

18th June 2009

National Stock Exchange of Australia
Level 2, 117 Scott Street
Newcastle NSW 2300

BY E-LODGE MENT

**Property Fox No.1 Limited-Takeover Bid by Property Fox No.2 Limited
Notice of Dispatch of Bidder's Statement**

In accordance with step 8 of the table in section 633 (1) of the *Corporations Act 2001*, notice is given that the Bidder's Statement has been dispatched to holders of A Class shares in Property Fox No. 1 Limited.

A copy of the Bidder's Statement is attached.

Yours Faithfully,
Property Fox No.2 Limited



Andrew Whitten
Company Secretary

PROPERTY FOX NO. 2 LIMITED
ACN 108 076 295

BIDDER'S STATEMENT

**PROPERTY FOX NO. 2 LIMITED'S
BID FOR ALL THE A CLASS SHARES IN
PROPERTY FOX NO. 1 LIMITED** ACN 101 816 353

**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 OWN
FINANCIAL OR OWN LEGAL ADVISER AS SOON AS
POSSIBLE.**

**Consideration of 9 A Class Shares in Property Fox No. 2
Limited for every 10 A Class Shares of
Property Fox No. 1 Limited**

**The Offer is scheduled to open on 18 June 2009 and close on
31 August 2009 unless extended.**

Legal Adviser



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Important Dates

Offer Announcement	22 May 2009
Bidder's Statement Lodged with ASIC	22 May 2009
Date of the Offer	18 June 2009
Scheduled closing date of the Offer (unless extended)	31 August 2009
Completion	7 September 2009

Important Information

This is a Bidder's Statement given by PF2 to PF1 under Part 6.5 of Chapter 6 of the Corporations Act, and sets out certain disclosures required by the Corporations Act together with the terms of the Offer. A copy of this Bidder's Statement was lodged with ASIC on 22 May 2009, but ASIC takes no responsibility for the contents of the Bidder's Statement.

The Bidder's Statement contains an Offer dated 18 June 2009. The terms and conditions of the Offer are set out in Annexure 1. No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of the Bidder's Statement.

Defined terms

Terms used in this Bidder's Statement are defined in the Glossary in section 8.

Notices in relation to jurisdictions other than Australia and New Zealand

As a result of clause 6.6 of the Offer Terms (Annexure 1), this Bidder's Statement does not constitute an offer to sell, nor the solicitation of any offer to buy, any PF1 securities in any jurisdiction other than Australia or New Zealand, unless PF2 determines to the contrary.

Investors resident in places other than Australia or New Zealand should note that this Offer is being proposed and will be conducted in accordance with the laws in force in Australia and the NSX Listing Rules. The disclosure requirements in relation to the Offer in Australia will differ from those applying in other jurisdictions. The financial statements included in this Bidder's Statement have been prepared in accordance with generally accepted accounting principles in Australia that may differ from those in other jurisdictions. In making the Offer to persons resident in New Zealand, PF2 is relying on an exemption contained in the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002 in relation to prospectus and investment statement requirements in New Zealand.

The A class Shares of PF2 to be issued pursuant to this Offer have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (Securities Act) or the securities laws of any United States state or other jurisdiction and therefore may not be offered or sold to persons in the United States without registration or an applicable exemption from the registration.

Disclosure about forward looking statements

This Bidder's Statement contains forward looking statements which have not been based solely on historical facts, but are rather based on PF2's current expectations about future events. These forward looking statements are, however subject to risks, uncertainties and assumptions, and actual events or results may differ materially from the expectations described in these statements. The risks include, amongst other things, the risks identified in section 5 as well as other matters not yet known to PF2 or not currently considered material by PF2.

Implied value

As you are being offered PF2 A class Shares as consideration for PF1 A Class Shares, the implied value to you of the Offer may vary with the market prices of those PF2 A Class shares. In addition, all references to the implied value of the Offer in this Bidder's Statement are subject to the effects of rounding. Further information concerning the implied value of the Offer is contained in this Bidder's Statement.

Disclaimer as to PF1 and Merged Entity Information

The information in this Bidder's Statement concerning PF1's securities has been prepared by PF2 using publicly available information. The information in this Bidder's Statement concerning PF1 and the assets and liabilities, financial position and performance, profits and losses and prospects of PF1 has not been independently verified by PF2.

Accordingly, PF2 does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information in this Bidder's Statement on the Merged Entity, to the extent that it incorporates or reflects information on PF1, has been prepared using publicly available information. Accordingly, information in relation to the Merged Entity is subject to the foregoing disclaimer.

Investment Decision

You should read all of this Bidder's Statement before deciding whether to accept the Offer. This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of any PF1 Shareholder or any other person.

You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.



22 May 2009

Dear PF1 A Class Shareholder

Letter from Independent Directors of Property Fox No. 2 Limited

Property Fox No.2 Limited, "PF 2" is pleased to make you an Offer to acquire all of your PF1 A Class shares and to invite you to become a shareholder of PF2.

The Offer provides you with the opportunity to take a direct holding in PF2, which will enable you to maintain an interest in the existing assets of PF1.

Under the Offer PF1 shareholders will receive 9 PF2 A Class shares for every 10 PF1 A Class shares that you hold. Based on the 31 December 2008 audit review accounts of both companies, This Offer implies a value of 59.57 cents for every PF1 A class share that you hold and therefore represents a premium of 18.55% over the NTA of PF1 per A Class Share and a premium of 37.42% to the volume weighted average price of PF1 shares traded on the NSX since listing of PF1 on NSX.

We, the Independent Directors of PF2, consider that a number of significant benefits will arise from the proposed combination of PF2 and PF1. The combination will create a stronger Merged Entity having larger cash reserves, a reduced risk profile resulting from the ownership of several property assets that are currently held jointly and cost savings as a result of rationalisation of administration and the associated board and management structures.

As you are aware, PF1 has recently sent you a document that entitles you to sell 40% of your existing holding in PF1 back to PF1. If you decide to participate in this buy-back offer from PF1, then PF2 will continue to make you an offer for the remaining shares you hold in PF1. However, the Independent Directors of PF2, encourage you to accept the Offer for all of your current A class shares in PF1 in preference to participation in the buy-back offered by PF1.

The PF2 Offer is scheduled to close on the 31 August 2009 unless extended. Please read carefully the details of the Offer in this Bidder's Statement and to accept it follow the instructions on your accompanying personalised Acceptance Form and How to Accept the Offer section of this Bidder's Statement.

Mr. Peter Spann and Mr. Howard Woolcott are directors of both PF1 and PF2 and to avoid any conflict of interest offer no recommendation as to whether or not you should accept the offer made by PF2 for your PF1 A class shares.

If you have any queries in relation to the Offer, please consult your own independent professional adviser or contact the PF2 Offer Information Line on 07 3031 9950 between 9.00 am and 5.00 pm (AEST), Monday to Friday.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'P Conway'.

Peter Conway
Independent Director

A handwritten signature in dark ink, appearing to read 'Ben Doyle'.

Ben Doyle
Independent Director

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The Offer Information Line is:

- 07 3031 9950

How to Accept the Offer

You should read this Bidder's Statement carefully before making a decision as to whether or not to accept the Offer.

THERE ARE SEVERAL WAYS TO ACCEPT THE OFFER

CHESS Holdings of PF1A Class Shares If your Holder Identification Number begins with an "X", your PF1 A Class Shares are in a CHESS Holding.

To accept the Offer you must either:

- complete, sign and return the Acceptance Form included with this Bidder's Statement in accordance with the instructions on the form, which will authorise PF2 to instruct your broker to accept the Offer on your behalf; or
- instruct your broker to accept the Offer on your behalf.

Issuer Sponsored Holdings of Property Fox Property No. 1 Limited A Class Shares

- If your Security holder Reference Number begins with an "I", your PF1 A Class Shares or Ordinary Shares are in an Issuer Sponsored Holding.
- To accept the Offer you must complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form, and return it to the address indicated on the form.

For details regarding accepting the Offer, see clause 5 of Annexure 1.

To validly accept the Offer for your PF1A Class Shares, **your acceptance must be received before 7:00 pm (AEST) on 31 August 2009** unless the Offer Period is extended.

Why you should accept the Offer

1. The Offer provides an attractive premium for PF1 A Class Shareholders.
2. PF2 A class shares have the potential to be an attractive investment
3. PF2 will add value to PF1 through economies of scale generating greater efficiency through the operation of a Merged Entity.
4. PF2 will actively pursue further investment opportunities for the shareholders of the Merged Entity.
5. PF2 expects the liquidity of its shares to improve as a result of this offer, if successful.
6. PF1 and PF2 together with Freeman Fox Investments Pty Ltd jointly own properties at Ruthven and Healey Streets, Toowoomba and the management, administration and any potential redevelopment of these properties will be easier in a Merged Entity.

Summary of Material risks in accepting the Offer

1. PF2 relies on a number of key personnel.
2. The consideration under the Offer comprises solely of securities, being PF2 A Class Shares which are relatively illiquid.
3. If acceptances under the Offer are less than 100%, there is a risk that PF2 is unable to achieve all of the potential benefits set out in this Bidder's Statement.
4. PF2 may not be able to dispose of Property Fox No.1 Limited's property investments when desired or for their book value.
5. The consideration under the bid is securities quoted on the NSX, and their prices may rise and fall from day to day and are subject to stock market fluctuations.
6. The future earnings of PF2 and the value of its investments may be materially affected by general economic climate and other factors.

*** Please refer to Section 5 of this Bidder's Statement for a complete description of these Risks.**

Detailed Reasons why you should accept the PF2 offer

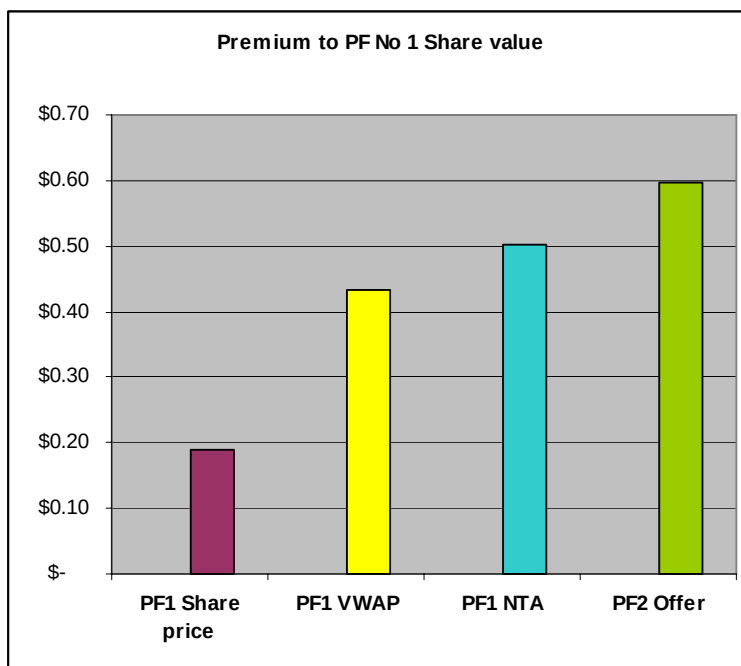
The Offer provides an attractive premium for PF1 A Class Shareholders

The Offer represents an attractive takeover premium of 18.55% for the A class Shareholders based on the NTA of each of PF1 and PF2 Shares as at 31 December 2008.

The Independent Directors of PF2 believe that this is a favourable takeover premium for PF1 A Class Shareholders, given the outlook for property markets, interest rates and general uncertainty in the international credit and stock markets.

The takeover premium calculations are summarised in Chart 1 hereunder and Table 1 on pages 13 & 14.

Chart 1: Implied takeover premium-based on share price, VWAP and NTA



Assumptions for the Above Chart:

1. The above chart only includes trades in PF1 up to and including the 15th May 2009, being the last practical date before the announcement of the offer.
2. The VWAP is based on share trades shown in Table 1 below.
3. Both the calculations for the PF1 and PF2 NTA are based on an orderly realisation of assets as at 31st December 2008 for both companies.
4. The NTA for PF1 does not include any distribution to the ordinary shareholder (Fox Portfolio Pty Ltd) which has no capital distribution rights.

PF2 considers that the NTA expressed as a price per share based on an orderly realisation of assets of PF1's A Class Shares for the year to 31 December 2008, represents the best estimate of the market value of PF1's A Class Shares, which is 50.25 cents per share.

All of the transactions in PF1's A Class Shares for the period to 15 May 2009 are set out in Table 1 of this Bidder's Statement.

The VWAP of PF1's A Class Shares for the period to 15 May 2009 is 43.35 cents per share.

Since the Company listed on NSX on 28 February 2007, there have only been a number of trades in PF1's A Class shares. The following table sets out the details of the on-market trades:

Table 1: Transactions in PF1 A Class Shares for the period ended 15 May 2009.

Date	Price \$	Volume	Value \$	Issue Description
17/10/2008	0.19	20000	3800	PF1A Class
27/08/2008	0.23	20000	4600	PF1A Class
21/08/2008	0.26	20000	5200	PF1A Class
29/04/2008	0.42	20000	8400	PF1A Class
21/04/2008	0.42	10000	4200	PF1A Class
05/03/2008	0.42	40000	16800	PF1A Class
21/02/2008	0.4	238000	95200	PF1A Class
20/02/2008	0.4	238000	95200	PF1A Class
20/02/2008	-0.4	-238000	-95200	PF1A Class
30/01/2008	0.35	20000	7000	PF1A Class
30/01/2008	0.35	20000	7000	PF1A Class
18/12/2007	0.5	2000	1000	PF1A Class
14/12/2007	0.5	18000	9000	PF1A Class
04/12/2007	0.56	19000	10640	PF1A Class
03/12/2007	0.56	20000	11200	PF1A Class
03/12/2007	0.56	20000	11200	PF1A Class
03/12/2007	0.56	59999	33599.44	PF1A Class
30/11/2007	0.56	10000	5600	PF1A Class
30/11/2007	0.56	10000	5600	PF1A Class
22/11/2007	0.56	15000	8400	PF1A Class
09/11/2007	0.35	10000	3500	PF1A Class
17/10/2007	0.56	5000	2800	PF1A Class
25/09/2007	0.35	1000	350	PF1A Class
25/09/2007	0.37	19000	7030	PF1A Class
25/09/2007	0.35	2000	700	PF1A Class
24/09/2007	0.36	18000	6480	PF1A Class
19/09/2007	0.35	20000	7000	PF1A Class
19/09/2007	0.35	60000	21000	PF1A Class
19/09/2007	0.35	40000	14000	PF1A Class
19/09/2007	0.34	20000	6800	PF1A Class
18/09/2007	0.35	20000	7000	PF1A Class

17/09/2007	0.35	20000	7000	PF1A Class
17/09/2007	0.35	80000	28000	PF1A Class
04/09/2007	0.385	30000	11550	PF1A Class
21/08/2007	0.395	20000	7900	PF1A Class
20/08/2007	0.395	20000	7900	PF1A Class
06/06/2007	0.52	20000	10400	PF1A Class
12/04/2007	0.6	20000	12000	PF1A Class
11/04/2007	0.7	100000	70000	PF1A Class

The VWAP of PF1's A Class Shares traded on NSX for period 28th February 2007 to 15th May 2009 is 43.35 cents.

