



PROSPECTUS

BBX PROPERTY INVESTMENT FUND LIMITED
ACN 113 847 103

***An initial public offering of 100,000,000 Shares
at \$1.00 per share to raise \$100,000,000.***

Underwriters - Martin Place Securities Pty. Limited

***Consult your professional adviser if you need clarification
or advice regarding the information contained herein.***

DIRECTORY

CHAIRMAN

Simon Touma

EXECUTIVE DIRECTORS

Michael Touma

Tim Creasy

NON EXECUTIVE DIRECTORS

Barry Dawes

COMPANY SECRETARY

Christopher Millard

REGISTERED OFFICE

Level 5

20 George Street

Hornsby NSW 2077

UNDERWRITER

Martin Place Securities Pty. Limited

Level 3, 14 Martin Place

Sydney NSW 2000

AUDITORS

Hall Chadwick

Level 29 St Martins Tower

31 Market Street

Sydney NSW 2000

BANKERS

ANZ Banking Group

Blacktown Commercial Banking Centre

Shop 11 67 Main Street

Blacktown NSW 2148

SHARE REGISTRY

Registries Limited

Level 2, 28 Margaret Street

Sydney NSW 2000

INVESTING IN PROPERTY IS BIG BUSINESS...

IMPORTANT NOTICE

This Prospectus is dated 12 May 2006 and was lodged with the ASIC on that date. The ASIC and NSX and their respective officers take no responsibility for the contents of this Prospectus.



BBX PROPERTY INVESTMENT FUND LIMITED

ACN 118 847 108



THIS IS A REPLACEMENT PROSPECTUS DATED 12 MAY 2006, WHICH REPLACES THE PROSPECTUS LODGED WITH AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION ON 13 APRIL 2006.

IMPORTANT DATES

Prospectus Date	12 May 2006
Offer Opens	19 May 2006
Offer Closes	28 July 2006
Allotment of Shares	4 August 2006
Expected commencement of trading on NSX	10 August 2006

Note: This timetable is indicative only. All times are Sydney times. The Company, in consultation with the Financial Adviser, reserves the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases, without notifying any recipient of this Prospectus or any Applicants. Investors are encouraged to submit their Applications as soon as possible.

ENQUIRIES

All enquiries in relation to this Prospectus should be directed to the Company on (02) 9476 6655 during business hours (Sydney time) Monday to Friday during the Offer period.

SUMMARY OF THE OFFER

THE COMPANY:

BBX PROPERTY INVESTMENT FUND LIMITED

THE MANAGER:

BBX FUNDS MANAGEMENT PTY LTD

Investment Objective:

The Company's objective is to maximise investment returns and provide the potential for income and capital growth to shareholders.

Investments:

The Company will invest in direct residential, commercial and industrial property assets.

Fund Structure:

NSX Listed Investment Company.

Fund Size (Target):

\$150 million within 2 years.

Gearing (Target):

33% Debt Funded.

Minimum Initial Investment:

\$2,000 Cash.

Minimum Additional Investment:

In multiples of \$1,000 Cash or BBX Trade Dollars.

Liquidity of Shares:

Ordinary Shares are tradeable on the Newcastle Stock Exchange (NSX).

Distribution:

Dividend, where applicable, will be paid half-yearly to the holders of Ordinary Shares in accordance with section 1.6.

Share Classes:

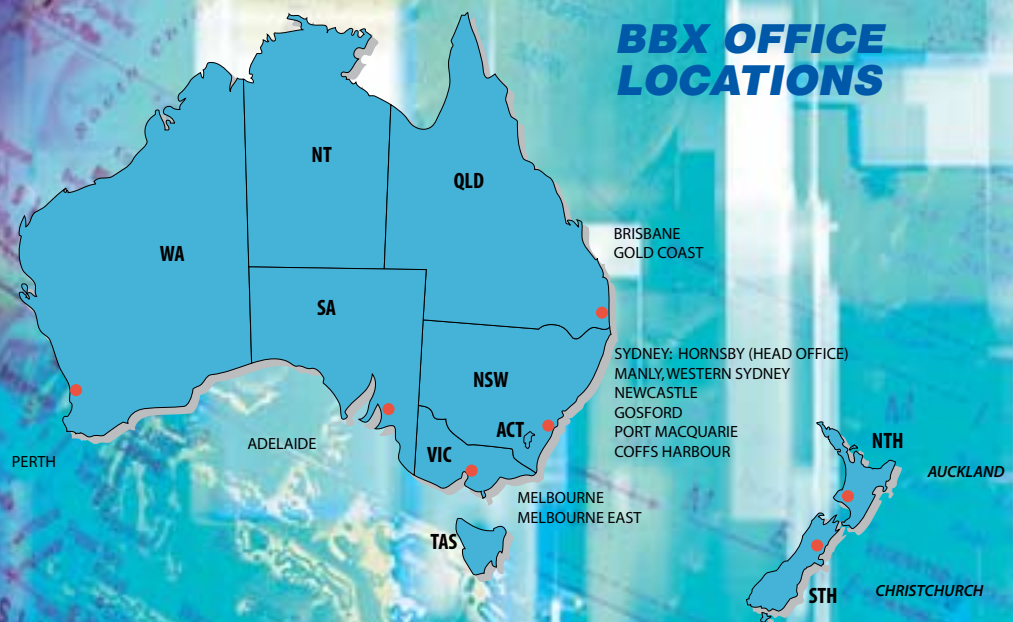
Ordinary Shares
'B' class Shares (see section 2).



BBX' 13 YEAR HISTORY

- 1993 COMMENCED OPERATIONS IN ADELAIDE SA
- 1995 RELOCATED HEADQUARTERS TO SYDNEY NSW
- 1997 EXPANDED INTO QUEENSLAND WITH FIRST BRANCH OFFICE AT THE GOLD COAST
- 1998 ACQUIRED THE MEMBERSHIP BASE OF BARTER TRADING GROUP
- 1999 TRADE VOLUME EXCEEDS \$50 MILLION
- 2000 ACQUIRED THE MEMBERSHIP BASE OF NETWORK BARTER COMPANY
- 2001 COMMENCED OPERATIONS IN NEW ZEALAND THROUGH THE ACQUISITION OF IBEX NZ
- 2003 ACTIVE MEMBERSHIP PASSES 3,000
- 2003 ACQUIRED THE MEMBERSHIP BASE OF TRADEBANC INTERNATIONAL
- 2003 OPENED MELBOURNE, VICTORIA OFFICE
- 2003 ACQUIRED THE MEMBERSHIP BASE OF TRADECARD NZ
- 2003 OPENED CHRISTCHURCH NZ OFFICE TO COMPLEMENT EXISTING AUCKLAND OFFICE
- 2004 OPENED PERTH, WESTERN AUSTRALIA OFFICE
- 2004 TRADE VOLUME EXCEEDS \$95 MILLION
- 2004 ACTIVE MEMBERSHIP PASSES 4,000
- 2004 OPENED BRISBANE, QUEENSLAND OFFICE
- 2005 ADMITTED TO THE OFFICIAL LIST OF THE AUSTRALIAN STOCK EXCHANGE (ASX)
- 2005 ACQUIRED THE MEMBERSHIP OF TRADEBART (NZ)
- 2005 SIGNS HEADS OF AGREEMENT TO ENTER INTO MASTER FRANCHISE IN PEOPLE'S REPUBLIC OF CHINA
- 2006 ACQUIRES THE MEMBERSHIP BASE OF TRADEBART (AUS)

BBX OFFICE LOCATIONS



BBX PROPERTY FUND OFFERS RESIDENTIAL PROPERTY INVESTMENT IN A DIVERSE PORTFOLIO, WHICH THE COMPANY BELIEVES WILL DELIVER:

- ✓ **A DIVERSIFIED, FULLY MANAGED PROPERTY INVESTMENT FUND;**
- ✓ **A PORTFOLIO UNDERPINNED BY LONG AND SHORT-TERM LEASES;**
- ✓ **CAPITAL GROWTH POTENTIAL VIA ACTIVE ASSET MANAGEMENT AND QUALITY ASSETS WITH AN EXPOSURE TO THE CAPITAL CITIES AND LEISURE MARKETS OF AUSTRALIA AND NEW ZEALAND.**

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IMPORTANT INFORMATION

(DISCLAIMER: Other than the Board of Directors (Section 4) the people shown in photographs and other images used throughout this Prospectus have no relationship or association with the Company in any way. Property images are for illustration purposes only).

The expiry date for this Prospectus is 12 months after the date of this Prospectus. No Shares will be allotted and issued on the basis of this Prospectus after that expiry date.

Application will be made to NSX within seven days after the date of this Prospectus for Official Quotation of Ordinary Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons who come into possession of this Prospectus should seek advice on and observe any restrictions on accepting an offer or distributing the Prospectus. Any failure to comply with restrictions may constitute a violation of applicable securities laws.

Prospective investors should read the full text of this Prospectus, as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Shares offered under this Prospectus. If after reading this Prospectus you have any questions about the Offer you should contact your stockbroker, solicitor or other professional adviser.

A copy of this Prospectus can be downloaded from the website of the Company at www.bbxpropertyfund.com.au. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

Applications for Shares can be made by completing and returning a copy of the online Application Form in accordance with the instructions contained in section 11 of this Prospectus.

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus by contacting the Company on (02) 9476 6655 or by writing to BBX Property Investment Fund Ltd., PO Box 667, Hornsby NSW 2077.

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an exposure period of seven days from the date of lodgment with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to receive the benefit of this scrutiny.

Applications received prior to the expiration of the exposure period will not be processed until the exposure period has finished. No preference will be conferred on Applications received during the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the date the Offer opens.

Words and phrases used in this Prospectus have meanings given to them in section 10, Glossary of Terms and Definitions.

PRIVACY

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, and carry out appropriate administration.

Company and tax law requires some of the 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.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by telephoning the Company through the Share Registry on (02) 9290 9600 or by writing to the Share Registry at the addresses set out below.

REGISTRIES LIMITED

An application for Shares must be made using the Application Form.

Completed Application Forms and accompanying payment must be mailed or delivered to the Share Registry:

Mail to:

Registries Limited
P.O. Box R67, Royal Exchange
Sydney NSW 1223

Deliver to:

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000

CHAIRMAN'S LETTER

10 May 2006

Dear Investor,

It is with great pleasure that I invite you, on behalf of my fellow Directors, to consider an investment in BBX Property Investment Fund Limited ("BBX Property Fund" and the "Company"), a Listed Investment Company set up specifically to allow you to invest in residential property in the capital cities and growth centres of Australia and New Zealand.

This investment is a unique opportunity for investors to participate in the acquisition of apartments and units at a cyclical low point in the market. After several years of strong development there exists, in a number of key geographical areas, an oversupply of quality accommodation.

This situation has developed because individual investors have lost confidence in the market, although the fundamentals supporting such investments, for example, occupancy rates and yields, remain strong. A number of studies, particularly relating to the metropolitan area of Sydney, have documented that if the present depressed levels of new project approvals persist, a shortage of 2 and 3 bedroom family accommodation will become a serious issue within one to two years, forcing up rentals and hence the net yields in this investment sector.

In a number of areas, including some holiday precincts with ocean or water views, high quality accommodation can be acquired at less than replacement cost. The Directors have already reviewed a number of opportunities where the BBX Property Fund would be able to purchase, subject to satisfying certain rigorous investment criteria. Modelling suggests that such properties can return gross yields of up to 10% if managed and marketed effectively.

