

Chairman's Address – PF2 – AGM – 2009

It has been a productive if not profitable year for the company. The assets of the Company have stood up well to the downturn.

This year we wound up the final Brisbane riverside property and although it resulted in a loss this year of \$145,956 in the joint venture, it had contributed profits for the Company in previous years. As part of the process in winding up the joint venture we received a payment of \$1,090,950 in December 2008 and we expect a further small sum to be paid when the final joint venture accounts are completed shortly.

The net loss for the Company for the year ended 30 June 2009 after providing for income tax amounted to \$463,113 (2008:\$31,123 loss). Apart from the loss in the joint venture we spent \$173,450 on legal and other professional fees, the majority of which were incurred in relation to the Company's takeover bid for Property Fox No 1 Limited "PF No 1". Your directors believe this cost is an investment for the future and the Company will be in a much stronger position as a result of gaining a substantial holding in PF No 1 or its complete takeover.

In April Jodie Stainton resigned as a director and we welcomed to the Board Peter Conway and Ben Doyle. Peter and Ben have already made an impact and are considering a number of proposals to develop the assets of the company and grow it further.

Ben will be taking over from me as CEO of the company on 1 January 2010. I am sure that Ben's extensive property development experience will help steer the company to greater success in the future.

In August 2009 the Company contracted to purchase the 20% of the Toowoomba properties, which are owned by my company Freeman Fox Investments Pty Ltd. The objective of the purchase is to consolidate the block to enable it to be developed a proposal for which we will discuss today.

This purchase is subject to shareholder approval as it is a related party asset and you have been asked to vote on this transaction at the Annual General Meeting. If shareholders agree to the purchase and if the Company is successful in its takeover bid for PF No 1, this will be an important step forward for the Company as it will have absolute control of the Toowoomba properties when decisions are made on future plans for the site.

We continue to receive strong support from our bankers, the National Australia Bank Limited, who extended the loan on the Toowoomba properties for a period of a further three years.

The company has now gained 64% of the "A" Class shares of Property Fox No.2 and only requires 207,000 more to achieve majority control. The bid is now unconditional and we are contacting all shareholders of PF1 who have not currently accepted the offer to encourage them to do so.

The directors expect to see an improved position for the Company during the next year, particularly if we are successful in obtaining complete control of PF No 1. Combining the assets of both companies will double our size and significantly reduce the costs of managing the aggregated businesses.