

PROPERTY FOX NO.1 LIMITED OFF-MARKET BUY-BACK BOOKLET

THIS IS AN IMPORTANT DOCUMENT

If you are in doubt as to the action you should take, please consult your financial, taxation or other professional adviser immediately.

IMPORTANT DATES

MAY 2009

- | | |
|--------------------|---|
| 15 May 2009 | Last day that Shares can be acquired to be eligible for Buy-Back entitlement-Buy-Back Record Date |
| 20 May 2009 | Mailing of Buy-Back Documents to shareholders completed |
| 27 May 2009 | Buy back offer opens |

JUNE 2009

- | | |
|---------------------|--|
| 30 June 2009 | Buy-back closes. Acceptance Forms must be received in the registry by 5pm on 30 th June 2009 |
| 6 July 2009 | Despatch/crediting of Buy-Back proceeds to participating shareholders completed and updated holding statement sent to shareholders |

While PF1 does not anticipate any changes to these dates and times, it reserves the right to vary them without notification. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced as soon as practicable following the Board's authorisation.

Eligibility to Participate

Subject to the following you are eligible to participate in the Buy-Back if shares are registered in your name on the Buy-Back Record Date (15 May 2009) and, in accordance with the Settlement Rules, the Shares confer an entitlement to receive this Buy-Back invitation.

This document does not provide financial product advice and has been prepared without taking into account your particular objectives, financial situation or needs. You should consider obtaining independent advice before making any financial decisions.

Some words used in this document have defined meanings. Section 5, Definitions and Interpretation defines the capitalised words used throughout this document.

The date of this document is 8 May 2009

Chairman's letter

Dear Shareholder,

On behalf of the Board of PF1, I am pleased to invite you to participate in an off-market buy-back of PF1's A Class shares. The Buy-Back has been made possible by the fact that the Company had approximately \$1.4 million in cash as at 12 December 2008. Given this position, and the view expressed by many shareholders to receive a proportion of their original investment back, PF1 decided to seek shareholder approval for an equal access scheme to operate. This shareholder approval was given to the company at an Extraordinary General Meeting of Shareholders on 5th February 2009. The Directors considered a number of capital management initiatives and concluded that the Buy-Back is the most effective way to deliver capital back to shareholders. This booklet contains important information on the Buy-Back,

In relation to the Tax Consequences of the Buy-Back, the directors of Property Fox No. 1 Limited have sought professional taxation advice regarding the tax character of the proposed share buy-back payment. The advice confirms that "The relevant circumstances surrounding the PF1 share buy-back indicate that it is appropriate to treat the buy-back proceeds as capital, and therefore the Commissioner would be unlikely to determine that section 45B applies." (Section 45B of the Income Tax Assessment Act 1936 is an anti-avoidance provision the Commissioner can apply in circumstances where capital payments are made to shareholders in substitution for dividends). Hence, Australian resident shareholders who hold their shares on capital account would make a capital gain where the proceeds they receive from the buyback are greater than their relevant cost base for the shares. Conversely, a capital loss would be made where the proceeds they receive from the buy-back are less than their relevant cost base for the shares. Shareholders should seek professional tax advice specific to their circumstances in order to determine the implications of the buy-back in their particular circumstances.

Participation in the Buy-Back is optional. Depending on your individual circumstances, participation in the Buy-Back will have different consequences. It is recommended that you obtain professional financial advice if you are in any doubt as to whether you should participate.

I encourage you to read this booklet carefully. If, after reading this booklet, you have any queries on how the Buy-Back operates or how you can participate, please contact the company. If you do not wish to participate in the Buy-Back, you do not need to take any action.

If you wish to participate, please ensure your acceptance form is received by no later than 5.00pm (Eastern Standard Time) on Friday, 30 June 2009.

Yours faithfully,
Peter Spann



Chairman
Property Fox No. 1 Limited

Key features of the Buy-Back

Target size	approximately \$1 million assuming all shareholders accept the Buy-Back
Buy-Back Price	The Buy-Back Price is \$0.55 per share.
Eligible shareholders	You are Eligible to participate in the Buy-Back if Shares are registered in your name on the Buy-Back record Date (15 May 2009) and you are not an Ineligible Shareholder
Ineligible shareholders	Excluded Foreign Persons, including any person who is (or who is acting on behalf of or for the account of a person who is) in the United States or who is a United States Person or a resident of Canada, are not eligible to participate in the Buy-Back.
Buy-Back record Date	Friday 15 May 2009
Closing Date	5.00pm (Eastern Standard Time) on Tuesday, 30 th June 2009

WHAT TO DO?

If you are an Eligible shareholder, it is your choice whether or not to participate in the Buy-Back. To ensure that you make an informed decision, you should read this document and consider the details carefully. If you are in any doubt as to the action you should take, you should consult your financial, taxation or other professional adviser immediately.

IF YOU CHOOSE TO PARTICIPATE?

Please refer to Section 2 for details on how to participate. There are several options you need to consider if you do choose to participate in the Buy-Back

- You should not have to pay any brokerage to sell your Shares into the Buy-Back
- Section 6 provides instructions on how to fill out a Tender Form in order to participate in the Buy-Back.

IF YOU CHOOSE NOT TO PARTICIPATE ?

- You do not need to take any action.
- The number of shares you hold will not change.
- As a shareholder you could benefit from any improvement in or be worse off by any deterioration in the financial position of the company and you will continue to be subject to the normal benefits and investment risks associated with share ownership.