Ordinary shares in BBX Property Investment Fund Limited will be listed on the Newcastle Stock Exchange. The Company will be managed by BBX Funds Management Pty Ltd (the "Manager"), a 50% owned subsidiary company of BBX Holdings Limited, which is listed on the Australian Stock Exchange.

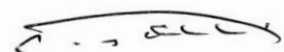
The Company's Directors are actively exploring a number of property opportunities where the vendors are prepared to sell multiple units within various quality developments and take up to 40% of the consideration as an investment in the BBX Property Fund. The means by which such deals can be arranged is through the BBX Trade Exchange using BBX trade dollars (refer Section 3 for further information). All transactions will be supported by licensed valuations and meet the Board's investment criteria detailed herein.

The "B" shares issued in respect of these transactions will be subject to conversion conditions with 50% of such shares converting into ordinary shares after 12 months and the balance progressively over the following 12 months.

The Board and Management of both the BBX Property Fund and the Manager have significant experience in the property market, both identifying opportunities and management thereof. This is backed up by legal and financial expertise that should give investors every confidence that their investment will be carefully and professionally managed.

On behalf of my fellow Directors I commend this unique investment opportunity to you and advise you to consider the following pages carefully in conjunction with your investment advisers.

Yours sincerely



SIMON TOUMA
Chairman

1.

INVESTMENT INFORMATION



1. INVESTMENT INFORMATION

The information set out in this section is a summary only, and should be read in conjunction with the full text of this Prospectus.

1.1 THE COMPANY

BBX Property Investment Fund Limited (ACN 118 847 108).

1.2 THE OFFER

The Company offers 100 million Shares to raise Cash and BBX Trade Dollars based on an issue price of \$1.00 per Share (Cash or BBX Trade Dollar equivalent).

The Minimum Subscription required to Close the Offer is \$500,000 in Cash.

The Company is also offering by way of Oversubscription up to 100 million Shares. The Company will consider Applications subscribing BBX Trade Dollars or Cash for these Shares. As a result, the Directors expect the proceeds from this issue will be a mixture of BBX Trade Dollars and Cash.

The minimum subscription is \$2,000 Cash.

To be eligible to subscribe for "B" Shares using BBX Trade Dollars, Applicants must:

- Be Members of the BBX Exchange ("Eligible Members"); and
- Unless otherwise approved by the Company, subscribe a minimum of \$2,000 Cash for each \$8,000 of BBX Trade Dollars.

No Applicant can be guaranteed to receive the whole of the Shares applied for.

The Company will retain all the Cash and BBX Trade Dollars raised from the Offer for investment.

1.3 KEY OFFER STATISTICS

Public Offer price	\$1.00
Shares being offered under this prospectus	100,000,000
Amount to be raised under the offer	**\$100,000,000
Shares on issue following the offer	100,000,001
Market capitalisation at the offer price	\$100,000,001

***Being at least \$500,000 in Cash and the balance in any combination of Cash and BBX Trade Dollars, subject to guidelines set out in section 2.1.*

The Company reserves the right to accept Oversubscriptions of up to 100 million Shares. If these Shares are issued, 200 million Shares will be on issue following the Offer.

1.4 USE OF PROCEEDS OF THE OFFER

• Property Investment	\$99,500,000
• Working Capital	\$250,000
• Costs of the Offer	\$250,000

TOTAL	\$100,000,000
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Amounts received by way of Oversubscriptions will be used for further property investment, at the discretion of the Board.

1.5 ACQUISITION OF PROPERTIES

Once the Company has raised a minimum of \$500,000 in Cash, the Company will commence acquiring a mix of residential and commercial properties in accordance with the investment criteria set out in this Prospectus.

The Company will decide the order in which properties will be acquired by the Company, and when each acquisition will take place. The Company reserves the right to alter the mix of properties to be purchased.

The Company will use the majority of its available funds to purchase a portfolio of residential and commercial properties.

Any Cash funds not utilised from time to time to acquire properties will be held in interest-bearing investments. Deposits with banks or other deposit taking institutions are examples of such modes of investment. The Company will not generate a significant proportion of its income from the investment of funds in this manner.

BBX Trade Dollars held by the Company awaiting investment will ordinarily not earn a rate of return. However, where possible, the Company may loan surplus BBX Trade Dollars to enable persons to acquire assets with those BBX Trade Dollars (through the BBX Exchange). The Company may take security from the borrower in respect of a loan of BBX Trade Dollars (but is not required to do so). The Company may require the borrower to repay the loan of BBX Trade Dollars either in BBX Trade Dollars, Cash or a combination of BBX Trade Dollars and Cash (at the Company's discretion). The Company may or may not charge an upfront loan fee and an ongoing rate of interest on a loan of BBX Trade Dollars, which may be satisfied by the borrower in BBX Trade Dollars,

Cash or a combination of BBX Trade Dollars and Cash (at the Company's discretion).

1.6 DIVIDENDS

The Company does not anticipate having surplus income to distribute to shareholders in the form of Dividends in the first eighteen months of operation.

In the medium to longer term, the Company expects that the income it receives in the form of rents from properties and interest and other fees on the investment of its surplus Cash and BBX Trade Dollars will exceed the costs that it incurs to earn such income. Any such surplus not required by the Company for investment in further properties will be returned to shareholders in the form of dividends.

Given the depreciation profile of the properties in which the Company is likely to invest, the Company anticipates that any dividends paid to shareholders in the first 7 years will be 100% unfranked.

Any dividends will only be paid electronically to an account held by the shareholder with a recognised Australian financial institution nominated by the shareholder. For joint shareholdings, distributions will be made only to one nominated account.

1.7 PROPERTY SELECTION CRITERIA

Refer also to section 6.

The Company intends to identify and actively seek opportunities for the acquisition of residential, commercial and industrial properties. The Company's selection of properties for acquisition will be guided by the following criteria:

- Location of the property, principally in the capital cities of Australia & New Zealand or the holiday precincts thereof;
- Income yield. The Company will seek to acquire properties offering a gross income yield in the order of at least 5% per annum;
- Nature of the property. The Company may acquire properties used for residential, commercial or industrial purposes. However, subject to being able to attain a sufficiently high yield from the property, the Company will give preference to residential properties;
- Quality of design;

- Potential for population and economic growth in the surrounding area;
- Relative value, when compared with similar properties;
- Diversity of risk;
- Geographic spread. The Company will seek to ensure that its property portfolio is not overly concentrated in any particular capital city or area of Australia or New Zealand.

The Company will give preference to the purchase of properties that meet the criteria set out above, and in respect of which the vendor is prepared to accept at least 30% of the sale price in the form of BBX Trade Dollars.

Further information about the Company's current and proposed investments will be made available to shareholders (as and when a material change occurs in the portfolio) on the Company's website (www.bbxpropertyfund.com.au).



1.8 REVALUATION OF PROPERTIES

The Company will have each of its properties independently valued at least every three years, or when the Company has reason to believe that a material change may have occurred in the value of a property, or as required by law.

1.9 INSURANCE & RENTAL RISK MANAGEMENT

The Company will maintain insurance in respect of potential damage to each of its properties. In summary, this insurance will cover certain classes of loss or damage to the property and its contents and certain classes of public liability.

1.10 PROPERTY VENDOR

The properties proposed to be purchased by the Company at the date of this Prospectus are currently owned by entities unrelated to either the Company or the Manager (and their respective directors and associates).

The Company (through the Manager) has engaged the services of an independent registered valuer to assess the fair market value of each property, and to establish the price at which each property is to be purchased by the Company. The Company will continue this practice in respect of any further properties identified as potential acquisitions.

1.11 POTENTIAL RISKS

With any investment there are a number of risks. Investors should be aware of the following risks associated with investing in the Company:

- There is no guarantee of capital and income distributions from the Company;
- Income is primarily dependent upon the Company's ability to firstly acquire a suitable portfolio of properties, and then to successfully manage its portfolio of properties;
- Share prices on the NSX may fall as well as rise; and
- Government policy (including taxation) can change, affecting the attractiveness of the Company as an investment in itself, or the return on the Company's own investments.

This is not a comprehensive summary of risks, and investors should read Section 5 in full.

1.12 NO COOLING OFF

Potential Investors should note that there is no cooling off period in relation to applications for Shares in the Company. Consequently, by submitting payment, Investors will be deemed to have applied for the number of Shares for which payment is made. Once an Application has been lodged it cannot be withdrawn.

1.13 REMUNERATION AND EXPENSES

The Company has engaged BBX Funds Management Pty Ltd (the "Manager") to manage both the Company and the Company's investment portfolio. Under the Management Agreement, the Manager is entitled to receive fees for managing the investment portfolio, and assisting with the acquisition and disposal of investments. The Manager is also entitled to be reimbursed for any out-of-pocket costs and expenses properly incurred by the Manager in performing its obligations under the Management Agreement.

Further details are set out in Section 8.

The fees and costs of the Offer, which are payable out of the proceeds of the Offer, are estimated to total \$250,000.

2.

OFFER DETAILS



2. OFFER DETAILS

2.1 DESCRIPTION OF THE OFFER

This Prospectus invites investors to apply for up to a total of 30 million Ordinary Shares and 70 million “B” Shares in the Company at an issue price in each case of \$1.00, payable in full on application.

Payment for “B” Shares may be made by BBX Members in the form of BBX Trade Dollars. Payment for Ordinary Shares must be made in Cash. Thus, the gross proceeds of this Offer will consist of any combination of Cash and BBX Trade Dollars.

Ordinarily an investor will be required to subscribe for at least one Ordinary Share for each four “B” Shares subscribed for. However, an investor who disposes of a property to the Company may choose to apply all or part of the consideration they receive from the sale of the property to acquire “B” Shares, without any obligation to also acquire a number of Ordinary Shares.

The Company reserves the right to accept Oversubscriptions for up to 100 million Shares in either Cash or BBX Trade Dollars.

2.2 CAPITAL STRUCTURE & CONVERSION CONDITIONS

The capital of the Company will consist of fully paid Ordinary Shares of \$1.00 each, and fully paid “B” Shares of \$1.00 each.

“B” Shares will be subscribed using BBX trade dollars and will not carry any entitlement to participate in any dividends that may be paid by the Company.

“B” shares will convert to Ordinary Shares over time. 50% of an investor’s “B” shares will convert into Ordinary Shares after twelve months from the date of issue, and the balance will convert into Ordinary Shares quarterly over the following twelve months. An investor will therefore need to wait 24 months for all their “B” Shares to convert to Ordinary Shares.

Only Ordinary Shares will be listed and tradeable on the Newcastle Stock Exchange (NSX).

“B” Shares will not be listed on the NSX, and accordingly there will not be a liquid market for these shares. “B” Shares should therefore be viewed as an illiquid investment. “B” Shares may be transferred by a shareholder to another party off-market.

It is anticipated that ‘B’ shares will be issued in only two circumstances:

- Where a member of the BBX trade exchange subscribes for ‘B’ shares using BBX trade dollars as an investment.
- Where the vendor of a property, which has met the investment criteria set by the Company, including valuation by a licensed valuer, agrees to accept BBX trade dollars in part consideration for the sale of that property. (The transfer consideration including BBX dollars must not be any greater than it would be if paid wholly in cash).

Under this scenario the BBX dollars the vendor agrees to accept may be either fully or partly subscribed for ‘B’ shares.

The Company will give preference in all cases to the purchase of properties that meet all investment criteria and include a BBX component of at least 30%.

2.3 APPLICATIONS FOR SHARES

HOW TO APPLY

An application for Shares under this Offer can only be made by completing the Application Form attached to and forming part of this Prospectus, or a paper copy of the relevant electronic Application Form attached to the electronic version of this Prospectus. The Application Form must be completed in accordance with the accompanying instructions (see section 11).

