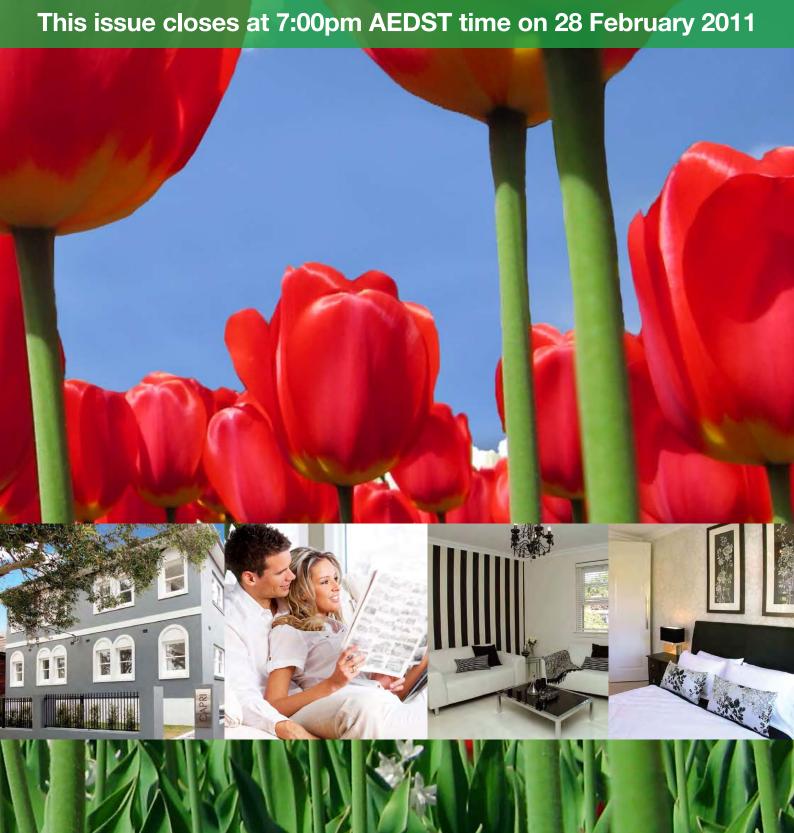
Property Fox No.2 Limited ACN 108 076 295

Prospectus for a pro-rata non-renounceable

Entitlement Offer of shares

on a 5:1 basis to issue up to 29,903,100 new shares at an issue price of 25 cents per new share to raise up to \$7,475,775.00 ("The entitlement offer").





IMPORTANT NOTICE: An investment under this Prospectus should be considered speculative. This document should be read in its entirety. Qualifying Shareholders should seek professional advice from an accountant, stockbroker, solicitor or other professional advisor before deciding to invest for the purpose of making an informed assessment of the assets and liabilities, financial position, and prospects of the Company.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Any person who comes into possession of this Prospectus should observe any restrictions that are applicable to them. The distribution of this Prospectus in places outside Australia may be restricted by law and person who obtains this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable Securities laws.

THIS OFFER IS PARTIALLY UNDERWRITTEN AS TO 1,280,000 SHARES TO THE VALUE OF \$320,000.00 BY FOX PORTFOLIO PTY LIMITED (ACN 093 708 457)





December

Lodgement of the Prospectus with ASIC

24 December 2010

January

Notice sent to security holders Books close to determine entitlements ("the Record Date")

Prospectus sent to Shareholders

10 January 2011

14 January 2011

20 January 2011

February

Closing date for receipt of Acceptances and payment of acceptance monies from Shareholders for Entitlement Offer

28 February 2011

March

Allotment Date

The Company notifies the NSX of under subscriptions

Securities quoted on a deferred settlement basis

4 March 2011

4 March 2011

5 March 2011

Latest date for dispatch of holding statements

Expected date for New Shares to commence trading on the NSX

11 March 2011

12 March 2011

ImportantInformation

DATE AND LODGMENT OF PROSPECTUS

This Prospectus is dated 24 December 2010. A copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on 24 December 2010. Neither ASIC nor the National Stock Exchange of Australia Limited ("the NSX") take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of issue of this Prospectus. Application will be made within seven (7) days after the date of issue of this Prospectus for permission for the Shares offered by this Prospectus to be listed for quotation on the NSX.

IMPORTANT NOTE

Before deciding to invest in the Company, Qualifying Shareholders should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for Shares. In particular, in considering the prospects of the Company, Qualifying Shareholders should consider the risk factors that could affect the financial performance of the Company. Qualifying Shareholders should carefully consider these factors in light of their own personal circumstances (including financial and taxation issues). Refer to Section 6 of this Prospectus for details relating to the risk factors.

Any investment in the Company under this Prospectus should be considered speculative in nature and Qualifying Shareholders should be aware that they may lose some or all of their investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or future value. Qualifying Shareholders should seek professional advice from an accountant, stockbroker, solicitor or other professional advisor before deciding to invest for the purpose of making an informed assessment of the assets and liabilities, financial position, and prospects of the Company.

This Entitlement Offer to Qualifying Shareholders is non-renounceable. Accordingly, there will be no trading in these Share entitlements and if you do not take up your Share entitlement, the Entitlement Offer will lapse and the Shares will form part of the shortfall and be dealt with in accordance with this Prospectus.

No person or entity is authorised to give any information or to make any representation in connection with

the Entitlement Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors of the Company in connection with the Offer.

ELECTRONIC PROSPECTUS

This Prospectus will be issued in paper form and as an electronic Prospectus. A copy of this Prospectus can be downloaded from the official website of the Company at www.propertyfoxno2.com.au, which may be viewed in electronic form on-line by Australian and New Zealand investors only. The Entitlement Offer is available to persons receiving an electronic version of this Prospectus in Australia and New Zealand. Persons who receive the electronic form of this Prospectus should ensure that they download and read the entire Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form.

Applications under the Offer may only be made on paper copies of the Application Forms attached to or accompanying this Prospectus. The Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of this Prospectus. The Application Form contains a declaration that the Applicant has personally received the complete and unaltered Prospectus prior to completing the Application Form. The Corporations Act prohibits any person from passing an Application Form to any other person

unless it is attached to or accompanied by a complete and unaltered hard or electronic copy of this Prospectus. The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete and unaltered copy of this Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way. During the Offer Period, any person may obtain a hard copy of this Prospectus free of charge by contacting the Company by e-mail at: Howard.woolcott@excela.com.au.

JURISDICTION

The Entitlement Offer contained in this Prospectus is available to Australian and New Zealand residents only. The Entitlement Offer made pursuant to this Prospectus is not made to persons or places to which, or in which, it would not be lawful to make such an offer of securities.

No action has been taken to register the Entitlement Offer or otherwise permit the Entitlement Offer to be made in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should

seek advice on and observe any such restrictions. Any

failure to comply with such restrictions may constitute a

EXPOSURE PERIOD

violation of applicable securities laws.

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of seven (7) days from the date of lodgement of the Prospectus with the ASIC. This period may be extended by the ASIC for a further period of seven (7) days. The purpose of this Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with Section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

FORECASTS AND FORWARD-LOOKING STATEMENTS

The Company is a listed property investment company. Given the speculative nature of property investment and property development, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

Notwithstanding the above, the Prospectus includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's financial position, business strategy and plans and objectives for its projects and future operations (including development plans and objectives) which have been based on the Company's current expectations about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future events, performance or achievements expressed or implied by such

forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. The statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Prospectus might not occur. Qualifying Shareholders are therefore cautioned not to place undue reliance on these statements.

PERSONAL INFORMATION

If you apply for Shares, you will be required to provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use this personal information in order to assess the Application, service the needs of the Application as an Investor, provide facilities and services that the Applicant may request and carry out appropriate administration tasks and duties. Corporate and tax laws require some personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

TERMS AND ABBREVIATIONS

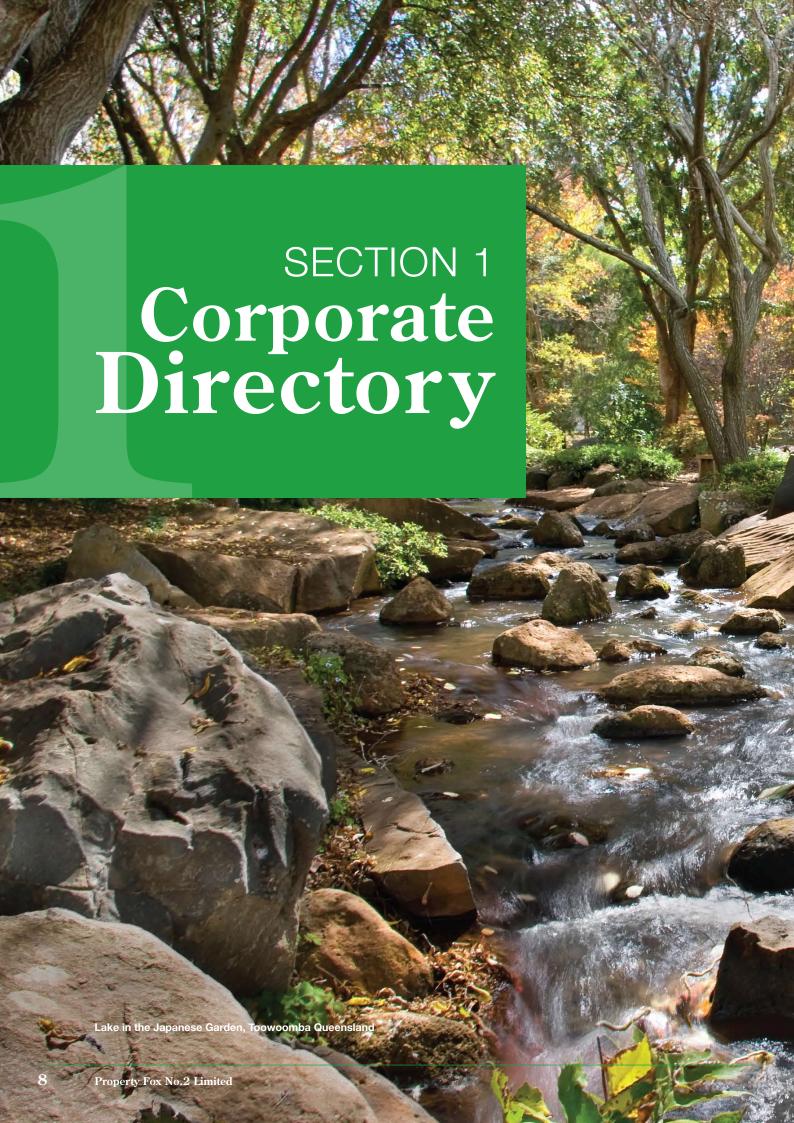
Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used in this Prospectus are contained in the Glossary in Section 10 of this Prospectus.

Unless otherwise indicated, all amounts contained in this Prospectus are in Australian dollars.

In addition, all references to time are to Australian Eastern Daylight Savings Time ("**AEDST**"), unless specified otherwise.

IMAGES AND DIAGRAMS

Unless otherwise stated, the people and assets depicted in photographs in this Prospectus are not employees or assets of the Company. Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.



BOARD OF DIRECTORS CHAIRMAN **Peter Conway NON-EXECUTIVE DIRECTOR Howard Woolcott** NON-EXECUTIVE DIRECTOR **Benjamin Doyle** MANAGING DIRECTOR Andrew J Whitten COMPANY SECRETARY

NSX CODE - PFBA

REGISTERED OFFICE AND POSTAL ADDRESS

Freeman Fox House Level 21, 333 Ann Street Brisbane QLD 4000

SOLICITORS TO THE ENTITLEMENT OFFER

Whittens Lawyers and Consultants Suite 9, Level 5 137-139 Bathurst Street Sydney NSW 2000

PARTIAL UNDERWRITER

Fox Portfolio Pty Limited Freeman Fox House Level 21, 333 Ann Street Brisbane QLD 4000

AUDITORS

Grant Thornton Audit Pty Ltd Ground floor, 102 Adelaide St, Brisbane QLD 4000

SHARE REGISTRY

Link Market Services Limited Level 15, 324 Queen St, Brisbane QLD 4000

BROKER

Excela Equities Limited Level 21, 333 Ann St, Brisbane QLD 4000







Dear Shareholder.

