



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

By E-Lodgement

11th January 2011

Company Announcement

Update on Sale of Vine Street Properties and Repayment of Loan Facility

The Board of Property Fox No. 2 Limited is pleased to advise that the sale of the four (4) two bedroom units held by the company's wholly owned subsidiary Property Fox No.1 Limited has now completed. This has resulted in the sum of \$896,000 (gross before selling costs) being received by the consolidated group.

As a result of the above settlements the loan facility, as announced on 5th August 2010, has been repaid in full (approximately \$225,000) and the security for the loan will be discharged.

Update on Toowoomba Properties and Flooding

The Board of Property Fox No.2 Limited notes, with concern for its residents, the disastrous situation in Toowoomba Queensland. All of Property Fox No.2 Limited's properties in Toowoomba are insured and are not located in the area affected by the worst of the flash flooding. The directors will monitor the situation closely and provide the market with further updates as and when appropriate.

Lodgement of Supplementary Prospectus

Following lodgement of the Prospectus with ASIC on 24 December 2010 certain events have occurred which warrant further disclosure and the Directors have become aware of some statements which require further disclosure and clarification and as such the attached Supplementary Prospectus has been lodged today with ASIC to provide further information to potential investors. The Supplementary prospectus will be printed together with the Original Prospectus and sent to shareholders.

For further information please contact Andrew Whitten on +61 2 9264 2216.

A handwritten signature in black ink, appearing to read "Andrew Whitten".

Andrew Whitten
Company Secretary

1. SUPPLEMENTARY PROSPECTUS

- 1.1 This document (“Supplementary Prospectus”) is dated 11 January 2011 and was lodged with ASIC on 11 January 2011. Neither ASIC nor NSX take any responsibility as to the contents of this Supplementary Prospectus. This Supplementary Prospectus supplements the Original Prospectus dated 24th December 2010 (“Original Prospectus”) that was lodged by the Company with ASIC on 24th December 2010. This Supplementary Prospectus must be read with the Original Prospectus. Terms defined in the Original Prospectus have the same meaning as in the Supplementary Prospectus except where otherwise defined in the Supplementary Prospectus.
- 1.2 This Supplementary Prospectus and the Original Prospectus are important documents that should be read in their entirety. If you have any questions about the Shares being offered under the Original Prospectus or any other matter, you should consult your professional advisers.

2. REASON FOR THE ISSUE OF THE SUPPLEMENTARY PROSPECTUS

Following lodgement of the Prospectus with ASIC certain events have occurred which warrant further disclosure and the Directors have become aware of some statements which require further disclosure and clarification and as such this Supplementary Prospectus has been lodged to provide further information to potential investors.

2.1 Effect of this Supplementary Prospectus

The Company must give Applicants under the Prospectus who have lodged Applications prior to the date of this Supplementary Prospectus:

- (a) a copy of this Supplementary Prospectus; and
- (b) the right for a period of one (1) month from the date of this Supplementary Prospectus to withdraw their Applications.

2.2 Action Required by Existing Investors

The following applies to investors who HAVE previously submitted an Application Form under the Offer.

A copy of the Supplementary Prospectus will be sent to all Applicants who have subscribed for Shares under the Prospectus prior to the date of this Supplementary Prospectus. In accordance with section 724 of the Corporations Act, the Company will allow investors who have lodged Applications under the Prospectus prior to the date of this Supplementary Prospectus one (1) month from the date of this Supplementary Prospectus to obtain a refund of their Application Monies if they do not wish to proceed with their Application.

Any investor who wishes to obtain a refund should write to the Company's Share Registry at the following address:

Link Market Services Limited

Level 15, 324 Queen Street

Brisbane QLD 4000

- 2.3 Action required by Investors who have not previously submitted an application for Securities.

All new applications must be made on the application form on the application form attached to this supplementary prospectus.

3. CONTENT BEING SUPPLEMENTED

The original Prospectus is supplemented by making the following amendments to the original prospectus. Page numbers below correspond to pages numbers referred to in the original Prospectus:

- 1) Page 36 – New Section 5.2.4

New Sub-heading: **“Settlement of the Sale of 4 properties held by Property Fox No.1 Limited 38 Vine Street, Sydney”.**

New Paragraph inserted as follows:

“On or about 10th January 2011 Property Fox No.1 Limited (a wholly owned subsidiary of Property Fox No.2 Limited) received the entire proceeds of the settlement of the four (4) apartments owned at Vine Street, Fairfield. This has resulted in approximately \$896,000 (gross of fees) in cash being received by Property Fox No.2 Limited (via its wholly owned subsidiary).”

