

NOTICE OF EXTRAORDINARY GENERAL MEETING

of

Australian Property Systems Limited

ACN 096 925 610

("APSL")

To be held on

23rd December 2010 at 10.00 am

at

The Greek Club

29 Edmondstone Street South Brisbane

AGENDA

Attendances, Proxies and apologies

Motion 1

The directors be authorised to incorporate a new unlisted public company at the expense of APSL and offer all of the existing shareholders of APSL free shares in the new company in exactly the same numbers as they currently own in APSL

Motion 2

The directors be authorised to negotiate with the licensor of the APSL system to finalize the transfer of the full ownership of the system to be assigned to APSL for nil consideration

Motion 3

The directors be authorised to assign APSL's rights to the APSL system to the new company for nil consideration.

Motion 4

The current directors of APSL be the initial directors of the new company until it calls a shareholders meeting at which time they will all retire but may stand for re election

Motion 5

The directors will cause the new company to call a shareholders meeting by 31 March 2011 for the purposes of resolving the company's future and electing directors

Motion 6

Provided motions 1-4 are carried, the directors be authorised to make a 1 for 1 rights issue to existing shareholders at \$0.002 cents per share to raise a maximum of \$104,198

Motion 7

Provided motions 1-4 are carried, after completion of the rights issue, the directors be authorised to issue new shares in the company at \$0.002 to Mr John Philip Rivett or his nominee such that the new shares shall equate to 19.9% of the new issued capital

Brian Wilkie

Company Secretary

Dated at Brisbane 23rd November 2010.

By orders of the Board of Directors

Email: admin@apsl.biz

FORM OF PROXY

The Secretary
Australian Property Systems Limited
PO Box 774
Ashgrove
QLD 4060
Fax: 07 5430 6677
Email: admin@apsl.biz

I/We

Of

being a member of Australian Property Systems Limited, hereby appoint

.....

in respect ofshares 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
Extraordinary General Meeting of the Company to be held at **10.30am on Thursday 23rd
December 2010** 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.

Motions

For **Against**

1 - The directors be authorized to incorporate a new unlisted
public company at the expense of APSL and offer all of the
existing shareholders of APSL free shares in the new company in
exactly the same numbers as they currently own in APSL.

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2 - The directors be authorized to negotiate with the licensor of
the APSL system for the full ownership of the system to be
assigned to APSL for nil consideration.

☐☐

3 - The directors be authorized to assign APSL's rights to the
APSL system to the new company for nil consideration.

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4 - The current directors of APSL be the initial directors of the new company until it calls a shareholders' meeting at which time they will all retire but may stand for re election.

☐☐

5 - The directors will cause the new company to call a shareholders' meeting by 31 March 2011 for the purposes of resolving the company's future and electing directors.

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6 - Provided motions 1- 4 are carried, the directors be authorized to make a 1 for 1 rights issue to existing shareholders at \$0.002 cents per share to raise a maximum of \$104,198.

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7 - Provided motions 1-4 are carried, after completion of the rights issue, the directors be authorized to issue new shares in the company at \$0.002 to Mr. John Philip Rivett or his nominee such that the new shares shall equate to 19.9% of the new issued capital.

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DATED thisday of2010

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 24 hours before the time of the Meeting to P O Box 774, Ashgrove QLD 4060 or Fax 07 5430 6677.

(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)

AUSTRLAIAN PROPERTY SYSTEMS LIMITED ("APSL" or "the company") Draft v01.5

ACN 096 925 610

EXPLANATORY MEMORANDUM

Your board aims to set out in this document an explanation as to the reasons for putting forward the motions to be voted on by shareholders at the forthcoming shareholders' meeting, and the results which might follow.

In this memorandum and in the motions to be put forward the "APSL System" refers to a patented property development management system that APSL controls under an exclusive licence. APSL provides property development management services utilising the propriety patented system, which the company has been attempting to commercialise. There is an agreement or understanding in place with the patent owner APS No 1 Pty Ltd to assign the full ownership to APSL for past consideration. The board now consists of Mr Brian Willkie, Mr Neil Gibson and Mr John Rivett.

