

29th October 2008

Dear Shareholder,

On behalf of the Directors of Property Fox No 1 Ltd ("PF1" or "the Company") I am pleased to invite you to Property Fox No 1 Limited's 2008 Annual General Meeting ("AGM"). Enclosed is the notice of meeting setting out the business of the AGM.

The AGM will be held on **28th November 2008 at Level 21, 333 Ann Street, Brisbane, QLD, 4000** commencing at **12.00 pm (Brisbane Time)**. If you decide to attend the AGM, please bring this letter with you to facilitate registration and entry into the AGM.

Further details relating to the various resolutions proposed at the AGM are set out in the Explanatory Notes accompanying the notice of meeting. I urge all shareholders to carefully read this material before voting on the proposed resolutions.

If you are unable to attend the AGM, I encourage you to complete the enclosed Proxy Form. The Proxy form should be returned by mail or fax to the office of the share registry by 12.00pm on 26th November 2008 (48 hours prior to the meeting). Please refer to the attached Proxy Form for instructions on how to lodge your proxy.

Enclosed are the 2008 Annual Report, Notice of Annual General Meeting, Explanatory Memorandum and Proxy form.

I would like to take this opportunity to thank shareholders for their support of Property Fox No 1 Ltd and look forward to welcoming you to the AGM.

By order of the Board



Andrew Whitten
Company Secretary
29th October 2008

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2008 Annual General Meeting of shareholders of Property Fox No 1 Limited ACN 101 816 353 ("PF1" or "the Company") will be held at the **Freeman Fox Boardroom at Level 21, 333 Ann Street, Brisbane, QLD 4000** on **28th November 2008 at 12.00pm (Brisbane Time)** to transact the following business:

AGENDA

Business

Receipt of Annual Report, Financial Statements, Directors' and Audit Reports

"To receive and consider the Annual Report, Financial Statements of the Company and its controlled entities, together with the Directors' Report and the Audit Report for the year ended 30 June 2008"

Note: This item of business is for discussion and is not for resolution.

Resolution 1 – Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 June 2008 be adopted."

Note: In accordance with section 250 R of the Corporations Act, the vote on Resolution 1 will be advisory only and will not bind the Directors or the Company.

Resolution 2- Approval of Share Buy-Back

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That pursuant to Section 257 of the Corporations Act the Company be authorized to buy back 45% of each A Class Shareholder's Shares at a price of \$0.50 per share"

Please note that the above resolution is an ordinary resolution requiring 50% of those present and voting, either in person or by proxy to vote in favour of the resolution for it to be carried

Resolution 3 – Ordinary Resolution to Remove a Director

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That Jodie Morris be removed as a Director of Property Fox No.1 Limited"

Resolution 4 – Ordinary Resolution to Remove a Director

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That Peter Spann be removed as a Director of Property Fox No.1 Limited”

Resolution 5- Election of Steven Pritchard as a Director

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That Steven Pritchard be appointed as a Director of the Company”

Resolution 6- Election of Enzo Pirillo as a Director

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That Enzo Pirillo be appointed as a Director of the Company”

Resolution 7- Election of Gordon Elkington as a Director

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That Gordon Elkington be appointed as a Director of the Company”

Resolution 8- Re-election of Jodie Stainton (nee Morris) as an Executive Director

To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That Jodie Stainton nee Morris, who, retires by rotation in accordance with the Company’s Constitution, and being eligible offers herself for re-election as a Director, be re-elected as a Director”

By order of the Board



Andrew Whitten
Company Secretary
29th October 2008

NOTES TO NOTICE OF MEETING

Voting Entitlement:

For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7:00 pm on Wednesday 26th November 2008 (the Entitlement Time). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Annual General Meeting.

Appointment of proxy

1. A member entitled to attend and vote is entitled to appoint not more than two proxies;
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights;
3. A proxy need not be a member of the Company; and
4. To be valid forms of proxy must be lodged at the office of the Share Registry in accordance with the instructions contained within the proxy form.

EXPLANATORY NOTES

These explanatory notes have been prepared to assist shareholders to understand the business to be put to Shareholders at the Annual General Meeting.

PF1's financial statements, reports and shareholder questions

The financial report, Directors' Report, Remuneration Report and Auditor's Report for Property Fox No. 1 Limited for the year ended 30 June 2008 will be laid out before the meeting. There is no requirement for shareholders to approve those reports, However, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about those reports and the management of PF1. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

1. Resolution 1: Adoption of the remuneration Report

Shareholders are required to vote on the Remuneration report. The Remuneration Report is contained within the Directors' Report of the Company's 2008 Annual Report including the required presentation of the remuneration tables referred to in the report and set out in the Directors' Report and Note 16 of the financial statements. A summary table of requirements of Section 300A of the Corporations Act is also provided within the Remuneration Report. The vote on this proposed resolution is advisory only and will not bind the Directors or the Company. However, the board will take the outcome of the

vote into consideration when reviewing remuneration practices and policies. The board unanimously recommends that the shareholders pass the resolution to adopt the Remuneration Report.

2. Resolution 2: Approval of Share Buy Back

In order to fully inform shareholders regarding this resolution the following information is provided.

