

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT YOU SHOULD CONSULT YOUR FINANCIAL OR LEGAL ADVISER AS SOON AS POSSIBLE.

Cash Offer

by

**Primrose Capital
Management Pty Ltd**

ACN 134 211 724

to acquire all of your shares in

Property Fox No. 1 Limited

ACN 101 816 353

for \$0.30 CASH per share

This Offer is dated [●] December 2008 and will close at 3.00pm (AEST) on [●], unless extended

Please call (08) 9315 2333 if you have any questions or require assistance with your acceptance

Bidder's Statement

Important Dates

Announcement Date	1 December 2008
Date of this Bidder's Statement	1 December 2008
Date of Offer	[●] 2008
Offer closes (unless extended or withdrawn)	3.00pm (AEST), [●] 2009

Important notice

This Bidder's Statement is dated 1 December 2008.

This Bidder's Statement is given by Primrose Capital Management Pty Ltd as Trustee for the Primrose Investment Trust (**Primrose**) to Property Fox No. 1 Limited (**Fox**) under Part 6.5 of the Corporations Act. This Bidder's Statement includes an Offer dated [●] 2008 on the terms set out in Appendices 1 and 2 to this Bidder's Statement to acquire your Shares and also sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 1 December 2008. ASIC takes no responsibility for the content of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement and in Appendices 1 and 2 to this Bidder's Statement. These are defined in the Glossary contained in section 9.

Investment decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of any person. Before deciding whether or not to accept the Offer you may wish to seek independent financial and taxation advice.

Forward looking statements

This document contains forward looking statements including statements of current intention (which include those in section 4 of this Bidder's Statement). Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While Primrose believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to Primrose or not currently considered material by Primrose may cause actual results or events to be materially different from those expressed, implied or projected in any forward

looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

Primrose, or its respective officers, or persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement do not make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Privacy

Personal information relating to your shareholding in Fox will be collected by Primrose from Fox, in accordance with its rights under the Corporations Act. Primrose will share this information with its advisers and service providers where necessary for the purposes of the Offer. Primrose and its agents retained for the purposes of the Offer will use the information solely for purposes relating to the Offer.

How to accept

Acceptances of the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer you should follow the instructions set out in section 1.2 of this Bidder's Statement.

Enquiries

If you are in any doubt how to deal with this document, you should consult your own financial or legal adviser as soon as possible.

Should you have any questions about the Offer or how to accept it, please call on (08) 9315 2333 from within Australia or on +618 9315 2333 from outside Australia.



GPO Box 2026
Brisbane QLD 4001

Letter from Primrose

Dear Fox Shareholder,

We are pleased to enclose Primrose's Offer to acquire all of your Shares in Property Fox No. 1 Limited (**Fox**) for a price of **\$0.30 cash** per Share, net of any distributions. We believe that this all-cash offer represents excellent value for your Shares in Fox in an uncertain economic environment.

Benefits of the offer to Shareholders

Primrose's Offer provides Shareholders with a number of significant benefits. It is an all-cash offer, which is particularly attractive in the current volatile share market. If you accept the Offer and it is successful you will be paid cash for your Shares no later than 21 days after the Offer closes, providing the conditions set out in Appendix 2 of the Bidder's Statement have been satisfied.

Primrose's Offer is 63.33% above the last "on market" price paid for Fox Shares. Accordingly, we believe our offer of \$0.30 per Share recognises full value for Fox in its entirety.

The present value of the cash consideration under the Offer may be higher than any eventual return to the Shareholders under the Return of Capital Plan.

You will not incur any brokerage charges by accepting Primrose's Offer and the Offer may allow you to crystallise any capital losses arising from your investment in Fox.

The Offer is not subject to finance in any way.

Risks in Fox's alternatives

In order to return some value to you, Fox has initiated a Return of Capital Plan. In pursuing this strategy, Fox and its shareholders would be embarking on an uncertain phase in the company's development. Under this plan Fox would be required to incur substantial costs in liquidating its assets eroding potential shareholder returns during a time when property and equity prices are falling. In the event that Fox were able to successfully dispose of its assets at this time, it is unlikely that Shareholders would receive the full value of such disposal by way of a final distribution in the short term.

Fox continues to incur expenditure in its ongoing management, including borrowing costs, legal, auditing, accounting, directors, management, independent expert, registry, sponsor and printing fees. Under the Return of Capital Plan it would incur additional fees in respect of the marketing and disposal of assets and the winding up of Fox. These fees will have a detrimental effect on any potential return of capital to you and could significantly erode the overall value of Fox.

The Return of Capital Plan is subject to the ability of Fox to obtain Shareholder approval and dispose of the real estate assets of Fox (including some which are not owned entirely by Fox and are subject to joint venture agreements) to realise value for these assets. There are considerable risks to achieving full value for these assets in the current economic climate and in particular the Australian property market.

In addition under the Return of Capital Plan the Fox Board has indicated they intend to return \$0.50 cents per Share to you in late February 2009 for 45% of your Shares. This is equal to a total cash return of \$0.225 cents per Share. Under the Return of Capital Plan you will retain 55% of your Shares and will therefore still be reliant on Fox disposing of the assets with their value being continually eroded by on going costs. If Fox retains any cash after the sale of any real estate, exit of any joint venture agreements and payment of all ongoing management, legal, audit and accounting costs including in the winding up of Fox, the intention of the Fox Board is to complete a distribution to shareholders by way of "dividend or other distribution" at some undetermined date in the future.

Fox Portfolio Pty Ltd (a company controlled by Peter Spann) as the holder of all the Ordinary Shares in Fox will be entitled to receive 25% of any dividend paid by Fox in addition to the ongoing Fox Portfolio Pty Ltd Management Fee - see section 5.1 and 8.3 of the Bidder's Statement for further details.

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 current loan facility on favourable terms on its expiry in February 2009.

In all of the circumstances when contrasted with the certainty of Primrose's all-cash offer of \$0.30 per share to be paid within 21 days of the successful conclusion of this Offer, we believes this Offer is superior to the proposed Return of Capital Plan.

Conclusion

Details of our Offer, including its terms and conditions, are set out in the accompanying Bidder Statement. In particular, the offer is subject to the conditions set out in Appendix 2 of this Bidder's Statement including a 90% minimum acceptance condition.

As the offer period of the Pritchard Offer was extended on 14 November 2008 by more than one month and is still subject to a defeating condition, you can withdraw your previous acceptance of that offer and accept Primrose's Offer if you accepted Pritchard's Offer on or before 14 November 2008 – see the "frequently asked questions" section of the Bidder's Statement for further details on how to withdraw your acceptance of the Pritchard Offer.

We encourage you to read this Bidder's Statement carefully and would ask you to give full consideration to Primrose's Offer to acquire your Shares.

If you have any questions, please contact the shareholder information line on (08) 9315 2333 (from within Australia) or +61 (08) 9315 2333 (if calling from outside Australia), or consult your financial or other professional adviser.

Yours sincerely,



Andrew Perry
Director



Jonathan Broughton
Director

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

Contents

Features of the Offer	1
Frequently asked questions in relation to the Offer	4
1 Overview of the Offer	9
1.1 Summary of the Offer terms	9
1.2 How to accept the Offer	10
2 Information on Primrose	11
2.1 Corporate information	11
2.2 Primrose's interest in Fox	11
2.3 Directors	11
3 Information on Fox	11
3.1 Publicly available information and disclaimer	11
3.2 Overview of Fox and its principal activities	12
3.3 Details of Return of Capital Plan	12
3.4 Directors	12
3.5 Substantial shareholders	12
4 Primrose's intentions	13
4.1 Introduction	13
4.2 Review	13
4.3 Intentions upon acquisition of 90% or more of Fox A Shares	13
4.4 Intentions upon acquisition of less than 90% of Fox A Shares	14
5 Information on Fox securities	15
5.1 Capital structure	15
5.2 Details of relevant interests in Fox securities and voting power	16
5.3 Consideration provided for Fox securities during previous four months	16
5.4 Inducing benefits given during previous four months	16
6 Funding	16
6.1 Maximum cash consideration	16
6.2 Primrose's internal borrowing arrangements	16
6.3 Overview of funding arrangements	16
6.4 Particulars of cash reserves	16
7 Taxation considerations	17
8 Additional information	18
8.1 ASIC modifications	18
8.2 Consents	19
8.3 Return of Capital Plan	19
8.4 Key risks to the financial performance of Fox	21
8.5 Approvals for payment of consideration	23
8.6 Banking (Foreign Exchange) Regulations 1959 (Commonwealth)	23
8.7 Other Commonwealth Legislation	23
8.8 No other material information	24
8.9 Approval of Bidder's Statement	24

9	Glossary	25
9.1	Definitions	25
9.2	General Interpretation	27
Appendix 1 - Formal terms of the Offer		29
Appendix 2 - Conditions of the offer		39