Table 2: Transactions in PF2 securities for the period ended 15 May 2009

Since the Company listed on NSX on 28 February 2007, there have only been a relatively small number of trades in Property Fox No. 2 Limited's A Class shares. The following table sets out the details of the on-market trades:

Date	Price \$	Volume	Value \$	Issue Description
17/10/2008	0.275	10,000	2,750	PF2A Class
10/08/2007	1.000	10,000	10,000	PF2A Class
10/08/2007	0.990	10,000	9,900	PF2A Class

This offer will consolidate the strong cash position of Property Fox No. 1 Limited.

PF2's offer provides an opportunity to consolidate the strong cash position of both PF1 and PF2. Should the offer be successful, the merged entity will have approximately \$2 million in cash, before any payments that may be made by PF1 pursuant to its current buy-back offer to its shareholders.

Property Fox No. 2 Limited's offer will provide PF1 with economies of scale which will contribute to reduced expenses.

PF1's shareholders will enjoy added economies of scale and lower expenses (should PF2 move to compulsory acquisition of the PF1 A Class Shares by 90% of PF1 A Class Shareholders accepting the current bid by PF2) which will lead to substantial cost savings in relation to operating costs.

PF2's offer provides an opportunity for PF1's shareholders not to pay stamp duty on their share transfer if the bid is accepted.

PF2's Board will actively pursue further investment opportunities. PF2 will continue to identify and acquire investments which it believes can add value to the Company. PF2 shareholders will share in the value that PF2 is able to create by applying the skills and expertise of its Board to a diversified portfolio of assets and investments.

The Board of PF2 expects the liquidity of its A Class shares to improve. If PF2 acquires 100% of PF1 A Class Shares, PF1 A Class Shareholders will join current PF2 A Class shareholders on the PF2's A Class Share register, increasing the number of shareholders in PF2's A Class Shares from approximately 160 to approximately 320.

There are risks in not accepting the Offer

If the conditions of the Offer are not satisfied or waived (including the minimum 64% acceptance condition), PF2 will not acquire PF1's A Class Shares from any PF1 shareholder who does not accept this Offer.

If you do not accept the Offer and the Offer becomes or is declared unconditional before PF2 has received acceptances resulting in it being entitled to a relevant interest of at least 90% (by number) of PF1's A Class Shares, then you remain a minority PF1 A Class Shareholder.

The implications of being a minority shareholder include the following:

- the liquidity of PF1 A Class Shares may be lower than at present, making it more difficult for you to dispose of your PF1 A Class Shares in the future;
- PF1 may be de-listed from NSX, because the number of shareholders in PF1 may fall below the minimum requirement for listing on NSX, which would materially impact the liquidity of PF1 A Class Shares.

Other important considerations for PF1 Shareholders

No brokerage fee.

All costs and expenses of the Offer and all brokerage or stamp duty payable in respect of a transfer of PF1's A Class Shares for which the Offer is accepted will be paid by PF2.

If you hold your PF1 A Class Shares through a bank, broker or nominee which charges transaction fees or service fees in connection with your acceptance of the Offer or if you are a Foreign Company or natural person, PF2 will not pay those fees.

Summary of the Offer

Question	Answer	Further information
What is PF2 offering to buy?	PF2 is offering to buy ALL of your PF1 A Class Shares on the terms set out in Annexure 1 of this Bidder's Statement.	Annexure 1, clause 1
What will I receive if I accept the Offer?	If you accept the Offer, you will receive 9 PF2 A Class Shares for every 10 PF1 A Class Shares, if the Offer becomes or is declared unconditional. Fractions of shares will be rounded up to the nearest whole number.	Annexure 1, clause 2.
What are the terms of the PF2 A Class Shares?	The PF2 A Class Shares have a right to any dividends determined by the directors of PF2 and have rights on the return of capital on a winding up of Property Fox No.2 Limited.	Annexure 4, part 1.
What will be my voting rights in Property Fox No 2 Limited?	The PF2 A Class Shares confer a right to vote at general meetings of PF2.	
Are there any conditions to the Offer?	The Offer is subject to a number of conditions, including the following: - - Minimum Offer acceptance condition of 64%. - None of the 'prescribed occurrences' listed in section 652C of the Corporations Act occurring, with the exception of Section 652C(1)(c)(i) Full details of the Offer Terms are set out in clause 7 of Annexure 1.	
Why is there a 64% minimum acceptance condition?	Property Fox No 2 Limited's A Class Shares needs to acquire 64% of the PF1 A class Shares to obtain over 50% of the total voting rights in Property Fox No 1 Limited.	
How do I accept the Offer?	To accept the Offer, you must follow the instructions set out in the "How to Accept the Offer" section near the start of this Bidder's Statement, in your personalised Acceptance Form	

	and in clause 5 of Annexure 1. “How to Accept the Offer, Acceptance Form”.	
When will I be issued with PF2 A Class Shares?	PF2 will issue the PF2 A class shares to you under the Offer by the earlier of: - one month after the Offer is accepted or one month after all the conditions have been fulfilled or removed; and - 21 days after the end of the Offer Period. You will only receive these shares if the Offer becomes unconditional.	Annexure 1, clause 6
When does the Offer close?	The Offer closes at 7:00 pm (AEST) on 31 August 2009 unless it is extended under the Corporations Act.	Annexure 1, clause 4
Do I have to pay costs or expenses associated with the Offer?	All costs and expenses of the Offer and all brokerage or stamp duty payable in respect of a transfer of PF1 A Class Shares for which the Offer is accepted will be paid by PF2. If you hold PF1 A Class Shares through a bank, broker or nominee which charges transaction fees or service fees in connection with your acceptance of the Offer or if you are a Foreign PF1 A Class Shareholder, PF2 will not pay those fees.	Annexure 1, clauses 6.6 and 10.3
Are there any risks in accepting the Offer?	PF1 A Class Shareholders who accept the Offer will receive PF2 A Class Shares, and will be exposed to the same risk factors and subject to the same investment considerations as existing holders of PF2 A Class Shares. You should refer to section 5 of this Bidder’s Statement for further information on some of the potential risks.	
What are the tax implications if I accept the Offer?	The tax implications depend on your personal tax situation. You should consult your taxation adviser for detailed taxation advice before	

making a decision as to whether or not to accept the Offer. Nothing in this Bidder's Statement constitutes advice in relation to taxation concerning any Recipient.

Where do I go for further information

If you are in any doubt as to how to deal with the Offer, you should consult your broker or your relevant legal, financial or other professional adviser.

If you have any questions about the Offer or how to accept it, please contact PF2 on 07 3031 9950.

1. Information on PF2 and its Securities

1.1 Overview of PF2 and its principal activities

PF2 is a property investment company which holds a small but diversified portfolio of residential property and vacant land, similar to the commercial focus of PF1.

The mandate of the company is to acquire property with development potential and over time to realise that potential.

PF2 was admitted to the official list of the National Stock Exchange of Australia on 12 February 2007. Quotation of the PF2 Securities followed on 14 February 2007.

Further details in relation to PF2 are contained in the Annual Report for the year ended 30 June 2008 and is available at;

www.nsx.com.au and,
www.propertyfoxno2.com.au/investorRelations

The Financial Report for the Half Year ending 31 December 2008 was filed with the NSX on 13 March 2009 and can be downloaded from
<http://www.nsx.com.au/ftp/news/021721302.PDF>

Property Fox No 2 Limited's web site can be accessed at
<http://www.propertyfoxno2.com.au>

1.2 Property Fox No 2 Limited.

The present directors of PF2 are:

1.2.1 Mr Peter Spann

Mr Peter Spann is the founder of the Freeman Fox group of companies www.freemanfox.com.au and is a well known public speaker and presenter of investment seminars. Peter has had a wealth of experience in real estate investments over the past 10 years having bought and sold, either directly or through related companies, many investment properties. Prior to his establishment of the Freeman Fox Group, Peter had extensive roles in developing businesses to success. In his role as General Manager – Consulting of one of Australia's leading (at the time) business development and marketing consultancies to small to medium enterprises, Peter was responsible for developing business and marketing plans for companies ranging in size from small companies with a few million dollars in turnover to multi-national corporations. In setting up his own consultancy, SMAARTco, he was called upon by business owners to create business plans for finance, business development, and succession planning. Peter has published a number of books including 'Wealth Magic', a national best seller, 'Little Pot of Gold' and 'How You Could Build a \$10 Million Property Portfolio in Just 10 Years' (all published by Harper Collins), 'Business Power' and 'Marketing Genius'. He is the creator and presenter of 'Property Magic', 'Shares Magic', 'Money Magic', 'Instant Income' and 'Super Trader' seminars, manuals and audios. Peter's seminars have been attended by many thousands of

Australians. He developed the highly successful '8 Power Performance Stock Selection Criteria' (8P's) and the strangely named but profitable 'Magic Moo Cow' (MMC) process of using derivatives to generate cash returns from a portfolio of optionable Blue Chip shares, which has been used as the basis for Freeman Fox's portfolio management approach. He has been featured in numerous magazine and newspaper articles. Peter brings to the Company extensive experience in business development, marketing and investment.

1.2.2 Howard Woolcott

Howard has an economics degree from The University of Sydney. He is a Certified Practising Accountant.

He is a founder and past director of listed public company, Tribeca Learning Limited, the industry leader in accredited financial services education, professional development and compliance solutions for the financial planning industry. Tribeca was subsequently bought by the world leader in that industry, Kaplan Professional.

Howard is the Managing Director of Woolcott Corporate Development Pty Ltd which provides management and strategic advice to businesses.

1.2.3 Peter Conway

Peter has been involved in the stockbroking industry for approximately 40 years working in the operational, managerial and administration areas of stockbroking. Peter has served as a Director of Etrade Australia, ANZ Securities Limited, Ord Minnett Group Limited as well as holding the positions as Operations Manager of Were Stockbroking and Head of Retail Stockbroking at Salomon Smith Barney.

Peter is a Member of the Australian Securities Exchange and a Member of the Securities and Derivatives Association of Australia at the Level of Master Stockbroker.

1.2.4 Ben Doyle

Mr Doyle is a director of the Fiducia Property Group, www.fiducia.com.au and a licensed real estate agent in NSW. In the past three years he has developed and sold over \$50 million dollars worth of real estate.

He has significant experience in the acquisition, renovation, design and marketing of property. In 2008 his company gained a finalist award from the Real Estate Institute of NSW for Project Marketing.

Ben is also the Managing Director of THINK Property Management which is a Boutique property management company with a focus on investors and development and management of rental properties.

1.3 Property Fox No 2 Limited

1.3.1 Financial Information Summary of Profit and Loss Statement

The following summary of Profit and Loss Statement information has been extracted and/or derived from Property Fox No 2 Limited's results for the years ended 30 June 2007 and 30 June 2008 and the half-year ended 31 December 2008.

	Half-year ended 31 Dec 2008	Year ended 30 June 2008	Year ended 30 June 2007
	\$	\$	\$
Revenue from ordinary activities	39,755	67,691	71,313
Management fees	(6,000)	(12,000)	(87,114)
Audit & professional fees	(39,746)	(54,869)	(29,267)
Directors fees	(12,200)	(25,200)	(25,678)
Finance costs	(31,298)	(55,918)	(47,044)
NSX listing costs	(3,034)	(6,675)	(29,563)
Property costs	(24,562)	(35,840)	(30,311)
Other expenses from ordinary activities	(27,538)	(67,012)	(38,345)
Share of net profit/(loss) of associates accounted for using the equity method	(57,614)	158,700	(32,880)
Profit / (loss) from ordinary activities before income tax expense	(162,237)	(31,123)	(248,889)
Income tax (expense) / benefit relating to ordinary activities	-	-	-
Net profit / (loss) from ordinary activities after income tax	(162,237)	(31,123)	(248,889)

1.3.2 Balance sheet as at 31 December 2008

The following summary Balance Sheet information has been extracted and/or derived from Property Fox No 2 Limited's results for the years ended 30 June 2007 and 30 June 2008 and the half-year ended 31 December 2008.

	Half-year ended 31 Dec 2008 \$	Year ended 30 June 2008 \$	Year ended 30 June 2007 \$
Current assets			
Cash and cash equivalents	1,090,809	97,983	81,914
Other current assets	15,103	8,602	26,961
Total current assets	1,105,912	106,585	108,875
Non current assets			
Investments accounted for using the equity method	150,958	1,299,522	1,390,823
Property	1,622,641	1,498,391	1,335,233
Total non current assets	1,773,599	2,797,913	2,726,056
Total assets	2,879,511	2,904,498	2,834,931
Current liabilities			
Trade and other payables	47,860	34,898	97,273
Short term borrowings	834,125	834,088	834,088
Total current liabilities	881,985	868,986	931,361
Total liabilities	881,985	868,986	931,361
Net assets	1,997,526	2,035,512	1,903,570
Equity			
Contributed equity	2,642,220	2,642,220	2,642,220
Reserves	304,805	180,555	17,490
Retained profits/(accumulated losses)	(949,499)	(787,263)	(756,140)
Total equity	1,997,526	2,035,512	1,903,570

1.3.3 Summary of Statement of Cash Flows

The following summary of cash flow information has been extracted from PF2's results for the years ended 30 June 2007 and 30 June 2008 and the half-year ended 31 December 2008.

	Half-year ended 31 Dec 2008	Year ended 30 June 2008	Year ended 30 June 2007
	\$	\$	\$
Cash flow from operating activities			
(Payments) / capital returns for real property related investments	-	250,000	(95,639)
Investment income	39,756	67,691	71,313
Payments to suppliers, directors and director related entities	(100,851)	(230,399)	(203,708)
Payments for borrowing costs/interest paid or received	(27,029)	(55,918)	(48,248)
Tax paid	-	-	-
Net cash provided by / (used in) operating activities	(88,124)	31,374	(276,282)
Cash flow from investing activities			
Distribution from associate	1,090,950	-	-
Net cash provided by / (used in) investing activities	1,090,950	-	-
Cash flow from financing activities			
Proceeds from the issue of shares	-	-	10,000
Payment of costs relating to share issue	-	-	(32,162)
(Payments to) / received from related entities	-	(15,305)	96,877
Net cash provided by financing activities	-	(15,305)	74,715
Net increase in cash held	1,002,826	16,069	(201,567)
Cash at the beginning of the financial period	97,983	81,914	283,481
Cash at the end of the financial period	1,090,809	97,983	81,914

1.3.4 Additional Information regarding PF2.

Regular reporting and disclosure obligations

Due to the fact that PF2 is offering PF2 A Class Shares, as consideration under the Offer, the Corporations Act requires this Bidder's Statement to include all information that would be required for a prospectus under sections 710 to 713 of the Corporations Act.

