



2009 PROSPECTUS

BBX PROPERTY INVESTMENT FUND LIMITED
ACN 118 847 108

"A public offer of 400,000 ordinary shares at \$1.00 to raise \$400,000 cash and up to 1,600,000 "B" shares to raise \$1,600,000 BBX trade dollars.

"Nominated Advisers - 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

Carolyn Macdonald

NON EXECUTIVE DIRECTORS

Barry Dawes

COMPANY SECRETARY

Tim Creasy

REGISTERED OFFICE

916 Pacific Highway

Gordon NSW 2072

NOMINATED ADVISERS

Martin Place Securities Pty. Limited

Level 3, 14 Martin Place

Sydney NSW 2000

AUDITORS

Robert Nielson Partners

Level 7

280 George Street

Sydney NSW 2000

BANKERS

ANZ Banking Group

SHARE REGISTRY

Registries Limited

Level 7, 207 Kent Street,

Sydney NSW 2000

INVESTING IN PROPERTY IS BIG BUSINESS...

IMPORTANT NOTICE

This is a replacement prospectus dated 29 June, 2009 and lodged with ASIC on that date. It replaces the original prospectus dated 21 May, 2009.



BBX PROPERTY INVESTMENT FUND LIMITED

ACN 118 847 108



**THIS IS A REPLACEMENT PROSPECTUS DATED 29th JUNE 2009, WHICH REPLACES THE PROSPECTUS
LODGED WITH THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION ON 21 MAY 2009.**

IMPORTANT DATES

Prospectus Date	29 June 2009
Offer Opens	29 June 2009
Offer Closes	28 August 2009
Allotment of Shares	04 September 2009

Note: This timetable is indicative only. All times are Sydney times. The Company 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.

**APPLICATIONS WILL ONLY BE ACCEPTED FROM BBX EXCHANGE MEMBERS.
SEE PARAGRAPHS 3.4 AND 3.5 ON PAGE 18.**

ENQUIRIES

All enquiries in relation to this Prospectus should be directed to the Company on (02) 9499 1100 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 LIMITED**

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:	\$15 million.
Loan to Valuation Ratio:	Currently 65% debt funded. 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.
Minimum Initial Investment:	\$2,000 cash. Applicants must be members of the BBX trade exchange.
Minimum Additional Investment:	In multiples of \$1,000 Cash or BBX Trade Dollars.
Liquidity of Shares:	BBX Property Fund shares are illiquid and have never traded on the stock exchange. Please refer to section 1.11. Ordinary Shares are listed on the National Stock Exchange of Australia Limited (NSX).
Independent Experts Report:	Per Section 2.9 BBX Property Fund shares valued at 60 - 80 cents.
Distribution:	Dividend, where applicable, will be paid half-yearly to the holders of Ordinary Shares in accordance with section 1.6. None is expected in the first 15 years or at least until 2021.
Share Classes:	Ordinary Shares 'B' Class Shares (see section 2).



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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. Majority of the property images are actual images of buildings or developments in which the Company currently has or will have a financial interest).

The expiry date for this Prospectus is 13 months after the date of this Prospectus. No Shares will be allotted and issued on the basis of this Prospectus after that expiry date.

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) 9499 1100 or by writing to BBX Property Investment Fund Ltd., PO Box 733, Gordon NSW 2072, or by email (propertyfund@ebbx.com).

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.

SHAREHOLDER APPROVAL

No applications for Shares pursuant to this Prospectus and no application monies accompanying applications for Shares will be accepted by the Company unless and until all of the ordinary resolutions for the approval and ratification of shares by the Company, which are the subject of a Notice of General Meeting dated 13 April 2009, have been passed by shareholders Approval was given at the General meeting of the company held on the 14th May, 2009.

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
GPO Box 3993, GPO Sydney
NSW 2001

Deliver to:

Registries Limited
Level 7, 207 Kent Street,
Sydney NSW 2000

PRIVACY STATEMENT- REFER SECTION 9.9.

CHAIRMAN'S LETTER



22 June 2009

Dear Investor,

Once again it is with great pleasure that I can invite you on behalf of the directors to consider an investment (or further investment) in BBX Property Investment Fund Ltd. ("BBX Property Fund" and the "Company"), a company set up specifically to invest in residential, industrial and commercial property in the capital cities and growth centres of Australia and New Zealand.

It is now nearly three years since our first successful fundraising and listing on the Newcastle Stock Exchange in August, 2006. In that three years we have raised over \$15 million in share capital (of which approx. \$13million was BBX Trade Dollars) and purchased 17 properties (\$2 million of BBX Trade Dollars already utilized) which are fully detailed in this prospectus and on our website.

The directors believe the BBX Property Fund is still a unique opportunity for investors to join us in investing in apartments & units, commercial and industrial property at a point in the market that many believe is not just a 'cyclical low' but possibly the bottom due to the subprime lending crisis that has depressed markets around the world.

We expect there to be excellent buying opportunities over the course of the next 12 months as interest rates remain low but developers find themselves having to clear stock in the cash marketplace to reduce their mortgages to the increasingly impatient banks.

We believe the investment fundamentals such as occupancy rates and rentals will remain strong in the areas in which we are investing. There have been many studies, particularly relating to the metropolitan areas of Sydney, indicating that if the present depressed levels of building and new project approvals persist, a shortage of residential accommodation will become very evident. Such a shortage on the supply side will drive rents up further and capital values will follow.

With all investment strategies comes a degree of risk. Shareholders should read section 1.11 on page 10 and Section 5 starting on page 26. The company is a property investment vehicle which uses a high degree of leverage and has not been profitable to date. The investment should therefore be considered to be speculative and risky.

The company is dependent on the credit markets to fund part of the purchase of its investment properties. Over the last 12 months those markets have been quite difficult to deal with due to a lack of liquidity resulting from the global financial crisis. It remains to be seen if the worst of that crisis is now behind us and what the lasting impacts of that may be within the economy generally and the property market in particular. The BBX Property Fund is listed on the National Stock Exchange (NSX) although it has never traded, and managed by BBX Funds Management Ltd. (the 'Manager') a 50% owned subsidiary of BBX Holdings Ltd.

Once again this prospectus gives you the opportunity of using your BBX trade dollars with a 20% cash component and holding the shares as an investment of your self managed superannuation fund. The 'B' class shares issued in respect of these transactions are subject to trading restrictions with 50% of such shares converting into ordinary shares after 12 months and the balance after 24 months. Only ordinary shares can be traded on the NSX.

