TARGET'S STATEMENT

By Property Fox No. 1 Limited
ABN 97 101 816 353
Dated 3rd October 2008

The Directors of Property Fox No. 1 unanimously recommend that you **REJECT** the offer by Pritchard Equity Limited to acquire your Property Fox No. 1 Limited Shares

REJECT

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to its contents please contact your professional Adviser. The Property Fox No. 1 Limited Shareholder Information Line is 07 3031 9950.

PROPERTY FOX
No. 1 LIMITED ®

Legal Advisers

Whittens
LAWYERS AND CONSULTANTS
www.whittens.com.au

Important Notice

This Target's Statement dated 3rd October 2008 is given by Property Fox No.1 Limited ABN 97 101 816 353(PF1) under Part 6.5 of the Corporations Act in response to the Offer made by Pritchard Equity Limited ABN 80 100 517 404 (Pritchard Equity) for all the PF1 A Class Shares pursuant to the Bidder's Statement dated 1st September 2008. It replaces the original Target's Statement lodged with ASIC on 15th September 2008 and contains amendments made as a result of matters raised by ASIC. PF1 Shareholders should read this Target's Statement in its entirety.

Defined Terms

Defined Terms are explained in the Glossary in Section 11 of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each PF1 Shareholder. PF1 Shareholders may wish to seek independent financial and taxation advice before making a decision whether or not to accept Pritchard Equity's offer for the PF1 Shares.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. PF1 Shareholders should be aware that such circumstances are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which PF1 operates as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of PF1, its Directors, any of its officers, any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. PF1 Shareholders are cautioned not to place undue reliance on those statements. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Pursuant to s643 (1) (c) of the Corporations Act, the Directors of PF1 will disclose any new circumstance arising from the date of lodgement of this Target's Statement. The risk factors in relation to PF1, are set out in Section 5 of this Target's Statement.

ASIC and NSX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to the NSX. None of ASIC, NSX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

PF1 Shareholder Information Line

PF1 has established a PF1 Shareholder Information Line which PF1 Shareholders should call if they have any queries in relation to Pritchard Equity's Offer. The telephone number for the PF1 Shareholder Information Line is 07 3031 9950. Announcements can be viewed on the NSX website by inserting the following link into your web browser: http://www.nsxa.com.au/announcements_list.asp?nsxcode=PFAA

Key Dates

Date of Pritchard Equity's Offer	1st September 2008
Date of this Target's Statement	3rd October 2008
Closing Date of Pritchard Equity's Offer *(unless extended or withdrawn)*	7.00pm Sydney Time on 23rd of October 2008

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View from the King Arthur Terrace, Brisbane property, PF1 holds in joint venture

PROPERTY FOX
No. 1 LIMITED®
ABN 97 101 816 353

Dear Fellow Shareholder,

REJECT PRITCHARD EQUITY'S INADEQUATE AND OPPORTUNISTIC ALL-SCRIP OFFER

You recently received from Pritchard Equity an unsolicited Offer to acquire your PF1 Shares.

You will remember that at the AGM last year 75.5% of shareholders who voted rejected Mr. Pritchard's efforts to be appointed as a director and take control of the management of the Company. You should reject this inadequate offer as well.

Your Directors unanimously recommend that you **REJECT** Pritchard Equity's Offer. To do so you simply need not respond – no action is required.

There are ten key reasons why you should **REJECT** Pritchard Equity's inadequate Offer:

1. The **Independent Expert** has determined the bid is NOT fair nor reasonable;

2. **No cash** is offered – only shares in a highly illiquid company – the Directors of PF1 have a plan to return to you up to 50 cents per share in cash for 45% of your shares plus you would continue to gain from possible capital growth of the current investments;

3. Pritchard Equity's Shares rarely, if ever, trade. The price in Pritchard Equity's bid is based on just one trade of only 1,000 shares – the last trade date was 27 April 2007 – over 16 months ago. Since that time 966,999 PF1 shares have traded for a total value of $393,449.44;

4. There is **no premium** offered based on the volume weighted average price calculation of the shares and Pritchard Equity uses a **flawed and biased** valuation model that overvalues their own shares and undervalues PF1's shares. The Directors of PF1 believe that Pritchard Equity's bid is only valued at 30-34 cents per share[2];

5. The indicative price being offered is a total of 30-34 cents per share[3]. The Net Tangible Asset backing "NTA" of PF1 expressed as a price per share is audited at 57 cents per share[4]. The estimated price of 34 cents per share represents a 40% discount to the NTA;

6. You should question the sustainability of Pritchard Equity's current share price relative to PF1's – if you tried to sell shares in Pritchard Equity it is doubtful the quoted price could or would be achieved;

7. Pritchard Equity is offering you shares in a business with substantially increased risks. Pritchard Equity's investments are not diversified, include investments in related party companies and are exposed to illiquid companies and the share market[5].

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1 *Based on the current market data available as at the date of this Target's Statement from the NSX website.*
2 *Based on the Independent Expert's Valuation.*
3 *Based on the Independent Expert's Report.*
4 *Based on the audited Net Tangible Asset backing of the company in the financial accounts for the period ending 30th June 2008 not including the ordinary shares on issue.*
5 *Based on Section 1 of the Bidder's Statement of Pritchard Equity dated 1st September 2008.*

8. You lose a large amount of your voting rights by accepting the offer[6]. If the offer was accepted in full Mr. Steven Pritchard would have voting power of 57.19%[7] - he could outvote ALL other shareholders including all PF1 shareholders together[8]. You would have limited say or control in the merged entity**;**

9. Acceptance of Pritchard Equity's Offer will expose you to **significant risk and uncertainty** – ASIC required Pritchard Equity to insert a section relating to substantial material risks at the beginning of its Bidder's Statement – in the view of the directors of PF1, those risks are high;

10. The Director's of PF1 have a plan that could **return to you up to 50 cents per share** in cash for 45% of your shares. It would do so immediately upon acceptance of the plan by Shareholders. This cash would be in your hands and you could invest it any way you liked. In addition you would still share in any potential capital growth from existing investments.

With its current cash position, PF1's Balance Sheet is extremely strong. Pritchard Equity's bid is an opportunistic attempt to acquire PF1's assets cheaply. You should **REJECT** it.

To **REJECT** the offer simply do nothing. No action is required to reject the offer.

A future plan for PF1 that benefits ALL shareholders

Your Directors believe that PF1 is in good financial and operational shape and is positioned to take advantage of the recovery of property markets.

75.5% of shareholders who voted at last year's AGM, voted to reject Mr. Pritchard's prior attempt to be appointed as a director of the company. A few months ago, in order to seek some resolution, the Directors through its representative, approached Mr.Pritchard a number of times to discuss the future of the company to benefit all shareholders. This was a genuine effort to restore shareholder unity, value and plan a bright future for the company. He rejected those approaches. Because of these ongoing unsolicited and disruptive corporate actions the Directors have formed a view that the best way forward is to return to you the accumulated cash in the company.

This is significant. It would mean that you would receive CASH in your hands of an amount substantially more than the value of Pritchard Equity's offer The directors plan to return 50 cents per share now for 45% of your shares and then approximately 50 cents per share, for the remaining shares on issue after the assets of the company have been sold in an orderly manner. This would be a total return equivalent to approximately 50 cents per share.

The cash position of the company improved by $147,988 over the last financial year and was $1,427,875 at 30th June, 2008. This cash belongs to you, the Shareholders.

The Directors' plan would be to return ALL surplus cash to you by way of a buy-back. This is tax effective and **fair to all shareholders.**

At the conclusion of the buy-back the Directors would seek to sell the remaining assets of PF1 in an orderly manner so as to not further disadvantage shareholders by accepting reduced prices. It is anticipated that the majority of this could be done swiftly. Shareholders should be aware that the speed of implementation of the plan is subject to PF1's ability to sell its real estate, exit any joint venture agreements and obtain the requisite shareholder approvals (including any costs associated with the proposed winding up).

6 Based on Annexure 4 of the Bidder's Statement of Pritchard Equity dated 1st September 2008 and the Constitution of Property Fox No.1 Limited.
7 Based on Page 25 of the Bidder's Statement dated 1st September 2008
8 Based on 100% acceptance level.

The values of the properties held by PF1, are in the opinion of Directors, conservative so it is possible that these sales could be achieved by selling assets at a premium to the current marked down values of the properties. If the properties were to be sold at a higher price than anticipated , some or all of the prior tax losses of the company could be taken up.

Once those sales are complete a future distribution of cash would be made to shareholders either by way of dividend or other distribution.

The Directors would then seek to sell PF1 or, if not possible, in a reasonable timeframe wind the Company up. You will remember it was originally envisioned that the Company would be wound up towards the end of this year and so we would be returning to the original plan.

While this would “lock in” capital losses it would allow you to take the cash returned to you and invest it and benefit from it in any way you wish.

This plan would need to be approved at an Extraordinary General Meeting or Annual General Meeting. The Directors will be seeking your support to implement the plan.

The Directors believe the plan put forward at the last AGM could have worked to restore shareholder value over time but with the ongoing threats from Pritchard and associated entities the only intelligent plan is to return cash to shareholders so **you benefit immediately.**

It is important to note that none of the Directors or the Manager (my company Fox Portfolio Pty Ltd), benefits in any way from this. We do not receive any cash, or any capital, or any potential profit.

This option only benefits A Class shareholders

Any alternative, including a change of mandate or management takes control out of your hands, is long term at best and has associated risks and costs.

The Directors plan puts cash back into your hands, allows you to control your future investing, does so with little or no cost to you and solidifies and makes certain the future of the cash and the company.

This Target’s Statement sets out the full reasons supporting your Directors’ unanimous recommendation to REJECT Pritchard Equity’s Offer

I encourage you to read carefully all information contained in this Target’s Statement and where appropriate seek independent advice or call our Shareholder Information Line on 07 3031 9950.

Yours Sincerely

Peter Spann

Chairman

2. Reasons why you should REJECT Pritchard Equity's Offer

- The Independent Expert has determined the bid is **not** fair nor reasonable – the Directors of PF1 agree – **REJECT** the offer
- **No cash** is offered – the Directors of PF1 have a plan that will return cash to you
- **Pritchard Equity's shares are illiquid** – they rarely, if ever trade
- **The offer is, at best, only 30-34 cents** per share - there is **NO premium offered**
- The audited Net Tangible Assets of PF1 are worth **40% more** than the bid[9]
- You should question the sustainability of Pritchard Equity's current share price relative to PF1's
- Pritchard Equity is offering you shares in a business with little diversity, including related party investments some of which are **declining in value**
- You **lose** a large amount of **your voting rights** – you will have NO say in the future of the company
- Acceptance of the offer will expose you to **significant risk and uncertainty**
- The Directors of PF1 have a plan that will return **cash** to you and may give you **potential upside**

Your Directors unanimously recommend that you REJECT Pritchard Equity's Offer and maintain your full exposure to and shareholding in Property Fox No. 1 Limited

9 Based on the Independent Expert's Report assessment of value at 34 cents per share.

Your Directors unanimously recommend that you REJECT Pritchard Equity's Offer and maintain your full exposure to and shareholding in Property Fox No. 1 Limited

1. The Independent Expert has determined that the offer is NOT fair and reasonable

On behalf of Shareholders the Board of PF1 has engaged the services of VMC Global Pty Ltd to provide an independent expert opinion as to whether or not, in their view, the offer is fair and reasonable.

The Independent Expert has determined that the bid is not fair and not reasonable. Shareholders should read the report which is included at Section 8 of this Target's Statement.

2. NO cash is being offered

There is no cash being offered. Only shares in Pritchard Equity are being offered and as you are about to discover it is the Directors of PF1's view that the Pritchard Equity shares have been over valued in relation to the implied price being offered, are illiquid, concentrate risk, and would reduce your voting rights.

More importantly the offer is at a price less than the average price of the buy-back conducted by PF1. In other words you would have been able to sell your shares for cash at a higher price than this offer before the offer was made.

Considering the large amount of accumulated cash within PF1 an all scrip offer is not in the best interests of shareholders. Indeed any offer that does not contain a considerable cash component is unlikely to be in your best interests.

3. Pritchard Equity's Shares rarely, if ever, trade

Pritchard Equity has made an unsolicited scrip offer for your PF1 shares. PF1 Shareholders should consider the liquidity (the amount and frequency of trades) of PF1's shares relative to the liquidity of Pritchard Equity's shares.

The last trade on Pritchard Equity shares was 24 April 2007 – over 16 months ago. Since that time 966,999 PF1 shares have traded for a total value of $393,449.44.

Illiquidity means fewer trades in the company, which in turn may mean an inability for shareholders to exit when they want to, irrational share prices, irregular or improper valuations, and shareholders being forced to accept prices that are not a true reflection of the company's value. PF1 suffers from illiquidity, however liquidity has been provided through a buy-back. Shares in Pritchard Equity have virtually no liquidity. Shareholders who accept the offer would, in all probability, have little or no market for their shares should they wish to sell.

There are significant reasons why Pritchard Equity shares are illiquid including:

- The small size of the company;
- The limited free float of shares (the shares generally available to be bought and sold) – most of the shares in Pritchard Equity are owned by Steven Pritchard and related parties;
- The limited investment scope of the company – Pritchard Equity primarily has very undiversified, high risk investments mostly in related parties to the major shareholders;

- The illiquidity of the NSX in general;
- The non-voting nature and illiquidity of PEQA shares;
- The risk premium that needs to be attached to the Preferred Income Securities – these investments are high risk, have limited voting rights and the income "coupon" or return can be adjusted at any time by the Directors – this is not attractive to most investors.

Pritchard Equity has based the pricing of their bid on just one trade of 1,000 shares with respect to the PEQA and PEQB shares that occurred over 16 months ago. The Directors of PF1 do not consider this a reliable indicator of what price you may expect if you attempted to sell Prichard Equity shares.

This renders the valuation Pritchard Equity Limited has used as irrelevant and unlikely to be sustainable. PF1 shareholders had (prior to this bid) been able to sell their shares for cash through the buy back at a higher average price than offered now by Pritchard Equity Limited. They then, of course could choose how to reinvest those funds. If you accept this bid you will be selling for less than you could have prior to the bid, you will only receive shares in a highly illiquid company and have no choice over the ongoing investments.

Pritchard Equity's Trades Since Listing

The consideration being offered by Pritchard Equity for your PF1 shares involves different classes of Pritchard Equity's Shares. The amount and frequency of trades with respect to the shares being offered are set out in the tables following.

PEQA (Pritchard Equity Limited A Ordinary Shares)

Date	Price	Volume	Value	Buyer	Seller	Code	Issuer Description
24/04/2007 10:49	1.10	1000	1100	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
22/01/2007 11:09	1.00	11250	11250	Camerons	Camerons	PEQA	Pritchard Equity Limited A Ord Non Voting
16/01/2007 11:09	0.85	5000	4250	Pritchard & Partners	Camerons	PEQA	Pritchard Equity Limited A Ord Non Voting
23/05/2006 9:54	0.85	5000	4250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
4/05/2006 12:00	0.85	250	212.5	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
4/05/2006 11:59	0.85	250	212.5	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
4/05/2006 11:58	0.85	250	212.5	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
4/05/2006 11:58	0.85	250	212.5	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
4/05/2006 11:57	0.85	250	212.5	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
3/05/2006 9:35	0.85	1000	850	Camerons	Tonkins	PEQA	Pritchard Equity Limited A Ord Non Voting
2/05/2006 10:57	1.00	250	250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
2/05/2006 10:57	1.00	250	250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
2/05/2006 10:57	1.00	250	250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
2/05/2006 10:56	1.00	250	250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
2/05/2006 10:56	1.00	250	250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting
2/05/2006 10:55	1.00	250	250	Pritchard & Partners	Pritchard & Partners	PEQA	Pritchard Equity Limited A Ord Non Voting

- The above information is from the NSX website and is correct as at 30th September 2008, the last practical date before this Target's Statement went to print and may be subject to change;
- The above information shows a Volume Weighted Average Price of 93 cents per share or a 15.45% discount to the last traded price of the above shares. This is calculated using the ratio of the value traded to total volume traded since the listing of the above securities. It is a measure of the average price the above stock traded at since listing. Please note that the Independent Expert has determined that this VWAP method of valuation is inappropriate due to the lack of liquidity;
- The above Shares have not traded since 24th April 2007 (over 16 months);

- It is important to note that only one trade involved a broker apart from Pritchard & Partners or Camerons (an associate of Pritchard Equity) indicating little or no interest in the shares apart from related parties;

- Given the non-voting nature and illiquidity of PEQA shares, the small size of the company, the limited free float of shares, the limited investment scope of the company, and the illiquidity of the NSX in general, it is PF1's Directors' view that the price quoted is highly unlikely to be achieved in a free and fair market with significant volume. This would mean a potential significant discount to the quoted price.

PEQB (Pritchard Equity Limited B Ordinary Shares)

Date	Price	Volume	Value	Buyer	Seller	Trading Code	Issue Description
24/04/2007 10:51	1.10	1000	1100	Pritchard & Partners	Pritchard & Partners	PEQB	Pritchard Equity Equity Limited B Class Ord
22/01/2007 11:09	1.00	11250	11250	Camerons	Camerons	PEQB	Pritchard Equity Equity Limited B Class Ord
16/01/2007 11:09	0.85	5000	4250	Pritchard & Partners	Camerons	PEQB	Pritchard Equity Equity Limited B Class Ord
23/05/2006 9:55	0.95	5000	4750	Pritchard & Partners	Pritchard & Partners	PEQB	Pritchard Equity Equity Limited B Class Ord
3/05/2006 9:37	0.95	1000	950	Camerons	Tonkins	PEQB	Pritchard Equity Equity Limited B Class Ord

- The above information is from the NSX website and is correct as at 30th September 2008, the last practical date before this Target's Statement went to print and may be subject to change;

- The above information shows a Volume Weighted Average Price of 96 cents per share or a 12.72% discount to the last traded price of the above shares. This is calculated using the the ratio of the value traded to total volume traded since the listing of the above securities. It is a measure of the average price the above stock traded at since listing. Please note that the Independent Expert has determined that this VWAP method of valuation is inappropriate due to the lack of liquidity;

- The above Shares have not traded since 24th April 2007 (over 16 months);

- It is important to note that only one trade involved a broker apart from Pritchard & Partners or Camerons (an associate of Pritchard Equity) indicating little or no interest in the shares apart from these broking firms;

- Given the illiquidity of PEQB shares, the small size of the company, the limited free float of shares, the limited investment scope of the company, and the illiquidity of the NSX in general, it is PF1's Directors' view that the price quoted is highly unlikely to be achieved in a free and fair market with significant volume. This would mean a potential significant discount to the quoted price.

PEQPA (Pritchard Equity Limited Preferred Income Securities)

- These shares have NEVER traded.

- It is impossible to put an arms length traded price on shares that have never traded.

- The coupon yield would suggest a much lower price than quoted due to the illiquidity of the shares and the risk premium that would need to be attached to this type of debt security. It is PF1's Directors' view that the price quoted by Pritchard Equity of $100 per PEQPA share is not realistic.

- Given the illiquidity of the Pritchard Equity Limited Preferred Income Securities, the risk premium that would need to be attached to the value of the yield, the small size of the company, the limited free float of shares, the limited investment scope of the company, and the illiquidity of the NSX in general, it is PF1's Directors' view that the price quoted is highly unlikely to be achieved in a free and fair market with large volume. This would mean a potential significant discount to the quoted price. For these reasons in calculating the implied price of the Pritchard Equity Offer, your

Directors have adopted the Independent Expert's value of between $62.93 to $70.49 per share, not the $100 claimed by Pritchard Equity Limited to be the value of the Pritchard Equity Limited Preferred Income Securities. For more information on how the Independent Expert Report has calculated these values please refer to the Independent Expert's Report at Section 8 of this Target's Statement.

PF1 Liquidity

In order for shareholders to make an informed decision on the liquidity of PF1's shares as opposed to the liquidity of shares being offered by Pritchard Equity, what follows is a list of all the trades that have occurred since PF1 was listed on 28th February 2007.

Date	Price	Volume	Value	Buyer	Seller	Trading Code	Issue Description	Trade Number
27/08/2008 12:16	0.23	20000	4600	Camerons	Macquarie	PFAA	Property Fox No 1 Limited A Class	2
21/08/2008 9:51	0.26	20000	5200	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	1
29/04/2008 14:25	0.42	20000	8400	Tonkins	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	3
21/04/2008 15:42	0.42	10000	4200	Tonkins	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	3
05/03/2008 11:59	0.42	40000	16800	Tonkins	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	3
21/02/2008 9:41	0.4	238000	95200	Tonkins	Macquarie	PFAA	Property Fox No 1 Limited A Class	1
20/02/2008 10:35	-0.4	-238000	-95200	Tonkins	Macquarie	PFAA	Property Fox No 1 Limited A Class	1
20/02/2008 10:35	0.4	238000	95200	Tonkins	Macquarie	PFAA	Property Fox No 1 Limited A Class	1
30/01/2008 14:38	0.35	20000	7000	Camerons	Macquarie	PFAA	Property Fox No 1 Limited A Class	7
30/01/2008 11:32	0.35	20000	7000	Camerons	Macquarie	PFAA	Property Fox No 1 Limited A Class	3
18/12/2007 12:31	0.5	2000	1000	Tonkins	Macquarie	PFAA	Property Fox No 1 Limited A Class	3
14/12/2007 14:23	0.5	18000	9000	Tonkins	Macquarie	PFAA	Property Fox No 1 Limited A Class	3
04/12/2007 14:06	0.56	19000	10640	Tonkins	Macquarie	PFAA	Property Fox No 1 Limited A Class	3
03/12/2007 16:01	0.56	20000	11200	Tonkins	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	13
03/12/2007 16:01	0.56	20000	11200	Tonkins	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	12
03/12/2007 16:01	0.56	59999	33599.44	Tonkins	Tonkins	PFAA	Property Fox No 1 Limited A Class	11
30/11/2007 11:16	0.56	10000	5600	Tonkins	Tonkins	PFAA	Property Fox No 1 Limited A Class	3
30/11/2007 11:11	0.56	10000	5600	Tonkins	Tonkins	PFAA	Property Fox No 1 Limited A Class	2
22/11/2007 15:44	0.56	15000	8400	Tonkins	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	6
09/11/2007 12:48	0.35	10000	3500	Camerons	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	4
17/10/2007 14:51	0.56	5000	2800	Tonkins	Pritchard & Partners	PFAA	Property Fox No 1 Limited A Class	1
25/09/2007 15:52	0.35	1000	350	Camerons	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	5
25/09/2007 10:54	0.37	19000	7030	Macquarie	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	2
25/09/2007 10:40	0.35	2000	700	Camerons	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	1
24/09/2007 14:10	0.36	18000	6480	Macquarie	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	10
19/09/2007 14:21	0.35	20000	7000	Camerons	Tonkins	PFAA	Property Fox No 1 Limited A Class	6
19/09/2007 14:14	0.35	60000	21000	Camerons	Tonkins	PFAA	Property Fox No 1 Limited A Class	5
19/09/2007 14:14	0.35	40000	14000	Camerons	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	4
19/09/2007 12:41	0.34	20000	6800	Camerons	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	1
18/09/2007 10:27	0.35	20000	7000	Camerons	Tonkins	PFAA	Property Fox No 1 Limited A Class	6
17/09/2007 15:48	0.35	20000	7000	Camerons	ABN Amro Morgans	PFAA	Property Fox No 1 Limited A Class	9
17/09/2007 14:27	0.35	80000	28000	Camerons	Tonkins	PFAA	Property Fox No 1 Limited A Class	6
04/09/2007 12:14	0.385	30000	11550	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	6
21/08/2007 13:09	0.395	20000	7900	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	2
20/08/2007 11:40	0.395	20000	7900	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	3
06/06/2007 11:14	0.52	20000	10400	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	4
12/04/2007 11:57	0.6	20000	12000	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	5
11/04/2007 10:57	0.7	100000	70000	Macquarie	Macquarie	PFAA	Property Fox No 1 Limited A Class	2

- The above information is from the NSX website and is correct as at 30th September 2008, the last practical date before this Target's Statement went to print and may be subject to change;

- While PF1's shares are substantially more liquid than Pritchard Equity shares, Pritchard Equity Limited's assertion that they expect their liquidity to increase when merged with Property Fox is unlikely. Regardless any increase in liquidity will actually be provided by PF1 a benefit you already enjoy;

- The above information includes the on-market buy-back conducted by the company. The Directors of PF1 believe the buy-back prices were fair and reasonable and to the benefit of all shareholders.

- The volume weighted average price of the buy-back was 46 cents per share representing a 19.3% discount to the NTA of the company, expressed as a value per share, as at 30th June 2008;

- Shares bought back increase the net tangible asset backing of the remaining shares of the company, concentrate profits or tax benefits from losses to the remaining shareholders, increase the relative voting rights of remaining shareholders and provides liquidity;

- Any shareholder at any time, during its operation, could have taken advantage of the buy-back;

- The average price of the buy-back, being 46 cents per share exceeds what the Independent Expert believes is the implied value of the offer from Pritchard Equity being 30-34 cents per share. Shareholders of PF1 had the opportunity to sell their shares prior to the bid at a higher price than the bid and receive CASH rather than scrip;

- It is important to note that buy and sell orders were placed on PF1 by five different brokers. Trades in Property Fox No 1 Limited A Class shares (PFAA) have been handled by Tonkins, ABN Amro, Macquarie, Camerons and Pritchard and Partners indicating a much wider interest base in the shares and potentially greater liquidity.

4. There is NO premium being offered – a flawed and biased valuation model has been used

Pritchard Equity values its own shares in a highly favourable manner using only the last traded price. Only 1,000 PEQA shares have traded at the $1.10 price claimed and this transaction took place on the 24th April 2007 – over 16 months ago. The buyer and seller transactions were both handled by Pritchard and Partners in this trade.

The previous trade was at $1 per share and the previous 8 trades were at 85 cents per share. All trades were processed by either Pritchard and Partners or Camerons (an associated company to Pritchard Equity).

The method used to value PF1 shares by Pritchard Equity is VWAP or "Volume Weighted Average Price".

If you apply that same methodology to value Pritchard Equity PEQA shares, the consideration would drop substantially from $1.10 to 93 cents. This is a decrease in valuation of PEQA shares of almost 16%.

Only 1,000 PEQB shares have traded at the $1.10 price claimed. The buyer and seller transactions were both handled by Pritchard and Partners in this trade.

The previous trade was at a $1.00 per share. The buyer and seller transactions were both handled by Camerons in this trade.