Effect of the motions

The effect of the motions is –

- to enable the board to set up a new unlisted public company ("Newco") which will be owned by the existing shareholders of APSL in exactly the same proportions which they currently hold in APSL, assuming they all take up the offer of free shares,
- to transfer the APSL system out of APSL into Newco for nil consideration, where it can continue to be pursued if that company choses and is able to do so,
- to offer existing APSL shareholders the right to purchase new shares in APSL at a price of \$0.002 cents per share, in the same proportions as they currently hold shares
- to then make a private placement of shares equivalent to 19.9% of the then final issued capital to current Chair Mr John Philip Rivett or his nominee at the same price
- the funds raised from the rights issue (if any) and the private placement should enable the company to obtain a clear audit report and then attract a suitable business with which to merge to enable the company to have a future.

The price for the rights issue values the company at \$104,198. This is calculated by multiplying the current number of shares by the offer price of \$0.002 cents per share (52,099,000 x \$0.002 equals \$104,198). The current financial position set out below reveals that the company's asset and liability position is approximately equal with no surplus cash available, so the calculated value is for the shell of the company with no current business and the NSX listing.

Reasons for the motions

The company is in a perilous position and speedy action is needed to rescue it from being liquidated. The APSL System has not proven to be a commercial success. The company's capital is depleted. The company and the APSL System have future ongoing costs which APSL does not have the funds to meet. We have been unable to obtain an audit report for December 2009 and June 2010 due to the uncertainties over the company's future, and we are in default of our obligations to NSX and ASIC in this respect.

The Board has made reasonable efforts to obtain a valuation of the APSL System, but has been unable to secure a cost effective valuation given the company's financial position over the last 12 months. The board is of the view that even if we could afford to obtain a valuation, it would be of little practical use given the history and current circumstances.

The board is of the view that if we leave the APSL System within APSL, then we will not be able to offer a rights issue as we cannot put forward a value for the APSL System. Similarly we cannot attract a private placement. Accordingly if we leave the APSL System within APSL, we will have to liquidate the company as we cannot realistically raise more capital and thus cannot fund the ongoing patent costs and corporate operational costs.

Current financial position as at 24 November 2010

The company has these assets:

Intellectual Property: The APSL System as documented in the Patent, valued by the board currently at nil.

Cash: \$41,613.00 as at 24/11/2010

Debtors: Nil

Total \$41,613.00

The company has these liabilities: \$36,000.00

Creditors: estimated Microgenx \$20,000.00; NSX \$11,000.00; Patent fees \$1,500.00; Link registry \$2,000.00; Petty cash expenses + EGM costs approx \$ 1,000.00:

Current surplus: \$5,613.00

The APSL System Patent fees are projected to cost the sum of \$5,150.00 in the next twelve months depending on renewal decisions by the board.

Compliance costs are budgeted at \$11,000 for 2010-11.

Future and funding for Newco

The owner of the patents has agreed to transfer it to Newco for nil consideration. In order to maintain the APSL System process, Newco will then have to raise further capital or enter into one or more licenses subject to further internal operational redevelopment prior to commercial application. The board is hopeful of being able to do this, but shareholders are warned that this may not prove possible and the company may fail and be liquidated.

The board see this as the lesser of two evils, the greater evil being the failure and liquidation of APSL as well.

Rights Issue and private placement

The current chair, Mr John Rivett has offered to invest a sum equivalent to 19.9% of the total capital at a price of \$0.002 cents per share, provided the APSL System is not held by APSL, and provided that the company offers all shareholders a 1 for 1 rights issue at the same price before the private placement is transacted.

No one else has made any offer to assist. This effectively values the company shell and NSX listing at \$104,198, a figure which the other two directors feel is reasonable. Mr Rivett did not participate in the decision to put forward these motions.

A resume of Mr Rivett is attached by way of introduction. He does not currently hold an interest in any APSL shares.

Future Events

There is no proposition before the company to merge with any business. However, assuming the motions are carried and the company raises some funds from shareholders or Mr Rivett, and can obtain its audit reports, the board will actively seek a business with which to merge.

Conclusion

Mr Wilkie and Mr Gibson commend the motions to shareholders.

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

Brian Wilkie

Director and Secretary

On behalf of the board