Features of the Offer

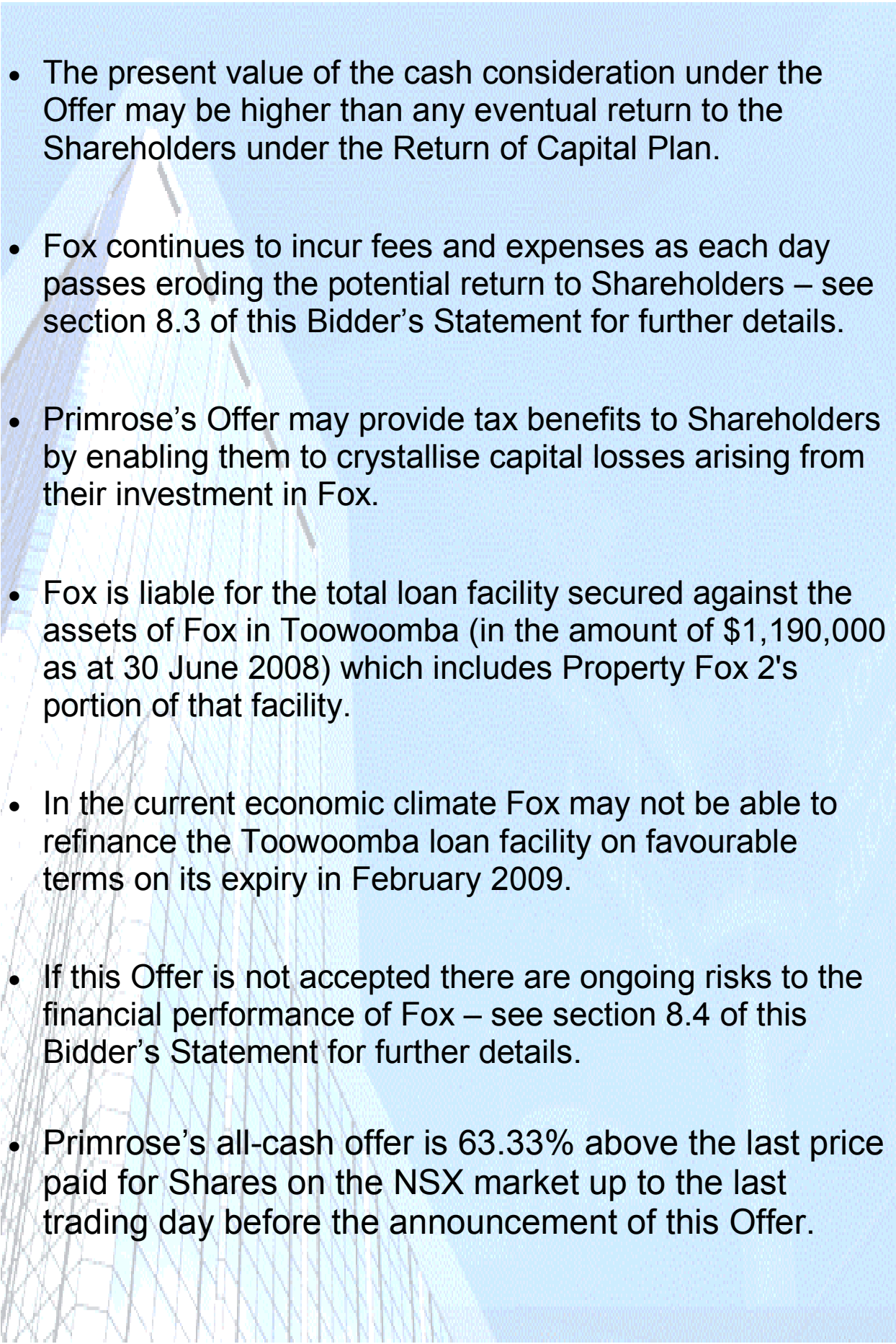
This summary provides an overview of the Offer and is qualified by the detailed information contained in this Bidder's Statement and in Appendices 1 and 2 to this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

Features of the Offer:

The Bidder	Primrose is a special purpose entity, which has been established in Australia to offer to acquire the Shares. For further details about Primrose, please refer to section 2 of this Bidder's Statement.
Offer	\$0.30 cash per Share for all of your Shares.
Closing date	The Offer closes at 3.00pm (AEST) on [●] 2009, unless it is extended or withdrawn by Primrose.
Payment terms	If you accept the Offer, Primrose will pay you the consideration to which you are entitled on or before 21 days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional (and in any event before 21 days after the end of the Offer Period).
Conditions	<p>The Offer is subject to the Conditions summarised in section 1.1 of this Bidder's Statement and set out in full in Appendix 2 to this Bidder's Statement.</p> <p>Primrose may choose to waive all or some of the Conditions. For further details as to how the Conditions can be waived, please refer to clause 6.4 of Appendix 1 to this Bidder's Statement.</p>

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 Offer provides certainty of value, which will be paid in cash. By accepting Primrose's Offer you will receive \$0.30 cash per Share you hold subject to the Conditions of the Offer being satisfied.
- You will not incur any brokerage charges or GST by accepting Primrose's Offer.
- You will receive the cash payment for your Shares no later than 21 days after the Offer closes, if the Conditions have been satisfied. Primrose has the right to reduce the time for payment to Shareholders who accept Primrose's Offer.
- The Return of Capital Plan of Fox may erode current Shareholder value further as it involves Fox incurring additional costs of management and professional advisers prior to the realisation of any value from the assets.
- Primrose's upfront all-cash offer removes the material risk of cost escalation and unscheduled delays reducing the value of Fox in a volatile economic environment.

- 
- The present value of the cash consideration under the Offer may be higher than any eventual return to the Shareholders under the Return of Capital Plan.
 - Fox continues to incur fees and expenses as each day passes eroding the potential return to Shareholders – see section 8.3 of this Bidder's Statement for further details.
 - 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 this Offer is not accepted there are ongoing risks to the financial performance of Fox – see section 8.4 of this Bidder's Statement for further details.
 - Primrose's all-cash offer is 63.33% above the last price paid for Shares on the NSX market up to the last trading day before the announcement of this Offer.

Frequently asked questions in relation to the Offer

The table below answers some key questions that you may have about the Offer and is qualified by and should be read in conjunction with the detailed information contained in this Bidder's Statement and in Appendices 1 and 2 to this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

If you have further questions please call the shareholder information line on: (08) 9315 2333 from within Australia or on +618 9315 2333 from outside Australia.

Questions	Answers
What is the Offer?	The Offer is \$0.30 cash per Share for all of your Shares.
What is this Bidder's Statement?	<p>This Bidder's Statement was prepared by Primrose for distribution to Shareholders. It sets out the terms of Primrose's Offer for your Shares and information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder's Statement is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.</p>
Who is Primrose?	<p>Primrose was established in Australia in November 2008 and has not undertaken any business other than making the Offer.</p> <p>Please refer to section 2 of this Bidder's Statement for further information on Primrose.</p>
If I accept the Offer, when will I be paid?	If you accept the Offer, Primrose will pay you the consideration to which you are entitled on or before 21 days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional (and in any event on or before 21 days after the end of the Offer Period).
How do I accept the Offer?	To accept the Offer, you should follow the instructions set out in section 1.2 of this Bidder's Statement (immediately following these frequently asked questions) and on the enclosed Acceptance Form.
When does the Offer close?	The Offer is currently scheduled to close at 3:00 pm (AEST) on [●] 2009 unless extended or withdrawn.
Can Primrose extend the Offer Period?	Yes, the Offer Period can be extended at Primrose's election. Shareholders will be sent written notice of any extension, and the extension will be announced to the NSX.

Questions

Answers

Will I need to pay brokerage or stamp duty if I accept the Offer?

If your Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to Primrose, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

If your Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose Shares are registered in the name of a Broker, bank, custodian or other nominee you will not be obliged to pay stamp duty by accepting the Offer but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

You will likely incur brokerage costs and goods and services tax (**GST**) if you choose to sell your Shares on NSX.

What are the tax implications of acceptance of the Offer?

A general summary of the likely Australian tax consequences of accepting the Offer is set out in section 7 of this Bidder's Statement, however, Primrose recommends that you seek independent professional advice in relation to your particular circumstances.

Can I accept the Offer for part of my holding?

No. You cannot accept the Offer for part of your holding. You may only accept the Offer for ALL of your Shares.

However, if you hold one or more parcels of Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right. A person holding Shares on trust for, as nominee for, or on account of, another person should refer to section 8 of Appendix 1 to this Bidder's Statement.

Will there be an Independent Expert Report in Fox's Target's Statement?

It is likely but not certain that the directors of Fox will appoint a firm to provide Shareholders with an independent expert's opinion on whether the Offer is fair and reasonable.

What happens if I do not accept the Offer and Primrose achieves a relevant interest in 90% of Shares?

If you do not accept the Offer and Primrose acquires a relevant interest in at least 90% of the Shares and the other Conditions of the Offer are satisfied or waived, Primrose intends to proceed to compulsorily acquire your Shares. If this occurs, you will be paid the Offer consideration at the conclusion of the compulsory acquisition process. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer prior to its close.

Questions

Answers

Can I accept the Share Buy Back offer under the Return of Capital Plan and the Primrose Offer?

Yes, if you accept or have accepted the Share Buy Back offer from Fox you can subsequently accept the Primrose Offer.

If the Primrose Offer is successful Primrose intends to withdraw the acceptance of the Share Buy Back offer in respect of the Shares transferred to it. If successful the Primrose Offer is expected to be completed before the implementation of the Share Buy Back in which case you will receive \$0.30 cash per Share under the Primrose Offer.

If you accept the Share Buy Back offer and the Primrose Offer and the Primrose Offer is not successful you will still be able to participate in the Share Buy Back offer.

What happens if the Fox Board declares or pays a dividend or other distribution after the Announcement Date?

Under the Offer Terms, the amount of consideration you receive directly from Primrose will be reduced by the amount or value of any Rights attaching to Shares on or after the Announcement Date, which Primrose does not receive, including any dividend or distribution (special, interim or otherwise) declared or paid by Fox, including any return from the Return of Capital Plan.