The previous trade was at 85 cents per share. The buyer transaction in this trade was processed by Pritchard and Partners and the seller transaction in this trade was processed by Camerons.

The previous trading occurred in 2006.

If you apply the VWAP methodology to value Pritchard Equity's PEQB shares the consideration would drop substantially from $1.10 to 96 cents. This is a decrease in valuation of PEQB shares of almost 13%. In relation to the PEQA and PEQB shares, the Independent Expert has determined that VWAP method of valuation is inappropriate due to lack of liquidity.

There has been no trading of the PEQ Preferred Income Securities. Pritchard Equities valuation of these shares is 10 times earnings regardless of the fact they are highly illiquid and speculative. As previously stated it is unlikely the PEQ Preferred Income Securities would attract significant interest from investors due to the substantial risk premium that needs to be attached to them. This investment is high risk, has limited voting rights and the income "coupon" or return can be adjusted at any time by the Directors (Steven Pritchard is a major shareholder who can outvote other shareholders).

The Independent Expert believes that the stated valuation of the PEQ Preferred Income Securities at $100 each is unlikely to be sustained in a free and fair market with reasonable volume. For these reasons in calculating the implied price of the Pritchard Equity Offer, your Directors have adopted the value of the Independent Expert to the value of the Pritchard Equity Limited Preferred Income Securities and believe these securities are worth at best approximately $62.93 to $70.49 per share. This view was reached by the Independent Expert.

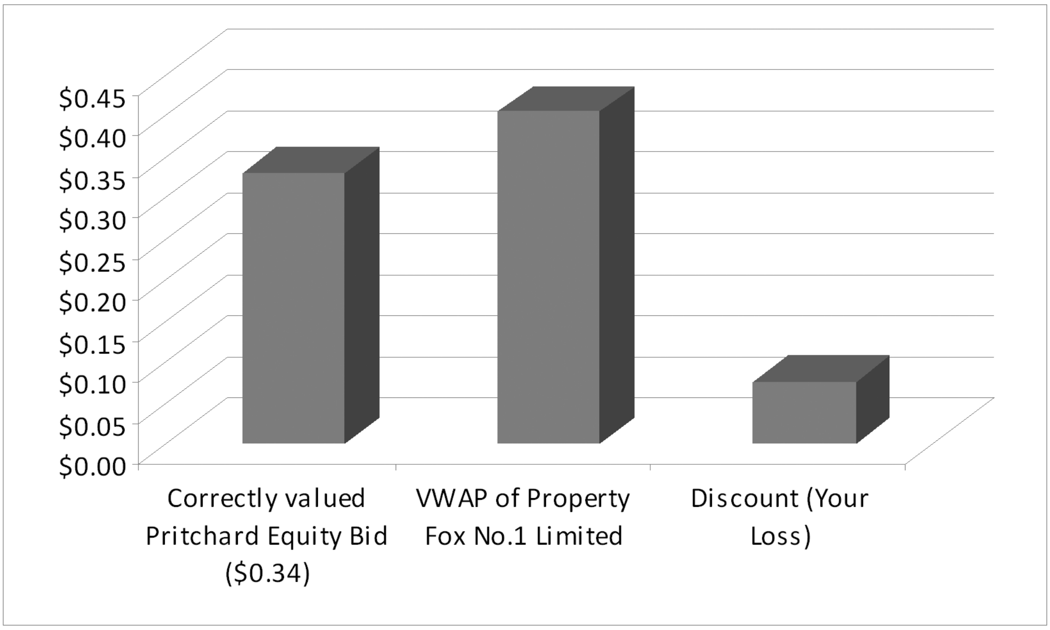
Valued, by the Independent Expert, the Directors of PF1 believe the implied price of the consideration being offered is 30 to 34 cents per share. Rather than being a premium (as claimed by Pritchard Equity) this is a discount. In consideration of the fact that Pritchard Equity Limited has used the VWAP methodology to value the PF1 Shares, at pages 5 and 6 of the Bidder's Statement, the Directors of Property Fox No.1 Limited believe it is appropriate to advise shareholders of what the Independent Expert assessment value is for the PEQ A and PEQ B shares. This can be found in the Independent Expert's Report. Because the PEQ Preferred Income Securities have NEVER traded it is not possible to calculate a VWAP methodology for these securities. For this reason, your Directors have formed a view that fair value for the PEQ Preferred Income Securities is $62.93 to $70.49 per share based on the Independent Expert's Report.

This represents a substantial discount to the VWAP of PF1.

Pritchard Equity, in its valuation of PF1, ignore the buy-back of shares which has taken place at 40c, 42c, 50c and 56c. Any shareholder could have accepted those prices for their shares and taken the proceeds in cash. The takeover bid by Pritchard Equity has as a condition that the company does not enter into a further buy-back.

> **The VWAP of PF1 is 40.51 cents per share. This puts Pritchard Equity's bid based on the Independent Expert's Report of 30 to 34 cents per share at a discount to the VWAP PF1 share price.**

DIRECTORS OPINION ON VALUE OF PRITCHARD EQUITY SHARES COMPARED TO PROPERTY FOX 1 SHARES



This chart illustrates the offer discount when the Pritchard Equity shares are correctly valued and PF1 shares are correctly valued using the same VWAP methodology with respect to the PEQ A Shares and PEQ B Shares and applying a 30% discount to the PEQ Preferred Income Securities. The discount in the chart above illustrates the amount you would lose by accepting the offer based on a 33 cents per share implied offer price.

**NB: The Independent Expert has determined that the VWAP methodology is not appropriate and the above information is included for informational purposes only.*

5. The Assets of the Company are worth 40% more than being offered

As disclosed to the market and published in the audited accounts of PF1, the audited Net Tangible Asset backing of the A Class ordinary shares as at 30th June 2008 is 57 cents per share, when you exclude the ordinary shares.

As Pritchard Equity is not offering to purchase the ordinary shares, and they have no rights on distribution of capital, it is important to exclude them from calculation.

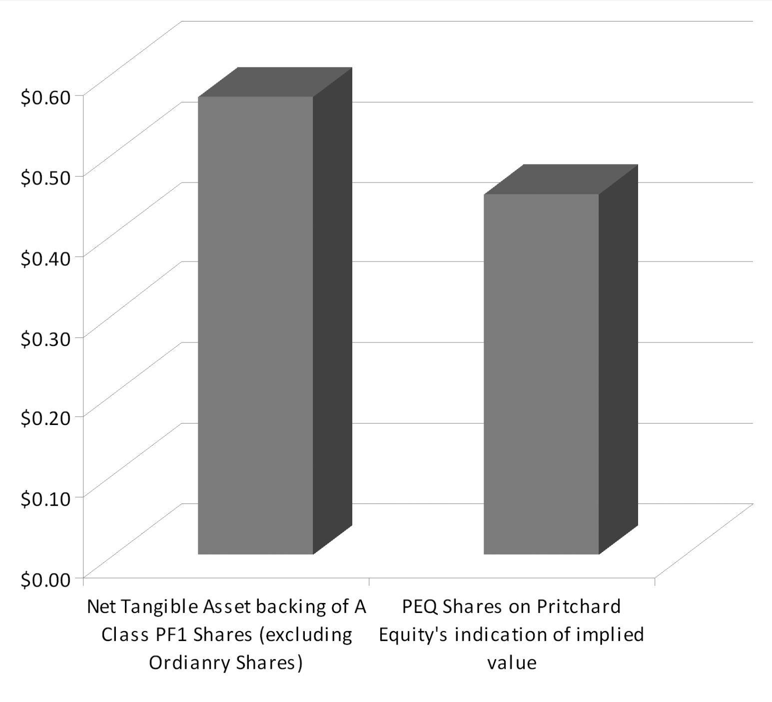
All of the property assets of the company were valued prior to the preparation of the 30th June 2008 accounts. It is the standard practice of the company to have the properties valued every alternate year.

It is also important to note that the company values the assets in the company accounts at the lesser of either the cost or market value so any increases in the values of properties have not been taken up in the accounts. This means when those properties are sold it is possible that they will be sold at prices higher than the carried values of the properties in the accounts.

The Directors of PF1 are confident that not only do the values of the assets in the accounts properly reflect their value, but also that there is a reasonable chance of upside when the assets are sold.

The difference between the value being offered to you by Pritchard Equity and the audited Net Tangible Asset backing of the A Class shares is shown as follows:

DIFFERENCE BETWEEN VALUE OFFERED BY PRITCHARD EQUITY & PF1 NTA BACKING



The Intelligent Investor[10] says "The NTA gives an indication of what each share in a company is worth if all the assets were liquidated, all the debts were paid and the residual was distributed to the ordinary shareholders on a per share basis. NTA is also frequently referred to as the asset backing per share.

By comparing the NTA to the current share price we can see at what multiple of assets the shares are trading. This is described in some investment books as the price-to-book ratio.

If the NTA is greater, opportunities may exist to buy into an undervalued company. It is also possible that a take-over offer may be made. If the NTA is less than the share price, then the market may be overvaluing the company or it may be a reflection of the company's future potential."

In her book *The Language of Money* Edna Carew[11] describes the NTA as "What's behind your shares." She goes on to say "A company can have a poor earnings-per-share rate but still have a solid asset backing. This could make it an attractive takeover target for an asset-stripper." Pritchard Equity's takeover bid appears to be, unfortunately, nothing more than an asset-stripper recognising that the share price does not accurately value the company. It is also an opportunity for all shareholders to truly understand the value of the company and not sell their own holdings short by accepting the bid.

6. You should question the sustainability of Pritchard Equity's current share price relative to PF1

Due to the low liquidity of Pritchard Equity's shares it is highly likely that if a shareholder was forced to sell their shares in Pritchard Equity that the selling pressure would have a detrimental effect on the share price.

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[10] *The Intelligent Investor website available at www.intelligentinvestor.com.au*

[11] *The Language of Money by Edna Carew Allen & Unwin Academic; Exp Sub edition (July 1, 1996)*

For this reason, below is a table which shows the implied value of your PF1 A Class Shares based on different prices for the PEQA Shares, the PEQB Shares and the PEQ Preferred Income Securities .

PEQ A Price	PEQ B Price	PEQ Preferred Income Securities	Implied Offer Price per PF1 Share
$1.10	$1.10	$100	$0.45
$1.00	$1.00	$90	$0.41
$0.90	$0.90	$80	$0.36
$0.80	$0.80	$70	$0.32
$0.70	$0.70	$60	$0.27
$0.60	$0.60	$50	$0.23
$0.50	$0.50	$40	$0.19
$0.40	$0.40	$30	$0.14
$0.30	$0.30	$20	$0.10
$0.20	$0.20	$10	$0.05
$0.10	$0.10	$0	$0.01

7. Pritchard Equity is a business with increased risks

By agreeing to accept Pritchard Equity's offer you are increasing your risk exposure to the share market.

The Assets of Pritchard Equity are highly concentrated in related parties

Pritchard Equity's single largest investment is a 33.06% holding in Cameron Stockbrokers Limited.

Pritchard Equity's second largest investment is a 16% holding in Illuminator Investment Company Limited. The largest holder of these shares as at 30th June 2007 was the Pritchard Family Company Pty Ltd.

Pritchard Equity criticises PF1 for related party activities and yet participates in them by investing in associated companies.

The Assets of Pritchard Equity are highly speculative

One of the major advantages of PF1 is that it is not a typical share market investment. It is a property investment company. Notwithstanding that the risks of investing were disclosed in detail in the original prospectus, the investments of PF1 are now well known and quantifiable – a significant holding in cash, 3 different investments in properties and a small holding in Property Fox No. 2 Limited.

Pritchard Equity on the other hand invests in small, illiquid companies, many of which are related parties, in some cases are not listed public companies so do not produce easily accessible public information, have little or no trading history, and have substantial exposure to highly volatile share investments.

A Highly Illiquid, Privately Owned, High Risk, Cyclical Business

Pritchard Equity's single largest investment is a 33.06% holding in Cameron Stockbrokers Limited (as stated on page 17 of the Bidder's Statement).

Stockbroking is a highly cyclical business and in the current economic environment the prospects would be limited.

For example the Commonwealth Bank announced on the 13th August 2008 that it was not proceeding with a purchase of ABN Amro[12] stating, "The bank advises that it has made this decision after its board assessed the current economic climate, the uncertainty in world financial markets and the risks involved in integrating these complex businesses at this time.".

> "The bank believes that given these factors it would not be in the best interests of shareholders to proceed with the acquisition in this environment."

The Directors of PF1 believe that if the largest bank in Australia doesn't think investing in one of the largest and most successful stockbrokers in Australia at this stage in the economic cycle is a wise idea then shareholders of PF1 should consider it unwise to invest indirectly in a much smaller stockbroker.

On page 18 of the Bidder's statement Pritchard Equity states, with reference to Cameron Stockbrokers Limited that:

"The consolidated operating profit for the year ended 30 June 2008 is expected to be below the result for the year ended 30 June 2007 due to the downturn currently being experienced in financial markets"[13]

> Pritchard Equity has disclosed in its Annual Report 30th September 2008 that the consolidated net operating profit of the Cameron Capital Limited Group has fallen by 53%. Pritchard Equity does not disclose, the impact this makes on the valuation of the business and what impact that will have on the value of Pritchard Equity shares.

A Micro-Sized, Highly Illiquid Company with some Declining Assets and Poor Performance

Pritchard Equity's second largest investment is a 16% holding in Illuminator Investment Company Limited. "IIC" a Listed Investment Company.

IIC is highly illiquid with absolutely no trades having been made between 25th January 2008 and 23rd June 2008.

It is a tiny company to be in this space with a market capitalisation of just $1.19 million as at 13th August 2008, compared to other Listed Investment Companies, listed on the Australian Securities Exchange.

It is highly unlikely to be able to leverage its position having available to invest an amount smaller than many private investors could summon in the market. This opinion is based on the Directors experience in this area and the Directors experience on the possibility of raising debt for a Listed Investment Company especially in the current market environment. IIC invests primarily in ASX 200 stocks – this index has seen a decrease of approximately 25% since its peak in November 2007.

Due to the fall in worldwide stock markets the Directors of PF1 believe that Listed Investment Companies are generally out of favour with the market.

The costs of running a publically listed company of this nature are likely to be disproportionately high to its market capitalization sub-optimising returns. In fact the profit of IIC has never exceeded $49,632 which was for the year ended 30 June 2007, a considerable boom year for share market investing. With such a narrow profit margin any downturn would likely have a substantial impact.

On the date of listing of IIC its share price traded at 46.5c and its NTA was 46c per share. Over 4 years later on 13th August 2008 its share price was 50c and its NTA as at 30th August 2008 was 44.6 cents per share.

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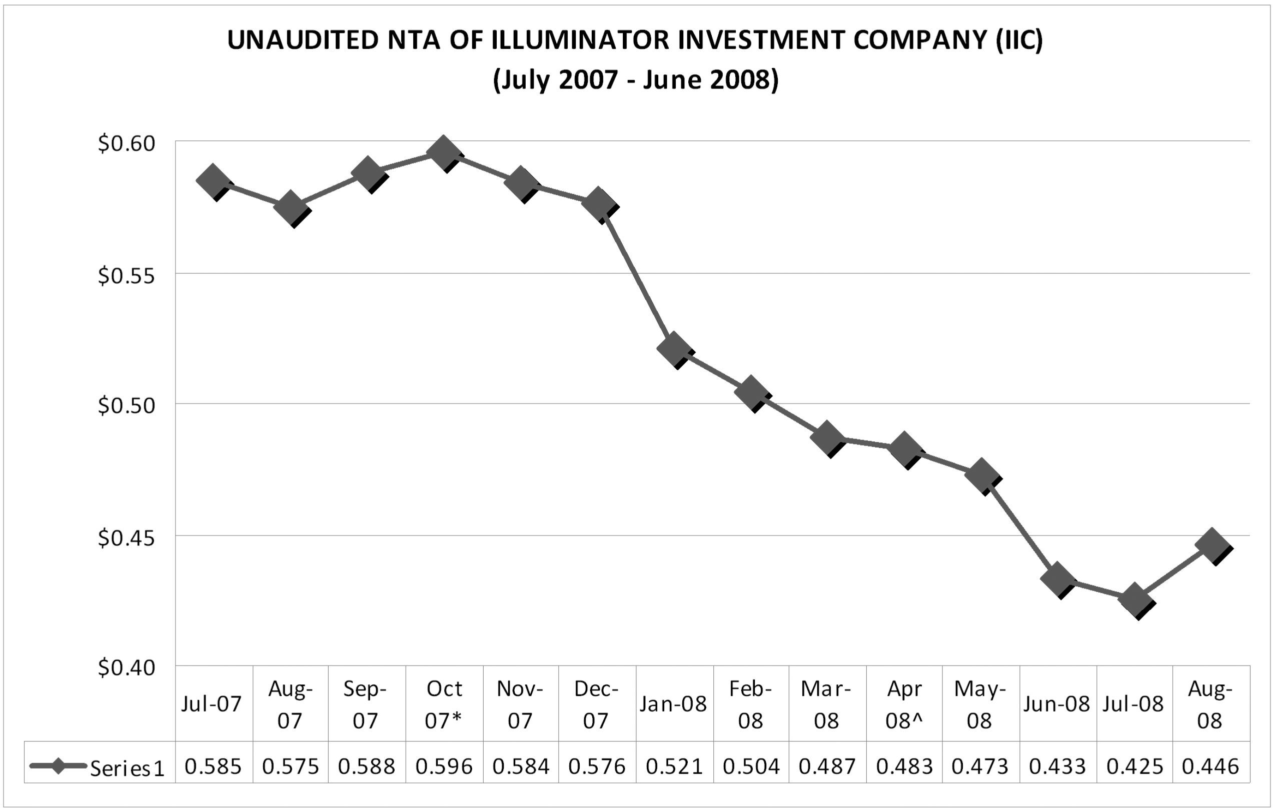
[12] *Media release dated 13th August and Posted on ASX Announcements Web-site*
[13] *Page 18 of the Pritchard Equity Bidder's statement dated 1st September 2008.*

Below is a graph of the unaudited Net Tangible Assets of Illuminator Investment Company from July 2007-August 2008 indicating a significant decline in the asset value of the company.



***0.75 cent dividend ^ 0.8 cent dividend**

Strange and Unrelated High Risk Investments

Other speculative investments of Pritchard Equity Limited include a little known Mining Company managed by related party Cameron Stockbrokers Limited, NSX Limited, and little known property company Penrose Club Holdings that owns rural land.

Property Fox Number 1 is in a superior position to Pritchard Equity Limited

	Pritchard as at 30th June 2008	**PF1 as at 30th June 2008**
Shareholders	67	169
Steven Pritchard Controls	64.95%	5.15%
Cash Holdings	$411,643	$1,427,875
Net Assets	$2,107,027	$2,571,924

- PEQB have just 67 shareholders with Stephen Pritchard controlling approximately 65% of those shares;
- Property Fox Number 1 has 169 shareholders with no one shareholder holding over 22% of the vote;
- Pritchard Equity had just $411,643 in cash as at 30th June 2008;
- Property Fox Number 1 had almost 4 times that amount - $1,427,875 as at 30 June 2008;
- Pritchard Equity had $2,107,027 of net assets as at 31st December 2007;
- PF1 had $2,571,924 of net assets as at 30 June 2008;

- Pritchard Equity has a highly speculative portfolio of mostly interrelated companies with uncertain prospects;
- Property Fox Number 1 has a portfolio of stable properties and significant cash holdings.

8. You stand to lose a large amount of your voting rights – you would have NO effective say in the merged entity

If you accept Pritchard Equity's offer you will receive 1,500 PEQ A Ordinary Shares, 500 PEQ B Ordinary Shares and 68 PEQ Preferred Income Securities for every 20,000 PFAA shares you hold.

The PEQA ordinary shares have **no voting rights**, the PEQ B Ordinary Shares have voting rights and the PEQ Preferred Income Securities have **limited voting rights**.

Steven Pritchard will control 57.19% of the voting rights of the merged company[14] – he will out vote ALL the other shareholders combined!

Due to the way the bid is constructed you will be giving up your ability to influence the running of the company.

You will effectively have a reduced and limited say in the running of the company.

PEQB Ordinary Shares are the only securities in the bid that give shareholders a right to vote at general meetings of Pritchard Equities. Steven Pritchard is a substantial holder of PEQB shares with current voting power of 64.95%[15].

Assuming a 66% acceptance of the offer, Mr. Pritchard will still control 59.61% of the vote – he alone will outvote ALL other shareholders combined.

> **Assuming a 100% acceptance of the offer, Mr Pritchard will control 57.19% of the vote – he alone will still outvote ALL other shareholders combined. In other words one person will outvote the equivalent of 236 other shareholders!**

This concentration of voting power effectively removes your voice as a shareholder in the direction, management and control of the company.

One shareholder effectively controls the majority of shareholder votes and may make many decisions that would affect every other shareholder. In limited circumstances there will be matters which require a 75% approval of shareholders, or alternatively Mr Pritchard, and his related parties, will be restrained from voting due to the Corporations Act or the Listing Rules of the NSX. In these circumstances PF1 shareholders will have the capacity to participate in facets of PF1's operations and decision making.

[14] Assuming 100% acceptance as per page 25 of Pritchard Equity's bidder's statement
[15] Page 25 of Pritchard Equity's bidders statement .

9. Acceptance of Pritchard Equity's Offer will expose you to significant risk and uncertainty

There are a number of risks and uncertainties surrounding Pritchard Equity's offer. These risks are substantial and in the Directors' opinion would alone render any investment into Pritchard Equity as very high risk.

Beyond that, there are substantial risks to accepting the offer.

Pritchard Equity's bid is highly unlikely to proceed

At the last AGM 75.5% of the votes cast were against the appointment of Mr. Pritchard as a Director of PF1.

While it is conceivable that a few of these shareholders may be attracted to Pritchard Equity's offer, as inadequate as it is, it's hard to imagine that it will gain the necessary 66% required to get effective control and proceed on a limited basis and 90% required to effect compulsory acquisition. The Directors believe this is correct, given that on 30th September 2008, Pritchard Equity Limited had received acceptances of its offer from shareholders, representing a total of only 200,000 A class shares in PF1. As at 30th September 2008 Pritchard Equity has a relevant interest in 8.38% of the issued securities of Property Fox No. 1 Limited including the 313,000 A Class Shares Pritchard Equity held prior to the announcement date.

In an announcement following the last AGM of PF1 Peter Spann, the Chairman of PF1 said *"The results of the voting were emphatic and the vast majority of shareholders have voted loud and clear to continue with the Directors' plans to restore value and profitability to the company."* And *"Any further attempts to disrupt this plan will be against the wishes of the majority of shareholders, expensive, time consuming, erode shareholder value and profits further and will NOT be in the best interests of the company."* [16]

Pritchard Equity knows that the company is legally required to formally respond to its bid and this is a very expensive and time consuming process. The offer is unsolicited, significantly below the true value of the company and effectively wastes your money and erodes shareholders' value.

Inability to acquire 90% renders the offer impotent

Given the above it is highly unlikely that Pritchard Equity will acquire 90% of PF1's shares to enable it to move to compulsory acquisition. The Directors believe this is correct, given that on 30th September 2008, Pritchard Equity Limited had received acceptances of its offer from shareholders, representing a total of only 200,000 A class shares in PF1. As at 30th September 2008 Pritchard Equity has a relevant interest in 8.38% of the issued securities of Property Fox No. 1 Limited including the 313,000 A Class Shares Pritchard Equity held prior to the announcement date.

This may mean:

- Pritchard Equity may not be able to consolidate PF1 for tax purposes.
- Pritchard Equity may not be able to access any potential cash flow from PF1
- Any potential synergies will be difficult to achieve
- PF1 may remain as an NSX listed entity which will result in duplicated corporate costs.

[16] *PF1 announcement dated 4th December 2007*

It is possible that you may incur a Capital Gains Tax Liability

If you accept Pritchard Equity's Offer, you will not be eligible to receive CGT scrip-for-scrip rollover relief and may incur a significant liability, unless Pritchard Equity acquires 80% of PF1 which for the aforesaid reasons is unlikely.

Unlikely to satisfy 66% minimum acceptance condition

It is unlikely that Pritchard Equity will receive sufficient acceptances to satisfy its 66% minimum acceptance condition in relation to acquisition of the A class shares. If this is the case the bid may not proceed unless the conditions are varied or waived by Pritchard Equity. In this circumstance, people who have accepted the offer may not have their shares acquired, the company is hampered in carrying out its normal course of business - buying and selling property, the buy-back has been blocked disallowing shareholders the choice of selling for cash at a price higher than the bid, forcing the Directors to focus on analyzing the bid instead of running the company, and a host of other undesirable outcomes. In effect is will be an expensive waste of time.

Risks if you accept Pritchard Equity's conditional offer – you could end up with shares in Pritchard Equity and give up your PF1 shares while PF1 continues to trade

Shareholders should note that, if they accept Pritchard Equity's Offer, they will lose the ability to deal in their Shares unless and until the Offer lapses or a withdrawal right arises.

If Pritchard Equity does not acquire control of PF1, but waives its bid conditions, it may issue you Pritchard Equity Shares in return for your PF1 Shares. In this case, you will lose your exposure to PF1 and end up with shares in an illiquid company.

Substantial Additional Risks

Specific business risks of Pritchard Equity and its investments

Reliance on key personnel

Pritchard Equity discloses that it relies on a number of key personnel, in particular Steven Pritchard. The loss of any key employees, in particular Steven Pritchard, may have a detrimental effect on the Company.

Illuminator Investment Company Limited *(Illuminator)* (which is 16% owned by Pritchard Equity) also relies on a number of key personnel to make investment decisions, in particular Steven Pritchard and Daniel Di Stefano. The loss of any key employees may have a detrimental effect on the company.

Further, the loss of key staff members of Cameron Stockbrokers (which is 33.06% owned (indirectly) by Pritchard Equity) could result in that company losing valuable client relationships and transaction execution skills.

Market price of investments

Pritchard Equity directly and indirectly owns or has an interest in shares in a number of listed companies. The market price of these shares may fall as well as rise.

Concentration of investments

The portfolios of investments held by Pritchard Equity, Henley Underwriting & Investment Company Pty Limited (which is 100% owned by Pritchard Equity) and Illuminator are less diversified than those of many other listed investment companies.

These companies may be unable to identify other suitable companies in which to invest.

Regulatory requirements

The stockbroking industry is regulated by the Corporations Act, and the ASIC, ASX and NSX operating rules. Cameron Stockbrokers is required to hold certain licences and memberships to be able to conduct its business. If Cameron Stockbrokers or its advisers were to breach the requirements of the relevant regulations or licences, the company's ability to conduct its business could be threatened.

