



Deacons

Level 17
175 Eagle Street
Brisbane Qld 4000
Australia
GPO Box 407
Brisbane Qld 4001
DX114 Brisbane
Tel +61 (0)7 3309 0888
Fax +61 (0)7 3309 0999
www.deacons.com.au

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21 July 2005

Phillips Fox
Solicitors
Waterfront Place
1 Eagle Street
BRISBANE QLD 4001

Email: Lawrie.ward@phillipsfox.com

Our Ref: 2564249

Dear Lawrie

Australian Property Systems Limited (APSL)

In response to the schedule attached to your letter of 21 June 2005, we are instructed to respond as follows:

A – Improperly constituted board

1-7 APSL acknowledges it has only 2 directors and it informed ASIC and NSX of this earlier in the year. APSL has been unable to find a third director in the interim, despite diligent efforts.

B – Inadequate related party disclosure

1-7 The Notice has been amended to disclose Geoffrey Thomas, The Geoffrey Thomas Family Trust, Ross Noye and GWR Financial Services Pty Ltd ATF Alderley Investments as related parties of APSL.

8-10 ASIC were satisfied with the information contained in paragraph 9 of the Explanatory Memorandum. The directors of APSL have chosen not to obtain an independent valuation due to cost and time restraints.

11-13 Refer to the shareholding spreadsheet that has now been included in the Notice.

14-17 APSL had called Brian Wilkie an 'independent director' on the basis that he will not receive any benefit from the proposed resolutions and he is not an employee of the company. However the Notice has now been amended to refer to Brian Wilkie as a 'non-executive' director. Geoffrey Jamieson had not made a recommendation due to a conflict of interest that is evident in the Notice.

18-19 Refer to shareholding spreadsheet.

20 Geoffrey Jamieson is a director of Tamlin Holdings Pty Ltd. Tamlin Holdings Pty Ltd is the trustee of a trust in which Geoffrey Jamieson has a beneficial interest.

21 ASIC were satisfied with paragraph 10(4)(3) (now 10(6)(7)) of the Explanatory Memorandum. However, the Notice has now been amended to include details of the termination payment.

22 We fail to see the relevance of your comments. APSL have made full market disclosure and are not aware of any other issue that may have affected the share price.

23 Disagree.

24 Refer to comments under 14-17 above.

25 Refer to shareholding spreadsheet. In relation to your comments in 25.4, APSL disagree and believe that they have made reasonable efforts in their pursuit to raise capital.

26 This is irrelevant.

C – Contravention of takeover prohibition

1 Agree.

2 Refer to shareholding spreadsheet.

3 Refer to shareholding spreadsheet.

4 The Notice complies with section 611 item 7 Corporations Act. Refer to shareholding spreadsheet.

D - APSL's capital structure

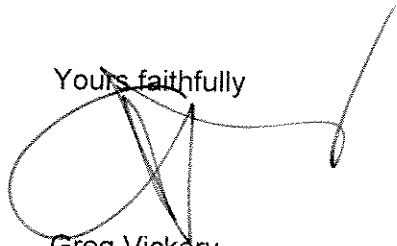
1-2 The explanatory memorandum correctly states that APSL has 25,014,000 fully paid shares on issue. APSL have lodged various forms 484 with ASIC notifying them of changes to shareholdings, however, it appears that ASIC have not kept their records up-to-date. Please refer to shareholding spreadsheet that has now been attached to the Notice for current shareholding information.

3-5 Please refer to the shareholding spreadsheet.

6-8 Please refer to the shareholding spreadsheet.

9-13 Please refer to the shareholding spreadsheet.

Yours faithfully



Greg Vickery
Partner and Brisbane Chairman
Deacons
Direct line: +61 (0)7 3309 0857
Email: greg.vickery@deacons.com.au

Copies to: Geoffrey Jamieson and Brian Wilkie