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

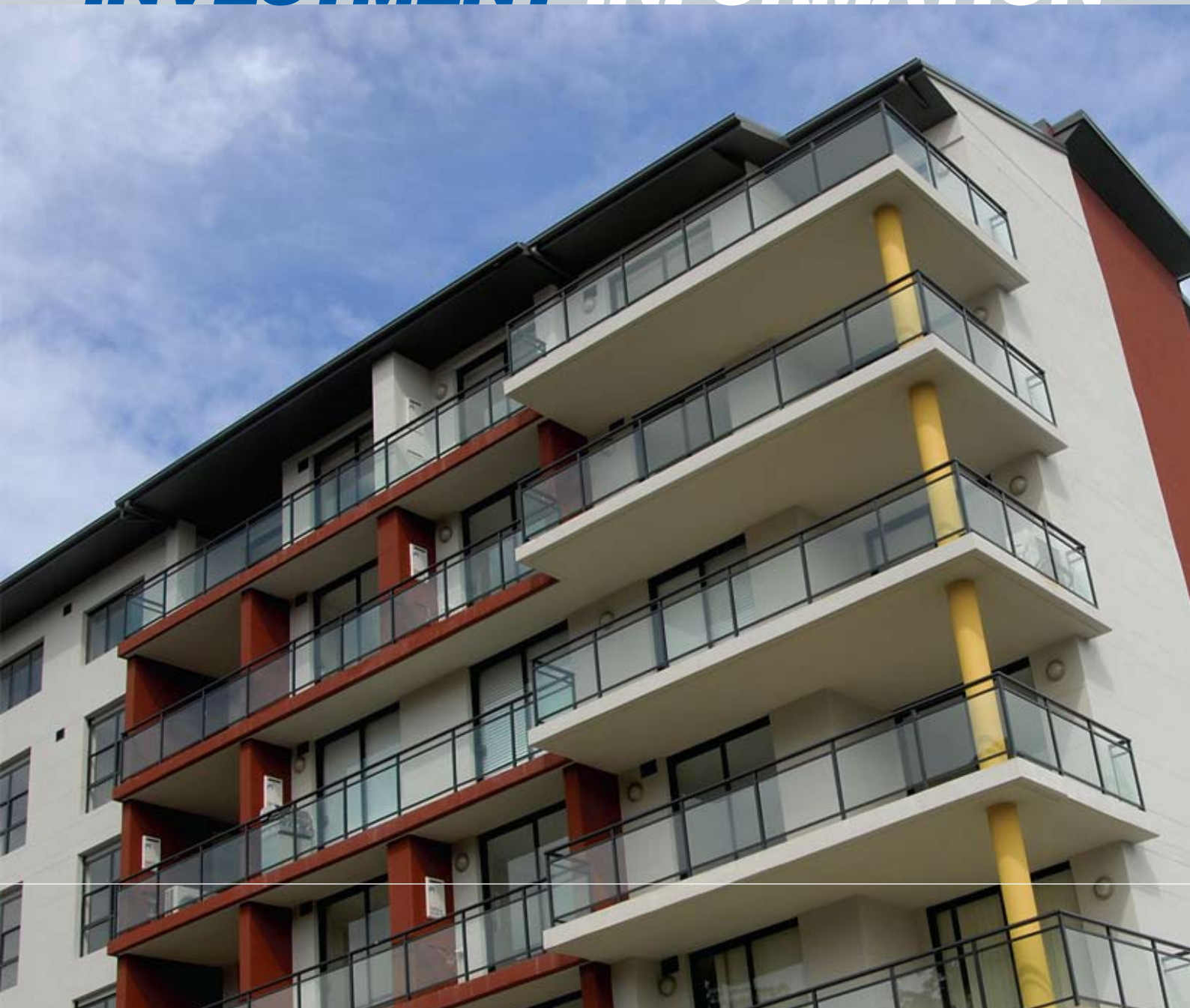
Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Touma', written over a horizontal line.

SIMON TOUMA
Chairman

1.

INVESTMENT INFORMATION



1. INVESTMENT INFORMATION

Please also refer to disclosure shown under Shareholder Approval on page 5 (Important Information) of this Prospectus.

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 400,000 Ordinary shares to raise up to \$400,000 in Cash and 1,600,000 'B' Class Shares to raise up to \$1,600,000 in 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 \$250,000 in cash. No securities will be issued until this minimum amount is reached. This offer is only available to BBX Trade Exchange members. To be eligible to subscribe for "B" Class Shares using BBX Trade Dollars, Applicants must:

- Already be (or apply to become) Members of the BBX Exchange ("Eligible Members"); and
- Unless otherwise approved by the Company, subscribe a minimum of \$2,000 Cash for every \$8,000 (or part thereof) subscribed in BBX Trade Dollars.

No Applicant can be guaranteed to receive the whole of the Shares applied for and allocation of 'B' Class Shares will be at the discretion of the Company.

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

The minimum subscription is \$2,000 Cash per application.

1.3 KEY OFFER STATISTICS

Public Offer price	\$1.00
Shares being offered under this prospectus	2,000,000
Amount to be raised under the offer	**\$2,000,000
Shares on issue following the offer if fully subscribed	19,203,992

***Being at least \$250,000 in Cash and the balance in a combination of Cash and BBX Trade Dollars, subject to guidelines set out in sections 1.2 and 2.1.*

1.4 USE OF PROCEEDS OF THE OFFER

Anticipated utilization if \$250,000 cash, \$1 million (\$250,000 cash and \$BBX750,000 trade) or \$2 million (\$400,000 cash and \$BBX1,600,000 trade) is received:

• Property Investment, Acquisition & holding costs	Cash	\$100,000	\$100,000	\$250,000
	Trade	0	\$475,000	\$1,315,000
• Management costs, directors fees & administration	Cash	\$100,000	\$100,000	\$100,000
	Trade	0	\$250,000	\$250,000
• Costs of the offer	Cash	\$50,000	\$50,000	\$50,000
	Trade	0	\$25,000	\$35,000
TOTAL	Cash	\$250,000	\$250,000	\$400,000
	Trade	0	\$750,000	\$1,600,000

The company's strategy in relation to property acquisitions is to buy as much as possible whilst prices remain relatively affordable and there is distressed stock available with a 30% BBX component. All 17 properties held by the company (see section 4) have been purchased in that manner with the remaining 70% sourced from borrowings. Cash is used to meet stamp duty & other settlement adjustments. BBX trade dollars are used to pay conveyancing costs. This strategy means that the loan to valuation ratio ('LVR', the percentage of debt as against the value of the property) is initially high. It also means that some capital subscribed by shareholders may be used to cover the shortfall where rentals do not cover interest payments in the short term. Financial risk would be assessed to be greater whilst LVR remains at 65 - 70%.

An example of the company's strategy is the purchase of 4 units in Wollongong summarized in Section 4.

The cost was approximately	\$1.5 million
The 30% BBX component was	\$450,000
Challenger Commercial provided	\$1,050,000
-By way of a debt facility	

The borrowings were based on an independent valuation Commissioned by Challenger. Stamp duty and other costs were paid in cash. The gross rentals of \$100,000 per year approximately covers the property outgoings and the interest. Not all of the company's investment properties are self funding at this time. In due course if rentals increase or interest rates applicable to the finance facilities reduce (or both) that gap can be expected to reduce or disappear. At some point it may become necessary or desirable to sell one or two of the Wollongong properties to reduce the loan facility.

1. INVESTMENT INFORMATION *cont.*

1.5 ACQUISITION OF PROPERTIES

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 with an amount of borrowings 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 15 years of operation or until at least 2021. This applies equally to ordinary and "B" shares which will convert within 2 years to ordinary equity.

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 firstly be used to retire debt and then 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 15 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 range of 3 - 6% 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.

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 or shares in the Company.

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 has a policy of undertaking an independent valuation of all properties on approximately the third (3rd) anniversary of their acquisition, 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.

As at the date of this prospectus, no properties have been held for three (3) years.

The shares offered under this prospectus are being issued at \$1 each, the same value as all issues made since the time of the Company's incorporation.

It is estimated that this value approximates the net tangible assets value per share.

1. INVESTMENT INFORMATION *cont.*

1.9 INSURANCE & RENTAL RISK MANAGEMENT

The Company will maintain insurance in respect of potential damage to each of its properties. 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) will engage 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 all properties identified as potential acquisitions.

1.11 POTENTIAL RISKS

With any investment there are a number of risks. Investors should refer to Section 5 and specifically be aware of the following risks associated with investing in the Company:

- There is no guarantee of capital security and income distributions are not expected within the first 15 years or until at least 2021.
- 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.
- The company's shares have never traded on the NSX. It is expected shareholders will continue to encounter considerable difficulty trading their shares on the NSX. Trading volume in the last 30 days, 60 days, 90 days and the last 12 months has been Nil.
- Each shareholders proportional interest in the net assets of the company could be diluted if further shares were to be issued at a discount to net tangible assets. Such a course is not anticipated at this time.
- The company's bank of BBX Trade Dollars are not convertible into cash. They can only be utilized in trading with other members of the BBX exchange. Given that 30% of the value of each property purchased is typically satisfied with trade dollars (and assuming that continues to be the case), the company would need to acquire in excess of \$30 million of

property with a 30% BBX component to utilise the present trade dollars on hand. There is a risk that not sufficient cash can be raised from shareholders and sourced via banks etc. to support such property purchases.