The ability of Pritchard & Partners Pty Ltd *(Pritchard & Partners)* to manage Illuminator's portfolio of investments is dependent on the maintenance of Pritchard & Partners' AFS Licence. Maintenance of the AFS Licence depends, among other things, on Pritchard & Partners continuing to comply with the licence conditions and the Corporations Act.

Remuneration of Pritchard & Partners

Pritchard & Partners' remuneration for managing Illuminator's portfolio is based partially on performance, which may create an incentive for Pritchard & Partners to make investments on behalf of Illuminator that are riskier or more speculative than would be the case if the fee were not based on the performance of Illuminator.

Failure of computer systems and other services

Cameron Stockbrokers is dependent on the ongoing efficient operation of its information and accounting computer system. A major hardware or software failure could create delays in processing daily transactions, resulting in abnormal costs if the problem cannot be addressed quickly.

Cameron Stockbrokers relies on ASX to continue to supply and operate efficiently the ITS and CHESS services to enable it to execute orders and settle share trade transactions. A failure of either or both of these services could detrimentally affect the business conducted by Cameron Stockbrokers.

Risks Specific to the Bid

Issue of PEQA Ordinary Shares, PEQB Ordinary Shares and PEQ Preferred Income Securities as consideration under the Offer, Pritchard Equity will issue new PEQ A Ordinary Shares, PEQ B Ordinary Shares and PEQ Preferred Income Securities. The rights and liabilities attaching to these securities are set out in more detail in Annexure 4 of the Bidder's Statement.
Some Property Fox A Class Shareholders may not intend to continue to hold their PEQ A Ordinary Shares, PEQ B Ordinary Shares or PEQ Preferred Income Securities and may wish to sell them on NSX. If a significant number of Property Fox A Class Shareholders seek to sell their PEQ A Ordinary Shares, PEQ B Ordinary Shares and PEQ Preferred Income Securities, this may adversely impact the price of PEQ A Ordinary Shares, PEQ B Ordinary Shares and PEQ Preferred Income Securities.

The PEQ B Ordinary Shares entitle the holder to vote at general meetings of Pritchard Equity. However, the PEQ A Ordinary Shares have no voting rights and the PEQ Preferred Income Securities have limited voting rights and therefore holders of these shares do not have the ability to influence the business or other decisions of Pritchard Equity.

While the PEQ Preferred Income Securities are entitled to a preferential dividend there is no guarantee that either the PEQ A Ordinary Shares, PEQ B Ordinary Shares or the PEQ Preferred Income Securities will provide any return in the event that Pritchard Equity does not make any profits. If Pritchard Equity makes profits sufficient to pay some, but not all, of the dividend on the PEQ Preferred Income Securities then a pro-rata dividend will be paid to the extent of available profits, and the remainder will accumulate for payment at a later date as and when profits permit.

The Company may convert any PEQ Preferred Income Securities into PEQ A Ordinary Shares at any time by giving 60 days written notice.

The PEQ A Ordinary Shares and PEQ B Ordinary Shares being offered as consideration under the Offer have only had limited on-market trades and the PEQ Preferred Income Securities were quoted on 28 May 2008 and have not yet been traded. The substantial shareholding of Mr Steven Pritchard in Pritchard Equity further reduces the liquidity of these securities.

In comparison to Property Fox No.1 Limied, the securities of Pritchard Equity are closely held with Mr Steven Pritchard being the controlling shareholder. The presence of this controlling shareholder is likely to diminish the likelihood of a third party takeover offer.

Risks Related to the Potential Integration of the Two Businesses

Pritchard Equity expects that value can be added for shareholders of the Merged Entity by the efficient integration of the businesses. As the businesses are unrelated it is highly unlikely there will be much in the way of efficiencies. Regardless the size of both businesses will make the efficiencies negligible. If Pritchard Equity is unable to acquire 100% of Property Fox A Class Shares under the Offer, it may not achieve all of the potential benefits referred to in the Bidder's Statement.

Property Fox assets

Pritchard Equity may not be able to dispose of one or more of Property Fox's property investments acquired as a result of the Offer, when desired, or for full value. As a consequence, the apparent value of an investment may not be realised.

General economic and market risks

Sharemarket considerations

PEQ A Ordinary Shares, PEQ B Ordinary Shares and PEQ Preferred Income Securities are listed on NSX, where their prices may rise or fall from day to day. PEQ A Ordinary Shares, PEQ B Ordinary Shares and PEQ Preferred Income Securities carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on NSX. The value of PEQ A Ordinary Shares, PEQ B Ordinary Shares and PEQ Preferred Income Securities may be determined by the stock market and will be subject to a range of factors, many of which are beyond the control of Pritchard Equity.

The performance of companies in which Pritchard Equity has a direct or indirect interest may also be adversely affected by general share market conditions.

Economic and other considerations

The future earnings of Pritchard Equity and the value of its investments may be materially affected by the general economic climate and other factors beyond the control of the Company, including, but not limited to, variations in legislation and government policies, taxation laws, exchange rates and short and long term interest rates.

10. A future plan for PF1 that advantages ALL shareholders

Your Directors believe that PF1 is in good financial and operational shape and is positioned to take advantage of the recovery of property markets.

Despite 75.5% of votes cast voting to reject Mr. Pritchard’s prior attempt to be appointed as a Director of the company he continued to threaten ongoing actions of this nature.

These ongoing actions are having a serious detrimental effect on the value of the Company. Mr. Pritchard's actions at the last AGM cost the Company thousands of dollars in legal and registry fees and the current legal fees to provide the response required by the Corporations Act are already in excess of $30,000 and could go as high as $60,000. These are NOT optional costs. The Directors of PF1 are legally bound to respond to the Bidder's Statement and these costs are directly caused by Pritchard Equity's unsolicited and inadequate bid. At $60,000 in unnecessary costs, A Class shareholders will have lost another 1.3 cents per share. It is an extraordinary waste of money given the unlikely prospects of its success.

A few months ago, in order to seek some resolution, the Directors through its representative, approached Mr. Pritchard a number of times to discuss the future of the company to benefit all shareholders. This was a genuine effort to restore shareholder unity, value and plan a bright future for the company. He rejected those approaches.

> **The Directors have now formed a view that the best way forward is to return to you the accumulated cash in the Company.**

This action returns the capital to **you** and gives you the choice of how to manage it.

This lowers the interest in the company as a target for asset strippers.

Shareholders will be significantly better off with cash in their hands and with an amount substantially more than the value of this offer – up to 50 cents per share for 45% of the shares you are currently holding.

The Directors' plan would be to **return ALL surplus cash to you** by way of a buy-back. This is tax effective and fair to all shareholders.

At the conclusion of the buy back the Directors would seek to sell the remaining assets of the company in an orderly manner so as to not further disadvantage prices.

Once those sales are complete a future distribution of cash would be made to shareholders either by way of dividend or by winding the company up.

The Directors would then seek to sell the company or if not possible in a reasonable timeframe wind the company up. You will remember it was originally envisioned that the company would be wound up towards the end of this year and so we would be returning to the original plan.

While this would "lock in" capital losses it would allow you to take the cash returned to you and invest it and benefit from it in any way you wish.

This plan would need to be approved at an EGM or Annual General Meeting. The Directors will be seeking your support to implement the plan.

The Directors believe the plan put forward at the last AGM would have worked to restore shareholder value over time but with the ongoing threats from Pritchard and associated entities, the only intelligent plan is to return cash to shareholders.

Any alternative takes control out of your hands, is long term at best and has associated risks and costs.

The Directors' plan puts cash back into your hands, allows you to control your future investing, does so with little or no cost to you and solidifies and makes certain the future of the cash and the company.

> It is important to note that Mr. Peter Spann, Fox Portfolio Pty Limited, the Directors of PF1 or any associate of Mr. Peter Spann will not receive any capital distribution as a result of implementing this plan. They will receive **no** profit, incentive or additional remuneration through this plan.

11. Response to assertions made in the bidder's statement.

Property Fox's Loan to Freeman Fox Property WAS in the best interest of shareholders (it saved the PF1 shareholders $135,000)

In September 2003 the Independent Directors of PF1 (Peter Spann abstained from voting) approved a loan to Freeman Fox Property Pty Ltd ("FFP") which was made in 2004. The loan did not require specific shareholder approval as it was made in the normal course of business.

It was reported in the company accounts for that year and discussed in detail at the AGM for PF1 in that year.

In the first years of operation PF1 bought a number of unit blocks for refurbishment and resale. The prospectus for the company disclosed that FFP, which is a related party to Managing Director Peter Spann, was tasked with selling those apartments. It also disclosed the fees to be paid to FFP.

In order to sell the apartment stock of the company additional staff and a marketing campaign was needed.

A campaign for an individual property can range in cost between a few hundred dollars to more than twenty thousand dollars depending upon the value of the property and the exposure required. This campaign was for a large number of apartments and was budgeted by the Directors in consultation with PF1's nominated real estate agents at the time at approximately $135,000 including telemarketing, additional sales agents, advertising, a direct mail campaign and brochures.

Normally the vendor, in this case PF1 would pay the marketing costs of any campaign.
This is normal commercial practice.

In order to benefit the shareholders, the Directors at the time negotiated with FFP to pay the marketing costs, however at the time FFP simply did not have the funds.

The Directors suggested that PF1 could loan the funds to FFP as long as they were repaid from commissions from the sales. This was initially a short term interest free loan.

> These were expenses that would normally have to be funded by the vendor (PF1) and were saving the company the cost of $135,000+.

When the sales were slower than anticipated, interest was added to the loan at commercial terms. The loan was repaid in full in 2006.

Pritchard Equity implies this was against the interests of the shareholders, however the choice was a $135,000 cost to the company or a profit from interest paid to the company by FFP.

The Directors at the time were totally independent and had no other association with Peter Spann.

Peter Spann did not suggest the loan, participate in any discussions with regards to this loan nor did he vote on it. The Directors were acting in the best interests of the shareholders in this arrangement by negotiating that FFP would pay for expenses that would normally be incurred by PF1.

Fees have been adjusted to just $12,000pa

In their bidder's statement Pritchard Equity includes $247,323 in costs that would have been charged by non-related parties regardless. They also include $148,975 in Director's fees paid to Independent Directors. No Director would serve on a company's board without remuneration of some kind. The current remuneration of $12,000 per annum for the two executive directors (the Managing Director, Mr Peter Spann does not receive a Director's fee) is well below the commercial rate payable to directors of listed public companies. Normally an executive director of a public company would receive at least $40,000 to $50,000 pa for being on the board. This statement is based on the Directors' knowledge and experience, as Mr Woolcott has been a director of a number of listed public companies. Mr. Woolcott and Mr Spann are currently directors of a company listed on the Australian Securities Exchange.

The company was charged $110,000 per annum to be managed by Fox Portfolio Pty Ltd (a related company to Managing Director Peter Spann). Mr Peter Spann did not start the company for the purpose of receiving management fees, but rather in the hope, like you, that the company would be successful and he would share in the profits. In the opinion of Directors based on their level of knowledge and expertise, a management fee of $110,000 per annum was not an extraordinary fee to manage the company.

This fee was disclosed in the original Prospectus for the company. All potential investors, prior to investing had the opportunity to assess if those fees were appropriate. Regardless, last year, Fox Portfolio Pty Ltd, the Manager, reduced the fees to manage the company to just $12,000pa. Including Directors' fees the company's total cost to manage is just $36,000 per annum.

It is the Directors view that the running costs, such as, rent, utilities, administration, accountancy and compliance costs would exceed $110,000 per annum in the normal course of business.

The topic of fees was discussed in detail with shareholders last year at the AGM of the company when it was confirmed that there would be a reduction in fees from $110,000 per annum to just $12,000 per annum.

Fees are always a very sore point with investors especially when an investment does not perform, but Pritchard Equity does not disclose what it would have charged to manage the company in the same six year time frame or indeed what the management fees would be for a comparable company of this type.

There are a number of related party fees pertinent to Pritchard Equity and the investments Pritchard Equity owns. Examples of these fees are as follows:

- Management Fees payable to Pritchard & Partners Pty Ltd for the management of Illuminator Investment Company Limited in the sum of $17,085, as disclosed in the Preliminary Final Statement of Illuminator Investment Company dated 12th September 2008;
- Brokerage fees payable to Pritchard & Partners Pty Ltd in relation to share purchases in the sum of $1,485, as disclosed in the Preliminary Final Statement of Pritchard Equity Limited dated 12th September 2008;
- Brokerage fees payable to Cameron Stockbrokers Limited in relation to share purchases in the sum of $7,809, as disclosed in the Preliminary Final Statement of Pritchard Equity Limited dated 12th September 2008;
- Accounting fees payable to Rees Pritchard Pty Ltd, in the sum of $37,300 as disclosed in the Preliminary Final Statement of Pritchard Equity Limited dated 12th September 2008,

- Registry fees payable to Newcastle Capital Markets Registries Pty Ltd in the sum of $12,633 , as disclosed in the Preliminary Final Statement of Illuminator Investment Company dated 12th September 2008;
- The Directors assert that the fees being charged to PF1 are more easily calculated and identifiable.

It is the opinion of the Directors, based on their level of knowledge and experience, that the current fees being charged to PF1 are below market rates and below what the Directors believe Pritchard Equity would charge you to manage the company. This is view is based on the Directors of PF1's assessment on the various fees and charges charged by companies related to Steven Pritchard to Illuminator Investment Company Limited and Pritchard Equity Limited.

Shareholders would be wise to treat with caution the preferential dividend of the PEQ Preferred Income Securities

Pritchard Equity asserts that PF1 can only pay dividends from profits. This is true, however they then state that there is no guarantee that Pritchard Equity will make profits in the future to enable it to pay dividends on the PEQ Preferred Income Securities.

Pritchard Equities is subject to the same risks and market forces as all other companies. It is the Directors assertion that PF1 is in a better, more stable capital position with superior assets.

Pritchard Equity has no plan for PF1

Pritchard Equity's management currently manage, mainly, stock market related investments which is a different business and unrelated to the assets of PF1. Remembering that one shareholder will control the majority of voting power, this may mean that the mandate of PF1 can be changed by Pritchard Equity by outvoting the existing PF1 shareholders. Pritchard Equity does not state or disclose what investment opportunities it will pursue and given the performance of Pritchard Equity's current investments PF1 Shareholders would be wise to exercise caution.

Pritchard Equity's portfolio is not diversified – it is highly concentrated in related party companies that are illiquid

Pritchard Equity is a small company. Its market capitalization is only $1.76m. It is unlikely to be an attractive investment for additional capital even with the combined assets of PF1.
In their bidder's statement Pritchard Equity says "the merged entity is expected to have access to cash reserves in excess of $1.8m."[19] **It is important to note that $1.4m of that capital will come directly from PF1.**

Pritchard Equity directors will have majority voting control of any merged entity – this is not alignment with the interest of other shareholders

If the Bid is successful, then, the directors of Pritchard Equity will have majority voting control of any merged entity. One shareholder alone, Steven Pritchard will be able to outvote ALL other shareholders combined.

This is NOT alignment with the interest of the shareholders.

The majority of Pritchard Equity's investments are in associated companies that have common directors to that of Pritchard Equity.

There are multiple layers of potential conflicts of interests.

PF1's Directors believe that these two factors combined show significant misalignment of interest and shareholders should consider these issues with extreme caution.

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[19] Extracted from Page 39 of the Bidder's Statement of Pritchard Equity dated 1st September 2008

The liquidity of Pritchard Equity is unlikely to improve to a level where a free and fair market with volume can be expected by shareholders

While the Directors agree that it is possible that a small improvement to liquidity may occur post merger the combined entity would still be a micro company where the ownership of the shares is highly concentrated.

With one shareholder controlling majority voting power, related party investments, a high risk concentrated portfolio of investments, limited scope for growth or additional capital raising, and virtually an unknown mandate and strategy this is highly unlikely to be an attractive target for investors.

It is more than likely that liquidity will stay the same or decrease given the removal of PF1's share buy-back strategy.

Pritchard Equity has blocked better alternatives for shareholders

The buyback of shares carried out by PF1 was conducted at a discount to NTA .

The volume weighted average of the buyback price was 46 cents per share, which exceeds the amount offered by Pritchard Equity.

Shareholders could have taken advantage of the buy back, receiving immediate payment for their shares in cash.

The bid by Pritchard Equity has as a condition that the company does not enter into a buy-back agreement.

The risks in accepting the offer far outweigh any risk in rejecting it

The risks in rejecting the offer revolve around any potential decline in the value of the properties PF1 holds and the ongoing operational costs of the company. The Directors of PF1 believe that the assets owned by the company are fully written down and have potential for upside. In addition, the cash at bank is known to investors and your Directors are working on a plan to return up to 50 cents per share to you for 45% of your shares.

The risks in accepting the offer from Pritchard Equity are high and include:

You lose your PF1 shares and PF1 continues successfully

If you accept the consideration prior to the offer going unconditional you may be stuck with Pritchard Equity shares and lose your exposure to PF1.

If Pritchard Equity change or withdraw the conditions of its offer and you have accepted it you may lose your investment in PF1 even though the bid is unsuccessful at securing the required 66% to proceed under the current conditions. In this circumstance PF1 would continue to trade and you would lose your exposure to its assets which are approximately 50% in cash. You would also lose the possibility of a cash return from PF1.

Due to illiquidity, if you attempt to sell your Pritchard Equity shares, you may not achieve a reasonable price

With no sales for over 16 months and little interest in the shares it is highly unlikely the quoted share price of Pritchard Equity could withstand anybody attempting to sell a reasonable quantity of shares. In this circumstance you could be forced to accept a price far lower than the consideration being offered to you by Pritchard Equity or the Net Tangible Asset Backing of PF1.

3. Answers to Frequently Asked Questions

3.1 Is there a number that I can call if I have other questions in relation to Pritchard Equity's Offer?

If you have any questions about Pritchard Equity's offer, please call the PF1 Shareholder Information Line on 07 3031 9950

3.2 What should I do?

To **REJECT** Pritchard Equity's Offer, simply DO NOTHING- disregard all documents sent to you by Pritchard Equity. To accept Pritchard Equity's Offer follow the instructions contained within the Bidder's Statement.

3.3 What do the Directors of PF1 recommend I do?

Your Directors unanimously recommend that you **REJECT** Pritchard Equity's Offer which they consider to be inadequate and opportunistic.

The key reasons why the Directors unanimously recommend you **REJECT** Pritchard Equity's Offer are:

1. The Independent Expert has determined the bid is **neither fair nor reasonable** – the Directors of PF1 agree – reject the offer;
2. **No cash** is offered – the Directors have a plan that will return cash to you;
3. **Pritchard Equity's shares are illiquid** – they rarely, if ever trade;
4. The Independent Expert has valued the offer, at best, only 30 to 34 cents per share[20] - there is **NO premium offered.** Valued at by the Independent Expert the offer is a 40% discount to the audited NTA of PF1 as at 30th June 2008[13];
5. The audited Net Tangible Assets of the company are worth **40% more** than the bid based on a 34 cent per share value as the high range of the Independent Expert;
6. The sustainability of Pritchard Equity's current share price is questionable;
7. Pritchard Equity is offering you shares in a business with little diversity, related party investments some of which are **declining in value;**
8. You **lose** a large amount of **your voting rights** – you will have limited say in the future of the company;
9. Acceptance of the offer will expose you to **significant risk and uncertainty;**
10. The Directors of PF1 have a plan that will return cash to you and participate in any potential capital growth from the current investments of PF1.

3.4 What are the tax consequences of Pritchard Equity's Offer?

Capital Gains tax rollover relief will not be available as Pritchard Equity will not gain control of greater than 80% of the voting shares. See Section 6.2(e) of the Bidder's Statement for further details

[20] *Based on the Independent Expert's Report.*
[13] *Based on a Value of 34 cents per share*

3.5 Will I be forced to sell my PF1 Shares?

You cannot be forced to sell your PF1 Shares unless Pritchard Equity proceeds to compulsory acquisition of your PF1 Shares. Pritchard Equity will need to acquire at least 90% of the PF1 A class Shares in order to exercise compulsory acquisition rights. If Pritchard Equity acquires more than 90% of PF1 and proceeds to compulsory acquisition, then you will be paid the same consideration as is payable by Pritchard Equity under Pritchard Equity's Offer.

3.6 What choices do I have as a PF1 Shareholder?

As a PF1 Shareholder you will have the following choices:

- REJECT Pritchard Equity's Offer, in which case you do not need to take any action;
- Sell some or all of your PF1 Shares on market at any time, which may be at a higher or lower price than the implied value of your PF1 shares under Pritchard Equity's Offer; or
- Accept Pritchard Equity's Offer, in which case you should follow the instructions on the acceptance form sent to you with the Bidder's Statement. Once you have accepted you may not sell your PF1 shares on market or withdraw your acceptance other than in the circumstances mentioned in Section 7.4 of this Target's Statement.

Your Directors unanimously recommend that you REJECT the Pritchard Equity Offer.

3.7 What is Pritchard Equity offering for my PF1 Shares?

Pritchard Equity is offering Consideration of 0.075 PEQ A Ordinary Shares, 0.025 PEQ B Ordinary Shares and 0.0034 PEQ Preferred Income Securities for every Property Fox A Class Share.

3.8 What is the value of Pritchard Equity's Offer?

The value of Pritchard Equity's Offer depends on the market price of Pritchard Equity's Shares.

The following table sets out the implied value of Pritchard Equity's Offer assuming different market prices of the various Shares being offered in exchange for your PF1 A Class Shares.

PEQ A Price	PEQ B Price	PEQ Preferred Income Securities	Implied Offer Price per PF1 Share
$1.10	$1.10	$100	$0.45
$1.00	$1.00	$90	$0.41
$0.90	$0.90	$80	$0.36
$0.80	$0.80	$70	$0.32
$0.70	$0.70	$60	$0.27
$0.60	$0.60	$50	$0.23
$0.50	$0.50	$40	$0.19
$0.40	$0.40	$30	$0.14
$0.30	$0.30	$20	$0.10
$0.20	$0.20	$10	$0.05
$0.10	$0.10	$0	$0.01

PEQ A, PEQ B and PEQ Preferred Income Securities Latest Share Prices can be obtained from www.nsxa.com.au under the NSX code PEQA, PEQB and PEQPA respectively.

3.9 What are the conditions of Pritchard Equity's Offer?

Pritchard Equity's Offer is subject to the fulfilment (or in certain circumstances, the waiver by Pritchard Equity) of certain conditions summarized in Section 7 of this Target's Statement and set out in Section 7 of Annexure 1 of the Bidder's Statement. These conditions include those summarized below:

a) a 66.0% minimum acceptance condition;

b) conditions relating to certain material transactions, prescribed occurrences, material adverse changes and the conduct of PF1's business;

c) a condition which is triggered if the S&P/ASX 300 index falls below 4250 at any time;

d) that no event occurs which results in the value of the net tangible assets falling below $2,750,000 for at least five consecutive days; and

e) that none of the prescribed occurrences occur before the end of the Offer Period.*

***Above is a summary of certain conditions imposed by the bidder, Pritchard Equity in relation to its takeover offer. For a full description of all the conditions of the offer Shareholders should read Section 7 of the Bidders Statement at page 61 of the Bidder's Statement.**

3.10 What are the risks associated with becoming a Pritchard Equity Shareholder?

If you accept Pritchard Equity's Offer and become a Shareholder of Pritchard Equity your investment will be subject to risks associated with Pritchard Equity's business.

Further information about the risks associated with an investment in Pritchard Equity (including where it acquires PF1) are set out in Section 5 of the Bidder's Statement.

3.11 What is a Bidder's Statement?

The Bidder's Statement is a document containing the detailed terms of Pritchard Equity's Offer. Pritchard Equity lodged its Bidder's Statement with the NSX, ASIC and PF1 on 1st September 2008. Copies are available on the NSX website.

3.12 When would I receive my Offer consideration?

If you accept Pritchard Equity's Offer, and Pritchard Equity's Offer becomes unconditional, you will receive the Pritchard Equity PEQ A Shares, the PEQ B Shares and the PEQ Preferred Income Securities to which you are entitled to under the Offer by the earlier of

- One month after the Offer is accepted or one month after all of the conditions have been fulfilled or removed; and
- 21 days after the end of the Offer Period.

3.13 What happens if the conditions are not satisfied or waived?

If the conditions of Pritchard Equity's Offer are not satisfied or waived by the closing date, Pritchard Equity's Offer will lapse and you will continue to be a PF1 Shareholder (unless you otherwise sell your PF1 Shares).

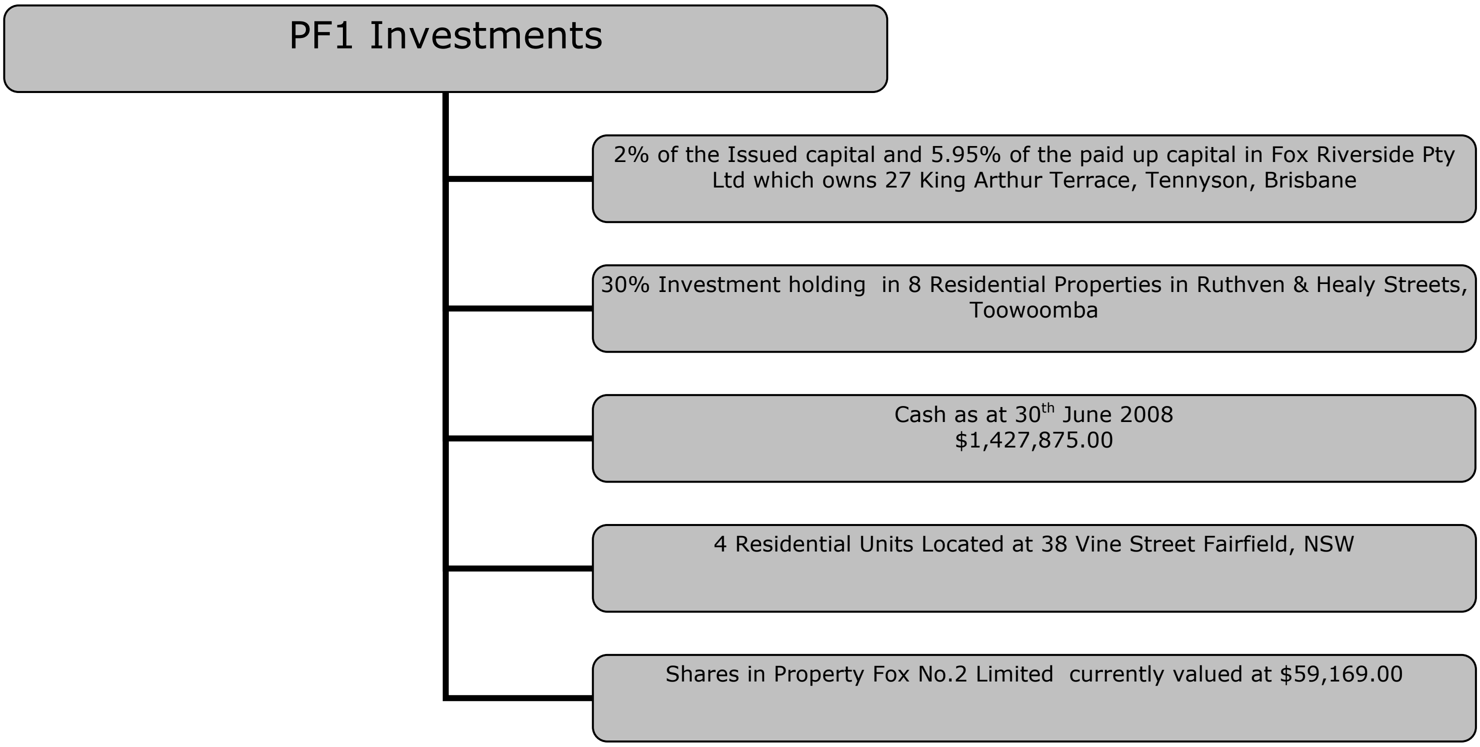
3.14 What happens if the conditions of Pritchard Equity's Offer are satisfied or waived by the closing date?