Initial applications must be for a minimum of 2,000 Ordinary Shares at \$1.00 each, representing an investment of \$2,000 in Cash. An application for further Shares must thereafter be in multiples of 1,000 Shares, which may comprise a mix of Ordinary Shares and “B” Shares, as determined by the Company.

Unless otherwise approved by the Company, an Application for Shares in excess of the minimum application of 2,000 Ordinary Shares may be for either Ordinary Shares or “B” Shares, in multiples such that the total Application relates to at least one Ordinary Share for each four “B” Shares.

There is no maximum number of Shares for which an Applicant can apply.

Cheques for the Cash portion of the Application should be made payable to “BBX Property Investment Fund Ltd. – Share Issue Account” and crossed “Not Negotiable”.

No brokerage or stamp duty is payable by Applicants on either the Cash or BBX Trade Dollar portion of their Application Monies.

Completed Application Forms, together with Application Monies, should be mailed or delivered to:

Mail to:

Registries Limited
P.O. Box R67, Royal Exchange
Sydney NSW 1223

Deliver to:

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

WHEN TO APPLY

Applications may be lodged at any time after issue of the Prospectus, and while the Prospectus remains current. No Applications will be accepted after twelve months from the date of this Prospectus.

2.4 ALLOTMENT OF SHARES

Shares will be allotted as soon as practicable after the Closing Date. The Company reserves the right to reject any Application, or to allocate to any Applicant fewer Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus Application Monies will be returned by cheque or BBX Trade Dollar credit (as appropriate) as soon as practicable. Where no allotment is made, the amount tendered on application will be returned in full by cheque or BBX Trade Dollar credit (as appropriate) as soon as practicable. All consideration will be refunded without interest.

2.5 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus. It is the responsibility of any Applicant outside Australia to ensure compliance with all laws of any country relevant to their Application.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the US Securities Act of 1933 and, subject to certain exceptions, may not be offered or sold within the United States of America.

2.6 NSX LISTING AND OFFICIAL QUOTATION

The Company will apply to the Newcastle Stock Exchange (NSX) within seven days from the date of this Prospectus to be admitted to the Official List and for existing Ordinary Shares in the Company and the Ordinary Shares offered under this Prospectus to be granted Official Quotation on NSX.

If granted, Official Quotation of Ordinary Shares in the Company will commence as soon as practicable after the allotment of the Ordinary Shares to Investors.

The NSX takes no responsibility for the content of this Prospectus. The fact that the NSX may admit Ordinary Shares in the Company to its Official List is not to be taken in any way as an indication of the merits of the Offer or the Shares offered pursuant to this Prospectus.

If the Ordinary Shares in the Company are not admitted to the Official List of the NSX, and the Ordinary Shares offered under this Prospectus are not granted Official Quotation within three months after the date of this Prospectus, none of the Shares (including "B" Shares) offered under this Prospectus will be allotted, and all application monies will be refunded without interest to Applicants within the time prescribed by the Corporations Act.



2.7 TAXATION MATTERS

The taxation consequences for Applicants will depend on the particular circumstances of that Applicant and no liability or responsibility in respect of the taxation consequences for an Applicant is accepted by the Company (or any other party). Investors should seek and rely on their own taxation advice in relation to their investment in the Company.

Investors in the Company may receive dividends in respect of their Shares as set out in this Prospectus. Any dividends in at least the first 7 years are expected to be 100% unfranked due to the availability of depreciation and other tax-deductible capital allowances in respect of the properties to be acquired by the Company.

Where investors hold their investment on capital account, the initial cost base for capital gains tax purposes will be the amount paid for their Shares. Where an individual investor wishes to dispose of their Shares, or where the Company is terminated, current tax legislation provides that where an investment is held by an individual for at least 12 months and on capital account, they will only be subject to tax on 50% of the capital gain (with no indexation applying to the cost base). Where the Investor is a superannuation fund, it will be entitled to a discount of 33 1/3% of the capital gain (with no indexation applying to the cost base) where the Units are held for at least 12 months and on capital account.

LISTED INVESTMENT COMPANY STATUS

It is the Company's intention to conduct its activities so as to qualify as a "Listed Investment Company" (or "LIC") for the purposes of Australian Federal taxation law.

Shareholders in a company that conducts itself as an LIC may be entitled to a deduction in respect of all or part of a dividend paid by the LIC to the extent that it includes an "LIC capital gain". This effectively enables shareholders in an LIC to benefit from the "CGT discount" in respect of assets owned by the LIC for at least 12 months.

In the event that the Company qualifies as an LIC, dividend statements provided to Shareholders will separately identify income sourced from the disposal of eligible CGT assets.

A deduction is available to individuals, complying superannuation entities, trusts and partnerships for dividends paid by the LIC, and

also to life insurance companies if the dividend is paid for shares that are virtual PST assets (as defined in relevant income tax legislation). An entity claiming the deduction must be an Australian resident when the dividend is paid to them. The deduction is available in the income year in which the dividend is paid.

Most importantly, corporate shareholders are not entitled to any deduction.

Shareholders for whom LIC status is important should consult their own professional adviser to ensure that their Shares are held in an appropriate manner to benefit should the Company qualify for this status.

2.8 TAX FILE NUMBER

It is not compulsory for an Applicant to quote his or her Tax File Number and failure to do so will not affect an Application. However, failure to quote a TFN may result in tax being deducted

3.



***THE BBX
PROPERTY FUND***

3. THE BBX PROPERTY FUND

3.1 INVESTMENT CONCEPT

The motivation behind the incorporation and share market listing of the Ordinary Shares in the Company is to take advantage of a perceived excess stock of new, quality residential, commercial and industrial properties within metropolitan and holiday precincts in Australia and New Zealand. The ability to take advantage of these market conditions is enhanced through the ability of the Company to fund part of the acquisition price of these properties in BBX Trade Dollars.

The oversupply of new properties identified by the Company has been brought about by 'boom' conditions, particularly in the residential and apartment development market over the past 2 to 3 years. These conditions have led to a large number of projects completed or committed and under construction for which there are presently few buyers. Anecdotal evidence suggests that many individual investors have left the market, having either lost capital in respect of earlier investments, or hearing of others who have had that experience.

The combination of excess supply in the market, and the ability to utilise BBX Trade Dollars to satisfy a minimum of 30% of the acquisition cost of qualifying properties, represent an excellent opportunity for the Company to build a portfolio of quality properties with the objective of longer-term wealth creation for Shareholders.

Example:

A vendor of a property with an asking price of \$1,000,000 may agree to accept:

- \$700,000 in Cash; and
- \$300,000 in BBX Trade Dollars.

Assuming the transaction falls within the Company's investment criteria, the vendor will be offered the opportunity of applying the \$300,000 in BBX Trade Dollars toward an application for "B" Shares in the BBX Property Investment Fund Limited.

A significant number of opportunities to acquire properties meeting the Company's criteria have already been identified by the Company. The BBX Group currently has properties listed on the BBX Exchange website (www.ebbx.com) with a combined asking price of nearly \$30 million. In some cases vendors of properties have indicated a willingness to accept up to 40% of the transaction value in BBX Trade Dollars.

It is expected that the capital raising will place the Company in a strong position to capitalise on these existing and still emerging opportunities in the Australian and New Zealand property markets.

As the market moves inevitably from a cyclical low point, it is expected that improving yields, (already firming in the Sydney market), will lead to stabilising and then rising capital values.

3.2 INVESTMENT STRATEGY

Actively managing a portfolio of diversified quality real property assets generating relatively stable rental flows, and longer-term capital appreciation.

In managing and extracting value from the portfolio, the Company will focus on:

- Active asset and property management to maximise operating efficiencies and hence, returns;
- Regular review of the investment portfolio in line with return and capital appreciation objectives;
- Prudent development of assets where deemed appropriate to enhance longer term investment performance and yield;
- Managing risk through the application of sound investment principles, consistently applied.

The Company will apply appropriate investment and risk management strategies, including:

- Application of and adherence to a consistent investment discipline in assessing acquisitions and disposals;
- Focusing on investments in assets that produce secure, stable cash flows;
- Maintaining an appropriate balance between core portfolio and enhanced opportunities across geographical markets;
- The appropriate use of debt, structured to match the expected holding period of assets and income flows from the assets;
- Ensuring the application of appropriate interest rate hedging policies to protect earnings and minimise volatility in interest costs.

Applying industry best practice in the area of good corporate governance

This will include but not be limited to:

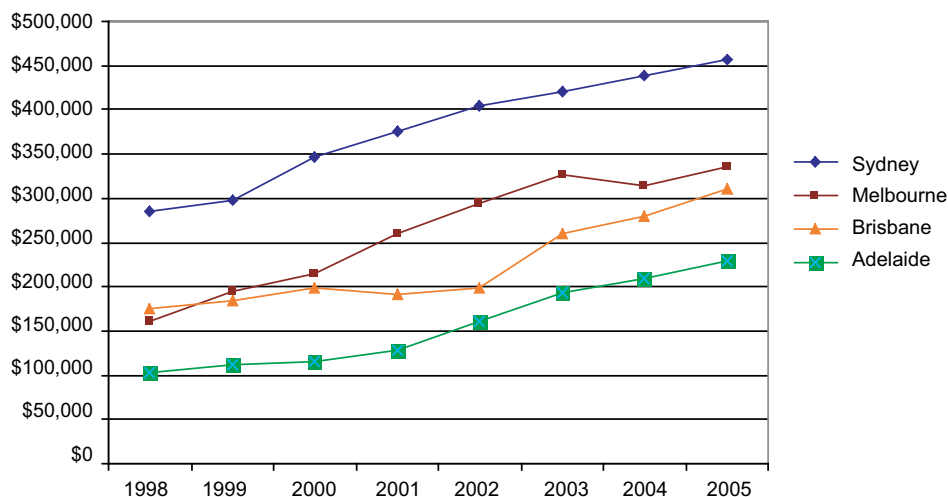
- Establishment of a Board committee to continuously review risk management and audit procedures;
- Strict adherence to continuous disclosure guidelines of the NSX and conduct of investor briefings at least annually.

3.3 INVESTMENT STATISTICS

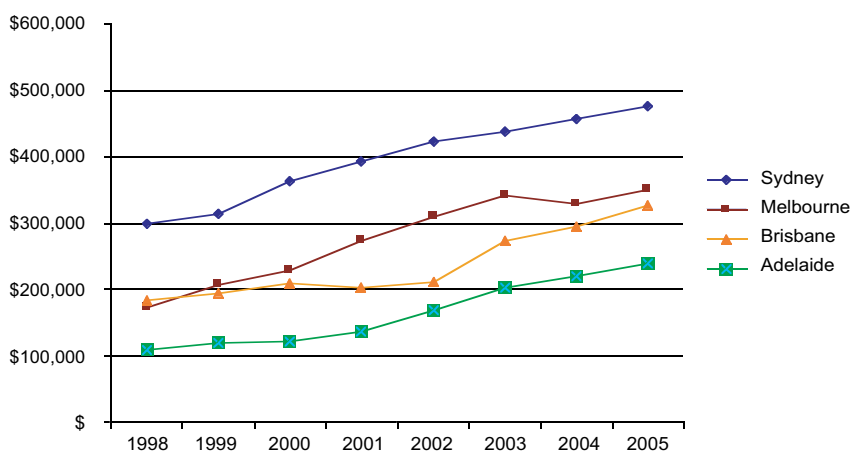
The property market in Australia and New Zealand has been closely watched and recorded over the last 200 years. The statistics generated from these observations, some of which are reproduced in this Prospectus, show that over a long period of

time capital values, although subject to cyclical highs and lows, have doubled every 5 to 10 years. It is these historical guides that make it possible to predict with some degree of confidence that the current perceived oversupply of new residential and apartment properties will correct itself, and values will rise again. One of the most important rules for longer-term value investing is to acquire assets at a cyclical low in the market. Successful property investors have demonstrated that a consistent adherence to the parameters of quality, yield, location and diversification of risk lead to the accumulation of longer-term value.