- The company's shares have been valued by an independent expert at 60 - 80 cents each and he has stated that there is an inherent uncertainty valuing trade dollars. See sections 2.9 and 9.11.
- As at current date the BBX Group is undertaking a major reorganization and possible buy back of it's shares to simplify and streamline it's structure and reduce costs. This reorganization should result in BBX Holdings Ltd. being only the owner of the Sydney franchise whilst the remainder of the business will revert to private ownership under the control of company founder Michael Touma. It is not anticipated the reorganization will impact the BBX Property Fund in any material way.
- In his review of the BBX Holdings Ltd. 31st December, 2008 accounts the auditor, Robert Nielson, made mention of a possible 'going concern' uncertainty. The risk is the Manager (see section 1.13 below) is part of the BBX Holdings Ltd. group.

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 Limited (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 \$85,000 (assuming full Subscription), partly payable in BBX trade dollars. See section 9.7.

2.

OFFER DETAILS



2. OFFER DETAILS

2.1 DESCRIPTION OF THE OFFER

This prospectus invites investors to apply for up to 400,000 Ordinary shares and up to 1,600,000 'B' Class Shares in the Company at an issue price in each case of \$1.00 payable in full on application, either in Cash or BBX Trade Dollars as applicable.

Payment for 'B' Class 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 a combination of Cash and BBX Trade Dollars, with the proviso that at least \$250,000 will be in Cash.

Ordinarily an investor will be required to subscribe for at least 2 Ordinary Shares payable in Cash for each 8 'B' Class Shares (or part thereof) subscribed for using BBX trade dollar currency. 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' Class Shares, without any obligation to also acquire a number of Ordinary Shares.

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' Class Shares of \$1.00 each.

'B' Class 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' Class shares will convert to ordinary shares on a one for one basis over time. 50% of an investor's 'B' Class Shares will convert into Ordinary Shares after twelve months from the date of issue, and the balance will convert into Ordinary Shares after the following 12 months. An investor will therefore need to wait 24 months for all their 'B' Class Shares to convert to Ordinary Shares.

Only Ordinary Shares will be listed and tradeable on the NSX.

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

It is anticipated that 'B' Class Shares will be issued in only two circumstances:

- Where a member of the BBX trade exchange subscribes for 'B' Class Shares using BBX trade dollars.
- 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 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' Class 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' Class 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' Class Shares, in multiples such that the total Application relates to at least 2 Ordinary Shares for each 8 'B' Class Shares (or part thereof).

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
GPO Box 3993, GPO Sydney
NSW 2001

Deliver to:

Registries Limited
Level 7, 207 Kent 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. Applications will be accepted after the closing date only at the discretion of the Company.

2.4 ALLOTMENT OF SHARES

Shares will be allotted as soon as practicable. 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 NSX within seven days from the date of this disclosure document for listing of the Company's shares, the subject of this offer.

The fact that the NSX may list the shares of the Company is not to be taken in any way as an indication of the merits of the Company or the listed shares.

The NSX takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

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 15 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).

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 advisers 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 from the unfranked portion of any dividends at the highest marginal taxation rate plus the Medicare levy.

2.9 INDEPENDENT EXPERT VALUATION

The directors of BBX Property Investment Fund Ltd. have commissioned an independent expert, Alpha Securities Ltd ('Alpha') to produce a report on the value of the shares in the company as those shares have never traded on the NSX.

In their report to the directors of BBX Property investment fund limited. Alpha has stated that in their opinion the shares in the Property Fund would be valued at 60-80 cents. A copy of Alpha's report is reproduced at Section 9.11.

3.



THE B BX
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 in earlier 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 any part of the \$300,000 in BBX Trade Dollars toward an application for 'B' Class Shares in the BBX Property Investment Fund Limited. According to the company's current business model, \$700,000 would be sourced from borrowings.

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 more than \$20 million. In some cases vendors of properties have indicated a willingness to accept up to 35% 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 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;
- Review of the investment portfolio in line with return and capital appreciation objectives;
- Possible development of assets where deemed appropriate to enhance longer term investment performance and yield;
- Managing risk through the application of sound investment principles.

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;
- 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 if applicable.

Applying industry best practice in the area of good corporate governance

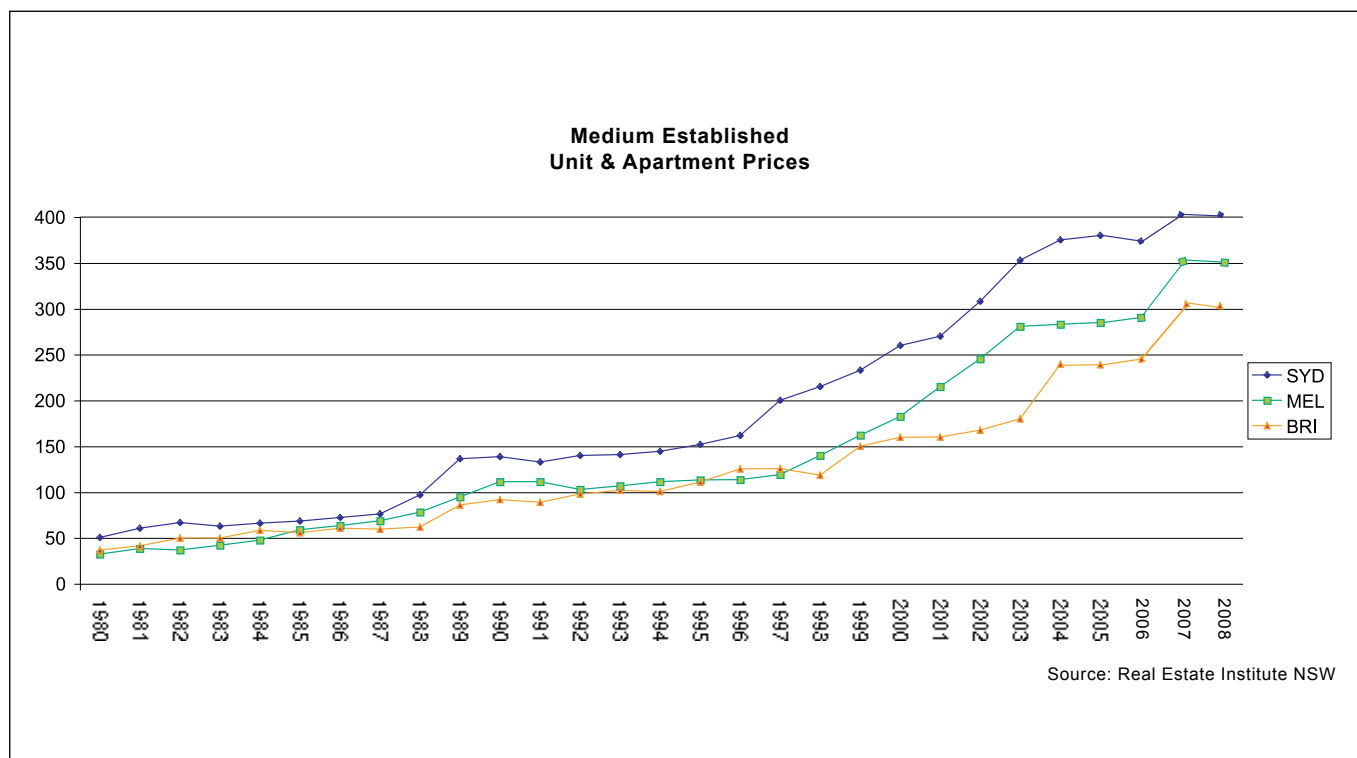
This will include but not be limited to:

- 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 many decades. 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. **Past performance is not necessarily indicative of future performance.** 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 can lead to the accumulation of longer-term value, even as interest rates rise.



