intention of making changes to the business of the Company;
  - (b) they do not have any intention to inject capital into the Company unless the resolution is approved by Shareholders. Mr Thomas intends, subject to approval of the resolution, to facilitate a rights issue to shareholders which may be underwritten by Presidential Capital Pty Ltd (in its capacity as trustee of the Geoffrey Thomas Family Trust);
  - (c) they have no intention to alter the current employment arrangements of the Company's employees;
  - (d) other than the potential enforcement of the security granted under the \$50,000 loan described above, there is no other proposal whereby any assets will be transferred between the Company and a Thomas Shareholder or any person associated with a Thomas Shareholder;
  - (e) they do not intend to redeploy any fixed assets of the Company. However, they intend to further investigate opportunities to commercialise and sell the Company's intellectual property; and
  - (f) they have no intention to change the Company's existing policies in relation to financial matters or dividends.

#### **Other Important Information regarding the resolution**

- 1.17 The Corporations Act and ASIC Regulatory Guide 74 set out additional information to be provided to Shareholders when seeking approval under Item 7 of Section 611 Corporations Act, to allow the Shareholders to assess the merits of the proposal. This information is set out in the table below (to the extent that it is not otherwise included in this explanatory memorandum).

<b>Required information</b>	<b>Details</b>
Who will acquire the Shares?	Presidential Capital Pty Ltd (in its capacity as trustee of the Geoffrey Thomas Family Trust)
Who will have a Relevant Interest in the Shares?	Geoffrey Thomas and Presidential Capital Pty Ltd
What will the Geoffrey Thomas and Presidential Capital Pty Ltd's Voting Power be before and after the acquisition?	Mr Thomas's Voting Power before and after acquisition of the Shares is set out in the table in paragraph 1.8 above.
Who are Presidential Capital and Geoffrey Thomas's Associates and what will their Voting Power be before and after the acquisition of the Shares?	Mr Thomas's and Presidential Capital Pty Ltd's Associates and their voting power before and after acquisition of the Shares is set out in the table in paragraph 1.8 above.
What is the name, associations, qualifications, experience and interests in the transaction of the persons proposed to become directors of the Company if the resolution is approved?	There will be no change to the Board following the acquisition



Required information	Details
What are Geoffrey Thomas's and Presidential Capital's intentions in relation to the Company?	Mr Thomas's and Presidential Capital Pty Ltd's intentions in relation to the Company are set out in paragraph 1.16 above.
Are there other relevant agreements between the Company and Mr Thomas that are conditional upon Shareholders approving the resolution?	At present there are no agreements in place, however Mr Thomas and Presidential Capital Pty Ltd have indicated that they intend to call on the existing loan owing by the Company and may enforce their rights under the security granted by the Company if resolution 2 is not approved. Further, Mr Thomas has indicated he will not provide further funding to the Company unless the resolution is approved.
When will acquisition of the Shares occur?	Within one month of approval being obtained.
What are the interests of the Directors in the resolution?	<p>The Independent Directors do not have any interests in the resolution as Shareholders of the Company.</p> <p>Presidential Capital Pty Ltd (in its capacity as trustee of the Geoffrey Thomas Family Trust), a company controlled by Geoffrey Thomas, will acquire 10,625,000 Shares if the resolution is passed.</p>
Which Directors approved or voted against the proposal to put the Resolution to Shareholders?	<p>All of the Independent Directors voted in favour of the proposal to put the resolution to Shareholders and approved the contents of this document.</p> <p>Geoffrey Thomas did not vote on and was not involved in discussions regarding the resolution due to his personal interest in the resolution.</p>
Do the Independent Directors recommend that Shareholders vote in favour of the resolution?	<p>Yes. The Independent Directors recommend that Shareholders vote in favour of the resolution. The reasons for this recommendation are set out in paragraph 1.13 above.</p> <p>Geoffrey Thomas makes no recommendation on the resolution due to his personal interest in the resolution.</p>