TABLE OF CONTENTS

Number	Heading	PAGE
1	Details of the Buy-Back	6
2	How to accept the Buy-Back	9
3	Effect of the Buy-Back on PF1	12
4	Additional Information on the Buy-Back	14
5	Definitions and Interpretations	17
6	Illustrated Examples of Tender Forms	20

SECTION 1: DETAILS OF THE BUY-BACK

This section sets out the terms of the Buy-Back and other information to assist you in making a decision whether to participate in the Buy-Back. You should also have regard to other information previously made available to you about PF1, such as PF1's full year results for the 2008 financial year and the Notice of Meeting forwarded to shareholders on 5th January 2009

1.1 What is an Off-Market Buy-Back?

An Off-Market Buy Back is a process whereby the company invites eligible shareholders to sell some of their shares. The shares bought back are subsequently cancelled, reducing the total number of shares the company has on issue. Under this Buy-Back, a shareholder is able to sell up to 40% of their shareholding for \$0.55 per share.

1.2 Why is PF1 implementing a Buy-Back?

Due to the climate of economic uncertainty that is currently prevailing in world economic markets the Board of Property Fox No.1 Limited believes that the surplus cash currently held by the company is best distributed back to the shareholders. As such the Buy-Back is seeking to distribute almost \$1million back to the shareholders if all shareholders accept the Buy-Back.

1.3 What are the advantages of the Buy-Back?

- The buy-back will allow PF1 to distribute to shareholders cash in their hands and will reduce the number of shares on issue.
- The shareholders are free to invest their cash in any way they see fit.
- The benefit of tax losses is concentrated with the remaining shareholders.

1.4 What are the disadvantages for PF1 of accepting the Buy-Back?

- The buy-back will deplete the Company's funds.
- The Company will have a smaller pool of resources with which to continue its property investment operations.
- Voting power will be concentrated with the remaining shareholders.

1.5 Did PF1 consider other ways of returning capital?

There are a number of alternatives to an equal access buy-back scheme being conducted by the Board of PF1 to return capital to shareholders. The following alternatives were considered and not proceeded with. The reasons for the Board not proceeding with the stated alternative is outlined below.

Possible way of returning cash to shareholders	Reason for not proceeding
Dividend	Dividends can only be paid out of profits and as PF1 has not declared a profit the Board cannot pay a dividend
Pro-rata capital reduction	If a resolution was approved to reduce the capital of the company in a pro-rata manner ALL shareholders would be forced to accept the capital reduction and the consequential cash payment. This may be in direct conflict with the objectives of individual shareholders.
On-market buy-back	This would not allow all shareholders to have their shares (or an equal percentage of them) bought back by the company at the same price.

In addition to the above the Board of PF1 has considered many potential investments for the surplus cash held by the company. However, due to the current economic climate and the overwhelming desire of shareholders as expressed to the Board (confirmed by the vote of Shareholders at the Extraordinary General Meeting on 5th February 2009 where 77.5% of those shareholders which voted, voting in favor of the resolution to implement the Buy-Back) it has resolved to implement the equal access buy-back as approved by shareholders on 5th February 2009.

1.6 Am I entitled to participate in the Buy-Back?

You will be eligible to participate in the Buy-Back if:

- You have Shares registered in your name on the Buy-Back Record Date (15 May 2009)

1.7 How does the Buy-Back compare to selling my shares on market?

Firstly, the Buy-Back is only for a 40% of your shares, so that even if you accept the Buy-Back you will only be able to dispose up to 40% of your shares. You may sell less than 40% of your holding if you nominate the amount of shares you want to sell (it must be less than 40% of your holding).

Depending on your individual circumstances, if you sell your shares on the NSX the Australian tax consequences of doing so may be different from selling your Shares into the Buy-Back and the Directors of PF1 offer no advice in relation to your individual circumstances. Shareholders should consult their own advisers in relation to the potential tax consequences of accepting the Buy-Back.

An additional benefit of participating in the Buy-Back is that you should need to appoint a broker or pay brokerage whereas to sell your shares on NSX, you may need to do so.

You may also be able to sell your shares on NSX for a price higher or lower than the price of the Buy-Back offer. That will depend on a number of factors including the demand for PF1 stock on NSX and market conditions.

By making the Buy-Back offer and setting the price at \$0.55, PF1 is not making any recommendation or giving any advice on the value of your shares or whether (or not) you should sell your shares. Prior to the Extraordinary General Meeting of Shareholders held on 5th February 2009, the Board of PF1 engaged the services of William Buck to provide advice to shareholders as to whether or not the proposed Buy-Back was fair and reasonable. William Buck has determined, in the report distributed to shareholders, together with the Notice of Meeting that the Buy-Back is fair and reasonable.

Before you decide what to do with your shares, it is strongly recommended that you seek your own professional advice.

1.8 What does the Buy-Back mean if you do not participate?

If you choose not to participate the number of shares you hold will not change as a result of the Buy-Back. After the Buy-Back is completed, you will hold a slightly larger percentage of the total shares in PF1. The existing major shareholders will increase their shareholding as disclosed in section 3.5.

1.9 How will I receive payment for the shares bought back?

A cheque will be mailed to your address as shown on the PF1 register, as at 5pm (Eastern Standard Time) on Monday 6th July 2009. It is your responsibility to inform the Registry of any changes to your contact details. Despatch of cheques is expected to commence by 6th July 2009. Despatch of cheques to the addresses on PF1's Share Register will satisfy PF1's obligation to pay you for any Shares bought back.