3.4 THE BARTER EXCHANGE INDUSTRY

Concept of Reciprocal Trade

The direct exchange of goods and services is the very essence of barter and once was the only way of conducting business. A common medium of exchange (cash/currency) was introduced by governments and trading empires to simplify business

transactions, and over the years the medium of exchange has progressed to bills of exchange, cheques, and now credit and debit cards, which today comprise 95% of all business transactions.

However, generating enough cash (or currency) is often an impediment to business, due to factors such as the size of the market in which they operate, the over-supply of competitors, competitor pricing and discounting, and a range of other reasons as to why enough business can't be generated to bring in the cash flow the business needs.

It is this under-utilised capacity that BBX seeks to reduce, and many businesses both large and small are discovering trade (barter, contra) as a way of enhancing business success and improving both productivity and profitability.

BBX introduces new business and new customers, simply by networking buyers with sellers, and in this way the business owner can supplement existing CASH (income) with cashless TRADE (income).

BBX Trade Dollars are not convertible into cash although they are taxed as cash. BBX Trade dollars can only be exchanged for goods or services available from other BBX members within the BBX exchange.

The BBX trade exchange has approximately 5000 members covering almost all types of businesses from accountants to window cleaners, builders to barristers. Every month transactions of up to \$10mil or more are transacted within the exchange and members accounts are updated by the manager (BBX Management Pty. Ltd.) in real time as they happen.

Business Application

Many business people still barter in the old fashioned way on a direct exchange or swap basis, which is usually a one-on-one transaction that takes place at a moment in time. Each party is indebted to the other, and that indebtedness is satisfied by the exchange of goods and/or services between the two parties. Such transactions are reciprocal and payment (value) usually immediate.

However, barter in this simplest of forms can be inflexible. The goods or services to be traded between the two parties might not be of equal value, or one of the traders may not want to trade for particular goods that another trader wants to exchange. Hence, it is often too difficult to contemplate.

Trade exchanges such as BBX overcome these restrictions by facilitating barter trade transactions that are not reciprocal or just simply between two parties.

Through the trade exchange there is no immediate exchange of goods and services, merely sales and purchases that are

reflected in a system of debits and credits which are earned and redeemed (spent) at different times and with different businesses.

The exchange uses a unit of currency called trade dollars (BBX\$) to transfer the value of the goods or services being traded. For accounting and taxation purposes they are, in Australia, equal in value to the standard local currency.

BBX coordinates the day-to-day cashless trading activities of its members, providing an avenue for them to trade their goods and services with other participating member businesses. As well as marketing and promoting member businesses, BBX acts as a third party record keeper, providing members with an accounting and administrative record (statements) of their trade transactions.

3.5 BBX AND THE BBX EXCHANGE

The BBX Group has carried on the BBX Exchange since 1993. Please refer to the Definitions in Section 10. BBX Group company-owned and franchised offices now operate through all states of Australia. Please refer to page 3 for location of offices.


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 in the world to be listed on a main board.

As at current date the BBX Group is undertaking a major reorganization and possible buy back of its shares to simplify and streamline its structure and reduce costs. This reorganization should result in BBX Holdings Ltd. being only the owner of the Sydney franchise whilst the remainder of the business will revert to private ownership under the control of company founder Michael Touma. It is not anticipated the reorganization will impact the BBX Property Fund in any material way.

In his review of the BBX Holdings Ltd. 31st December, 2008 accounts the auditor, Robert Nielson, made mention of a possible 'going concern' uncertainty. The current Manager, BBX Funds Management Ltd. is part of the BBX Holdings Ltd. group.

3.6 PROPERTY ACQUISITIONS

The following is a brief summary of completed property acquisitions made by the Company since commencement. The summary is current as at 15th May, 2009.

PROPERTY ACQUISITIONS					
		Contract Price	Anticipated Gross Rental Note 1	Yield %	Status
30 HYTHE ST, MT DRUITT	Purchased: 10th May, 2007				
UNIT NO: 18	2 Bed, 1 Bath, 1 Car Park	\$230,000	\$10,400	4.52%	SETTLED
UNIT NO: 19	2 Bed, 1 Bath, 1 Car Park	\$230,000	\$10,400	4.52%	SETTLED
UNIT NO: 20	2 Bed, 1 Bath, 1 Car Park	\$230,000	\$10,400	4.52%	SETTLED
UNIT NO: 21	2 Bed, 1 Bath, 1 Car Park	\$230,000	\$10,400	4.52%	SETTLED
					

8 WAINRIGHT RD, MT. DRUITT	Purchased: 27th October, 2007				
FACTORY NO: 10	4 Car Parks, Bathrooms/showers	\$578,000	\$36,000	6.23%	SETTLED
FACTORY NO: 11	4 Car Parks, Bathrooms/showers	\$578,000	\$36,000	6.23%	SETTLED
					

Note 1: Anticipated Gross Rental is based on rentals currently being achieved with an allowance for a minor vacancy factor over the course of a 12 month period.

3. THE BBX PROPERTY FUND *cont.*

40-42 TOOWOON BAY RD, LONG JETTY	Purchased: 7th March, 2007				
TOWNHOUSE NO: 2	3 Bed, 2 Bath, 2 Car Parks	\$460,000	\$18,000	3.91%	SETTLED
UNIT NO: 12	2 Bed, 2 Bath, 2 Car Parks	\$360,000	\$14,000	3.89%	SETTLED
UNIT NO: 26	2 Bed, 2 Bath, 2 Car Parks	\$360,000	\$14,000	3.89%	SETTLED
  					

2 WILLISON ROAD, CARLTON	Purchased: 29th November, 2007				
UNIT NO: 8	3 Bed, 2 Bath, 2 Car Parks	\$460,000	\$18,720	4.35%	SETTLED
UNIT NO: 11	3 Bed, 2 Bath, 2 Car Parks	\$460,000	\$18,720	4.35%	SETTLED
UNIT NO: 14	3 Bed, 2 Bath, 2 Car Parks	\$460,000	\$18,720	4.35%	SETTLED
UNIT NO: 15	3 Bed, 2 Bath, 2 Car Parks	\$460,000	\$18,720	4.35%	SETTLED



12 - 14 LOFTUS STREET, WOLLONGONG	Purchased: 12th October, 2007				
UNIT NO: 13	2 Bed, 2 Bath, 1 Car Park	\$378,000	\$24,440	6.47%	SETTLED
UNIT NO: 14	3 Bed, 2 Bath, 1 Car Park	\$378,000	\$24,440	6.47%	SETTLED
UNIT NO: 15	4 Bed, 2 Bath, 1 Car Park	\$378,000	\$24,440	6.47%	SETTLED
UNIT NO: 19	4 Bed, 2 Bath, 1 Car Park	\$378,000	\$24,440	6.47%	SETTLED



Note 1: Anticipated Gross Rental is based on rentals currently being achieved with an allowance for a minor vacancy factor over the course of a 12 month period.

4.



CORPORATE STRUCTURE

4. CORPORATE STRUCTURE

4.1 BOARD OF DIRECTORS



CHAIRMAN
SIMON TOUMA
(59 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.

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.



EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER
CAROLIN MACDONALD

Since its formation, Carolin has been actively involved with BBX, working in the company office in Adelaide and then relocating to Sydney.

Carolin is presently the Chief Operating Officer of the Company responsible for day to day operations. In this role she applies a deep knowledge of the barter trade industry and intimate experience of the BBX business.