If you are registered as a Shareholder on the record date for any dividend or distribution, and you accept the Offer, you will still receive \$0.30 cash in respect of each of those Shares if the Offer becomes unconditional, being:

- the amount per Share of any dividend or distribution paid by Fox; and
- \$0.30 cash consideration, reduced by the amount per Share of any dividend or distribution paid by Fox.

If you are registered as a Shareholder after the record date for any dividend or distribution and you accept the Offer, you will receive \$0.30 cash consideration, reduced by the amount per share of the dividend or distribution paid by Fox, for all of your Shares.

If the Fox Board announces an intention to pay, declares or pays any dividend or distribution to Shareholders during the Offer Period, it may cause a Condition of the Offer to fail, and permit Primrose to withdraw the Offer if it chooses to do so.

What will happen to the Ordinary Shares in Fox?

The Offer does not extend to the Ordinary Shares and these will continue to be held on the same basis as they were prior to the Offer. Fox Ordinary Shares will retain 21.69% of the voting rights in Fox and are currently held by Fox Portfolio Pty Ltd (a company controlled by Peter Spann).

Questions	Answers
Can I sell my Shares on market?	<p>Yes, but you may incur brokerage costs and GST if you do.</p> <p>If you have already accepted the Offer, you will be unable to settle any subsequent sale of your Shares, subject to you being entitled to withdraw your acceptance - see "Can I withdraw my acceptance of the Primrose Offer?" below.</p>
Are there any conditions to the Offer?	<p>Yes, the Offer is subject to Conditions, which are set out in detail in Appendix 2 to this Bidder's Statement.</p> <p>Note that Primrose may choose to waive one of more of the Conditions in accordance with the Offer Terms. Details regarding how these Conditions can be waived are set out in clause 6.5 of Appendix 1 to this Bidder's Statement.</p>
What if the Conditions of the Offer are not satisfied?	<p>If the Offer closes with Conditions remaining unsatisfied, the Offer will lapse, your acceptance will be void, and you will continue to hold your Shares. Primrose will inform you if the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act. Primrose may extend the Offer Period in accordance with the Corporations Act in order to give additional time for the Conditions to be satisfied - see "Can Primrose extend the Offer Period?" above.</p>
How does Fox's Return of Capital Plan impact on the Offer?	<p>Primrose's rationale for making the Offer is to acquire the whole of the Shares and to obtain voting control of Fox.</p> <p>If the Fox Board continues with the Return of Capital Plan before the end of the Offer Period it may cause a condition of the Offer to fail (being the "no dividends, distributions or redemptions" condition contained at paragraph 4 of Appendix 2 to this Bidder's Statement) and permit Primrose to withdraw the Offer if it chooses to do so. Further, any such action may be subject to Shareholder approval under the Takeover Panel's "frustrating action" guidance.</p> <p>For further details of the Return of Capital Plan, please refer to sections 3.3 and 8.3 of this Bidder's Statement.</p>
Can I withdraw my acceptance of the Primrose Offer?	<p>Under the Offer Terms, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p> <p>Such a withdrawal right will arise if, after you have accepted the Offer, Primrose varies the Offer in a way that postpones, for more than one month, the time when Primrose has to meet its obligations under the Offer.</p>

Questions

Answers

Can I withdraw my acceptance of the Pritchard Offer?

You may withdraw your acceptance of the Pritchard Offer if it is still subject to a defeating condition and it has been varied in a way that postpones, for more than one month, the time when Pritchard has to meet their obligations under the Pritchard Offer.

As the offer period of the Pritchard Offer was extended on 14 November 2008 by more than one month and was still subject to a defeating condition you can withdraw your previous acceptance and accept the Primrose Offer if you accepted the Pritchard Offer on or before 14 November 2008. If you do not withdraw your acceptance of the Pritchard Offer during this period you will not be able to subsequently withdraw your acceptance as the Pritchard offer was made unconditional on 26 November 2008.

If you accept the Pritchard Offer after 26 November 2008 you will not be able to withdraw your acceptance as the Pritchard Offer was made unconditional on that date.

In order to withdraw your acceptance you need to give written notice to Pritchard of your withdrawal within one (1) month of receiving the notice of the extension of the Pritchard Offer which was issued by Pritchard on 14 November 2008 along with any offer consideration received (if any) to PO Box 413 Hamilton, New South Wales, Australia 2303.

If you hold your Shares in a CHESS Holding (your HIN begins with an "X") your withdrawal must be in the form of a:

- valid originating message transmitted to ASTC by the Controlling Participant for that CHESS Holding in accordance with Rule 14.16.5 of the ASTC Settlement Rules; or
- notice to Pritchard setting out the information that Pritchard requires (the number of your Shares and your HIN) to enable it to transmit a valid message to ASTC on your behalf in accordance with Rule 14.16.5 of the ASTC Settlement Rules.

If you hold your Shares in an Issuer Sponsored Holding (Your SRN starts with an "I") your withdrawal needs to be in writing and forwarded to Pritchard at the above address.

You should contact your Controlling Participant (usually your broker), financial adviser, other professional adviser or the shareholder information line on (08) 9315 2333 (from within Australia) or +618 9315 2333 (if calling from outside Australia), if you need any assistance with preparing or submitting your withdrawal.

1 Overview of the Offer

1.1 Summary of the Offer terms

Offer

Primrose offers to acquire all of your Shares for **\$0.30 cash** per Share on the Offer Terms set out in Appendices 1 and 2 to this Bidder's Statement.

The Offer relates to Shares that exist at 1 December 2008.

Under the Offer Terms, the amount of consideration you receive directly from Primrose will be reduced by the amount or value of any Rights attaching to Shares, on or after the Announcement Date, which Primrose does not receive, including any dividend (special, interim or otherwise) or other distribution declared by Fox including under the Return of Capital Plan.

If you are registered as a Shareholder on the record date for any dividend or distribution, you will receive \$0.30 cash comprising the amount per Share of any dividend or distribution and \$0.30 reduced by the amount of such dividend or distribution, even if you have already accepted the Offer. However, if you are registered as a Shareholder after the record date for any dividend or other distribution and you accept the Offer, you will receive \$0.30 cash consideration, reduced by the amount per share of the dividend or distribution paid by Fox, for all of your Shares.

Offer Period

The Offer is scheduled to close at 3.00pm (AEST) on [●] 2009 but it may be extended or withdrawn in accordance with the Corporations Act.

Payment Date

If you accept the Offer, you will be paid the consideration to which you are entitled on or before 21 days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional (and in any event on or before 21 days after the end of the Offer Period).

Conditions

The Offer is subject to a number of Conditions as set out in Appendix 2 to this Bidder's Statement, including:

- (a) 90% minimum acceptance condition;
- (b) a confirmation of the cash position of Fox being made by the Fox Board in the Target's Statement;
- (c) a confirmation of the liability position of Fox being made by the Fox Board in the Target's Statement;
- (d) no dividends, distributions or redemptions in respect of the Fox shares;
- (e) none of the "prescribed occurrences" listed in Section 652C of the Corporations Act occurring;
- (f) no material acquisitions, disposals or commitments;
- (g) no persons exercising rights under certain agreements or instruments; and

- (h) no event occurring, which has a material adverse effect on Fox.

This is only a summary of the Conditions of the Offer. The Conditions are set out in full in Appendix 2 to this Bidder's Statement.

1.2 How to accept the Offer

The Offer may only be accepted for all of your Shares.

How you accept the Offer depends on whether your Shares are in an Issuer Sponsored Holding or a CHESS Holding. You will have been sent an Acceptance Form with this Bidder's Statement (an Issuer Acceptance Form (Blue) or a CHESS Acceptance Form (Green)), which will be the Acceptance Form to be used in relation to your Shares:

- **If you hold your Shares in an Issuer Sponsored Holding (your SRN starts with an "I")**, to accept the Offer you must complete, sign and return the enclosed Issuer Acceptance Form (Blue) in accordance with the instructions on it and return it to the address indicated on the form (and set out below) before the end of the Offer Period.
- **If you hold your Shares in a CHESS Holding (your HIN starts with an "X")**, to accept the Offer you must either:
 - (a) instruct your Controlling Participant (for example, your broker) to initiate acceptance of the Offer before the end of the Offer Period; or
 - (b) complete the accompanying CHESS Acceptance Form (Green) and send the completed CHESS Acceptance Form (together with all other documents required by the instructions on the form) directly to your broker or other Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf before the end of the Offer Period; or
 - (c) complete, sign and return the CHESS Acceptance Form (Green) in accordance with the instructions on it and lodge it by returning it to the address indicated on the form (and set out below) so that your acceptance is received before **3.00pm on the second last day** of the Offer Period. This will authorise Primrose to instruct your broker or other Controlling Participant to initiate acceptance of the Offer on your behalf.
- **If you are a Broker or a ASTC Participant**, to accept the Offer you must initiate acceptance in accordance with the requirements of the ASTC Settlement Rules before the end of the Offer Period.
- **If some of your Shares are in an Issuer Sponsored Holding and some in a CHESS Holding**, please read clause 4.2(d) of the Offer Terms in Appendix 1 to this Bidder's Statement for how to accept the Offer.

The postal and delivery addresses for completed Acceptance Forms are as follows.

The **postal** address is:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross
Western Australia, 6153

The transmission of the Acceptance Form and other documents is at your own risk.