1.10 What effect does the Buy-Back have on the Bid of Primrose Capital Management Pty Ltd ?

As the takeover bid made by Primrose Capital Management Pty Ltd ended on 4 May 2009 and was not extended the bid will have no effect on shareholders.

1.10.1 Effect on Pritchard Equity Limited's ("Pritchard") bid for the A Class shares of PF1

As the takeover bid made by Pritchard Equity Limited ended on 27th March 2009 and was not extended the bid will have no effect on shareholders.

SECTION 2: HOW TO ACCEPT THE BUY-BACK

2.1 How Do I Participate in the Buy-Back?

The following provides instructions on how to complete your Buy-Back application form. If you require assistance to complete your form please contact the company on 07 3031 9950. Example forms are included in Section 6. These are provided for illustrative purposes only. PF1 is not providing any advice as to whether or not you should accept the Buy-Back offer.

STEP 1- Decide how many shares you wish to sell.

Tender Form Box A sets out the maximum number of shares you may sell (40% of your holding). However, please note you can sell less than the maximum (40%).

STEP 2- If you wish to tender less-calculate and nominate the amount of shares you wish to have bought back.

Tender Form Box B gives you the option of having PF1 Buy-Back LESS than the nominated amount (representing 40% of your holding). If you wish to have a smaller amount of your holding bought back please nominate the amount (it must be LESS than the amount in Box A) in the box adjacent to B.

STEP 3- Submit your Form(s)

How to submit your tender will depend on the type of holding you have. This will be specified on your Tender Form.

a) Issuer Sponsored Holders

If you would like to participate in the Buy-Back you need to complete and sign your Tender Form at Box C and return it to the Registry as set out below:

If sending by Mail

PFA Buy-Back
c/: Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

You can use the enclosed reply-paid envelope if you are posting your Tender Form in Australia.

If delivering in person (during business hours only)

PFA Buy-Back
c/: Link Market Services Limited
Level 12 680 George Street
SYDNEY NSW 2000

b) CHESS Holders

You need to instruct your controlling participant (normally your broker) in sufficient time for them to process your tender so that it is received by the Registry by 5pm on 30th June 2009. The name of the controlling participant who manages your CHESS Holding as at the Buy-Back record Date is printed on your Tender Form.

You should NOT send your Tender Form to the Registry.

If you are a CHESS holder you may receive written confirmation from CHESS of the Tenders made on your holding or Tenders withdrawn by your controlling participant.

2.2 CAN I WITHDRAW OR AMEND MY TENDER?

The following provides instructions on how you can withdraw or amend your initial Tender Form.

a) Issuer Sponsored Holdings

You can withdraw or amend your Initial Tender Form by submitting a Withdrawal/Amendment Form, a copy of which is included with this booklet.

Any amendment will not be effective unless it is received by the Closing Date (which is 5.00pm on 30th June 2009), unless PF1 announces a later date.

Any withdrawal will not be effective unless it is received by 30th June 2009.

Using a Withdrawal/Amendment Form

Withdrawal of Initial Tender Form

You may withdraw your Tender by placing a tick in the 'Withdrawal' Box on the Withdrawal/Amendment Form, signing the form and sending it to the Registry at the address provided so that it is received by no later than the Closing Date.

Amendment of Initial Tender Form

If you want to change your Tender you must tick the 'Amendment' Box on the Withdrawal/Amendment Form.

You must then complete Part B by writing the number of Shares you wish to Tender in the Box in Part B, sign the Form and send it to the Registry so that it is received no later than the Closing Date.

The effect of submitting a Withdrawal/ Amendment Form will be to withdraw your Initial Tender Form and (where applicable) replace it with the Tender detailed on that Withdrawal/Amendment Form.



If your Withdrawal/ Amendment Form is incomplete or incorrect your Withdrawal/ Amendment Form may not be accepted (at PF1's absolute discretion) and your existing Tender may be accepted into the Buy-Back.

b) CHESS Holdings

If you have a CHESS holding, you will need to instruct your controlling participant in sufficient time for them to process your withdrawal or amendment no later the Closing Date (30 June 2009).

If you have a CHESS Holding, you should NOT send a Withdrawal/ Amendment Form to the Registry as it cannot process your Withdrawal/ Amendment Form and therefore any such form will not be accepted by PF1.

The effect of your controlling participant withdrawing or amending your Initial Tender Form will be to withdraw that Tender, and in the case of an amendment to replace the amended Tender with a new Tender.

If you are a CHESS Holder, you will receive written confirmation from CHESS of the withdrawals/amendments made in relation to your holding by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by PF1 of your withdrawal or amendment of any Tender.

2.3 How can I Obtain additional Tender or Withdrawal/ Amendment Forms?

If you require an additional Withdrawal/ Amendment Form or any replacement Tender Forms, please call PF1's Registry on 1300 554 474 (callers within Australia or +61 2 8280 7454 (callers outside Australia)

3. EFFECT OF THE BUY-BACK ON PF1.

The following information was forwarded to shareholders on 5th January 2009, in the Notice of Extraordinary General Meeting of Shareholders and is presented here for information purposes.