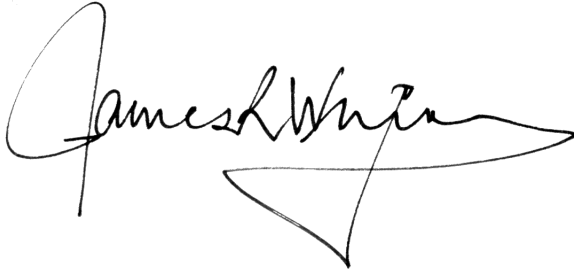
## Conclusion

The Directors commend the above motions to the Shareholders, other than in respect of resolution 2 for which the Independent Directors commend the motions and Geoffrey Thomas provides no recommendation because of his personal interest in the resolution.



If you require any further information, please do not hesitate to ask. If you cannot attend, please complete the proxy form attached and return it as directed on the form.

Yours faithfully

A handwritten signature in black ink, appearing to read "James Whitelaw". The signature is fluid and cursive, with a large initial "J" and a long, sweeping horizontal stroke at the end.

James Whitelaw  
Director and Secretary  
On behalf of the Board



## GLOSSARY

The following definitions are used in this Notice of Annual General Meeting and Explanatory Memorandum:

"Board"	means the board of directors of the Company.
"Closely Related Parties"	has the meaning given to that term in the Corporations Act.
"Company" and "APSL"	means Australian Property Systems Limited ACN 096 925 610.
"Corporations Act"	means <i>Corporations Act 2001</i> (Cth).
"Directors"	means the directors of the Company;
"Explanatory Memorandum"	means the explanatory memorandum setting out details of the Resolutions proposed in the Notice of Meeting.
"Independent Directors"	means James Whitelaw and Stephen Jones.
"Key Management Personnel"	has the meaning given to that term in the Corporations Act.
"Ordinary Resolution"	means a resolution passed by a simple majority of Shareholders on a show of hands or by a simple majority of votes given in a poll.
"Relevant Interest"	has the meaning given to that term in the Corporations Act.
"Shareholder"	means the registered holder of a Share.
"Shares"	means fully paid ordinary shares in the Company.
"Thomas Shareholders"	means the parties listed in the table in paragraph 1.8 of the Explanatory Memorandum.
"Voting Power"	has the meaning given to that term in the Corporations Act.



## FORM OF PROXY

The Secretary  
Australian Property Systems Limited  
GPO Box 888  
Brisbane QLD 4001  
Fax: 07 3221 7431  
Email: [Whitelaw@hmw.com.au](mailto:Whitelaw@hmw.com.au)

I/We .....

of .....

being a member of Australian Property Systems Limited, hereby appoint

.....

in respect of ..... shares and .....

in respect of ..... shares, or (failing him/them) the  
Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the  
Annual General Meeting of the Company to be held at **10:00am on Friday 16<sup>th</sup>**  
**December 2011** and any adjournment thereof.

**Proxy's Voting Instructions** - If you wish to direct your proxy how to vote in respect of  
the resolutions to be considered at the meeting please indicate the manner in which your  
proxy is to vote by placing a cross (x) in the appropriate square below. Otherwise, your  
proxy will vote as he/she thinks fit or may abstain from voting.

### Resolutions

**For      Against      Abstain**

**Resolution 1 – Adoption of remuneration report.**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 2 – Takeover resolution**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**DATED** this ..... day of ..... 2011

Signature of Member/s .....

Proxies – A member entitled to attend and vote is entitled to appoint not more than two (2)  
proxies. If two (2) proxies are appointed, each must be appointed to represent a specified  
proportion of the member's voting rights. A proxy need not be a member. To be effective, the  
Proxy Form must be lodged not less than 48 hours before the time of the Meeting to GPO  
Box 888, Brisbane Qld 4001 or Fax 07 3221 7431.

(I /We acknowledge receipt of the Notice of Meeting and have signed this proxy on the basis  
that we have read and understood the Notice of Meeting.)