PF2 is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and is subject to regular reporting and disclosure obligations under the Corporations Act and the NSX Listing Rules. These

obligations require PF2 to notify NSX of information about specified events and matters as they arise for the purposes of the NSX making that information available to the stock market operated by NSX. In particular, PF2 has an obligation under the NSX Listing Rules (subject to certain limited exceptions) to notify NSX immediately of any information of which it becomes aware concerning PF2 which a reasonable person would expect to have a material effect on the price or value of PF2's A Class Shares. A substantial amount of information regarding PF2 has previously been notified to NSX and is therefore publicly available.

Because of these regular reporting and disclosure obligations, PF2 is only required to disclose in this Bidder's Statement information that would usually be required in a "transaction specific prospectus". In general terms, transaction specific prospectuses are only required to contain information in relation to the effect of the issue of the PF2 A Class shares in PF2 and the rights and liabilities attaching to the PF2 A Class Shares. It is not necessary to include general information in relation to the assets, liabilities, financial position, profits, losses or prospects of PF2 unless this information has not previously been disclosed to NSX. Accordingly, not all publicly available information has been disclosed in this Bidder's Statement.

Other than information contained in this Bidder's Statement, there is no information which has not been included in a continuous disclosure notice in accordance with the NSX Listing Rules and is information that a PF2 A Class Shareholder or a professional adviser to a PF2 A Class Shareholder would reasonably expect to find in this Bidder's Statement and would reasonably require for the purposes of making an informed assessment of:

- the assets, liabilities, financial position, profits, losses or prospects of PF2; or
- the rights and liabilities attaching to the PF2's A Class shares.

Copies of available information

During the Offer Period, PF2 will provide any of the following documents free of charge to any person who requests them:

- PF2's Constitution;
- Annual Report for the Year ended 30 June 2008;
- Half Yearly Report for the period ended 31st December 2008;
- continuous disclosure notices given to NSX by PF2 after the lodgement with ASIC of PF2's 2008 annual report on 14th September 2008 and before lodgement of this Bidder's Statement with ASIC (a list of which is provided in Annexure 2); and

Copies of any of these documents can be requested by contacting the Offer Information Line on 07 3031 9950. Alternatively the information can be downloaded from the PF2's website <http://www.propertyfoxno2.com.au> or, in the case of certain of PF1's releases, from the PF1's website <http://www.propertyfoxno1.com.au>

1.4 Property Fox No. 2 Limited's issued securities

PF2 has on issue 3,017,999 A Class Shares.

All A Class shares rank equally for the purposes of participation in profits and capital of PF2.

PF2 A Class Shares confer on their holders the right to receive notices, reports and accounts and to attend and speak, at general meetings of the Company.

As at the date of this Bidder's Statement, PF2 has the following securities on issue:

Description of Securities	Number Issued
A Class shares	3,017,999

Top 20 shareholders in PF2

As at the date of this Bidder's Statement the following entities had notified PF2 of shareholdings in PF2 (with the shareholding and voting power as disclosed below):

Top 20 Shareholders

Rank	Investor Name	Total Shares	% Of Issued Capital
1	Property Fox No. 1 Limited	103,499	3.43%
2	Fox Portfolio Pty Ltd	100,000	3.31%
3	Mr Trevor John O'Shea + Mrs Joanne Elsie O'Shea	50,000	1.66%
4	Mr Ramon Charles William	50,000	1.66%
5	Francis Stuart Albrecht + Ann Violet Albrecht	40,000	1.33%
6	L & J Martin Pty Ltd	40,000	1.33%
7	Judith Anne Martin	40,000	1.33%
8	Peter Richards	40,000	1.33%
9	Strategic Team Leadership Pty Ltd	40,000	1.33%
10	Bekl Investments Pty Ltd	35,000	1.16%
11	Foray Corporation Pty Ltd	35,000	1.16%
12	Totlol Pty Ltd	35,000	1.16%

13	Ann Albrecht	30,000	0.99%
14	Better Fencing Products Pty Ltd	30,000	0.99%
15	Karberg Nominees Pty Ltd	30,000	0.99%
16	Rosemont (Caulfield) Pty Ltd	30,000	0.99%
17	Peter Schaap + Pauline Schaap	30,000	0.99%
18	Sinvest Pty Ltd	30,000	0.99%
19	Rodney David Wilson + Bronwen Joan Wilson	30,000	0.99%
20	Jerd Holdings Pty Ltd	25,000	0.83%
	Total	843,499	27.95%

1.5 Trading of PF2 A Class Shares

Since the Company listed on NSX on 28 February 2007, there have been 3 on-market trades of PF2 A Class Shares and the following table sets out the details of the on-market trades:

Date	Price	Volume	Value	Issue Description
17/10/2008	\$0.275	10000	\$2,750	PF2 A Class
10/08/2007	\$1.00	10000	\$10,000	PF2 A Class
10/08/2007	\$0.99	10000	\$9,900	PF2 A Class

1.6 Shareholder spread

The distribution of holders of PF2 A Class Shares as at 31st March 2009 is set out below:

Security Code	Description	Ranges	Investors	Securities	% Issued Capital
PFBA	A CLASS SHARES	1 to 1000	0	0	0
PFBA	A CLASS SHARES	1001 to 5000	1	5000	0.17
PFBA	A CLASS SHARES	5001 to 10000	107	1,070,000	35.45
PFBA	A CLASS SHARES	10001 to 100000	78	1,839,500	60.95
PFBA	A CLASS SHARES	100001 and Over	1	103499	3.43
PFBA	A CLASS SHARES	Total	187	3,017,999	100

1.7 Implied value of the Offer

The Offer has an implied value of 59.571 cents per PF1 A Class Share, based on the NTA.

The implied value of the Offer represents an 18.55% premium to the NTA of PF1 A Class Shares traded on NSX based on the accounts as at 31 December 2008.

1.8 Rights and liabilities attaching to PF2 A Class Shares.

As set out in Annexure 4, PF2 A Class Shares, received as consideration under the Offer will be fully paid and will rank equally with existing PF2 A Class Shares on issue.

PF2 A Class Shares are quoted on NSX. An application will be made to NSX within seven days of the date of this Bidder's Statement for official quotation of the PF2 A Class Shares to be issued pursuant to the Offer. Quotation is not guaranteed or automatic on such an application. Nothing in this Bidder's Statement is to be taken to imply that the PF2 A Class Shares issued as consideration under the Offer will be quoted on NSX. However, quotation is expected in the ordinary course as PF2 is already admitted to the NSX Official List.

PF2 A Class Shares will confer the right to vote at general meetings of the Company.

The rights and liabilities attaching to the PF2 A Class Shares which will be issued as consideration under the Offer are set out in the constitution and the Corporations Act, and are subject to statutory, common law and NSX Listing Rule requirements.

The main rights and liabilities attaching to the PF2 A Class Shares are summarised in Annexure 4.

2. Information on PF1 and its Securities

2.1 Publicly available information and disclaimer

The information regarding PF1 in this section 2 and elsewhere in this Bidder's Statement has been prepared by PF2 using publicly available information, and has not been independently verified. Accordingly, PF2 does not make any representation or warranty as to the accuracy or completeness of this information.

The information on PF1 in this Bidder's Statement should not be considered comprehensive.

PF1 is a company listed on NSX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the NSX Listing Rules. For information concerning the financial position and affairs of PF1, you should refer to the full range of information that has been disclosed by PF1 pursuant to those requirements.

In addition, the Corporations Act requires the directors of PF1 to provide a Target's Statement to holders of PF1 A Class Shares in response to this Bidder's Statement, setting out certain material concerning PF1.

2.2 Brief overview of PF1 and its principal activities

2.2.1 General Overview

PF1 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.

PF1 is a property investment company with investments in New South Wales and Queensland.

For further information on PF1 investors should read the NSX announcements made by PF1. A list of announcements made by PF1 since 14 September 2008 (the date that the PF1 annual report was most recently lodged with NSX) before this Bidder's Statement was lodged with ASIC is attached as Annexure 3.

2.3 PF1 Assets

PF1 investments as at 31 December 2008 consist of:

- \$1.4 million in cash, the major portion being in an interest bearing account with the National Australia Bank
- 38 Vine Street Fairfield NSW – 4 company title home units in a block of 12.

The body corporate is in the process of converting these units to strata title.

- Healy & Ruthven Streets Toowoomba.

PF1 owns a 30% share in 8 contiguous properties comprising houses and flats in the central area of Toowoomba. These properties are strategically positioned on the main thoroughfare through the city in a good location approximately 5kms from the city centre. They have future upside and have the potential for multiple rezoning

possibilities. While these possibilities are unlikely to be realised for a couple of years there is considerable potential upside in holding these properties for that time.

- **Fox Riverside Pty Ltd**

PF1 owns 2% of the issued capital of Fox Riverside Pty Limited and is entitled to 5.95% of the profit and capital distribution. As announced to the market on 6th November 2008 Fox Riverside Pty Ltd has sold its property holding. As a consequence PF1 has received \$208,250 in cash on 5th December 2008. These figures have been included in the accounts as at 31 December 2008.

As at 31 December 2008, PF1's balance sheet disclosed cash and cash equivalent assets of \$1,405,230 and total current assets of \$2,825,512.

2.4 PF1 Liabilities

As at 31st December 2008, Property Fox No 1 Limited's balance sheet, under current liabilities, disclosed "Trade & Other Payables" of \$111,695 and "Other financial liabilities" of \$446,250 being interest bearing liabilities.

Note 8 to the PF1 Financial Statements for the period ending 31 December 2008 disclosed a joint venture loan agreement under which the total amount payable as at 31 December 2008 is stated to be \$1,190,000 and a liability of \$446,250 being Property Fox No.1 Limited's interest in the joint loan being recorded and included in "other financial liabilities".

2.5 PF1 Directors and Company Secretary:

The directors of PF1 are set out below:

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

Company Secretary

- Andrew Whitten, Company Secretary.

2.5.1 Management Agreement

Property Fox No.1 Limited is managed by Fox Portfolio Pty Ltd under a management agreement. Fox Portfolio Pty Ltd, the Manager is owned and controlled by Peter Spann, the Managing Director of Property Fox No.1 Limited.

Management Agreement- Material Terms

Term - The Term of the Management Agreement is that it shall continue until determined by Mutual Agreement by Fox Portfolio Pty Ltd and PF1 and/or;

PF1 terminates the agreement, under the following conditions:

Under the management agreement PF1 has the right to terminate the Management Agreement

if:

- Fox Portfolio Pty Ltd does not follow lawful directions of the Board of PF1;
- Fox Portfolio Pty Ltd commits any breach of faith, serious neglect, default or professional misconduct or gross misconduct in respect to its obligations to PF1;
- An order is made that Fox Portfolio Pty Ltd be wound up or an administrator or liquidator is appointed to manage the affairs of Fox Portfolio Pty Ltd;
- A receiver is appointed in respect of any of the assets of Fox Portfolio Pty Ltd;
- Fox Portfolio Pty Ltd files an application for its winding up or for the appointment of a liquidator.

Fox Portfolio Pty Ltd terminates the agreement under the following conditions:

Under the management agreement Fox Portfolio Pty Ltd has the right to terminate the Management Agreement if:

- PF1 fails to pay the agreed fee (currently set at \$12,000 per annum);
- An order being made to appoint an administrator, liquidator or wind up PF1;
- A receiver is appointed in respect of the assets of PF1;
- PF1 files an application for its winding up or for the appointment of a liquidator.

2.5.2 Financial Overview

Based on PF1 half year report lodged with NSX on 16 March 2009, PF1 had, as at 31 December 2008:

- total assets of \$2,825,512;
- total liabilities of \$557,945; and
- total equity of \$2,267,567.

For further details of PF1's financial status, please refer to PF1 2008 Annual Report and the Financial Report for the half year ended 31 December 2008, which are available on the NSX website (www.nsx.com.au; NSX code PFA) or on the PF1 website (www.propertyfoxno1.com.au).

2.6 PF1's issued securities

According to the documents lodged by PF1 with NSX, PF1 has the following securities on issue at the date of this Bidder's Statement:

4,513,001 Property Fox A Class Shares; and

1,250,000 Ordinary Shares.

The PF1 Ordinary Shares are not listed on NSX. PF2 is not making an offer to acquire the PF1 Ordinary Shares.

PF1 A Class Shares collectively receive 75% of all dividends declared by PF1, collectively receive 100% of any share capital repaid on a winding up, and have the right to vote at all meetings of members of PF1, with each PF1 A Class Share being entitled to 1 vote.

PF1 Ordinary Shares collectively receive 25% of all dividends declared by PF1 and have the right to vote at all meetings of members of PF1, with each PF1 Ordinary Share being entitled to 1 vote.

2.7 Share Buy-back

On 5th February 2009 PF1 shareholders voted in favour of an equal access buy-back pursuant to Section 257B of the Corporations Act. On 8th May 2009 PF1 lodged with NSX a buy-back offer which allowed A Class shareholders to accept an offer to buy-back up to 40% of their A class shareholding for \$0.55 per share.

Should shareholders of PF1 choose to accept the Buy-Back offer as lodged with NSX on 8th May 2009 for 40% of the holding in PF1, then PF2 intends to proceed with its offer to acquire the balance of the shareholding held by PF1 A Class Shareholders (the remaining 60%) on the terms of this offer as outlined in Annexure A being 9 A Class Shares in PF2 for every 10 A Class Shares in PF1.

2.8 Substantial shareholders in Property Fox No.1 Limited

As at the date of this Bidder's Statement, the following entities had notified PF1 of current substantial shareholdings in PF1 (with the shareholding and voting power being that which was disclosed in the substantial shareholder notice):

Fox Invest Limited 10.98% 633,000 A class Shares

Fox Portfolio Pty Ltd 21.69% 1,250,000 Ordinary Shares

2.9 Shareholder Information

2.9.1 Share Capital

PF1 has on issue 4,513,001 fully paid A Class shares held by 151 holders as at 30 April 2009. All A Class shares of the Company carry one vote per share. PF1 has on issue 1,250,000 fully paid Ordinary shares held by one holder, Fox Portfolio Pty Ltd, a company associated with Mr. Peter Spann, a director of Property Fox No.1 Limited. All Ordinary shares of the Company carry one vote per share.