3.1 Financial Position of the Company

PROPERTY FOX NO 1 LIMITED

Balance Sheet as at 12 December 2008

Cash & cash equivalents	1,419,365.95	
Trade & other receivables	26,212.23	
Inventories	1,293,110.55	
Other Financial Assets	67,191.48	
Prepayments	12,394.88	
Total Current Assets		2,818,275.09
Liabilities		
Current Liabilities		
Trade & Other Payables	37,156.00	
Total Current Liabilities		37,156.00
Non-Current Liabilities		
Borrowings	446,250.00	
Total Non-Current Liabilities		446,250.00
Total Liabilities		483,406.00
Net Assets		2,334,869.09
Equity		
Shareholders equity		
Issued Capital	4,506,710.56	
Accumulated losses	-2,171,841.47	
Total Equity		2,334,869.09

3.2 Number and percentage of shares to be bought back

Shareholders have approved a resolution that allows for up to 1,805,200 A Class shares to be bought back at a price of \$0.55 per share, at a maximum cost to the Company of \$992,860. This is a buy-back of up to 40% of the A Class shares on issue and 31.32% of the entire issued capital (including the Ordinary shares) assuming all A Class shareholders accept the buy-back.

PROPERTY FOX NO 1 LIMITED

**Proforma Balance Sheet (based on
unaudited management accounts at 28
February 2009) assuming all
shareholders accept the offer to buy back
40% of their shares at 55 cents.**

Cost of buying back 40% of all shares at 55 cents per share	\$992,860
Cost of IER etc.	\$25,000

Assets

Current Assets

Cash & cash equivalents	311,844	
Trade & other receivables	29,244	
Inventories	1,293,110	
Other Financial Assets	79,314	
Prepayments	20,503	
Total Current Assets		1,734,015

Liabilities

Current Liabilities

Trade & Other Payables	68,078	
Total Current Liabilities		68,078

Non-Current Liabilities

Borrowings	446,250	
Total Non-Current Liabilities		446,250

Total Liabilities		514,328
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Net Assets		1,219,687
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Equity

Shareholders equity

Issued Capital	3,513,850	
Accumulated losses	-2,294,163	

Total Equity		1,219,687
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*Shareholders should note that the above Pro Forma accounts include approximately \$25,000 in anticipated fees associated with the proposed buy-back including the costs of the Independent Expert Report, legal and accounting fees, registry, printing and mailing and distribution fees.

Shareholders should also consult the financial reports of the Company included in the Annual Report forwarded to shareholders, the Independent Expert Report prepared and forwarded to Shareholders on 5th January 2009 and the Financial Statements and Review Report for the half-year ended 31 December 2008, which has been sent with this document.

3.4 The source of the funds for the buy-back

As disclosed in the Annual Accounts of the Company as at 30 June 2008 the company held cash of \$1,427,875. As at 12 December 2008, the cash at bank balance was \$1,419,365. It is anticipated that a proportion of these funds will be used to fund the buy-back.

3.5 What effect will the Buy-Back have on the Control of PF1?

The following information discloses the effect the Buy-Back will have on the major shareholders of PF1.

Current voting rights of Fox Portfolio Pty Ltd	Voting rights of Fox Portfolio Pty Ltd if 50% of A Class shareholders accept the buy-back	Voting rights of Fox Portfolio Pty Ltd if 100% of A Class shareholders accept the buy-back
21.7%	25.72%	31.58%
Assuming no shares cancelled	Assuming 902,600 shares cancelled because of the buy-back	Assuming 1,805,200 shares cancelled because of the buy-back.

3.6 Forward looking Statements

Certain statements contained in the Buy-Back booklet regarding the company generally and the implementation of the Buy-Back and its effect on PF1's business and securities, may constitute 'forward looking statements' for the purposes of applicable securities law. PF1 undertakes no obligation to revise the forward looking statements. Factors that could cause or contribute to such differences include the general trading and economic conditions affecting PF1. Further information about PF1, its business and factors affecting its operations is contained in the announcements of PF1 which may be viewed online at www.nsx.com.au

4. Additional Information on the Buy-Back

4.1 Size of the Buy-Back

Shareholders have approved a resolution that allows for up to 1,805,200 A Class shares to be bought back at a price of \$0.55 per share, at a maximum cost to the Company of \$992,860. This is a buy-back of up to 40% of the A Class shares on issue and 31.32% of the entire issued capital (including the Ordinary shares) assuming all A Class shareholders accept the buy-back.

4.2 Effect of Submitting a Tender

A Tender constitutes an offer to sell the tendered Shares to PF1 on the terms and conditions set out in the Buy-Back Documents. A Tender does not, of itself, constitute a binding contract for the sale of the tendered Shares and cannot be enforced against PF1. PF1 retains the discretion to accept or reject any Tender and may choose to reject all Tenders.

If PF1 accepts your Tender, a binding Buy-Back Contract is formed between you and PF1, and you must sell the tendered shares to PF1 on the terms and conditions set out in the Buy-Back Documents, including the terms and conditions set out below.