If there is any change to Pritchard Equity's Offer, your Directors will consider the changes and advise you of their position.

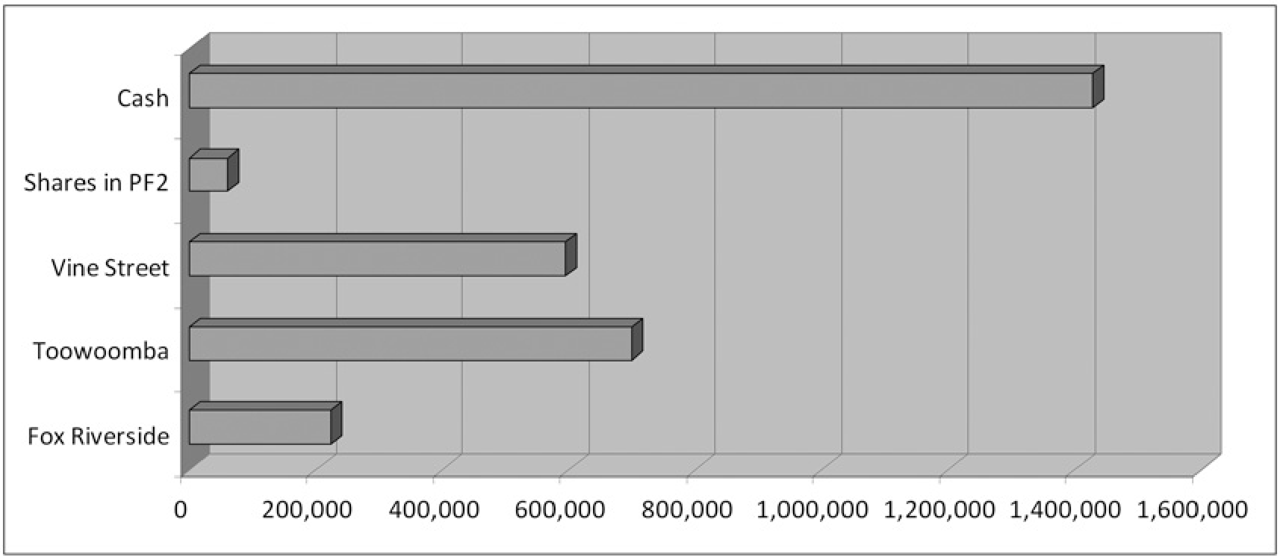
4. Profile of PF1

4.1 Business overview

PF1 is a diversified property investment company which has holdings in a range of residential properties in New South Wales and Queensland and a significant cash holding.



ASSET DISTRIBUTION BY VALUE



*The above information is based on the carrying values of the various assets of the company as at 30th June 2008.

4.2 Current Investments of Property Fox No.1 Limited

Fox Riverside Pty Ltd

The Company owns 2% of the issued capital of Fox Riverside Pty Limited, which entitles it to 5.95% of the profit and capital distribution. Fox Riverside Pty Ltd is engaged in a joint venture which owns two blocks of Brisbane riverfront land with a development approval to construct two prestige homes. As announced to the market on 3rd July 2008, the directors of Fox Riverside Pty Ltd have listed the property for sale. The public auction for the property was held on 27th September 2008, with the property being passed in on a Vendor's Bid of $3 million.

Toowoomba Property Holding

The Company owns a 30% share in 8 contiguous properties comprising houses and flats in the central area of Toowoomba. PF1 obtained two valuations of the properties in June 2008. After taking the average of the two valuations the properties have shown an increase of $326,130. The Company's 30% share of this increase is $97,839. As the Company values its properties at the lower of cost or market value, this increase has not been taken up in the accounts but the Directors believe it is still a real increase in value of the asset.

38 Vine Street Fairfield NSW – 4 home units in a block of 12.

The building is in the process of conversion to strata title, and the company is working with the body corporate to complete this as quickly as possible. Although the company had a number of offers to purchase these units at close to their book value, the purchasers were unable to obtain finance. Recent increases in interest rates have affected values in the Fairfield area severely, which was reflected in the valuation of the properties obtained in June 2008. As a result the company marked the aggregate value of these units down by a further $186,000. This values each unit at about $155,000 but comparative units in the area which are strata title are valued about 20% higher.

Cash at Bank

As at 30th June 2008 the sum of $1,427,875.00 was held by the company with the major portion being in an interest bearing account with the National Australia Bank.

4.3 Directors of PF1

Information on Directors and Company Secretary

Peter John Spann–Executive Director and Managing Director.

Peter is the founder of the Freeman Fox group of companies and is a well known public speaker. Peter has had a wealth of experience in real estate investments over the past ten years, having purchased and sold, either directly or through related entities, many investment properties.

Peter has been featured in numerous magazine, television and newspaper articles, including a cover story in the March 2001 edition of 'Australian Property Investor' magazine.

Prior to establishing the Freeman Fox group of companies, Peter had a career in marketing, and worked as a marketing consultant for Fullife Pty Limited, Smaartco Pty Limited, and Results Corporation Pty Limited.

Peter is also a director of Fox Invest limited, a company listed on the Australian Securities Exchange and Property Fox No 2 Limited listed on the NSX as well as being a director of many other unlisted companies.

Howard Woolcott - Executive Director

Howard has an economics degree from the University of Sydney with majors in revenue law and accounting and he is also a CPA.

He was a founder and past director of listed public company Tribeca Learning Limited, a Registered Training Organisation specialising in education services for the financial planning industry. He is a director of Fox Invest Capital Limited, a company listed on the Australian Securities Exchange, a director of Property Fox No 2 Limited, listed on the NSX and a director of a number of other private companies.

Jodie Stainton - Executive Director

Jodie Stainton began her property career as a Cadet Valuer while studying Property Economics at the Queensland University of Technology. She has worked in all facets of property including Residential and Commercial Sales and Property Management, specialising in prestige Real Estate.

Jodie is General Manager-Property Management for Bees Nees Inner City Realty, which is a boutique real estate agency specializing in Brisbane inner city properties. Jodie is a registered Real Estate Sales person. She is also a director of Property Fox No 2 Limited, listed on the NSX.

Andrew Whitten – Company Secretary

Andrew Whitten is an admitted solicitor with a specialty in Corporate Finance and Securities Law. Andrew is currently the company secretary of a number of publicly listed companies. He is a responsible officer of a Nominated Adviser, and has been involved in a number of corporate and investment transactions including Initial Public Offerings on ASX and NSX, corporate reconstructions ,reverse mergers and takeovers.

Mr Whitten's firm is Nominated Adviser to 7 companies, 5 of which are currently listed on the NSX and 2 more of which will be listed shortly. Mr Whitten holds the following professional qualifications Bachelor of Arts (Economics UNSW), Master of Laws and Legal Practice (Corporate Finance and Securities Law-UTS). Mr Whitten also holds a Graduate Diploma in Advanced

Corporate Governance from the Institute of Chartered Secretaries and is an elected Associate of that institute. Mr Whitten is also a registered Public Notary.

4.4 Management of PF1

PF1 is managed by Fox Portfolio Pty Ltd under a management agreement. Fox Portfolio Pty Ltd, the Manager is owned and controlled by Peter Spann, the Managing Director of PF1.

Management Agreement- Material Terms

Term - The Term of the Management Agreement is that it shall continue until determined by Mutual Agreement by Fox Portfolio Pty Ltd and PF1 and/or;

Property Fox terminates the agreement, under the following conditions:

Under the management agreement Property Fox No.1 Limited has the right to terminate the Management Agreement if:

a) Fox Portfolio does not follow lawful directions of the Board of PF1;
b) Fox Portfolio commit any breach of faith, serious neglect, default of professional misconduct or gross misconduct in respect to its obligations to PF1;
c) An order is made that Fox Portfolio be wound up or an administrator or liquidator is appointed to manage the affairs of Fox Portfolio;
d) A receiver is appointed in respect of any of the assets of Fox Portfolio;
e) Fox Portfolio files an application for its winding up or for the appointment of a liquidator.

Fox Portfolio Pty Ltd terminates the agreement under the following conditions:
Under the management agreement Fox Portfolio Pty Ltd has the right to terminate the Management Agreement if:

a) PF1 fails to pay the agreed fee (currently set at $12,000 per annum);
b) An order being made to appoint an administrator, liquidator or wind up PF1;
c) A receiver is appointed in respect of the assets of PF1;
d) PF1 files an application for its winding up or for the appointment of a liquidator.

5. PF1 Historical Financial Information

5.1 Introduction

This Section sets out, in summary form, certain key historical financial information for the year ended 30th June 2008.

The financial information in the 30th June 2008 Audited Financial Statements has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (A-IFRS).

The financial information in this Section is presented in an abbreviated form. PF1 Shareholders should refer to PF1's audited annual financial statements for the 2007 and 2008 financial years for more detailed disclosures in relation to the historical financial performance, financial position and accounting policies of PF1. These are available from the NSX website www.nsxa.com.au. Alternatively, PF1 will forward any announcement that it has lodged with NSX within the previous 12 months from the date of this Target's Statement to any shareholders who requests a copy of an announcement free of charge. If you wish to obtain a copy of an announcement you can contact the company on 07 3031 9950.

5.2 Financial Summary

Income Statement	**FY08**	**FY07**
	$	**$**
Revenue	1,382,707	2,289,255
Cost of sales	1,170,000	1,930,162
Borrowing costs	39,989	138,262
Professional fees	139,682	77,366
Company management fees	12,000	104,068
Impairment of assets	257,000	-
Other expenses	122,594	236,707
Net Loss	**(358,558)**	**(197,310)**
Loss per share	**6 cents**	**3 cents**
Balance Sheet		
Cash and cash equivalents	1,427,875	1,279,887
Trade and other receivables	51,864	102,217
Inventories	1,293,111	2,649,111
Financial assets	283,939	353,499
Total Assets	**3,056,789**	**4,384,714**
Trade and other payables	38,615	63,919
Borrowings	446,250	1,166,250
Total Liabilities	**484 865**	**1,230,169**
Net Assets	**2,571,924**	**3,154,545**
Shareholders Equity		
Issued Capital	**4,506,711***	**4,730,350**
Accumulated losses	**(1,934,787)**	**(1,576,229)**
Total Equity	**2,571,924**	**3,154,545**

*Share buy-back during the year amounted to $223,639

The company accounts for its inventories at the lower of cost or market value. The accounts do not show increases in the value of its properties when they occur. Valuations of the Toowoomba properties in June 2008 showed an increase in value and PF1's 30% share of the average increase amounted to $97,839 which has not been shown in the audited financial statements of PF1.

The above information is a summary only of the audited financial statements for the year ended 30th June 2008. For more information and/or copies of the audited annual financial statements of PF1 please contact the company. The full audited financial statements are also available from the NSX website at www.nsxa.com.au

5.3 No Forecasts

The Directors have decided that due to the uncertain nature of the property market not to make any forecasts or projections with regards to the financial performance of the company in the future.

5.4 Key risks to the financial performance of the company

Investors should be aware of the following key risks that may affect the future operating and financial performance of PF1 and the value of PF1 Shares. These risks include general risks associated with any form of business and specific risks associated with PF1's business.

5.4.1 Economic Conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside PF1's control and have the potential to have an adverse impact on PF1 and its operations.

5.4.2 Stock market fluctuations

There are risks associated with any investment in a company listed on the NSX. The value of PF1's Shares may rise above or below the current price depending on the financial and operating performance of PF1 and external factors over which the PF1 Directors have no control. These external factors include:

- Economic conditions in Australia and overseas, which may have a negative impact on equity capital markets.
- Changing investor sentiment in the local and international stock markets,
- Changes in domestic or international fiscal, monetary, regulatory and other government policies.
- Developments and general conditions in the markets in which PF1 proposes to operate and which may impact on the future value and pricing of shares.

5.4.3 Regulatory risks

PF1 is exposed to changes in the regulatory conditions under which it operates.

Such regulatory changes can include, for example, changes in:

- Taxation laws and policies.
- Accounting laws, policies, standards and practices.
- Property laws and regulations that may impact upon the operations and processes of PF1.
- Employment laws and regulations, including laws and regulations relating to occupational health and safety.

5.4.4 PF1 Specific Risks

(i) Industry Risks

PF1 operates in the property sector. Any variance in the level of activity in this sector will be influenced by factors that may have an adverse effect on operating results and are beyond the control of PF1 including:

- Property prices and supply and demand.
- Interest rates.
- Competitiveness of Australian building and construction operations.
- Availability and cost of key resources including people, equipment and critical consumables.
- Local, State and Federal Taxation

(ii) Increased or new competition

PF1 faces competition in its businesses, to the extent that there are new entrants or changes in strategy by existing competitors of PF1.

(iii) Property Investment specific risks

The following are specific risks associated with any property investment company and in the shares of a Company whose activity is investment in and development of real estate. Many of the risks are outside the control of the Company.

Significant risks and effects are listed below:

- Unexpected structural defects or building deficiencies being encountered resulting in unexpected expenses being incurred for repair or refurbishment;
- Increases in interest rates occurring resulting in the Company incurring increased holding expenses including additional interest on borrowings;
- Increases occurring in the cost of building materials and of labour resulting in increased cost of repairs and refurbishment,
- A downturn in the property market occurring (for reasons such as increases in interest rates, cyclical movement in the real estate market and depressed or unstable general economic conditions) resulting in delays being incurred in re-sale of properties and/or depressed prices being achieved on the re-sale of properties and/or the Company having to incur increased interest and other holding costs;
- Variations occurring in the real estate market between supply and demand causing adverse fluctuations in real estate prices;
- Management problems being experienced in relation to rent collection, disputes with building and other trade contractors and tenants' disputes;
- Changes being effected to laws relating to property development (including laws relating to zoning and town planning restrictions on land use, environmental controls, landlord and tenancy controls, user restrictions, stamp duty, land tax, income taxation and capital gains tax). These changes could adversely affect the profitability and viability of real estate development operations;
- Should town planning approval be required for any transaction then unexpected delays and increased holding costs may be encountered whilst the application is proceeding. It is possible that the approval will not be granted or will be granted on unfavourable terms;
- Improvements effected to property do not necessarily result in increases in value. Increases in value may not always occur at a steady rate or in line with expenditure on improvements;
- A purchase contract not being completed (either because of sellers' default or for any other reason) resulting in the company losing the benefit of any repairs or refurbishment it may have undertaken and paid for in relation to the subject property and/or the company entering into litigation with a defaulting seller and thereby incurring legal expenses.
- If as a result of any of the risk factors set out above or any other untoward circumstances the company requires further funds in order to meet operational expenses including expenses associated with the holding and/or developing of any parcel or parcels of real estate acquired by it then the company may, in the discretion of the directors:
  - undertake a further public capital raising,
  - borrow funds (or further funds) from a bank or other financial institution;
  - liquidate the company

    Each of these actions could result in the value of your investment (shareholding) being diminished;

- Your shareholding will potentially diminish in value if properties acquired by the company are unable to be sold in a timely manner at acceptable prices or if the company is required to meet higher than expected interest charges on borrowings and other holding expenses;
- Timing of acquisitions and sales in the real estate property market in order to maximise profits and minimise losses on trading is extremely difficult, even for experienced professional investors. If the property market suffers a downturn during the course of the company's trading operations then the company may, in order to avoid or minimise losses, need to hold real estate acquisitions for longer periods than would otherwise apply;
- It is possible that moneys expended by the company on real estate acquisitions and on repairs and refurbishment and on interest, holding and operational costs may exceed the proceeds of the sales.

(iv) Reliance on key personnel

The responsibility of overseeing day-to-day operations and the strategic management of PF1 is concentrated amongst a small number of key executives. The loss of any such key employees could have the potential to have a detrimental impact on PF1 until the skills that are lost are adequately replaced.

(v) Industrial disputes

Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which PF1 operates. This could disrupt operations and impact on the future of PF1.

5.6 Risks of Not accepting the Bid if Pritchard Equity Limited acquires 66% and a shareholder does not accept Pritchard's offer

a) Subsidiary of Pritchard Equity Limited

In the Bidder's statement, at page 34 the Bidder discloses that if Pritchard Equity Limited acquires 66% but less than 90% of the A Class shares it is Pritchard Equity Limited's intention to run PF1 as a subsidiary of Pritchard Equity Limited. This is a risk for shareholders because the majority shareholder (PEQ) may influence changes in the operation of PF1 which are not aligned with the objectives of the existing PF1 shareholders.

b) Use of Creep provisions in s611 of the Corporations Act.

In the Bidder's statement at page 34 the Bidder discloses that if it becomes entitled to acquire shares using the 3% creep division it intends to do so. Shareholders should be aware that even if Pritchard Equity Limited does not achieve the 90% compulsory acquisition threshold shareholders may have their shares compulsorily acquired if and when Pritchard Equity Limited acquires 90% of the issued shares of PF1.

c) Board Control

In the Bidder's statement at page 34 & 35 the Bidder discloses that it is Pritchard Equity's Intention to seek at least two representatives on the Board of PF1. Shareholders should understand that if they do not accept the bid, and Pritchard Equity Limited obtains a 66% holding in PF1, Pritchard Equity Limited may be able to influence the Board and its composition.

5.7 Additional relevant information

Transaction costs

PF1 currently expects the costs and expenses likely to be incurred in responding to Pritchard Equity's Offer to be approximately $100,000.00, assuming Pritchard Equity's Offer is unsuccessful and no new or revised offer is made.

6. Interests of Directors

6.1 The Directors recommend that you reject Pritchard Equity's Offer

Each of the Directors and the entire Board of PF1 has unanimously resolved to recommend to shareholders that they **REJECT** Pritchard Equity's Offer.

6.2 Interests of Directors in PF1 Shares

The number and description of PF1 Shares in which each of the Directors has a Relevant Interest is set out in the table below as at 10th September 2008 (the last practical date for making changes to this Target's Statement before it went to print).

Director	Number of Shares	Share Class
Peter John Spann	1,250,000	Ordinary Shares

*Please note that the Bidder's statement of Pritchard Equity does not include an offer to purchase the ordinary shares on issue, but only the A class shares. The above is included for information purposes only.

6.3 Dealings by Directors in PF1 Shares

There have been no acquisitions or disposals of PF1 Shares by any Director in the four months ending on 30th September 2008 (the last practical date for making changes to this Target's Statement before it went to print). Any subsequent acquisitions or disposals by Directors will be announced to the NSX in accordance with legal requirements.

6.4 Interests and dealings in Pritchard Equity securities

At the date of this Target's Statement, no Director has a Relevant Interest in any securities of Pritchard Equity (or any Related Body Corporate of Pritchard Equity).

There have been no acquisitions or disposals of securities in Pritchard Equity or any Related Body Corporate of Pritchard Equity by PF1, any Associate of PF1, or any of the Directors in the four months ending on the day preceding the date of this Target's Statement,

6.5 Conditional agreements

No agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of Pritchard Equity's Offer.

6.6 Interests in contracts with Pritchard Equity

No Director has any interest in any contract entered into by Pritchard Equity.

7. Important Information about Pritchard Equity's Offer

7.1 Consideration

The consideration offered by Pritchard Equity is 0.075 PEQ A Ordinary Shares, 0.025 PEQ B Ordinary Shares and 0.0034 PEQ Preferred Income Securities for every Property Fox A Class Share.

7.2 Offer Period

The Offer Period closes at 7.00pm (AEST) on 23rd October 2008 (unless extended or withdrawn).

7.3 Extension of the Offer Period

Pritchard Equity may extend the Offer Period before the end of the Offer Period in accordance with the Corporations Act. To extend the Offer Period, Pritchard Equity must lodge a notice of variation with ASIC and give a notice to PF1 and to each PF1 Shareholder to whom an Offer was made under Pritchard Equity's Offer.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

(a) Pritchard Equity improves the consideration under its Offer; or

(b) Pritchard Equity's voting power in PF1 increases to more than 50%.

If either of these events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.4 Limited rights to withdraw your acceptance

You may only withdraw your acceptance of Pritchard Equity's Offer if:

(a) it is still subject to a defeating condition (this is broadly summarised in Section 7.6 of this Target's Statement); and

(b) Pritchard Equity's Offer is varied in a way that postpones, for more than one month, the time when Pritchard Equity has to meet their obligations under their Offer.

This may occur if Pritchard Equity extends the Offer Period by more than one month and Pritchard Equity's Offer is still subject to a defeating condition.

7.5 Effect of accepting Pritchard Equity's Offer

If you accept Pritchard Equity's Offer, subject to any withdrawal rights set out in Section 7.4 of this Target's Statement:

(a) you will be unable to accept any higher takeover bid that may be made by a third party or any alternative transaction that may be recommended by the Directors; and

(b) you will be unable to sell your PF1 Shares.

However, you will have no guarantee of payment until Pritchard Equity's Offer becomes or is declared unconditional.

7.6 Offer conditions

PF1 Shareholders should note that Pritchard Equity's Offer (and each contract resulting from acceptances of Pritchard Equity's Offer) is subject to certain conditions, and that Pritchard Equity's Offer will lapse unless the conditions are either satisfied or waived by Pritchard Equity. These conditions are set out in full in Section 7 of Annexure 1 of the Bidder's Statement.

Some of these conditions are broadly summarised below:

a) A 66% minimum acceptance condition;

b) No material adverse change to PF1, and in particular, no change to that results in a diminution in value of the net assets of Property Fox to less than $2,750,000;

c) No acquisitions or disposals of any assets by PF1 or any entry by PF1 into any agreement with an aggregate value in excess of $100,000;

d) No giving of a financial benefit to a related party of PF1;

e) No lending to another party other than in the ordinary course of business;

f) A condition which is triggered if the S&P / ASX 300 Index falls below 4250 at any time between the announcement date and the end of the offer period;

g) That none of the 'prescribed occurrences' listed in Section 652C of the Corporations Act occur.

7.7 Compulsory acquisition

Pritchard Equity has stated in Section 3.2 of the Bidder's Statement that if it acquires a Relevant Interest in 90% or more of PF1 Shares, then subject to satisfaction or waiver of the other conditions of Pritchard Equity's Offer, it intends to proceed with compulsory acquisition of the outstanding PF1 A Class Shares in accordance with the provisions of the Corporations Act.

The two types of compulsory acquisition permissible under Chapter 6A of the Corporations Act are discussed below.

(a) Follow-on compulsory acquisition
Under Part 6A.1 of the Corporations Act, Pritchard Equity will be able to compulsorily acquire any outstanding PF1 A Class Shares for which it has not received acceptances on the same terms as Pritchard Equity's Offer for the A Class Shares if during, or at the end of, the Offer Period, Pritchard Equity (taken together with its Associates):

- has a Relevant Interest in at least 90% (by number) of the PF1 A Class Shares; and

- has acquired at least 75% (by number) of the PF1 A Class Shares for which it has made an Offer. If these thresholds are met, Pritchard Equity will have one month from the end of the Offer Period within which to give compulsory acquisition notices to PF1 A Class Shareholders who have not accepted Pritchard Equity's Offer. The consideration payable by Pritchard Equity will be the same amount per share that is payable under Pritchard Equity's Offer.

PF1 A Class Shareholders may challenge any compulsory acquisition, but this would require the relevant PF1 A Class Shareholders to establish to the satisfaction of a court that the terms of Pritchard Equity's Offer do not represent fair value for the PF1 A Class Shares. If PF1 A Class Shares are compulsorily acquired, PF1 Shareholders are not likely to receive any consideration until at least one month after the compulsory acquisition notices are sent.

If Pritchard Equity does not become entitled to compulsorily acquire PF1 A Class Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

(b) General compulsory acquisition
Under Part 6A.2 of the Corporations Act, Pritchard Equity will also be entitled to compulsorily acquire any PF1 A Class Shares if Pritchard Equity holds full beneficial interests in at least 90% (by number) of the A Class Shares i.e. if Pritchard Equity becomes a 90% holder of PF1 A Class Shares.

If this threshold is met, Pritchard Equity will have 6 months after it becomes a 90% holder within which to give compulsory acquisition notices to PF1 A Class Shareholders. The compulsory acquisition notices sent to PF1 A Class Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the PF1 A Class Shares and the independent expert's reasons for forming that opinion.

If PF1 A Class Shareholders with at least 10% of the PF1 A Class Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Pritchard Equity may apply to the court for approval of the acquisition of the PF1 A Class Shares covered by the notice.

PF1 Shareholders should be aware that if they do not accept Pritchard Equity's Offer and their PF1 A Class Shares are compulsorily acquired, those PF1 A Class Shareholders will face a delay in receiving the consideration for their PF1 A Class Shares compared with PF1 A Class Shareholders who have accepted Pritchard Equity's Offer.

7.8 Practical issues arising from Pritchard Equity's Offer

(a) The value of Pritchard Equity's Offer is not fixed

- The market value of the Pritchard Equity Shares being offered (being the A Class, B Class and Preferred Income Securities) will change over time. The implied value of Pritchard Equity's Offer will fluctuate with movements in the market value of Pritchard Equity Shares.