I am pleased to offer you the opportunity to invest in Property Fox No.2 Limited ("the Company"). Set out in this Prospectus are details of a non-renounceable entitlement offer of New Shares issued to Qualifying Shareholders of the Company ("the Entitlement Offer"). Under the terms of the Entitlement Offer, Qualifying Shareholders are entitled to subscribe for five (5) A Class Shares for every one (1) A Class Share that they currently hold. The New Shares are being offered to Qualifying Shareholders at an issue price of 25 cents per New Share, which is a discount of approximately 40% to the current NTA of the Company when expressed as an amount per Share.

This entitlement is non-renounceable which means that the entitlements are not tradeable by Qualifying Shareholders and as such will lapse if Qualifying Shareholders do not take up their entitlement to subscribe for New Shares by the Closing Date.

The purpose of the Entitlement Offer outlined in this Prospectus is to provide the Company with funds for ongoing working capital to evaluate and invest in new projects and fund existing projects as required, in particular the development site in Toowoomba, QLD.

About Property Fox No.2 Limited:

Property Fox No.2 Limited is a property investment company which holds a small but diversified portfolio of residential property. The mandate of the company is to acquire property with development potential and over time to realize that potential. The Company listed on the National Stock Exchange of Australia on 28 February 2007. As disclosed in the financial report for the period ended 30 June 2010, the Company is engaged in a number of property investments. The Company is currently managed by Mr Benjamin Doyle and a Board of highly skilled Directors.

Prior to the 30 June 2010, the Company was able to complete a compulsory acquisition of Property Fox No.1 Limited. Accordingly, Property Fox No.1 Limited is now a wholly owned subsidiary of the Company. This has consolidated the ownership of the entire Toowoomba properties in the Company and its subsidiary. The compulsory acquisition was completed on 29 June 2010 together with the purchase by the Company of 1,250,000 Ordinary Shares held by Fox Portfolio Pty Limited in Property Fox No.1 Limited (a company controlled by Mr Peter Spann) for \$1000.00.

The combined consolidated net assets of the group as at 30 June 2010 were \$2,504,086.00.

The Investment Strategy of Property Fox No.2 Limited:

The investment strategy of the Company is to endeavor to invest across a broad range of property related investments. It is intended that the Company will gain exposure to a range of projects, providing the benefits of geographical diversification, while maintaining strong risk-adjusted investor returns.

The Company may undertake the following types of investments:

- · Investing in equity or mezzanine/loan debt capital (either directly or indirectly through other entities) in quality property developments being undertaken by proven property developers, offering the potential for appropriate risk adjusted returns;
- · Acquiring or investing directly or indirectly in income producing properties with an opportunity to create value for investors through active asset management (such as re-leasing, refurbishment and repositioning) with the aim of delivering enhanced income returns: and
- Investing in assets from which the Company will seek to make short-term development profits.

A Summary of the Current and Proposed Projects of Property Fox No.2 Limited:

In the last year, Mr Benjamin Doyle has been actively seeking new projects that will provide returns to investors, as well as managing the existing properties (and potential new developments) held by the Company.

PROPERTY FOX No. 2 LIMITED® ABN 52 108 076 295

 POSTAL:
 PO Box 7830, WATERFRONT PLACE, BRISBANE
 QLD 4001
 Location: Level 21, 333 Ann Street, BrisBane
 QLD 4000

 Ph:
 07 3031 9920
 FAX:
 07 3031 9922
 Email:
 PF2@FREEMANFOX.COM.AU

Provided below is an update in the Company's current and proposed projects:

(1) Toowoomba, Queensland

It is the vision of the Company to build a landmark development in the Garden City of Toowoomba. The current development proposal is that the site will consist of restaurants, retail outlets, cafés and commercial premises as well as a large residential component with landscaped gardens and outdoor eatery areas. It was the original vision of Mr Peter Spann, Property Fox No.2 Limited and Property Fox No.1 Limited to purchase a parcel of land in one of the strong epicentres in Queensland that could be held as a positive cash flow asset with a long term view to develop into a development site.

The Company is very pleased with the progress it has made on the Toowoomba development project. After six months working with the architects, town planners and local agents, the Company's architects recently had a meeting with the local council to discuss its development proposal. Some exceptional news about the site and allowable density and the Toowoomba Council requirements came from this meeting. Accordingly, the plans have now gone back to the architects to further develop, with an increase of 51% to the site by adding units and commercial premises that could potentially lead to higher returns. The Company has also been able to negotiate and secure an option over a parcel of land which has now increased the development site by a further 749m2.

Whilst there is still at least a year to go in finalising the plans with council, the Board is very positive that the development will exceed the original estimations for development returns.

(2) 38 Vine Street, Fairfield New South Wales (owned by Property Fox No.1 Limited)

The Board of 38 Vine Street Pty Ltd is now in the final stages of registering the strata plan for the Fairfield building. Once this is complete, the sale of Property Fox No.1 Limited four (4) units can settle which will result in capital coming back into the company.

(3) Parcel of land on the Brisbane River

Property Fox No.2 Limited owns 5% of a parcel of land on the Brisbane River in Queensland, Australia. This property is being marketed for sale at present.

(4) Existing Residential Apartment Buildings, New South Wales

An excellent opportunity exists for the Company to extend its activities into the development of apartment buildings and benefit from the vast experience of Mr Benjamin Doyle in this area. During the last six years Mr Doyle has purchased, renovated and sold over 50 residential apartment buildings totaling over 300 apartments. For a brief overview of the track record of Mr Doyle, you can view his website at www.fiducia.com.au. The Company is planning to purchase and renovate and/or enter into joint venture agreements to buy and renovate small to medium sized residential apartment building projects. It is planned that any such building project will be located in the eastern suburbs and/or the inner north shore of Sydney up to and including a radius of approximately 10 kilometers from Sydney's CBD. This is a very good opportunity for the Company to diversify into projects with a faster turnover and good potential cash flow.

For more information on the activities of the Company please see the announcements of the Company outlined at Section 8.4.3 of this Prospectus.

This Prospectus outlines the details of the Entitlement Offer. I urge you to read this Prospectus carefully for further details of this opportunity. If you have any questions regarding the Entitlement Offer, you should consult a person able to give you financial product advice, an accountant, stockbroker, solicitor or other professional advisor

The Board commends this opportunity to you to take part in this $\mbox{\it Entitlement}$ Offer.

Yours faithfully,

PROPERTY FOX NO.2 LIMITED

Peter Spann CHAIRMAN

Investment Summary

This Investment Summary is not intended to provide full information on the New Shares offered by this Prospectus. To form an appropriate investment opinion, the Prospectus should be read in full.

Since his appointment as Managing Director of Property Fox No. 2, Ben Doyle has been actively seeking opportunities to provide value to investors and maximise the potential of the Company's existing assets.

In 2005, Property Fox No.2 purchased a large parcel of land in Toowoomba (Australia's largest inland regional city) with a view to holding the property until its development potential could be maximised.

The block is located on Ruthven street, one of two main roads into the CBD and is just 1.8km from the GPO. Currently it is comprised of seven house blocks with older homes and two blocks of flats.

The proximity to town and the highly visible location make the property an excellent prospect for potential development to commercial and high density residential, subject to Development Application approval.

For numerous reasons explored in more detail later in this section, the Board now believes the time has come to realize the potential of this property and many months of research and close liaison with Architects, town planners and local agents have resulted in an exciting development proposal for this parcel of land. Please note that at the time of lodgement of this Prospectus no Development Application has been lodged or approved.

Our research would indicate that there are enough favorable underlying fundamentals to aggressively pursue this development opportunity. Some of these include:

- Current and future prospects for the area and the growth this is expected to bring;
- Strong alignment with Council plans and objectives for the development of the city;
- Livability factors and affordability;
- Real Estate trends in the area; and
- Positive economic indicators.



Investment Highlights

Highly qualified and experienced board of directors and management team

The Company is led by a highly qualified Board of Directors and management team with considerable property and corporate experience.

Together, the Directors possess many years experience in the property industry. During the last 6 years alone the Company's Managing Director, Mr Benjamin Doyle, has purchased, renovated and sold over 50 residential apartment buildings totaling over 300 apartments.

Exciting prospects

The Company has exciting prospects, especially for the Toowoomba project.

Investment Risks

There are risks associated with investment in the share market generally, and in this Company specifically. These risks are more clearly outlined in Section 6 of this Prospectus, however listed below are the key risks associated with this investment.

- No guarantee of profitable development
- The overall share market may negatively impact an investment in the company
- Property prices may go down
- The company may be unable to obtain government approvals
- The company may not be able to exploit successful projects
- The company may not be able to raise further funds as and when required
- Directors, employees or consultants of the company may leave the company

Investors are directed to Section 6 of this Prospectus for further information concerning the key risks associated with making an investment in the Company. Before submitting an Application for Shares in the Company, Qualifying Shareholders should read this Prospectus in its entirety and seek professional advice from an accountant, stockbroker, solicitor or other professional advisor for the purpose of making an informed assessment of the assets and liabilities, financial position, and prospects of the Company.

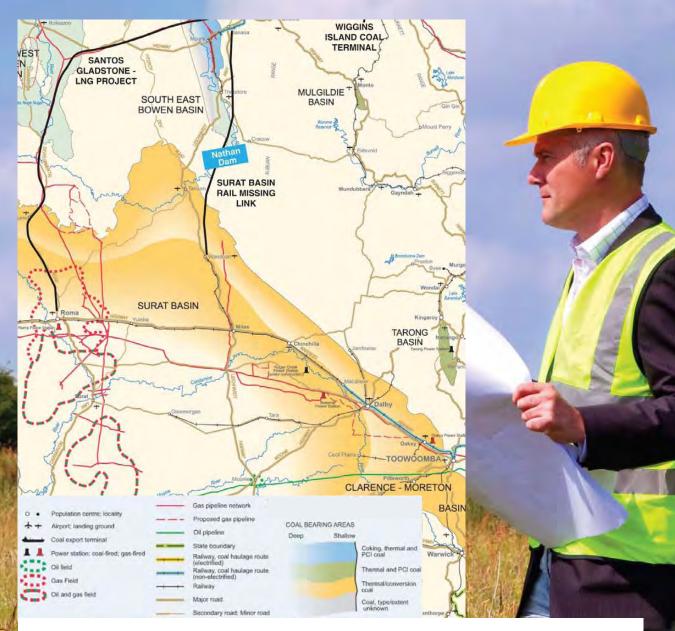


Numerous major projects are expected to have a positive economic impact on the city and surrounds over the coming years.

Just 13km west of Toowoomba city at the intersection of the Warrego, New England and Gore Highways, 2,000 hectares of land known as the Charlton Wellcamp Enterprise Area is earmarked to be an important catalyst for business growth. The Toowoomba Regional Council (TRC) says this industrial area has the potential to provide up to 15,000 jobs and increase the TRC area's Gross Regional Product (GRP) by about 30%.

It is also an important part of other major proposed and planned projects: The Melbourne to Brisbane Inland Rail project and the Surat Basin Rail would both run through the Charlton Wellcamp area and a major intermodal freight centre is proposed for the site, bringing a strong freight focus to the TRC area[^].

Undoubtedly, the most important factor in the future development of Toowoomba is the resources boom that is building momentum in the Surat Basin, nearby in the Surat Energy Resource province.



The Surat Basin covers 27,000 km² and crosses three Government areas including the Toowoomba Region. This area contains the majority of the State's known Coal Seam Gas reserves and is expected to be Australia's largest energy province by 2011.

Thousands of jobs will be created in the region and the flow on demand for housing, manufacturing, consumables and infrastructure will be felt throughout the region. As the largest city in the area, Toowoomba will be the major drive in / drive out centre for the region and its economy should experience a boost on the back of the increased demand across multiple sectors.

Multi billion dollar contracts are already in place for the export of LNG from the Surat Basin.