2.1 Number of Shares on Issue

Class	Number of Shares
A Class Shares	4,513,001
Ordinary Shares	1,250,000

2.2 Number and Percentage of shares to be bought back

Shareholders are being asked to approve a resolution that allows for up to 2,030,851 A class shares to be bought back at a price of \$0.50 per share, at a maximum cost to the Company of \$1,015,425.50. This is a buy-back of 45% of the A class shares on issue and 35.2% of the entire issued capital (including the ordinary shares).

2.3 The particulars of the terms of the buy-back

Each shareholder will have the right to accept an offer from the Company to purchase 45% of their shareholding at \$0.50 per share. It is anticipated that if approved by shareholders, the buy-back offers will be dispatched to shareholders within three weeks of shareholder approval being received. The Board then plans to allow shareholders up to six weeks to accept all offers under this buy-back proposal and then, following closure of the offer, the funds will be sent to A class shareholders in accordance with the level of acceptances.

2.4 The offer price

The offer price is \$0.50 per share to a maximum of 45% of each A class shareholder's holding.

2.5 The reasons for the buy-back

Due to the climate of economic uncertainty that is currently prevailing in world economic markets the Board of Property Fox No.1 Limited believes that the surplus cash currently held by the Company is best distributed back to the shareholders. As such the Board is seeking shareholder approval to distribute over \$1million back to the shareholders by way of the proposed buy-back.

2.6 The interests of the Directors in the buy-back

No Director of Property Fox No.1 Limited will be participating in the buy-back. Fox Portfolio Pty Ltd, a company associated with Mr Peter Spann, the holder of the ordinary shares, will not participate, nor is entitled to participate in the buy back.

2.7 The source of the Funds for the buy-back

As disclosed in the Annual Accounts of the Company as at 30th June 2008 the Company held cash of \$1,427,875. It is anticipated that a proportion of these funds will be used to fund the buy- back.

2.8 Advantages of the buy-back if shareholder approval obtained.

- The buy-back will allow PF1 to distribute to shareholders cash in their hands and will reduce the number of shares on issue.
- The shareholders are free to invest their cash in any way they see fit.
- The Benefit of Tax losses are concentrated with the remaining shareholders.

2.9 Disadvantages of the buy-back if shareholder approval is obtained.

- The buy-back will deplete the Company's funds.
- The Company will have a smaller pool of resources with which to continue its property investment operations.
- Voting power will be concentrated with the remaining shareholders.

2.10 Timing of Offer

It is anticipated that the following timetable will occur, if the resolution is approved by shareholders:

Shareholder Approval for buy-back	28 th November 2008
Dispatch of Offer terms and Conditions to shareholders	23 rd December 2008
Offer Opens	23 rd December 2008
Offer Closes	13 th February 2009
Payments Mailed to Shareholders and Shares transferred To Company	20 th February 2009
Shares Cancelled	20 th February 2009

Please note that the above dates are indicative only and subject to change.

2.11 Financial Position of the Company

Shareholders should consult the financial reports of the Company included in the Annual Report forwarded to shareholders together with this Notice of Meeting.

2.12 Last Traded price on NSX

The last traded price on NSX as at the date of this Notice was 19 cents per share. As started previously the buy-back resolution seeks shareholder approval for a purchase of up to 45% of each A Class Shareholders shares at a price of 50 cents per share.

2.13 Ordinary Resolution

This resolution is an Ordinary Resolution which requires 50% of shareholders who vote, either in person or by proxy, voting in favour of the proposed resolution for the resolution to be approved

3. Resolutions 3 & 4 : Removal of Directors

- a) On 5th September 2008 the Company received a Notice from shareholders pursuant to section 249D of the Corporations Act. The notices were signed by Henley Underwriting & Investment Company Pty Limited, Winpar Holdings Limited, and Gordon Bradley Elkington. ("The requisitioning shareholders").
- b) Section 249D of the Corporations Act provides that the Directors of a company must call and arrange to hold a general meeting on the request of members holding at least 5% of the votes that may be cast at the general meeting. The requisitioning shareholders have requested that Resolutions 3 & 4 be put on the agenda at the Annual General Meeting of the Company to which this notice pertains. Resolutions 3 & 4 are being put to shareholders as required by the Corporations Act, exactly in accordance with the terms of the request from the requisitioning shareholders.
- c) Shareholders should be aware that Mrs Jodie Stainton (nee Morris) was due to retire because of operation of Clause 12.9 of the Company's Constitution. Mrs Jodie Stainton (nee Morris) was planning on offering herself for re-election.
- d) For these resolutions to be passed they must be approved by 50% of the shareholders entitled to vote, voting in favour of the resolution.

3. Board Recommendation on Requisition of Removal of Directors

The remaining Director, Mr Howard Woolcott does **NOT SUPPORT** the removal of Mr Peter Spann and Jodie Stainton (nee Morris) as Directors of Property Fox No.1 Limited.

4. Resolutions 5, 6 and 7

In accordance with the Company's Constitution, shareholders of the Company have the

power to nominate directors of the Company.