Alternatively you may **deliver** the Acceptance Form and any associated documents in person to:

In Perth -

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross
Western Australia, 6153

2 Information on Primrose

2.1 Corporate information

Primrose is a special purpose entity, which has been established in Australia to offer to acquire the Shares.

Primrose has only recently been established and has not yet traded. Primrose has a contractual right to receive the entire amount of the funding required for the acquisition of all of the Shares from the Primrose Unitholders. For further details about these arrangements, please refer to section 6 of this Bidder's Statement.

2.2 Primrose's interest in Fox

Primrose has no current interest in Fox. For details of Primrose's intentions in relation to Fox, please refer to section 4 of this Bidder's Statement.

2.3 Directors

The following are the directors of Primrose:

- Andrew Perry;
- Jonathan Broughton; and
- Nicola Buley.

Andrew, Jonathan and Nicola are all experienced corporate solicitors and private investors with extensive experience in a range of commercial matters including mergers and acquisitions, private equity transactions, public takeovers and have been employed by some of the leading law firms in the world during their careers.

Primrose and its officers are not, and have not been, associated with the officers or shareholders of Fox or Pritchard or any of their associated companies at any time.

3 Information on Fox

3.1 Publicly available information and disclaimer

The information regarding Fox in this Bidder's Statement has been prepared by Primrose using publicly available information, and has not been independently verified. Accordingly, Primrose does not make any representation or warranty as to the accuracy or completeness of this information. The information on Fox in this Bidder's Statement should not be considered comprehensive.

As Fox is a company listed on NSX it is subject to the periodic and continuous disclosure requirements of the Corporations Act and the NSX Listing Rules. Fox's annual report for the year ended 30 June 2008 was provided to NSX on 14 September 2008.

In addition, the Corporations Act requires the directors of Fox to provide a Target's Statement to holders of the Shares in response to this Bidder's Statement, setting out certain material concerning Fox.

3.2 Overview of Fox and its principal activities

Fox is an NSX listed company, which was incorporated on 26 August 2002 and was admitted to the official list of NSX on 28 February 2007. Fox is a property investment company.

For further information on Fox, investors should read the NSX announcements made by Fox.

3.3 Details of Return of Capital Plan

Fox has announced that it intends to implement a Return of Capital Plan.

If the Fox Board continues with the Return of Capital Plan before the end of the Offer Period it may cause a condition of the Offer to fail (being the "no dividends, distributions or redemptions" condition contained at paragraph 4 of Appendix 2 to this Bidder's Statement) and permit Primrose to withdraw the Offer if it chooses to do so. Further, any such action may be subject to Shareholder approval under the Takeover Panel's "frustrating action" guidance.

For details of Primrose's intentions in relation to the Return of Capital Plan, please refer to section 8.3 of this Bidder's Statement.

3.4 Directors

As at the date of this Bidder's Statement, the directors of Fox are:

- Peter Spann, Managing Director;
- Jodie Stainton, Executive Director; and
- Howard Woolcott, Executive Director.

Andrew Whitten is Fox's company secretary.

3.5 Substantial shareholders

Based on material lodged with the NSX as at 28 November 2008, the following person (on behalf of itself and its related bodies corporate) had notified Fox of current substantial shareholdings in the issued ordinary share capital of Fox (with the shareholding and voting power being that which was disclosed in the substantial shareholder notice).

Shareholder	Shares	%
Pritchard Equity Limited	757,258 Fox A Shares	13.14%
Fox Portfolio Pty Ltd	1,250,000 Fox Ordinary Shares	21.69%

4 Primrose's intentions

4.1 Introduction

This section sets out Primrose's intentions, on the basis of the facts and information concerning Fox which are known to it and the existing circumstances affecting the business of Fox, in relation to the following:

- (a) the continuation of the business of Fox; and
- (b) any major changes to be made to the business of Fox, including any redeployment of the fixed assets of Fox.

Primrose's intentions, views, estimations, understandings and beliefs as set out in this Bidder's Statement are wholly consistent with the intentions, views, estimations, understandings and beliefs of Primrose (and vice versa).

4.2 Review

Primrose and its advisers have reviewed information that has been publicly released on Fox, its current activities and its plans for the future.

However, Primrose has not had access to or undertaken due diligence in relation to Fox's businesses and does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation, legal and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, Primrose will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of Fox in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 4 should be read in this context.

4.3 Intentions upon acquisition of 90% or more of Fox A Shares

This section sets out Primrose's current intentions if it acquires 90% or more of the Shares and is entitled to proceed to compulsorily acquire all of the outstanding Shares.

(a) Compulsory acquisition

If it becomes entitled to do so under the Corporations Act, Primrose intends to:

- (i) give notices to compulsorily acquire any outstanding Shares in accordance with Section 661B of the Corporations Act; and
- (ii) give notices to Shareholders to compulsorily acquire any outstanding Shares, in accordance with Section 664C of the Corporations Act (as modified by any applicable ASIC "Class Orders" or instruments of relief, as relevant).

If it is required to do so under Section 662A and Section 663A of the Corporations Act, Primrose intends to give notices to Shareholders offering to acquire their Shares in accordance with Section 662B and Section 663B of the Corporations Act.

(b) Directors

Primrose intends to replace the members of the board of Fox and of any Subsidiary in respect of which Fox has nominee directors with its own nominees.

(c) NSX Listing

Primrose intends to arrange for Fox to be removed from the official list of the NSX.

(d) Head office

Primrose intends to keep a presence in Queensland.

(e) Other operations and assets

Fox is primarily managed under the Fox Management Agreement. It is Primrose's intention to terminate this agreement as soon as possible.

(f) Employees

Fox does not appear to employ any executive officers other than the directors of Fox. Primrose will review the existing staff of Fox (if any) and may offer roles in Fox to appropriately skilled and experienced personnel.

(g) Integration

Following the close of the Offer, Primrose intends to undertake a detailed review of Fox's structure, systems and activities. This review will evaluate Fox's business with a view to maximising the performance of operations and identifying strategic and operational opportunities to enhance the performance of, and expand, Fox's business. It is expected that the review will take approximately twelve months to complete.

(h) Return of Capital Plan

It is the present intention of Primrose, if it acquires a sufficient number of Shares to control the company, to procure that the Fox Board does not pursue the Return of Capital Plan.

If the Fox Board makes offers under the Share Buy Back to Shareholders and Primrose's Offer is successful it is the intention of Primrose to allow any Shareholders who have accepted the Share Buy Back offer to withdraw their acceptance, if possible. In addition Primrose intends to withdraw any acceptance of the Share Buy Back offer for any Shares that are transferred to it under this Offer, if possible.

For further details of the Return of Capital Plan, please refer to sections 3.3 and 8.3 of this Bidder's Statement.

(i) Dividend policy

It is the present intention of Primrose, if it obtains control of Fox, to procure that the Fox Board does not declare or pay any dividend to Shareholders.

4.4 Intentions upon acquisition of less than 90% of Fox A Shares

This section sets out Primrose's intentions if the Offer closes and Primrose does not acquire 90% of the Shares. A number of possibilities are open to Primrose including the following:

- (a) allowing the Offer to lapse;
- (b) waiving its 90% minimum acceptance condition;
- (c) acquiring additional Shares to the extent permitted by law; and
- (d) procuring the appointment of Primrose nominees (or seek representation) on the Fox Board.

As at the date of the Bidder's Statement, Primrose has not formed a view as to how it is likely to proceed in those circumstances. This will depend on the level of acceptances received, and the level at which the Shares trade on NSX after the Offer closes. Primrose is unlikely to acquire additional shares if it considers that the prices at which the shares trade exceed their fair value, and Primrose's view on what is fair value may change from time to time depending on a number of factors.

It may be in Primrose's interest to hold the Shares as an investment. If at any time the Shares held by Primrose do not achieve an appropriate return, and Primrose forms the view that continuing to hold those Shares is not in the best interests of Primrose, it may dispose of those shares in any manner it sees fit. Further, depending on the level of its shareholding, Primrose may also seek appointment of one or more representatives to the board of Fox.

Alternatively, Primrose may decide not to hold or purchase any Shares. In those circumstances the Offer will lapse and Primrose will not acquire any Shares under the Offer.

If Primrose does not acquire all of the Shares and there are minority Shareholders, Primrose intends that the directors of Fox appointed by it will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above. Those requirements may require the approval of minority Shareholders for the implementation of any particular objective.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority Shareholder approval may prevent the particular objective being achieved.

5 Information on Fox securities

5.1 Capital structure

According to documents lodged by Fox with the NSX and ASIC, the total number of securities in Fox as at the date of this Bidder's Statement is as follows:

- (a) 4,513,001 Fox A Shares; and
- (b) 1,250,000 Fox Ordinary Shares.

The Fox Ordinary Shares are not listed on the NSX and Primrose is not making an offer to acquire the Fox Ordinary Shares.

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

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

5.2 Details of relevant interests in Fox securities and voting power

As at the date of this Bidder's Statement, Primrose does not have a relevant interest in any securities of Fox, nor any voting power in Fox.

5.3 Consideration provided for Fox securities during previous four months

Primrose and its associates have not acquired or disposed of Fox Shares during the period of four months ending on the day immediately before the date of the Offer.

5.4 Inducing benefits given during previous four months

Neither Primrose nor any of its associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- (a) accept the Offer; or
- (b) dispose of Shares,

which benefit was not offered to all Shareholders under the Offer.

6 Funding

6.1 Maximum cash consideration

The consideration for the acquisition of Shares to which the Offer relates will be satisfied wholly in cash and, if the Offer is accepted in respect of all the Shares, the consideration will be approximately \$1,353,900.