Being a licensed Real Estate Agent, Carolin also currently runs the BBX Real Estate Division and manages the properties in the BBX Property Investment Fund.

Carolin has been an Executive Director of BBX Australia for the past 11 years.

Carolin is a Certified Trade Broker, and has a Real Estate Agents License (Property Development and Management). Carolin is also a Justice of the Peace in New South Wales.



EXECUTIVE DIRECTOR
MICHAEL TOUMA
(49 years)

Michael Touma is the founder and Managing Director of the BBX group of companies, headed by ASX-listed BBX Holdings Limited.

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 15 years.

During that time Michael has been instrumental in the expansion of BBX throughout Australia as well as establishing the exchange in New Zealand. Further International franchises are being established in India, China and Costa Rica (Central America) and a number of new areas are under discussion.

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.

Michael additionally holds a Real Estate Licence (#1111574).



NON-EXECUTIVE DIRECTOR

BARRY DAWES

B.Sc.(Syd), FAusIMM (CP), MSDIA
(59 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 Australasian Institute of Mining and Metallurgy (Chartered Professional) and Master of the Securities & Derivatives Industry Association, Barry has had broad experience over more than 25 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.

Barry is also a director of Superior Coal Ltd, Energy Infrastructure and Resources Ltd, He Nuclear Ltd and several private investment companies.



EXECUTIVE DIRECTOR & COMPANY SECRETARY

TIM CREASY

CPA, CA (49 years)

Tim Creasy is the Chief Financial Officer of BBX Holdings Limited and is a Chartered Accountant and Certified Practising Accountant.

He gained his degree and qualifications in Adelaide and spent 4 years with international chartered accounting firm Touche Ross before joining a smaller firm in 1985 where he was a partner for 16 years until 2005.

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 has an excellent working knowledge of BBX, its business model and financial aspects of its operations, as well as the barter industry in general, gained over the last 16 years since its inception.

4.2 THE MANAGER

BBX FUNDS MANAGEMENT LIMITED

The Company has appointed BBX Funds Management Limited (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.

BOARD OF DIRECTORS

The Board of Directors of BBX Funds Management Limited 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**

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' Class 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, 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 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. This risk would apply equally to Industrial or commercial property.
- Competition from other asset classes – changes in the perceived value of property investment in general, and 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.
- Economic conditions - refer to paragraph 5.10 on page 27.

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)

5.5A BBX TRADE DOLLAR RISK

There is always a risk the company's bank of BBX trade dollars will not be able to be spent as and when desired or for full value or that the properties wanted by the company will not be available with a BBX dollar component.

5.5B BBX RESTRUCTURE

As at current date the BBX Group is undertaking a major reorganization and possible buy back of its shares to simplify and streamline its structure and reduce costs. This reorganization should result in BBX Holdings Ltd. being only the owner of the Sydney franchise whilst the remainder of the business will revert to private ownership under the control of company founder Michael Touma. It is not anticipated the reorganization will impact the BBX Property Fund in any material way.

In his review of the BBX Holdings Ltd. 31st December, 2008 accounts the auditor, Robert Nielson, made mention of a possible 'going concern' uncertainty.

The risk is the Manager (See Section 1.13) is part of the BBX Holdings Ltd. group.

5.6 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.

5.7 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

5.8 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.

5.9 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.

5.10 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. As unemployment has been forecast by the Federal Treasury to rise over the next 2 years there is a risk property values may decline if demand falls as a result.

5.11 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. This may be greater if shares are issued

for BBX trade dollars and those dollars cannot be invested in a timely fashion. However, given that the Company will only issue further Shares at an amount at least equal to the net asset backing of the shares in the Company, the value of an Investor's interest in the Company should not be affected.

5.12 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.

5.13 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 if deemed appropriate. To date the company has elected to ride the market down. 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. 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

5.14 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.

5.15 LIQUIDITY AND REALISATION

BBX Property fund shares have never traded on the NSX. There can be no guarantee that an active market in the Ordinary Shares will develop or that the price of Ordinary Shares will increase in fact there is a real risk that a market will not develop. Until that time shareholders may not be able to sell their shares. 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' Class Shares and 'B' Class 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' Class Shares should be viewed as a longer-term investment and illiquid until conversion into Ordinary shares.

BBX trade dollars are not convertible into cash, please Refer to section 3.4 on page 18

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;
- Valuers will be selected from a panel approved by the various lenders used by the company. The selection is made by the lender and the report given directly to them.
- 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).

6.2 PROPERTY SELECTION & MANAGEMENT

The Company, in addition to the expertise available to it at Board level (detailed in section 4), may appoint 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.

The final decision in relation to acquisitions will in all cases be made by the Board after consideration of independent valuations and reports.

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. Shareholder approval will not be sought for such Transactions, subject to legislation, where transactions Occur on arms length terms.

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	\$	\$
Total amount sought	250,000	2,000,000
represented by:		
Cash shares	250,000	400,000
BBX Trade Dollar shares	0	1,600,000
Application of funds		
Property Investment, Acquisition & holding costs	100,000	1,565,000
Management costs, directors fees & administration	100,000	350,000
Costs of the offer	50,000	85,000
Total application of funds	\$250,000	\$2,000,000

6.6 ACCOUNTING POLICIES

The Company adopts International Financial Reporting Standards (IFRS).

6.7 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

Following are the financial statements for the Company and controlled entity, as at 31 December 2008, together with the Auditor's independent review report.

This Interim Financial report should be read in conjunction with the Company's Annual Report for the year ended 30 June 2008.

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
Revenue	171,374	108,487
Management Fees	(29,338)	(23,963)
Interest Paid	(192,763)	(109,570)
Directors Fee	(83,629)	(83,629)
Share registration expense	(18,929)	(20,862)
Other expenses	(55,556)	(46,839)
Loss before income tax	(208,841)	(176,376)
Income tax expense	-	-
Loss from continuing operations	(208,841)	(176,376)
Loss for the period	(208,841)	(176,376)
Overall Operations		
Basic earnings per share	-0.012	-0.012
(cents per share)		
Diluted earnings per share	-0.012	-0.012
(cents per share)		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Share Capital Ordinary \$	Retained Earnings \$	Total \$
Balance at 30.06.2008		14,641,853	(649,407)	13,992,446
Balance at 1.7.2008		14,641,853	(649,407)	13,992,446
Shares issued during the year		1,666,655	-	1,666,655
Loss attributable to members of entity		-	(208,841)	(208,841)
Balance at 31.12.2008		16,308,508	(858,248)	15,450,260
	Note	Share Capital Ordinary \$	Retained Earnings \$	Total \$
Balance at 30.06.2007		11,677,810	(268,450)	11,409,360
Balance at 1.7.2007		11,677,810	(261,013)	11,409,360
Shares issued during the year		2,249,912	-	2,249,912
Loss attributable to members of entity		-	(176,376)	(176,376)
Balance at 31.12.2007		13,927,722	(437,389)	13,482,896

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	Consolidated Entity	
		31.12.2008	30.06.2008
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		517,579	430,069
Trade and other receivables		14,000	24,000
Other current assets	2	519,060	664,285
TOTAL CURRENT ASSETS		1,050,639	1,118,354
NON-CURRENT ASSETS			
Trade and other receivables		144,953	55,635
Investment Property		6,914,947	6,907,947
Financial Assets		-	-
Other Financial Assets	2	11,792,275	10,368,545
TOTAL NON-CURRENT ASSETS		18,852,175	17,332,127
TOTAL ASSETS		19,902,814	18,450,481
CURRENT LIABILITIES			
Trade and other payables		51,890	60,187
Short-term borrowings		742,000	741,253
TOTAL CURRENT LIABILITIES		793,890	801,440
NON-CURRENT LIABILITIES			
Trade and other payables		-	-
Long-term borrowings		3,658,664	3,656,595
TOTAL NON-CURRENT LIABILITIES		3,658,664	3,656,595
TOTAL LIABILITIES		4,452,554	4,458,035
NET ASSETS		15,450,260	13,992,446
EQUITY			
Issued capital		16,308,508	14,641,853
Accumulated gain/(losses)		(858,248)	(649,407)
TOTAL EQUITY		15,450,260	13,992,446

