



GPO Box 2026
Brisbane QLD
4001

1 December 2008

The Manager
Company Announcements Office
National Stock Exchange of Australia
384 Hunter Street
NEWCASTLE NSW 2300

Dear Sirs,

ANNOUNCEMENT OF TAKEOVER OFFER FOR PROPERTY FOX NO. 1 LIMITED
(FOX)

Primrose Capital Management Pty Ltd as trustee for the Primrose Investment Trust (**Primrose**) today announced an all cash takeover offer for all of the A class shares of Fox (the **Shares**) at a price of \$0.30 per Share (the **Offer**). Primrose is a special purpose entity which has been established in Australia to offer to acquire the Shares.

Primrose expects that the Offer will provide Shareholders with the certainty of cash consideration for their Shares in an uncertain economic environment.

The Offer is subject to a number of Conditions, detailed in Appendix 1 to this Announcement.

Primrose has the resources required to fund the proposed acquisition through internal reserves and uncalled capital amounts. The Offer is not subject to finance in any way.

Yours sincerely,

Andrew Perry
Director

Jonathan Broughton
Director

Primrose Capital Management Pty Ltd
as Trustee for the Primrose Investment Trust

Why should you accept the Offer?

- The Offer is the only all-cash offer available to all of the Shareholders.
- The Offer provides Shareholders with the certainty of cash consideration paid in a timely manner in an uncertain economic environment.
- The present value of the cash consideration under the Offer may be higher than any eventual return to the Shareholder under any alternative plans of management.
- Fox continues to incur fees and expenses as each day passes eroding the potential return to Shareholders.
- Primrose's Offer may provide tax benefits to Shareholders by enabling them to crystallise capital losses arising from their investment in Fox.
- Fox is liable for the total loan facility secured against the assets of Fox in Toowoomba (in the amount of \$1,190,000 as at 30 June 2008) which includes Property Fox 2's portion of that facility.
- In the current economic climate Fox may not be able to refinance the Toowoomba loan facility on favourable terms on its expiry in February 2009.
- If the Offer is not accepted there are ongoing risks to the financial performance of Fox.
- Primrose's all-cash offer is 63.33% above the last price paid for Shares on the NSX up to the last trading day before the announcement of this takeover bid.

Appendix 1

Conditions of the offer

1. Minimum acceptance	That during, or at the end of, the Offer Period Primrose has acquired a relevant interest in at least 90% (by number) of the Shares.
2. Cash Confirmation	<p>The Target's Statement containing a statement (Cash Confirmation), expressed to be made at the date of the Cash Confirmation with the approval of the Fox Board, which confirms, to the best of the knowledge and belief of the Fox Board after having made due enquiry that at the end of the Offer Period on [●] 2009 the net cash actually held by Fox will be greater than:</p> <p>(a) \$1,500,000 if the Tennyson Joint Venture has been wound up and Fox's share of that joint venture has been distributed to Fox; or</p> <p>(b) \$1,300,000 if the Tennyson Joint Venture has not been wound up and Fox's share of the proceeds of that joint venture have not been distributed to Fox,</p> <p>and the Cash Confirmation not being materially varied, revoked or qualified (whether in any supplementary target's statement of otherwise) prior to the close of the Offer.</p>
3. Liabilities Confirmation	The Target's Statement containing a statement (Liability Confirmation), expressed to be made with the approval of the Fox Board, which confirms as at the date of the Liabilities Confirmation, to the best of the knowledge and belief of the Fox Board after having made due enquiry Fox has no liabilities or contingent liabilities with a value greater than \$550,000 in aggregate.
4. No dividends, distributions or redemptions	<p>During the period commencing on the Announcement Date and ending at the end of the Offer Period neither Fox nor any Subsidiary:</p> <p>(a) announces an intention to pay, declares or pays a dividend or any other form of distribution of profits or capital to the Shareholders excluding the announcement of the Return of Capital Plan but including the actual payment of any form of distribution of profits or capital to the Shareholders under the Return of Capital Plan;</p> <p>(b) make any offers to Shareholders for the buy back of their Shares under the Share Buy Back that:</p> <p style="padding-left: 40px;">(i) allows for the irrevocable acceptance of such offer to be made by Shareholders; or</p> <p style="padding-left: 40px;">(ii) allows such offers to be accepted by Fox or not withdrawn by any accepting Shareholder (or Primrose as transferee of those Shares under the Offer) prior to the proposed closing date of the Share Buy Back offer on 13 February 2009; or</p> <p>(d) make any offers to Shareholders for the buy back of their Shares under the Share Buy Back that are accepted by Shareholders who do not accept the Primrose Offer during the Offer Period and which would result in more than 763,001 Shares being cancelled under the Share Buy Back when completed.</p>