6.2 Primrose's internal borrowing arrangements

Primrose does not require any debt funding in order to pay the consideration for, or the costs associated with, the acquisition of the Shares.

6.3 Overview of funding arrangements

The necessary funds to pay the consideration for the acquisition of Shares pursuant to the Offer will be raised from Primrose's cash reserves and calls on unpaid units in the Primrose Investment Trust which will ultimately be provided by Andrew Perry, Jonathan Broughton and Nicola Buley.

In aggregate, the funds available from Primrose's existing cash reserves and uncalled amounts are sufficient to fund the maximum consideration payable pursuant to the Offer. Accordingly, Primrose is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of Shares pursuant to the Offer to satisfy its obligations under the Offer.

The Offer is not subject to any financing conditions.

6.4 Particulars of cash reserves

As at the date of this Bidder's Statement, Primrose has cash reserves of approximately \$20,000 available.

7 Taxation considerations

Introduction

The following descriptions are based upon the laws in effect as at the date of this Bidder's Statement, but are not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every Shareholder. Each Shareholder should seek independent professional advice about their own particular circumstances.

The following is a general description of the Australian income and capital gains tax consequences to Shareholders of the acceptance of the Offer. The comments set out below are relevant where those securities are held as capital assets for the purpose of investment and not in connection with the conduct of a business.

Certain Shareholders, such as those engaged in a business of trading or investment, those who acquired those securities for the purpose of resale at a profit or those which are banks; insurance companies; tax exempt organisations or superannuation funds will or may be subject to special or different tax consequences peculiar to their circumstances.

Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences, under the laws of their country of residence, as well as under Australian law, on acceptance of the Offer.

The summary reflects the current provisions of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* and the regulations made under those acts. This outline does not constitute tax advice. Shareholders will need to consult their own tax advisers regarding the consequences of acquiring, holding or disposing of Shares in light of their particular investment circumstances.

Shareholders who are Australian residents

Acceptance of the Offer will involve the disposal by Shareholders of their Shares, by way of transfer to Primrose. This change in ownership of the Shares will constitute a capital gains tax (**CGT**) event for Australian CGT purposes.

Australian resident Shareholders who acquired or are deemed to have acquired their Shares after 19 September 1985 may make a capital gain or capital loss, depending on whether their capital proceeds from the event are more than their cost base (or in some cases indexed cost base) of their Shares, or whether those capital proceeds are less than their reduced cost base of those Shares.

The capital proceeds of the CGT event will be the sum of the amount of money received by the Shareholder in respect of the disposal of Shares pursuant to the Offer.

The cost base of the Shares is generally their cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base.

Capital gains and capital losses are aggregated to determine whether there is a net capital gain. If so, that net capital gain is included in assessable income and subject to income tax. However, a CGT discount may be available to reduce the taxable gain for certain holders of Shares.

Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to be offset against future capital gains.

For certain Shareholders (for example individuals, complying superannuation funds and trustees of a trust) a discount may apply to the amount of capital gain that arises on the disposal of the Shares. The CGT discount will only apply if the Shares have been held

for more than 12 months before the date on which the CGT event occurs pursuant to the acceptance of the Offer. In summary, the CGT discount is applied after offsetting any available capital losses. For example, the discount rate is 50% for individuals and trustees and 33⅓% for complying superannuation funds. The application of the CGT discount rules to Shareholders that are trustees of a trust are complex and such Shareholders should seek their own advice based on their particular circumstances. The CGT discount is not available to Shareholders that are a company.

Non-resident Shareholders

Where a non-resident holds Shares on capital account and the Shares have not been used at any time in carrying on business through a permanent establishment in Australia, the disposal of the Shares will not be subject to Australian CGT unless:

- the assets of Fox (directly or indirectly) consist principally of “real property” situated in Australia (i.e. more than 50% of the value of Fox is represented by Australian “real property”); and
- the non resident Shareholder holds a direct interest in Fox (together with associates) of more than 10% at the time of the sale, or throughout a 12 month period that began within two years of the time of the sale.

Therefore, if the assets of Fox consist principally of real property (as defined), a non-resident Shareholder will generally not have to pay Australian tax on any capital gain that arises on the disposal of the Shares unless they (together with associates) hold or have held at least 10% of the issued shares in Fox at the time of the disposal of Shares or throughout a 12 month period that began within two years of the disposal.

Non-resident Shareholders that may be subject to Australian tax on a capital gain that arises on the disposal of the Shares within the rules described above are advised to seek their own advice relevant to their own circumstances.

Where the non-resident Shareholder is a resident of a country with which Australia has entered a double tax treaty, the non-resident Shareholder who has made a capital gain from the disposal of their Shares may be entitled to relief from Australian tax pursuant to the terms of the treaty. If treaty relief is not available, the Shareholder may be eligible for the CGT discount as described above for Australian resident Shareholders.

Non-resident Shareholders should seek their own taxation advice as to the taxation implications of the Offer in their country of residence.

Stamp duty and GST

No stamp duty or GST is payable on the transfer of Shares under the Offer.

8 Additional information

8.1 ASIC modifications

ASIC has published various “Class Orders” providing for modifications and exemptions that apply generally to all persons, including Primrose, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, Primrose has relied on the modification to Section 636(3) of the Corporations Act set out in paragraph 11 of the ASIC Class Order 01/1543 “Takeover Bids” to include, without obtaining specific consent, statements which are made in, or based on statements made in, any documents announced on the company announcements platform of NSX by Fox. If you would like to receive a copy of any of these documents or publications, please call (08) 9315 2333 (callers in Australia) or +618 9315 2333 (callers outside Australia)

8.2 Consents

(a) Primrose Consents

This Bidder's Statement contains statements made by, or statements based on statements made by Primrose. Primrose has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of:

- references to its name;
- each statement it has made; and
- each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than any statement or information which has been included in this Bidder's Statement with the consent of that party.

(b) Other Consents

Each person who is named in this Bidder's Statement as acting in a professional capacity for Primrose in relation to the Offer:

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based, other than a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than any statement which has been included in this Bidder's Statement with the consent of that party.

8.3 Return of Capital Plan

As noted in section 3.3 of this Bidder's Statement, Fox has commenced a formal Return of Capital Plan. It is Primrose's view that the likely outcome of the Return of Capital Plan involves significant risks for Shareholders, including the following:

Risk

- (a) The Return of Capital Plan is subject to the ability of the Fox Board to sell its real estate, exit any joint venture agreements and obtain Shareholder approval.
- (b) There is a possibility of significant budget overruns and delays.
- (c) The four units at 38 Vine Street, Fairfield, New South Wales have been listed for sale for some time by Fox. On 3 October 2008 Fox advised in the Pritchard Target Statement that the units were in the process of being converted to strata title, which could either:
 - (i) delay Fox's ability to dispose of these assets; or
 - (ii) have a negative impact on the value of such assets if they are disposed of prior to completion of the conversion from company title to

strata title. Fox indicates that comparable units in the area which are strata titled are valued about 20% higher than company title¹.

- (d) The property market involves rapidly changing demand and rapidly changing supply. This creates significant uncertainties in supply-demand balance, which feeds through into pricing and economic uncertainties and there is significant uncertainty around future property values and the worldwide economy at the current time.

Delayed returns

- (e) Even if the disposal of assets and return of capital were completed in a timely manner and full value obtained, any return of capital would be unlikely to be made in the immediate future.
- (f) The present value of the cash consideration under the Offer may be higher than any eventual return to the Shareholders under the Return of Capital Plan.

Expenses

- (g) Fox continues to incur expenditure including borrowing costs, legal, auditing, accounting, directors, management, independent expert, registry, sponsor and printing fees and will incur future costs in respect of the marketing and disposal of assets and the winding up of Fox under the Return of Capital Plan. All of these fees and expenses will decrease any potential return of capital to the Shareholders.
- (h) Further reduction in the net asset position of Fox is likely to have been incurred by Fox since 30 June 2008 as a result of events that have occurred since that time.

Reduced return

- (i) Fox has indicated that under the Return of Capital Plan they intend to return \$0.50 cents per Share to the Shareholders in late February 2009 for 45% of each Shareholder's Shares. This is equal to a total cash return of \$0.225 cents per Share. Under the Return of Capital Plan Shareholders will retain 55% of their Shares and will therefore still be reliant on Fox disposing of the assets with their value being continually eroded by on going costs. If Fox retains any cash after the sale of any real estate, exit of any joint venture agreements and payment of all ongoing management, legal, audit and accounting costs including in the winding up of Fox, the intention of the Fox Board is to complete a distribution to shareholders by way of "dividend or other distribution" at some undetermined date in the future
- (j) Fox Portfolio Pty Ltd (a company which is controlled by Peter Spann) as the holder of all the Ordinary Shares will be entitled to receive 25% of any dividend paid by Fox in addition to the ongoing Fox Portfolio Pty Ltd Management Fee.

If the Fox Board continues with the Return of Capital Plan before the end of the Offer Period it may cause a condition of the Offer to fail (being the "no dividends, distributions or redemptions" condition contained at paragraph 4 of Appendix 2 to this Bidder's Statement) and permit Primrose to withdraw the Offer if it chooses to do so. Further, any such action may be subject to Shareholder approval under the Takeover Panel's "frustrating action" guidance.

For details of Primrose's intentions in relation to the Return of Capital Plan, please refer to section 4.3(h) of this Bidder's Statement.

¹ Pritchard Target Statement page 34.