Section 2 of this Target's Statement contains a table setting out the value of Pritchard Equity's Offer at different Pritchard Equity Share prices. PF1 Shareholders are urged to obtain updated quotes on the price of the different Pritchard Equity Shares being offered. Such quotes can be obtained online at www.nsxa.com.au, under the NSX codes "PEQA" for the Pritchard Equity Limited A Class Shares, "PEQB" for the Pritchard Equity Limited B Class Shares and "PEQPA" for the Pritchard Equity Preferred Income Securities.

- Over time, the Pritchard Equity Share price may fluctuate for a variety of reasons, including interest rate movements or other factors which impact the operating or financial performance of Pritchard Equity.

(b) Risks in relation to Pritchard Equity's Offer

- It is possible that if Pritchard Equity's Offer lapses, there may be a reduction in the market price for PF1 Shares.

- If Pritchard Equity acquires more than 66% but less than 90% of the A Class Shares of PF1, those PF1 A Class Shareholders who do not accept Pritchard Equity's Offer may become minority shareholders in PF1.

In such a situation, PF1's stock market liquidity may be reduced and Pritchard Equity would have the ability to control the composition of the PF1 Board and PF1's strategic direction.

General risk factors in relation to PF1 and its businesses are set out in Section 5.4

1 October 2008

The Directors
Property Fox No. 1 Limited
Level 11 Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Dear Sirs,

RE: INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

1. Introduction

The Directors of Property Fox No. 1 Limited (Property Fox, the Company or the Target) have engaged VMC Global Pty Limited (VMC Global) to prepare an Independent Expert's Report in relation to the off-market bid (the Offer) made by Pritchard Equity Limited (Pritchard Equity or the Bidder) to acquire all of the A Class shares of Property Fox through the issue of new shares in Pritchard Equity.

The Offer is for 100% of the A Class shares in Property Fox, with a minimum requirement to obtain at least 66.0% of the A Class shares of Property Fox.

Our Report has been prepared solely for the purpose of assisting the non-associated shareholders of Property Fox in considering whether or not the proposed off-market bid is fair and reasonable to them.

2. Summary of Opinion

2.1 Evaluation of the Proposed Transaction

In our opinion, the Offer is **not fair and not reasonable** to the non-associated shareholders of Property Fox.

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Our principle reasons for reaching the above opinion are:

Assessment of the fairness of the Offer

The valuation of PFAA shares in Property Fox under the Offer of $0.30 to $0.34 per PFAA share ($0.37 to $0.42 per PFAA share on a fully diluted basis) provides a discount to the current valuation of the PFAA shares of $0.50 to $0.56 per PFAA share ($0.50 to $0.56 per PFAA share on a fully diluted basis). On this basis, VMC Global has determined that the Offer is not fair to the non-associated shareholders of Property Fox.

Assessment of the reasonableness of the Offer

Despite our conclusion that the Offer in not fair, ASIC Regulatory Guide 111 states that an offer may be 'reasonable' if the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Accordingly, we have assessed that the disadvantages of the Offer to the non-associated shareholders outweigh the advantages. Advantages and disadvantages identified are as follows:

Advantages

- The operations of the Merged Entity will provide greater diversification to Property Fox shareholders which may reduce the overall level of risk pertaining to their investment. The nature of the investments of the Merged Entity will result in a greater mix of short and medium term income streams.

- Should the Offer be successful, non-associated shareholders of Property Fox will receive 0.0034 PEQPA securities in Prichard Equity for every PFAA share held in Property Fox. PEQPA security holders are entitled to a cumulative preferential dividend of $10 per annum, inclusive of franking credits.

- Should the Offer be accepted, the Merged Entity will have a substantially larger market capitalisation than either Property Fox or Prichard Equity in their own right. As a result, the Merged Entity may have a greater ability to raise additional funds in the future. This in turn will help maximise the potential returns available to the Merged Entity, and hence non-associated shareholders of Property Fox, subject to investment performance.

- Should the Offer be accepted, non-associated shareholders of Property Fox may benefit from potential cost savings as a result of the rationalisation of corporate offices and the associated board and management structures of the Merged Entity.

Disadvantages

- Whilst Pritchard Equity securities are currently listed and trading on the NSX, they are currently relatively illiquid when compared to the liquidity of the listed securities of Property Fox. The illiquid nature of Prichard Equity securities may result in limited opportunities for Property Fox shareholders to subsequently trade securities in Pritchard Equity should the Offer be accepted.

- If successful, the Offer will result in a diminution of the voting power currently held by the non-associated shareholders of Property Fox.

- The directors of Prichard Equity have the right to convert PEQPA securities to PEQA shares at any time by giving 60 days notice including PEQPA securities received as consideration under the Offer. PEQA shares do not carry any voting rights or preferential dividend rights, however, they are entitled to dividends as declared at the discretion of the directors of Prichard Equity and/or capital distributions on the winding up of the company.

- Property Fox does not currently have any one single controlling shareholder. In comparison, Prichard Equity is controlled by Mr Steven Pritchard who will hold 57.19% of the PEQB Shares on issue by Prichard Equity upon 100% acceptance of the Offer. PEQB Shares are the only shares on issue by Prichard Equity which carry unrestricted voting rights.

- Should the Offer be successful, PFAA shareholders will receive less consideration for their shares than our valuation of the fair market value of PFAA shares and no control premium will be received for the shares.

2.2 General Advice

In forming our opinion, we have considered the interests of the non-associated shareholders of Property Fox as a whole. This advice therefore does not consider the financial situation, objectives or needs of the individual non-associated shareholders. It is neither practical nor possible to assess the implication of the off-market bid on individual non-associated shareholders as their individual financial circumstances are unknown.

The decision of the non-associated shareholders of Property Fox as to whether or not to accept the off-market bid is a matter for each individual based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual non-associated shareholders should therefore consider the appropriateness of our opinion before acting on it.

As an individual non-associated shareholder's decision to accept the Offer may be influenced by his or her particular circumstances, we recommend that individual non-associated shareholders consult their financial advisors.

2.3 Other

Our opinion has been based solely on information made available to us up to the date of this Report as set out in Appendix 3. We have not undertaken to update our Report for events or circumstances arising after the date of this Report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this Report including the appendices.

Yours faithfully,

MTrautwein

Manda Trautwein
Director
VMC Global Pty Ltd

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FINANCIAL SERVICES GUIDE

Dated 1 October 2008

VMC Global Pty Ltd ABN 65 097 893 957 ("VMC Global" or "we" or "us" or "our" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of general financial product advice and to ensure that we comply with our obligations as financial services licensees.

The FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence (Licence No: 295 872);
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - basic deposit products;
  - deposit products other than basic deposit products;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- interests in managed investment schemes excluding investor directed portfolio services; and
- securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither VMC Global, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

From time to time VMC Global may provide professional services including financial advisory services to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, VMC Global Pty Limited, PO Box R1866, Royal Exchange NSW 1225.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Proposed Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service. The Financial Ombudsman Service is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry.

Further details about the Financial Ombudsman Service are available at the website www.fos.org.au or by contacting them directly at: the Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001 or Toll free: 1300 78 08 08 or by facsimile: (03) 9613 6399.

Contact details

You may contact us at Level 4, 6 O'Connell Street, Sydney, NSW 2000 or by telephone on (02) 9235 3444.

1. PROPOSED TRANSACTION

1.1 Summary of the Offer

On 5 August 2008, Pritchard Equity Limited (Pritchard Equity or the Bidder) lodged a Bidder's Statement with the Australian Securities and Investments Commission (ASIC) in relation to an off-market bid (the Offer) to purchase 100% of the A Class shares (PFAA) in Property Fox No. 1 Limited (Property Fox, the Company or the Target).

On 1 September 2008, Pritchard Equity lodged a Replacement Bidder's Statement with ASIC in relation to the Offer.

Property Fox currently has 4,513,001 fully paid A Class shares and 1,250,000 ordinary shares on issue. Property Fox's A Class shares are listed on the National Stock Exchange of Australia (NSX), under the NSX code PFAA. The ordinary shares are not listed on any securities exchange.

Under the Offer, Property Fox PFAA shareholders will receive issued capital in Pritchard Equity as follows:

- 0.075 newly issued fully paid Class A ordinary shares (PEQA) in Pritchard Equity for every one PFAA share held in Property Fox;
- 0.025 newly issued fully paid Class B ordinary shares (PEQB) in Pritchard Equity for every one PFAA share held in Property Fox; and
- 0.0034 newly issued fully paid Preferred Income Equity Securities (PEQPA) in Pritchard Equity for every one PFAA share held in Property Fox.

All of the share classes of Pritchard Equity to be issued under this Offer are listed on the NSX.

1.2 Conditions of the Proposed Transaction

The Offer is subject to the following conditions as set out in the Bidder's Statement:

- Minimum acceptance of at least 66.0% of the Property Fox PFAA shareholders before the Closing Date of the Offer;
- No material adverse change to Property Fox and, in particular, no change that results in a diminution in value of the net assets of Property Fox to less than $2,750,000;
- No acquisitions or disposals of any assets by Property Fox or entry by Property Fox into any agreement with an aggregate value in excess of $100,000;
- No giving of a financial benefit to a related party of Property Fox;
- No lending to another party other than in the ordinary course of business;

- The S&P/ASX 300 index not falling below 4,250 at any time between the Announcement Date and the Closing Date; and

- None of the prescribed occurrences listed in section 652C of the Corporations Act occurring.

We note that as of the date of this Report, acceptances relating to 180,000 PFAA shares have been received by Pritchard Equity, equating to 4.30% of the available non-associated shares.

We further note that as at 30 June 2008, Property Fox had consolidated net assets of $2,571,924 based on its most recent audited accounts, which falls below the $2,750,000 limit required by Pritchard Equity.

2. SCOPE OF THE REPORT

2.1 Purpose of the Report

This Report has been prepared to assist the non-associated shareholders of Property Fox to assess the Offer presented by Pritchard Equity. The sole purpose of this Report is to set out VMC Global's opinion as to whether the Offer is fair and/or reasonable to the non-associated shareholders of Property Fox. This Report should not be used for any other purpose.

Each individual shareholder must take into account his or her own circumstances when deciding whether to accept or reject the Offer. Shareholders should seek their own independent professional advice to assist them in their decision, taking into account their preferences and expectations.

2.2 Basis of Assessment

As there is no legal definition of the expression "fair and reasonable" in the Corporations Act 2001, we have considered guidance provided by ASIC Regulatory Guides in assessing whether the Offer is fair and reasonable from the perspective of the non-associated shareholders of Property Fox.

ASIC Regulatory Guide 111 states that an assessment of what is fair and reasonable should:

- Be judged in all the circumstances of the transaction;
- Compare the likely advantages and disadvantages for the non-associated shareholders if the Offer is agreed to, with the advantages and disadvantages to those shareholders if it is not; and
- Compare the value of the shares and the value of offer price to be paid.

Furthermore, ASIC Regulatory Guide 111 treats "fair" and "reasonable" as two distinct criteria. The offer is "fair" if the value of the consideration is equal to or greater than the value of the securities that are the subject of the offer. The offer will be "reasonable" if it is fair, or, despite being not fair, after considering other significant factors there are sufficient reasons for the shareholders to accept the offer in the absence of any higher bid before the close of the offer.

2.3 Factors Considered in Determining our Opinion

In our opinion, the most appropriate basis on which to evaluate the Offer is to assess the likely overall impact on the non-associated shareholders of Property Fox and to form a judgement as to whether the expected benefits outweigh any disadvantages that might result from the transaction.

In forming our opinion as to whether the Offer is fair and reasonable to the non-associated shareholders of Property Fox, we have compared:

- The fair market value of the issued securities in Property Fox with the value of the consideration offered;
- The advantages and disadvantages to the non-associated shareholders of Property Fox if the Offer is accepted; and
- The advantages and disadvantages to the non-associated shareholders of Property Fox if the Offer is not accepted.

2.4 Sources of Information

In preparing this Report and arriving at our opinion, we have considered the information detailed in Appendix 3 of this Report.

We note that an important part of the information base used in forming an opinion of the kind detailed above, is comprised of the opinions and judgements of management. This type of information has been evaluated through analysis, enquiry and review to the extent practical. Often it is not possible, however, to externally verify or validate such information.

The statements and opinions expressed in this Report are made in good faith and have been based on information available as at the date of this Report. On completion of our review, as outlined in the paragraph above, we believe the information to be reliable, accurate, and prepared by Property Fox on a reasonable basis. We have relied upon information set out in Appendix 3 and have no reason to believe that any material factors have been withheld from us. We have not performed anything in the nature of an audit or financial due diligence on the information provided for this opinion. No warranty of accuracy or reliability is given by VMC Global or its affiliated companies and their respective officers and employees in relation to this information.

The opinions of VMC Global are based on prevailing market, economic and other conditions at the date of the Report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion.

2.5 Valuation Approaches Adopted

ASIC Regulatory Guide 111 "Content of Expert Reports" outlines the appropriate methodologies which a report should consider when valuing assets or securities for the purposes of, amongst other things, takeovers, selective capital reductions, schemes of arrangement, share buybacks and prospectuses.

These include:

- the discounted cash flow (DCF) methodology and the estimated realisable value of any surplus assets;
- the application of earnings multiples appropriate for the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price might not reflect their value, should 100% of the securities be available for sale; and
- any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

A summary of each of the approaches considered in the preparation of this Report has been set out in Appendix 4.

In our opinion the quoted price for listed securities method is the most appropriate method to apply in the valuation of Property Fox. The orderly realisation of assets method has been applied in the valuation of Pritchard Equity and as a secondary valuation method of Property Fox. Our consideration of the valuation methodologies listed above and our basis for selecting a methodology for the valuation of Property Fox and Pritchard Equity have been detailed in section 6.1 and section 7.1 respectively.

3. INDUSTRY OVERVIEW

3.1 Industry Overview – Australian Residential Property Operators and Developers

The residential property operators and developers industry in Australia consists of those entities predominantly engaged in the renting or leasing of properties to other parties.

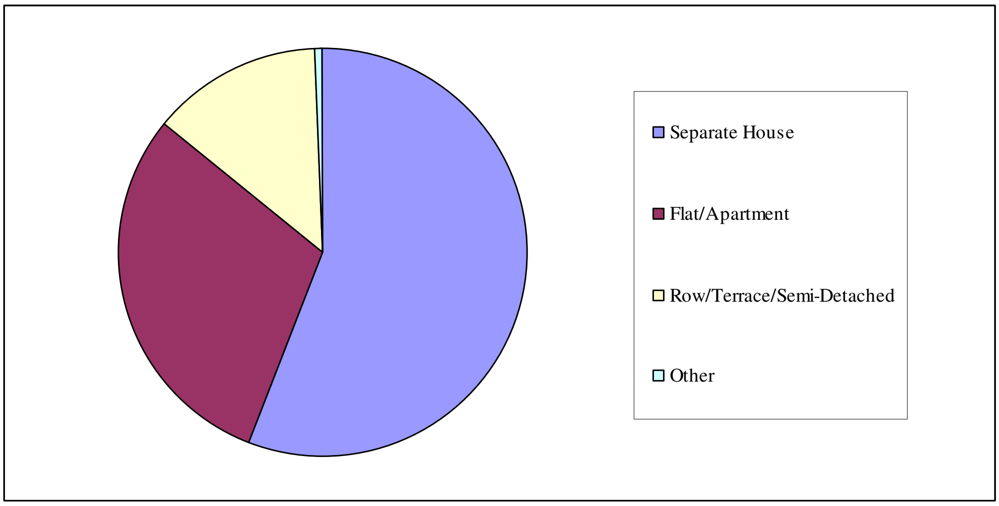
The properties rented or leased out in this industry typically include residential properties or dwellings such as separate houses, apartments, flats and terraces or semi-detached properties. This industry also includes residential land development and subdivision but excludes associated construction activities, however, this segment is estimated to only account for around 7% of industry revenue.

Segmentation

It is estimated that the total number of properties within the residential property operators and developers industry amounted to 716,926 as at 30 June 2008.

Separate houses were the most common properties offered in the industry and made up the largest market segment, comprising approximately 55.9% of industry properties, followed by flats and apartments (29.8%) and row/terrace/semi-detached properties (13.8%).

The following table sets out the market segmentation in the industry by product.



Source: IBISWorld, September 2008

Industry Characteristics

The industry is affected by a range of economic factors. Mortgage interest rates, economic growth, the level of disposable income, unemployment, government assistance and population growth all impact the level of demand in the residential property operators and developers industry.

The large number of tenants and landlords alongside a high volume of rental property stock ensures that no single competitor has a significant influence over the market. Additionally, volatility in revenue derived from rental activities is generally low as rental prices, on average, increase at a similar pace to average wages. The capital component of the property may, however, have a higher level of volatility as it is more susceptible to changes in the economic climate.

The barriers to entry are low in this industry. Any Australian citizen, company or superannuation fund is eligible to purchase residential property for investment, provided the entrant has the capital or the ability to access sufficient capital to purchase the property.

Success Factors

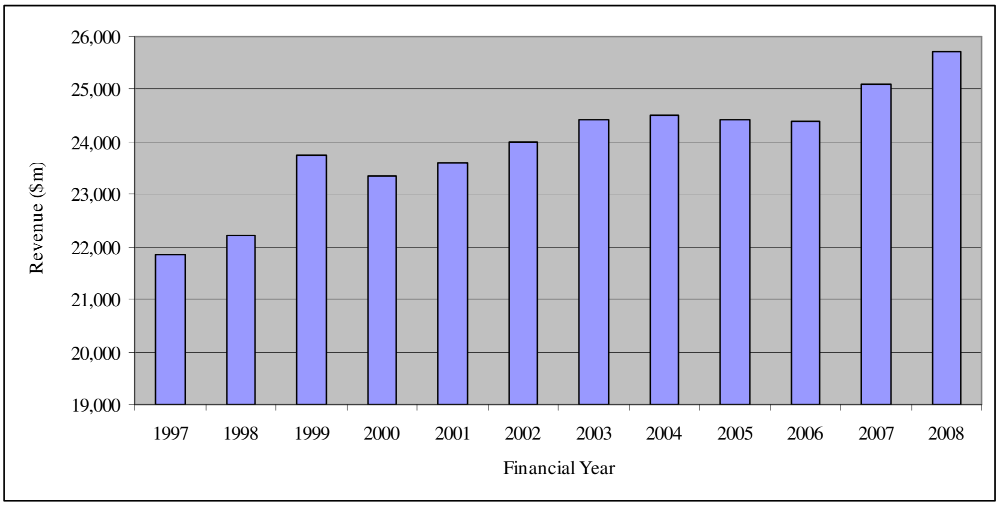
Participants in the residential property operators and developers industry are principally engaged in renting or leasing properties to other parties. In order to remain competitive in this industry, operators must ensure they maintain a clear understanding of government policies and the effects these policies have on their activities. Consideration of key tax implications is also important for industry competitors.

An understanding of the market is critical in this industry. Competitors must pay attention to key indicators for demand levels in the market such as mortgage rates, housing affordability, population growth rate and residential property yields. The ability to identify cyclical trends in the industry provides a market participant with a competitive advantage.

Historical Industry Performance

The industry has experienced strong growth in the 2007 and 2008 financial years, averaging revenue growth of 2.6% per annum, well above the average annual growth rate of approximately 1.3% experienced from 1997 to 2006. This sharp increase in revenue may be attributed to the upward trend in the Reserve Bank of Australia's official cash rate from 4.25% in 2002 to 7.25% at the end of the 2008 financial year, which has pushed up mortgage interest rates. Additionally, the current problems faced by global credit markets have placed further pressure on financial institutions to tighten lending practices. These factors have reduced housing affordability and resulted in many Australians turning to the rental market.

The following graph sets out the revenue achieved by the residential property operators and developers industry for the 12 years from 1997 to 2008.



Source: IBISWorld, September 2008

Total industry revenue was estimated at $25.7 billion for the 2008 financial year, representing an increase of approximately 2.4% on the previous year.

<u>Outlook</u>

In terms of revenue, the residential property operators and developers industry grew at above average rates during the 2007 and 2008 financial years. This above average growth is expected to increase in coming years as the effects of higher interest rates, slower economic growth, rising household debts and the current turmoil in global credit markets filter through the Australian economy.

Industry revenue is expected to substantially increase over the coming years with an average growth rate of approximately 3.6% during the 2009, 2010 and 2011 financial years. Industry revenue growth is then expected to subside to approximately 1% per annum during the 2012, 2013 and 2014 financial years.

3.2 Industry Overview – Financial Asset Investors in Australia

The financial asset investors industry in Australia consists of those entities predominantly engaged in holding and managing investments in financial assets on their own account.

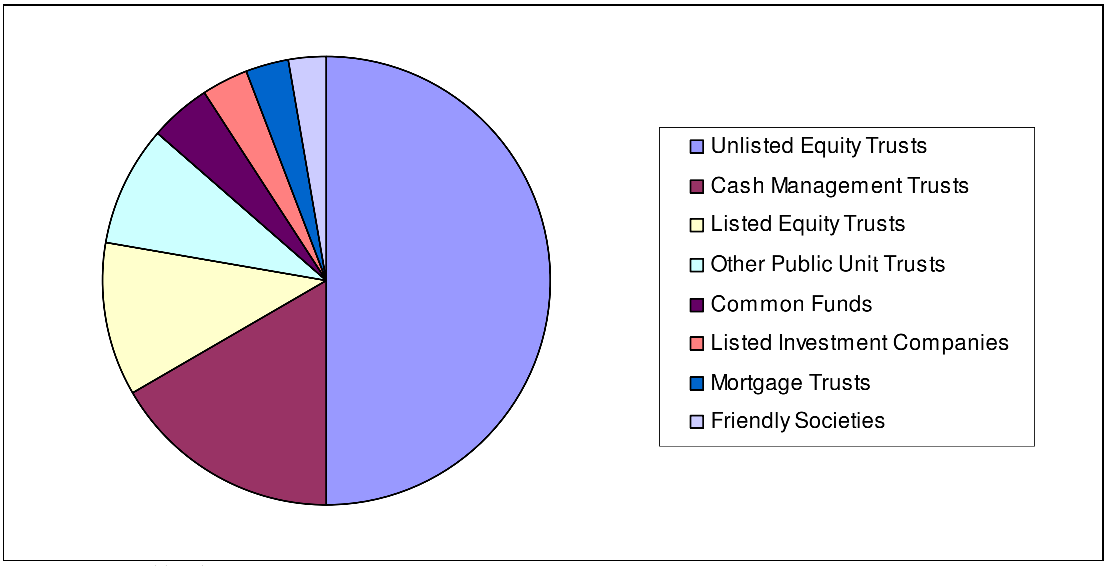
Financial asset investors offer products to the investing public through the issue of prospectuses or product disclosure statements. These products include investment vehicles such as listed and unlisted public unit trusts (offered by fund managers), listed investment companies, common funds (offered by trustee companies), cash management trusts (offered by banks and other financial institutions) and friendly society products.

Segmentation

It is estimated that the total number of establishments within the financial asset investors industry amounted to 6,410 as at 30 June 2007.

As at 31 March 2007, unlisted equity trusts were the most common products offered and made up the largest market segment, comprising approximately 49.9% of industry products, followed by cash management trusts (16.8%) and listed equity trusts (11.0%).

The following table sets out the market segmentation by product as at 31 March 2007:



Source: IBISWorld, July 2008

Industry Characteristics

The current problems faced by global credit markets will impact the investment industry's operators and the expected returns on their underlying investments. Consequently, an increase in merger and acquisition activity within the industry is expected, as firms are forced to divest assets and/or look for merger opportunities with other operators in the market.

The industry has experienced significant asset growth as a result of a strong local and global economy in recent years. Growth exceeding that of Gross Domestic Product (GDP) has been achieved by the industry over the last five years. Growth is further driven by an increase in the number and types of products offered by financial asset investors in Australia. Increasing investor confidence and strong economic performance have contributed to the strength of the industry.

The financial asset investors industry has largely benefited from the strong performance of the Australian stock market, foreign exchange rates and government bonds. Although slowing in the 2008 financial year, high levels of merger and acquisition activity, capital raisings and Initial Public Offerings (IPO's) have contributed to the growth of the industry, in particular the five years leading up to 30 June 2007.

Exposure to such factors dictates an inherent volatility in the industry. Turnover is volatile as it is largely dictated by debt and equity markets.

Barriers to entry generally relate to the reputation of the firm, and, its ability to gain access to a large customer base to invest in its products. Customers will seek out proven historical performance in an industry where customer decisions are largely based on the track record or reputation of the firm. Skilled staff and management personnel may be hard to attract and retain. The skills of the professionals in the firm will impact on the performance and profitability of the products on offer.

Success Factors

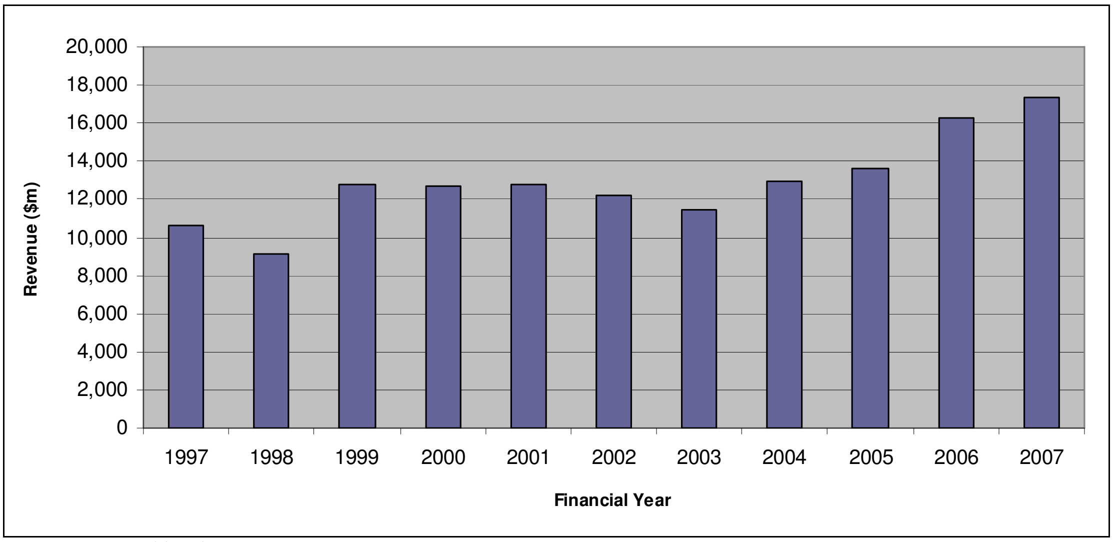
Operators in the financial asset investors industry are principally engaged in the management of investment portfolios, products, customers and staff. Each factor must be carefully managed to maximise success and profitability.

