

**22<sup>nd</sup> January 2009**

**Company Announcements Office**  
**National Stock Exchange of Australia Limited**  
Level 2  
117 Scott Street  
Newcastle NSW 2300

BY E-LODGE MENT

**RE: LETTER TO SHAREHOLDERS**

Please find attached letter forwarded to shareholders today.

Shareholders should contact the company on 07 3031 9950 for more information.

**About Property Fox No.1 Limited**

Property Fox No. 1 Limited is a real estate investment Company which has holdings in a range of residential properties in New South Wales and Queensland. Property Fox No. 1 Limited listed on the National Stock Exchange of Australia on 28 February 2007.

**Property Fox No.1 Limited Forward - Looking Statements**

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors including the success of the Company's marketing strategy, and various other uncertainties.

22<sup>nd</sup> January 2009

<Insert name of Shareholder>

<Insert Address of Shareholder>

**Dear Shareholder,**

**Extraordinary General Meeting 5<sup>th</sup> February 2009 – Board recommendation**

While you have been inundated with paperwork we still need you to vote “Yes” for the buy-back of shares which will return to you the equivalent of \$0.22 for every A class share you own, and you will still own 60% of your shares.

The Directors believe this is the best option for you at the moment and recommend voting “yes”.

The Independent Expert has deemed the offer as both **FAIR** and **REASONABLE**.

Please take the time to vote “yes” to this proposal and send your proxy form in today.

The offer from Pritchard Equity was deemed NOT FAIR and NOT REASONABLE by the Independent Expert. The offer from Primrose Capital has been deemed NOT FAIR but reasonable by the Independent Expert.

You have received (amongst other paperwork) **A Notice of Extraordinary General Meeting**, together with an Independent Expert Report and a Proxy Form asking shareholders to approve a simple resolution allowing the Board of PF1 to give shareholders the opportunity to receive a return of capital via a buy-back of shares.

This proposed buy-back has been determined by an Independent Expert as both **FAIR AND REASONABLE** to the A class shareholders of PF1 and is an offer to buy back 40% of your shareholding at \$0.55 per share. This means, if approved, A class shareholders would receive \$0.22 for every A class share they own and still retain 60% of their holding. That is only 8 cents less than the bid by Primrose and you retain 60% of your shares-**THE CHOICE SEEMS OBVIOUS**.

***THE BOARD IS RECOMMENDING TO SHAREHOLDERS THAT THEY VOTE FOR THE PROPOSED BUY-BACK AND COMPLETE THE PROXY FORM AS SHOWN ON THE ATTACHED.***

**UNDER THIS OFFER APPROXIMATELY \$1,000,000 WILL BE DISTRIBUTED  
BACK TO SHAREHOLDERS**

**Please also note that the Board of PF1 does not benefit from this buy-back, it is a proposal being undertaken by the Board after canvassing and listening to the views of many shareholders.**

To follow the Board's recommendation and vote in favour of the buy-back complete the proxy form, forwarded to you previously, and return it to:

Property Fox No.1 Limited                      OR                      FAX: 02 9287 0309  
C/ Link Market Services Limited  
Locked Bag A14,  
Sydney South NSW 1235

For further details please do not hesitate to contact the company on 07 3031 9950. All company announcements are available on the NSX website at [www.nsx.com.au](http://www.nsx.com.au).

**Yours faithfully,**  
**Peter Spann**



**Chairman**  
**Property Fox No. 1 Limited**

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