

Property Fox No.1 AGM - Chairman's Address

So much has been said in the last few months it's hard to imagine how much more I can add here.

But if we look at the chronology of the year the first half was about reducing costs, which I think we did well, and finding a commercial property to invest in. Market reality had not yet set in at that end of the market and the risk / return ratio on the properties we reviewed was simply too high. While that has changed now, the credit crunch came and the world and economies changed with it.

One of the great unintended upsides is the company has large reserves of cash which would be the envy of others. I remain consistent in my view that this cash is prompting the current interest in the company and that the cash should be returned to shareholders given the current state of the economy and the uncertainty created by the constant turmoil of the last 2 years.

The second half of the year has been about listening to shareholders, getting an understanding of what they want to see happen with the company and putting forward a plan to do that.

We appreciate the right of any company to make a takeover bid for another and we respect the right of any shareholder to have a say in the running of the company, however the majority of shareholders continue to reject the approaches by Pritchard Equity and the efforts of it and its associates to replace the board. The voting at the AGM last year bore that out we will soon see in the voting today do the same.

Despite recent alterations to the Pritchard Equity bid my firm belief is that it is vastly deficient and this is backed up by shareholder reaction. According to Pritchard Equity's latest statements only 7.8% of shareholders have accepted the bid.

After the bid was received we initiated a communication campaign to most shareholders. Between Howard, myself and my team we were able to contact 119 shareholders and discuss with them the outcome they want for the company. The resounding message was that the vast majority of shareholders want the cash in the company returned to them, the assets sold and the company either sold or wound up and shareholders have voted resoundingly for that mandate.

We simply ask that the minority shareholders respect the wishes of the majority of shareholders and allow the Directors to carry out that desire without further impediment.

While we acknowledge that Resolution 2, that was meant to be put to the AGM today was deficient, and we agree that shareholders are better off and make better decisions when they are fully informed, at the time of its withdrawal we held commitments from over 3,000,000 voting shares for a "yes" vote to the resolution.

If all remaining shareholders in the company voted against the resolution, which would

be unlikely, the “yes” vote would have carried by almost double. This is clearly the desire of the majority of the shareholders.

Any deficiency in the putting of the resolution was only because of the Director’s desire to expedite the wishes of the majority and save the company money. There was no other intent.

And this shareholder majority is not some faceless corporation or institutional investors that often should be rallied against to protect the rights of minority shareholders, they are everyday people, people who for the most part are well known to me, and are tired of the games, slurs, innuendo and politics from both sides.

The shareholders of the company have my commitment that I will continue listening, continue adapting to the demands of the new economy and continue to see this through.

Our intention now is to seek the guidance of an independent expert and put a resolution to return the excess cash of the company to shareholders as soon as possible.

All shareholders have my commitment that all options will be thoroughly explored and explained and we will proceed as rapidly as prudent.

We will continue to explore any other option that may provide a better outcome for all shareholders and remain open to shareholder feedback.

And finally while I am genuinely saddened by the behavior of some people during this they are in the minority and I would like to thank the vast majority of shareholders for their support, reason and encouragement.

In the words of one shareholder who wrote to me today “I know we have all taken a knock on this investment but we totally agree with the handling of PF1 and support you and the current board to the hilt.

I only hope and pray the outcome today reflects some sensibility from the other shareholders. We must trust that good sense will prevail.”

I agree wholeheartedly.