By Submitting a Tender Form (whether by returning a Tender Form to the Registry or instructing your controlling participant), you:

- Agree to the terms and conditions set out in the Buy-Back documents;
- Offer to sell to PF1 on the Buy-Back date the number of Shares nominated for sale on your Tender Form (adjusted in accordance with the Terms and Conditions set out in the Buy-Back documents);
- Agree that a Buy-back contract is formed for the purchase of the relevant Shares upon the Board of PF1 accepting your tender in accordance with the terms and conditions of this Buy-Back, and that the purchase of shares is taken to occur at that time;
- Waive any requirement to receive further notice or communication from PF1 of its acceptance or rejection of any Tender submitted by you;
- Warrant to PF1 that at all times after you Tender your shares for sale into the Buy-Back, and on the Buy-Back date, you are the registered holder of the shares that you have tendered and that they are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and otherwise able to be sold by you;
- Warrant that you are a person to whom the Buy-Back Invitation may lawfully be made and whose participation in the Buy-Back is permitted;
- Authorise PF1 (and its officers, agents or contractors) to correct any error in or omission from your Tender Form and /or Withdrawal/Amendment Form, and to insert any missing details;
- Undertake not to sell or offer to sell Shares to any other person if, as a result, you will have at any time after you submit your Tender until the Buy-Back date hold fewer shares than the number of Shares you have tendered;
- Acknowledge that neither PF1 nor any other party involved in the Buy-Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buy-Back;
- Authorise PF1 to make payment by cheque mailed to your address shown on the PF1 Share Register at 5.00pm on the Closing Date (30 June 2009);
- Undertake that if you breach any of these covenants, undertakings, agreements or warranties you will indemnify PF1 for all of its costs arising from the breach.

You will be taken to have submitted a Tender when the Registry receives your validly completed Tender Form or, if you have a CHESS Holding, your Tender from your controlling participant through CHESS.

4.3 PF1's Right to accept or reject tenders and Tender forms

At any time, PF1 may (at its sole discretion):

- Accept or reject any Tender or Tender Form; and/or
- Accept or reject a Tender not made on the terms and conditions set out in the Buy-Back documents, or a tender Form not submitted in accordance with the procedures set out in the Buy-Back documents.

4.4 PF1's right to vary dates and times

While PF1 does not anticipate changing any of the dates and times set out in the Buy-Back Documents (including, without limitation the closing date and the Buy-Back Date) it reserves the right to vary them. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced as soon as practicable following the Board's authorisation. Any such change will be taken to amend this booklet (and the other Buy-Back Documents) accordingly. PF1 may also decide not to proceed with the Buy-Back.

Without limitation, PF1 reserves the right to terminate the Buy-Back at any time prior to the date on which PF1 enters into Buy-Back Contracts by making an announcement to the NSX to that effect.

4.5 Directors' Entitlements

No Director will be participating in the Buy-Back. As the Buy-Back is only open to 'A' class shareholders Fox Portfolio Pty Ltd, the holder of 1,250,000 ordinary shares in PF1 is not entitled to participate in the Buy-Back.

4.6 Privacy

PF1 is carrying out this Buy-Back in accordance with the Corporations Act. This involves the collection of personal information contained in the Tender Forms to enable PF1 to process your Tender. If you do not provide this information, PF1 may be hindered in, or prevented from, processing your Tender.

The personal information collected by PF1 will only be disclosed to Link Market Services Limited, in their capacity as the agent of PF1's share registrar, to a print and mail service provider, to PF1's advisers in relation to the Buy-Back and to Financial Institutions in respect of payments to you in connection with the Buy-Back or as required or authorised by law.

If you wish to access the personal information collected by PF1 in relation to your shareholding, please write to PF1, c/PF1 Share Registry at the mailing address set out in the Tender Form.

4.7 Applicable Law

The Buy-Back Documents, your Tender and any Buy-Back Contract generally are governed by the laws of New South Wales, Australia.

4.8 Tax Information

The Directors of PF1 were planning on applying for a class ruling in relation to the taxation consequences of the Buy-Back for shareholders of PF1. However, due to the cost of obtaining such a class ruling the Directors of PF1 have decided against applying for such a ruling.

The directors of Property Fox No. 1 Limited have sought professional taxation advice regarding the tax character of the proposed share buy-back payment. The advice confirms that “The relevant circumstances surrounding the PF1 share buy-back indicate that it is appropriate to treat the buy-back proceeds as capital, and therefore the Commissioner would be unlikely to determine that section 45B applies.” (Section 45B of the Income Tax Assessment Act 1936 is an anti-avoidance provision the Commissioner can apply in circumstances where capital payments are made to shareholders in substitution for dividends). Hence, Australian resident shareholders who hold their shares on capital account would make a capital gain where the proceeds they receive from the buyback are greater than their relevant cost base for the shares. Conversely, a capital loss would be made where the proceeds they receive from the buy-back are less than their relevant cost base for the shares.

Shareholders should seek professional tax advice specific to their circumstances in order to determine the implications of the buy-back in their particular circumstances.

5. Definitions and Interpretations

ASIC means the Australian Securities Investment Commission

ASTC means the ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532), the securities clearing house of the ASX.

Board or PF1’s Board means the Board of Directors of Property Fox No.1 Limited or any duly constituted committee of the Board.

Buy-Back means the buy-back of Shares by way of a tender process as set out in the Buy Back documents.

Buy-Back Contract means the contract formed on the Buy-Back Date between you and PF1 at the time that PF1 accepts your Tender (if and to the extent that PF1 accepts your Tender).

Buy-Back Date means the date and time the PF1 Board determines the Buy-Back Price, the total number of shares to be bought back and accepts your Tender in accordance with the terms and conditions of this buy-back.

Buy-Back Documents means this booklet, the Tender Form and the Withdrawal/Amendment Form.

Buy-Back Invitation means the invitation by PF1 to eligible shareholders to offer to sell shares to PF1 as set out in the Buy-Back documents.