2.9.2 Details of relevant interests in PF1 securities held by Property Fox No 2 Limited.

As at the date of this Bidder's Statement PF2 does not own any securities in PF1.

2.9.3 Consideration provided for PF1 A Class Shares during the previous 4 months

Neither PF2 nor its associates have purchased, or provided any consideration for, PF1 A Class Shares during the period of 4 months before the date of the Offer.

No inducing benefits have been given during the previous 4 months.

Except as set out in this Bidder's Statement, neither PF1 nor any of its Associates has, during the period of 4 months before the date of the Offer, given, or offered to give or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an Associate:

- to accept the Offer; or
- to dispose of PF1A Class Shares,
- which benefit is not offered to all PF1 A Class Shareholders under the Offer.

3. Property Fox No. 2 Limited's Intentions

3.1 Introduction

This section sets out the intentions of PF2 in relation to PF1. These intentions have been formed on the basis of facts and information concerning PF1, and the general business environment, which is known to PF1 at the time of preparing this Bidder's Statement. Final decisions will only be reached by PF2 in the light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section of the Bidder's Statement are statements of current intention only and may vary as new information becomes available or as circumstances change.

3.2 Intentions upon acquiring 90% or more of PF1 A Class Shares

This section sets out PF2's intentions if, at the end of the Offer Period, PF2 holds 90% or more of the PF1 A Class Shares and is entitled to proceed to compulsory acquisition of the PF1 A Class Shares it does not then own, in accordance with Part 6A.1 of the Corporations Act. In these circumstances, PF2's current intentions are set out below.

It is important to note that acquiring 90% or more of the PF1 A Class Shares will not entitle PF2 to acquire any of the PF1 Ordinary Shares, and these shares will continue to hold approximately 21.69% of the voting rights in PF1 (subject to any dilution of such rights in the future, and subject to the amount of A Class Shares being reduced via the Buy-Back as disclosed to NSX on 8th May 2009).

3.2.1 Corporate matters

(a) Compulsory acquisition of PF1A Class Shares

If PF2 is entitled to proceed to compulsory acquisition of any outstanding PF1 A Class Shares in accordance with Part 6A.1 of the Corporations Act, then PF2 intends to do so.

(b) Directors

PF2 does not intend to replace the members of the PF1's Board.

3.2.2 Three month review

PF2 intends to conduct a review of the structure of the combined businesses in the first three months following the end of the Offer Period. The basis of the review, and PF2's current intentions in relation to each matter, are set out below.

(a) Review of PF1's property portfolio

PF2 intends to conduct a strategic review of PF1's property assets to assess the performance, profitability and prospects of these assets on an asset-by-asset basis.

PF2 also intends to seek to identify business opportunities and areas of revenue generation which may provide overall strategic and operational benefits for PF1.

(b) Office functions

PF2 intends to consolidate and rationalise corporate office functions (such as treasury, financial reporting, corporate affairs and information technology).

(c) Intentions in relation to current Property Fox employees

According to PF1 2008 Annual Report, PF1 does not employ any executive officers other than the directors of PF1. PF1 does not appear to have any employees.

3.3. Intentions upon gaining 64% or more but less than 90% of PF1 A Class Shares

If, at the end of the Offer Period, PF2 gains at least 64% but less than 90% of the PF1 A Class Shares PF2 will not hold sufficient PF1 A Class Shares to proceed to compulsory acquisition under the Corporations Law, of the remaining PF1 A Class Shares. However, by virtue of the voting rights attaching to the PF1 A Class Shares, PF2 will gain effective control of PF1. In these circumstances, PF2's current intentions are set out below.

3.4 General Intention

In the event that PF2 obtains 64% or more but less than 90% of PF1's A class shares, then as the single largest shareholder, PF2, intends to run PF1 as a subsidiary in accordance with PF2's strategy as set out above, subject to regulatory requirements and minority shareholder's rights.

3.5 Compulsory acquisition of PF1 A Class Shares

It is possible that, even if PF2 is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act (for example, PF2 subsequently obtains a 90% relevant interest in PF1A Class Shares as a result of acquisitions of PF1 A Class Shares in reliance of the '3% creep' exception in item 9 of section 611 of the Corporations Act). If PF2 becomes entitled to exercise rights of compulsory acquisition, it intends to do so.

3.6 Directors

PF2 intends to retain the members of the PF1 Board.

3.7 Review of Property Fox operations and assets

If it is appropriate in the circumstances, PF2 intends to propose that PF1 conduct the reviews described in section 3.2.2 above and potentially act upon some or all of them.

3.8 Limitations on intentions

The ability of PF2 to implement the intentions set out in this section will be subject to the legal obligation of the PF2's Board to have regard to the interests of PF1 and all PF1shareholders, and the requirements of the Corporations Act and the NSX Listing Rules relating to

transactions between related parties. PF2 will only make a decision on the above mentioned courses of action after taking legal and financial advice.

3.9 Intentions if PF2 does not acquire 64% of PF1 A Class Shares

This section sets out PF2's intentions if the Offer closes and PF2 does not acquire 64% of the issued capital of PF1. A number of possibilities are open to PF2 including the following:

- allowing the Offer to lapse;
- waiving its 64% minimum acceptance condition; and
- acquiring additional PF1 A Class Shares or PF1 Ordinary Shares to the extent permitted by law.

As at the date of the Bidder's Statement, PF2 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 level at which the PF1 A Class Shares trade on NSX after the offer closes.

PF2 is unlikely to acquire additional shares if it considers that the prices at which the shares trade exceeds their fair value, and PF2's view on what is fair value may change from time to time depending on a number of factors.

It may be in PF2's interest to hold the PF1 A Class Shares as a portfolio investment. If at any time PF1's A Class Shares held by PF2 do not achieve an appropriate portfolio return and PF2 forms the view that continuing to hold those PF1 A Class Shares is not in the best interests of PF2 shareholders, it may dispose of those shares in any manner it sees fit.

In the alternative, PF2 may decide not to hold or purchase any PF1A Class Shares. In those circumstances, the Offer will lapse and PF2 will not acquire any PF1A Class Shares under the Offer.

3.10 Other intentions

Other than as set out in sections 3.1 to 3.9, it is the present intention of PF2 following completion of the Offer:

- to continue to operate the business of PF1;
- not to make any major changes to the business of PF1 nor to redeploy any of the fixed assets of PF1; and to continue the employment of PF1's present employees (if any).

4. Effect of the Offer on Property Fox No. 2 Limited

4.1 Rationale for the Offer

PF2 considers that a number of significant benefits will arise from the proposed combination of PF2 and PF1. All shareholders, including current PF2 shareholders, will share in the anticipated benefits.

- The combination will create a stronger Merged Entity, with greater scope to enhance shareholder value. Based on existing cash reserves, the combined group is expected to have access to cash reserves and a property investment portfolio of in excess of \$2 million and may have a greater capacity to raise new capital, as required, for further value creation opportunities.
- The combined group may benefit from a reduced risk profile resulting from the ownership of several assets.
- Shareholders in the combined group may benefit from any cost savings as a result of rationalisation of corporate offices and the associated board and management structures.
- As discussed in section 3.2.2, PF2 intends to review all investments in PF1's property portfolio.
- Shareholders in the combined group may benefit from any rationalisation of the total number of investments held and an increased focus on core investments where PF2 can exert appropriate influence to create value for shareholders.

4.2 General effect of an acquisition on PF2

Other than as referred to elsewhere in this Bidder's Statement, the acquisition of PF1 is not expected to have a material effect on the existing operations of PF2, other than through the potential benefits of combining the operations of PF2 and PF1 and rationalising the entire property portfolios of both PF1 and PF2.

4.3 Financial effect of the Offer

If the Offer is accepted in respect to more than 64% of Property Fox No. 1 Limited's A Class Shares, Property Fox No. 2 Limited and Property Fox No. 1 Limited will be combined to form the Merged Entity. The Merged Entity Pro Forma Financial Information has been compiled under two scenarios:

- Property Fox No. 2 Limited acquires 100% of the Property Fox No 1 Limited A Class Shares; and
- Property Fox No. 2 Limited acquires the minimum acceptance level required to effect the Offer, being at least 64% of the A Class Shares in Property Fox No. 1 Limited.

For each of these scenarios, the Merged Entity Pro Forma Financial Information in this section

includes the following:

- the Pro forma Historical Income Statement of the Merged Entity for the half year ended 31 December 2008 (Merged Entity Pro Forma Historical Income Statement) and the related pro forma adjustments; and
- the Pro forma Historical Balance Sheet as at 31 December 2008 (Merged Entity Pro Forma Historical Balance Sheet) and the related pro forma adjustments. Each of Property Fox No. 2 Limited and Property Fox No. 1 Limited has a 30 June financial year end.

4.3.1 Historical financial information

Property Fox No. 2 Limited's Historical Financial Information has been extracted from the half year ended 31 December 2008, reviewed financial statements and the financial year ended 30 June 2008 audited financial statements. (Property Fox No. 2 Limited's Historical Financial Information).

The financial statements of Property Fox No. 2 Limited for the financial year ended 30 June 2008 were audited by Property Fox No. 2 Limited's external auditor in accordance with Australian Auditing Standards. The financial statements of Property Fox No. 2 Limited for the half year ended 31 December 2008 were reviewed by Property Fox No. 2 Limited's external auditor in accordance with Australian Auditing Standards. The audit opinion and review statements issued to the members of Property Fox No. 2 Limited relating to those financial statements were unqualified.

Property Fox No. 1 Limited's Historical Financial Information has been extracted from the half year ended 31 December 2008 reviewed financial statements and the financial year ended 30 June 2008 audited financial statements (Property Fox No. 1 Limited's Historical Financial Information).

The financial statements of Property Fox No. 1 Limited for the financial year ended 30 June 2008 were audited by Property Fox No. 1 Limited's external auditor in accordance with Australian Auditing Standards. The financial statements of Property Fox No. 1 Limited for the half year ended 31 December 2008 were reviewed by Property Fox No.1 Limited's external auditor in accordance with Australian Auditing Standards. The audit opinion and review statements issued to the members of Property Fox No. 1 Limited relating to those financial statements were unqualified.

4.3.2 Merged Entity Pro Forma Historical Financial Information

The Merged Entity Pro Forma Historical Financial Information has been based upon Property Fox No. 2 Limited's and Property Fox No.1 Limited's Historical Financial Information, pro forma adjustments required to present the Merged Entity on an aggregate basis (Pro Forma Offer Adjustments).

The Merged Entity Pro Forma Historical Financial Information is presented for illustrative purposes for use in this Bidder's Statement only in an abbreviated form, and does not contain all the disclosures that are usually provided in a financial report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of Property Fox No. 2 Limited and Property Fox No. 1 Limited.

The accounting policies used to prepare the Merged Entity Pro Forma Historical Financial

Information are based upon the accounting policies of Property Fox No 2 Limited contained in its audited financial statements for the financial year ended 30 June 2008. Where there are specific transactions that are not covered by Property Fox No. 2 Limited's accounting policies, the Merged Entity has applied the current accounting policies of Property Fox No. 1 Limited contained in publicly available information. No material differences have been identified between the accounting policies of Property Fox No 2 Limited and Property Fox No 1 Limited, and therefore no adjustments have been made to the Pro Forma Historical Financial Information to reflect any accounting policy differences.

4.3.3 Merged Entity Pro Forma Historical Income Statement

The Merged Entity Pro Forma Historical Income Statement is compiled from the aggregation of:

- income statements extracted from Property Fox No. 2 Limited's Historical Financial Information;
- income statements extracted from Property Fox No. 1 Limited's Historical Financial Information; and
- relevant Pro Forma Property Fox No. 2 Limited Adjustments and Pro Forma Offer Adjustments required to present the Merged Entity on an aggregated and go forward basis.

Set out over the page is the Merged Entity Pro Forma Historical Income Statement for the period ended 31 December 2008 (Relevant Period) for the two scenarios. The Merged Entity Pro Forma Historical Income Statement is prepared on the basis that the Offer had completed on 31 December 2008. The Offer will not complete until a future date and only if the conditions attached to the Offer are satisfied or waived.

Pro Forma Historical Income Statement for the half year ended 31 December 2008

			100% Acquisition	64% Acquisition
	PF No 2 \$	PF No 1 \$	Merged Entity \$	Merged Entity \$
Revenue from ordinary activities	39,755	85,393	124,148	124,148
Share of net (loss)/profit of associates	(57,614)	-	(57,614)	(57,614)
Management fees	(6,000)	(6,000)	(12,000)	(12,000)
Professional fees	(25,496)	(263,527)	(289,023)	(289,023)
Directors fees	(12,200)	(12,600)	(24,800)	(24,800)
Company secretarial fees	(14,250)	(16,500)	(30,750)	(30,750)
Share registry fees	(18,356)	(18,567)	(36,923)	(36,923)
Finance costs	(31,298)	(22,193)	(53,491)	(53,491)
NSX listing costs	(3,034)	(3,162)	(6,196)	(6,196)
Property costs	(24,562)	(9,489)	(34,051)	(34,051)
Other expenses from ordinary activities	(9,182)	(37,712)	(46,894)	(46,894)
Net Profit/(loss) from ordinary activities before income tax expense	(162,237)	(304,357)	(466,594)	(466,594)
Income tax (expense) / benefit relating to ordinary activities	-	-	-	-
Net profit / (loss) from ordinary activities after income tax	(162,237)	(304,357)	(466,594)	(466,594)
Profit / (loss) attributable to minority equity interest	-	-	-	(109,569)
Profit / (loss) attributable to members of the company	(162,237)	(304,357)	(466,594)	(357,025)

4.3.4 Pro Forma Offer Adjustments underlying the Pro Forma Historical Income Statement

The following pro forma adjustments have been made:

Adjustments for the minority interest's share of profit/(loss) after income tax is shown in the event of a 64% acquisition.

- The impact of acquisition accounting is discussed in more detail in section 4.3.7.

For the purposes of the Pro Forma Historical Income Statement, no adjustments have been made to reflect the impact of acquisition accounting.

No adjustments have been made to the Pro Forma Historical Income Statement for the impact of any potential cost synergies or integration costs on the income statement. However,

management expects there will be significant cost savings from merging the entities.