The \$1 billion Surat Basin rail line (planned for completion in 2012) is an important component of the development of the Surat mining industry as it will transport raw materials from the extraction areas to Gladstone from where it will be exported. A gas pipeline will follow the same route as the rail.

In its July 2010 Economic Profile, the Toowoomba Regional Council states, "Toowoomba, the region's major city is poised to be the gateway to the Surat Basin, offering a high level of health and education services, machinery and fibre composite manufacturing and food processing. The population in the region was 199,000 in 2008 and with an estimated population increase of 44% by 2021. 90% of this is expected to be in the Toowoomba Regional Council area."

The TRC is also planning to upgrade Toowoomba's airport to allow for regular services from major cities such as Sydney and continues to work toward the development of the Toowoomba Bypass project which they believe would add over \$300 million to the Darling Downs economy.

The scale of the development of infrastructure and industry around Toowoomba is staggering and with so many projects planned to roll out simultaneously, we believe the once sleepy old city is likely to become a hive of activity, growth and development over the coming years[^].

Map source; www.suratbasincorporation.com.au/resources.html
^ Toowoomba Regional Council Economic Profile, July 2010. www.toowoombaRC.qld.gov.au
*Please note: As at the date of this Prospectus no development application has been lodged or approved.



Unemployment rates are low by state standards and a broad-based economy provides a wide range of work options which should only expand as new developments roll out[^].

Although Toowoomba is technically a city by population measures, it retains the feel of a country town and remains largely unaffected by issues that have a negative impact on livability in larger cities.

^ Toowoomba Regional Council Economic Profile, July 2010. www.toowoombaRC.qld.gov.au

The City is Garden City is blossoming

While local and state governments scramble to provide major infrastructure to cater for growth and increased demand, they're also focusing on attracting private capital into the area and this is good news for property development.

The median house price in the TRC area in the 1st quarter of 2010 was \$300,000, some 10.3% up on the same period in the previous year. Residential dwelling approvals in the TRC area increased 33.1% over the same period. House prices in the region have grown 34.4% over the last 5 years[^].

It is quite reasonable to expect that as Toowoomba plays its part in the continued development of the Surat Basin and inland freight projects, its economy will grow and prosper.

The Board believes that this should create greater wealth in the area and, coupled with a growing population, an increased demand for appealing residential and lifestyle options within close proximity to the city centre.

The Board has been working with the TRC and Toowoomba based architects Aspect Design to design a "precinct" style project for the Ruthven St (New England Highway) parcel of land. However, at the date of this Prospectus, no Development Application has been granted or lodged with respect to this project. Accordingly, any development plans of the Company may be subject to change and may or may not occur.



^ Toowoomba Regional Council Economic Profile, July 2010. www.toowoombaRC.qld.gov.au





These plans and designs are conceptual in nature. As at the date of this prospectus no approvals to construct this project have been obtained by Property Fox No.2 Limited. Investors should note that Property Fox No.2 Limited may or may not achieve the requisite approvals and potential investors should not rely on these plans and designs.

The proposed development, subject to Development Application being granted, would include a total of 71 mid to high end apartments and 1956m2 of commercial space specifically suitable for restaurants, cafes, bookstores, delicatessens and other lifestyle tenants. Other facilities in the complex will include a pool and barbeque area as well as the possibility of a concierge and residents foyer / lounge area.

The precinct would be positioned as the best Toowoomba has to offer - a leading edge complex that would compete with that of any major city, designed specifically for Toowoomba with an emphasis on its local appeal.



The development is designed in line with trends observed in other cities toward creating hot spot precincts or localities of their own. An example of a nearby successful development of this nature is "The Emporium", located in Brisbane's New Farm / Fortitude Valley area.

A generous provision for parking underground will be included and commercial tenants will enjoy high visibility and easy access for customers.

These plans and designs are conceptual in nature. As at the date of this prospectus no approvals to construct this project have been obtained by Property Fox No.2 Limited. Investors should note that Property Fox No.2 Limited may or may not achieve the requisite approvals and potential investors should not rely on these plans and designs.







Food is considered an important part of the mix and the the development may benefit from a group of businesses including delicatessens, cafes, patisseries and restaurants.

The precinct should ideally include one or more licensed establishments where patrons can enjoy social drinks. This may also include a high end bottle shop facility and / or the provision of food.



These plans and designs are conceptual in nature. As at the date of this prospectus no approvals to construct this project have been obtained by Property Fox No.2 Limited. Investors should note that Property Fox No.2 Limited may or may not achieve the requisite approvals and potential investors should not rely on these plans and designs.

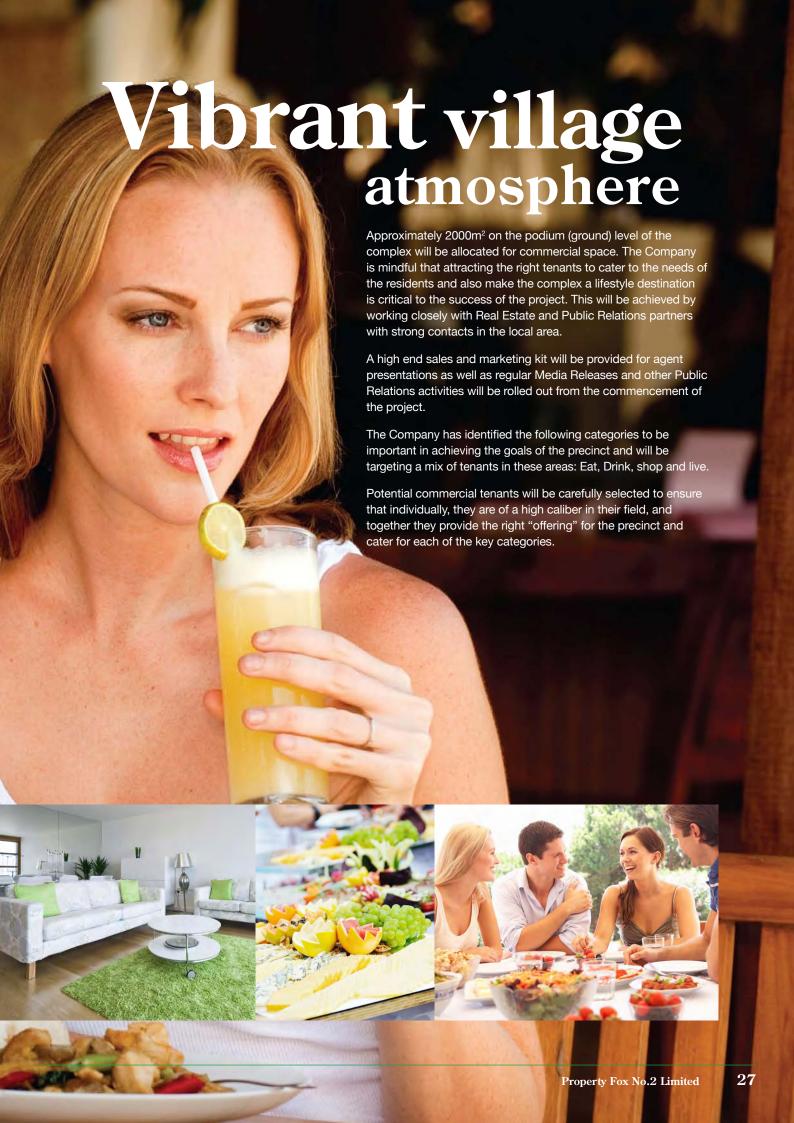


The precinct should ideally include one or more licensed establishments where patrons can enjoy social drinks. This may also include a high end bottle shop facility and / or the provision of food.

Complimentary businesses may include beauty salons, hair dressers, day spas, etc. These would be assessed on an individual basis. This category could also include a boutique cinema or may be fulfilled through "moveable".







Applied Expertise

Ben Doyle has bought and sold over \$102 million dollars worth of projects in a time frame of seven (7) years. Additionally, whilst working for Freeman Fox Pty Ltd, Ben was directly responsible for the acquisition, design, project management and resale of in excess of \$40 million worth of established residential apartment blocks in Sydney, Brisbane and Melbourne. Ben has since founded Fiducia Property Group Pty Ltd, a leading-edge Sydney based property development company. Using the strength of the Fiducia strategy, Ben has led his team of experts in acquisition, renovation, design and marketing to build a proven and solid track record of property developments. In the past four (4) years this has included acquiring and reselling over \$62 million worth of property through the Fiducia Property Group of companies.

Construction

Numerous construction contractors are based in the Toowoomba area which we expect will provide us with a quality pool of tenders to select from for this project.

Subject to Development Application being granted, the proposed development would comprise 2 main residential buildings and construction would be staged in 2 parts around those.

The Company will engage the following specialists to ensure the successful roll out of this project:

Architecture & Design

Based in Toowoomba, Aspect Design Studios is a specialist design practice providing consulting services and design expertise to the commercial and domestic building industry.

Branding & Marketing

A specialist marketing & branding agency will be engaged to design signage, marketing and sales materials for both residential and commercial sales

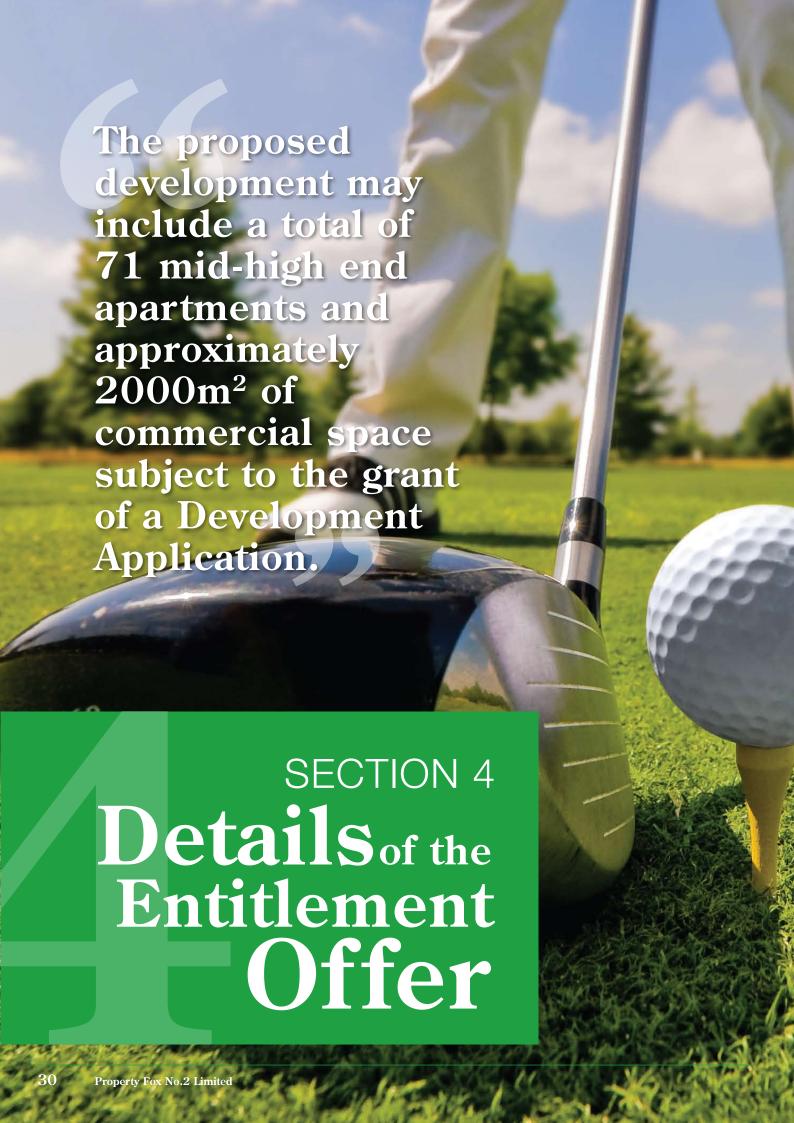
Sales

A local, well-established Real Estate Agency and specialised project marketing teams, will be engaged to market and sell the apartments and commercial premises.

Public Relations A local Public Relations and marketing firm will be contracted to manage communications, local area promotion and media







Details of Entitlement Offer

This Investment Summary is not intended to provide full information on the New Shares offered by this Prospectus. To form an appropriate investment opinion, the Prospectus should be read in full.