Buy-Back Price means \$0.55 per share.

Buy-Back Record Date means Friday 15th May 2009 being the date of determination of shareholders entitled to participate in the Buy-Back.

CGT means Capital Gains Tax.

CHESS means Clearing House Electronic Subregister System.

CHESS holder means a holder of Shares on the CHESS subregister.

Closing Date means 30th June 2009 unless PF1 announces a later date.

Controlling Participant means the entity which controls the shares pursuant to a CHESS arrangement

Corporations Act means the Corporations Act 2001 (Cth).

Issuer Sponsored Holder means a holder of Share on the issuer sponsored Subregister of PF1.

Issuer Sponsored Holding means a holding of Shares on the issuer sponsored Subregister of PF1.

NSX means the NSX Limited ABN 33 089 447 058

NSX Market Rules means the rules that form part of the operating rules of the NSX for the purposes of the Corporations Act.

PFA means an A class share in PF1.

PF1, or the Company means Property Fox No.1 Limited ABN 97 101 816 353

PF1's Share Register means the Share register of PF1

Registry means Link Market Services Limited in their capacity as agent of PF1's Share Register.

Settlement Rules means the settlement rules of ATSC as amended from time to time.

Shares means the A class shares and the ordinary shares in the capital of PF1 on issue as at the Record Date.

Tender means a shareholder's offer to sell Shares to PF1 at the specified price of \$0.55 per A class share and on the terms and conditions set out in the Buy-Back documents as amended in accordance with the procedures set out in the Buy-Back Documents.

Tender Form means the form of offer by a shareholder to sell shares to PF1 under the Buy-Back, which is enclosed with this booklet represented by instructions from a CHESS Holder's controlling participant (and includes a Tender Form amended in accordance with the procedures set out in the Buy-Back documents).

Tender Period means the period within which shareholders may lodge, withdraw or amend a Tender in accordance with the Buy-Back documents.

William Buck means William Buck Corporate Advisory Services (NSW) Pty Limited ABN 50 133 845 637

Withdrawal/Amendment Form means the form entitled 'Withdrawal/Amendment Form' a copy of which is included at the back of this booklet that is required to withdraw or amend a previously submitted tender

You or shareholder means a holder of Shares in PF1.

5.2 Interpretation

In the Buy-Back Documents unless the context otherwise requires:

- Singular includes the plural and vice versa;
- Words importing one gender include other genders;
- Other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;
- Terms used in the Buy-Back Documents and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- A reference to time is Eastern Standard Time, Australia
- The postal acceptance rule does not apply to Tenders.

Contacts:

If you have any questions in relation to the Buy-Back please call PF1 on 07 3031 9950

6. ILLUSTRATED EXAMPLES OF TENDER FORMS

TENDER FORM
ISSUER SPONSORED HOLDERS

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND
IT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

Securityholder Reference Number (SRN):

Shares you can tender as at 15 May 2009 (Record Date):
(Being 40% of your total shareholding)

A

I/We offer to sell the following Shares to Property Fox No. 1 Limited ("PFA") at the share price of \$0.55 as set out in the accompanying Buy-Back Document:

B

40% of my holding as
per Box A (Tick box)

☐

OR

if you wish to Tender a different amount, insert
the number of shares you wish to Tender.

--	--	--	--	--	--	--	--

You should refer to the special instructions overleaf before completing this Tender Form.

The number of shares written in Part B, if any, must not be more than the number in Box A.

C

Please sign within the boxes below in accordance with instructions overleaf

Individual OR Sole Director
and Sole Company Secretary

Joint Shareholder 2 OR
Director/Company Secretary

Joint Shareholder 3 OR
Director

Telephone Number – Business Hours

Telephone Number – After Hours

Contact Name (PRINT)



Tender Form Instructions – Issuer Sponsored Holders

How to complete this Tender Form

The instructions below are cross-referenced to each section of the Tender Form. Please complete the form in black ink.

A This is 40% of the total number of Shares registered in your name as at 15 May 2009. If you want to participate in the Buy-Back, you can offer to sell some or all of these Shares to PFA (by following the instructions set out below).

B If you wish to Tender 40% of your holding, tick the box in this Section. If you wish to Tender a different amount, insert the number of Shares you wish to Tender in this Section.

Note that the number of Shares entered in this Section (if any) must not be more than the number of Shares in Box A.

C Sign and date the Tender Form at Part C. By signing and returning this Tender Form you acknowledge that you have read and understood the accompanying Buy-Back Document dated 8 May 2009 and that the Tender specified on this Tender Form is an offer to sell the tendered Shares to PFA at the offer price set out in the Buy-Back Document.

Joint shareholders – all holders must sign.

Under power of attorney – where this Tender Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power. If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry.

Deceased estate – all executors should sign. If not already noted by the Registry, send an originally certified copy of probate or letters of administration to the Registry.

Company – this Tender Form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

Submitting your Tender Form

If you require further information on how to complete this Tender Form please contact PFA on (07) 3031 9950 (within Australia) or +61 7 3031 9950 (from outside Australia).

Use the enclosed envelope to send or deliver your completed and signed Tender Form to the following address so that it is received by no later than 5:00pm (AEST) on Tuesday, 30 June 2009.

Mailing Address

PFA BuyBack
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Delivery Address

PFA BuyBack
C/- Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

THIS TENDER FORM RELATES TO THE PROPERTY FOX NO. 1 LIMITED BUY-BACK DOCUMENT DATED 8 MAY 2009 AND SHOULD BE READ IN CONJUNCTION WITH THAT DOCUMENT.