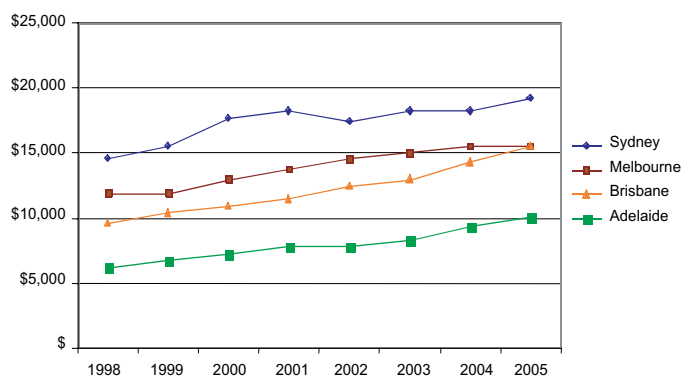
Capital Growth



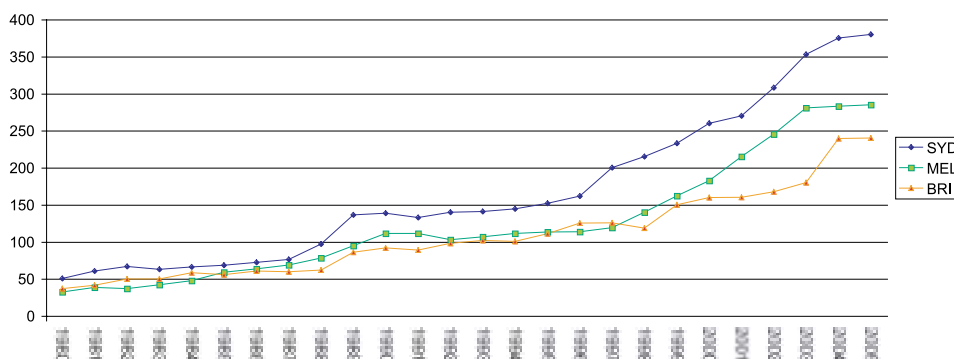
Total growth



Yield Graph



Median Established Unit Prices



3.4 THE BARTER EXCHANGE INDUSTRY

Concept of Reciprocal Trade

The direct exchange of goods and services was once the only way that merchants conducted business.

A common medium of exchange (namely Cash) was introduced by Governments and trading empires to simplify business transactions.

Business Application

Many business owners are faced with over-stocked shelves, superseded lines, under-utilised machinery and equipment, low productivity and idle capacity. Hotels are often left with vacant rooms, restaurants have empty chairs, and retailers are left with superseded or distressed inventories that need to be sold at discounted prices. The property market is not immune to such market conditions. One of the principal objectives of the Company is to take advantage of these conditions in the real estate market.

3.5 BBX AND THE BBX EXCHANGE

The BBX Group has carried on the BBX Exchange since 1993. BBX Group owned and franchised offices now operate throughout Australia in Sydney, the Gold Coast, Brisbane, Coffs Harbour, Port Macquarie, Newcastle, Gosford, Melbourne, Adelaide and Perth. The BBX Group also trades in New Zealand from offices in Christchurch and Auckland.

Through its holding company (BBX Holdings Limited ACN 089 221 634) the BBX Group listed on the Australian Stock Exchange ("ASX") in August 2005 to become the only publicly listed trade exchange manager in Australasia, and the only trade exchange manager to be listed on a main board in the world.

Since its inception in 1993, the BBX Group has built a robust customer base, which has averaged 25% pa. compound growth in Members and 32% pa. compound growth in trade volume.

The BBX Exchange has adopted BBX Trade Dollars as the currency for transactions between Members.

4.



CORPORATE STRUCTURE

4. CORPORATE STRUCTURE

4.1 BOARD OF DIRECTORS



CHAIRMAN
SIMON TOUMA
(56 Years)

Simon Touma is a principal of Peter A. Simon Real Estate Pty. Ltd. in Sydney and has been with the company for over 30 years. Simon has worked in all aspects of the real estate business over the course of his career and was highly successful in the sales arena for many years before directing his energies and experience into property selection, management, investment in commercial and residential real estate and new developments.

While he continues to focus on the management of commercial and other properties, Simon also works closely with investors, both local & international, to expand and diversify their portfolios. In recent years he has developed many new and rewarding business associations with members of the Chinese investment community looking to invest in Australian real estate.

Simon's current initiatives include a personal involvement in the development of a 60 acre site near Hobart into a full residential subdivision including amenities, shopping centre, recreation areas, residential allotments and completed homes. This development is expected to have an end value of over \$300 million.

The Board will be looking to Simon to lead a process of evaluating panel advice in relation to selection and acquisition of property investments.

Simon brings a wealth of experience to the Board of BBX Property Investment Fund Limited, and will be a prime source of expertise and advice in relation to the Company's investment program and selection of managing agents, etc.



EXECUTIVE DIRECTOR
MICHAEL TOUMA
(47 years)

Michael Touma is the founder and Managing Director of the BBX group of companies.

Michael incorporated Business Barter Exchange Pty Ltd in 1993 and started the current BBX business in April that year. He has been primarily responsible for building the business over the last 13 years.

During that time Michael has been instrumental in the expansion of BBX throughout Australia as well as establishing the exchange in New Zealand and plans are in place to expand to other regions.

Under Michael's leadership and vision, BBX has become a major player in Australasia's Trade Exchange Industry and very active in the property market around Australia.

Michael's property experience covers all States of Australia and New Zealand, including development and investment properties. He will be primarily responsible for negotiating with property developers in relation to acquisition contracts.



NON-EXECUTIVE DIRECTOR

BARRY DAWES

B.Sc.(Syd), FAusIMM (CP), MSDIA
(55 years)

Barry Dawes is founding Managing Director of Martin Place Securities, a boutique corporate finance organisation that specialises in small cap companies in the resources and energy sectors, as well as other industrial listings that he believes have particular merit.

A Fellow of the Australian Institute of Mining and Metallurgy (Chartered Professional) and Master of the Securities & Derivatives Industry Association, Barry has had broad experience over 27 years in funds management, equities research, corporate advisory and corporate finance in senior positions with some premier investment banks including BT Australia, Deutsche Bank and Macquarie Bank. He is highly qualified to guide and advise the Board in those areas and in areas of good corporate governance.

Barry is also a director of Superior Coal Ltd, Proactive Energy Developments Ltd and several private investment companies.



EXECUTIVE DIRECTOR

TIM CREASY

CPA, CA (45 years)

Tim Creasy is the Chief Financial Officer of BBX Holdings Limited and is a Chartered Accountant, Certified Practising Accountant and Fellow of the Taxation Institute of Australia.

He gained his degree and qualifications in Adelaide and spent 4 years with international chartered accounting firm Touche Ross before joining Tregloans, Chartered Accountants in 1985 where he was a partner for 16 years.

Tim has consulted to a wide range of SMEs in the areas of taxation and business development, and has a wealth of experience dealing with both small and larger businesses including builders, property developers and investors.

He will be responsible for preparing cash flow forecasts for the Company and detailed financial analysis of all property purchases with respect to anticipated yields and expenses in conjunction with the panel of experts to be appointed in each State and New Zealand.

Tim has an excellent working knowledge of BBX, it's business model and financial aspects of its operations, as well as the barter industry in general, gained over the last 13 years since it's inception.



COMPANY SECRETARY & LEGAL COUNSEL

CHRISTOPHER MILLARD

Dip Law (BAB) (36 years)

Christopher was admitted as a Legal Practitioner to the Supreme Court of New South Wales and the High Court of Australia in 1994.

Prior to joining BBX Holdings Limited as Legal Counsel and Company Secretary, Christopher practised as a Barrister, primarily in commercial law, and as a Solicitor prior to that.

Whilst at the Bar, Christopher served on one of the NSW Bar Association's Professional Conduct Committees and regularly sat as a Court appointed Arbitrator.

Chris will be actively involved in the process of reviewing all contracts for the purchase of properties and management contracts with various letting agents, etc.

4.2 THE MANAGER

BBX FUNDS MANAGEMENT PTY LTD

The Company has appointed BBX Funds Management Pty Ltd (ACN 075 730 719) as its Manager. The Manager will perform a number of roles in relation to the Company and its portfolio of investments. The principal role of the Manager will be to assist the Company in respect of the acquisition, maintenance, rental and ultimately the disposal of the properties in which the Company invests.

Note: Please note that, on 26 May 2006, the Company will become an unlisted public (Limited) company.

BOARD OF DIRECTORS

The Board of Directors of BBX Funds Management Pty Ltd includes some Directors who are also Directors of BBX Property

Investment Fund Limited (see Section 4.1), namely:

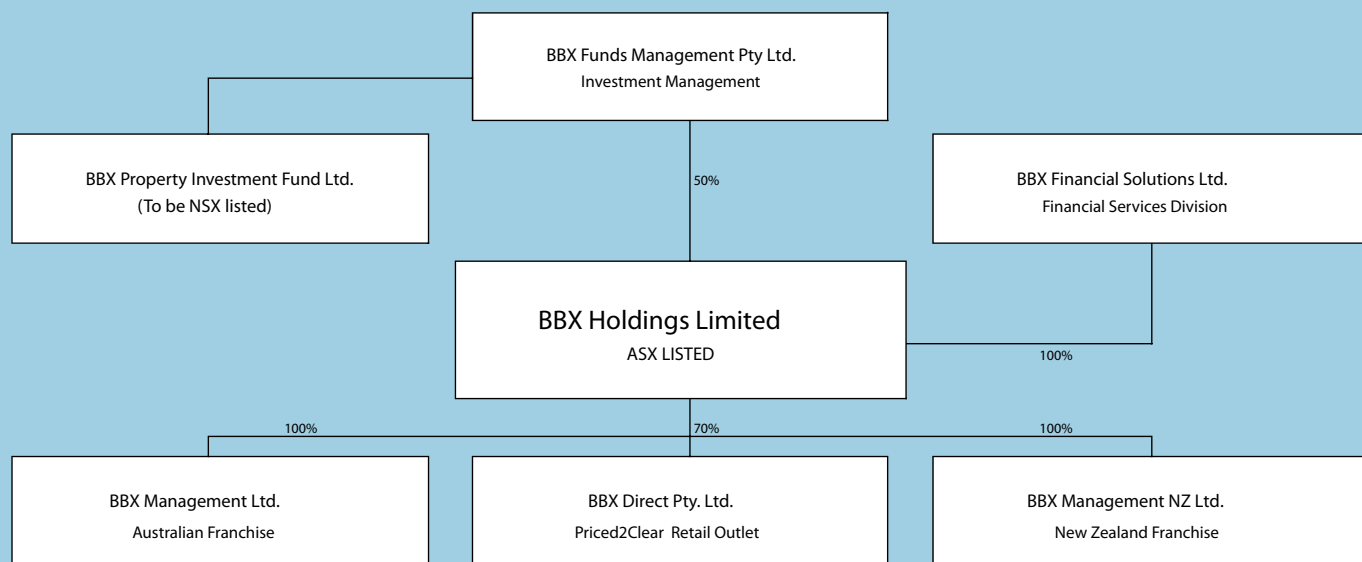
Simon Touma (Chairman); **Michael Touma**; and **Tim Creasy**, with the addition of the following Board member:

Andrew Andreyev L.LB Hons. Age 34

Andrew specialises in corporate business and taxation law, and has worked with Macquarie Bank along with a number of major law firms, both in Australia and overseas. He brings a wealth of legal and commercial experience to the board of BBX Funds Management Pty Ltd. and will be involved in advising the Management Company Board on a range of commercial issues with respect to financing and structuring of property acquisitions.