4.1 THE ENTITLEMENT OFFER

Property Fox No.2 Limited ("**the Company**") is offering for subscription 29,903,100 New Shares at a subscription price of 25 cents per New Share by way of a non-renounceable rights issue to raise up to \$7,475,775.00 gross of expenses and liabilities ("**the Entitlement Offer**").

Persons who are registered holders of Shares with a registered address in Australia or New Zealand as at at 14 January 2011 ("the Record Date") ("Qualifying Shareholders") are being offered New Shares in the ratio of five (5) New Shares for every one (1) Share held in the Company (rounded down to the nearest whole number) at a price of 25 cents per New Share.

The entitlement of Qualifying Shareholders under the Entitlement Offer is shown on the Entitlement and Acceptance Form accompanying this Prospectus.

4.2 CONDITIONAL OFFER

The Entitlement Offer is conditional upon the New Shares being instated to quotation on the Official List of the NSX. This condition will be deemed to be satisfied upon the Company receiving an unconditional letter from the NSX confirming that the NSX sees no impediment to the New Shares being instated to quotation on the Official List of the NSX.

The Company will apply to the NSX no later than seven (7) days from the date of this Prospectus to have the New Shares to be issued pursuant to this Prospectus quoted on the Official List of the NSX.

If approval for quotation of the New Shares on the Official List of the NSX is not granted within three (3) months after the date of this Prospectus, the Company will not allot or issue any New Shares and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.

Neither the NSX nor ASIC, or any of their respective officers, take responsibility for the contents of this Prospectus. The fact that the NSX may grant official quotation to the New Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by the NSX as to the merits of the Company or the New Shares.

4.3 CLOSING DATES

The Company will accept completed Application Forms from the Opening Date, being 7:00pm AEDST on 18 January 2011 until the Closing Date, being 7:00pm AEDST on 28 February 2011.

4.4 PURPOSE OF THE ENTITLEMENT OFFER

The purpose of the Entitlement Offer outlined in this Prospectus is to provide the Company with funds for ongoing working capital to evaluate and invest in new projects and fund existing projects as required.

4.5 NON-RENOUNCEABLE

The Entitlement Offer is non-renounceable. This means that any portion of your Entitlements that you decide not to accept will lapse and cannot be transferred by you. Subject to the Underwriting Agreement referred to in Section 4.6 of this Prospectus and dated 23 December 2010, the Underwriter will subscribe for some of the New Shares not accepted by Shareholders.

4.6 PARTIAL UNDERWRITING OF THE ENTITLEMENT OFFER

The Entitlement Offer has been partially underwritten by Fox Portfolio Pty Limited ("Fox Portfolio" or "the Underwriter") as to 1,280,000 Shares to the value of \$320,000,00.

Details of the Underwriting Agreement are set out in Section 8.3.1 of this Prospectus. Section 8.3.1 provides information on conditions to the underwriting as well as certain circumstances under which Fox Portfolio may terminate the partial underwriting of the Entitlement Offer.

4.7 NON-PARTICIPATING FOREIGN SHAREHOLDERS

The Entitlement Offer is not being extended to any Shareholder whose registered address is outside of Australia or New Zealand as at the Record Date ("Non-Participating Foreign Shareholders").

The Company has decided that it is unreasonable to make offers under this Prospectus to Shareholders with registered addresses outside Australia as at the Record Date having regard to the number of Shareholders in those places, the number and value of the Securities they would be offered and the cost of complying with the legal and regulatory requirements in those places.

Accordingly, the Entitlement Offer is not being extended to, and does not qualify for distribution or sale, and no New Shares will be issued to Shareholders having registered addresses outside Australia as at the Record Date.

4.8 MARKET PRICE OF SHARES

The highest and lowest market sale price of the Company's Shares on the NSX during the three (3) years immediately preceding the date of issue of this Prospectus and the respective dates of those sales were:

Highest:	\$1.00	10/08/07
Lowest:	\$0.275	17/10/08

The latest available market sale price of the Company's Shares on the NSX prior to the date of this Prospectus was \$0.275 cents per Share on 17 October 2008. For updated information regarding the bid and offer price for the Company's Securities on the NSX, persons can view the NSX website at www.nsxa.com.au.

4.9 TAXATION

It is the responsibility of all Shareholders to satisfy themselves of the particular taxation treatment that applies to them in relation to the Entitlement Offer, by consulting their own professional tax advisers.

Neither the Company nor any of its Directors, officers, employees or agents, nor its taxation or other advisers accept any liability or responsibility in respect of taxation consequences connected with this Entitlement Offer.

4.10 FUTURE EQUITY ISSUES

It is anticipated that the Company may find it necessary, in due course, to seek further equity funding through the issue of further shares if the Company's Board deems it appropriate. However, the timing and amount of future fund raisings cannot be accurately estimated.

The pricing of future share issues will depend upon the results of the Company's activities, market factors, investor demand of Shares and the need for capital by either debt or equity capital raisings.

4.11 CAPITAL STRUCTURE POST ENTITLEMENT OFFER

The following table sets out the Company's capital structure both before and after completion of the Entitlement Offer.

Issued A Class Shares	Number
Number of A Class Shares as at 24 December 2010	5,980,620
New Shares offered by this Prospectus	29,903,100
Estimated number of A Class Shares on issue after completion of the Entitlement Offer	35,883,720

4.12 RISK FACTORS

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 6 of this Prospectus. The New Shares on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

4.13 SUMMARY OF ACTION REQUIRED BY QUALIFYING SHAREHOLDERS IN RELATION TO ACCEPTING THE ENTITLEMENT OFFER

The accompanying Entitlement and Acceptance Form details the numbers of New Shares to which Qualifying Shareholders are entitled. Applications must be made by completing the relevant Application Form accompanying this Prospectus. No brokerage, stamp duty or other costs are payable by Applicants in respect of an Application for New Shares under this Prospectus.

Application Forms under the Entitlement Offer must be accompanied by payment in full of 25 cents per New Share. Cheques must be in Australian currency, drawn on an Australian bank, made payable to "Property Fox No.2 Limited" and crossed "Not Negotiable". Do not forward cash or money orders. Receipts for payment will not be issued.

Details of Entitlement Offer

Completed Application Forms and accompanying cheques must be received by the Company before 7:00pm AEDST on the Closing Date by either being delivered to or mailed to the Company's Share Registry at:

Mailing Address:

Property Fox No.2 Limited Offer

c/- Link Market Services Locked Bag 3415, Brisbane QLD 4001

Hand Delivery:

Property Fox No.2 Limited Offer

c/- Link Market Services Level 15, 324 Queen St, Brisbane QLD 4000

An original, completed and lodged Application Form together with a cheque for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final, however, an Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the cheque for the Application Monies.

Applicants are encouraged to lodge their Application Forms as soon as possible, as the Entitlement Offer may close early without notice.

Interest earned on Application Monies will be for the benefit of the Company and will be retained by it whether or not allotment takes place. If the quotation of the New Shares is not granted by the NSX, the New Shares will not be allotted and Application Monies will be refunded to Shareholders without interest.

The Entitlement to which you are entitled may be valuable. You will receive no benefit for Entitlements which lapse. If the Entitlements do lapse, Fox Portfolio will subscribe for, or will procure subscribers for, some of the New Shares the subject of those Entitlements pursuant to the Underwriting Agreement.

4.14 ALLOCATION AND ALLOTMENT OF NEW SHARES

The Directors reserve the right to reject any Application or to allot a lesser number of New Shares than that applied for pursuant to the Entitlement Offer. If the

number of New Shares allocated is less than that applied for, or no allotment is made, the Application Monies or the surplus Application Monies will be promptly refunded without interest.

Allotment of New Shares will only be made once the Application Monies have been received and the NSX has granted permission for the New Shares to be given official quotation. Subject to NSX granting approval for quotation of the New Shares, the allotment of New Shares will occur as soon as practicable after the Closing Date. It is expected that Shareholder statements for the New Shares will be despatched on the despatch date.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell the New Shares before they receive their statement of Shareholding will do so at their own risk.

The New Shares to be issued pursuant to this Prospectus are of the same class and will rank equally in all respects with the Existing Shares in the Company. The rights and obligations attaching to the Shares are further described in Section 8.1 of this Prospectus.

4.15 PRIVACY DISCLOSURE

Qualifying Shareholders who apply for New Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to the NSX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, Applications for New Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

4.16 ENQUIRIES

If you have any queries regarding your entitlements please contact Excela Equities by telephone on 1800 110 808 or (07) 3308 1808 or an accountant, stockbroker, solicitor or other professional advisor.



Company&Project Overview

The information provided in this section is only a summary. Qualifying Investors should read the entire Prospectus before making a decision to apply for New Shares.

5.1 ABOUT THE COMPANY

Property Fox No.2 Limited is a property investment company which holds a small but diversified portfolio of residential property. The mandate of the company is to acquire property with development potential and over time to realize that potential. The Company listed on the National Stock Exchange of Australia on 28 February 2007. As disclosed in the financial report for the period ended 30 June 2010, the Company is engaged in a number of property investments. The Company is currently managed by Mr Benjamin Doyle and a Board of highly skilled Directors.

By 30 June 2010, the Company was able to complete a compulsory acquisition of Property Fox No.1 Limited. Accordingly, Property Fox No.1 Limited is now a wholly owned subsidiary of the Company. This has consolidated the ownership of the entire Toowoomba properties in the Company and its subsidiary. The compulsory acquisition was completed on 29 June 2010 together with the purchase by the Company of 1,250,000 Ordinary Shares held by Fox Portfolio Pty Limited (a company controlled by Mr Peter Spann) for \$1000.00.

5.2 INVESTMENT STRATEGY OF THE COMPANY

The investment strategy of the Company is to endeavor to invest across a broad range of property related investments. It is intended that the Company will gain exposure to a range of projects, providing the benefits of geographical diversification, while maintaining strong risk-adjusted investor returns.

The Company may undertake the following types of investments:

 Investing in equity or mezzanine/loan debt capital (either directly or indirectly through other entities) in quality property developments being undertaken by proven property developers, offering the potential for appropriate risk adjusted returns;

- Acquiring or investing directly or indirectly in income producing properties with an opportunity to create value for investors through active asset management (such as re-leasing, refurbishment and repositioning) with the aim of delivering enhanced income returns; and
- Investing in assets from which the Company will seek to make short-term development profits.

5.2 CURRENT AND POTENTIAL PROJECTS OF THE COMPANY

The purpose of the Offer outlined in this Prospectus is to provide the Company with funds for ongoing working capital to evaluate and invest in new projects and fund existing projects as required.

In the last year, Mr Benjamin Doyle has been actively seeking new projects that will provide returns to investors, as well as managing the existing properties held by the Company.

Provided below is an update on a few of the Company's current and potential projects:

5.2.1 Toowoomba, Queensland

It is the vision of the Company to build a landmark development in the Garden City of Toowoomba. The current development proposal is that the site will consist of restaurants, retail outlets, cafés and commercial premises as well as a large residential component with landscaped gardens and outdoor eatery areas. It was the original vision of Mr Peter Spann, Property Fox No.2 Limited and Property Fox No.1 Limited to purchase a parcel of land in one of the strong epicentres in Queensland that could be held as a positive cash flow asset with a long term view to develop into a development site.

The Company is very pleased with the progress it has made on the Toowoomba development project. After six months working with the architects, town planners and local agents, the Company's architects recently had a meeting with the local council to discuss its development proposal. Some exceptional news about the site and allowable density and the Toowoomba Council requirements came from this meeting. Accordingly, the plans have now gone back to the architects to further develop, with an increase of 51% to the site by adding units and commercial premises that could potentially lead to higher returns. The Company has also been able to negotiate and secure an option over a parcel of land which has now increased the development site by a further 749m2.

Whilst there is still at least a year to go in finalising the plans with council, the Board is very positive that the development will exceed the original estimations for development returns.