8.4 Key risks to the financial performance of Fox

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

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 Fox's control and have the potential to have an adverse impact on Fox and its operations.

Stock market fluctuations

There are risks associated with any investment in a company listed on the NSX. The value of Fox's Shares may rise above or below the current price depending on the financial and operating performance of Fox and external factors over which the Fox 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; and
- developments and general conditions in the markets in which Fox proposes to operate and which may impact on the future value and pricing of Shares.

Regulatory risks

Fox 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; and
- property laws and regulations that may impact upon the operations and processes of Fox.

Industry risks

Fox 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 Fox 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; and
- local, state and federal taxation.

Property investment specific risks

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

of the risks are outside the control of Fox and the significant risks and effect 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 economic conditions) resulting in delays being incurred in re-sale or letting 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 ownership and 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 that 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 Fox 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 Fox 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 Fox may:
 - undertake a further public capital raising;
 - borrow further funds from a bank or other financial institution; or
 - liquidate Fox,each of these actions could result in the value of your shareholding being diminished;
- your shareholding could potentially diminish in value if properties acquired by Fox are unable to be sold in a timely manner at acceptable prices or if Fox 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 Fox may, in order to avoid or minimise losses, need to hold real estate assets for longer periods than would otherwise apply; and

- it is possible that monies expended by Fox on real estate acquisitions and on repairs and refurbishment and on interest, holding and operational costs may exceed the proceeds of the sales.

Reliance on key personnel

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

8.5 Approvals for payment of consideration

Primrose is not aware of any Shareholder who requires any approval or clearance referred to in clause 5.7 of Appendix 1 to this Bidder's Statement, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer.

8.6 Banking (Foreign Exchange) Regulations 1959 (Commonwealth)

The *Banking (Foreign Exchange) Regulations 1959* (Commonwealth) may impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia. Based on Primrose's searches, restrictions currently apply if funds are to be paid to, or received from:

- (a) supporters of the former government of the Federal Republic of Yugoslavia;
- (b) ministers and senior officials of the Government of Zimbabwe; and
- (c) certain entities associated with the Democratic People's Republic of Korea (North Korea).

8.7 Other Commonwealth Legislation

The *Charter of the United Nations (Terrorism and Dealing with Assets) Act 2002* (Commonwealth) prohibits funds, other financial assets or economic resources from being provided to a list of persons associated with terrorism. The places to which, and persons to whom, the *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002* (Commonwealth) currently apply include the Taliban, Osama bin Laden (also known as Osama bin Laden), a member of the Al-Qaida organisation (also known as the Al-Qaeda organisation), and any person named on the list maintained pursuant to paragraph 2 of Resolution 1390 of the Security Council of the United Nations.

The *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Commonwealth) apply in respect of the following persons:

- (a) members of the previous government of Iraq;
- (b) senior officials of the previous government of Iraq and their immediate families; and
- (c) any entity owned or controlled, directly or indirectly, by one of the parties in (a) or (b) above, or by any person acting at the direction of one of those parties.

8.8 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by an offeree whether or not to accept the Offer, being information that is known to Primrose and has not previously been disclosed to the holders of the Shares.

8.9 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Primrose Capital Management Pty Ltd as trustee for the Primrose Investment Trust on 1 December 2008.

Signed by Andrew Perry and Jonathan Broughton of Primrose in accordance with Section 351 of the Corporations Act.



Andrew Perry
Director
Primrose Capital Management Pty Ltd
as Trustee for the Primrose Investment Trust



Jonathan Broughton
Director

Date: 1 December 2008

9 Glossary

9.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Acceptance Form means the form of acceptance and transfer with the title "Issuer Acceptance Form" or "CHESS Acceptance Form" that accompanies this Bidder's Statement, or as the context requires, both of those forms, or any replacement or substitute acceptance form provided by or on behalf of Primrose.

AEST means Australian Eastern Standard Time.

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

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

ASTC Participant means an ASTC participant under the ASTC Settlement Rules.

ASTC means the ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia.

ASTC Settlement Rules means the settlement rules of ASTC.

Bidder's Statement means this document including Appendices 1 and 2, 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.

Broker means a person who is a share broker and a participant in CHESS.

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).

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.

CHESS Acceptance Form means the green transfer and acceptance form titled "CHESS Acceptance Form" which accompanies this Bidder's Statement, which form may be used, in accordance with the Offer Terms, to relay an instruction to accept the Offer in respect to your Shares in a CHESS Holding (instead of you directly instructing your Controlling Participant to initiate acceptance on your behalf) - see clause 4.2(a) of the Offer Terms).

CHESS Holding means a holding of Shares on the CHESS subregister of Fox.

Conditions means those conditions of the Offer that are summarised in section 1.1 of this Bidder's Statement and set out in full in Appendix 2 to this Bidder's Statement.

Controlling Participant means the Broker or ASTC Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASTC Settlement Rules.

Corporations Act means the *Corporations Act 2001 (Commonwealth)*.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

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.

Fox Portfolio Pty Ltd Management Fee means the fee payable under the Management Agreement to Fox Portfolio Pty Ltd.

HIN means a Holder Identification Number, which is the number that starts with an "X", allocated by your Controlling Participant, to identify a Shareholder with a CHESS Holding.

Issuer Acceptance Form means the blue transfer and acceptance form titled "Issuer Acceptance Form" which accompanies this Bidder's Statement, which form must be used to accept the Offer in respect of your Shares in an Issuer Sponsored Holding - see clause 4.2(c) of the Offer Terms.

Issuer Sponsored Holding means a holding of Shares on Fox's issuer sponsored subregister.

Management Agreement means the management agreement between Fox and Fox Portfolio Pty Ltd ACN 093 708 457.

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

NSX Listing Rules means the Listing Rules of the NSX.

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.

Offer Terms means the terms and Conditions of the Offer set out in Appendices 1 and 2 to this Bidder's Statement.

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

Primrose Unitholders means the holders of any units in the Primrose Investment Trust from time to time.

Pritchard means Pritchard Equity Limited ACN 100 517 404.

Pritchard Offer means the offer by Pritchard to acquire Fox A Shares announced to the NSX by Pritchard on 5 August 2008.

Pritchard Target Statement means the target statement produced by Fox in response to the Pritchard Offer dated 3 October 2008.

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

Related Bodies Corporate means a related body corporate as defined in the Corporations Act.

relevant interest means a relevant interest as defined in the Corporations Act.

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.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Shares directly or indirectly after the Announcement Date, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Fox or any of its subsidiaries including any return to Shareholders under the Return of Capital Plan.

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.

SRN means a Securityholder Reference Number, which is the number which starts with an "I", allocated by Fox to identify a Shareholder with an Issuer Sponsored Holding.

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.

9.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) A reference to time is a reference to AEST.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The singular includes the plural and conversely.
- (d) A reference to a section is to a section of this Bidder's Statement.
- (e) A gender includes all genders.

- (f) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- (h) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (i) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (j) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (k) A reference to any instrument or document includes any variation or replacement of it.
- (l) A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Settlement Rules, as the case may be.
- (m) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.
- (n) A reference to you is to a person to whom the Offer is made under Appendix 1 to this Bidder's Statement.
- (o) The words "include", "including", "for example" or "such as" are not used as, and are not to be interpreted as, words of limitation, and when introducing an example, do not limit the meaning of the words to which the examples relates to that example or examples of a similar kind.

Appendix 1 - Formal terms of the Offer

1 Offer

Primrose offers to acquire all of your Shares, together with all Rights attaching to them, on the following terms and Conditions. The Offer relates to Shares that exist or will exist at 1 December 2008.

You may only accept this Offer for all of your Shares.

By accepting this Offer, you undertake to transfer to Primrose not only the Shares to which the Offer relates but also all Rights attached to the Shares (see clauses 5.4 and 5.5).

2 Consideration

The consideration offered for each Share is \$0.30 paid in cash.

However, in accordance with clause 5.4 and 5.5 the amount of consideration you receive directly from Primrose may be reduced by the amount or value of any Rights attaching to Shares, which you (or any previous holder of your Shares) receive, including any dividend or distribution declared by Fox.

3 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being [●] 2008, and ending at 3.00pm (AEST) on:

- (a) [●] 2008; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act,

whichever is the later.

4 How to accept this Offer

4.1 Acceptance Forms

Acceptances must be received prior to the close of the Offer Period at 3.00pm (AEST) on [●] 2008, unless extended (and in the case of any acceptance in respect of a CHESS Holding lodged at the addresses listed below, before 3.00pm on the second last day of the Offer Period in accordance with clause 4.2(a)(iii)).

4.2 Acceptance procedure for Shareholders

How you accept this Offer depends on whether your Shares are held in a CHESS Holding or an Issuer Sponsored Holding. Clauses 4.3(a) and 4.3(b) refer, among other things, to two different Acceptance Forms for use to accept the Offer depending on the nature of your Shares. You will have been sent a personalised Acceptance Form with this Bidder's Statement (an Issuer Acceptance Form (Blue) or a CHESS Acceptance Form (Green)), which will be the Acceptance Form to be used in relation to your Shares:

- (a) **If you hold your Shares in a CHESS Holding (your HIN starts with an "X"),** you must comply with the ASTC Settlement Rules.