Christopher Millard will continue as Secretary for both the Property Fund and the Management Company.

CORPORATE STRUCTURE



5.

INVESTMENT RISKS



5. INVESTMENT RISKS

Potential Applicants should carefully consider the risk factors outlined in this Section and elsewhere in this Prospectus when evaluating an investment in the Company.

Any of the risk factors set out in this Section, or any other risk factors identified in this Prospectus, may materially affect the financial performance of the Company and the market value of its Shares. The Company's Ordinary Shares carry no guarantee with respect to the payment of dividends, or return of capital. The Company's "B" Shares carry no right to dividends and no guarantee with respect to the return of capital.

Prospective investors should be aware that there are risks associated with investing in the Company. The principal risk factors include, but are not limited to, the following:

SPECIFIC RISK FACTORS

5.1 PROPERTY VALUES

Shareholders will be exposed to the real property market in general and the residential apartment market in particular. The value of the Company's property portfolio may fluctuate depending on real estate market conditions, including the supply of, and demand for, residential property for rent and owner occupation, which are beyond the influence of the Company.

Factors that may influence the value of the property portfolio include:

- Oversupply of residential property – an oversupply of residential property, or type of residential property, for example apartments, may affect the value of the properties held by the Company.
- Competition from other asset classes – changes in the perceived value of property investment in general, and residential property in particular, compared to other asset classes, such as shares or fixed income, may affect the value of the properties held by the Company.
- Timing of sale of properties – unforeseen circumstances or changing market conditions may result in the sale price of the properties being lower than their cost.

5.2 TENANCY RISK

The Company's income is dependent upon the tenants of its properties fulfilling their respective lease and tenancy obligations. If a tenant fails to fulfil their lease and tenancy obligations, the Company will be obliged to meet the expenses of holding and maintaining that property to the extent of any shortfall.

This may impact on the ability of the Company to meet its costs and expenses, and to pay dividends to shareholders. This may in turn have a negative impact on the capital value of the Shares.

There is also the risk that leases or tenancy agreements will not be renewed on their expiry. In addition, demand for residential property may fluctuate, resulting in increased vacancy rates and reduced market rents.

5.3 BORROWING RISK

By borrowing money to purchase properties, the potential for gains and losses for Shareholders increases. In addition, interest rate fluctuations at the time of acquiring additional properties and at the time of re-financing existing loans may result in increased interest costs and a lower return to shareholders.

The loan facilities of the Company will be negotiated to expire at various times through the life of the Company. There is a risk that these facilities may be subject to renewal on terms less favourable to the Company.

5.4 ASSET RISK

If the Company's properties require capital repairs or improvements to ensure marketability, the cost of which is in excess of any provisions made, the Company may have to:

- Reduce returns;
- Increase debt;
- Raise additional equity; or
- Undertake a combination of the above,

such that the resultant funding is sufficient to meet any shortfall.

There is also the risk that one or more of the Company's properties could be destroyed by fire or some other disaster, (albeit this risk is largely mitigated by insurance).

5.5 INSURANCE

Although the Company will hold insurance over the Company's assets, the extent of any insurance coverage will be limited to the terms and conditions of the insurance policy.

Exclusions may include terrorism, war, nuclear/biological perils, pollution, contamination and remediation.

Any damage or loss not covered by insurance may result in further costs and expenses to the Company, or a loss of capital, which may decrease the amount of any dividends and cause a fall in the capital value of the Company's Shares.

5.6 PROPERTY RENTAL

Distributions available to Shareholders will be affected by the rental returns achieved by the Company. A lessening in demand for rental properties may result in decreased profits and therefore decreased dividends available to Shareholders.

A degree of vacancy is anticipated across the portfolio as tenants vacate individual properties and new tenants are sought.

Factors that may influence the rental income achieved include:

- **Change in supply and demand of properties for rent** – an increase in the supply of rental properties or a decrease in the demand for properties to rent may result in a reduction in the rental income able to be achieved by the Company.
- **Tenancy issues** – it is intended that a significant portion of the properties will be leased for residential use. Tenants may default on payment of rent or cause unexpected damage to the properties. These issues may increase the cost of maintaining the properties and/or increase the cost of management through legal and tenancy tribunal expenses where not covered by insurance.
- **Unforeseen property expenses** – unforeseen property expenses may increase the cost of managing the property portfolio. Any increase in property expenses beyond that forecast may result in decreased distributions to Shareholders.

GENERAL RISK FACTORS

5.7 CHANGES IN LAWS AND GOVERNMENT POLICY

Changes in government legislation, including taxation as it applies to Company distributions and property investments, may affect future earnings and the relative attractiveness of investing in the Company.

Changes in government policy or statutory changes may affect the Company or its property portfolio, and the attractiveness of an investment in the Company.

5.8 TAXATION

There is a risk that taxation treatment of Companies in general could change. Any change in the general treatment of Companies for taxation purposes may impact on Shareholder's returns.

There is also a risk that the taxation treatment of the Company in particular may change. This change could impact on the treatment of distributions for income tax purposes and the taxation treatment of capital gains to Shareholders.

5.9 ECONOMIC CONDITIONS

General economic conditions such as increased inflation, fluctuations in interest and unemployment rates and fluctuations in consumer demand may affect the demand for purchase and rental of the properties held by the Company. Any such lessening in demand may result in a decreased potential for the Company to generate returns from rental income and longer-term capital gains.



5.10 DILUTION RISK

Dilution of Investor's interests in the Company may occur as the Company issues Shares to new Investors in the future. That is, an individual Investor's proportional beneficial ownership of the Company may be reduced to the extent that new Investors acquire Shares in the Company. However, given that the Company will only issue further Shares at the then current market value of Shares in the Company, the value of an Investor's interest in the Company should not be affected by the issue of further Shares.

5.11 NATIONAL/GLOBAL FACTORS

Natural disasters, social upheaval, acts of terrorism or war involving, or impacting on, Australia may have an impact on the ability of the Company to pay distributions, and the capital value of the Company's underlying investments.

5.12 RISK MITIGATION

The Company seeks to reduce the risks to which the Company and hence Investors are exposed in a number of ways:

- To diversify the Company's investments in terms of location and tenant exposure. The Company will undertake considerable due diligence prior to acquiring any property;
- To limit the Company's exposure to tenancy and asset risk by actively managing the Company property and ensuring the assets are well maintained and appropriately insured;
- Through Fixed Interest rate arrangements. The Company intends to enter into such agreements in relation to most of the Company's debt exposure. Although these arrangements may expire, the Company will seek to limit the Company's exposure to interest rate fluctuations and will liaise with the financiers well in advance of the expiry dates to ensure the debt facilities are either renewed or re-financed with other lenders;
- To reduce liquidity risk, the Company intends to continue to acquire smaller sized additional properties, capable of being on-sold if required; and
- To reduce dilution risk associated with the purchase of further properties, the Company will endeavour to acquire additional properties capable of achieving returns comparable to existing properties owned by the Company.

Please note that although the Company complies with strict investment management practices, it is not possible to protect against all risks. The Company's property, and hence an Investor's interest in the Company, may fluctuate in value and a loss of some or all of the capital invested in the Company is possible.

MARKET PERFORMANCE RISKS

5.13 STOCK MARKET FLUCTUATIONS

The market price of the Ordinary Shares when on the NSX may rise and fall due to the performance of the Company's activities. The price of the Ordinary Shares on the NSX may also rise and fall due to various general market factors, including, but not limited to:

- General economic conditions, including inflation rates and interest rates;
- Variations in the local and global markets for listed stocks in general, and for listed investment companies in particular; and
- Changes to government policy, legislation or regulation

No assurances can be given that the Company's market performance will not be adversely affected by any such market fluctuations or factors. None of the Company, the Directors or any other person guarantees the Company's share market performance.

5.14 LIQUIDITY AND REALISATION

There can be no guarantee that an active market in the Ordinary Shares will develop or that the price of Ordinary Shares will increase. There may be relatively few or many potential buyers or sellers of Ordinary Shares on the NSX at any time. This may increase the volatility of the market price of the Ordinary Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Ordinary Shares. This may result in Shareholders receiving a market price for their Ordinary Shares that is more or less than the Issue Price.

It is unlikely that a liquid market will develop in "B" Shares and "B" Shares will not be listed on the NSX (or any other market), and therefore will not be able to be publicly traded. Accordingly, an investment in "B" Shares should be viewed as a longer-term investment and illiquid until conversion into ordinary shares.

6.

FINANCIAL INFORMATION



6. FINANCIAL INFORMATION

6.1 FUTURE PROPERTY ACQUISITIONS

All acquisitions of additional properties will be made strictly in accordance with the Company's investment strategy as follows:

- Each additional property must be able to be broadly categorised as being residential, commercial or industrial in nature;
- The purchase price will be supported by a written valuation provided by an independent Valuer;
- Each additional property will be located in an established or zoned residential or commercial precinct within the metropolitan boundaries of a capital or regional city of Australia or New Zealand;
- Each additional property acquisition is limited to 35% of the total value of the Company's investments, measured at the date of acquisition;
- Each additional property must be capable of achieving comparable returns and tax-sheltered benefits to those of the properties already owned by the Company;
- For properties that are more than two years old, the Company will commission an independent building condition report which, in the reasonable opinion of the Company, provides a satisfactory assessment of the condition of any buildings and

services located on each additional property, together with a satisfactory forecast of the reliability and longevity of those buildings and services;

- If and when necessary, the Company will commission an independent Quantity Surveyor's report which, in the reasonable opinion of the Company, identifies satisfactory anticipated annual depreciation benefits available to the Company (unless written down values are provided by the vendor of the Additional Property);
- The acquisition of each additional property shall be subject to the formal approval of the Board of the Company.

6.2 PROPERTY SELECTION & MANAGEMENT

The Company, in addition to the expertise available to it at Board level (detailed in section 4), will be appointing a range of independent experts to assist in the following areas:

- Property Selection
- Property Valuation
- Property inspection & technical evaluation
- Property financing & risk management
- Property leasing, management & maintenance.



A number of qualified experts will be appointed by the Manager to a panel in each State of Australia and in New Zealand, to professionally assess opportunities as they arise. The panel may include qualified real estate valuers, architects, engineers, quantity surveyors, conveyancers and accountants who have had suitable experience and can provide independent and objective advice to the Board of Directors. The final decision in relation to acquisitions will in all cases be made by the Board after consideration of the panel's advice and receipt of independent valuations.

It is expected that a number of independent real estate firms in different geographical areas who specialise in leasing, management and maintenance will be appointed by the Manager to select tenants and professionally manage the Company's property portfolio. The performance of those real estate specialists will be constantly monitored and reviewed by the Manager to ensure the highest standards are maintained with respect to occupancy levels, rents achieved and maintenance.