4.3.5 Income statements for PF1 & PF2 for the year ended 30 June 2008

Set out in the table below is an extract from the audited financial statements of PF1 and PF2 to show the income statements of each entity for the year ended 30 June 2008 and a Merged Entity Pro Forma Historical Income Statement for the period ended 30 June 2008 if 100% of PF1 is acquired by PF2, despite the fact that the offer is only made to the A Class Shareholders. The Merged Entity Pro Forma Historical Income Statement is prepared on the basis that the Offer had completed on 30 June 2008. The Offer will not complete until a future date and only if the conditions to the Offer are satisfied or waived.

	PF No 2 \$	PF No 1 \$	Merged Entity \$
Revenue	67,691	212,707	280,398
Management fees	(12,000)	(12,000)	(24,000)
Professional and Audit fees	(54,869)	(139,682)	(194,551)
Directors fees	(25,200)	(25,200)	(50,400)
Finance costs	(55,918)	(39,989)	(95,907)
Impairment of inventory/assets	-	(257,000)	(257,000)
Property costs	(35,840)	(21,012)	(56,852)
Other expenses from ordinary activities	(73,687)	(76,382)	(150,069)
Share of net profit of associates accounted for using the equity method	158,700	-	158,700
Profit / (loss) from ordinary activities before income tax expense	(31,123)	(358,558)	(389,681)
Income tax (expense) / benefit relating to ordinary activities	-	-	-
Net profit / (loss) from ordinary activities after income tax	(31,123)	(358,558)	(389,681)

4.3.6 Merged Entity Pro Forma Historical Balance Sheet

The Merged Entity Pro Forma Historical Balance sheet is compiled from the aggregation of:

- a balance sheet extracted from Property Fox No. 2 Limited's Pro Forma Historical Financial Information;
- a balance sheet extracted from Property Fox No. 1 Limited's Pro Forma Historical Financial Information; and
- relevant pro forma adjustments, if any, required to present the Merged Entity on an aggregated and go forward basis as set out below.

Set out over the page is the Merged Pro Forma Historical Balance Sheet as at 31 December 2008 for the two scenarios. The Merged Entity Pro Forma Historical Balance Sheet is prepared on the basis that the Offer had completed on 31 December 2008. The Offer will not complete until a future date and only if the conditions attached to the Offer are satisfied or waived.

Pro Forma Historical Balance Sheet as at 31 December 2008

			100% Acquisition	64% Acquisition
	PF No 2 \$	PF No 1 \$	Merged Entity \$	Merged Entity \$
Current assets				
Cash and cash equivalents	1,090,809	1,405,230	2,496,039	2,496,039
Inventories	-	1,293,111	1,293,111	1,293,111
Other current assets	15,103	*68,002	83,105	83,105
Total current assets	1,105,912	2,766,343	3,872,255	3,872,255
Non current assets				
Investments accounted for using the equity method	150,958	-	150,958	150,958
Property	1,622,641	-	1,622,641	1,622,641
Total non current assets	1,773,599	-	1,773,599	1,773,599
Total assets	2,879,511	2,766,343	5,645,854	5,645,854
Current liabilities				
Trade and other payables	47,860	111,695	159,555	159,555
Short term borrowings	834,125	446,250	1,280,375	1,280,375
Total current liabilities	881,985	557,945	1,439,930	1,439,930
Total liabilities	881,985	557,945	1,439,930	1,439,930
Net assets	1,997,526	2,208,398	4,205,924	4,205,924
Total Equity	1,997,526	2,208,398	4,205,924	4,205,924

* Assumes the shares that PF1 holds in PF2, shown in the PF1 balance sheet at a value of \$59,169, are cancelled after consolidation.

4.3.7 Pro forma adjustments relating to the impact of acquisition accounting

Accounting Standard AASB 3 Business Combinations requires Property Fox No. 2 Limited to measure the cost of the Offer at the aggregate of the fair value of assets, liabilities and equity issued by Property Fox No. 2 Limited in exchange for control of Property Fox No. 1 Limited at the date on which the exchange occurs.

The Property Fox No. 2 Limited securities to be issued are the cost of the acquisition. For the purpose of providing the Pro forma historical balance sheet, the Property Fox No. 2 Limited securities have been valued at their NTA as at 31 December 2008.

4.4 Effect on Capital Structure

The table below sets out:

- the current number and class of securities issued by Property Fox No. 2 Limited;

- the number and class of securities to be issued by Property Fox No. 2 Limited in the event that it receives acceptances for 100% of Property Fox No. 1 Limited A Class Shares; and
- the number and class of securities to be issued by Property Fox No. 2 Limited in the event that it receives acceptances for 64% of Property Fox No. 1 Limited A Class Shares.

	PF2 A Class Shares
Number currently issued	3,017,999
Number to be issued if 64% of A Class shareholders accept	2,599,489
Number to be issued if 100% of A Class shareholders accept	4,061,701

The percentage of the Merged Entity to be held by Property Fox No.1 Limited shareholders at these acceptance levels will be:

	PF1 A Class Shareholder Percentage
If 100% acceptance	57.37%
If 64% acceptance	46.27%

4.5 Dividend Policy

Property Fox No. 2 Limited has not paid any dividends to date. Following the acquisition of Property Fox No. 1 Limited, Property Fox No. 2 Limited will, in conjunction with its review of Property Fox No. 1 Limited's assets, consider its future dividend policy. In general terms, Property Fox No. 2 Limited's dividend policy is likely to be one which will pay dividends from operating earnings to the extent that this does not prejudice its growth opportunities. Dividends will be franked to the extent that available imputation credits permit. As a dividend may only be paid out of profits of the Company, dividends will not be paid where there are no profits or accumulated profits.

5. Risks

5.1 Introduction

PF1 A Class Shareholders who accept the Offer will receive PF2 A Class Shares as consideration and will be exposed to the same risk factors and other investment considerations as existing holders of PF2 A Class Shares. The price of PF2 A Class Shares and the future performance of PF2 and, accordingly, the value of the Offer to PF1 Shareholders, will depend upon a range of factors and risks. Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of PF2 and

cannot be mitigated. The principal risks include, but are not limited to, those described below. PF2 does not give any form of guarantee of future dividends, return of capital, or the price at which the PF2 A Class Shares might trade in the future on NSX. PF1 Shareholders should consider these risk factors, as well as other information in this Bidder's Statement, in making their decision to accept the Offer.

5.2 Specific business risks

5.2.1 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 PF2's control and have the potential to have an adverse impact on PF2 and its operations.

5.2.2 Stock market fluctuations

There are risks associated with any investment in a company listed on the NSX. The value of PF2's Shares may rise above or below the current price depending on the financial and operating performance of PF2 and external factors over which the Property Fox No.2 Limited's 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.
- Developments and general conditions in the markets in which PF2 proposes to operate and which may impact on the future value and pricing of shares.

5.2.3 Regulatory risks

PF2 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.
- Property laws and regulations that may impact upon the operations and processes of PF2.
- Employment laws and regulations, including laws and regulations relating to occupational health and safety.

5.2.4 Property Fox No.2 Limited-Specific Risks

(i) Industry Risks

PF2 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 PF2 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.
- Local, State and Federal Taxation.

(ii) Increased or new competition

PF2 faces competition in its businesses, to the extent that there are new entrants or changes in strategy by existing competitors of PF2.

(iii) Property Investment specific risks

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

Significant risks and effects 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 general economic conditions) resulting in delays being incurred in resale 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 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 the 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 the company 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 the company 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 the company may, in the discretion of the directors:
 - undertake a further public capital raising;
 - borrow funds (or further funds) from a bank or other financial institution;
 - liquidate the company.

Each of these actions could result in the value of your investment (shareholding) being diminished;

- Your shareholding will potentially diminish in value if properties acquired by the company are unable to be sold in a timely manner at acceptable prices or if the company 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 the company may, in order to avoid or minimise losses, need to hold real estate acquisitions for longer periods than would otherwise apply;
- It is possible that moneys expended by the company on real estate acquisitions and on repairs and refurbishment and on interest, holding and operational costs may exceed the proceeds of the sales.

(iv) Reliance on key personnel

The responsibility of overseeing day-to-day operations and the strategic management of PF2 is concentrated amongst a small number of key executives. The loss of any such key employees could have the potential to have a detrimental impact on PF2 until the skills that are lost are adequately replaced.

(v) Industrial disputes

Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which PF2 operates. This could disrupt operations and impact on the future of Property Fox No.2 Limited.

6. Australian Tax Considerations

6.1 General

The following is a summary of the principal Australian tax consequences generally applicable to PF1 A Class Shareholders who dispose of their PF1 A Class Shares under the Offer and who hold their securities on capital account for the purposes of investment.

This summary reflects the current provisions of the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) and the regulations made under those Acts, taking into account currently proposed amendments and PF2's understanding of the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, either by way of judicial decision or legislative action, nor does it take into account tax legislation of countries other than Australia.

The following outline is not exhaustive of all Australian income tax considerations that could apply to particular PF1 A Class Shareholders. In particular, the outline does not apply to PF1 A Class Shareholders PF1 who:

- hold their securities on revenue account or as trading stock;
- acquired their securities pursuant to an employee share or option plan;
- are a bank, insurance company, tax exempt organisation or superannuation fund that is subject to special tax rules;
- are non-resident shareholders that hold their securities as an asset of a permanent establishment in Australia.

The outline below is general in nature and does not constitute taxation advice and should not be relied upon as such. Given the general nature of the outline, each person is advised to consult with their own tax adviser regarding the consequences of acquiring, holding or disposing of PF1 A Class Shares in light of current tax laws and their particular investment circumstances.

6.2 Australian-resident PF1 A Class Shareholders Capital Gains Tax (CGT)

If the Offer is accepted, the disposal of the PF1 A Class Shares will be a CGT event for PF1 A Class Shareholders. The time of the CGT event will be the time at which the PF1 A Class Shareholders enter into a contract to dispose of their PF1 A Class Shares or when the PF1 A Class Shares are compulsorily acquired.

In summary, the consequences of the CGT event that takes place in respect of the PF1 A Class Shares are as follows:

- a) A capital gain (or capital loss) arising to a PF1 A Class Shareholder is determined as the capital proceeds received less the CGT cost base (or reduced cost base) of the PF1 A Class Shares.
- b) The capital proceeds for the disposal of the PF1 A Class Shares will equal the market value of the PF2 A Class Shares that are received by the PF1 A Class Shareholders, worked out at the time of the CGT event. The CGT cost base of the PF1 A Class Shares will generally include the actual (or deemed) cost of acquisition plus incidental costs associated with the acquisition and disposal of the shares.
- c) Any capital gain made (after offsetting any capital losses) will be included in the PF1 A Class Shareholder's assessable income. A capital loss that arises on the disposal of the PF1 A Class Shares can generally be offset against any other capital gains that arise in the same year. Any unutilised capital losses can generally be carried forward and offset against capital gains in future years, subject to satisfying the relevant loss utilisation rules.
- d) For certain PF1 A Class Shareholders (for example individuals, complying superannuation funds and trustee of a trust) a discount may apply to the amount of a capital gain that arises on the disposal of the PF1A Class Shares. The CGT discount will only apply if the PF1 A Class 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 PF1 A Class 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 a PF1 A Class Shareholder that is a company.
- e) Scrip for scrip roll-over relief, which would allow a PF1 A Class Shareholder to defer the making of a capital gain on the disposal of their PF1 A Class Shares, will not be available as the Company will not become, because of the Offer, the owner of at least 80% of the voting shares in Property Fox.

6.3 Non-resident Property Fox No.1 Limited A Class Shareholders

- (a) Where a non-resident holds PF1 A Class Shares on capital account and the PF1 A Class Shares have not been used at any time in carrying on business through a permanent establishment in Australia, the disposal of the PF1 A Class Shares will not be subject to Australian CGT unless:
 - (i) the assets of PF1 (directly or indirectly) consist principally of 'real property' situated in Australia (i.e. more than 50% of the value of Property Fox is represented by Australian 'real property'); and
 - (ii) the non-resident Shareholder holds a direct interest in PF1 (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.

- (b) Therefore, as the assets of PF1 consist principally of real property (as defined), a non-resident PF1 A Class Shareholder will generally not have to pay Australian tax on any capital gain that arises on the disposal of the PF1 A Class Shares unless they (together with associates) hold or have held at least 10% of the issued shares in PF1 at the time of the disposal of the PF1 A Class Shares or throughout a 12 month period that began within two years of the disposal.
- (c) Scrip for Scrip roll-over relief will not be available to the non-resident PF1 A Class Shareholders (see 6.2(e) above).
- (d) Non-resident PF1 A Class Shareholders that may be subject to Australian tax on any capital gain that arises on the disposal of the PF1 A Class Shares within the rules described above are advised to seek their own advice relevant to their own circumstances.
- (e) Where the non-resident PF1 A Class Shareholders is a resident of a country with which Australia has concluded a double tax treaty, the non-resident PF1 A Class Shareholder who has made a capital gain from the disposal of their PF1 A Class Shares may be entitled to relief from Australian tax pursuant to the terms of the treaty. If treaty relief is not available, the PF1 A Class Shareholder may be eligible for the CGT discount as described above for Australian resident PF1 A Class Shareholders.
- (f) Non-resident PF1 A Class Shareholders should seek their own taxation advice as to the taxation implications of the Offer in their country of residence.

6.4 Stamp duty

Any stamp duty payable on the transfer of Property Fox A Class Shares to PF2 pursuant to the Offer will be paid by Property Fox No.2 Limited.

6.5 GST

Dealings in securities are not subject to GST. PF1 A Class Shareholders will not, therefore, be liable for (or required to pay) GST on the receipt of PF2 A Class shares as part of the Offer.

6.6 Other Issues

PF1 A Class Shareholders would have been invited to provide PF1 with their Tax File Number ("TFN") or Australian Business Number ("ABN") when they first acquired their PF1 A Class Shares. If no TFN or ABN was quoted, PF1 would have deducted tax from the unfranked portion of dividends paid at the highest marginal rate of tax (plus Medicare Levy).

Specific provisions of the *Privacy Act 1988* and the *Taxation Administration Act 1953* prevent PF1 from disclosing the TFNs of PF1 A Class Shareholders to third parties. Accordingly, PF1 will be unable to disclose the TFNs of PF1's A Class Shareholders to the Company without their consent.

If the Offer is accepted, PF1 A Class Shareholders will be sent a form that the shareholder can use to provide their TFN or ABN or exemption. PF1 A Class Shareholders are not obliged to provide their TFN or ABN. However, if a PF1 A Class Shareholder does not provide their TFN or ABN or exemption, tax may be withheld at a rate of 46.5% on any unfranked dividends paid by the Company. However, PF1 A Class Shareholders will be entitled to claim

an income tax credit/refund (as applicable) in respect of the tax withheld, in their income tax returns.