The quality of the assets within the portfolio held by the firm drives both performance and turnover. Careful selection and management of the portfolio is critical to the success of the firm. Diversification to reduce unnecessary risk is regarded as prudent within the industry. Means of performance monitoring, including reporting systems and performance indicators will allow for effective and efficient asset evaluation.

Historical Industry Performance

The industry has experienced an increase in revenue since the end of the 2003 financial year, averaging revenue growth of 11.1% per annum. This increasing trend has been substantially due to strong local and international economic conditions as well as increasing asset prices.

The following graph sets out the revenue achieved by the financial asset investors industry for the 11 years from 1997 to 2007.



Source: IBISWorld, July 2008

Total industry revenue was estimated at $17.3 billion for the 2007 financial year, with total asset values estimated at $248.7 billion.

Outlook

Despite the recent slowdowns in local and overseas markets, IBISWorld estimates that total assets held by operators in the financial asset investors industry will increase to a projected $332.7 billion in the 2013 financial year. This represents an average growth rate of 5.6% per annum over the next five years. Volatility in global markets is expected to continue, driven by the slowdown of the United States economy, booming Asian markets and increasing commodity prices.

At an estimated 4.9% per annum, industry revenue is forecast to outpace projected GDP growth of 3.1% per annum over the five years to 2013. The popularity of investment products offered by operators within the industry is expected to continue growing, in particular cash management trusts and public unit trusts.

4. PROFILE OF PROPERTY FOX NO. 1 LIMITED

4.1 Background

Property Fox was incorporated on 26 August 2002 and is primarily engaged in the acquisition and development of residential properties located in New South Wales and Queensland. The business was established by Mr Peter Spann, founder of the Freeman Fox group of companies. Property Fox was admitted to the official list of the NSX on 30 January 2007 and trading of its A Class shares commenced on 28 February 2008 (NSX Code: PFAA).

The Company was originally established to help clients who were seeking to acquire and renovate an investment property, but who were not prepared to carry out the renovations themselves. Property Fox would search for properties that fitted the Company's investment criteria and then manage the renovations on behalf of investors.

4.2 Investments

Property Fox currently holds a number of investments as outlined below.

Cash and cash equivalents

As at 30 June 2008, Property Fox held $1,427,875 in cash. This amount represents approximately 47% of the Company's total assets as at 30 June 2008.

Inventories

- Fairfield Portfolio

  Property Fox's investment at 38 Vine Street, Fairfield (Fairfield Portfolio) comprises of 12 residential units which were purchased by the Company in 2003 and renovated with a view to derive a profit. Eight units have already been sold, with another four remaining for sale. The building is currently under company title, however, the owners are in the process of converting these units to strata title. Recent interest hikes have severely affected the value of properties in this region.

- Toowoomba Portfolio

  Property Fox currently holds a 30% share of eight houses and units located in Toowoomba, Queensland (Toowoomba Portfolio). The properties were acquired in 2003 with the intention to hold the assets for a number of years to explore available development opportunities.

Financial assets

- Fox Riverside Pty Limited

  Property Fox currently holds 2% of the issued shares in Fox Riverside Pty Limited. This shareholding provides Property Fox with a 5.95% profit and capital entitlement. Fox Riverside Pty Limited is party to a joint venture involving the development of two blocks of riverfront land in Tennyson, Queensland. The two blocks of land were put to sale by public auction on 27 September 2008 with development approvals in place. The property was passed in on a vendor's bid of $3 million.

- Property Fox No. 2 Limited

  As at 30 June 2008, Property Fox held 103,499 shares in Property Fox No. 2 Limited with a written down value of $59,169. Property Fox No. 2 Limited has net assets of approximately $2 million as at 30 June 2008, the majority of which comprises a 49% investment in Fox Riverside Pty Limited (refer above), which entitles it to 31.17% of any profit and capital distributions. The company also holds a 50% investment in the Toowoomba Portfolio and interests in Fox Riverside No. 2 Pty Limited which predominantly holds real property on the Brisbane River at Anstead, Queensland with future development potential.

4.3 Board & Management

Information regarding Property Fox's current board and key management personnel is detailed below.

Mr Peter Spann – Chairman and Managing Director

Mr Spann commenced his career as a marketing consultant, working for Fullife Pty Limited, SMAARTco Pty Limited and Results Corporation Pty Limited.

He commenced conducting seminars in 1995 to educate ordinary Australians in investment strategies in the property market. In 2000, he founded Freeman Fox Property to assist investors with the development of their properties.

Mr Spann is also a director of Fox Invest Limited, a company listed on the Australian Securities Exchange (ASX) and Property Fox No. 2 Limited, listed on the NSX, as well as being a director of a number of other unlisted companies.

Mr Howard Woolcott – Executive Director

Mr Woolcott holds a Bachelor of Economics degree from The University of Sydney and is a Certified Practicing Accountant (CPA). Mr Woolcott was previously a director of Tribeca Learning Limited. He is also a director of Fox Invest Limited, Property Fox No. 2 Limited and a number of other private companies.

Ms Jodie Stainton – Executive Director

Ms Stainton holds a Bachelor of Property Economics degree from the Queensland University of Technology and has experience in both residential and commercial property sales and management. Ms Stainton is the general manager for property management at Bees Nees Inner City Realty. She is also a director of Property Fox No. 2 Limited.

Mr Andrew Whitten – Company Secretary

Mr Whitten is a solicitor with experience in the areas of corporate finance and securities law. He holds a Bachelor of Arts degree from the University of New South Wales, a Master of Laws and Legal Practice degree, and a Graduate Diploma in Advanced Corporate Governance. Mr Whitten is currently the company secretary of a number of publicly listed companies.

4.4 Historic Financial Information

The following table sets out the audited Balance Sheets of Property Fox as at 30 June 2006, 30 June 2007 and 30 June 2008.

PROPERTY FOX NO. 1 LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE

	2008 $ Audited	2007 $ Audited	2006 $ Audited
CURRENT ASSETS			
Cash and cash equivalents	1,427,875	1,279,887	197,376
Trade and other receivables	51,864	102,217	151,113
Inventories	1,293,111	2,649,111	4,534,105
Financial assets	283,939	0	0
TOTAL CURRENT ASSETS	**3,056,789**	**4,031,215**	**4,882,594**
NON CURRENT ASSETS			
Financial assets	0	353,499	353,499
TOTAL NON CURRENT ASSETS	**0**	**353,499**	**353,499**
TOTAL ASSETS	**3,056,789**	**4,384,714**	**5,236,093**
CURRENT LIABILITIES			
Trade and other payables	38,615	63,919	51,738
Short term borrowings	446,250	1,166,250	1,832,500
TOTAL CURRENT LIABILITIES	**484,865**	**1,230,169**	**1,884,238**
TOTAL LIABILITIES	**484,865**	**1,230,169**	**1,884,238**
NET ASSETS	**2,571,924**	**3,154,545**	**3,351,855**
EQUITY			
Contributed equity	4,506,711	4,730,350	4,730,350
Retained earnings	(1,934,787)	(1,576,229)	(1,378,919)
Minority interest	0	424	424
TOTAL EQUITY	**2,571,924**	**3,154,545**	**3,351,855**

Source: Property Fox 2008 Annual Report

The following table sets out the audited Income Statements of Property Fox for the years ended 30 June 2006, 30 June 2007 and 30 June 2008.

PROPERTY FOX NO. 1 LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE

	2008 $ Audited	2007 $ Audited	2006 $ Audited
Revenue from ordinary activities	1,200,000	2,053,125	560,939
Cost of sales	(1,170,000)	(1,930,162)	(545,043)
Gross Profit	**30,000**	**122,963**	**15,896**
Expenses from Ordinary Activities			
Management fees	(17,135)	(121,310)	(123,074)
Impairment expenses	(257,000)	0	(572,065)
Director & professional fees	(164,882)	(99,641)	(128,612)
Borrowing costs	(39,989)	(138,262)	(166,673)
Body corporate fees	(11,877)	(41,497)	0
Other expenses	(80,382)	(155,693)	(141,018)
Other Income			
Interest revenue	92,782	6,423	19,783
Rental income	89,925	229,707	224,139
Profit/(Loss) Before Income Tax	**(358,558)**	**(197,310)**	**(871,624)**
Income tax (expense) credit	0	0	(22,484)
Profit/(Loss) After Income Tax	**(358,558)**	**(197,310)**	**(849,140)**
Profit / (loss) attributable to minority interests	0	0	0
Profit/(Loss) Attributable to Members	**(358,558)**	**(197,310)**	**(849,140)**

Source: Property Fox 2008 Annual Report

4.5 Capital Structure

Information regarding Property Fox's current capital structure is detailed below.

PFAA Shares

As at the date of this Report, Property Fox had 4,513,001 PFAA shares on issue. The A Class shares are listed on the NSX. PFAA shares have the right to collectively receive 75% of all dividends declared by the Company and to collectively receive 100% of any distribution of capital upon a winding up of the Company. PFAA shares have the right to vote at all meetings of members of the Company with each share entitling its holder to one vote.

The top 10 shareholders of PFAA shares in Property Fox and their respective holdings are shown in the table below.

Shareholder	No. of Shares	%
Henley Underwriting & Investment Company Pty Ltd	251,000	5.56
C & AC Pty Ltd <C & A Chappel Super A/C>	120,000	2.66
Damien Negus <Bush Magic Super A/C>	100,000	2.22
Peter Schaap & Pauline Schaap <Schaap Super A/C>	100,000	2.22
David William Searle & Rosemarie Anne Searle	100,000	2.22
Melcrag Pty Ltd	80,000	1.77
Quest Invest Pty Ltd	80,000	1.77
Pilkadaris Holdings Pty Ltd <Pilkadaris Unit A/C>	60,000	1.33
Stephen Wheeler <Wheeler Super A/C>	60,000	1.33
Graeme Bell & Pamela Bell <The G & P Bell Super A/C>	40,000	0.89
Top 10 Shareholders	**991,000**	**21.96**
Total Shareholders	**4,513,001**	**100.00**

Source: Property Fox, 25 September 2008

Below is a summary of PFAA shareholder spread as at 25 September 2008.

	Number of Holders	Number of Shares
1 to 1,000	1	1
1,001 to 5,000	1	2,000
5,001 to 10,000	2	20,000
10,001 to 100,000	163	4,120,000
100,001 and more	2	371,000
Total	**169**	**4,513,001**

Source: Property Fox, 25 September 2008

Ordinary Shares

As at the date of this Report, Property Fox had 1,250,000 unlisted ordinary shares on issue. Ordinary shares have the right to collectively receive 25% of all dividends declared by the Company. Ordinary shares have no entitlement to participate in a distribution of capital upon a winding up of the Company or to otherwise receive payments by way of a return of capital. Ordinary shares have the right to vote at all meetings of members of the Company with each share entitling its holder to one vote.

Fox Portfolio Pty Limited, a company controlled by Mr Peter Spann, currently owns 100% of the ordinary shares on issue.

5. PROFILE OF PRITCHARD EQUITY LIMITED

5.1 Background

Pritchard Equity is a specialist investment house based in New South Wales that aims to earn above average returns by developing an investment portfolio comprising significant stakes in both listed and unlisted companies. The company's strategy involves holding the prospective investment over the medium to long term.

Pritchard Equity was first incorporated on 10 May 2002 before becoming a public company on 4 November 2005. On 22 December 2005 Pritchard Equity was admitted to the official list of the NSX and ordinary shares commenced trading on 27 April 2006.

The company currently has a number of differing classes of securities listed on the NSX as outlined in section 5.5 of this Report.

5.2 Investments

Pritchard Equity currently holds a number of investments as outlined below.

During the year ended 30 June 2008, Pritchard Equity reduced the size of its investment portfolio and external borrowings. As at 30 June 2008, Pritchard Equity's investments comprised shares in both listed and unlisted companies accounting for approximately 26% and 53% respectively. Approximately 17% of Pritchard Equity's assets were in the form of cash and the remaining 4% in other assets.

Trading & investment portfolios

As at 30 June 2008, Pritchard Equity owned more than 5% of the issued shares in Property Fox and Illuminator Investment Company Limited. Illuminator Investment Company Limited invests in a diverse portfolio of companies and is publicly listed on the NSX.

Investments in associates

Pritchard Equity owned 33.06% of Cameron Capital Limited as at 30 June 2008. Cameron Capital Limited is the holding company for Cameron Stockbrokers Limited.

Pritchard Equity also owns a 4.15% holding in the issued shares of Penrose Club Holdings Limited. Penrose Club Holdings Limited owns a substantial parcel of land in the Southern Highlands of New South Wales.

5.3 Board & Management

Information regarding Pritchard Equity's current board and key management personnel is detailed below.

Mr Steven Pritchard – Executive Chairman

Mr Pritchard holds a Bachelor of Commerce degree from the University of Newcastle, a Graduate Diploma in Applied Finance and Investment and is a CPA.

Mr Pritchard was a director of NSX from 1996 to 2003 and chairman from 2000 to 2003. He was appointed to the board of Winpar Holdings Limited in 2003. He is currently the executive chairman of Cameron Capital Limited and a director of Florin Mining Investment Company Limited.

Dr Gordon Elkington – Non-Executive Director

Dr Elkington is a Barrister of the Supreme Court of New South Wales and holds a Bachelor of Science, a Master of Science and a Master of Laws degree. He is a director and company secretary of Winpar Holdings Limited, a company secretary of Stokes (Australasia) Limited, a director and company secretary of Penrose Club Holdings Limited and a member of the New South Wales Legal Qualifications Committee.

Mr Enzo Pirillo – Executive Director and Company Secretary

Mr Pirillo holds a Bachelor of Commerce degree from the University of Newcastle, a Graduate Diploma in Applied Finance and Investment and is a CPA. Mr Pirillo is currently the finance director and company secretary of Cameron Capital Limited.

5.4 Historic Financial Information

The following table sets out the audited Balance Sheets of Pritchard Equity as at 30 June 2006, 30 June 2007 and 30 June 2008.

PRITCHARD EQUITY LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE

	2008 $ Audited	2007 $ Audited	2006 $ Audited
CURRENT ASSETS			
Cash and cash equivalents	411,643	50,666	282,902
Trade and other receivables	15,522	94,766	16,910
Trading portfolio	62,726	139,977	113,070
TOTAL CURRENT ASSETS	**489,891**	**285,409**	**412,882**
NON CURRENT ASSETS			
Investment portfolio	656,356	1,114,614	678,398
Investments in associates accounted for using the equity method	1,146,532	942,611	564,023
Investments in controlled entities	0	0	0
Deferred tax assets	47,802	24,915	20,636
Other assets	30,955	0	0
TOTAL NON CURRENT ASSETS	**1,881,645**	**2,082,140**	**1,1263,057**
TOTAL ASSETS	**2,371,536**	**2,367,549**	**1,675,939**
CURRENT LIABILITIES			
Trade and other payables	84,599	51,965	50,093
Short term borrowings	37,673	225,842	135,850
TOTAL CURRENT LIABILITIES	**122,272**	**277,807**	**185,943**
NON-CURRENT LIABILITIES			
Long term borrowings	142,237	0	0
Deferred tax liabilities	0	19,923	18,161
TOTAL NON-CURRENT LIABILITIES	**142,237**	**19,923**	**18,161**
TOTAL LIABILITIES	**264,509**	**297,730**	**204,104**
NET ASSETS	**2,107,027**	**2,069,819**	**1,471,835**
EQUITY			
Contributed equity	728,260	787,997	794,576
Reserves	(35,219)	162,789	31,880
Retained earnings	1,287,730	968,216	516,788
Minority interest	126,256	150,817	128,591
TOTAL EQUITY	**2,107,027**	**2,069,819**	**1,471,835**

Source: Pritchard Equity 2008 Annual Report

The following table sets out the audited Income Statements of Pritchard Equity for the years ended 30 June 2006, 30 June 2007 and 30 June 2008.

PRITCHARD EQUITY LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE**

	2008 $ Audited	2007 $ Audited	2006 $ Audited
Income from investment portfolio	198,939	28,536	35,770
Income from trading portfolio	(2,860)	114,444	(4,239)
Income from deposits	11,951	8,606	4,522
Share of net profit of associated company	218,723	378,588	158,365
Other income	156	6,390	75,171
Total Income from Ordinary Activities	**426,909**	**536,564**	**269,589**
Expenses from Ordinary Activities			
Administration expenses	(85,227)	(69,008)	(12,643)
Impairment expenses	(7,601)	(8,135)	(608)
Borrowing costs	0	(351)	(183)
Listing fees	(6,810)	(12,184)	(1,014)
Profit/(Loss) Before Income Tax	**327,271**	**446,886**	**255,141**
Income tax (expense) credit	22,286	20,799	(1,547)
Profit/(Loss) After Income Tax	**349,557**	**467,685**	**253,594**
Profit/(loss) attributable to minority interests	(28,182)	(10,183)	(2,344)
Profit/(Loss) Attributable to Members	**321,375**	**457,502**	**251,250**

Source: Pritchard Equity 2008 Annual Report

5.5 Capital Structure

Pritchard Equity currently has two classes of ordinary shares, a preferred income equity security and three classes of ordinary options on issue. Each class of its securities is separately listed on the NSX. Further information regarding the company's current capital structure is detailed below.

Class A Ordinary Shares (PEQA)

As at the date of this Report, Pritchard Equity had 620,608 PEQA shares on issue. PEQA shares confer on the holders of those shares the right to receive notices, reports and accounts and to attend and speak, but not to vote, at general meetings of the company.

The top 10 PEQA shareholders in Pritchard Equity and their respective holdings are shown in the table below.

Shareholder	No. of Shares	%
Pritchards Continuation Proprietary Ltd	168,000	27.07
Pritchard & Company Pty Ltd	63,398	10.22
Cameron Securities Pty Limited	35,000	5.64
Pritchard and Company Pty Ltd	27,171	4.38
Fuggle Nominees Pty Limited	25,000	4.03
Mrs Margaret Jane Pritchard	25,000	4.03
Mr John Weston Seaforth Mackenzie	23,330	3.76
L W Superannuation Pty Ltd <Landwise Group Superannuation a/c>	22,500	3.63
Pritchard & Partners Pty Ltd	21,695	3.50
Wilcorp No 41 Pty Ltd	19,168	3.09
Top 10 Shareholders	**430,262**	**69.35**
Total Shareholders	**620,608**	**100.00**

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

Below is a summary of PEQA shareholder spread as at 1 September 2008.

	Number of Holders	Number of Shares
1 to 1,000	35	25,600
1,001 to 5,000	21	60,253
5,001 to 10,000	6	46,063
10,001 to 100,000	13	320,692
100,001 and more	1	168,000
Total	**76**	**620,608**

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

Class B Ordinary Shares (PEQB)

As at the date of this Report, Pritchard Equity had 831,378 PEQB shares on issue. PEQB shares confer on the holders of those shares the right to receive notices, reports and accounts and to attend, speak and vote at general meetings of the company.

The top 10 PEQB shareholders in Pritchard Equity and their respective holdings are shown in the table below.

Shareholder	No. of Shares	%
Pritchards Continuation Proprietary Ltd	150,000	18.04
Pritchards Continuation Pty Ltd	150,000	18.04
Pritchard & Company Pty Ltd	133,200	16.02
Cameron Securities Pty Limited	35,000	4.21
Pritchard and Company Pty Ltd	26,800	3.22
Mrs Margaret Jane Pritchard	25,000	3.01
Fuggle Nominees Pty Limited	25,000	3.01
Mr John Weston Seaforth Mackenzie	23,330	2.81
L W Superannuation Pty Ltd <Landwise Group Superannuation a/c>	22,500	2.71
Wilcorp No 41 Pty Limited	19,168	2.31
Top 10 Shareholders	**609,998**	**73.38**
Total Shareholders	**831,378**	**100.00**

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

Below is a summary of PEQB shareholder spread as at 1 September 2008.

	Number of Holders	Number of Shares
1 to 1,000	25	23,850
1,001 to 5,000	23	70,200
5,001 to 10,000	2	18,600
10,001 to 100,000	14	285,528
100,001 and more	3	433,200
Total	**67**	**831,378**

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

Preferred Income Equity Securities (PEQPA)

As at the date of this Report, Pritchard Equity had 1,461 PEQPA securities on issue. PEQPA securities confer on the holders of those preference securities the following rights:

- the same rights as holders of ordinary shares to receive notices, reports and accounts and to attend general meetings of the company; and
- the right to vote in each of the following circumstances and in no others:
  - during a period during which a dividend (or part of a dividend) for the share is in arrears;
  - on a proposal to reduce the company's share capital;
  - on a resolution to approve the terms of a buy-back agreement;
  - on a proposal that affects rights attached to the share;
  - on a proposal to wind-up the company;
  - on a proposal for the disposal of the whole of the company's property, business and undertaking; and
  - during the winding up of the company.

Other features of PEQPA securities include:

- PEQPA security holders are entitled to a cumulative preferential dividend of $10 per annum (inclusive of any franking credits that would accrue to an Australian resident security holder with respect to that dividend) accruing at the rate of $5 for each six month period (or part of such period) ending on 30 June and 31 December each year during which the securities are on issue;
- PEQPA securities may be converted into PEQA shares on 30 November 2013 or on 30 November of any subsequent year by giving written notice to Pritchard Equity on or before 15 November of the year in which the conversion is to take place. The company may convert PEQPA securities into PEQA shares at any time by giving 60 days written notice to security holders of the date on which the conversion is to take place.

  The number of PEQA shares issued on conversion is calculated as follows:

  $$n = m \times 100 \times e/(a-i)$$

  Where:

n	=	the number of PEQA shares resulting from the conversion
m	=	the number of PEQPA shares that will be converted
e	=	the total number of issued ordinary shares as per the last audited accounts
a	=	the consolidated net assets of the group as per the last audited accounts
i	=	any minority interest as per the last audited accounts

- Subject to the Corporations Act and the NSX Listing Rules, Pritchard Equity may redeem PEQPA securities at $100 per security on 31 December 2013 or on 31 December of any subsequent year by giving three months written notice to security holders of its intention to redeem the securities; and

- On a winding up of the company or on a reduction of capital, PEQPA security holders are to receive $100 for each security ahead of any payment to the holders of ordinary shares, but no other right to participate in surplus assets.

The top 10 PEQPA security holders in Pritchard Equity and their respective holdings are shown in the table below.

Security Holder	No. of Securities	%
Pritchards Continuation Pty Ltd	468	32.03
Pritchard and Company Pty Ltd	251	17.18
Cameron Securities Pty Limited	70	4.79
Pritchard and Partners Pty Ltd	52	3.56
Fuggle Nominees Pty Limited	50	3.42
Mrs Margaret Jane Pritchard	50	3.42
Mr John Weston Seaforth Mackenzie	47	3.22
L W Superannuation Pty Ltd <Landwise Group Superannuation a/c>	45	3.08
Wilcorp No 41 Pty Limited	38	2.60
Abelia Grove Pty Ltd	34	2.33
Top 10 Security Holders	**1,105**	**75.63**
Total Security Holders	**1,461**	**100.00**

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

Below is a summary of PEQPA security holder spread as at 1 September 2008.

	Number of Holders	Number of Securities
1 to 1,000	72	1,461
1,001 to 5,000	0	0
5,001 to 10,000	0	0
10,001 to 100,000	0	0
100,001 and more	0	0
Total	**72**	**1,461**

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

Ordinary Options

As at the date of this Report, Pritchard Equity had three classes of options on issue. Details regarding the various options are summarised in the following table.

Option Class	No. of Options on Issue	Exercise Price	Expiry Date	No. of Options Exercised
PEQOA	679,358	$1.25	10/12/2008	Nil
PEQOB	339,679	$2.50	10/12/2010	Nil
PEQOC	339,679	$5.00	10/12/2015	Nil

Source: Pritchard Equity Limited Replacement Bidder's Statement, 1 September 2008

All of the abovementioned options can be exercised at any stage up to and including the respective expiry dates to acquire one PEQA share per option exercised.

6. VALUATION OF PROPERTY FOX NO. 1 LIMITED

In our opinion, the current market value of the PFAA shares of Property Fox fall within the range of $0.50 and $0.56 per share on an undiluted and fully diluted basis.

Our assessment of the market value per share is detailed in the remainder of this section.

6.1 Valuation Methodologies

Various valuation methodologies have been considered in the valuation of Property Fox as detailed below.

In our opinion the quoted price for listed securities method is the most appropriate method to apply to the valuation of the PFAA shares of Property Fox. We have used the orderly realisation of assets as a secondary valuation methodology.

A summary of each of the available valuation methodologies has been set out in Appendix 4.

The discounted cash flow (DCF) method

No reliable estimates of future cash flows are available to enable us to conduct a DCF valuation of the business carried out by Property Fox.

Capitalisation of future maintainable earnings

Property Fox does not have a profitable trading history which would enable the application of the capitalisation of future maintainable earnings valuation method.

An earnings based valuation is not appropriate in the case of Property Fox as the profits of enterprises such as Property Fox, engaged in real estate investment and redevelopment, can fluctuate dramatically between periods based on changes in the underlying investments of the entity. Moreover, historical performance does not provide an appropriate indication of expected future performance necessarily.

The quoted price for listed securities

As a public listed company, Property Fox's shares are currently traded on the NSX. Since the commencement of trading of PFAA shares on 28 February 2007 and up to the date of the announcement of the Offer, 34 trades have been completed, representing a volume of approximately 23.20% of the current PFAA shares on issue.

We consider that a valuation based on the quoted price for the listed securities in Property Fox is an appropriate valuation method as its shares have been sufficiently liquid in the past.

Orderly realisation of assets

The orderly realisation of assets valuation methodology takes into account the estimated value of the net assets on a going concern basis. This methodology is suitable for the valuation of an investment holding company where the underlying assets have been recorded at fair market value.

When undertaking a valuation, it is common practice to apply other valuation methodologies to assess the reasonableness of the valuation conclusion reached using the primary methodology. We consider that a valuation based on the fair market value of the Company's assets provides an appropriate method for determining a secondary valuation of the Company's PFAA shares.

Any recent genuine offers received

To our knowledge, Property Fox has not received any other recent genuine offers for any business units or any of its assets to use as the basis for the valuation of the Company's PFAA shares.