6.3 RELATED PARTY TRANSACTIONS

In the normal course of conducting business, both the Company and the Manager expect to transact with other members of the BBX Group of companies. In all cases such transactions shall take place on reasonable arms-length terms. For example, the Company may contract with members of the BBX Group (or their associates) for the purposes of providing or procuring management and maintenance services in respect of the Company's properties.

6.4 VALUATION METHODOLOGY

The Board may determine the valuation methods and policies the Company will apply from time to time in determining the net value of the Company property, provided that such methods and policies shall be generally recognised and appropriate in the circumstances.

Real property assets will initially be recorded at cost (including capitalised acquisition costs in relation to purchase). Thereafter, the value of an asset will be recorded at either cost, or the most recent independent assessment of market value.

The Company will have an asset valued if the Board believes there has been a substantial movement in the value of the property. In any event, the Company will value its properties at least once every 3 years.

6.5 SOURCE AND APPLICATION OF FUNDS

Source of funds	\$	NTA (\$)
Total amount sought	100,000,000	\$1.00
represented by:		
Cash shares	30,000,000	.30
BBX Trade Dollar shares	70,000,000	.70
Application of funds		
Cash	250,000	.25
Acquired property	99,500,000	99.50
Offer expenses	250,000	.25
Total application of funds	\$100,000,000	\$1.00

6.6 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Company was incorporated on 17 March 2006 with 1 (one) issued Ordinary Share of \$1.00.

6.7 ACCOUNTING POLICIES

The Company adopts International Financial Reporting Standards (IFRS).



7.



FREQUENTLY ASKED QUESTIONS

7. FREQUENTLY ASKED QUESTIONS

7.1 WHAT IS THE NATURE OF EACH INVESTOR'S INTEREST?

Each investor will hold either listed Ordinary Shares or unlisted "B" Shares in the capital of the Company.

7.2 WHAT HAPPENS TO APPLICATION MONIES ONCE RECEIVED BY THE MANAGER?

Cash application monies will be deposited into an interest bearing trust account in the name of the Company. BBX Trade Dollars will be transferred from the Member's account to an account in the name of the Company maintained for the purpose of accepting Share applications involving BBX Trade Dollars.

7.3 WHAT IS THE MANAGER'S ROLE?

The Company has engaged the Manager to assist in the administration of the Company and to manage and administer the Company's portfolio of properties in accordance with the Company's investment criteria and strategy.

The Manager is also responsible for assisting the Company in making further property acquisitions in accordance with the Company's investment strategy. This will involve securing options and contracts to purchase, coordinating and arranging appropriate due diligence, sourcing third party finance and coordinating the settlement process.

The Manager's on-going responsibilities include ensuring that the properties comprised in the Company's portfolio comply with the Company's investment strategy, keeping accounts and other records in relation to the Company's activities, collecting income (principally rents), coordinating repairs and maintenance of properties, facilitating payment of outgoings, reviewing rent levels, assisting with lease negotiations and assisting the Company prepare appropriate reporting to Shareholders.

The Manager may outsource some or all of its responsibilities to a third party.

7.4 WHAT INFORMATION WILL INVESTORS RECEIVE ABOUT THE COMPANY?

A report will be provided to Shareholders on a semi-annual basis.

Any additional properties acquired by the Company will need to satisfy the Company's investment strategy detailed in sections 1.5, 6.1 and 6.2. The Company will inform Shareholders about the acquisition of additional properties in periodic Shareholder updates.

A Shareholder may obtain a copy of the following documents from the Company upon request, free of charge:

- The annual financial report most recently lodged with ASIC;
- Any half-year financial reports lodged with ASIC; and
- Any continuous disclosure notices lodged with ASIC.

7.5 ARE THE PROPERTIES GOING TO BE MORTGAGED?

The Company will borrow funds to complete the purchase of the Properties. As additional properties are identified, further funds may be borrowed and together with Application Monies, and retained earnings, will fund such acquisitions.

The maximum borrowings maintained by the Company in respect of its portfolio will not exceed an aggregate loan to valuation ratio of 75% at the date of any property acquisition. For the purposes of calculating the applicable ratio, the Company will apply the most recent property valuations maintained by the Company, which will be based on either historical cost or the most recent independent valuation.

The Company's financiers will take registered mortgages over the Company's properties, as well as comprehensive fixed and floating charges over the Company's other assets.

7.6 WHAT IS THE TERM OF THE COMPANY?

The Company's Constitution states that the Company will operate indefinitely.

The Company is authorised to acquire or dispose of any one or more properties at any time.

7.7 CAN SELF-MANAGED SUPERANNUATION FUNDS INVEST?

Yes. Shares in the Company may qualify as an eligible investment for complying superannuation funds where the investment satisfies the requirements of the fund's trust deed, the fund's

investment strategy and the relevant laws applying to complying superannuation funds at the time of investment.

7.8 APART FROM THE INITIAL SUBSCRIPTION, WILL INVESTORS HAVE ANY FURTHER OBLIGATIONS?

The Constitution provides that Shareholders are not obliged to contribute any funds in addition to their initial investment to meet the liabilities of the Company.

7.9 HOW CAN SHARES BE SOLD?

If a Shareholder wishes to sell Ordinary Shares, the Shareholder must comply with the Company's Constitution, the Corporations Act 2001, as well as the Trading Rules of the NSX. Trading in Ordinary Shares can be done through a share broker registered to deal on the NSX in respect of the Company's Ordinary Shares.

If a Shareholder wishes to sell "B" Shares, the Shareholder must comply with the Company's Constitution and the Corporations Act 2001. A transfer of "B" Shares must be in writing, signed by both the transferor and the transferee, and stamped, before it is lodged with the Company for registration.

Shareholders should seek their own legal and accounting advice prior to selling or transferring any Shares.

7.10 WHY WOULD VENDORS ACCEPT BBX TRADE DOLLARS AS PART CONSIDERATION FOR THE TRANSFER OF QUALITY PROPERTY?

A sale of a property to the Company in exchange for a combination of cash and BBX Trade Dollars provides the vendor with both;

- Cash, to apply in the reduction of third party debt, or for other purposes; and
- BBX Trade Dollars, which the vendor may then spend on goods and services provided by other Members of the BBX Exchange. The BBX Exchange comprises approximately 4,300 businesses in Australia and New Zealand.

A vendor may also choose to apply the BBX Trade Dollars to take up "B" Shares in the Company, in which case the vendor acquires an investment in a public company holding a diversified portfolio of properties. Due to the present oversupply of new apartments and townhouses on the east coast of Australia and in New Zealand, the Company believes that property vendors will see a disposal of properties to the Company as a means of increasing their cash liquidity, while at the same time gaining access to the opportunity to remain exposed to the property market through a more diversified portfolio of properties.

This is also covered in section 3.1.

7.11 HOW DOES THE AUSTRALIAN TAXATION OFFICE VIEW THE USE OF BBX TRADE DOLLARS TO SETTLE A TRANSACTION?

The Australian Taxation Office has issued a public ruling that states a "trade dollar" is treated for income tax purposes as the equivalent of one dollar of Australian currency. BBX Trade Dollar transactions are fully computerised, and a full statement of relevant buy and sell transactions is provided to each Member each month.

7.12 WHY WOULD I BUY SHARES IN THE BBX PROPERTY INVESTMENT FUND LTD?

To participate in a unique opportunity to invest in property at what the Company perceives to be a cyclical low point in the Australian and New Zealand real property markets. In particular, the Company provides you with the opportunity to invest in a fully managed and diversified portfolio of properties that, in the case of holders of Ordinary Shares, can be traded on the NSX.

7.13 IS IT POSSIBLE THE COMPANY MAY EVENTUALLY BE LISTED ON THE AUSTRALIAN STOCK EXCHANGE (ASX)?

Yes, if the Company's net investments surpass \$100 million, as envisaged by the Company, that possibility would be considered in terms of weighing the additional costs against the higher investment profile such a listing would give the Fund.

NOTES

8.



MATERIAL CONTRACTS

8. MATERIAL CONTRACTS

Certain contracts that the Company believes are material in nature and likely to be of interest to Investors are summarised below.

8.1 MARTIN PLACE SECURITIES PTY LIMITED

Martin Place Securities Pty Limited (the “Underwriter”) and the Company have entered into an underwriting agreement pursuant to which the Underwriter has agreed to underwrite the subscription of the first 500,000 Shares under the Offer to be issued for cash to the extent there is a shortfall in subscription for these Shares.

The Underwriter may appoint sub-underwriters to underwrite this commitment.

The Company must pay the Underwriter the following fees:

- The underwriting fee of \$20,000 in Australian currency;
- A Management fee calculated at 7% of the underwritten Minimum Subscription (\$500,000), paid in Australian currency; and
- A Placement fee calculated at 5% of the subscribed amount (excluding the Minimum Subscription), which is raised solely by and attributable to the Underwriters. This fee will be paid proportionately in Australian currency and BBX trade dollars.

The Company has also agreed to pay the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the issue.

The Underwriter may terminate the underwriting agreement if:

- the Company fails to lodge the Prospectus by the required date or the Prospectus does not comply with the requirements of the Corporations Act and the Listing Rules;
- the All Ordinaries Index Number or the Dow Jones Industrial Index closes on three consecutive Business Days more than 10.0% below its level as at the close of business on the Business Day immediately preceding the date of the agreement;
- a material new circumstance has arisen since the Prospectus was lodged that would in the reasonable opinion of the Underwriter have been required by sections 710 or 711 of the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged;
- the Company makes default under or is in breach of any of its material obligations under the agreement and following

consultation between the Company and the Underwriter, that failure is not remedied within 5 Business Days afterwards;

- any warranty or representation by the Company in the agreement ceases to be true in any material respect and, following consultation between the Company and the Underwriter, the matters rendering the warranty untrue are not remedied within 5 Business Days afterwards;
- any material adverse change occurs in the financial position of the Company or any subsidiary;
- any Director or Officer of the Company named in the Prospectus dies or is charged with or convicted of an indictable offence;
- any material statement in the Prospectus is found to be or becomes misleading or deceptive or there is found to be a material omission from the Prospectus of material required by sections 710 or 711 of the Corporations Act;
- the adoption or announcement by or on the authority of the government of the Commonwealth of Australia of:
 - any future change in fiscal or monetary or taxation policy which would materially and adversely affect companies generally or the Company in particular or investment in stocks and shares in Australia including but not limited to any change which is likely to materially and adversely affect interest rates (to a degree of change of 1% or more in Reserve Bank interest rates) not already announced or anticipated as at the date of the Agreement; or
 - any law or prospective law or other measure having the effect of restraining capital issues, corporate profits or foreign investment,and which, in either case, would materially and adversely affect the Issue;
- any person who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- any information supplied at any time by the Company (or any person on its behalf) to the Underwriter in respect of any aspect of the Issue is or becomes false or misleading;
- any of the results of investigations of the Company or of any subsidiary conducted pursuant to the Company’s due diligence program and verification material is or becomes false or misleading;

- any material contravention by the Company or an Officer or any of them of any provision of the Corporations Act, or the Listing Rules or any requirement of NSX or the ASIC or any governmental agency;
- if the company becomes subject to any form of external administration under Chapter 5 of the Corporations Act;
- an inspector is appointed pursuant to the Corporations Act to investigate all or any part of the affairs of the Company;
- the Company fails to furnish a certificate in accordance with the requirements of Clause 7.1 of the agreement; or
- there is an outbreak of hostilities (whether or not war has been declared) not presently existing or a major escalation in existing hostilities occurs involving any one or more of the

Commonwealth of Australia, the United Kingdom, the United States of America, former Republic of the USSR, European Union, the Peoples Republic of China, the Republic of the Philippines, Taiwan, Japan or Indonesia.