7. Additional Information

7.1 ASIC modifications and exemptions

7.1.1 Class Orders

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Property Fox No.2 Limited, in relation to the operation of Chapter 6 of the Corporations Act. PF2 may rely on this class order relief.

PF2 has relied on the modification to section 636(3) of the Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bids" to enable it to include references to certain statements by PF1 and other persons in this Bidder's Statement without obtaining the consent of PF1 or those other persons.

As required by Class Order 01/1543, PF2 will make available a copy of any of these documents (or of relevant extracts from these documents), free of charge, to PF1 Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts), PF1 Shareholders may telephone the Offer Information Line on 07 3031 9950.

7.2 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement:

- (a) no director or proposed director of Property Fox No.2 Limited;
- (b) no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) no promoter of Property Fox No.2 Limited; and
- (d) no broker or underwriter in relation to the issue PF2A Class Securities pursuant to the Offer;

(together, **Interested Persons**) holds at the date of this Bidder's Statement or has held at any time during the last two years, any interest in:

- i. Property Fox No.2 Limited; or
- ii. property acquired or proposed to be acquired by PF2 in connection with its formation or promotion, or the offer of PF2 A Class Securities under the Offer; or
- iii. the offer of PF2 A Class Securities under the Offer.

7.3 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given: to a director or proposed director of PF2 to induce them to become, or to qualify as, a director of Property Fox No.2 Limited; or

- (a) for services provided by any Interested Person (as defined in section 7.2 above) in connection with PF2 or the offer of PF2A Class Shares under the Offer.

Moore Stephens Sydney Pty Ltd has acted as taxation adviser to PF2 in relation to the Offer. PF2 has paid or agreed to pay approximately \$1,500 for these services to the date of this Bidder's Statement and may also pay to Moore Stephens Corporate Finance Pty Ltd \$10,000 additional fees for financial advice provided in connection with the Offer.

Whittens Lawyers and Consultants (an entity which employs Mr Andrew Whitten, the current Company Secretary of PF1 and PF2) has acted as legal adviser to PF2 in relation to the Offer. PF2 has paid or agreed to pay approximately \$50,000.00 for these services to the date of this Bidder's Statement. PF2 has also paid or agreed to pay Whittens Lawyers and Consultants other fees for advising on other matters. PF2 may also pay or agree to pay Whittens Lawyers and Consultants additional fees (based on agreed hourly rates) for legal services provided in connection with the Offer after the date of this Bidder's Statement.

The amounts disclosed are exclusive of any amount of GST that may be payable by PF2 in respect of those amounts.

7.4 Disclosure of interests of PF2 and Company Secretary

7.4.1 Interest in the shares and options of PF2 and related bodies corporate

As at the date of this Bidder's Statement, interests of the PF2 directors in the shares of PF2 were:

Director/Company Secretary	PF2 A Class Shares
Peter John Spann	100,000
Howard Woolcott	NIL
Peter John Conway	NIL
Benjamin Doyle	NIL
Andrew Whitten	NIL

7.4.2 Executive Director and Company Secretary Remuneration

Currently Property Fox No.2 Limited's Executive Directors receive the following remuneration:

Director/Company Secretary	PF2 A Class Shares
Peter John Spann	NIL
Howard Woolcott	\$12,000 per annum
Peter John Conway	\$12,000 per annum
Benjamin Doyle	\$12,000 per annum
Andrew Whitten	\$12,000 per annum

7.4.3 Director's Interest in Properties

In addition to the above, as previously disclosed to NSX, the property held at Ruthven and Healy Streets, Toowoomba is held in the following proportions:

20% Freeman Fox Investments Pty Ltd (A company associated with the Managing Director of PF2, Mr Peter Spann

30% Property Fox No.1 Limited

50% Property Fox No.2 Limited.

7.4.4 Directors and Officers Insurance

PF2 provides an indemnity to directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The content of the insurance policy prohibits disclosure of the nature of the liability and the amount of the premium.

7.5 Consents

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear, and have not withdrawn their consent prior to lodgement of this Bidder's Statement with ASIC:

- (a) Moore Stephens Sydney Pty Ltd (taxation advisers);
- (b) Whittens Lawyers and Consultants; and
- (c) Link Market Services Limited.

None of the persons named above as having given their consent to the inclusion of a statement or to being named in this Bidder's Statement makes, or purports 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, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person.

To the maximum extent permitted by law, each of the persons expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to their name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that person.

7.6 Date for determining holders

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act for the Offer is the Register Date.

7.7 Foreign PF1 A Class Shareholders

PF1 A Class Shareholders who are Foreign PF1 A Class Shareholders will not be entitled to receive PF2 A Class Shares as part of the consideration for their PF1 A Class Shares pursuant to the Offer, unless PF2 otherwise determines.

For the purposes of the Offer, if the address of a PF1 A Class shareholder as shown in the register of members of PF1 is in a jurisdiction other than Australia or its external

Territories or New Zealand, the shareholder is a Foreign PF1 A Class Shareholder. However, if PF2 is satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to that person in the relevant jurisdiction and to issue PF2 A Class Shares to that person on acceptance of the Offer, it will make the Offer and issue PF2 A Class Shares accordingly. Notwithstanding anything else contained in this Bidder's Statement, PF2 is not under any obligation to spend any money, or undertake any action, in order to satisfy itself about any of these matters.

Any PF2 A Class Shares which would otherwise have been issued to Foreign PF1 Shareholders under a connection with the offer will be issued to a nominee approved by ASIC, who will sell those PF2 A Class Shares. The net proceeds of the sale of such shares after the deduction of applicable costs will then be remitted to the relevant person.

8 Glossary

8.1 Definitions

In this Bidder's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

\$ or dollar means Australian dollars.

Acceptance Form means the acceptance form which accompanies this Bidder's Statement.

AEST means Australian Eastern Standard Time.

Announcement Date means 22nd May 2009.

ASIC means Australian Securities Investments Commission.

Associates has the meaning given to it in the Corporations Act.

ASTC means the ASX Settlement and Transfer Corporation Pty Limited.

ASTC Settlement Rules means the rules of ASTC from time to time.

ASX means ASX Limited or the financial market which it operates, as the context requires.

Bidder's Statement means this bidder's statement in respect of the Offer given by PF2 under Part 6.5 of Chapter 6 of the Corporations Act.

Buy-Back means the Buy-Back Offer of PF1 to acquire 40% of the PF1 A class Shares at \$0.55 per share on the terms of the Buy-Back document lodged with NSX on 8th May 2009.

CGT means capital gains tax.

CHESS means Clearing House Electronic Subregister System established and operated by ASX Settlement and Transfer Corporation Pty Limited for the clearing, settlement, transfer and registration of approved securities.

CHESS Holding means a holding of PF1 A Class Shares on the CHESS subregister of PF1.

Company means Property Fox No.2 Limited.

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

Consideration means a Consideration of 9 A Class Shares in Property Fox No 2 Limited, for every 10 A Class Shares of Property Fox No. 1 Limited.

Corporations Act means Corporations Act 2001 (Cth).

Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

Foreign PF1 A Class Shareholder means a PF1 A Class Shareholder whose address as shown in the register of members of Property Fox is in a jurisdiction other than Australia or its external territories or New Zealand, unless PF2 otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Property Fox A Class Shareholder in the relevant jurisdiction and to issue PF2 A Class Shares to such a PF1 Shareholder on the acceptance of the Offer.

GST means Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999.

HIN means holder identification number.

Issuer Sponsored Holding means a holding of PF1 A Class or Ordinary Class Shares on Property Fox No.1 Limited's issuer sponsored subregister.

Management Agreement means the management agreement between PF1 and Fox Portfolio Pty Ltd.

Merged Entity means PF2 and its subsidiaries following the acquisition by PF2 of all, or at least 50%, of the issued capital of Property Fox No.1 Limited.

Moore Stephens means Moore Stephens Sydney Pty Ltd ABN 34 098 199 118

NSX means National Stock Exchange of Australia Limited or the financial market which it operates.

NSX Listing Rules or Listing Rules means the official listing rules of NSX.

NTA means net tangible assets.

Offer means the offer by PF2 to acquire PF1 A Class Shares on the Offer Terms.

Offer Period means the period commencing 18 June 2009 and ending 31 August 2009 unless extended or withdrawn in accordance with the Corporations Act.

Offer Terms means the formal terms and conditions of the Offer set out in Annexure 1 to this Bidder's Statement.

Participant has the meaning given to it in the ASTC Settlement Rules.

PF1 means Property Fox No.1 Limited (ACN 101 816 353).

PF1 A Class shares means the 4,513, 001 A Class Shares of PF1 (ACN 101 816 353).

PF1 Board means the board of directors of Property Fox No.1 Limited.

PF2 means Property Fox No.2 Limited (ACN 108 076 295).

PF2 A Class shares means the 3,017,999 A Class Shares of PF2 (ACN 108 076 295).

PF2 Board means the board of directors of Property Fox No.2 Limited.

Register Date means the date set by PF2 under section 633(2) of the Corporations Act, being 12 June 2009.

Rights means all accretions and rights attaching to or arising from PF1 A Class Shares and Ordinary Class Shares after the Announcement Date (including, without limitation, all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options and all other distributions or entitlements declared, paid or issued by Property Fox No.1 Limited).

SRN means security holder reference number.

Target's Statement means the target's statement in respect of the Offer required to be issued by PF1 pursuant to Division 3 Part 6.5 of the Corporations Act.

VWAP means volume weighted average price.

8.2 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 Sydney (New South Wales) time;
- (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 a reference 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 corresponding meanings;
- (g) \$, dollar or cents are references to Australian currency, unless otherwise stated;
- (h) a reference to a person includes a reference to 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 persons taking by novation) and assigns;

- (j) a reference to any legislation or to any provision of any legislation includes a reference to 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 a reference to 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 a reference to each person to whom an Offer is made under Annexure 1 to this Bidder's Statement; and
- (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 example relates to that example or examples of a similar kind.

9 Approval of the Bidder's Statement

This Bidder's Statement has been approved by a resolution of the PF2 Board.

Signed by Peter Conway, a director of Property Fox No.2 Limited, in accordance with section 351 of the Corporations Act.

A handwritten signature in black ink, appearing to read 'P Conway', with a period at the end.

22 May 2009

Annexure 1 – Offer Terms

1 Offer

1.1 Full offer

PF2 offers to acquire all of your PF1 A Class Shares (except if you have accepted the Buy-Back of PF1 shares then all of your PF1 shares is deemed to be the remaining A Class Shares PF1 shareholders own after they have accepted the Buy-Back, together with all Rights attaching to them on the terms and conditions, set out in this offer.

Subject to clause 9 of this Annexure 1, you may only accept this Offer for all of your PF1 A Class Shares. An Offer in this form and bearing the same date is being made to each person registered as the holder of PF1 A Class Shares in the register of Property Fox A Class Shareholders as at 8.00 am (AEST) on the Register Date. If you have accepted the Buy-Back for your PF1 shares then PF2 offers to acquire the remainder of your PF1 shares that you hold.

1.2 Offer extends to others

This Offer extends to any person who is able to give good title to any of your PF1 A Class Shares during the Offer Period.

1.3 Acceptance of Offer

By accepting this Offer, you undertake to transfer to PF2 not only the Property Fox No.1 Limited A Class Shares to which the Offer relates, but also all Rights attached to the PF1 A Class Shares.

1.4 Date of Offer

This Offer is dated 18 June 2009.

2 Consideration

2.1 Consideration offered

Subject to the terms of this Offer the consideration being offered is 9 A Class Shares in Property Fox No. 2 Limited, for every 10 A Class Shares of PF1. (*Consideration*).

If the number of PF1 A Class Shares held by you results in an aggregate entitlement to PF2 A Class Shares which is not a whole number, then any fractional entitlement to PF2 A Class shares will be rounded up to the nearest whole number.

2.2 PF1 A Class Share splitting

If PF2 reasonably believes that any parcel of PF1 A Class Shares PF1 has been created or manipulated to take account of the rounding provisions in clause 2.1, then any fractional entitlement to a PF2 A Class share arising in relation to that parcel, or those parcels, will be rounded down to the nearest whole number so that the entitlement to PF2 A Class shares arising in relation to the original parcel

consists of whole numbers of PF2 A Class shares and fractional entitlements will be disregarded.

3. Official quotation of PF2 A Class shares

The PF2 A Class shares offered as consideration will be issued as fully paid and will rank equally with existing PF2 A Class shares respectively from the date of issue. An application will be made within seven days after the start of the bid period to NSX for admission to quotation of the PF2 A Class shares to be issued as consideration under this Offer.

4. Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00 pm (AEST) on the later of:

- (a) the closing date, being 31 August 2009; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act.

5. How to accept this Offer

5.1. Acceptance procedure

The acceptance procedure will depend on whether your PF1 A Class Shares are in an Issuer Sponsored Holding or a CHESS Holding. If they are in an Issuer Sponsored Holding, you will have a security holder reference number (SRN) beginning with "I". If they are in a CHESS Holding, you will have a holder identification number (HIN) beginning with "X".

5.2 If you hold your PF1 A Class Shares in an Issuer Sponsored Holding

If your PF1 A Class Shares are held on Property Fox No.1 Limited's issuer sponsored subregister, then in order to accept this Offer in respect of those PF1 A Class Shares, you must:

- (a) complete and sign the Acceptance Form which accompanies this Bidder's Statement in accordance with the terms of the Offer and the instructions on the Acceptance Form; and;
- (b) return the Acceptance Form together with all other documents required by the terms of this Offer and the instructions on the Acceptance Form to the address specified on the Acceptance Form, so that they are received before the end of the Offer Period.

5.3 If you hold your PF1 A Class Shares in a CHESS Holding

If your PF1 A Class Shares are held in a CHESS Holding, then in order to accept this Offer in respect of those PF1 A Class Shares :

- (a) you must comply with the ASTC Settlement Rules;

- (b) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; and
- (c) if you are not the Controlling Participant, you may either:
 - (i) instruct your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period. If you choose to accept the Offer in this way, your Controlling Participant will be obliged by rule 14.14.1 of the ASTC Settlement Rules to initiate acceptance within the following timeframes:
 - (A) if you specify a time when or by which this Offer must be accepted, in accordance with those instructions; or
 - (B) otherwise, by End of Day (as defined in the ASTC Settlement Rules) on the day that you instruct the Controlling Participant to accept this Offer or, if the Offer Period ends on the day you provide those instructions, before the end of the Offer Period; or
 - (ii) complete, sign and return the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by the terms of this Offer and the instructions on the Acceptance Form, to the address specified on the Acceptance Form, so that they can be accepted on your behalf pursuant to clause 5.4 before the end of the Offer Period.