6.2 Valuation – Quoted Price for Listed Securities

In order to determine the valuation of the PFAA shares in Property Fox, we have given consideration to the trading history of the securities on the NSX up to the date of the announcement of the Offer of 5 August 2008. The table below sets out each transaction recorded since trading commenced on 28 February 2007.

Date	Price per Share ($)	Volume Traded (No.)	Total Trade Value ($)
29/04/2008	0.4200	20,000	8,400.00
21/04/2008	0.4200	10,000	4,200.00
05/03/2008	0.4200	40,000	16,800.00
21/02/2008	0.4000	238,000	95,200.00
30/01/2008	0.3500	20,000	7,000.00
30/01/2008	0.3500	20,000	7,000.00
18/12/2007	0.5000	2,000	1,000.00
14/12/2007	0.5000	18,000	9,000.00
04/12/2007	0.5600	19,000	10,640.00
03/12/2007	0.5600	20,000	11,200.00
03/12/2007	0.5600	20,000	11,200.00
03/12/2007	0.5600	59,999	33,599.44
30/11/2007	0.5600	10,000	5,600.00
30/11/2007	0.5600	10,000	5,600.00
22/11/2007	0.5600	15,000	8,400.00
09/11/2007	0.3500	10,000	3,500.00
17/10/2007	0.5600	5,000	2,800.00
25/09/2007	0.3500	1,000	350.00
25/09/2007	0.3700	19,000	7,030.00
25/09/2007	0.3500	2,000	700.00
24/09/2007	0.3600	18,000	6,480.00
19/09/2007	0.3500	20,000	7,000.00
19/09/2007	0.3500	60,000	21,000.00
19/09/2007	0.3500	40,000	14,000.00
19/09/2007	0.3400	20,000	6,800.00
18/09/2007	0.3500	20,000	7,000.00
17/09/2007	0.3500	20,000	7,000.00
17/09/2007	0.3500	80,000	28,000.00
04/09/2007	0.3850	30,000	11,550.00
21/08/2007	0.3950	20,000	7,900.00
20/08/2007	0.3950	20,000	7,900.00
06/06/2007	0.5200	20,000	10,400.00
12/04/2007	0.6000	20,000	12,000.00
11/04/2007	0.7000	100,000	70,000.00

Source: NSX, 1 October 2008

Based on our analysis of the above transactions in PFAA shares, we note the following:

- During the period 28 February 2007 to 5 August 2008, the Company has recorded 34 transactions, as shown in the table above. The volume of shares traded during that time was 1,046,999 shares out of a total of 4,513,001 shares currently on issue, or 23.20%.

- We note that since the Announcement Date, two transactions have been recorded for PFAA shares. These transactions do not form part of our analysis of the valuation of PFAA shares and are excluded from the table above on the basis that the news of the offer may have impacted on the value of these trades.

- During the period 17 October 2007 to 29 April 2008, Property Fox conducted a series of on-market share buybacks representing approximately 9.74% of PFAA shares. A total of 486,999 shares were bought by the Company and subsequently cancelled, reducing its PFAA shares on issue from 5,000,000 to 4,513,001. The shares were purchased at a Volume Weighted Average Price (VWAP) of $0.4592 per share, with transaction prices ranging from $0.40 to $0.56 per share.

- We are advised that 313,000 PFAA shares were purchased by entities associated with Pritchard Equity, between 17 September 2007 and 5 August 2008 at a VWAP of $0.3494, with transaction prices ranging from $0.34 to $0.35 per share.

- No trades have occurred in the three month period preceding the Announcement Date.

- In the six months preceding the Announcement Date, four transactions took place. All of the transactions related to the on-market buyback conducted by Property Fox.

  During the six months preceding the Announcement Date PFAA shares experienced relatively low share price volatility despite a relatively high volume of transactions taking place.

We conducted an extensive VWAP analysis of historic PFAA share transactions having regard to the factors outlined in this section, as summarised below.

	VWAP			
	3 Months	**6 Months**	**12 Months**	**Since Listing**
All share transactions	n/a	$0.40	$0.41	$0.45
- excluding share buybacks	n/a	n/a	$0.36	$0.43
- excluding purchases by entities related to the Bidder	n/a	$0.40	$0.45	$0.49
- excluding share buybacks & purchases by entities related to the Bidder	n/a	n/a	$0.38	$0.54
Total volume traded*	0.00%	6.82%	20.10%	23.20%

* Assuming 4,513,001 shares currently on issue as at the date of this Report

Overall, the VWAP of PFAA shares has declined from $0.45 per PFAA share since listing to $0.41 in the 12 months preceding the Announcement Date and $0.40 in the six months leading up to the Announcement Date. Similar trends can be seen when removing the effect of the share buyback undertaken by Property Fox and purchases by entities related to the Bidder.

In our opinion the VWAP calculated for the six months preceding the Announcement Date provides the most appropriate basis for a valuation. A valuation based on periods extending beyond six months may not adequately take current market conditions into account.

Control Premium

We have adopted a control premium of 25% to 40% in the valuation of the PFAA shares of Property Fox which are the subject of the Offer. The premium range has been adopted after consideration of the following:

- ASIC Regulatory Guide 111 requires that in a takeover bid situation, it should be assumed that 100% of the securities the subject of the offer are being acquired in the target. When an entity is owned 100% by a single shareholder, that shareholder will benefit from the ability to:
  - control the board of directors;
  - alter the Constitution of the entity;
  - appoint and remove management of the entity and set remuneration policy;
  - change financial and operating policies of the entity;
  - access financial information and other information required for decision making;
  - acquire and dispose of assets and businesses within the entity;
  - undertake borrowings on behalf of the company;
  - access the entity's cash flows, including the ability to dictate dividend policy; and
  - integrate the entity's business and operations with those of the shareholder.

- A number of synergies are expected to be realised by Prichard Equity should it obtain control of Property Fox. Prichard Equity has stated in its Bidder's Statement that the Merged Entity is expected to benefit from cost savings as a result of the rationalisation of corporate office functions (such as company secretarial, treasury, financial reporting, corporate affairs and information technology) and the associated board and management structures. The value of expected synergies is generally factored into a control premium.

- Historically, bids for target companies have been on average 25% to 40% above pre-bid share prices.

Valuation Summary

Based on our quoted price of listed securities analysis, we have calculated the fair market value of the PFAA shares to fall within the range of $0.50 to $0.56 per share on an undiluted and fully diluted basis as set out in the table below.

	Low Range	**High Range**
Adopted VWAP per share	$0.4000	$0.4000
Control premium	25.00%	40.00%
Adopted valuation per PFAA share	**$0.5000**	**$0.5600**

6.3 Valuation – Orderly Realisation of Assets

When undertaking a valuation, it is common practice to apply a secondary valuation methodology to assess the reasonableness of the valuation conclusion reached using the primary methodology.

For the purposes of this valuation we have compared the value derived under the quoted price for listed securities method with the value derived under the orderly realisation of assets method. The orderly realisation of assets valuation methodology takes into account the estimated value of the net assets on a going concern basis.

We have analysed the net assets recorded in the audited accounts of Property Fox as at 30 June 2008 and note the following:

- Property Fox has recorded its Fairfield and Toowoomba Portfolios as inventory at the lower of cost or net realisable value in accordance with Australian Accounting Standards. As at 30 June 2008, the written down value of the Fairfield and Toowoomba Portfolios was $1,293,111.

  We are advised by the Directors of Property Fox that in order to restate this balance on a net realisable value basis for the purpose of our valuation, an uplift in the amount of $97,839 would be required. Due to time constraints, we have been unable to commission a specialist report to verify this information.

  Since this analysis forms part of our secondary valuation which is merely being performed to enable us to assess the reasonableness of the valuation conclusion reached under our primary valuation, we believe that it is appropriate to take account of the above adjustment in our analysis. Nevertheless, we have performed a sensitivity analysis below to highlight the impact of this adjustment on our valuation per share.

- Property Fox holds an indirect investment in vacant land located in Tennyson, Queensland. This investment is held via a joint venture agreement in which Fox Riverside Pty Limited holds a 97.5% interest.

  Property Fox in turn holds 2% of the issued capital of Fox Riverside Pty Limited and is entitled to 5.95% of any profit and capital distributions.

  As at 30 June 2008, Property Fox has classified its investment in Fox Riverside Pty Limited as a financial asset and recorded it at its fair market value in accordance with Australian Accounting Standards.

  As at 30 June 2008, the written down value of Property Fox's investment in Fox Riverside Pty Limited was $223,330.

  VMC Global has been provided with a copy of the management accounts of Fox Riverside Pty Limited and the Joint Venture and has performed a review of material accounts and balances in order to determine whether any matter comes to our attention which would indicate that the written down value of Property Fox's investment in Fox Riverside Pty Limited is materially misstated.

VMC Global has also been advised that it is expected that the Joint Venture will obtain a sale price of $3 million on disposal of the Tennyson property. Due to time constraints, we have been unable to commission a specialist report to verify this information. We note however, that on 27 September 2008, the property was passed-in at auction following a vendor bid of $3 million and negotiations for the sale of this vacant land are continuing.

We have performed a sensitivity analysis below to highlight the impact of a potential downward adjustment to this expected sale price.

No other matters have come to our attention to suggest that the written down value of Property Fox's investment in Fox Riverside Pty Limited is materially misstated.

- Property Fox has secured commercial bill liabilities totalling $446,250 as at 30 June 2008. No matters have come to our attention to suggest that this balance may be materially misstated as at 30 June 2008.

- Taking into consideration the nature of the operations of Property Fox, no matters have come to our attention to suggest that any other balances were materially misstated as at 30 June 2008.

Based on the above analysis, we have calculated the fair market value of the PFAA shares to be in the order of $0.59 per share, as shown below.

Net assets as at 30 June 2008	$2,571,924
Fair market value of net assets	$2,669,763
No of shares with capital entitlement	4,513,001
Implied valuation per share with capital entitlement	$0.5916
Control premium	0.00%
Adopted valuation range	**$0.5916**

The orderly realisation of assets yields a secondary valuation of $0.59 per share on an undiluted and fully diluted basis, which is approximately 5.36% above our high range valuation calculated under the quoted price for listed securities valuation method.

We therefore conclude that the valuation obtained under our primary valuation is reasonable.

Sensitivity Analysis

We conducted a sensitivity analysis to determine the impact of a change in the fair market value of the Company's net assets on our secondary valuation. Based on our analysis of the net assets, we considered four alternative scenarios.

For each scenario, we have disregarded our adjustment to the inventory in the order of $97,839 as at 30 June 2008, and applied a reduction of 10%, 20% and 30% respectively to the valuation of the Tennyson property in which Property Fox holds an indirect interest. The revised valuations under each scenario are set out in the table below.

Scenario	
Scenario 1 - Adjustment of $97,839 to inventory - No reduction in Tennyson property valuation	$0.5699
Scenario 2 - Adjustment of $97,839 to inventory - 10% reduction in Tennyson property valuation	$0.5660
Scenario 3 - Adjustment of $97,839 to inventory - 20% reduction in Tennyson property valuation	$0.5622
Scenario 4 - Adjustment of $97,839 to inventory - 30% reduction in Tennyson property valuation	$0.5583

Based on the above scenario analysis it can be seen that even if the carrying value of inventories were not increased, and the Tennyson property was sold at a value of up to 30% below the expected sale price by the Fox Riverside Joint Venture, the valuation obtained under our primary valuation remains reasonable.

7. VALUATION OF PRITCHARD EQUITY LIMITED

In our opinion, the current market value of the issued securities in Pritchard Equity on an undiluted and fully diluted basis is summarised below.

Share Class	Undiluted		Fully Diluted	
	Low Range	High Range	Low Range	High Range
PEQA	$0.8585	$0.9616	$1.0572	$1.1841
PEQB	$0.9647	$1.0804	$1.1879	$1.3304
PEQPA	$62.9345	$70.4867	n/a	n/a

Our assessment of the market value per share is detailed in the remainder of this section.

7.1 Valuation Methodologies

Various valuation methodologies have been considered in the valuation of Pritchard Equity as detailed below.

In our opinion the orderly realisation of assets method is the most appropriate method to apply in the valuation of the issued capital of Pritchard Equity.

A summary of each of the approaches considered in the preparation of this Report has been set out in Appendix 4.

The discounted cash flow (DCF) method

No reliable estimates of future cash flows are available to enable us to conduct a DCF valuation of the business carried out by Pritchard Equity.

Capitalisation of future maintainable earnings

Pritchard Equity does not have a consistent trading history which would enable the application of the capitalisation of future maintainable earnings valuation method.

An earnings based valuation is not appropriate in the case of Pritchard Equity as the earnings of enterprises engaged in investing activities can fluctuate dramatically between periods based on changes in the underlying assets of the entity. Moreover, historical performance does not provide an appropriate indication of expected future performance in the case of Pritchard Equity.

The quoted price for listed securities

Pritchard Equity's securities are listed on the NSX, however, the company's shares are, in our opinion, not sufficiently liquid for the quoted price to form the basis of a valuation of the shares. Pritchard Equity's ordinary shares have not traded on the NSX since 24 April 2007 at which time the price per share traded was $1.10 for both PEQA and PEQB shares. None of the company's securities have traded at an acceptable volume since listing on the NSX to enable their quoted price to form the basis of our valuation.

Orderly realisation of assets

The orderly realisation of assets valuation methodology takes into account the estimated value of the net assets on a going concern basis. This methodology is suitable for the valuation of an investment holding company where the underlying assets have been recorded at fair market value.

We consider that a valuation based on the fair market value of the company's assets provides an appropriate method for determining our valuation of the company's shares.

Any recent genuine offers received

To our knowledge, Pritchard Equity has not received any recent genuine offers for any business units or any of its assets to use as the basis for the valuation of the company's securities.

7.2 Valuation – Orderly Realisation of Assets

The orderly realisation of assets valuation methodology takes into account the estimated value of the net assets on a going concern basis. In order to determine the valuation of the issued securities in Pritchard Equity, we have given consideration to the fair market value of the net assets of the company.

We have analysed the net assets recorded in the audited accounts as at 30 June 2008 and note the following:

- The written down value of the trading portfolio of listed investments has been recorded at fair market value in accordance with Australian Accounting Standards.

- The written down value of the investment portfolio of listed and unlisted securities has been recorded at fair market value in accordance with Australian Accounting Standards.

- The company holds 33.06% of the issued capital in Cameron Capital Limited, an unlisted public Australian stockbroking company. This investment has been accounted for using the equity method in accordance with Australian Accounting Standards and has a carrying amount of $1,146,532 as at 30 June 2008.

  We have reviewed the audited financial statements of Cameron Capital Limited for the year ended 30 June 2007. Based on these audited financial statements and movements recorded by Prichard Equity for the year ended 30 June 2008, no matters have come to our attention to suggest that Prichard Equity's investment in Cameron Capital Limited is materially misstated.

- Taking into consideration the nature of the operations of Prichard Equity, no matters have come to our attention to suggest that any other balances were materially misstated as at 30 June 2008.

Based on our analysis of the fair market value of the net assets of Pritchard Equity, we have calculated an implied valuation of PEQA and PEQB shares in Pritchard Equity on an undiluted and fully diluted basis to fall within the range of $1.35 to $1.66 per share as set out in the table below.

	Undiluted	Fully Diluted
Net assets as at 30 June 2008	$2,107,027	$2,107,027
Fair market value of net assets	$2,107,027	$2,107,027
Less: PEQPA entitlement	-$146,100	n/a
Add: consideration on exercise of options	n/a	$2,745,365
Adjusted fair market value of net assets	$1,960,927	$4,852,392
No of shares with capital entitlement	1,451,986	2,917,799
Implied valuation per share with capital entitlement	$1.3505	$1.6630

We have deducted a capital entitlement of $100 per PEQPA security from the fair market value of the net assets in determining our implied valuation per ordinary share. This is in line with the capital distribution rights which attach to the PEQPA securities as detailed in section 5.5 of our Report.

Minority Discount

We have adopted a minority discount of 20% to 28.57% in the valuation of the PEQA, PEQB and PEQPA shares offered by Prichard Equity under the Offer. This discount range has been adopted after consideration of the following:

- Our valuation has been prepared utilising the orderly realisation of assets methodology which values controlling interests.
- Should the Offer be fully accepted, non-associated shareholders of Property Fox will become shareholders of Prichard Equity. Prichard Equity is controlled by Mr Steven Prichard who will hold 57.19% of the voting power on 100% acceptance of the Offer (does not take into account restricted voting rights attached to PEQPA securities).
- Should the Offer be fully accepted, non-associated shareholders of Property Fox will hold minority capital and voting interests in the Merged Entity.
- Historically, bids for target companies have been on average 25% to 40% above pre-bid prices implying pre-bid prices were trading at a minority discount of 20% to 28.57%, being the inverse of historical bid premiums.

Non-Voting Discount

We have adopted a non-voting discount of 11% in the valuation of the PEQA and PEQPA shares offered by Prichard Equity under the Offer. This discount range has been adopted after consideration of the following:

- PEQA shares to be acquired by non-associated shareholders of Property Fox should the Offer be accepted, carry no voting rights in Prichard Equity.
- PEQPA shares to be acquired by non-associated shareholders of Property Fox should the Offer be accepted, while carrying restricted voting rights, may be converted to PEQA shares, which carry no voting rights, at any time at the discretion of Prichard Equity.
- Various studies undertaken have shown historical average voting premiums of between 7.8% and 13.3%.

PEQA Shares

We have calculated the fair market value of PEQA shares in Pritchard Equity on an undiluted basis to fall within the range of $0.86 to $0.96 per PEQA share ($1.06 to $1.18 on a fully diluted basis) as shown below.

	Undiluted		Fully Diluted	
	Low Range	**High Range**	**Low Range**	**High Range**
Implied valuation per share with capital entitlement	$1.3505	$1.3505	$1.6630	$1.6630
Less: minority discount	28.57%	20.00%	28.57%	20.00%
Less: non-voting discount	11.00%	11.00%	11.00%	11.00%
Adopted valuation per PEQA share	**$0.8585**	**$0.9616**	**$1.0572**	**$1.1841**

PEQB Shares

We have calculated the fair market value of PEQB shares in Pritchard Equity on an undiluted basis to fall within the range of $0.96 to $1.08 per PEQB share ($1.19 to $1.33 on a fully diluted basis) as shown below.

	Undiluted		Fully Diluted	
	Low Range	**High Range**	**Low Range**	**High Range**
Implied valuation per share with capital entitlement	$1.3505	$1.3505	$1.6630	$1.6630
Less: minority discount	28.57%	20.00%	28.57%	20.00%
Less: non-voting discount	0.00%	0.00%	0.00%	0.00%
Adopted valuation per PEQB share	**$0.9647**	**$1.0804**	**$1.1879**	**$1.3304**

PEQPA Securities

Our valuation of PEQPA securities is based on the values derived for PEQA shares above and the conversion formula set out in section 5.5 of this Report to determine the number of PEQA shares which will be issued on conversion.

We have calculated the fair market value of PEQPA securities in Pritchard Equity on an undiluted basis to fall within the range of $62.93 to $70.49 per share as shown below.

On a fully diluted basis, the PEQPA securities are taken to have been converted into PEQA shares. As such, no separate valuation has been conducted of PEQPA on a fully diluted basis. The converted PEQA shares are, however, reflected in the valuation of PEQA shares on a fully diluted basis.

PEQPA	Low Range	High Range
No of PEQPA shares	1,461	1,461
No of issued ordinary shares	1,451,986	1,451,986
Consolidated net assets @ 30 June 2008	$2,107,027	$2,107,027
Minority equity interest @ 30 June 2008	$126,256	$126,256
No of PEQA shares upon conversion	107,097	107,097
Adopted valuation range per PEQA share	$0.8585	$0.9616
No of existing PEQPA securities	1,461	1,461
Adopted valuation range per PEQPA security	**$62.9345**	**$70.4867**

PEQPA security holders would receive approximately 73.30 PEQA shares upon conversion of each PEQPA security as at 30 June 2008.

We note that PEQPA security holders are entitled to a preferential distribution of $100 per security on the winding up of the company. Our valuation allows for the uncertainty surrounding the conversion of PEQPA securities into PEQA shares at the discretion of the directors.

7.3 Valuation Summary

As detailed in the foregoing analysis, we have calculated the fair market value of the issued securities in Pritchard Equity on an undiluted and fully diluted basis as summarised in the table below under the orderly realisation of assets method.

	Undiluted		Fully Diluted	
Share Class	Low Range	High Range	Low Range	High Range
PEQA	$0.8585	$0.9616	$1.0572	$1.1841
PEQB	$0.9647	$1.0804	$1.1879	$1.3304
PEQPA	$62.9345	$70.4867	n/a	n/a

8. EVALUATION OF THE OFFER

8.1 Assessment of Fairness of the Offer

ASIC Regulatory Guide 111 defines a takeover bid as being 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. This comparison should be made assuming 100% ownership of the target, irrespective of whether the consideration is scrip or cash.

Set out in the tables below is our assessment of the current value of the issued shares in Property Fox and the Pritchard Equity valuation of the issued shares in Property Fox based on acceptance of the Offer. Under the Offer, shareholders will receive the following securities in Pritchard Equity for every one PFAA share held in Property Fox:

		PFAA Shares	PEQA Shares	Undiluted % of Merged Entity	Fully Diluted % of Merged Entity
0.0750	PEQA shares per PFAA share	4,513,001	338,475	35.29%	41.22%
0.0250	PEQB shares per PFAA share	4,513,001	112,825	11.95%	11.95%
0.0034	PEQPA securities per PFAA share	4,513,001	15,344	91.31%	n/a

Based on our valuation of the issued securities in Pritchard Equity, we have calculated the consideration per PFAA share in Property Fox under the Offer on an undiluted basis to fall within the range of $0.30 to $0.34 per share ($0.37 to $0.42 on a fully diluted basis) as shown in the table below.

	Undiluted		Fully Diluted	
	Low Range	High Range	Low Range	High Range
Consideration - PEQA shares				
Adopted valuation range - ordinary shares	$0.8585	$0.9616	$1.0572	$1.1841
No of newly issued PEQA shares	338,475	338,475		
No of newly issued fully diluted PEQA shares			1,463,268	1,463,268
	$290,595	$325,466	$1,546,986	$1,732,624
Consideration - PEQB shares				
Adopted valuation range - ordinary shares	$0.9647	$1.0804	$1.1879	$1.3304
No of newly issued PEQB shares	112,825	112,825		
No of newly issued fully diluted PEQB shares			112,825	112,825
	$108,837	$121,897	$134,023	$150,105
Consideration - PEQPA securities				
Adopted valuation range - PEQPA shares	$62.9345	$70.4867	n/a	n/a
No of newly issued PEQPA shares	15,344	15,344	n/a	n/a
	$965,681	$1,081,562	n/a	n/a
Total consideration	$1,365,112	$1,528,926	$1,681,008	$1,882,729
No of existing PFAA shares	4,513,001	4,513,001	4,513,001	4,513,001
Consideration per PFAA share	**$0.3025**	**$0.3388**	**$0.3725**	**$0.4172**

The valuation of PFAA shares in Property Fox under the Offer of $0.30 to $0.34 per PFAA share ($0.37 to $0.42 per PFAA share on a fully diluted basis) provides a discount to the current valuation of the PFAA shares of $0.50 to $0.56 per PFAA share ($0.50 to $0.56 per PFAA share on a fully diluted basis), as shown in the table below.

	Undiluted		Fully Diluted	
	Low Range	High Range	Low Range	High Range
Consideration per PFAA share under the Offer	$0.3025	$0.3388	$0.3725	$0.4172
Adopted valuation per PFAA share	$0.5000	$0.5600	$0.5000	$0.5600

On this basis, VMC Global has determined that the Offer is not fair to the non-associated shareholders of Property Fox.

8.2 Assessment of Reasonableness of the Offer

Despite our conclusion that the Offer in not fair, ASIC Regulatory Guide 111 states that an offer may be 'reasonable' if the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Accordingly, we have assessed that the disadvantages of the Offer to the non-associated shareholders outweigh the advantages. Advantages and disadvantages identified are as follows:

Advantages for the Non-Associated Shareholders

The Merged Entity will provide greater diversification

The operations of the Merged Entity will provide greater diversification to Property Fox shareholders which may reduce the overall level of risk pertaining to their investment.

According to Property Fox's 2008 Annual Report, Property Fox currently holds investments in cash (47%), real property either directly or indirectly through other entities (52%) and other assets (1%).

Property Fox derives income in the form of interest from cash on deposit, rental income from investment properties and proceeds upon the realisation of investment properties.

According to Prichard Equity's 2008 preliminary Annual Report, Prichard Equity currently holds a diverse range of investments in cash (17%), listed investments (26%), unlisted investments (53%) and other assets (4%). As at 30 June 2008, Prichard Equity's investment portfolio by sector was as follows:

Materials	12.34%
Capital Goods	4.11%
Commercial	2.61%
Transportation	0.97%
Media	0.83%
Diversified Financials	54.60%
Real Estate	21.43%
Utilities	3.11%
Total	**100.00%**

Pritchard Equity derives income in the form of interest from cash on deposit, dividends and trust distributions from listed and unlisted investments, and proceeds upon the realisation of listed and unlisted investments.

The nature of the investments of the Merged Entity will result in a greater mix of short and medium term income streams.

Preferential entitlement to dividends from the Merged Entity

Should the Offer be successful, non-associated shareholders of Property Fox will receive 0.0034 PEQPA securities in Prichard Equity for every PFAA share held in Property Fox.

PEQPA security holders are entitled to a cumulative preferential dividend of $10 per annum, inclusive of franking credits.

We note that PEQPA securities were issued on 27 May 2008 and accordingly there is no history of actual dividend payments to PEQPA security holders. There is no guarantee that the Merged Entity will make sufficient profits in the future to enable the payment of dividends to PEQPA security holders.

Capacity to raise additional capital

Should the Offer be accepted, the Merged Entity will have a substantially larger market capitalisation than either Property Fox or Prichard Equity in their own right.

As a result, the Merged Entity may have a greater ability to raise additional funds in the future. This in turn will help maximise the potential returns available to the Merged Entity, and hence non-associated shareholders of Property Fox subject to investment performance.

Benefit of potential cost savings

Should the Offer be accepted, non-associated shareholders of Property Fox may benefit from potential cost savings resulting from a rationalisation of corporate offices and the associated board and management structures.

Disadvantages for the Non-Associated Shareholders

Lack of liquidity in Pritchard Equity securities

If successful, the proposed takeover bid will result in shareholders of Property Fox receiving Pritchard Equity securities.