TENDER FORM

CHESS HOLDERS

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND IT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

Do NOT send your Tender Form to the Registry. Send this form to your controlling CHESS participant.

Controlling CHESS participant as at 15 May 2009:

Holder Identification Number (HIN):

Shares you can tender as at 15 May 2009 (Record Date):
(Being 40% of your total shareholding)

A

I/We offer to sell the following Shares to Property Fox No. 1 Limited ("PFA") at the offer price of \$0.55 as set out in the accompanying Buy-Back Document:

B

40% of my holding as
per Box A (Tick box)

☐

OR

if you wish to Tender a different amount, insert
the number of shares you wish to Tender.

You should refer to the special instructions overleaf before completing this Tender Form.

The number of shares written in Part B, if any, must not be more than the number in Box A.

C

Please sign within the boxes below in accordance with instructions overleaf

Individual OR Sole Director
and Sole Company Secretary

Joint Shareholder 2 OR
Director/Company Secretary

Joint Shareholder 3 OR
Director

Telephone Number – Business Hours

Telephone Number – After Hours

Contact Name (PRINT)



Tender Form Instructions – CHESS Holders

How to complete this Tender Form

The instructions below are cross-referenced to each section of the Tender Form. Please complete the form in black ink.

A This is 40% of the total number of Shares registered in your name as at 15 May 2009. If you want to participate in the Buy-Back, you can offer to sell some or all of these Shares to PFA (by following the instructions set out below).

B If you wish to Tender 40% of your holding, tick the box in this Section. If you wish to Tender a different amount, insert the number of Shares you wish to Tender in this Section.

Note that the number of Shares entered in this Section (if any) must not be more than the number of Shares in Box A.

C Sign and date the Tender Form at Part C. By signing and returning this Tender Form you acknowledge that you have read and understood the accompanying Buy-Back Document dated 8 May 2009 and that the Tender specified on this Tender Form is an offer to sell the tendered Shares to PFA at the Share Price set out in the Buy-Back Documents.

Joint shareholders – all holders must sign.

Under power of attorney – where this Tender Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power. Contact your controlling participant for any additional documentation required by them.

Deceased estate – all executors should sign. Contact your controlling participant for any additional documentation required by them.

Company – this Tender Form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

Submitting your Tender Form

You need to ensure that your Controlling Participant (normally your stockbroker) receives your Tender instructions in sufficient time for them to process your Tender by no later than 5:00pm (AEST) on Tuesday, 30 June 2009. The name of the Controlling Participant who manages your CHESS holding as at 15 May 2009 is pre-printed on the front of this Tender Form.

If you require further information on how to complete this Tender Form please contact PFA on (07) 3031 9950 (within Australia) or +61 7 3031 9950 (from outside Australia).

THIS TENDER FORM RELATES TO THE PROPERTY FOX NO. 1 LIMITED BUY-BACK DOCUMENT DATED 8 MAY 2009 AND
SHOULD BE READ IN CONJUNCTION WITH THAT DOCUMENT.

WITHDRAWAL/AMENDMENT FORM

ISSUER SPONSORED HOLDERS

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND IT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

Securityholder Reference Number (SRN):

Shares you can tender as at 15 May 2009 (Record Date):
(Being 40% of your total shareholding)

A

Please place a tick in the appropriate box:

☐

Withdrawal: I/We wish to withdraw my/our previous Tender(s)
(in accordance with the Buy-Back Documents.
(Complete Part C)

OR

☐

Amendment: I/We wish to withdraw my/our previous Tender(s) in
full and wish to submit a replacement Tender as set out below.
(Complete Parts B and C)

I/We offer to sell the following Shares to Property Fox No. 1 Limited ("PFA") at the share price of \$0.55 as set out in the Buy-Back Documents:

B

Insert the **number** of Shares (if
any) you wish to tender.

**You should refer to the special
instructions overleaf before
completing this Withdrawal/
Amendment Form.**

The number of Shares in Section B must
not be more than the number in Box A.

C

Please sign within the boxes below in accordance with instructions overleaf

Individual OR Sole Director
and Sole Company Secretary

Telephone Number – Business Hours

Joint Shareholder 2 OR
Director/Company Secretary

Telephone Number – After Hours

Joint Shareholder 3 OR
Director

Contact Name (PRINT)



Withdrawal/Amendment Form Instructions

– Issuer Sponsored Holders

Shareholders who have submitted a Tender Form and now want to withdraw or amend their Tender must lodge this Withdrawal/Amendment Form.

How to complete this Withdrawal/Amendment Form

The instructions below are cross-referenced to each section of the Withdrawal/Amendment Form. Please complete this Withdrawal/Amendment Form using black ink.

Place a tick in either the “Withdrawal” Box or the “Amendment” Box but not both.

Place a tick in the “Withdrawal” Box if you wish to withdraw your previous Tender in full (and not replace it).

Place a tick in the “Amendment” Box if you wish to withdraw your previous Tender in full and replace it with a new Tender.

A

This is the total number of Shares registered in your name as at 15 May 2009 and the maximum number of Shares you can offer to sell to PFA.

B

If you have ticked the Amendment Box insert the number of Shares you wish to offer to sell to PFA in this Box, being no more than the number of Shares set out in Box A.