5.4 Irrevocable authorisation

By completing, signing and returning the Acceptance Form in respect of PF1 A Class Shares in a CHESS Holding you will be deemed to have irrevocably authorised PF2 (and any nominee or nominees of Property Fox No.2 Limited):

- (a) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such Property Fox No.1 Limited A Class Shares PF1 in accordance with rule 14.14 of the ASTC Settlement Rules; and
- (b) to give any other instructions concerning those PF1 A Class Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant.

5.5 Foreign Laws

It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

5.6 PF1 A Class Shares held in different holdings

If some of your PF1 A Class Shares are in different holdings, your acceptance of this Offer may require action under these Offer Terms in relation to the separate portions of your PF1 A Class Shares.

5.7 Nominee holdings

If your PF1 A Class Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact the nominee for assistance in accepting this Offer.

5.8 Mailing address

The mailing address for completed Share Acceptance Forms is as follows:

c/: Link Market Services Limited

Locked Bag A14

SYDNEY SOUTH NSW 1235

A reply paid envelope (for use from within Australia only) is enclosed for your convenience.

5.9 PF1 A Class Shares PF1 Shareholder's risk

The method chosen to deliver the Acceptance Form and other documents is at your risk.

5.10 Acceptance Form

The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer in respect of your PF1 A Class Shares.

5.11 Acceptance by deceased estate

Where the Offer is accepted on behalf of the estate of a deceased PF1 A Class Shareholder, the executor or administrator of the estate must provide a certified copy of the relevant grant of probate or letters of administration together with the Acceptance Form or written instructions as the case may be.

5.12 Acceptance under power of attorney

Where the Offer is accepted by a person holding a power of attorney for a PF1 A Class Shareholder, the attorney must provide a certified copy of the power of attorney together with the Acceptance Form or written instructions, as the case may be.

If an Acceptance Form is signed under a power of attorney, the attorney will be taken to have declared that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney as contemplated by clause 8 of this Annexure 1.

5.13 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at the address set out in clause 5.8 above and the requirements of this clause 5 have been met, provided that:

- (a) PF2 may in its sole discretion waive any or all of these requirements at any time; and

- (b) where these requirements have been complied with in respect of some but not all of your PF1 A Class Shares, PF2 may, in its sole discretion, deem your acceptance of this Offer complete in respect of those PF1 A Class Shares for which the requirements have been complied with but not in respect of the remainder.

6. Payment of consideration

6.1 When Consideration is provided

Subject to clause 6.2 of this Annexure 1 and the Corporations Act, if the contract resulting from your acceptance of this Offer becomes unconditional, PF2 will provide the Consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

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

6.2 Where additional documents are required

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney):

- (a) if the documents are given with your acceptance, PF2 will provide the Consideration in accordance with clause 6.1;
- (b) if PF2 is given the documents after acceptance and before the end of the Offer Period, PF2 will provide the Consideration:
 - (i) if at the time that PF2 is given the documents the Offer is subject to a defeating condition, by the earlier of one month after this Offer or the contract resulting from your acceptance of the Offer becomes unconditional and 21 days after the end of the Offer Period; or
 - (ii) if the Offer is unconditional at the time that PF2 is given the documents, by the earlier of one month after PF2 is given the documents and 21 days after the end of the Offer Period; and
- (c) if the documents are given after acceptance and after the end of the Offer Period, PF2 will provide the Consideration:
 - (i) if at the time that PF2 is given the documents, the contract resulting from your acceptance of the Offer is subject to a defeating condition that relates only to the happening of an event or circumstance referred to in subsection (2) of section 652C of the Corporations Act, within 21 days after the contract becomes or is declared unconditional; or
 - (ii) if at the time that PF2 is given the documents the contract resulting from your acceptance of the Offer is unconditional, within 21 days after PF2 is given the documents.

If you do not provide PF2 with any required additional documents within one month after the end of the Offer Period, PF2 may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

6.3 Additional matters regarding Consideration

No interest will be paid on the Consideration for your PF1 A Class Shares under this Offer, regardless of any delay in providing such consideration or any extension of this Offer.

6.4 Where PF2 is entitled to any Rights

If PF2 becomes entitled to any Rights on acceptance of this Offer, you must give PF2 all documents required to pass title to those Rights to Property Fox No.2 Limited. If you do not give those documents to Property Fox No.2 Limited, or if you have received the benefit of those Rights, PF2 will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Property Fox No.2 Limited) of those Rights.

6.5 Provision of consideration – PF2 A Class Shares

The obligation of PF2 to allot and issue any PF2 A Class Shares to which you are entitled under this Offer will be satisfied:

- (a) by entering your name on the register of members of Property Fox No.2 Limited; and
- (b) if your name is entered onto the Issuer Sponsored Subregister of Property Fox No.2 Limited, by despatching or procuring the despatch to you, within five business days after your name is entered in the register of members of Property Fox No.2 Limited, by pre-paid post to your address as shown on the register of members of Property Fox No.1 Limited, a statement for a new holding on the PF2 subregister in accordance with the NSX Listing Rules.

6.6 Foreign PF1A Class Shareholders and PF1

If you are a Foreign PF1A Class Shareholder, you will not be entitled to receive PF2 A Class Shares as part of the consideration for your PF1 A Class Shares as a result of acceptance of this Offer, and PF2 will:

- (a) arrange for the issue to a nominee approved by ASIC (Nominee) of the number of Property Fox No.1 A Class Shares to which you and all other Foreign PF2 shareholders would have been entitled but for this clause 6.6 and the equivalent provision in each other Offer;
- (b) cause the PF2 A Class Shares so issued to be offered for sale by the Nominee on NSX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
- (c) cause to be paid to you an amount determined by the formula $(P \times N)/T$, where:

P is the amount (if any) remaining after deducting the expenses of sale from the proceeds of sale of the PF2 A Class Shares issued to the Nominee under this clause 6.6 and the equivalent provision in each offer under the Offer;

N is the number of the PF2 A Class Shares which would, but for this clause 6.6, otherwise have been issued to you under this Offer; and

T is the total number of PF2 A Class Shares issued to the Nominee under this clause 6.6 and the equivalent provision in each other offer under the Offer.

Payment of the amount referred to in this clause 6.6 will be made by cheque in Australian dollars or, if this is unlawful, the currency of the jurisdiction of your residence (as shown in the register of members of PF1 or on the Acceptance Form). Cheques will be sent (at your risk) to your address as shown on the Property Fox register of members by pre-paid airmail.

6.7 Clearances for offshore residents and others

If, at the time of acceptance of this Offer, any authority or clearance of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations 1959 or otherwise), or of the Australian Taxation Office, is required for you to receive any consideration under this Offer or if you are resident in or a resident of a place to which, or you are a person to whom, any other law of Australia would make it unlawful for PF2 to provide the consideration payable for your PF1 A Class Shares, acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained.

7. Conditions of the Offer

7.1 Conditions

The Offer and any contract resulting from acceptance of the Offer are subject to fulfillment of the following conditions:

- (a) **(Minimum ownership)** that at the end of the Offer Period, PF2 and its Associates have relevant interests in at least 64.0% (by number) of Property Fox A Class Shares on issue at that time.
- (b) **(Prescribed occurrences)** that none of the following events occurs before the end of the Offer Period:
 - (i) PF1 converts all or any of its shares into a larger or smaller number of shares;
 - (ii) PF1 resolves to reduce its share capital in any way;
 - (iii) PF1 resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
 - (iv) PF1 issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option other than an issue of PF1 shares pursuant to the exercise of an option granted and disclosed by PF1 on NSX prior to the Announcement Date;
 - (v) PF1 issues, or agrees to issue, convertible notes;
 - (vi) PF1 disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

- (vii) PF1 charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) PF1 resolves to be wound up;
- (ix) a liquidator or provisional liquidator is appointed to Property Fox No.1 Limited;
- (x) a court makes an order for the winding up of PF1;
- (xi) an administrator of PF1 is appointed under section 436A, section 436B or section 436C of the Corporations Act;
- (xii) PF1 executes a deed of company arrangement;
- (xiii) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of Property Fox No.1 Limited;
- (xiv) anything analogous to the matters referred to in paragraphs (ii) to (xiii) occurs in any jurisdiction outside Australia in relation to Property Fox No.1 Limited.

7.2 Nature of conditions

Each of the conditions set out in each paragraph and subparagraph of clause 7.1 of this Annexure 1:

- (a) is a separate and distinct condition;
- (b) does not limit the meaning and effect of any other condition;
- (c) is a condition subsequent; and
- (d) 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 (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 PF2 alone and may be relied upon only by Property Fox No.2 Limited.

7.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the conditions set out in clause 7.1 of this Annexure 1 does not, until the end of the Offer Period, prevent a contract to acquire your PF1 A Class Shares PF1 arising 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 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 clause 7.1 of this Annexure 1:

- (a) PF2 has not declared the Offer (and it has not become) free from that condition; or
- (b) that condition has not been fulfilled, all contracts resulting from acceptance of this Offer and all acceptances that have not resulted in binding contracts are automatically voided. In such a case, PF2 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 PF1 register of members, where such address is inside Australia, by pre-paid ordinary post, or, where such address is outside Australia, by pre-paid airmail. PF2 will also notify ASTC of the lapse of the Offer in accordance with rule 14.19 of the ASTC Settlement Rules.

7.4 PF2 may decide Offer is free from all or any of the conditions

PF2 may at any time at its sole discretion, but in compliance with sections 650F and 630 of the Corporations Act, declare the Offer free from all or any of the conditions set out in each paragraph and subparagraph of clause 7.1 of this Annexure 1 which are capable of being waived by notice in writing to Property Fox No.1 Limited:

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

7.5 Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is 24 August 2009, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

7.6 Section 625(3) of the Corporations Act

This Offer and any contract that results from your acceptance of this Offer are subject to the condition set out in section 625(3) of the Corporations Act. If that condition is not fulfilled, any contract that results from your acceptance of this Offer will be automatically void.

8. Effect of acceptance

8.1 Effect of acceptance

By accepting this Offer in accordance with clause 5 of this Annexure 1 (where the Offer is caused to be accepted in accordance with the ASTC Settlement Rules or otherwise), you will, or will be deemed to have:

- (a) irrevocably authorised PF2 to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your PF1A Class Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, or omissions from, the Acceptance Form, as may be necessary to make the Acceptance Form an effectual

acceptance of this Offer and to enable registration of the transfer of your PF1 A Class Shares to Property Fox No.2 Limited;

- (b) accepted this Offer (and any variation of it) and agreed to its terms and conditions, in respect of all of your PF1 A Class Shares (together with all Rights attaching to them) despite any difference between the number of your PF1 A Class Shares and the number of shares shown in the Acceptance Form;
- (c) agreed to transfer all of your PF1 A Class Shares subject to the Offer being declared free from the conditions set out in clause 7.1 of this Annexure I (or those conditions being fulfilled);
- (d) represented and warranted to Property Fox No.2 Limited:
 - (i) that you are not a Foreign PF1A Class Shareholder unless otherwise indicated on the Acceptance Form; and
 - (ii) as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to Property Fox No.2 Limited:
 - (A) you have paid to PF1 all amounts which are due for payment in respect of your PF1A Class Shares;
 - (B) all of your PF1A Class Shares are fully paid and PF2 will acquire good title to them and full beneficial ownership of them free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise and restrictions on transfer of any kind; and
 - (C) you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership of your PF1 A Class Shares (together with all Rights attaching to them) to PF2;
- (e) acknowledged and agreed that if you are a Foreign PF1 A Class Shareholder PF1, or if PF2 believes that you are a Foreign PF1 A Class Shareholder, PF2 will arrange for any PF2 A Class Shares otherwise issuable to you to be issued and sold, and for the net proceeds to be remitted to you, as described in clause 6.6 of this Annexure I; and
- (f) with effect from the later of the acceptance of this Offer and the date that any contract resulting from acceptance of this Offer becomes, or is declared, free from its conditions, appointed PF2 and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your PF1 A Class Shares PF1 or in exercise of any right or power derived from the holding of your PF1 A Class Shares, including, without limitation, the right or power:
 - (i) to attend and vote in respect of your PF1 A Class Shares at any meeting of Property Fox No.1 Limited;

- (ii) to appoint a proxy or proxies to attend and vote on your behalf in respect of your PF1A Class Shares at any meeting of Property Fox No.1 Limited;
- (iii) to requisition or join with other holders of PF1 A Class Shares in requisitioning or convening a meeting of PF1;
- (iv) to demand a poll for any vote to be taken at any meeting of Property Fox No.1 Limited;
- (v) to propose or second any resolution to be considered at any meeting of Property Fox No.1 Limited;
- (vi) to receive from PF1 or any other party, and retain, any share certificates which were held by PF1, or any other party;
- (vii) to sign all documents (including an instrument appointing one of PF2 directors as a proxy in respect of any or all of your PF1 A Class Shares PF1 and any application to PF1 for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your PF1 A Class Shares, and generally to exercise all powers and rights which you may have as a PF1 A Class Shareholder and perform such actions as may be appropriate in order to vest good title in your PF1 A Class Shares (together with all Rights attaching to them) in Property Fox No.2 Limited; and
- (viii) to do all things incidental and ancillary to the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of PF2 as the intended registered holder and beneficial holder of your PF1 A Class Shares. This appointment is irrevocable and terminates upon registration of a transfer to PF2 of your PF1 A Class Shares, PF2 will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might be incurred or undertaken as a result of the exercise by an attorney of any powers under this subclause;
- (g) agreed to fully indemnify PF2 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 Holder Identification Number or Security holder Reference Number or in consequence of the transfer of your PF1 A Class Shares PF1 to PF2 being registered by PF1 without production of your Holder Identification Number or Security holder Reference Number;
- (h) irrevocably authorised PF2 (and any nominee or nominees of Property Fox No.2 Limited) to notify PF1 on your behalf that your place of address for the purpose of serving notices upon you in respect of your PF1 A Class Shares PF1 is the address as specified in the notification, and that all such notices are to be marked care of PF2 and to have directed PF1 to serve all correspondence, payments or notifications in respect of any Rights and other communications and documents whatsoever in respect of those PF1 A Class Shares at that address;
- (i) irrevocably authorised and directed PF1 to pay Property Fox No.2 Limited, or to account to PF2 for, all Rights in respect of your PF1 A Class Shares,

subject, however, to any such payments being received by PF2 being accounted for by PF2 to you if this Offer is withdrawn or any contract resulting from your acceptance of this Offer is rescinded or rendered void;

- j) irrevocably authorised PF2 (and any nominee or nominees of PF2) to cause a message to be transmitted in accordance with ASTC Settlement Rule 14.17.1 (and at a time permitted by ASTC Settlement Rule 14.17.1 (b)) so as to transfer your PF1 A Class Shares to Property Fox No.2 Limited's Takeover Transferee Holding (as defined in the ASTC Settlement Rules), regardless of whether PF2 has at that time paid or provided the consideration due to you under this Offer;
- (k) authorised PF2 to issue to you and agreed to accept the PF2 A Class Shares you have become entitled to receive under this Offer and to register your name in the PF2 register of members in respect of those PF2 A Class Shares, and agreed that you will be bound by the constitution of Property Fox No.2 Limited; and
- (l) agreed, subject to the conditions in clause 7.1 of this Annexure 1 being satisfied or waived, to execute all documents, transfers and assurances as may be necessary or desirable to convey your PF1 A Class Shares PF1 Rights to Property Fox No.2 Limited. PF2 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 PF2 does so, PF2 is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

8.2 Continuing representations and warranties

The representations, warranties, undertakings and authorities referred to in clause 5.4 of this Annexure 1 and this clause 8 will (unless otherwise stated) remain in force after you receive the consideration for your PF1 A Class Shares and after PF2 becomes registered as holder of them.