If any of the events listed above would not have material adverse effect on the success of the Issue, the Underwriter will not be entitled to terminate the agreement.

The Company has indemnified the Underwriter, its directors, employees, agents, advisers and sub-underwriters against any claim, judgement, damage, loss, or expense incurred or suffered by them in connection with the Prospectus or any announcement in connection with the Prospectus. The indemnity does not apply to the extent that any claim, judgement, damage, loss, expense or liability arises from fraud, recklessness, lawful misconduct or gross negligence of the Underwriter or the applicable indemnified party.

8.2 FEE TABLE

Type of fee or expense	Amount	How and when paid
Capital Raising Fee: This fee is for the Manager providing its services to raise equity funds for the Company.	1.0% of the Application Monies received.	This fee is payable on the issue of further Shares in the Company.
Establishment Fee: This fee is for locating and negotiating the acquisition of Company property, negotiating initial loan funds and settling the purchase of Company property.	Initial Fee: 2.5% of the purchase price of each Additional Property.	Payable by the Company upon settlement of each Additional Property.
	Deferred Fee: 2.5% of the sale price of each property.	Payable by the Company on the completion of the sale of the relevant asset.
Management Fee: This is the fee for managing the Company's investments.	5% of the Gross Proceeds derived by the Company per annum.	Payable by the Company monthly.
Leasing Fee: The leasing fee is payable for the negotiation of a new lease or exercise of an option by an existing tenant.	2.5% of the Gross Proceeds for the first year of a new or extended term of a lease of premises that is an asset of the BBX Property Fund.	Payable by the Company on the latter of: i) the date on which the new lease or extension of an existing lease is signed; or ii) the date the tenant commences to pay rent under the new lease (or extended term).
Expense Recoveries: This is an estimate of the out-of-pocket expenses the Manager is entitled to recover from the Company.	All costs, charges, expenses and outgoings properly incurred.	Payable by the Company as and when expenses are incurred.

8.3 MANAGEMENT AGREEMENT

The Management Agreement is the document that primarily governs the relationship between the Company and the Manager. It regulates the rights and obligations of the Company and the Manager, and sets out the rights and obligations of the Manager in respect of the Company and the property portfolio.

The table on the previous page (Section 8.2 - Fee Table) shows the fees and expenses that may be charged by the Manager to the Company.

Prospective Investors should read all of the information about fees and expenses, as it is important to understand their impact on an investment in the Company.

8.4 EXPENSE RECOVERIES

The costs and expenses the Manager is entitled to recover from the Company include:

- Costs and expenses of the Company that are incurred on behalf of the Company by the Manager in accordance with the Management Agreement;
- Valuation fees in respect of the Company's property portfolio, or properties which the Company and Manager evaluate for the purposes of acquisition by the Company (whether or not such properties are purchased by the Company);
- Audit fees of the Company, and any audit of the affairs of the Manager undertaken for the purposes of satisfying or verifying the Manager's activities under the Management Agreement.

If the Manager provides property, facilities, project management (of capital works) or tenancy management services to the Company, it will also be entitled to receive fees for providing these services in accordance with the terms of the Management Agreement.

8.5 COMMISSIONS AND BROKERAGE

COMMISSION

The Company may pay brokerage or commission up to a maximum of 5% to advisers whose clients invest in the Company.

Any such commission paid by the Company will represent an additional cost to be deducted from the proceeds of the offer. There will be no trail commissions paid.

Commission will only be paid to persons or organisations that hold an Australian Financial Services Licence (AFSL) or are otherwise permitted by law to receive such payments.

An adviser (including an employee of the Company or the Manager) who receives commission or brokerage is obliged to disclose the nature and amount received in their financial services guide, which must be provided to Investors, prior to an investment being made.

GOODS AND SERVICES TAX (GST)

Unless otherwise indicated, all fees and amounts stated in this Prospectus are exclusive of GST.

8.6 ESTABLISHMENT COSTS

These are set out fully at Section 9.7 'Costs of the Issue', which cover incorporation of the Company, legal advice regarding the structure and costs associated with the offer and listing on the NSX.

9.



ADDITIONAL INFORMATION

9. ADDITIONAL INFORMATION

9.1 INCORPORATION AND SHARE CAPITAL

The Company was incorporated in Victoria on 17 March 2006.

9.2 RIGHTS ATTACHING TO SHARES

The rights attaching to ownership of shares are detailed in the Constitution of the Company, which may be inspected at the registered business address of the Company during normal business hours.

The following is a summary of the more significant rights attaching to Ordinary Shares and “B” Shares under the Constitution and the Corporations Act. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. Investors should consult their accounting, legal, financial or other professional adviser if further information is required.

ORDINARY SHARES

Voting

Subject to any Shares which are issued with special or preferential rights, at a general meeting, each holder of Ordinary Shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for every fully paid Ordinary Share held, and a proportionate vote for every partly paid Ordinary Share, registered in such shareholders' name on the Company's share register.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will be payable on the Ordinary Shares at a fixed amount per Share.

Variation or Cancellation of Class Rights

The rights attaching to any class of shares, unless otherwise provided for by the terms of issue of a class of shares, may only be varied or cancelled with the consent in writing of the holders of three-quarters of the issued shares in the relevant class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares in that class.

Transfer of Shares

A shareholder may transfer Ordinary Shares by a market transfer in accordance with any computerised or electronic system

established or recognised by the NSX or the Corporations Act for the purpose of facilitating transfers in Ordinary Shares or by an instrument in writing in a form approved by the NSX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Ordinary Shares, other than a proper SCH transfer (as defined in the Corporations Act), where permitted by the Listing Rules of the NSX. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of Ordinary Shares.

General Meetings

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution or the Corporations Law.

Winding Up

Subject to the Constitution and any rights or restrictions attaching to any Shares or class of Shares, holders of Ordinary Shares will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them irrespective of the amounts paid or credited as paid on the Ordinary Shares, less any amounts which remain unpaid on these Ordinary Shares at the time of distribution.

However, a liquidator in a winding up may, with the sanction of a special resolution of Shareholders, divide among the Shareholders the whole or any part of property of the Company and determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Shareholder Liability

As the Ordinary Shares under the prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Issue of Further Shares

The Directors may (subject to the restrictions on the issue of Ordinary Shares imposed by the Constitution, the Listing Rules and the Corporations Act) issue, grant options in respect of, or otherwise dispose of further Ordinary Shares on any terms and conditions they see fit.

Alteration of the Constitution

The Constitution can only be amended by a special resolution passed by at least three-quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Share Buy Backs

The Company may buy shares in itself in any manner and on any terms permitted by the Corporations Act.

“B” CLASS SHARES**Voting**

Subject to any Shares which are issued with special or preferential rights, at a general meeting, each holder of “B” Shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for every fully paid “B” Share held, and a proportionate vote for every partly paid “B” Share, registered in such shareholders’ name on the Company’s share register.

No Dividends

The holders of “B” Shares are not entitled to participate in any dividends or other income distributions declared or made by the Company.

Variation or Cancellation of Class Rights

The rights attaching to “B” class shares may only be varied with the consent in writing of the holders of three-quarters of the issued “B” class shares, or with the sanction of a special resolution passed at a separate meeting of the holders of the “B” class shares.

Transfer of Shares

A shareholder may transfer “B” Shares by an instrument in writing in a form approved by the Company, signed by both the transferor and the transferee, appropriately stamped and lodged with the Company. The Company will not recognise a purported transfer of “B” Shares until such time as the transfer has been properly stamped. “B” Shares will not be listed on any securities exchange and will not be able to be traded through the NSX.

General Meetings

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and speak at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution or the Corporations Law.

Winding Up

Subject to the Constitution and any rights or restrictions attaching to any Shares or class of Shares, holders of “B” Shares will not be entitled in a winding up to share in any surplus assets above \$1 per share. However, “B” class shareholders have the same rights as holders of Ordinary shares to receive \$1 out of any surplus arising on winding up of the Company.

Shareholder Liability

As the “B” Shares under the prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.



Share Buy Backs

The Company may buy shares in itself in any manner and on any terms permitted by the Corporations Act.

9.3 DIRECTOR'S INTERESTS**(a) Interests in Formation or Promotion**

Except as disclosed in this prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now or has had in the two year period ending on the date of this Prospectus, any interest in:

- The formation or the promotion of, or in any property proposed to be acquired by, the Company in connection with its formation or promotion; and
- No amounts, whether in Cash or shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of the Company (or to any firm in which he or she is or was a partner) either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of the Company.

(b) Shareholding

The Directors are not required to hold any shares in the Company under the Constitution of the Company.

(c) Non-Executive Directors' Fees

The Constitution of the Company provides that the Directors are entitled to such remuneration as the Directors determine, but the remuneration of non-executive Directors must not exceed in aggregate in any year the amount fixed by the Company in general meeting for that purpose. The maximum aggregate of \$400,000 is proposed and will be reviewed after a year as a listed public company. The fees payable to Directors presently amount to a total of \$160,000.

(d) Remuneration of Directors for Extra Services

Any Director, who renders or is called upon to perform extra services or to make extra exertions in connection with the affairs of the Company, may be paid extra remuneration as determined by the Directors.

(e) Travelling and Other Expenses

In addition to any other remuneration provided for in the Constitution, every Director is entitled to be paid all travelling and other expenses properly incurred by him or her in connection with the affairs of the Company including attending and returning from general meetings of the Company or meetings of the Directors or of committees of the Directors.

9.4 INTEREST OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in the Prospectus, no:

- (a) 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; or
 - (b) promoter of the Company,
- (each a relevant person) holds, at the time of lodgment of this Prospectus with ASIC, or has held in the two years before lodgment of this Prospectus with ASIC, an interest in:
- (i) the formation or promotion of the Company;
 - (ii) the Offer; or
 - (iii) any property acquired or proposed to be acquired by the Company in connection with its formation or the Offer.

Except as set out in this Prospectus, no one has paid or agreed to pay any amount or given or agreed to give any benefit for services provided by a relevant person in connection with the formation or promotion of the Company or the Offer.

Martin Place Securities Pty Limited has entered into agreement with the Company to act as Underwriter to the offer. Details of the agreement, commission, fees and other amounts the Company has paid or agreed to pay for their services are set out in section 8.1.

Registries Limited has provided and will continue to provide services in its capacity as share registry in respect of the Offer. Fees will be payable to Registries Limited in accordance with normal charge out rates.

9.5 LEGAL PROCEEDINGS

The Company is not, and has not been, involved in any legal or arbitration proceedings, which have had a significant effect on the financial position of the Company. So far as the Directors are aware, no such proceedings are threatened against the Company.

9.6 CONSENTS AND RESPONSIBILITY STATEMENTS

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Prospectus, other than the reference to its name and a statement or report included in this Prospectus with the consent of that party, as specified below.

Hall Chadwick Chartered Accountants has given and has not, before lodgment of this Prospectus with ASIC, withdrawn its written consent to being named in this Prospectus in the form and context in which it is named and to the inclusion of reference to it as Auditor.