5.2.2 38 Vine Street, Fairfield New South Wales (owned by Property Fox No.1 Limited)

The Board of 38 Vine Street Pty Ltd is now in the final stages of registering the strata plan for the Fairfield building. Once this is complete, the four (4) apartments owned by Property Fox No.1 will be settled which will result in capital coming back into the Company.

5.2.3 Existing Residential Apartment Buildings, New South Wales

An excellent opportunity exists for the Company to extend its activities into the development of apartment buildings and benefit from the vast experience of Mr Benjamin Doyle in this area. During the last six years Mr Doyle has purchased, renovated and sold over 50 residential apartment buildings totaling over 300 apartments. For a brief overview of the track record of Mr Doyle, you can view his website at www.fiducia. com.au. The Company is planning to purchase and renovate and/or enter into joint venture agreements to buy and renovate small to medium sized residential apartment building projects. It is planned that any such building project will be located in the eastern suburbs and/or the inner north shore of Sydney up to and including a radius of approximately 10 kilometers from Sydney's CBD. This is a very good opportunity for the Company to diversify into projects with a faster turnover and good potential cash flow.

For more information on the activities of the Company please see the announcements of the Company outlined at Section 8.4.3 of this Prospectus.





As with any share investment, there are a number of risks, both of a general nature and specific to the Company, which may affect the future operating and financial performance of the Company and the value of an investment in the Company. Due to the inherent uncertain nature of the property industry, an investment made under this Prospectus should be considered speculative. Qualifying Investors should realise that the value of their investment may fluctuate considerably due to many influences. This section identifies and describes certain risks associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Whilst the Company will attempt to minimise the following risk factors through the use of safeguards and appropriate systems and controls, many are outside the control of the Company and cannot be mitigated. No assurances can be given that any of the risk factors will not adversely impact the Company.

Accordingly, prior to making an investment decision, Qualifying Investors should carefully consider all information contained in this Prospectus including the following risk factors. Qualifying Investors should consult their professional advisor and seek independent advice before deciding whether to apply for Shares under this Prospectus.

6.1 GENERAL RISKS

6.1.1 Investment Risk

Investors should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The Shares to be issued pursuant to this Prospectus should be considered speculative. The Shares carry no guarantee with respect to the payment of dividends, returns of capital or their market value.

The value of the Company's Shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates, foreign exchange rates and stock markets and variations in the operating costs of the Company. Accordingly, assuming that the Shares to be issued pursuant to this Prospectus are granted official quotation by the NSX, the price at which an investor may be able to trade the Shares on the NSX may be above or below the issue price paid for the Shares.

While the Directors commend the Offer, each Qualifying Investor should make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances. Qualifying Investor in doubt about investing in Shares should consult their stockbroker, accountant, lawyer or other professional advisor.

6.1.2 Share Market Fluctuation

There are risks associated with any investment in a company listed on a stock exchange such as the NSX. Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors including, but not limited to, the following:

- 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; and
- developments and general conditions in the markets in which the Company proposes to operate and which may impact on the future value and pricing of shares.

Indeed it is noted that over the last two (2) years there has been dramatic volatility in global share markets.

6.1.3 Economic Risk

Economic factors beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates and taxation, may negatively impact on the Company's activities, as well as its ability to fund those activities and the revenue and profitability of the Company.

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the property industry including, but not limited to, the following:

 general economic conditions in Australia and its major trading partners;

Risks of Investment

- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the property industry;
- movements in, or outlook on, interest rates and inflation rates; and
- natural disasters, social upheaval, war, terrorist attacks or hostilities in Australia or overseas can result in a decline in economic conditions worldwide or in a particular region, which could produce an adverse effect on the business, financial position and financial performance of the Company.

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside the Company's control and have the potential to have an adverse impact on the Company and its operations.

6.1.4 Regulatory Risks

The Company 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 the Company; and
- employment laws and regulations, including laws and regulations relating to occupational health and safety.

6.2 COMPANY SPECIFIC RISKS

6.2.1 Industry Risks

The Company operates in the property sector. Any variation in the level of activity in this sector will be influenced by factors that may have an adverse effect on the operating results of the Company and are beyond the control of the Company 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; and
- Local, State and Federal Laws, Regulations and Taxation.

6.2.2 Competition Risk

The Company faces competition in its business, to the extent that there are new entrants or changes in strategy by existing competitors of the Company. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the projects and business of the Company.

6.2.3 Property Investment Risk

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 any approval will not be granted or will be granted on unfavorable 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 seller's 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; and/or
- borrow funds (or further funds) from a bank or other financial institution; and/or
- 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 maximize profits and minimize 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 minimize losses, need to hold real estate acquisitions for longer periods than would otherwise apply; and
- 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.

6.2.4 Reliance on Key Personnel

The responsibility of overseeing day-to-day operations and the strategic management of the Company 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 the Company until the skills that are lost are adequately replaced.

6.2.5 Industrial Disputes

Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which the Company operates. This could disrupt operations and impact on the future profitability of the Company.

RisksofInvestment

6.2.6 Future Capital Needs

The Company's capital requirements depend on numerous factors. Further funding of projects may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its investment programs as the case may be. Additionally, any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

6.2.7 Insurance risk

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with property investment and property development is not always available and where available the costs can be prohibitive.



Effect the Issue the Company

7.1 GENERAL EFFECT

Under this Prospectus the Company is offering up to 29,903,100 New Shares to Qualifying Shareholders.

Accordingly, the Entitlement Offer will affect the capital structure and balance sheet of the Company.

If the Entitlement Offer is fully taken up by Qualifying Shareholders the effect on the Company's balance sheet will be to increase Shareholders' funds and net assets by up to \$7,475,775.00 before payment of the costs of the Entitlement Offer.

7.2 FINANCIAL EFFECT

The Issue will have an effect on the financial position and capital structure of the Company.

7.2.1 Assumptions

The pro forma capital structure and pro forma statement of financial position set out in this section of the Prospectus are based on the Company's 30 June 2010 consolidated statement of financial position which has been independently reviewed by the Company's auditor in accordance with the Corporations Act, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations.

The 30 June 2010 pro forma statement of financial position has been adjusted to reflect the following pro forma transactions:

- The position as if the Entitlement Offer was fully taken up and effected on (insert date);
- Receipt of approximately \$7,475,775.00 in acceptances of Entitlements under the Entitlement Offer and the Issue of approximately 29,903,100 New Shares; and
- Other cash costs of the Entitlement Offer of approximately \$40,000.00.
- Partial Underwriting

7.2.2 Qualifications

The Company's actual position on completion of the Entitlement Offer may differ from the position illustrated in the pro forma capital structure and pro forma statement of financial position due to:

- Movements in retained earnings/accumulated losses and in the asset and liability levels during the period between 30 June 2010 and the date when the Entitlement Offer is completed; and
- An inability to calculate the New Shares taken up until the Closing Date and the occurrence of any event that enables the termination of the Underwriting Agreement. Those termination events are detailed in Section 8.3.1 of this Prospectus.

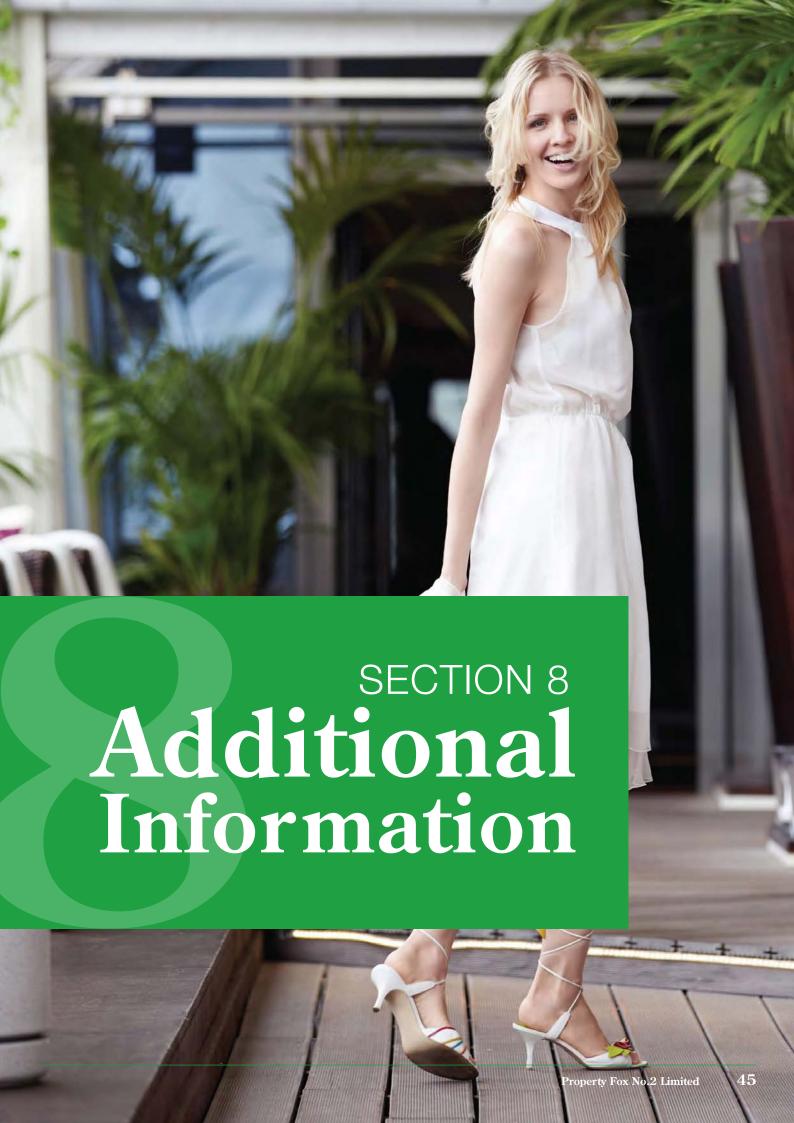
7.2.3 Pro Forma Capital Structure of the Company

The following table shows the proposed capital structure of the Company on completion of the Issue.

Issued A Class Shares	Number
Number of A Class Shares as at (insert date of prospectus) 2010	5,980,620
New Shares offered by this Prospectus	29,903,100
Pro Forma Balance	35,883,720

7.2.4 Pro Forma Consolidated Statement of Financial Position of the Company

	Audited 30 June 2010 \$	Pro Forma 30 June 2010 \$
CURRENT ASSETS		
Cash and cash equivalents	50,797	7,526,572
Other current assets	20,391	20,391
TOTAL CURRENT ASSETS	71,188	7,546,963
NON-CURRENT ASSETS		
Property	3,794,467	3,794,467
TOTAL NON-CURRENT ASSETS	3,794,467	3,794,467
TOTAL ASSETS	3,865,655	11,341,430
CURRENT LIABILITIES		
Trade and Other Payables	81,231	81,231
Short term borrowings	90,338	90,338
TOTAL CURRENT LIABILITIES	171,569	171,569
NON-CURRENT LIABILITIES		
Long term borrowings	1,190,000	1,190,000
TOTAL NON-CURRENT LIABILITIES	1,190,000	1,190,000
TOTAL LIABILITIES	1,361,569	1,361,569
NET ASSETS	2,504,086	9,979,861
EQUITY		
Contributed equity	4,068,708	11,544,483
Reserves	259,815	259,815
Retained losses	(1,824,437)	(1,824,437)





8.1 RIGHTS AND LIABILITIES ATTACHING TO SHARES

All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally in all respects with the existing Shares on issue in the Company.

The following is a general summary of the rights, privileges and restrictions attaching to all Shares of the Company. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

Full details of provisions relating to rights and obligations attaching to the Shares of the Company are contained in the constitution of the Company. A copy of the Company's constitution is available for inspection, free of charge, at the Company's registered office during normal business hours.

8.1.1 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (a) each Eligible Member entitled to vote may vote in person or by proxy, or Representative;
- (b) on a show of hands every Eligible Member, or person entitled to the rights of an Eligible Member in accordance with the Company's constitution, present has one (1) vote; and
- (c) on a poll every Shareholder, or person entitled to the rights of a Shareholder in accordance with the Company's constitution, present in person or by proxy or Representative has:
 - (i) one (1) vote for each fully paid Share that Shareholder holds; and
 - (ii) a fraction of a vote for each partly paid Share that Shareholder holds where the fraction is equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on that Share;

Except that a Shareholder is not entitled to vote at a general meeting:

(d) unless all calls and other sums presently payable by that Shareholder in respect of Shares have been paid; and (e) during a breach of the NSX Listing Rules relating to Restricted Securities, or a breach of a restriction agreement by that Shareholder.