5. Prescribed Occurrences	<p>During the Offer Period, none of the following events happen:</p> <ul style="list-style-type: none"> (a) Fox converts all or any of its shares into a larger or smaller number of shares; (b) Fox or a Subsidiary resolves to reduce its share capital in any way; (c) Fox or a Subsidiary: <ul style="list-style-type: none"> (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or Section 257D(1) of the Corporations Act; (d) Fox or a Subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option; (e) Fox or a Subsidiary issues, or agrees to issue, convertible notes; (f) Fox or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; (g) Fox or a Subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property; (h) Fox or a Subsidiary resolves to be wound up; (i) a liquidator or provisional liquidator of Fox or of a Subsidiary is appointed; (j) a court makes an order for the winding up of Fox, or of a Subsidiary; (k) an administrator of Fox or of a Subsidiary is appointed under Sections 436A, 436B or 436C of the Corporations Act; (l) Fox or a Subsidiary executes a deed of company arrangement; or (m) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of Fox or of a Subsidiary.
6. Conduct of Fox's Business	<p>None of the following events occurs during the period from the Announcement Date to the end of the Offer Period:</p> <ul style="list-style-type: none"> (a) Fox or any Subsidiary acquires, offers to acquire, agrees to acquire or announces a bid or tenders for, one or more companies, businesses or assets (or any legal, beneficial or economic interest or right in one or more companies, businesses or assets) for an amount in aggregate greater than \$100,000 or makes an announcement in relation to such an acquisition, offer, agreement, bid or tender; (b) Fox or any Subsidiary disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets or any legal, beneficial or economic interest or right in any one or more companies, businesses or assets for an amount, or in respect of which the book value (as recorded in Fox's statement of financial position as at 30 June 2008) is, in aggregate, greater than \$100,000 or makes an announcement in relation to such a disposition, offer or agreement; (c) Fox, or any Subsidiary enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement, arrangement or commitment which would require expenditure, or the foregoing of revenue, by Fox and/or its Subsidiaries

	<p>of an amount or value which is, in aggregate, more than \$100,000, or makes an announcement in relation to such an entry, offer or agreement;</p> <p>(d) Fox gives or agrees to give a financial benefit to a related party of Fox within the meaning of Chapter 2E of the Corporations Act;</p> <p>(e) Fox lends or agrees to lend to another;</p> <p>(f) Fox disposes of the shares it holds in Property Fox 2;</p> <p>(g) Fox, or any Subsidiary enters into, or offers to enter into or agrees to enter into, a transaction that has the same economic effect as any of the things in clauses (a) to (f); or</p> <p>(h) Fox resolves to do any of the things in clauses (a) to (g).</p> <p>Without limiting this condition, it applies to any transaction or arrangement or proposed transaction or arrangement, notwithstanding any announcement or other public information available before the Announcement Date, but does not apply to any other transaction or arrangement or proposed transaction or arrangement publicly announced by Fox before the Announcement Date.</p>
<p>7. No persons exercising rights under certain agreements or instruments</p>	<p>After the Announcement Date and before the end of the Offer Period:</p> <p>(a) no person exercises or purports to exercise, or states an intention to exercise, any right or refuses to give any consent or approval under any provision of any agreement, arrangement or other instrument to which Fox or any Subsidiary is a party, or is otherwise entitled or subject, or by or to which Fox or any Subsidiary or any of its assets may be bound or be subject; and</p> <p>(b) no right under any provision of any agreement, arrangement or other instrument to which Fox or any Subsidiary is a party, or is otherwise entitled or subject, or by or to which Fox or any Subsidiary or any of its assets may be bound or be subject, becomes capable of being exercised,</p> <p>as a result of the proposed acquisition of Shares by Primrose or the change of any voting or management control over Fox, its Subsidiaries and which results, or could reasonably be expected to result if exercised, in:</p> <p>(c) any monies borrowed by, or indebtedness or liability (actual or contingent) of Fox or any Subsidiary being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, arrangement, permit, licence or other instrument;</p> <p>(d) any such agreement, arrangement or other instrument being terminated or modified, being or becoming capable of being terminated or modified, or any action being taken or arising thereunder;</p> <p>(e) the interest of Fox or any Subsidiary in any firm, joint venture, trust, corporation, entity, asset, property or estate (or any arrangements relating to such interest) being terminated, modified, or becoming capable of being terminated or modified, or ceasing to exist or expiring (in whole or in part);</p>