9 Acceptances by transferees and nominees

9.1 Who may accept the Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your PF1 A Class Shares may accept the offer (if they have not already accepted an offer in the form of this Offer for those PF1 A Class Shares 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 PF1 A Class Shares as trustee or nominee, or otherwise on account of another person, may accept the offer 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.

9.2 Holding PF1 A Class Shares

A person is taken to hold PF1 A Class Shares if the person is, or is entitled to be registered as the holder of those PF1 A Class Shares.

9.3 Holding PF1A Class Shares on trust or as a nominee

A person is taken to hold PF1 A Class Shares PF1 on trust for, as nominee for, or on account of, another person if:

- (a) they are entitled to be registered as the holder of particular PF1 A Class Shares; and
- (b) they hold their interest in the PF1 A Class Shares on trust for, as nominee for, or on account of, that other person.

9.4 Effective acceptance

An acceptance of an offer pursuant to clause 9.1 (b) of this Annexure 1 is ineffective unless:

- (a) the person who holds on account of another person gives PF2 a notice stating that the PF1 A Class Shares or Property Fox No.1 Limited Ordinary Shares consist of a separate parcel; and
- (b) the acceptance specifies the number of PF1 A Class Shares or Property Fox No.1 Limited PF1 in the parcel.

9.5 Notice of acceptance

A notice under clause 9.4(a) of this Annexure 1 must be made:

- (a) if it relates to PF1 A Class Shares on a CHESS subregister - in an electronic form approved by the ASTC Settlement Rules;
- (b) otherwise - in writing.

9.6 Person may accept for two or more parcels

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.

10. Other matters

10.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by PF2 to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered to your address as recorded on the register of members of PF1;
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 that address.

10.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to Property Fox No.2 Limited,
but before it has been received; or
- (b) for any other reason PF2 does not acquire the PF1 A Class Shares to which your Acceptance Form relates, PF2 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 PF1 register of members, where such address is inside Australia, by pre-paid ordinary post, or, where such address is outside Australia, by pre-paid airmail.

10.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable in respect of a transfer of PF1A Class Shares in respect of which Offers are accepted, will be paid by Property Fox No.2 Limited. If you hold your PF1A Class Shares through a bank, broker or nominee which charges transaction or service fees in connection with your acceptance of the Offer, you will be responsible for payment of those fees.

10.4 Withdrawal

PF2 may withdraw offers which have not been accepted at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

10.5 Variation

PF2 may vary this Offer in accordance with the Corporations Act.

10.6 Governing Law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in New South Wales.

Annexure 2 – PF2

Announcements since 30th June 2008

DATE	ANNOUNCEMENTS
3/08/2008	Board Decides to Sell Property
03/07/2008	Price Sensitive Announcement Pending
2/09/2008	Change to Registered Office
14/09/2008	PF2 Annual Report
29/09/2008	Update on Fox Riverside Investment
08/10/2008	Notice of Meeting
08/10/2008	Correction to typographical errors in the Notice of AGM
27/10/2008	ASIC form 484
06/11/2008	Sale of Tennyson for Property Fox No 2
07/11/2008	Chairmans Address at Annual General Meeting
10/11/2008	Results of Annual General Meeting
25/11/2008	Settlement of Tennyson Sale
13/03/2009	PF2 Half Yearly Report
13/03/2009	Price Sensitive Announcement Pending
24/04/2009	Change of Directors
29/04/2009	Director's Declaration Ben Doyle
29/04/2009	Director's Declaration Peter Conway
30/04/2009	Final Director's Interest Notice - Jodie Morris
30/04/2009	Initial Director's Interest Notice - Benjamin John Doyle
30/04/2009	Initial Director's Interest Notice - Peter John Conway

**Annexure 3 - Property Fox No. 1 Limited Announcements
(since the date of its most recent annual report)**

DATE:	ANNOUNCEMENTS:
3/07/2008	Board Decides to sell Property
3/07/2008	Price Sensitive Announcement Pending
5/08/2008	Takeover Bid by Pritchard Equity Limited for Property Fox No.1 Limited
5/08/2008	Takeover Bid by Pritchard Equity Limited for Property Fox No.1 Limited
8/08/2008	Property Fox Receives Takeover Offer
8/08/2008	Trading Halt - Price sensitive announcement – Takeover Offer
8/08/2008	Notice under subsection 633(1) of the Corporations Act
15/08/2008	Appointment of Independent Expert
15/08/2008	Pritchard's Offer for PF1
19/08/2008	PF1 Expresses Concerns over Pritchard Takeover offer
22/08/2008	Replacement Bidders Statement - PEQA
22/08/2008	Supplementary Bidder's Statement
22/08/2008	Bidders Statement
1/09/2008	Change in Substantial Holding
1/09/2008	Notice of Dispatch of Replacement Bidder's Statement - Letter
1/09/2008	Notice of Dispatch of Replacement Bidder's Statement
2/09/2008	Change to Registry Office
4/09/2008	Takeover Offer Disclosure
12/09/2008	Nomination of directors in Property Fox No.1 Limited
14/09/2008	PF1 Annual Report
15/09/2008	Change in Substantial Shareholder Notice for Pritchard Equity Limited
15/09/2008	Target's Statement dated 15th September 2008
15/09/2008	Letter to Shareholders accompanying the Target's Statement
15/09/2008	Letter to NSX enclosing Target's Statement
16/09/2008	Change in Substantial Shareholder Notice from Pritchard Equity Limited
23/09/2008	Notice of Change in Substantial Holding from Pritchard Equity Limited
26/09/2008	Notice - extension of offer period
26/09/2008	Withdrawal of Expert's Report
26/09/2008	Change in Substantial Shareholder Notice from Pritchard Equity Limited
29/09/2008	Update on Fox Riverside Investment
29/09/2008	Change in Substantial Shareholder Notice for Pritchard Equity Limited
30/09/2008	Change in Substantial Holding for Pritchard Equity Limited

1/10/2008	Change in Substantial Shareholder Notice for Pritchard Equity Limited
1/10/2008	Status of Target's Statement
3/10/2008	Letter to Shareholders
3/10/2008	Supplementary Target's Statement
3/10/2008	New Target's Statement
7/10/2008	Change in Substantial Holding from Pritchard Equity Limited
9/10/2008	Director's confirm REJECT recommendation on basis of New Independent Expert's Report
13/10/2008	Change in Substantial Holding from Pritchard Equity Limited
17/10/2008	Extension of Offer Period
17/10/2008	Copy of letter sent to PFAA Shareholders with notice of variation
26/10/2008	Change in Substantial Shareholder Notice
27/10/2008	ASIC form 484
29/10/2008	Notice of 2008 AGM
29/10/2008	2008 AGM Proxy Form
29/10/2008	Letter to Shareholders
30/10/2008	Letter to Shareholders from Howard Woolcott
6/11/2008	Sale of Tennyson for Property Fox No 1
11/11/2008	Change in Substantial Shareholding
14/11/2008	Variation of Consideration & Extension of Offer Period
14/11/2008	Extension of Offer Period & Supplementary Bidder's Statement
14/11/2008	ASIC Form 281
21/11/2008	Letter to Shareholders
25/11/2008	Settlement of Tennyson Sale
26/11/2008	Takeover Offer declared unconditional
26/11/2008	Letter to Shareholders
28/11/2008	Chairman's Address 2008 AGM
1/12/2008	Company Placed in Trading Halt Pending Price Sensitive Announcement
1/12/2008	Announcement of Takeover Offer for Property Fox No 1 Limited
1/12/2008	Bidder's Statement
1/12/2008	Results of 2008 Annual General Meeting
8/12/2008	PF1 receives further takeover offer
16/12/2008	Supplementary Bidder's Statement - Primrose Capital Management Pty

	Ltd
22/12/2008	Change in Substantial Shareholder from Pritchard Equity Limited
23/12/2008	Notice of Extraordinary General Meeting lodged with ASIC
30/12/2008	Lodgement of Target's Statement
05/01/2009	Letter to Property Fox Shareholders from Primrose
05/01/2009	Waiver of Conditions to Offer
12/01/2009	Notice of Variation - Extension of Offer Period
14/01/2009	Notice of Initial Substantial Holder
22/01/2009	Letter to Shareholders
22/01/2009	Precedent Proxy Form
30/01/2009	Peter Spann writes to shareholders
06/02/2009	Results of EGM
20/02/2009	Price Sensitive Announcement Pending
20/02/2009	Requisition of General Meeting
13/03/2009	Change in Substantial Shareholding
16/03/2009	Half Year Accounts
19/03/2009	Notice of General Meeting
27/03/2009	Expiry of Takeover Bid and Withdrawal of Corporate Actions
30/03/2009	Notice of ceasing to be a substantial holder
30/03/2009	Letter to Shareholders
30/03/2009	Ceasing to be Substantial Shareholder
31/03/2009	Becoming a Substantial Holder
24/04/2009	Notice of Status of Defeating Conditions
04/05/2009	Expiry of Takeover Offer & Notice of Ceasing to be a Substantial Holder
08/05/2009	Buy-Back Booklet

Annexure 4 – Rights and Liabilities Attaching to PF2 A Class Shares

The following is a summary of the principal rights and liabilities attaching to PF2 A Class Shares as set out in the PF2 Constitution and under the Corporations Act. Below is a summary of the main provisions of the Constitution, for more details of the rights and liabilities attached to PF2 A Class Shares interested parties can obtain a copy of Property Fox No.2 Limited's Constitution by calling 07 3031 9950.

- a) Issue of Shares-The power to issue PF2 A Class Shares and other securities in the Capital of PF2 lies with the Board of PF2 subject to the restrictions contained in the Constitution, the Listing Rules and the Corporations Act.
- b) Voting-Subject to the Constitution and the Corporations Act and the NSX Listing Rules on a show of hands every holder of PF2 A Class Shares present in person or by proxy or attorney or representative will have 1 vote and on a poll at general meetings of the PF2.
- c) Meetings and Notice-Each holder of PF2 A Class Shares is entitled to receive notices of, and to attend, general meetings of PF2 and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, Corporations Act and the Listing Rules. A PF2 Director may call a meeting of shareholders and shareholders may also requisition or convene general meetings in accordance with the procedures for shareholder initiated meetings set out in the Corporations Act.
- d) Dividends-Dividends are payable upon the determination of the directors of PF2.
- e) Transfer of Shares-A holder of a PF2 A Class Share may transfer these shares by a market transfer in accordance with the electronic share registration and transfer system conducted in accordance with the ASTC Settlement Rules and approved by the PF2 Directors, or by an instrument in writing in the usual or common forms, or in any other form approved by the PF2 directors. Where permitted or required by the Listing Rules, the PF2 directors may refuse to register any transfer of PF2 A Class Shares.
- f) Rights on Winding Up-If on a winding up there remain any assets available for distribution to shareholders, then subject to the Constitution, the Corporations Act and the NSX Listing Rules, those assets will be distributed amongst the shareholders in returning capital paid up on their shares and distributing any surplus in proportion to the amount paid up (not credited) on the shares held by them. If PF2 is wound up, the liquidator may, with the sanction of a special resolution of PF2 A Class Shareholders, divide among the contributories in specie or in kind any part of PF2's assets.
- g) Variation of Rights-Subject to the Corporations Act and the Listing Rules, all or any of the rights and privileges attached to PF2 A Class Shares may be varied or cancelled by a special resolution passed at a meeting of the holders of the PF2 A Class Shares.

Annexure 5 - TOP 20 HOLDERS OF PF2 A Class SHARES

Rank	Investor Name	Total Shares	% Of Issued Capital
1	Property Fox No. 1 Limited	103,499	3.43%
2	Fox Portfolio Pty Ltd	100,000	3.31%
3	Mr Trevor John O'Shea + Mrs Joanne Elsie O'Shea	50,000	1.66%
4	Mr Ramon Charles William	50,000	1.66%
5	Francis Stuart Albrecht + Ann Violet Albrecht	40,000	1.33%
6	L & J Martin Pty Ltd	40,000	1.33%
7	Judith Anne Martin	40,000	1.33%
8	Peter Richards	40,000	1.33%
9	Strategic Team Leadership Pty Ltd	40,000	1.33%
10	Bekl Investments Pty Ltd	35,000	1.16%
11	Foray Corporation Pty Ltd	35,000	1.16%
12	Totlol Pty Ltd	35,000	1.16%
13	Ann Albrecht	30,000	0.99%
14	Better Fencing Products Pty Ltd	30,000	0.99%
15	Karberg Nominees Pty Ltd	30,000	0.99%
16	Rosemont (Caulfield) Pty Ltd	30,000	0.99%
17	Peter Schaap + Pauline Schaap	30,000	0.99%
18	Sinvest Pty Ltd	30,000	0.99%
19	Rodney David Wilson + Bronwen Joan Wilson	30,000	0.99%
20	Jerd Holdings Pty Ltd	25,000	0.83%
	Total	843,499	27.95%

CORPORATE DIRECTORY

DIRECTORS

Howard Woolcott

Peter Spann

Peter Conway

Benjamin Doyle

COMPANY SECRETARY

Andrew Whitten

LEGAL ADVISER

Whittens Lawyers and Consultants

‘Eurotower’

Suite 9, Level 5

137 Bathurst Street

Sydney NSW 2000

TAXATION ADVISER

Moore Stephens Sydney Pty Ltd

Level 7, 20 Hunter Street

Sydney NSW 2000

PRINCIPAL AND REGISTERED OFFICE

Property Fox No.2 Limited

Level 21, 333 Ann Street

Brisbane Queensland 4000

SHARE REGISTRY

Link Market Services Limited

Level 12, 300 Queen Street

Brisbane Queensland 4000

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