If you hold your Shares in a CHESS Holding, to accept this Offer you must either:

- (i) **instruct** your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
 - (ii) **complete** the CHESS Acceptance Form and send the completed CHESS Acceptance Form (Green) (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; or
 - (iii) **complete** the CHESS Acceptance Form (Green) and lodge it by returning it to an address as indicated under clause 4.2(e) below so that your acceptance is received before **3.00p.m. on the second last day** of the Offer Period. This will authorise Primrose to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf.
- (b) **If you are a Broker or a ASTC Participant**, to accept this Offer you must initiate acceptance in accordance with the requirements of the ASTC Settlement Rules before the end of the Offer Period.
- (c) **If you hold your Fox A Shares in an Issuer Sponsored Holding (your SRN starts with an "I")**

If your Shares are in an Issuer Sponsored Holding, then to accept this Offer you must complete and sign the Issuer Acceptance Form (Blue) in accordance with the instructions on it and lodge it by returning it to an address as indicated under clause 4.2(e) below (together with all other documents required by those instructions on the Acceptance Form) so that your acceptance is received before the end of the Offer Period.

- (d) **If some of your Shares are held in a number of forms**

If some of your Shares are in different holdings, your acceptance of this Offer will require action under clauses 4.3(a) and 4.3(c) in relation to the separate portions of your Shares.

- (e) **Postal and delivery addresses**

The postal and delivery addresses for completed Acceptance Forms are as follows.

The **postal** address is:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross,
Western Australia, 6953

Alternatively you may **deliver** the Acceptance Form and any associated documents in person to:

In Perth -

Security Transfer Registrars Pty Ltd

770 Canning Highway
Applecross
Western Australia, 6153

If you are a Shareholder within Australia, a reply paid envelope is enclosed for your convenience.

The transmission of the Acceptance Form and other documents is at your own risk.

(f) **Acceptance Form**

The Acceptance Form, which accompanies this Offer, forms part of it. Subject to clause 4.5, the requirements on the Acceptance Form must be observed in accepting this Offer in respect of your Shares.

4.3 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (g) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (h) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Shareholder, a certified copy of the relevant Grant of Probate or Letters of Administration.

4.4 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.2 above and the requirements of this clause have been met, provided that:

- (a) Primrose may in its sole discretion waive any or all of those requirements at any time; and
- (b) where such requirements have been complied with in respect of some but not all of your Shares, Primrose may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Shares for which the requirements have been complied with but not in respect of the remainder.

5 Payment of consideration

5.1 How consideration is paid

Primrose will pay to you the consideration for your Shares by cheque in Australian currency.

5.2 When consideration is paid

Subject to clause 5.3, if the contract resulting from your acceptance of this Offer becomes unconditional, Primrose will provide the consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) the 21st day after the date this Offer is validly accepted by you or, if this Offer is subject to a defeating condition when accepted, within 21 days after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

5.3 Where additional documents are required

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration):

- (a) if the documents are given with your acceptance, Primrose will provide the consideration in accordance with clause 5.2;
- (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that Primrose is given the documents, Primrose will provide the consideration by the end of whichever period ends earlier:
 - (i) within 21 days after the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period;
- (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that Primrose is given the documents, Primrose will provide the consideration by the end of whichever period ends earlier:
 - (i) the 21st business day after Primrose is given the document; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, Primrose will provide the consideration within 21 days after the documents are given; but if at the time Primrose is given the documents, the contract resulting from your acceptance of this Offer is still subject to one or more of the Conditions referred to in paragraph 10(a) to (m) of Appendix 2, Primrose will provide the consideration within 21 days after that contract becomes unconditional.

If you do not provide Primrose with the required additional documents within one month after the end of the Offer Period, Primrose may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

5.4 Where Primrose is entitled to any Rights

If Primrose becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Primrose all documents necessary to vest those Rights in Primrose. If you do not give those documents to Primrose, or if you have received the benefit of those Rights, Primrose may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Primrose) of those Rights in accordance with clause 5.5.

5.5 Rights generally

If:

- (a) you have (or any previous holder of your Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or

- (c) your Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Shareholders,

then:

- (d) in the case of Rights to non-cash benefits, Primrose may deduct the value (as reasonably assessed by Primrose) of such Rights from any consideration otherwise payable to you; or
- (e) in the case of Rights to cash benefits, Primrose may deduct the amount of such Rights from any consideration otherwise payable to you.

If Primrose does not, or cannot, make such a deduction, you must pay such value or amount to Primrose.

5.6 Payment to be mailed by cheque

Payment of the cash amount to which you are entitled will be mailed by cheque in Australian currency. Cheques will be sent to the address on the Acceptance Form or such other address as you may notify in writing to Primrose by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

5.7 Clearances for offshore residents

If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations or otherwise), or of the Australian Taxation Office, have been obtained.

6 Conditions of this Offer

6.1 Conditions

This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the Conditions set out in Appendix 2.

6.2 Nature of Conditions

Each of the Conditions set out in each paragraph and subparagraph of Appendix 2:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent; and
- (c) until the expiration of the Offer Period (or, in the case of a defeating condition that relates to a circumstance or event referred to in subsection (1) or subsection (2) of Section 652C of the Corporations Act, until three business days after the end of the Offer Period) will be for the benefit of Primrose alone and may be relied upon only by Primrose.

6.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the Conditions subsequent set out in Appendix 2 does not, until the end of the Offer Period, prevent a contract arising to acquire your Shares resulting from your acceptance of this Offer but, if at the end of the Offer Period (or, in the case of a defeating condition that relates to a circumstance or event referred to in subsection (1) or subsection (2) of Section 652C of the Corporations Act, at the end of three business days after the end of the Offer Period), in respect of any condition in Appendix 2:

- (a) Primrose has not declared the Offer (and they have not become) free from that condition; or
- (b) that condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, Primrose reserves the right to either destroy or despatch at your risk your Acceptance Form and any other documents forwarded by you, to your address as shown on the Acceptance Form and notify ASTC of the lapse of the Offer in accordance with Rule 14.19 of the ASTC Settlement Rules.

6.4 Primrose may decide Offer is free from all or any of the Conditions

Primrose may at any time at its sole discretion, but in compliance with the Corporations Act, declare the Offer free from all or any of the Conditions set out in each paragraph and subparagraph of Appendix 2 by notice in writing to Fox:

- (a) in the case of a defeating condition that relates to a circumstance or event referred to in subsection (1) or subsection (2) of Section 652C of the Corporations Act - not later than three business days after the end of the Offer Period; or
- (b) in any other case - not later than seven days before the end of the Offer Period.

6.5 Date for giving notice on status of Conditions

The date for giving the notice required by Section 630(1) of the Corporations Act on the status of the Conditions to the Offer is the date seven (7) days before the end of the Offer Period, subject to variation in accordance with Section 630(2) of the Corporations Act if the period during which the Offer remains open for acceptance is extended.

7 Effect of Acceptance

7.1 Revocation of acceptance

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Shares, except as follows:

- (a) if, by the times specified in clause 7.2, the Conditions in Appendix 2 have not all been fulfilled or waived, then this Offer will automatically terminate and your Shares will be returned to you; or
- (b) if the Offer is varied in a way that postpones for more than one month the time when Primrose has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the Conditions in Appendix 2, then you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act.

7.2 Times

The relevant times for the purposes of clause 7.1(a) are:

- (a) in the case of the defeating Conditions that relates to a circumstance or event referred to in subsection (1) or subsection (2) of Section 652C of the Corporations Act - three Business Days after the end of the Offer Period; and
- (b) in the case of all other defeating Conditions in Appendix 2 - the end of the Offer Period.

7.3 Your agreement

By signing and returning the Acceptance Form, or otherwise accepting this Offer, you will be deemed to have:

- (a) irrevocably authorised Primrose to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your Shares (including details of a parcel of Shares required by clause 8.4(b));
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Shares to Primrose; and
- (b) if any of your Shares are in a CHESS Holding, irrevocably authorised Primrose to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such Shares in accordance with the ASTC Settlement Rules; and
 - (ii) give any other instructions in relation to those Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
- (c) agreed to indemnify Primrose in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Shares to Primrose being registered by Fox without production of your HIN or SRN; and
- (d) irrevocably accepted this Offer in respect of all your Shares despite any difference between that number and the number of Shares shown in the Acceptance Form; and
- (e) agreed to the terms and Conditions of this Offer and, subject to the Conditions contained in Appendix 2 being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASTC Settlement Rules) to Primrose of your Shares; and
- (f) represented and warranted to Primrose, as a condition of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer to Primrose:
 - (i) you have paid to Fox all amounts which are due for payment in respect of your Shares; and
 - (ii) all of your Shares are fully paid and free from all Encumbrances; and
 - (iii) you have full power and capacity to sell and transfer those Shares; and
- (g) on this Offer or any takeover contract becoming unconditional:
 - (i) irrevocably appointed Primrose and each of its directors from time to time severally as your agent and attorney on your behalf to:
 - (A) attend and vote in respect of your Shares at all general meetings of Fox;

(B) at Primrose's discretion, pay Fox, or any other party, all or part of any amounts contemplated by clause 5.1 of these terms;

(C) receive from Fox or any other party, and retain, any share certificates which were held by Fox, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee share scheme) or otherwise; and

(D) sign all documents (including an instrument appointing one of Primrose's directors as a proxy in respect of any or all of your Shares and any application to Fox for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your Shares, and generally to exercise all powers and rights which you may have as a Shareholder and perform such actions as may be appropriate in order to vest good title in your Shares in Primrose, and to have agreed that, in exercising such powers, any such director is entitled to act in Primrose's interests as the beneficial owner and intended registered holder of your Shares; and

- (ii) agreed not to vote in person at any general meeting of Fox or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the directors of Primrose by 7.3(g)(i); and
 - (iii) irrevocably authorised Primrose to direct Fox to pay to Primrose, or to account to Primrose for, all Rights in respect of your Shares, subject to Primrose accounting to you for any such Rights received by Primrose if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void; and
 - (iv) irrevocably authorised Primrose to notify Fox on your behalf that your place of address for the purposes of serving notices upon you in respect of your Shares is the address specified by Primrose in the notification; and
- (h) if at the time of acceptance of this Offer your Shares are in a CHESS Holding, authorised, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its Conditions or those Conditions are satisfied, Primrose to cause a message to be transmitted to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules so as to transfer all of your Shares to Primrose's Takeover Transferee Holding. Primrose will be so authorised even though at the time of such transfer it has not paid the consideration due to you under this Offer.