Whilst Pritchard Equity securities are currently listed and trading on the NSX, they are currently relatively illiquid when compared to the liquidity of the listed securities of Property Fox.

Below is a comparison of the historical liquidity of both Property Fox securities and Pritchard Equity securities currently listed on the NSX prior to the Announcement Date.

Security Details	Trading Commenced	Months Trading at July 2008	Total Trades at July 2008	Total Quantity at July 2008	Securities Issued at July 2008	Average Annual Turnover
Property Fox						
PFAA	28/02/2007	17	34	1,046,999	4,513,001	16.38%
Prichard Equity						
PEQA	27/04/2006	27	10	24,500	620,608	1.75%
PEQB	27/04/2006	27	5	23,250	831,378	1.24%
PEQPA	28/05/2008	2	0	0	1,461	0.00%
PEQOA	27/04/2006	27	2	6,000	697,358	0.38%
PEQOB	27/04/2006	27	2	3,000	339,679	0.39%
PEQOC	27/04/2006	27	2	3,000	339,679	0.39%

As can be seen from the above table, the listed securities of Property Fox have historically been more liquid than the listed securities of Prichard Equity.

The illiquid nature of Prichard Equity securities may result in limited opportunities for Property Fox shareholders to subsequently trade securities in Pritchard Equity should the Offer be accepted.

Diminution of voting power

If successful, the Offer will result in a diminution of the voting power currently held by the non-associated shareholders of Property Fox.

Below is a comparison of the voting power currently held by the non-associated shareholders of Property Fox and the voting power those non-associated shareholders will subsequently hold in the Merged Entity should the offer be accepted.

	Property Fox	Merged Entity	
		Undiluted	Fully Diluted
Total voting rights available	5,763,001	961,008*	944,203
Total voting rights held by non-associated shareholders	4,262,001	119,280**	105,000
% of voting rights held by non-associated shareholders	**73.95%**	**12.41%**	**11.12%**

* Includes 16,805 voting rights attached to PEQPA securities. Voting rights attached to PEQPA securities carry restricted voting rights as set out in section 5.5 of this report.

** Includes 15,344 voting rights attached to PEQPA securities. Voting rights attached to PEQPA securities carry restricted voting rights as set out in section 5.5 of this report.

As can be seen from the above comparison, should the offer be accepted, non-associated shareholders of Property Fox will go from holding a 73.95% voting interest in the operations of Property Fox to holding a 12.41% voting interest on an undiluted basis or 11.12% on a fully-diluted basis in the Merged Entity, despite holding a capital entitlement as shown in the table in section 8.1 of this Report.

Conversion rights attached to PEQPA securities

As noted above, should the Offer be successful, non-associated shareholders of Property Fox will receive 0.0034 PEQPA securities in Pritchard Equity for every PFAA share held in Property Fox.

As set out in section 5.5 of this Report, PEQPA security holders are entitled to a cumulative preferential dividend of $10 per annum per security, inclusive of franking credits and are entitled to one restricted vote for every security held.

We note, however, that the directors of Prichard Equity has the right to convert PEQPA securities to PEQA shares at any time by giving 60 days notice.

PEQA shares do not carry any voting rights or preferential dividend rights, however, they are entitled to income distributions as declared at the discretion of the directors of Prichard Equity and/or capital distributions on the winding up of the company.

Existence of controlling shareholder

Property Fox does not currently have any one single controlling shareholder. In comparison, Prichard Equity is controlled by Mr Steven Pritchard who currently holds 64.95% of the PEQB Shares on issue by Prichard Equity. PEQB Shares are the only shares on issue by Prichard Equity which carry unrestricted voting rights.

Below is a summary of Mr Prichard's voting power assuming 100% and 66% acceptance of the Offer. The summary does not take into account restricted voting rights attached to PEQPA securities.

	100% Acceptance	66% Acceptance
Total PEQB shares on issue	944,203	905,843
Total PEQB shares held by Mr Steven Prichard	540,000	540,000
% of voting power held by Mr Steven Prichard	**57.19%**	**59.61%**

No control premium offered

Should the Offer be successful, PFAA shareholders will receive less consideration for their shares than our valuation of the fair market value of PFAA shares and no control premium will be received for the shares.

Implication to Non-Associated Shareholders if the Offer is not accepted

We have considered some of the implications to non-associated shareholders of Property Fox if the proposed takeover bid is not accepted as detailed below:

- Non-associated shareholders will not benefit from an increase in the diversification of operations which would be achieved if the proposed takeover is successful.
- Non-associated shareholders will not be entitled to preferential dividends of $10, inclusive of franking-credits per share which may be received as a result of receiving 0.0034 PEQPA securities for every PFAA share held in Property Fox.
- Non-associated shareholders will not benefit from the potential additional capacity of the Merged Entity to raise additional capital in the future.
- Non-associated shareholders will not benefit from the potential cost savings that are available to the Merged Entity.
- Non-associated shareholders will continue to benefit from the relatively higher liquidity of Property Fox shares when compared to the liquidity of the listed securities of Prichard Equity.
- Voting power currently held by non-associated shareholders will not be diminished.
- Non-associated shareholders will not be susceptible to the uncertainty surrounding the conversion rights held by Prichard Equity in relation to PEQPA securities on issue by Prichard Equity.
- Property Fox will continue to not have any one single controlling shareholder. Should the Offer be accepted, the Merged Entity will be controlled by Mr Steven Prichard.
- Whilst we are currently unaware of any prospects for a higher offer, PFAA shareholders may be able to realise a control premium for their shares in the future if another offer were presented.

8.3 Conclusion in Relation to the Offer

After giving consideration to the above advantages and disadvantages we consider that the proposed takeover bid as set out in section 1 is **not fair and not reasonable** to the non-associated shareholders of Property Fox.

APPENDIX 1 – ABBREVIATIONS AND DEFINITIONS

Announcement Date	The announcement of the Offer being 5 August 2008
ASIC	The Australian Securities and Investments Commission
ASX	The Australian Securities Exchange Limited ABN 98 008 624 691
Bidder	Pritchard Equity Limited ABN 80 100 517 404
Bidder's Statement	The Bidder's Statement for Property Fox No. 1 Limited prepared by Pritchard Equity Limited, dated 5 August 2008 (superseded by Replacement Bidder's Statement)
Closing Date	As set out in the Bidder's Statement (extended to 23 October 2008)
Company	Property Fox No. 1 Limited ABN 97 101 816 353
Corporations Act	The Corporations Act 2001
CPA	Certified Practicing Accountant
DCF	Discounted Cash Flow
Director	A Director of Property Fox No. 1 Limited at the date of this Report
Fairfield Portfolio	The investment of Property Fox at 38 Vine Street, Fairfield NSW
FSG	Financial Services Guide
GDP	Gross Domestic Product
IPO	Initial Public Offering
Merged Entity	The proposed merged entity comprising Property Fox No. 1 Limited and Pritchard Equity Limited
NSX	National Stock Exchange of Australia NSX Limited ABN 33 089 447 058
PFAA	A Class ordinary shares in Property Fox (NSX Code: PFAA)
PEQA	Class A ordinary shares in Pritchard Equity (NSX Code: PEQA)
PEQB	Class B ordinary shares in Pritchard Equity (NSX Code: PEQB)
PEQPA	Preferred Income Equity Securities in Pritchard Equity (NSX Code: PEQPA)
PEQOA	Series 1 options in Pritchard Equity (NSX Code: PEQOA)

PEQOB	Series 2 options in Pritchard Equity (NSX Code: PEQOB)
PEQOC	Series 3 options in Pritchard Equity (NSX Code: PEQOC)
Pritchard Equity	Pritchard Equity Limited ABN 80 100 517 404
Property Fox	Property Fox No. 1 Limited ABN 97 101 816 353
Related Party	Has the meaning as provided in the Corporations Act
Replacement Bidder's Statement	The Replacement Bidder's Statement for Property Fox No. 1 Limited prepared by Pritchard Equity Limited, dated 1 September 2008
Report or Independent Expert's Report	This document prepared by VMC Global dated 1 October 2008
Target	Property Fox No. 1 Limited ABN 97 101 816 353
The Offer	The offer made by Pritchard Equity Limited to acquire the issued capital of Property Fox No. 1 Limited as set out in the Bidder's Statement
Toowoomba Portfolio	The investment of Property Fox at Healy & Ruthven Streets, Toowoomba QLD
VMC Global	VMC Global Pty Limited ABN 65 097 893 957 AFS Licence 295 872

APPENDIX 2 – QUALIFICATIONS AND DECLARATIONS

Qualification

VMC Global has extensive experience in the provision of corporate finance advice, particularly with respect to mergers and acquisitions.

VMC Global holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

The individual responsible for the preparation of this Report is Mrs Manda Trautwein.

Manda Trautwein is a director of VMC Global and an active Member of the Institute of Chartered Accountants and its Forensic Accounting and Business Valuation Special Interest Groups. She holds a Bachelor of Commerce degree and a Master of Applied Finance degree from Macquarie University and a Master of Applied Taxation degree from the University of New South Wales. Manda has played a key role in a number of corporate advisory projects including valuations of shares and businesses for a variety of applications.

Declarations

The statements contained in this Report are given in good faith and have been derived from information believed to be reliable and accurate. We have examined this information and have no reason to believe that any material factors have been withheld from us.

During the course of this engagement, VMC Global provided draft copies of this Report to Property Fox for comment as to factual accuracy, as opposed to opinions, which are the responsibility of VMC Global alone. Changes made to this Report as a result of these reviews have not changed the opinion reached by VMC Global.

Interests

VMC Global and its related entities do not have at the date of this Report, and have not had any shareholding in or other relationship with Property Fox or Pritchard Equity that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to the Offer.

VMC Global had no part in the formulation of the Offer. Its only role has been the preparation of this Report.

VMC Global is entitled to receive a fee for the preparation of this Report of up to $25,000 plus GST. Except for this fee, VMC Global has not received and will not receive any pecuniary or other benefit, whether direct or indirect, for or in connection, with the preparation of this Report.

Prior to accepting this engagement VMC Global considered its independence with respect to Property Fox and any of its associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". VMC Global considers itself to be independent.

APPENDIX 3 – SOURCES OF INFORMATION

In preparing this Independent Expert Report, VMC Global has been provided with and has considered the following sources of information:

a) Pritchard Equity Supplementary Bidder's Statement, 22 August 2008;

b) Annual Report of Property Fox for the years ended 30 June 2006, 2007 and 2008;

c) Shareholder registers of Property Fox as at 25 September 2008;

d) Property Fox Target Statement dated 15 September 2008;

e) Property Fox Constitution;

f) Management Accounts of Fox Riverside Pty Limited for the year ended 30 June 2008;

g) Management Accounts of the joint venture between Fox Riverside Pty Limited and Freeman Fox Investments for the year ended 30 June 2008;

h) Annual Report of Property Fox No. 2 for the year ended 30 June 2008;

i) Various enquiries with the management of Property Fox;

j) Information available on the corporate website of Property Fox, accessed September 2008, http://www.propertyfoxno1.com.au;

k) Publicly available information regarding Property Fox;

l) Annual Report of Pritchard Equity for the years ended 30 June 2006, 2007 and 2008;

m) Preliminary Annual Report of Pritchard Equity for the year ended 30 June 2008;

n) Pritchard Equity Constitution;

o) Audited Financial Statements of Cameron Capital Limited for the year ended 30 June 2007 as lodged with ASIC on 31 October 2007;

p) Information available on the corporate website of Pritchard Equity, accessed September 2008, http://www.peq.com.au;

q) Publicly available information regarding Pritchard Equity;

r) IBISWorld Industry Report *'Residential Property Operators and Developers in Australia'*, 25 September 2008;

s) IBISWorld Industry Report *'Financial Asset Investors in Australia'*, 22 July 2008;

t) Wayne Lonergan, *'The Valuation of Businesses, Shares and Other Equity'*, 4th Edition, Allen & Unwin 2003;

u) Publicly available information regarding comparable Australian listed companies; and

v) Bill Jansen, *'Discounts and Premiums'*, 13 March 2008, The Institute of Chartered Accountants Second National Business Valuations Conference.

APPENDIX 4 – OVERVIEW OF VALUATION METHODOLOGIES

Discounted Cash Flow (DCF) Method

The DCF approach is technically a superior methodology since it allows for fluctuations in future performance to be recognised. This methodology derives the enterprise value of an entity by discounting its expected future cash flows.

In applying the DCF valuation methodology consideration must be given to the following factors:

- The estimated future cash flows of the business for a reasonable period including an assessment of the underlying assumptions;
- An estimate of the terminal value of the business at the end of the forecast period; and
- The assessment of an appropriate discount rate that quantifies the risk inherent in the business and reflects the expected return which investors can obtain from investments having equivalent risks.

Capitalisation of Estimated Future Maintainable Earnings

The capitalisation of estimated future maintainable earnings method is useful as a primary valuation technique where the DCF methodology can not be used. This method derives the equity value of an entity and requires consideration of the following factors:

- Selection of an appropriate level of estimated future maintainable earnings having regard to historical and forecast operating results, and adjusting for non-recurring or non-business items of income and expenditure in addition to any known factors likely to affect the future operating performance of the business;
- Profits arising from the assets surplus to the operation of the sustainable business are eliminated and the assets, net of any liabilities relating thereto, treated incrementally; and
- Determination of an appropriate capitalisation multiple having regard to the market rating of comparable companies or businesses, the extent and nature of competition in the industry, quality of earnings, future growth opportunities, asset backing and relative investment risk.

Orderly Realisation of Assets

The orderly realisation of assets valuation methodology takes into account the estimated value of the net assets on a going concern basis. It is normally used as a secondary valuation method to derive the equity value of an entity and as a basis for determining the level of goodwill implied in DCF and capitalisation of estimated future maintainable earnings valuations.

The orderly realisation of assets approach is usually used as the primary valuation technique where businesses are not currently making a profit but may do so in the future, or where the capitalisation of estimated future maintainable earnings or discounted cash flow methodologies yield a lower value than that of the net assets.

Quoted Market Price

The quoted market price method requires an analysis of the quoted price of listed securities, where there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale.

This valuation method is suitable where the quoted price of a listed entity's securities is closely related to the underlying value of the net assets of the entity.

Genuine Offers

This method requires the consideration of any recent genuine offers received by the target for any business units or assets as a basis for the valuation of those business units or assets.

9. Your Choices

You have three choices as a PF1 Shareholder in responding to Pritchard Equity's Offer,

Your Directors unanimously recommend that you **REJECT** Pritchard Equity's Offer. To REJECT Pritchard Equity's Offer, simply ignore all documents sent to you by Pritchard Equity.

9.1 REJECT Pritchard Equity's Offer

To **REJECT** Pritchard Equity's Offer, simply ignore any documents sent to you by Pritchard Equity. You should be aware that:

- If you choose not to accept Pritchard Equity's Offer and Pritchard Equity acquires at least 90% of PF1 A Class Shares, Pritchard Equity may become entitled to compulsorily acquire the balance of the PF1 A Class Shares, and it has said that it intends to exercise those rights (see Section 7.7 of this Target's Statement for further details);
- If you choose not to accept Pritchard Equity's Offer and Pritchard Equity acquires more than 66% but less than 90% of PF1 A Class Shares, you will be exposed to the risks associated with being a minority shareholder in PFl (see Section 7.8 of this Target's Statement for further details);
- As a holder of PF1 A Class Shares you will continue to be subject to the risks set out in Section 5.4 of this Target's Statement.

9.2 Sell your PF1 A Class Shares on market

During the Offer Period, you may sell your PF1 A Class Shares on market through the NSX, provided you have not already accepted Pritchard Equity's Offer for those PF1 A Class Shares.

If you sell your PF1 A Class Shares on market, you will receive cash for the sale of your PF1 A Class Shares. If you sell your PF1 A Class Shares on market, you:

- Will lose the ability to accept Pritchard Equity's Offer and receive the offer consideration (and any possible increase in the offer consideration) in relation to those PF1 A Class Shares;
- Will lose the ability to accept any higher offer for PF1 A Class Shares that may or may not eventuate from a third party;
- May incur a tax liability as a result of the sale; and
- May incur a brokerage charge.

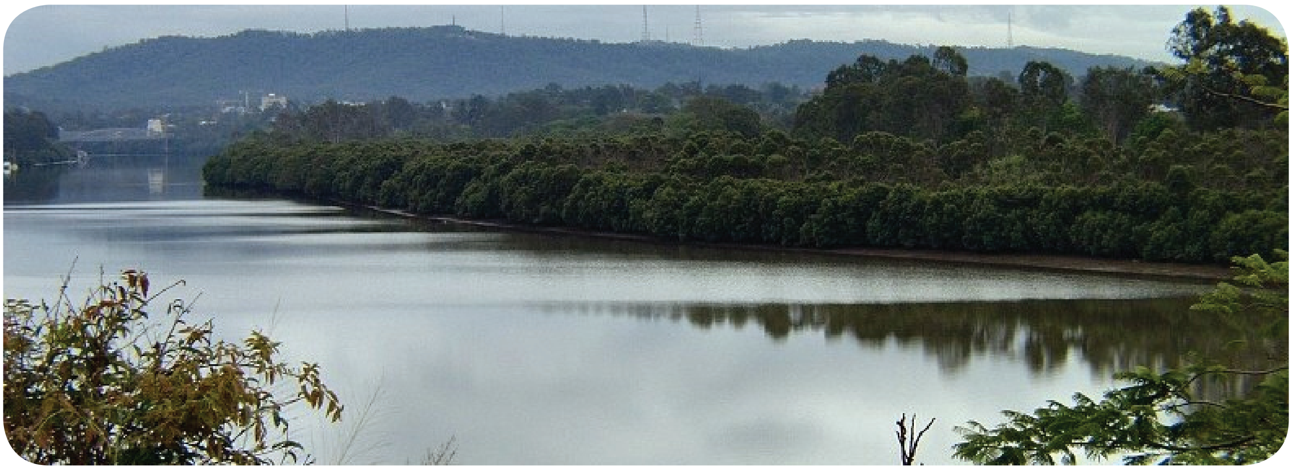
9.3 Accept Pritchard Equity's Offer

Pritchard Equity has stated that its Offer remains open until 7.00pm (AEST) on the closing date for Pritchard Equity's Offer, which is 23rd October 2008 (unless Pritchard Equity's Offer is extended or withdrawn).

It is possible that Pritchard Equity will choose to extend the Offer Period in accordance with the Corporations Act (see Section 7.3 of this Target's Statement). Details of the consideration that you will receive if you accept Pritchard Equity's Offer is set out in the Bidder's Statement.

Subject to the withdrawal rights referred to in Section 7.4, if you accept Pritchard Equity's Offer you:

- Will become a holder of Pritchard Equity A Shares, Pritchard Equity B Shares and Pritchard Equity Preferred Income Securities (if Pritchard Equity's Offer becomes unconditional) in which case your investment will be subject to the risks associated with holding Pritchard Equity's Shares (as set out in Section 5 of the Bidder's Statement), in addition to the risks associated with being a holder of PF1 A Class Shares as set out in Section 5.4 of this Target's Statement (as Pritchard Equity will become the holder of your PF1 A Class Shares);
- May incur a tax liability as a result of your acceptance;
- Will be unable to accept any higher offer or your PF1 A Class Shares that may eventuate from a third party; and
- Will be unable to sell your PF1 A Class Shares.



Above: Land at 27 King Arthur Terrace, Tennyson, Brisbane, QLD, Owned by Property Fox No. 1 Limited in joint venture

10. Additional Information

10.1 Issued securities

The total number of PF1 A Class Shares as at the date of this Target's Statement is 4,513,001. The total number of PF1 ordinary shares as at the date of this Target's Statement is 1,250,000. There are currently no options or other securities convertible into PF1 A Class or Ordinary Shares.

Pritchard Equity is not making an offer to acquire the Ordinary Shares and is only making an offer to acquire the A Class Shares. The Ordinary Shares are not listed on NSX.

PF1 A Class Shares collectively receive 75% of all dividends declared by PF1 and collectively have the right to receive 100% of all share capital repaid on a winding up, and have the right to vote at all meetings of members of PF1 with each PF1 A Class Share entitled to 1 vote.

PF1 ordinary shares collectively receive 25% of all dividends declared by PF1 and have the right to vote at all meetings of PF1, with each Ordinary Share being entitled to 1 vote.

10.2 Changes in PF1's financial position

Apart from the matters disclosed elsewhere in this Target's Statement, so far as is known to the Directors, there have been no material changes to PF1's financial position since the date of the last balance sheet published by PF1 (being the balance sheet as at 30th June 2008), which have not been announced to the NSX.

10.3 Taxation considerations

Section 6 of the Bidder's Statement provides a broad outline of the Australian taxation consequences for PF1 A Class Shareholders who accept Pritchard Equity's Offer. The tax implications for each PF1 A Class Shareholder may vary depending on their particular circumstances, It is recommended that each PF1 A Class Shareholder seek their own professional advice regarding the taxation implications associated with Pritchard Equity's Offer.

10.4 Material Litigation

PF1 is not aware of any current or proposed litigation or dispute that is material in the context of PF1 taken as a whole.

10.5 No other material information

There is no information that is known to any of the Directors that holders of PF1 Shares and their professional advisers would reasonably require to make an informed assessment whether or not to accept Pritchard Equity's Offer and reasonably expect to find in this Target's Statement other than:

(a) the information set out in the Bidder's Statement;

(b) the information set out in this Target's Statement; and

(c) information that has previously been disclosed to the holders of PF1 Shares or disclosed to NSX or ASIC under the regular reporting and disclosure obligations to which PF1 is subject as a disclosing entity for Corporations Act purposes.

However, the Directors do not take any responsibility for the content of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

10.6 Consents

Each of the persons listed below has given and has not, before the lodgment of this Target's Statement with ASIC, withdrawn their consent to the inclusion of the following information in this

Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that information in the form and context in which they appear:

(i) each Director — to being named as a Director and to the inclusion of statements made by him or her;

(ii) Whittens Lawyers and Consultants — to being named as legal adviser to PF1;

(iii) VMC Global Pty Ltd - to being named as Independent Expert.

Disclaimer regarding statements made and responsibility

Each person named in the paragraph above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

(i) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and

(ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

10.7 Publicly available information

As permitted by ASIC Class Order 01/1543, this Target's Statement may contain statements which are made, or based on statements made, in documents lodged with ASIC or NSX in compliance with the NSX Listing Rules.

Pursuant to Class Order 01/1543, the consent of such persons to whom such statements are attributed is not required for the inclusion of those statements in this Target's Statement. Any PF1 Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the PF1 Shareholder Information Line on 07 3031 9950

Copies of all announcements by PF1 may also be obtained from the NSX website at www. nsxa.com.au

10.8 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors on 3rd October 2008. Signed for and on behalf of PF1 by Peter John Spann, a Director of PF1 who is authorised to sign pursuant to the resolution referred to above.

Peter Spann

Chairman

11. Glossary

11.1 Definitions

In this Target's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

Acceptance Form means the acceptance form which accompanies the Bidder's Statement.

AEST means Australian Eastern Standard Time.

Announcement Date means 5 August 2008, the date upon which the Bid was announced.

ASIC means Australian Securities and Investments Commission.

Associates has the meaning given to it in the Corporations Act.

Bidder's Statement means the bidder's statement dated 1st September 2008 in respect of the Offer given by Pritchard Equity Limited under Part 6.5 of Chapter 6 of the Corporations Act.

Cameron means Camerons Stockbrokers Limited

CGT means Capital Gains Tax.

CHESS means Clearing House Electronic Subregister System established and operated by ASX Settlement and Transfer Corporation Pty Limited for the clearing, settlement, transfer and registration of approved securities.

CHESS Holding means a holding of Property Fox A Class Shares on the CHESS subregister of PF1.

Company means Property Fox No. 1 Limited (ACN 101 816 353).

Controlling Participant means the Participant who is designated as the controlling participant in a CHESS Holding in accordance with the ASTC Settlement Rules.

Consideration means 0.075 PEQ A Ordinary Shares, 0.025 PEQ B Ordinary Shares and 0.0034 PEQ Preferred Income Securities per 1 Property Fox A Class Share, as varied in accordance with the Corporations Act.

Corporations Act means Corporations Act 2001 (Cth).

FFP mean Freeman Fox Property Pty Ltd.

Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

GST means Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999.

HIN means holder identification number.

Issuer Sponsored Holding means a holding of Property Fox A Class Shares on Property Fox's issuer sponsored subregister.

Management Agreement means the management agreement between PF1 and Fox Portfolio Pty Ltd.

Merged Entity means Pritchard Equity and its subsidiaries following the acquisition by Pritchard Equity of all, or at least 66%, of the Property Fox A Class Shares.

NSX means National Stock Exchange of Australia Limited or the financial market which it operates.

NSX Listing Rules or Listing Rules means the official listing rules of NSX.

NTA means net tangible assets.

Offer means the offer by Prichard Equity to acquire Property Fox A Class Shares on the Offer Terms.

Offer Period means the period commencing 1st day of September 2008 and ending on 23rd Day of October 2008 unless extended or withdrawn in accordance with the Corporations Act.

Offer Terms means the formal terms and conditions of the Offer set out in Annexure 1 to the Bidder's Statement.

Participant has the meaning given to it in the ASTC Settlement Rules.

PEQ A Ordinary Shares means A ordinary shares in the capital of Pritchard Equity.

PEQ B Ordinary Shares means B ordinary shares in the capital of Pritchard Equity.

PEQ Preferred Income Securities means preferred income equity securities in the capital of Pritchard Equity.

Pritchard Equity means Pritchard Equity Limited(ACN 100 517 404).

Pritchard Equity Board means the board of directors of Pritchard Equity.

PF1 means Property Fox No. 1 Limited (ACN 101 816 353).

Property Fox Board means the board of directors of Property Fox.

Property Fox A Class Share means a fully paid Class A share in the capital of Property Fox.

Property Fox Group means Property Fox and its subsidiaries.

Property Fox A Class Shareholder means a holder of Property Fox A Class Shares.

Property Fox Ordinary Share means a fully paid ordinary share in the capital of Property Fox.

Register Date means the 5th August 2008.

Rights means all accretions and rights attaching to or arising from Property Fox A Class Shares after the Announcement Date (including, without limitation, all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid or issued by Property Fox).

SRN means security holder reference number.

Target's Statement means this document.

11.2 Interpretation

Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement
- a reference to a section is a reference to a section of this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, or $ is a reference to the lawful currency of Australia.

PROPERTY FOX
No. 1 LIMITED®

ACN 101 816 353

www.propertyfoxno1.com.au