Henley Underwriting and Investment Company Limited has nominated: Enzo Pirillo, Steven Pritchard and Gordon Elkington to be appointed to the position of Director of the Company.

For these resolutions to be passed they must be approved by 50% of the shareholders entitled to vote, voting in favour of the resolution.

The Board of Property Fox No.1 Limited **DOES NOT** support the election of Enzo Pirillo, Steven Pritchard and Gordon Elkington as directors of the Company.

5. Board Composition and the Resolutions

a) The Board is currently comprised of:

- 1) Mr Peter Spann (Managing Director)
- 2) Mr Howard Woolcott (Executive Director)
- 3) Mrs Jodie Stainton (nee Morris) (Executive Director)

The resolutions numbered 3 & 4 are as proposed by the requisitioning shareholders.

- b) If both resolutions 3 & 4 are passed by the requisite majority then Mr Spann and Mrs Jodie Stainton (nee Morris) will both be removed from the office of Director.
- c) If resolutions 5,6, & 7 are passed by the requisite majority, Mr Pritchard, Mr Elkington and Mr Pirillo will be appointed as Directors of Property Fox No. 1 Limited

6. Mr Spann's Background and the Effect of Removal of Mr Peter Spann as a Director

6.1 Mr Spann's Background

Mr Spann 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.

His corporate knowledge of Property Fox No.1 is deep and the loss of Mr Spann as Director would mean potential new Directors would have a very steep learning curve.

Mr Spann 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.

Property Fox No.1 carries out joint ventures with Property Fox No. 2 and other associated companies. Mr Spann is a direct link to those companies and maintaining harmonious relations with them.

Mr Spann's company Fox Portfolio Pty Ltd is the Administrative Manager of the Company and performs this role for \$12,000 per annum. Mr Spann performs his role for no personal remuneration. As Managing Director Mr Spann has worked closely with the Board to implement the Company's strategic direction, as directed by the Board including putting forward the current proposal to return surplus cash to the shareholders. If Mr Spann ceases to be a Director it is highly likely this plan will not proceed

6.2 Effect of Removal of Mr Spann from the Board

Mr Spann is the Managing Director. He has held this position since February 2002. Mr Spann possesses significant industry experience and skills: see section 6.1.

If Mr Spann is removed from office:

- The Company will lose the benefit of his substantial experience and skills. That will not be easy to replace;
- The Company's efforts to return cash to shareholders will be hampered and may not proceed;
- The Company's ability to commercially realise a profit from its continuing investments may well be lost;
- Mr Spann's desire to protect shareholders from inadequate takeover offers may well be lost;
- Access to the more extensive resources of the wider Freeman Fox group may well be lost; and

Mrs Stainton's (nee Morris) and Mr Woolcott believe that it is not in the best interests of the Company for Mr Spann to be removed from office.

7. Effect of Removal of Mrs Stainton (nee Morris) as a Director

7.1 Mrs Stainton's (nee Morris) background

Mrs Stainton (nee Morris) 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.

Mrs Stainton (nee Morris) is General Manager - Property Management for Bees Nees Inner City Realty, which is a boutique real estate agency specialising in Brisbane inner city properties. Mrs Stainton (nee Morris) is a registered Real Estate Sales person. She is also a Director of Property Fox No 2 Limited, listed on the NSX.

Mrs Stainton (nee Morris) has conducted considerable research on possible acquisitions and existing investments and has an intimate knowledge of the Company.

7.2 Effect of Removal of Mrs Stainton (nee Morris) from the Board

Mrs Stainton is an Executive Director of the Company and has held that position since November 2006.

If Mrs Stainton is removed from office :

- The Company will lose the benefit of her substantial experience and skills. That will not be easy to replace; and
- The Company's efforts to return cash to shareholders will be hampered and may not proceed;
- The Company's ability to commercially realise a profit from its continuing investments may well be lost.

8. Resolution 8-Re-Election of Jodie Stainton (nee Morris)

Resolution 8 relates to the re-election of an executive director, Mrs Stainton (nee Morris). Pursuant to PF1's constitution, one-third of the directors of the Company must retire. Ms Stainton nee Morris, retires by rotation and is eligible to stand for re-election.

Information on director offering herself for re-election

Name: Jodie Stainton (nee Morris)

Term of Office: Appointed 30 November 2006

Current Office Title: Executive Director

Independent: Yes

External Directorships of listed Companies: Property Fox No. 2 Limited

Skills Experience and expertise:

Mrs Jodie Stainton (nee Morris) 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, specializing in prestige Real Estate. Mrs Jodie Stainton (nee Morris) is a registered Real Estate Sales person.

Board Recommendation on Directors

Both Mr Peter Spann and Mr Howard Woolcott support the re-election of Mrs Jodie Stainton (nee Morris) to the Board of PF1.

NB. Shareholders should be aware that this resolution is different to and separate from resolution 3 which seeks the removal of Mrs Jodie Stainton (nee Morris) from the Board by a resolution put forward by the requisitioning shareholders. This resolution, resolution 8, is conditional on resolution 3 which seeks the removal of Mrs Jodie Stainton (nee Morris) not being approved by shareholders by the requisite majority.