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DEC 2008

	31.12.2008	31.12.2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	158,692	182,987
Payments to suppliers and employees	(298,244)	(170,376)
Interest received	12,682	17,255
Borrowing costs	(199,586)	(109,570)
Net cash provided by operating activities	(326,456)	(79,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of Non-Current Assets	(138,225)	(2,503,450)
Net cash (used in) investing activities	138,225	(2,503,450)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	22,069	2,167,157
Proceeds from Share Issue	252,925	306,530
Repayment of Borrowings	747	-
Net cash provided by financing activities	275,741	2,473,687
Net increase (decrease) in cash held	87,510	(109,467)
Cash at beginning of period	430,069	738,849
Cash at end of period	517,579	629,382

This cashflow statement only shows net cash dollar increase (decrease) in the financial period and does not include BBX Trade dollar movements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Account Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by BBX Property Investment Fund during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2008 financial report.

NOTE 2: BALANCES DENOMINATED IN BBX TRADE DOLLARS

The following assets are denominated in BBX Trade Dollars:-

	31.12.2008	30.6.2008
Other Current assets		
- Deposit on purchase of property	505,300	650,525
Other financial assets - Non Current		
-Barter IT (Barter Trade Account)	10,508,676	10,368,544
-Barter IT (Barter Share Issue Account)t	1,238,600	-
	<u>12,252,576</u>	<u>10,369,194</u>

fully paid Class B shares were issued for consideration for in BBX Trade Dollars during the period (30 June 2008: 10,471,532). One BBX Trade Dollar is converted at par value at one AUD dollar.

NOTE 3: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There are no acquisitions or disposals during the period.

NOTE 4: PROFIT FROM ORDINARY ACTIVITIES

All significant revenue and expense items for the periods are disclosed on the face of the income statement.

NOTE 5: SEGMENT INFORMATION

The entity operates in one business segment, being the management of the BBX Property Investment Fund in Australia.

NOTE 6: CONTINGENT LIABILITIES

There are no contingent liabilities on the 31 December 2008.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

No significant matters have arisen since the end of the half-year.

DIRECTORS' DECLARATION

The directors of the consolidated group declare that:

- The financial statements and notes, as set out on pages 3 to 7:
 - Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - Give a true and fair view of the consolidated group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
- In the directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Michael Touma
Director

Dated this 27th day of February 2009.

robertnielsonpartners

ABN 24 216 690 404
chartered accountant
business advisors



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NSW 1225 Australia
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E enq@robertnielsonpartners.com.au

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF BBX PROPERTY INVESTMENT FUNDS LIMITED**

Report on the Financial Report

We have reviewed the accompanying the consolidated financial report comprising the balance sheet as at 31 December 2008, income statement, statement of changes in equity, statement of cash flows for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration for BBX Property Investment Funds Limited (the Company).

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We have conducted our review in accordance with Australian Auditing Standards on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year consolidated financial report of BBX Property Investment Funds Limited is not in accordance with the *Corporation Act 2001* including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting (including Australian Accounting interpretations) and the Corporations Regulations 2001.

Robert Nielson Partners

A handwritten signature in black ink, appearing to be 'RN', enclosed within a rectangular box.

Robert Nielson

Date 27 February 2009

BBX PROPERTY INVESTMENT FUND LTD.
PROFORMA BALANCE SHEET

		31.12.2008	Proforma	Proforma
		\$	\$	\$
		('000)	('000)	('000)
	Note	Reviewed	\$250K Raised	\$2mil Raised
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1	518	718	868
Trade and other receivables		14	14	14
Other current assets		519	519	519
TOTAL CURRENT ASSETS		1,051	1,251	1,401
NON CURRENT ASSETS				
Trade and other receivables		145	145	145
Investment Property		6,915	6,915	6,915
Other Financial Assets	2	11,792	11,792	13,357
TOTAL NON-CURRENT ASSETS		18,852	18,852	20,417
TOTAL ASSETS		19,903	20,103	21,818
CURRENT LIABILITIES				
Trade and other payables		52	52	52
Short term borrowings		742	742	742
TOTAL CURRENT LIABILITIES		794	794	794
NON CURRENT LIABILITIES				
Trade and other payables		0	0	0
Long term borrowings		3,659	3,659	3,659
TOTAL NON-CURRENT LIABILITIES		3,659	3,659	3,659
TOTAL LIABILITIES		4,453	4,453	4,453
NET ASSETS		15,450	15,650	17,365
EQUITY				
Issued Capital	3	16,308	16,508	18,223
Accumulated Gain/(losses)		-858	-858	-858
TOTAL EQUITY		15,450	15,650	17,365

Notes

1. If \$250,000 is raised this amount less \$50,000 in costs becomes additional cash at bank.
If \$2 million is raised \$400,000 would be cash and this amount less \$50,000 in costs becomes additional cash at bank.
2. If \$2 million is raised \$1.6 million would be trade dollars and this amount less \$35,000 in costs would be added to Other Financial Assets.
3. If \$250,000 is raised this amount less \$50,000 in costs becomes additional Equity.
If \$2 million is raised this amount less \$85,000 in costs becomes additional Equity.

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' Class 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 BBX account to a BBX 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 and details will also be shown on the Company's website.

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 (LVR) 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.

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' Class Shares, the Shareholder must comply with the Company's Constitution and the Corporations Act 2001. A transfer of 'B' Class 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 5,000 businesses in Australia and New Zealand.

A vendor may also choose to apply some or all of the BBX Trade Dollars to take up 'B' Class 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 and reducing their liabilities, 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 (IT2668) 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 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.

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 ("MPS") have entered into an agreement with the Company whereby they will assist the Company to raise funds under this Prospectus.

As the Nominated Advisers to the Company, MPS will also act as Lead Manager of the proposed issue under the Prospectus.

The Company will pay MPS an Advisers' fee of \$20,000 in BBX Trade Dollars on completion of the capital raising.

Martin Place Securities Nominees Pty. Ltd. is one of the largest shareholders in BBX Property Investment Fund Ltd. Martin Place Securities Pty. Ltd. and Martin Place Securities Nominees Pty. Ltd. are both controlled by Barry Dawes, a non-executive director of the BBX Property Fund.

8.2 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 8.3 - 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.



8.3 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. Deferred Fee: 2.5% of the sale price of each property.	Payable by the Company upon settlement of each Additional 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.

8.4 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.

NOTES

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' Class 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. No dividends are expected in the first 15 years or until 2021.

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 in a general meeting or voting by proxy. 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' Class 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' Class Share held, and a proportionate vote for every partly paid 'B' Class Share, registered in such shareholders' name on the Company's share register.

No Dividends

'B' Class Shares do not qualify for 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' Class 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' Class Shares until such time as the transfer has been properly stamped. 'B' Class 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' Class 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' Class 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 of this offer or the Company.

(b) Shareholding

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

(c) 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 fees payable to Directors presently amount to a total of \$184,000 per annum.

(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.

No such extra remuneration has been paid to date.

(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 Nominated Advisers 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.

Robert Nielson Partners 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. They have also given consent to the inclusion of their Review report as at 31st December, 2008.

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.

Alpha Securities Pty. Ltd. has given and has not, before lodgment of this prospectus with ASIC, withdrawn its consent to being named in this prospectus in the form and context in which it is named and the inclusion of reference to them as 'independent expert' and their report and the valuation included therein.