8.1.2 Dividend Rights

Subject to the rights of holders of any Preference Shares (at present there are none) and to the rights of the holders of any Shares created or raised under any special arrangement as to dividends (at present there are none), dividends declared by the Directors shall be payable on all Shares in proportion to the Shares held by each Shareholder respectively and in accordance with the Corporations Act.

8.1.3 Rights on Winding Up

Subject to the rights of holders of Shares issued upon special terms and conditions (at present there are none), the Company's constitution and the Corporations Act, holders of Shares will Share in any surplus assets on winding up in proportion to the fully paid Shares held by them. Partly paid Shares are counted as a fraction of a fully paid Share equal to the proportion which the amount paid on it bears to the total issue price of the Share.

8.1.4 Transfer of Shares

Subject to the Company's constitution, the Corporations Act and the NSX Listing Rules, all Shares are freely transferable.

8.1.5 Future Increases in Capital

The allotment and issue of any Shares in the future is under the control of the Directors of the Company. Subject to restrictions on the allotment of Shares to Directors and their associates, the NSX Listing Rules, the constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

8.1.6 Variations of Rights

At present the Company has only A Class Shares on issue. If Shares of another class were issued, the rights and privileges attaching to A Class Shares could be altered with the approval of a resolution passed at a separate general meeting of holders of A Class Shares by a three-quarter majority of such holders as, being entitled to do so, vote at that meeting, or with the written consent of holders of at least three-quarters of

the A Class Shares on issue. On such a vote partly paid Shares have voting rights proportional to the amount paid on each Share.

8.2 LITIGATION

To the knowledge of the Directors of the Company there is no litigation against the Company or initiated by the Company as at the date of this Prospectus.

8.3 MATERIAL CONTRACTS

Set out below is a summary of the contracts to which the Company is a party that may be material or otherwise may be relevant to a Qualifying Shareholder in the Company.

The whole of the provisions of the following contracts are not repeated in this Prospectus and any Qualifying Shareholder who wishes to gain a full knowledge of the content of the contracts should inspect the same at the registered office of the Company.

8.3.1 Underwriting Agreement

The Company has entered into an underwriting agreement with Fox Portfolio Pty Limited ("Fox Portfolio") dated dated 23 December 2010 ("the Underwriting Agreement"). Pursuant to the terms and conditions of the Underwriting Agreement, Fox Portfolio has agreed to partially underwrite the subscription of 29,903,100 A Class Shares to be offered at 25 cents per New Share under this Prospectus by subscribing or procuring the subscription of any shortfall of up to the Amount Underwritten.

The material terms of the Underwriting Agreement are as follows:

- (a) Amount Underwritten Fox Portfolio has agreed to partially underwrite the subscription of 29,903,100 A Class Shares to be offered at 25 cents per New Share under this Prospectus by subscribing or procuring the subscription of any shortfall up to 1,280,000 A Class Shares to the value of \$320,000.00;
- (b) **Underwriting Commission** -The Company has not agreed to pay Fox Portfolio an underwriting commission;
- (c) Payment of costs and expenses the Company agrees to pay all reasonable costs, professional fees and expenses of and incidental

to the Entitlement Offer incurred by Fox Portfolio in connection with the underwriting;

- (d) Termination Fox Portfolio may immediately terminate its obligations under the Underwriting Agreement by notice in writing to the Company, without cost or liability to Fox Portfolio, if any of the following events occur prior to Completion of the Entitlement Offer:
 - (i) **lodgement of prospectus** the Prospectus is not lodged with ASIC within one (1) Business Day from the date of the Underwriting Agreement;
 - (ii) withdrawal of consent to prospectus any person other than Fox Portfolio whose consent is necessary for the issue of this Prospectus withdraws that consent;
 - (iii) prospectus misleading Fox Portfolio becomes aware of any materially untrue, incorrect or misleading information in the Prospectus, or material omission from the Prospectus, which in the reasonable opinion of Fox Portfolio has or is likely to have a material and adverse effect on the Entitlement Offer;
 - (iv) supplementary or replacement prospectus - the Company informs
 Fox Portfolio of any deficiency or new circumstance under clause 11(d) of the Underwriting Agreement;
 - (v) default the Company is in default of any of its obligations under the Underwriting Agreement or breaches any warranty, representation or undertaking given under the Underwriting Agreement which is incapable of remedy or is not remedied by the date Valid Applications are required to be lodged, and in the reasonable opinion of Fox Portfolio has or is likely to have a material adverse effect on the Entitlement Offer;
 - (vi) material change a material and adverse change occurs after the date of the Underwriting Agreement in the financial position of the Company or a subsidiary, or the industry in which the Company or a subsidiary operates;

- - (vii) contravention the Company contravenes any of the following, which in the reasonable opinion of Fox Portfolio has a material adverse effect on the Entitlement Offer:
 - any law, regulation, authorisation, ruling, consent, judgment, order or decree of any governmental agency;
 - (2) its constitution or another constituent document;
 - (3) the NSX Listing Rules; or
 - (4) an encumbrance or document which is binding on the Company or a subsidiary of the Company, or an asset of the Company or a subsidiary of the Company;
 - (viii) issue of prospectus the Prospectus is not issued on or by the Opening Date or by such later date as Fox Portfolio approves in writing;
 - (ix) NSX NSX Approval has not been given by the Closing Date or within three (3) months after the date of the Prospectus (whichever is earlier) or the NSX refuses or withdraws NSX Approval;
 - (x) **solvency** an Insolvency Event occurs in relation to the Company or a Subsidiary;
 - (xi) market movement at any time after the date of the Underwriting Agreement the S&P/ASX 200 Share Price Index is at the close of normal trading on three (3) consecutive Business Days 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement;
 - (xii) war an outbreak of new hostilities or a state of war (whether or not war has been declared) arises after the date of this agreement, or an escalation of hostilities already in existence occurs, involving Australia, Japan, any member country of the European Community, the United States of America, any of the member states of the former Union of Soviet Socialist Republics, Indonesia, Peoples' Republic of China, New Zealand, Hong Kong, Taiwan, Singapore or Malaysia, which in the reasonable opinion of Fox Portfolio has or is likely to have a material and adverse effect on the Entitlement Offer;

- (xiii) dishonest director after the date of the Underwriting Agreement a director of the Company or a Subsidiary is convicted of a criminal offence or becomes a bankrupt which in the reasonable opinion of Fox Portfolio has or is likely to have a material and adverse effect on the Entitlement Offer; and
- (xiv) **change of law** any Australian government adopts or announces any change in law or policy that in the reasonable opinion of Fox Portfolio has or is likely to have a material adverse effect on the Entitlement Offer.

8.3.2 Administration Services Agreement

The Company has entered into an administration services agreement with Woolcott Corporate Development Pty Limited ("Woolcott Corporate") ("the Administration Services Agreement").

Woolcott Corporate is owned and controlled by Mr Howard Woolcott, a Director of the Company. Woolcott Corporate also acts as a trustee of the Woolcott Family Trust of which Mr Howard Woolcott is a beneficiary.

The material terms of the Administration Services Agreement are as follows:

- (a) **Term** three (3) years from inception;
- (b) Administrative Fee the Company agrees to pay Woolcott Corporate for its services \$82,500.00 (plus GST) per annum fixed, payable monthly;
- (c) **Termination by the Company** the Company may terminate the Administrative Services Agreement immediately by giving notice to Woolcott Corporate without prejudice to the legal rights or remedies the Company may have against Woolcott Corporate if:
 - (i) Woolcott Corporate breaches any obligation under the Administration Services Agreement and the breach continues for twenty (20) days (or a longer period nominated by the Company) after the Company gives to Woolcott Corporate sixteen (16) days notice requiring the breach to be remedied;

- (ii) Woolcott Corporate fails to comply with any reasonable directions given to it by the Company within a period specified by the Company;
- (iii) Woolcott Corporate engages in conduct which amounts to professional misconduct; gross misconduct or serious or willful neglect or default or fraud; or
- (iv) Woolcott Corporate enters into any form of liquidation, is wound up or dissolved, enters into a scheme of arrangement for creditors, is placed under administration or a controller, receiver or receiver or manager of any of its assets is appointed.

(d) Termination by Woolcott Corporate

- Woolcott Corporate may terminate the Administration Services Agreement immediately by giving notice to the Company without prejudice to the legal rights or remedies Woolcott Corporate may have against the Company if:
- (i) the Company breaches its obligation to pay the Administration Fee in accordance with clause 5 of the Administrative Services Agreement and the breach continues for twenty (20) days (or a longer period nominated by Woolcott Corporate) after Woolcott Corporate gives to the Company sixteen (16) days notice requiring the breach to be remedied; or
- (ii) the Company enters into any form of liquidation, is wound up or dissolved, enters into a scheme of arrangement for creditors, is placed under administration or a controller, receiver or receiver or manager of any of its assets is appointed.

8.3.3 Deed of Settlement with Property Fox No.1 Limited

Property Fox No.1 Limited ("Property Fox No.1") has entered into a deed of settlement with Fox Portfolio Pty Limited ("Fox Portfolio") dated 23 December 2010 ("the PF1 Deed of Settlement"). Under the terms and conditions set out in the PF1 Deed of Settlement, the parties have agreed to terminate the management agreement between Property Fox No.1 and Fox Portfolio dated 30 October 2002, and release each other from any claims and liability whatsoever in relation to the management agreement.

The material terms of the PF1 Deed of Settlement are as follows:

- (a) Fee Property Fox No.1 agrees to pay Fox Portfolio the sum of \$200,000.00 which is to be used by Fox Portfolio pursuant to the Underwriting Agreement in Section 8.3.1 of this Prospectus;
- (b) Underwriting upon exchange of the PF1 Deed of Settlement, Fox Portfolio agrees to underwrite a rights issue in Property Fox No.2 Limited on the terms and conditions of the Underwriting Agreement in Section 8.3.1 of this Prospectus.
- (c) Release upon payment of the fee and all parties fulfilling their respective obligations as set out in the PF1 Deed of Settlement all parties are forever released and discharged from their liabilities.

8.3.4 Deed of Settlement with Property Fox No.2

The Company has entered into a deed of settlement with Fox Portfolio dated 23 December 2010 ("the PF2 Deed of Settlement"). Under the terms and conditions set out in the PF2 Deed of Settlement, the parties have agreed to terminate the management agreement between the Company and Fox Portfolio dated (insert date), and release each other from any claims and liability whatsoever in relation to the management agreement.

The material terms of the PF2 Deed of Settlement are as follows:

- (a) **Fee** the Company agrees to pay Fox Portfolio the sum of \$120,000.00 which is to be used by Fox Portfolio pursuant to the Underwriting Agreement in Section 8.3.1 of this Prospectus;
- (b) Underwriting upon exchange of the PF2 Deed of Settlement, Fox Portfolio agrees to underwrite a rights issue in the Company on the terms and conditions of the Underwriting Agreement in Section 8.3.1 of this Prospectus.
- (c) Release upon payment of the fee and all parties fulfilling their respective obligations as set out in the PF1 Deed of Settlement all parties are forever released and discharged from their liabilities.

8.3.5 Loan Agreement

Property Fox No.1 Limited and the Company (as guarantor) has entered into a loan agreement with Barbary Coast Investments Pty Ltd and Newton Holdings Pty Ltd (together referred to as "the Lenders") dated 3 August 2010 ("the Loan Agreement"). Pursuant to the terms and conditions set out in the Loan Agreement, the Lenders have agreed to advance to Property Fox No.1 Limited the Principal Sum.

Further, under the terms of the Loan Agreement, the Company has agreed to guarantee the obligations of Property Fox No.1 Limited and indemnify the Lenders for any loss or damage suffered or incurred arising from any failure by Property Fox No.1 to satisfy its obligations under the Loan Agreement ("the Guarantee and Indemnity").

