

30th January 2009

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

BY E-LODGEMENT

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.

30th January 2009

<Insert name of Shareholder>

<Insert Address of Shareholder>

Hello

Re: Pritchard Equity's latest communication dated 27 January 2009.

Mr Pritchard should really seek a career writing fiction. I have no idea where he gets some of his stuff from sometimes. There's always a tiny bit of truth in what he says (otherwise he'd get sued) but he really needs to add "based on a true story" to everything he writes because by the time he twists and turns the facts it's hard to distinguish the truth.

The board of PF1 does **NOT** benefit monetarily from the buy back.

I simply don't understand how he can construe that an increase in the voting rights of Fox Portfolio which is disclosed in the Explanatory Statement is the board benefiting. This statement was, when read in context, very clear and explained to shareholders that no monetary benefit is being received by the Board. In fact no benefit, monetary or otherwise is being received by the Board of PF1. If the resolution is approved, my company, Fox Portfolio Pty Ltd, will increase its voting rights in PF1. This is why I am not voting on this resolution.

I chuckled when he said "the board were forced to admit" something. At the AGM I was asked a question and I answered it. No gun was held to my head, and I simply agreed that one of the Directors (twisted to "at least 50% of the board") was also a Director on another (public) company that I held shares in. This does not mean he was not independent and the association was limited to this board.

Mr Pritchard then goes on about the company's weakening capital position and profits which is ironic considering it is the professional fees that the Company could not avoid in responding to Pritchard Equity's bid that has produced the majority of this weakening. In fact without the bid the company would have been in pretty good shape considering what has happened in global markets.

I can only presume this communication was directed at his dwindling (but vocal) support base. It goes over old ground, adds nothing to the debate, twists the truth (again) and if it wasn't necessary to set the public record straight, would not have deserved a response.

The board is committed to returning excess capital to you as we have been requested to do by the shareholders. This EGM is merely a continuation of that request.

To ensure what you have asked for occurs and cannot be blocked (again) by Pritchard please vote "yes" now.

Thank you for your ongoing support.

Yours faithfully,
Peter Spann



Chairman
Property Fox No. 1 Limited

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