	<p>(f) the business, assets, profits, financial or trading position of Fox or any Subsidiary with any other person being adversely affected; or</p> <p>(g) any increase in the number of Shares, Fox Ordinary Shares or any other shares of whatever class in the capital of Fox.</p>
8. No Fox Material Adverse Effect	<p>That no specified even occurs that will or is reasonably likely to have a material adverse effect on the business, assets, liabilities, operations, financial position, financial performance, financial condition, profits and losses or prospects of Fox or its subsidiaries, whether as a result of the making of the Offer or the acquisition of Shares pursuant to the Offer or otherwise. For these purposes, a "specified event" is:</p> <p>(a) an event or occurrence that occurs during the period commencing on the Announcement Date and ending on the Offer Period;</p> <p>(b) an event or occurrence that occurs prior to the date of this Bidder's Statement but is only announced or publicly disclosed during or after the Announcement Date; or</p> <p>(c) an event or occurrence that will or is likely to occur following the end of the Offer Period and which has not been publicly announced prior to the Announcement Date,</p> <p>and includes, without limitation, an event that results in the value of net tangible assts of Fox falling below \$2,250,000 for at least five consecutive Business Days before the end of the Offer Period.</p>

Definitions

The following defined terms are used throughout this Announcement:

Announcement Date means 1 December 2008, being the date of announcement of the Offer.

Bidder's Statement means this document, being the statement of Primrose under Part 6.5 Division 2 of the Corporations Act relating to the Offer, and any supplementary bidder's statement issued by Primrose.

Business Day means a day on which banks are open for general banking business in Queensland (not being a Saturday, Sunday or public holiday in that place).

Conditions means those conditions of the Offer that are set out in full in Appendix 1 to this Announcement.

Fox means Property Fox No. 1 Limited (ACN 101 816 353).

Fox Board means the board of directors of Fox from time to time.

Fox A Shares means the issued fully paid A class shares in the capital of Fox.

Fox Ordinary Shares means the issued fully paid ordinary shares in the capital of Fox held by Fox Portfolio Pty Ltd (a company controlled by Peter Spann) as at the Announcement Date.

NSX means the National Stock Exchange of Australia Limited ACN 000 902 063, operating the National Securities Exchange.

Offer means the offer by Primrose on the Offer Terms to acquire Fox Shares (and for the avoidance of doubt includes each such offer made to an individual Shareholder pursuant to that offer).

Offer Period means the period commencing on [●] 2008 and ending on [●] 2009, or such later date to which the Offer has been extended.

Primrose means Primrose Capital Management Pty Limited as trustee for the Primrose Investment Trust ACN 134 211 724.

Property Fox 2 means Property Fox No. 2 Limited ACN 108 076 295.

Return of Capital Plan means the plan to return surplus cash to the Shareholders by way of buy-back of Shares by Fox as referred to in the Pritchard Target Statement and not by any other means.

Share Buy Back means the share buy back proposed as part of the Return of Capital Plan.

Shareholders means holders of Fox A Shares.

Shares means the Fox A Shares.

Subsidiary means a subsidiary as that term is defined in the Corporations Act.

Target's Statement means the target's statement produced by Fox in response to this Offer.

Tennyson Joint Venture means the joint venture in Fox Riverside Pty Ltd ACN 111 781 134 for the development and sale of real estate including property located at 27 King Arthur Terrace, Tennyson for which a contract of sale completed in November 2008.