The material terms of the Loan Agreement are as follows:

- (a) **Principal Sum** up to \$250,000.00;
- (b) Establishment Fee Property Fox No.1 shall pay to the Lenders or at their direction a nonrefundable Establishment Fee of \$5,500.00 (inc. GST) on the execution of the Loan Agreement;
- (c) **Repayment of Principal Sum** six (6) months from the date of the Loan Agreement;
- (d) Payment of Interest Property Fox No.1 shall pay interest at the applicable rate of interest to the Lenders on each monthly anniversary of the date of the Loan Agreement until the Principal Sum is repaid;
- (e) Rate of Interest 15% per annum;
- (f) Collateral Securities fixed and floating charge over all the assets of Property Fox No.1 Limited and deed of guarantee by the Company. Substituting to real property mortgages (when strata title complete) over four (4) re-substituted properties as 38 Vine Street, Fairfield NSW 2165.

8.3.6 Brokering Agreement

The Company has entered into a brokering agreement with Excela Equities Limited ("*Excela*") as at 23 December 2010. Pursuant to the terms of the Brokering Agreement, the Company has agreed to pay Excela

a brokerage commission equivalent to seven percent (7%) for all and any funds raised by Excela in relation to the acceptance and purchase of New Shares under the Entitlement Offer of the Company.

8.4 CORPORATE GOVERNANCE

This summary identifies the main corporate governance policies and practices adopted by the Company's Board. The Board and the management team are committed to high standards of corporate governance in the performance of their duties.

8.4.1 The Role of the Board

In exercising its responsibilities, the Board recognizes that there are many stakeholders in the operations of the Company, including employees, Shareholders, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Managing Director and the management team. The management team, led by the Managing Director, is accountable to the Board.

8.4.2 Composition of the Board

The current Board comprises Mr Peter Spann as Chairman, Mr Peter Conway as a Non-Executive Director, Mr Howard Woolcott as a Non-Executive Director and Mr Benjamin Doyle as the Managing Director.

8.4.3 Continuous Disclosure and Documents Available for Inspection

The Company is a "disclosing entity" for the purpose of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to the NSX any information of which it is, or becomes, aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Securities of the Company.

The Company believes that it has complied with the general and specific requirements of the NSX (as applicable from time to time throughout the twelve (12) months before the issue of this Prospectus) which required the Company to notify the NSX of information about specific events or matters as they arise for the purpose of the NSX making that information available to the stock market conducted by the NSX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the currency of the Entitlement Offer:

(a) the annual financial report of the Company for the financial year ended 30 June 2010 (being the annual financial report most recently lodged with ASIC in relation to the Company before the issue of this Prospectus); and/or

(b) all documents used to notify the NSX of information relating to the Company under the provisions of the NSX Listing Rules since lodgment of the financial statements referred to above, a listing of which appears below.

PROPERTY FOX NO.2 LIMITED NSX ANNOUNCEMENTS

Property Fox No 2 Limited A Class 40930 NSX Results of Meeting Results of AGM	30-Nov -2010
Property Fox No 2 Limited A Class 41999 NSX General Market Disclosure Other Sale of properties	5-Nov-2010
Property Fox No 2 Limited A Class 40910 NSX Notice of Annual General Meeting Notice of 2010 AGM	22-Oct-2010

This Prospectus contains details specific to the Offer. If Qualifying Investors require any further information in relation to the Company, the Directors recommend that Qualifying Investors should take advantage of the ability to inspect or obtain copies of the documents referred to above.

8.5 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus no Director has or has had, within two (2) years before lodgment of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company; or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Entitlement Offer; or in the Entitlement Offer; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director, either to induce him to become, or to qualify him as a Director, or otherwise, for services rendered by him in connection with the formation or promotion of the Company or the Entitlement Offer.



8.5.1 Payments to and financial interests of Directors and Company Secretary

(a) Peter Spann

For the period 30 June 2010 until present Mr Spann has not received any funds by way of non-executive Director's fees.

Mr Spann has an interest in the Securities of the Company as outlined in Section 8.5.2.

Mr Spann has an interest in the Brokering Agreement as he is a Director of Excela.

(b) Howard Woolcott

For the period 30 June 2010 until present Mr Howard Woolcott has received the sum of \$10,000.00 (excluding GST) by way of non-executive Director's fees.

Mr Howard Woolcott is a Director and Shareholder of Woolcott Corporate Development Pty Limited, which company has an administration services agreement with the Company as disclosed in Section 8.3.2 of this Prospectus. From 30 June 2010 until present Woolcott Corporate Development Pty Limited has received the sum of \$34,375.00 (excluding GST) for these services. Woolcott Corporate Development Pty Limited also acts as a trustee of the Woolcott Family Trust of which Mr Howard Woolcott is a beneficiary.

Mr Howard Woolcott has an interest in the Securities of the Company as outlined in Section 8.5.2.

(c) Peter Conway

For the period 30 June 2010 until present Mr Peter Conway has received the sum of \$5,000.00 (excluding GST) by way of non-executive Director's fees.

Mr Peter Conway has an interest in the Securities of the Company as outlined in Section 8.5.2.

(d) Benjamin Doyle

For the period 30 June 2010 until present Mr Benjamin Doyle has received the sum of \$5,000.00 (excluding GST) by way of non-executive Director's fees.

An entity associated with Mr Doyle has received the sum of \$18,333.00 (excluding GST) for consulting services in relation to his role as Managing Director.

Mr Benjamin Doyle has an interest in the Securities of the Company as outlined in clause 8.5.2.

(e) Andrew Whitten - Company Secretary

Mr Andrew Whitten is a Senior Associate of Whittens Lawyers and Consultants ("Whittens Lawyers"). Whittens Lawyers has received or is entitled to receive the sum of \$2,500.00 for each calendar month for Mr Andrew Whitten to act as Company Secretary to the Company and for Whittens Lawyers to act as Nominated Adviser to the Company.

In addition, Whittens Lawyers has received or is entitled to receive the sum of up to \$40,000.00 for legal services in relation to this Prospectus. This fee includes all professional costs associated with the making of this Entitlement Offer but does not include legitimate disbursements incurred by Whittens Lawyers on behalf of the Company as a result of making this Entitlement Offer.

Mr Andrew Whitten is also a related party of the Lenders in the Loan Agreement as referred to in Section 8.3.5.

8.5.2 Directors Interest in Shares and Options

At the date of this Prospectus the relevant interests of each of the Directors in the Shares and Options of the Company are as outlined in the following table.

	Shareholding	Options
Peter Spann	1,280,000 (following Underwriting)	Nil
Howard Woolcott	Nil	Nil
Peter Conway	Nil	Nil
Benjamin Doyle	Nil	Nil
Andrew Whitten	Nil	Nil

At present there are no loans to the Directors of the Company.

8.6 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in the Prospectus, no person named in this Prospectus as

performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with has or has, within two (2) years before lodgement of the Prospectus with ASIC:

- had any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Entitlement Offer or in the Entitlement Offer; and
- not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Entitlement Offer.

8.6.1 Whittens Lawyers and Consultants

Whittens Lawyers will receive a fee for providing legal advice in regards to the preparation of this Prospectus and work associated with the Entitlement Offer. This fee is estimated to be approximately \$40,000.00 and has been included in the amounts in Section 8.5.1 of this Prospectus.

8.6.2 Fox Portfolio Pty Limited

Fox Portfolio Pty Limited has acted as the underwriter for the Entitlement Offer, in respect of which they will receive the fees outlined in Section 8.3.1 above.

8.6.3 Other Parties

Other suppliers have agreed to provide services for the preparation of this Prospectus including Share registry services, printing and mailing, ASIC fees and NSX quotation fee of approximately \$30,000.00 in total.

8.7 CONSENT OF NAMED PARTIES

Except as described below, no parties other than the Company were involved in the preparation of this Prospectus. No parties other than the Company and the Directors of the Company caused or authorised the issue of any part of this Prospectus.

The following written consents have been given in accordance with the Corporations Act with respect to the issue of this Prospectus in both paper and electronic

form:

8.7.1 Whittens Lawyers and Consultants

Whittens Lawyers has consented in writing to be named in this Prospectus as solicitors for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC. Whittens Lawyers has not authorised the issue of this Prospectus. Accordingly, Whittens Lawyers makes no representation regarding, and takes no responsibility for, any statements or information in or omissions from this Prospectus.

Except as described below, no parties other than the Company were involved in the preparation of this Prospectus. No parties other than the Company and the Directors of the Company caused or authorised the issue of any part of this Prospectus.

8.7.2 Link Market Services Limited

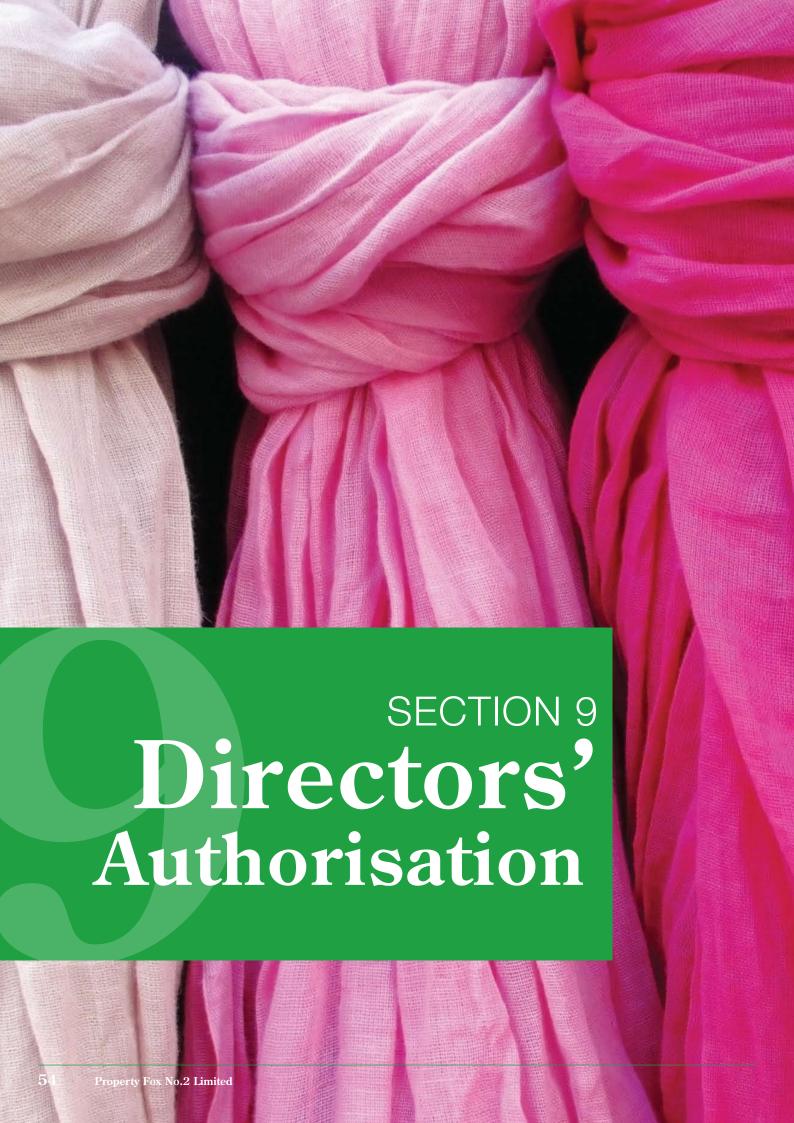
Link Market Services Limited has consented in writing to be named in this Prospectus as the Share registry for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC. Link Market Services Limited has not authorised the issue of this Prospectus. Accordingly Link Market Services Limited makes no representation regarding, and takes no responsibility for, any statements or information in or omissions from this Prospectus.

8.7.3 Grant Thornton Audit Pty Ltd

Grant Thornton Audit Pty Ltd ("Grant Thornton") has consented in writing to be named in this Prospectus as the auditor for the Company and has not withdrawn that consent prior to this Prospectus being lodged with ASIC. Grant Thornton has not authorised the issue of this Prospectus. Accordingly, Grant Thornton makes no representation regarding, and takes no responsibility for any statements or information in or omissions from this Prospectus.