Martin Place Securities Pty Limited has given and has not, before the lodgment of this Prospectus, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Registries Limited has given and, as at the date hereof, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Registries Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Registries Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

9.7 COSTS OF THE ISSUE

Expenses of the Offer are estimated at \$250,000 and are made up as follows:

Type	
Martin Place Securities Pty Limited	75,000
Professional Fees (legal, accounting and other)	50,000
NSX and ASIC Fees	50,000
Printing, Mailing and Associated Costs etc.	75,000
Total:	\$250,000

These calculations take no account of commissions or brokerage paid, as part of the underwriting agreement, in respect of any subscriptions over \$500,000 in Cash, amounting to 5% thereof paid in cash relating to Cash subscriptions or paid in BBX Trade Dollars relating to BBX Trade Dollar subscriptions.



9.8 INVESTOR COMMUNICATIONS

Investors will receive the following statements and reports relating to their investment in the Company:

- a transaction statement in respect of each application for Shares. A copy of each transaction statement will be forwarded to the financial adviser whose stamp is affixed to the application form, if applicable;
- a half-yearly dividend statement (when relevant) including details of income distributions paid (applies to Ordinary Shares only);
- an annual report including a report to investors and the Company's audited financial statements; and
- any other information that is required by law

In addition, regular investment updates will be posted on the Company's web site.

9.9 PRIVACY STATEMENT

When an application is made to invest in the Company certain personal information about the investor will be collected from the application form. The Company may also collect additional personal information by other means in the future.

The Company should be contacted if an investor wishes to ask a question about the information collected. Investors can request access to or change their personal information by writing to the Company.

The personal information supplied will be used for the primary purpose of establishing investment in the Company. Personal information will also be used for the purposes of processing applications, administering investments and complying with applicable laws and regulations.

The Company will take all steps to protect investor's personal information that is collected and ensure that the information is accurate and up-to-date. Investor information will be held on secure servers or in storage in a secure environment.

Employees of the Company will be required to maintain the confidentiality of any personal information given to the Company and all reasonable steps will be taken to destroy or de-identify personal information no longer required.

9.10 DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in the Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consents to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgment of this Prospectus with the ASIC, or to the Director's knowledge, before any issues of Shares pursuant to this Prospectus.

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.



Michael Touma
Director



Tim Creasy
Director

10.



GLOSSARY OF TERMS AND DEFINITIONS

10. GLOSSARY OF TERMS & DEFINITIONS

Unless the context otherwise suggests, the following terms used in this Prospectus have the following meanings.

Allocation

Number of shares an Applicant receives.

Applicant(s)

A person(s) or legal entity who submits an Application.

Application

An Application for Shares pursuant to this Prospectus.

Application Form

An application form attached to this Prospectus.

Application Monies

Means \$1.00 per Share for both Cash applications and BBX Trade Dollar applications.

Application Price

\$1.00 for each Share applied for, for both Cash applications and BBX Trade Dollar applications.

ASIC

Australian Securities & Investments Commission.

Barter

Term used to describe the practice of exchanging goods and services as an alternative means of conducting business.

Barter Transaction

The purchase or sale of goods with Trade dollars.

BBX

BBX Holdings Limited ACN 089 221 634. BBX Holdings Limited is the parent company of BBX Management Limited ACN 059 341 758 ("**BBX Management**"), BBX Management Limited AK 111 2095 (a company registered in New Zealand) ("**BBXNZ**"), among other wholly owned subsidiaries, and is also a 50% shareholder of BBX Funds Management Pty Ltd ACN 075 730 719 ("**BBXFM**"), the management company for the BBX Property Fund.

BBXFM

Means BBX Funds Management Pty Ltd. (ACN 075 730 719).

BBXP or BBX PROPERTY FUND

Means BBX Property Investment Fund Limited (ACN 118 847 108) or "the Company" or "the Fund".

BBX Exchange

Trade exchange system conducted by BBX on behalf of its Members.

BBX member and "Member"

A business or company currently participating or entitled to participate in the BBX Exchange.

BBX Trade Dollars

The currency unit adopted by the BBX Exchange in order to pass value between Member's accounts. For accounting and taxation purposes it has par value with the currency of the country in which the exchange operates, for example, one BBX Trade Dollar (BBX\$) equals one A\$ in Australia and one NZ\$ in New Zealand.

Business Day

A day other than a Saturday or Sunday, on which banks are open for general banking business in Sydney.

Cash

Currency (notes and coins) in circulation and which is issued to facilitate purchase and sale transactions between merchants and consumers in the broader market place.

CGT

Capital Gains Tax.

Closing Date

The date by which valid acceptances must be received by the Share Register or the Manager being 28 July 2006 or such earlier or later date determined by the Board without prior notice.

Corporations Act

Corporations Act 2001 (Cth).

Directors

Directors of the Company.

Gross Proceeds

Means all proceeds of income excluding proceeds from the disposal of any capital asset.

Issue

The issue of 100 million Shares pursuant to this Prospectus.

Issue Price

Means \$1.00 per Share for both Cash applications and BBX Trade Dollar applications.

Listing Rules

The official listing rules of the NSX.

Manager

BBX Funds Management Pty Ltd. ACN 075 730 719.

Members

Businesses that are active trading Members of the BBX Exchange.

Minimum Subscription

Minimum subscription means the 500,000 Shares to raise \$500,000 in Cash.

The minimum subscription for each Applicant is 2,000 Shares at \$1.00 per Share in Cash and thereafter in multiples of 1,000 Shares at \$1.00 per Share in Cash or, at the discretion of the Company, in BBX Trade Dollars.

NSX

Newcastle Stock Exchange Limited (ACN 089 447 058).

Offer

The invitation to the public made in this Prospectus to subscribe for Shares.

Official List

The Official List of NSX.

Official Quotation

The official quotation by NSX in accordance with the Listing Rules.

PDS

Product Disclosure Statement or this Prospectus.

Prospectus

This Prospectus or Product Disclosure Statement (PDS).

Shareholder

Registered holder of a Share.

Shares

Fully paid Ordinary shares or 'B' shares in the capital of BBX Property Investment Fund Limited (ACN 118 847 108).

Trade

Used to describe the method of conducting business without using Cash for payment. Can also be referred to as 'barter' or 'contra'.

Underwriter

Martin Place Securities Pty Limited (ACN 094 927 947).



11.

APPLICATION FORMS



**REGISTRAR'S USE ONLY**

BROKER'S CODE

ADVISER'S CODE

BROKER'S STAMP

BBX Property Investment Fund Limited ACN: 118 847 108

PO Box 667 Hornsby, NSW, 2077 Phone: (02) 9476-6655 Fax: (02) 9476-6402

SHARE APPLICATION FORM

BBXP

INSTRUCTIONS FOR **A** to **J** ARE SET OUT ON THE REVERSE SIDE OF THIS FORM. PLEASE USE BLOCK LETTERS.

All applications must be for a minimum of 2,000 shares (\$2,000 in Cash) and thereafter in multiples of 1,000 shares and accompanied by payment of \$1.00 per share.

A. Applicant #1 Name OR Company Name - complete as appropriate. Refer to guide (Part A) over the page for correct form of registrable title(s)

Given names - Mr / Mrs / Ms

Surname

C. Tax File Number

OR

Company name

ACN

B. Joint applications - complete Part A for first Applicant and Part B for second and/or third Applicant

1. Given names - Mr / Mrs / Ms

Surname

2. Given names - Mr / Mrs / Ms

Surname

C. Tax File Numbers**D.** Postal address

Street

Suburb

State

P/Code

E. Contact details

Phone ()

Fax ()

Email

F. Chess details (if applicable)

PID

HIN

NUMBER OF SHARES

G. I/we apply for

cash shares

H. Total amount

\$

G. I/we apply fortrade dollar shares
(BBX members only)**I.** Total amount

\$

and lodge application monies in full at \$1.00 per share.

TOTAL (**H+I**)

\$

J. Cheque details

Drawer

Bank

Branch/BSB no.

Amount (**H**) \$**BBX**
member
details

Account Name

BBX Account No.
(in full)Amount of Direct Debit (**I**) \$

Date

Cheques should be made payable to "BBX Property Investment Fund Ltd. - Share Issue Account" and crossed "Not Negotiable". This General Application Form does not need to be signed.

By lodging this General Application Form and a cheque for the Application Monies the Applicant hereby:

(a) applies for the number of Shares in the General Application Form or such lesser number as may be allocated by the Directors as determined by the Directors in consultation with the underwriter if any.

(b) agrees to be bound by the terms and conditions set out in the Prospectus and the constitution of BBX Property Investment Fund Ltd.

(c) authorises the Directors to complete or amend this General Application Form where necessary to correct any errors or omissions.

In the event that I/we receive this Prospectus electronically via the internet:

* I/we acknowledge that I/we have received this Prospectus personally, or a print out of it, accompanied by or attached to the General Application Form prior to applying for shares.

* I/we acknowledge that the Corporations Law prohibits any person from passing on to another person the General Application Form unless it is attached to or accompanied by the complete or unaltered electronic version of this Prospectus.



SHARE APPLICATION FORM

Please complete all relevant sections of the General Application Form using BLOCK LETTERS. Please post or have delivered to Registries Limited the completed General Application Form together with cheque to one of the addresses listed below. If you have any questions on how to complete this General Application Form please telephone Tim Creasy on (02) 9476-6655 or email timc@ebbx.com

BY MAIL

Registries Limited
P.O. Box R67, Royal Exchange
Sydney NSW 1223

BY HAND

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

General application forms must be received no later than 5pm (Sydney time) on the 28 July 2006 or as otherwise advised by the Company.

If you have received this Prospectus electronically via the internet please ensure that you have received the entire Prospectus accompanied by the General Application Form. If you have not, please telephone David Freeman on (02) 9476-6655 or email davidf@ebbx.com and BBX will post a hard copy or a further electronic copy of the Prospectus or both.

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**REGISTRAR'S USE ONLY**

BROKER'S CODE

ADVISER'S CODE

BROKER'S STAMP

BBX Property Investment Fund Limited ACN: 118 847 108

PO Box 667 Hornsby, NSW, 2077 Phone: (02) 9476-6655 Fax: (02) 9476-6402

SHARE APPLICATION FORM

BBXP

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Given names - Mr / Mrs / Ms

Surname

C. Tax File Number

OR

Company name

ACN

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1. Given names - Mr / Mrs / Ms

Surname

C. Tax File Numbers

2. Given names - Mr / Mrs / Ms

Surname

D. Postal address

Street

Suburb

State

P/Code

E. Contact details

Phone ()

Fax ()

Email

F. Chess details (if applicable)

PID

HIN

NUMBER OF SHARES

G. I/we apply for

cash shares

H. Total amount

\$

G. I/we apply fortrade dollar shares
(BBX members only)**I.** Total amount

\$

and lodge application monies in full at \$1.00 per share.

TOTAL (**H+I**)

\$

J. Cheque details

Drawer

Bank

Branch/BSB no.

Amount (**H**) \$**BBX**
member
details

Account Name

BBX Account No.
(in full)Amount of Direct Debit (**I**) \$

Date

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Sydney NSW 1223

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BBX TRADING CARDS

**AVAILABLE IN • BRONZE
• SILVER
• GOLD
• BLACK**

BLACK MEMBERSHIP

BBX BLACK MEMBERSHIP OFFERS MEMBERS:

- **LIFETIME MEMBERSHIP**
- **UP TO 8 DIRECTORY LISTINGS**
- **INVITATION TO 2 BBX EXPOS**
- **INVITATION TO 2 HARBOUR CRUISES**
- **INVITATION TO 2 TRADE NIGHTS**
- **INTEREST FREE TRADING FACILITY OF UP TO \$100,000 TRADE DOLLARS**
- **REDUCED TRANSACTION FEES**





BBX

BBX PROPERTY INVESTMENT FUND LIMITED
ACN 118 847 108