9.7 COSTS OF THE ISSUE

Type	Total	Cash	Trade
Martin Place Securities Pty Limited	\$25,000	\$15,000	\$10,000
Professional Fees (legal, accounting and other)	\$10,000	\$10,000	0
NSX, ASIC & Registries Ltd	\$10,000	\$10,000	0
Printing, Mailing	\$15,000	\$10,000	\$5,000
Running Seminars in each State etc.	\$25,000	\$5,000	\$20,000
Total	\$85,000	\$50,000	\$35,000

Expenses of the offer based on the minimum subscription of \$250,000 cash are estimated at \$50,000 as follows:

	Cash
Martin Place Securities Pty Limited	\$15,000
Professional Fees (legal, accounting and other)	\$10,000
NSX, ASIC & Registries Ltd	\$10,000
Printing, Mailing	\$10,000
Running Seminars in each State etc.	\$5,000
Total	\$50,000

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 yearly dividend statement (when relevant) including details of income distributions paid (applies to Ordinary Shares only);
- an annual report (if requested) 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 Share Registry.

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 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.

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.

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 on page 5.

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.



Tim Creasy
Director



Michael Touma
Director

9.11 INDEPENDENT EXPERTS REPORT

Following is the independent expert report of Alpha Securities Pty. Ltd. that places a value on the companies shares between 60 - 80 cents. The valuation is not based on a market assessment of each property held by the company."



alpha securities

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19th June, 2009

The Directors
BBX Property Investment Fund Limited
916 Pacific Highway
GORDON NSW 2072

Dear Board Members,

Re: Value of Shares in the BBX Property Investment Fund Limited ("BBX PIF")

Executive Summary

1. The directors of BBX PIF have requested us to provide a Report to them on the value of the shares in BBX PIF for inclusion in a prospectus to be issued by BBX PIF.
- 1.2 Apart from this introduction, the report considers the following:
 - a) summary of opinion;
 - b) nature of business and future direction of BBX PIF;
 - c) valuation methodologies;
 - d) valuation of one ordinary share in BBX PIF;
 - e) sources of information; and
 - f) Appendix A – Financial Services Guide.
2. **Summary of Opinion One Ordinary**

The value of the shares in BBX PIF is in the range of 60 to 80 cents.

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3. Nature of Business and Future Direction of BBX PIF

BBX PIF was listed in March 2006. It invests in property to yield both returns and capital gains to investors. BBX PIF periodically issues prospectuses to raise capital to engage in further investment.

4. Valuation Methodologies**4.1 The primary valuation approaches commonly used for valuing a business and/or a company are the:**

- a) Market-based approach;
- b) Income based approach;
- c) Asset-based approach; and
- d) Costs-based approach.

Each of these methodologies has application in different circumstances.

4.2 Market – Based Approach

Market-based methods estimate a company's fair market value by considering the market price of transactions involving guideline companies, or the market value of guideline publicly traded companies. Market-based methods involve the capitalisation of maintainable earnings by a multiple that reflects the risks associated with those earnings.

Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future "maintainable" earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record, expectations of future profitability, and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in a start-up phase, has a finite life or is likely to experience a significant change in growth prospects and risks in the future.

Capitalisation multiples can be applied to either estimates of future maintainable earnings before interest, tax, depreciation and amortisation ("EBITDA"), earnings before interest and tax ("EBIT") or net profit from after tax ("NPAT"). The appropriate multiple to be applied to such earnings is usually derived from stock market trading multiples of shares in companies that are considered to be comparable and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business, an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

4.3 Income Approach: Discounted Cash Flow ("DCF") Method

Under the DCF methodology, the value of an asset is calculated as the net present value of the estimated future cash flows including a terminal value, if appropriate. In order to arrive at the net present value, cash flows are discounted using a discount rate, which reflects the risks associated with the cash flow stream.

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This approach is commonly used to value mining companies or where an asset has a finite life and the future cash flows can be forecast with a reasonable degree of confidence. Additionally, this methodology is adopted for the valuation of projects and assets where it is not possible to estimate “maintainable” earnings as the business is in a state of transformation, start-up or rapid growth.

4.4 Asset-Based Approach

An asset-based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It is commonly used in circumstances where the earnings of the company do not support the net asset base, for example property holding companies or companies holding shares in other companies. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed.

Using this methodology, the value of the net assets of the company would be adjusted for the time, cost and taxation consequences of realising the company’s assets.

4.5 Costs Method

A cost based methodology is appropriate where none of the above methods are appropriate as the value can only be derived on a transaction by transaction basis only. It is commonly used where non-monetary exchanges occur.

4.6 Selection of Methodology – Shares in BBX PIF

We have selected a Market Value Method and an Asset-Based Approach method to value the shares in BBX PIF because:

- a) BBX PIF is a listed security, but has not been traded;
- b) BBX PIF has incurred losses for both the full year ended 30 June 2008 and half year ended 31 December 2008. As a result, an income approach is not appropriate; and
- c) As a consequence of the latter, one must review the Assets Based Approach.

4.7. Selection of Methodology – BBX Trade Dollars

We have selected the Costs Method to value BBX trade dollars because:

- a) Being an accumulation of rights to trade between members only, an income approach is not an appropriate method;
- b) Being trade-able between members only and being non-monetary in nature, a market does not exist to use the Market Value Method; and
- c) Trade dollars are not based on an asset value, so making an assets based approach inappropriate.

5. Valuation of One Ordinary Share in BBX PIF

5.1 Valuation Approachi) Market Value Method

BBX PIF shares were listed at \$1. There are sell orders for shares between 60 cents and \$1. There is a single buy order at \$0.001.

Although BBX PIF is a listed security, no on-market trading has occurred relating to BBX PIF. As a consequence, we need to compare valuation methodologies other than the Market Value Method to conclude as to whether the Market Value Method or another method will result in the more appropriate value.

We have considered the following other valuation methodologies.

ii) Capitalisation of Earnings Method

This method involves application of earnings multiples to maintainable earnings of an entity.

BBX PIF made a loss for the 6 months ended 31 December 2008 of \$208,841. It also made a loss of \$388,394 for the year ended 30 June 2008. As a result, this method is not appropriate to valuing BBX PIF.

iii) Realisation of Assets Method

This method involves determining the amount available on an orderly realisation of assets.

BBX PIF

Below are extracts from the reviewed consolidated Balance Sheet of BBX PIF as at 31 December 2008.

ASSETS	Note	\$,000
Current Assets		
Cash and cash equivalents		517
BBX trade dollars	1	505
Other		28
Total Current Assets		<u>1,050</u>
Non-Current Assets		
Investment property	2	6,914
BBX trade dollars	1	11,747
Other		191
Total Non-Current Assets		<u>18,852</u>
Total Assets		<u>19,902</u>

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LIABILITIES		
Current Liabilities		
Payables		51
Borrowings		<u>742</u>
Total Current Liabilities		<u>793</u>
Non-Current Liabilities		
Borrowings		<u>3,659</u>
Total Non-Current Liabilities		<u>3,659</u>
Total Liabilities		<u>4,452</u>
Net Assets		<u>15,450</u>
EQUITY		
Issued Capital		16,308
Accumulated Losses		<u>858</u>
Total Equity	3	<u>15,450</u>

Notes:

BBX Trade dollars

BBX trade dollars arise from members engaging in transactions with other members. BBX trade dollars have an equivalent value in transactions. The value of one BBX trade dollar is equivalent to saving one dollar in payments to creditors. BBX trade dollars are not redeemable for cash.

Their value as consideration is subject to the BBX Trade Exchange continuing. From discussions with management, there is no intention to discontinue.

