



27 January 2009

Dear Fellow Shareholder

Proposed share buy back and extraordinary general meeting

We are writing to you about the proposed share buy back of A Class shares in Property Fox No. 1 Limited.

Shareholders are being misled by the board

In its latest letter, the board says: "*The Board of PFL does not benefit from this buy-back*". This statement is quite misleading.

In the event that the buy back goes ahead, Peter Spann's voting power will increase from 21.7% to a maximum of 31.58%, at no cost to himself. Clearly this is a benefit to Peter Spann.

This is not the first time that the board has misled shareholders.

On page 26 of the Targets Statement there is a reference to an interest free loan that was made without shareholder approval to a company associated with Peter Spann. The statement goes on to say: "*The Directors at the time were totally independent and had no other association with Peter Spann.*"

Under questioning at the annual general meeting, the board were forced to admit that this statement was not true, and at the time of the approval of the loan by the board, at least 50 percent of the board had other associations with Peter Spann.

Expert's report is deficient

In his report, the expert fails to advise shareholders of the following:

- Peter Spann will be in a position, after the buy-back, to block any special resolution put forward by shareholders.
- Shareholders will receive no premium for this loss of control.
- The buy-back will further weaken the company's capital position. The company has already lost another \$228,555 between 1 July 2008 and 12 December 2008, which continues the string of losses which this company and

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- The buy-back will further weaken the company's capital position. The company has already lost another \$228,555 between 1 July 2008 and 12 December 2008, which continues the string of losses which this company and other companies managed by Peter Spann and his associates have been incurring for several years. Details of these losses are set out below.

**Losses incurred by companies managed by
Peter Spann and associates**

Property Fox No. 1 Limited	
Financial period ended	Profit / (loss)
1 July 2008 to 12 December 2008	(228,555)
30 June 2008	(358,588)
30 June 2007	(197,310)
30 June 2006	(849,140)
30 June 2005	(647,188)
30 June 2004	445,149

Property Fox No. 2 Limited	
Financial year ended	Profit / (loss)
30 June 2008	(31,123)
30 June 2007	(248,889)
30 June 2006	(236,625)
30 June 2005	(267,112)

Freeman Fox Capital Limited	
Financial year ended	Profit / (loss)
30 June 2008	Not yet lodged with ASIC
30 June 2007	(15,492)
30 June 2006	(47,733)

Shareholders should vote no to the proposed buyback

If you wish to discuss this matter further, please do not hesitate to contact ourselves.

Yours faithfully

PRITCHARD EQUITY LIMITED



STEVEN PRITCHARD
CHAIRMAN

APPOINTMENT OF PROXY

Please return your Proxy forms to:

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000
Locked Bag A14, Sydney South NSW 1235 Australia
Telephone: (02) 8280 7454
Facsimile: (02) 9287 0309
ASX Code: PFA
Website: www.linkmarketservices.com.au

If you would like to attend and vote at the Extraordinary General Meeting, please bring this form with you. This will assist in registering your attendance.



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I/We being a member(s) of Property Fox No.1 Limited and entitled to attend and vote hereby appoint

A the Chairman
of the Meeting
(mark box)

☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at 11:00am on Thursday, 5 February 2009, at Freeman Fox Boardroom at Level 21, 333 Ann Street, Brisbane QLD 4000 and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

B To direct your proxy how to vote on the resolution please insert ☒ in the appropriate box below.

Resolution 1

Approval of Share Buy-Back

For Against Abstain*

☐
☒
☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

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