By accepting this Offer you will be deemed to have agreed to the matters set out in clauses 7.3(d) to (h) above, notwithstanding where this Offer has been caused to be accepted in accordance with the ASTC Settlement Rules.

Except in relation to Shares in a CHESS Holding, Primrose may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is not compliance with any one or more of the other requirements for acceptance but, if Primrose does so, Primrose is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

7.4 Withdrawal

Primrose may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the Conditions (if any) specified in such consent.

7.5 Variation

Primrose may vary this Offer in accordance with the Corporations Act.

8 Acceptances by transferees and nominees

8.1 Who may accept the Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

8.2 Holding shares

A person is taken to hold Shares if the person is, or is entitled to be registered as, the holder of those Shares.

8.3 Holding shares on trust or as a nominee

A person is taken to hold Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular Shares; and
- (b) hold their interest in the Shares on trust for, as nominee for, or on account of, that other person.

8.4 Effective acceptance

An acceptance of an offer under clause 8.1(b) is ineffective unless:

- (a) the person who holds on account of another person, gives Primrose a notice stating that the Shares consist of a separate parcel; and
- (b) the acceptance specifies the number of Shares in that parcel.

References in this Offer to your Shares will be treated to relate to that separate parcel.

8.5 Notice of acceptance

A notice under clause 8.4(a) of these terms must be made:

- (a) if it relates to Shares entered on an ASTC subregister - in an electronic form approved by the ASTC Settlement Rules; or
- (b) otherwise - in writing.

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

9 Other matters

9.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Primrose to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the register of members of Fox or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

9.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to Primrose, but before it has been received; or
- (b) for any other reason Primrose does not acquire the Shares to which your Acceptance Form relates,

you may request Primrose by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary post. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

9.3 Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of Primrose's Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

9.4 Governing law

This offer and any contract resulting from acceptance of it is governed by the law in force in Queensland.

10 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of Shares in respect of which Offers are accepted, will be paid by Primrose.

Appendix 2 - 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>(i) allows for the irrevocable acceptance of such offer to be made by Shareholders; or</p> <p>(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>(c) 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> <p>(a) Fox converts all or any of its shares into a larger or smaller number of shares;</p>

	<p>(b) Fox or a Subsidiary resolves to reduce its share capital in any way;</p> <p>(c) Fox or a Subsidiary:</p> <p>(i) enters into a buy-back agreement; or</p> <p>(ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or Section 257D(1) of the Corporations Act;</p> <p>(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;</p> <p>(e) Fox or a Subsidiary issues, or agrees to issue, convertible notes;</p> <p>(f) Fox or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;</p> <p>(g) Fox or a Subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;</p> <p>(h) Fox or a Subsidiary resolves to be wound up;</p> <p>(i) a liquidator or provisional liquidator of Fox or of a Subsidiary is appointed;</p> <p>(j) a court makes an order for the winding up of Fox, or of a Subsidiary;</p> <p>(k) an administrator of Fox or of a Subsidiary is appointed under Sections 436A, 436B or 436C of the Corporations Act;</p> <p>(l) Fox or a Subsidiary executes a deed of company arrangement; or</p> <p>(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.</p>
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> <p>(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;</p> <p>(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;</p> <p>(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 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</p>

	<p>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>
<p>8. No Fox Material Adverse Effect</p>	<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</p>

	<p>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> <ul style="list-style-type: none"> (a) an event or occurrence that occurs during the period commencing on the Announcement Date and ending on the Offer Period; (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 (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>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>
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PRIMROSE CAPITAL MANAGEMENT PTY LTD
AS TRUSTEE FOR THE PRIMROSE
INVESTMENT TRUST (PRIMROSE)
GPO Box 2026
Brisbane QLD 4001

Acceptance Form



Security Transfer Registrars

Security Transfer Registrars Pty Ltd
770 Canning Highway,
Applecross WA 6153
Ph: (08) 9315 2333 Fax: (08) 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Use this form to accept the Primrose Offer to acquire all of your Property Fox No. 1 Limited (Fox) Shares.

1. Your details

	HIN	
	Number of your Fox Shares held as at 1 December 2008	
	Consideration at \$0.30 per Fox share	

If any of the above details are incorrect, please amend them and initial the alterations.

2. For CHESS Holdings

If your Fox Shares are held on the CHESS Subregister, to accept this Offer you can either:

- Contact your Controlling Participant – normally your broker
(if you do that, you do not need to return this form)

OR

- If you want us to contact your broker on your behalf, write (Broker details for CHESS Subregister only)

Brokers name

Address

3. Sign in the below box

Sign in the box below and return this form. You must ensure that this form is received by us in sufficient time before the end of the Offer Period to enable us to instruct your Controlling Participant to effect acceptance of the Offer on CHESS during business hours.

By signing in the box below you accept the Offer on the terms of the Offer and you acknowledge the effect of your acceptance as set out in **section 7** of this Bidder's Statement. If you have a CHESS Holding, you authorise us to give instructions to your Controlling Participant in accordance with **section 7.3(b)(i)** of the Bidder's Statement. By accepting the Offer you are accepting for all your Fox Shares registered as held at the date your acceptance is processed (even if different to the number stated above). You can not accept the Offer for only part of your holding.

Individual or first joint Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Director	Director/Secretary	Sole Director and Sole Secretary
Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

Please provide a business hours telephone number so that we can contact you if necessary.

Your Telephone No:

You must complete, sign and return this Acceptance Form to one of the addresses shown overleaf BEFORE the Offer closes. If the Acceptance Form is sent by mail you may use the enclosed reply paid envelope. Your acceptance must be received by no later than 3.00 pm (AEST) on [●] (unless the Offer is withdrawn or extended).

How to Accept the Primrose Offer

Please refer to section 1.2 of the Bidder's Statement and the definitions in section 9 of the Bidder's Statement. If you have any queries about how to accept the Offer or about how to complete this Acceptance Form, please contact your financial advisor.

Additional Notes

1. **Joint holding** – where the holding is in more than one name, all of the security holders must sign.

Power of attorney – to sign this form under power of attorney, you must send a certified copy of the power with the form. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.

Deceased estate – all executors and administrators must sign and, a certified copy of probate, letter of administration or certificate of grant must accompany this form along with a certificate of death or succession duties (where required by law for the purpose of transfer) and (if necessary a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Companies – this form must be signed by either 2 directors or a director and a company secretary (and sealed if required in accordance with the company's constitution) or by a duly appointed attorney. If you are a sole director and, pursuant to the Corporations Act there is no company secretary, or you are also the sole company secretary, you may sign alone.

2. **Sold all your Fox Shares?** – if you have sold all your **Fox** Shares, please send this form to the stockbroker who acted on your behalf.

If you must fill out and return this Acceptance Form, it must be received at one of the addresses as shown below before the end of the Offer Period.

By mail

Primrose Capital Management Pty Ltd
Security Transfer
Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953
AUSTRALIA

By hand

Primrose Capital Management Pty Ltd
Security Transfer
Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6953
AUSTRALIA

If the Acceptance Form is sent by mail, you may use the enclosed reply paid envelope.

Privacy Statement

Personal information is collected on this form by Security Transfer Registrars Pty Ltd (STR), as registrar for securities issuers (the issuer), for the purpose of processing your acceptance of the Offer, maintaining registers of security holder, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to your related bodies corporate; to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by STR, or you would like to correct information that is inaccurate, incorrect or out of date, please contact STR. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting STR. You can contact STR on (08) 9315 2333, by posting to the above address, or by email to registrar@securitytransfer.com.au.

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Acceptance Form



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Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Use this form to accept the Primrose Offer to acquire all of your Property Fox No. 1 Limited (Fox) Shares.

2. Your details

	SRN	
	Number of your Fox Shares held as at 1 December 2008	
	Consideration at \$0.30 per Fox share	

If any of the above details are incorrect, please amend them and initial the alterations.

Your Fox Shares are in an issuer sponsored holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Fox Shares. To accept this Offer you must sign in the box below and return this form.

2. Sign in the below box

Sign in the box below and return this form.

By signing in the box below you accept the Offer on the terms of the Offer and you acknowledge the effect of your acceptance as set out in section 7 of this Bidder's Statement. By accepting the Offer you are accepting for all your Fox Shares registered as held at the date your acceptance is processed (even if different to the number stated above). You can not accept the Offer for only part of your holding.

Individual or first joint Shareholder 1	Shareholder 2	Shareholder 3
<div>Director</div> <div>Day</div> <div></div>	<div>Director/Secretary</div> <div>Month</div> <div></div>	<div>Sole Director and Sole Secretary</div> <div>Year</div> <div></div> <div></div>
Please provide a business hours telephone number so that we can contact you if necessary.		
Your Telephone No: <div></div>		

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