8.7.4 Other Parties

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.



Directors' Authorisation

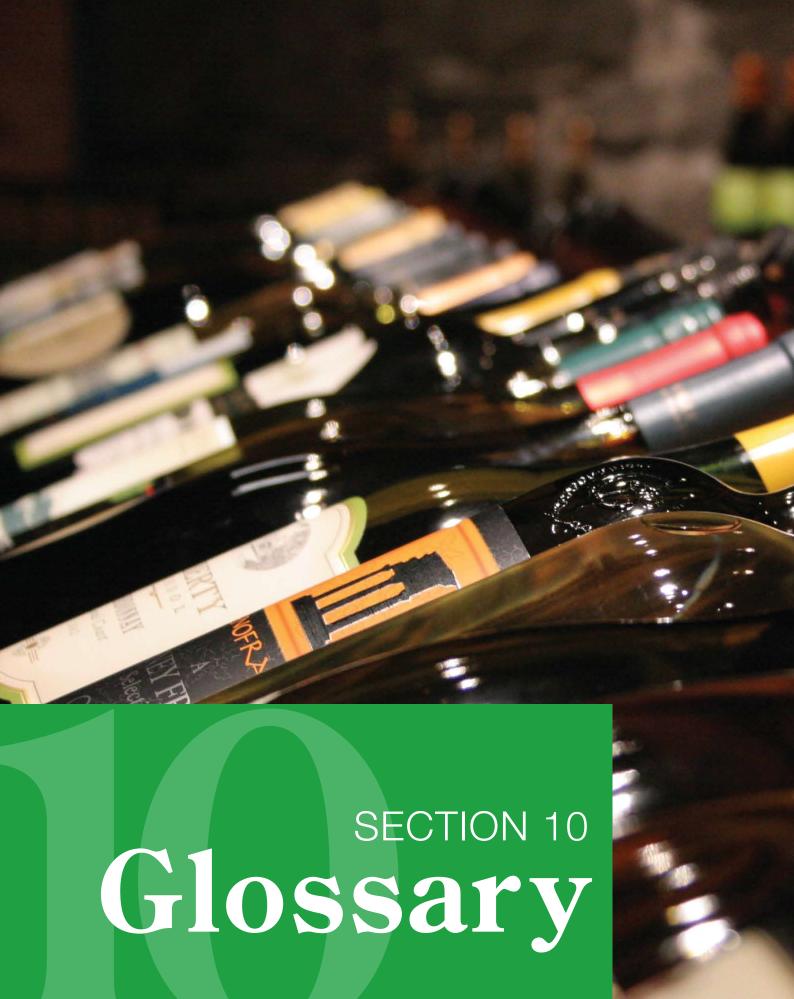


The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company

Peter Spann Chairman



Glossary

This glossary of terms is provided to assist persons in understanding some of the expressions used in the Prospectus.

- "The Administration Services Agreement" means means the agreement between the Company and Woolcott Corporate Development Pty Limited outlined in Section 8.3.2 of this Prospectus;
- "Applicant(s)" means a person who submits an Application Form to subscribe for New Shares under the Entitlement Offer;
- "**Application**" means a valid application to subscribe for New Shares under the Entitlement Offer;
- "Application Form" means the Application Form to be used by Qualifying Shareholders in connection with the Entitlement Offer attached to and forming part of this Prospectus;
- "Application Monies" means monies received from Applicants in respect of their Application;
- "ASIC" means the Australian Securities and Investments Commission;
- "Barbary Coast Investments Pty Ltd" means
 Barbary Coast Investments Pty Ltd (ACN 001 472 966)
 atf the Whitten Family Super Fund of Suite 9, Level 5,
 137-139 Bathurst Street, Sydney NSW 2000;
- "Board" or "Board of Directors" means the Board of Directors of the Company;
- "Brokering Agreement" means the agreement between the Company and Excela Equities Limited executed on 23 December 2010 and outlined in Section 8.3.6 of this Prospectus;
- "Business Day" means a day which is not a Saturday, Sunday, a bank holiday or a public holiday in the State of New South Wales or for the purpose of sending or receiving a notice, a day which is not a Saturday, Sunday, a bank holiday or a public holiday in the city where the notice is received;
- "The Collateral Securities" mean the additional Securities and guarantees contained in the Loan Agreement and outlined in Section 8.3.5 of this Prospectus, namely a fixed and floating charge over Property Fox No.1 Limited and a deed of guarantee by Property Fox No.2 Limited, or if the four (4) properties are held pursuant to the provisions of the Strata Schemes Management Act 1996 (NSW) and the Strata

Schemes (Freehold Development) Act 1973 (NSW) then a first mortgage in registrable form pursuant to the provisions of the Real Property Act 1900 (NSW);

- "Closing Date" means the date on which the Entitlement Offer closes, being 28 February 2011, or such other date as the Directors determine in accordance with this Prospectus;
- "The Company" means Property Fox No.2 Limited (ACN 108 076 295) of Freeman Fox House, Level 21, 333 Ann Street, Brisbane QLD 4000;
- "Corporations Act" means the Corporations Act 2001 of the Commonwealth of Australia as amended or replaced from time to time;
- "Corporations Regulations" means the Corporations Regulations 2001 of the Commonwealth of Australia as amended or replaced from time to time;
- "Directors" mean the directors of the Company as at the date of this Prospectus, namely: Mr Peter Spann, Mr Howard Woolcott, Mr Peter Conway and Mr Benjamin Doyle;
- "**Dollars**" or "\$" means Australian dollars unless otherwise indicated;
- "Entitlement(s)" means the right to subscribe for New Shares pursuant to the Entitlement Offer;
- "The Entitlement Offer" means the pro-rata non-renounceable entitlement offer by the Company summarized in this Prospectus involving the offer of New Shares in the Company on a 5:1 basis (the offer of five (5) New Shares for every one (1) Share held) to issue up to 29,903,100 New Shares at an Issue Price of 25 cents per New Share to raise up to \$7,475,775.00;
- "**AEDST**" means Australian Eastern Daylight Savings Time;
- "Excela Equities Limited" or "Excela" means Excela Equities Limited (ACN 010 763 041) of Level 21, Freeman Fox House, 333 Ann Street, Brisbane QLD 4000;
- "Existing Share(s)" means the 5,980,620 A Class Shares in the Company on issue as at the Record Date;
- "Fox Portfolio Pty Limited" or "Fox Portfolio" means Fox Portfolio Pty Limited (ACN 093 708 457) of Freeman Fox House, Level 21, 333 Ann Street, Brisbane QLD 4000;

- "Grant Thornton Audit Pty Ltd" or "Grant Thornton" means Grant Thornton Audit Pty Ltd (ACN 130 913 594) of Ground Floor, 102 Adelaide St, Brisbane QLD 4000;
- "The Guarantee and Indemnity" means the guarantee and indemnity provided by the Company contained in the Loan Agreement and outlined in Section 8.3.5 of this Prospectus in relation to the obligations of Property Fox No.1 Limited;
- "Insolvency Event" includes bankruptcy, winding up, liquidation, dissolution, becoming an insolvent under administration (as defined in Section 9 of the Corporations Act 2001), being subject to administration and the occurrence of anything analogous or having a substantially similar effect to any of those conditions or matters under the law of any applicable jurisdiction, and to the procedures, circumstances and events which constitute any of those conditions or matters;
- "**The Issue**" means the issue of a total of 29,903,100 New Shares in the Company pursuant to this Prospectus;
- "Issue Price" means 25 cents per New Share;
- "Link Market Services Limited" means Link Market Services Limited (ABN 54 083 214 537) of Level 15, 324 Queen Street, Brisbane QLD 4000;
- "The Loan Agreement" means the loan agreement between Property Fox No.1 Limited, Barbary Coast Investments Pty Ltd, Newton Holdings Pty Ltd and the Company executed on 3 August 2010 and outlined in Section 8.3.5 of this Prospectus;
- "The Lenders" mean Barbary Coast Investments Pty Ltd and Newton Holdings Pty Ltd;
- "Member(s)" means a person entered on the Register of the Company as the holder of one (1) or more Shares in the Company as at the Record Date;
- "New Share(s)" means 29,903,100 A Class Shares in the Company to be issued pursuant to this Prospectus;
- "Newton Holdings Pty Ltd" means Newton Holdings Pty Ltd (ACN 000 171 193) atf Newton Building Company Provident Fund of 345 Anzac Parade, Kingsford, Sydney NSW 2032;
- "Non-Participating Foreign Shareholder" means a Shareholder with a registered address outside of Australia or New Zealand as at the Record Date;

- "NSX" means NSX Limited trading as the National Stock Exchange of Australia Limited (ACN 000 902 063) of Level 2, 117 Scott Street, Newcastle NSW 2300 and the financial market which it operates;
- "NSX Listing Rules" means the official listing rules of the NSX as amended or replaced from time to time;
- "NTA" means Net Tangible Assets;
- "Opening Date" means the first date for receipt of completed Application Forms, which is 18 January 2011, or other such date and time as the Directors determine:
- "The PF1 Deed of Settlement" means the deed of settlement between Property Fox No.1 Limited and Fox Portfolio Pty Limited executed on 23 December 2010 and outlined in Section 8.3.3 of this Prospectus;
- "The PF2 Deed of Settlement" means the deed of settlement between the Company and Fox Portfolio Pty Limited executed on 23 December 2010 and outlined in Section 8.3.4 of this Prospectus;
- "Property Fox No.1 Limited" or "Property Fox No.1" means Property Fox No.1 Limited (ACN 101 816 353) of Freeman Fox House, Level 21, 333 Ann Street, Brisbane QLD 4000;
- "Property Fox No.2 Limited" means Property Fox No.2 Limited (ACN 108 076 295) of Freeman Fox House, Level 21, 333 Ann Street, Brisbane QLD 4000;
- "The Prospectus" means this prospectus, dated 24 December 2010;
- "Qualifying Shareholder(s)" means a person to whom the Entitlement Offer of New Shares is made, that is registered holder of Shares in the Company with a registered address in Australia or New Zealand as at the Record Date.
- "Record Date" means 14 January 2011;
- "Register" means the register of the Members of the Company kept under the Corporations Act and where appropriate includes a subregister conducted by or for the Company pursuant to the Corporations Act and any branch register;
- "Restricted Securities" has the meaning given in the NSX Listing Rules in respect of those Securities of the Company;

Glossary

- "Real Property Act 1900 (NSW)" means the Real Property Act 1900 of the State of New South Wales, Australia as amended or replaced from time to time;
- "Securities" has the meaning within Section 9 of the Corporations Act;
- "Share(s)" means the shares on issue in the Company as at the Record Date;
- "Shareholder(s)" means the holder of Shares in the Company:
- "Strata Schemes (Freehold Development) Act 1973 (NSW)" means the Strata Schemes (Freehold Development) Act 1973 of the State of New South Wales, Australia as amended or replaced from time to time;
- "Strata Schemes Management Act 1996 (NSW)" means the means the Strata Schemes Management Act 1996 of the State of New South Wales, Australia as amended or replaced from time to time;
- "S&P/ASX 200 Share Price Index" means the official share price index of Standard & Poor's;
- "The Underwriter" means Fox Portfolio Pty Limited (ACN 093 708 457) of Freeman Fox House, Level 21, 333 Ann Street, Brisbane QLD 4000;
- "The Underwriting Agreement" means the underwriting agreement between the Company and Fox Portfolio Pty Limited executed on 23 December 2010 and outlined in Section 8.3.1 of this Prospectus;
- "Whittens Lawyers" means Whittens Lawyers and Consultants (ABN 77 572 599 711) of Suite 9, Level 5, 137-139 Bathurst Street, Sydney NSW 2000;
- "Woolcott Corporate" or "Woolcott Corporate Development Pty Limited" means Woolcott Corporate Development Pty Limited (ACN 051 999 010) of 58 The Crescent, Vaucluse, Sydney NSW 2030.