- 2) Page 41-New Section 6.2.8

New Sub-heading: **“Related Party Risk”**

“As the Company has various contracts, disclosed in Section 8 of this Prospectus, with related parties, including Fox Portfolio Pty Ltd (an entity associated with Mr Peter Spann) and Woolcott Corporate Development Pty Ltd (an entity associated with Mr Howard Woolcott) there is the risk, to investors and potential investors that these contracts are not on arms length commercial terms. The Directors of Property Fox No.2 Limited believe that all contracts entered into by the company with related parties are on arms length commercial terms and are in compliance with the Listing Rules of the NSX and the Corporations Act.”

3) Page 50-Under heading 8.3.5 Loan Agreement

The following paragraph is added at the end of this section.

“On or about 10th January 2011, as a result of the settlement of the Sale of 4 properties held by Property Fox No.1 Limited at 38 Vine Street, Sydney the loans referred to in this paragraph have been repaid in full and any security held by the lenders will shortly be discharged.”

4) Page 52-Under heading 8.5.1-“Payments to and financial interests of Directors and Company Secretary”

At the end of paragraph (a) insert the following:

“Mr Peter Spann is also a Director of Fox Portfolio Pty Ltd and has an interest in that company which has executed a partial underwriting agreement, and two (2) deeds of Settlement with Property Fox No.2 Limited as disclosed in Section 8.3.1, 8.3.3 and 8.3.4 of this Prospectus.”

4. REPLACEMENT APPLICATION FORM

The Application forms contained within the prospectus dated 24 December 2010 are deleted and replaced with the annexed application forms.

5. CONSENTS TO LODGEMENT-ADVISERS

Link Market Services Limited has given, and not withdrawn prior to the lodgement of this Supplementary Prospectus with ASIC, its consent to be named in this Supplementary Prospectus as the Company’s Share Registrar in the form and context in which it is so named. Link Market Services Limited has had no involvement in the preparation of any part of this Supplementary Prospectus other than being named as Share Registrar to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Supplementary Prospectus.

Grant Thornton Audit Pty Ltd has given, and not withdrawn prior to the lodgement of this Supplementary Prospectus with ASIC, its consent to be named in this Supplementary Prospectus as the Company’s Independent Accountant in the form and context in which it is so named. Grant Thornton Audit Pty Ltd has had no involvement in the preparation of any part of this Supplementary Prospectus other than being named as Independent Accountant to the Company. Grant Thornton Audit Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Supplementary Prospectus.

Whittens Lawyers and Consultants has given, and not withdrawn prior to the lodgement of this Supplementary Prospectus with ASIC, its consent to be named in this Supplementary Prospectus as the Solicitors to the Company in the form and context in which it is so named. Whittens Lawyers and Consultants has not authorised or caused the issue of Supplementary Prospectus and takes no responsibility for any party of this Supplementary Prospectus other than any references to it.

6. CONSENTS TO LODGEMENT-DIRECTORS

Each Director has consented in writing to the lodgement of the Supplementary Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Property Fox No.2 Limited on 11 January 2011.



Peter Spann

Chairman

SRN/HIN:

Entitlement Number:

Number of Eligible New Shares held as
at the Record Date, 7:00pm (AEDST)
on 14 January 2011:

Entitlement to New New Shares
(on a 5 New Shares for 1 basis):

Amount payable on full acceptance
at A\$0.25 per Share:

Offer Closes 7:00pm (AEDST):	28 February 2011
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 5 New Shares for every 1 Existing Share that you hold on the Record Date, at an Offer Price of A\$0.25 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Prospectus dated 24 December 2010 and the Supplementary Prospectus dated 11 January 2011. The Prospectus contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

If you do not have a paper copy of the Prospectus, you can obtain a paper copy at no charge, by calling Property Fox No. 2 Limited on 1800 003 369.

PAYMENT OPTIONS

If you wish to take up all or part of your entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 7:00pm (AEDST) on 28 February 2011. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.



Billers Code: [XXXXXX]
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment



SRN/HIN:

Entitlement Number:



A Number of New Shares accepted (being not more than your Entitlement shown above)

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B Payment amount
(Multiply the number in section A by A\$0.25)

A\$

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C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Property Fox No. 2 Limited Share Offer Account” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

D CONTACT DETAILS – Telephone number

Telephone number – after hours

Contact name

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PROPERTY FOX NO. 2 LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Property Fox No. 2 Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.25.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$0.25.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Property Fox No. 2 Limited Share Offer Account" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Property Fox No. 2 Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Property Fox No. 2 Limited
C/- Link Market Services Limited
Locked Bag 3415
Brisbane QLD 4001

Hand Delivery

Property Fox No. 2 Limited
C/- Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 7:00pm (AEDST) on 28 February 2011. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Property Fox No. 2 Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Property Fox No. 2 Limited Offer Information Line on 1800 003 369.