C

Sign and date the Withdrawal/Amendment Form at Part C. By signing and returning this Withdrawal/Amendment Form you acknowledge that you have read and understood the Buy-Back Documents and that the Tender(s) specified on this Withdrawal/Amendment Form are offers to sell the tendered Shares to PFA at the share price of \$0.55 as set out on the terms and conditions in the Buy-Back Documents.

Joint shareholders – all holders must sign.

Under power of attorney – where this Withdrawal/Amendment Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power. If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry.

Deceased estate – all executors should sign. If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry.

Company – this Withdrawal/Amendment Form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

Submitting your Withdrawal/Amendment Form

If you require further information on how to complete this Withdrawal/Amendment Form please contact PFA on (07) 3031 9950 (within Australia) or +61 7 3031 9950 (from outside Australia).

Use the enclosed envelope to send or deliver your completed and signed Withdrawal/Amendment Form to the following address so that it is received by the Share Registry no later than 5:00pm (AEST) on Tuesday, 30 June 2009.

Mailing Address

PFA Buy-Back
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Delivery Address

PFA Buy-Back
C/- Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

THIS WITHDRAWAL/AMENDMENT FORM RELATES TO THE PROPERTY FOX NO. 1 LIMITED BUY-BACK DOCUMENTS DATED 8 MAY 2009
AND SHOULD BE READ IN CONJUNCTION WITH THAT DOCUMENT.

THE TERMS AND CONDITIONS OF THE BUY-BACK, AND THE EFFECT OF SUBMITTING A TENDER,
ARE SET OUT IN THE BUY-BACK DOCUMENTS.

WITHDRAWAL/AMENDMENT FORM

CHESS HOLDERS

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND IT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

Do NOT send your Withdrawal/Amendment Form to the Registry. Send this form to your controlling CHESS participant.

Controlling CHESS participant as at 15 May 2009:

Holder Identification Number (HIN):

Shares you can tender as at 15 May 2009 (Record Date):
(Being 40% of your total shareholding)

A

Please place a tick in the appropriate box:

☐

Withdrawal: I/We wish to withdraw my/our previous Tender(s)
(in accordance with the Buy-Back Documents.
(Complete Part C)

OR

☐

Amendment: I/We wish to withdraw my/our previous Tender(s) in
full and wish to submit a replacement Tender as set out below.
(Complete Parts B and C)

I/We offer to sell the following Shares to Property Fox No. 1 Limited ("PFA") at the share price of \$0.55 as set out in the Buy-Back Documents:

B

Insert the **number** of Shares you
wish to tender.

**You should refer to the special
instructions overleaf before
completing this Withdrawal/
Amendment Form.**

The number of Shares in Section B must
not be more than the number in Box A.

C

Please sign within the boxes below in accordance with instructions overleaf

Individual OR Sole Director
and Sole Company Secretary

Joint Shareholder 2 OR
Director/Company Secretary

Joint Shareholder 3 OR
Director

Telephone Number – Business Hours

Telephone Number – After Hours

Contact Name (PRINT)



Withdrawal/Amendment Form Instructions – CHESS Holders

Shareholders who have submitted a Tender Form and now want to withdraw or amend their Tender must lodge this Withdrawal/Amendment Form.

How to complete this Withdrawal/Amendment Form

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Place a tick in the “Withdrawal” Box if you wish to withdraw your previous Tender in full (and not replace it).

Place a tick in the “Amendment” Box if you wish to withdraw your previous Tender in full and replace it with a new Tender.

A

This is the total number of Shares registered in your name as at 15 May 2009 and the maximum number of Shares you can offer to sell to PFA.

B

If you have ticked the Amendment Box insert the number of Shares you wish to offer to sell to PFA in this Box, being no more than the number of Shares set out in Box A.

C

Sign and date the Withdrawal/Amendment Form at Part C. By signing and returning this Withdrawal/Amendment Form you acknowledge that you have read and understood the Buy-Back Documents and that the Tender(s) specified on this Withdrawal/Amendment Form are offers to sell the tendered Shares to PFA at the share price of \$0.55 as set out on the terms and conditions in the Buy-Back Documents.

Joint shareholders – all holders must sign.

Under power of attorney – where this Withdrawal/Amendment Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power. If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry.

Deceased estate – all executors should sign. If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry.

Company – this Withdrawal/Amendment Form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

Submitting your Withdrawal/Amendment Form

Do not send your Withdrawal/Amendment Form to the Registry.

You need to ensure that your Controlling Participant (normally your stockbroker) receives your withdrawal/amendment instructions in sufficient time for them to process your withdrawal/amendment by no later than 5:00pm (AEST) on Tuesday, 30 June 2009. The name of the Controlling Participant who manages your CHESS holding as at 15 May 2009 is pre-printed on the front of this Withdrawal/Amendment Form.

If you require further information on how to complete this form please contact PFA on (07) 3031 9950 (within Australia) or +61 7 3031 9950 (from outside Australia).

THIS WITHDRAWAL/AMENDMENT FORM RELATES TO THE PROPERTY FOX NO. 1 LIMITED BUY-BACK DOCUMENTS DATED 8 MAY 2009
AND SHOULD BE READ IN CONJUNCTION WITH THAT DOCUMENT.

THE TERMS AND CONDITIONS OF THE BUY-BACK, AND THE EFFECT OF SUBMITTING A TENDER,
ARE SET OUT IN THE BUY-BACK DOCUMENTS.