Notwithstanding this lack of negotiability, the existence of exchange value has been confirmed by the Australian Taxation Office in Taxation Ruling No. IT2668. This ruling confirmed that the monetary value to be placed on business orientated counter trade transactions is dollar for dollar, unless it can be shown trade dollars are being traded consistently at a different value. There is no evidence this is the case with BBX trade dollars.

As a consequence, it is appropriate to use the Cost Method only to value trade dollars. Hence trade dollars are redeemable at cost.

Although there is no market for BBX trade dollars outside members, they have a value equal to their carrying value to members as they are redeemable between members at cost.

Investment Property

The statement of accounting policies states that the investment property is recognised initially at cost, then at fair value. Independent valuations will be obtained every 3 years.

The above property is at cost. Properties have been acquired since incorporation of BBX PIF in March 2006.

No adjustments for impairment were made in the financial statements for the 6 months ended 31 December 2008. However, in any orderly realisation of assets, the decline in recent values of property would result in adjustments. However, BBX PIF has not engaged in trading, nor has it a history there of, to necessarily require adjustments. However, we shall apply a discount of 30% to be conservative in light of the well known decline in property values.

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Conclusion

Due to there having been no trading in BBX PIF shares, the Realisation of Assets Method is an appropriate method to value the shares in BBX PIF.

16, 727,992 shares were on issue as at 31 December 2008.

Based on the above, the value of each share in BBX PIF is 80 cents.

The value is dependent on the BBX Trade Exchange continuing to allow trade dollars to be realised with members; as well as the investment property being realised in an orderly manner.

5.2 Value of One Ordinary Share in BBX PIF

BBX PIF is listed on the NSX, and invests in direct residential, commercial and industrial property assets.

BBX PIF shares were listed at \$1. There are sell orders for shares between 60 cents and \$1. There is a single buy order at \$0.001. The stock has never traded.

Using the Realisation of Assets Method, shares have a value of 80 cents each.

If we take a conservative view of the value of BBX PIF shares, their value is between 60 to 80 cents.

6. Sources of Information

We have relied on the following information for the purposes of preparing this Report:

- a) Audited accounts of BBX PIF for the year ended 30 June 2008;
- b) Taxation Ruling No. IT2668;
- c) Other information available in the public domain;
- d) Review accounts of BBX PIF for the 6 months ended 31 December 2008;
- e) Information on ASX and NSX websites; and
- f) Discussions with Management of BBX.

7. Independence

We are entitled to receive a fee of up to \$5,895 (excluding GST and reimbursement of out-of-pocket expense) for this Report. Except for this fee, we have not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this Report.

Prior to accepting this engagement, we considered our independence with respect to BBX PIF. In our opinion, we are independent of BBX PIF and its respective associates.

We do not have, at the date of the Report, and have not had within the previous 2 years, any relationship with BBX PIF or any of its respective associates.

A draft of this Report was provided to BBX PIF and its advisers for confirmation of the factual accuracy of its contents. No significant changes were made to this Report as a result of this review.

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In addition, we have been indemnified by BBX PIF in respect of any claim arising from our reliance on information provided by BBX PIF, including the non-provision of material information, in relation to the preparation of this Report.

8. Qualifications

Alpha Securities Pty Ltd has experience in the provision of corporate finance advice.

Alpha Securities Pty Ltd has an Australian Financial Services Licence issued by the Australian Securities and Investment Commission permitting the provision of expert reports for the purposes of the Listing Rules of the ASX and the Corporations Act.

The person specifically involved in preparing and reviewing this Report was Stuart Cameron. He has significant experience in the preparation of independent expert's reports and valuations within Australia.

9. Disclaimers and Consents

This Report has been prepared at the request of the directors of BBX PIF for inclusion in a Prospectus.

We hereby consent the inclusion of this Report in the BBX PIF Prospectus. Apart from such use, neither the whole nor any part of this Report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without our prior written consent.

We take no responsibility for the contents of the Prospectus other than this Report.

We have not independently verified the information and explanation supplied to us, nor have we conducted anything in the nature of an audit of BBX PIF. However, we have no reason to believe that any of the information or explanations so supplied is false or that material information has been withheld.

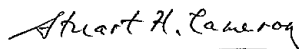
The statements and opinions included in this Report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of our engagement are such that we have no obligation to update this Report for events occurring subsequent to the date of this Report.

10. Indemnity

BBX PIF has provided an indemnity to us for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this Report.

Yours sincerely



Stuart H. Cameron
Authorised Representative

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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 and BBX Group

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 International Limited HK 1031854 (a company registered in Hong Kong) ("**BBXI**"), BBX Financial Solutions Limited ACN 070 133 069 ("**BBXFS**"), among other wholly owned subsidiaries, and is also a 50% shareholder of BBX Funds Management Limited ACN 075 730 719 ("**BBXFM**"), the management company for the BBX Property Fund. "BBX Holdings Ltd. is currently subject to a possible share buy back which will result in the company being reduced to only owning the Sydney franchise of BBX. The remaining parts of the BBX group may then

be owned privately by an entity controlled by founder, Michael Touma."

BBXFM

Means BBX Funds Management Limited. (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 and BBX Trade Exchange

Is the grouping of businesses and individuals (described as 'members') that trade with each other in accordance with the rules set by BBX via the 'rules of the trading programme' (see www.ebbx.com) The unit of currency within the exchange is BBX Trade Dollars. The BBX Exchange is managed by BBX on behalf of the members.

'BBX Member' and 'Member/s'

A business, individual 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.

'B' Class Shares

Shares purchased by members of the BBX Exchange, using BBX Trade Dollars for payment, and which convert to Ordinary shares over time. 'B' Class Shares are transferable, however they are not listed on the NSX nor do they qualify for any Dividends paid.

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 Registry or the Manager being 28th August 2009 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 2 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.

LVR

Loan to valuation ratio. See section 1.4

Manager

BBX Funds Management Limited. ACN 075 730 719.

Minimum Subscription

Minimum subscription means the 250,000 Shares to raise \$250,000 in Cash.

The minimum subscription is 2,000 Shares at \$1.00 each 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.

Nominated Advisers

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

NSX

National Stock Exchange of Australia Limited (ACN 000 902 063).

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.

Prospectus

This Prospectus.

Shareholder

Registered holder of a Share.

Shares

Fully paid Ordinary shares or 'B' Class 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'.



11.

APPLICATION FORMS



* 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) 9499 1100 or email timc@ebbx.com

BY MAIL

Registries Limited
GPO Box 3993, GPO Sydney
NSW 2001

BY HAND

Registries Limited
Level 7, 207 Kent Street,
Sydney NSW 2000

General application forms must be received no later than 5pm (Sydney time) on the 28 August 2009 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 the Company on (02) 9499 1100 or email propertyfund@ebbx.com and BBX will post a hard copy or a further electronic copy of the Prospectus or both.

- (A) Write your FULL NAME in box A. **This must be either an individual name or the name of a company BUT NOT BOTH.** You should refer to the bottom of this page for the correct forms of registrable title. Applications using the incorrect form may be rejected. If your General Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision as to whether to accept your form as valid, and how to constitute, amend or complete it, shall be final. You will not however be treated as having offered to subscribe for more shares than indicated by the amount of the accompanying cheque(s) for the application monies referred to in box H.
- (B) If you are applying as **JOINT APPLICANTS**, complete boxes A and B. You should refer to the bottom of this page for instructions on the correct form of name. Up to three joint applicants may register.
- (C) Enter your Tax File Number (TFN) or exemption category beside your name. Where applicable, please enter the TFN for each joint applicant. Collection of TFN's is authorised by Taxation Laws. Quotation of your TFN is not compulsory and will not affect your General Application Form.
- (D) Enter your POSTAL ADDRESS for all correspondence. All communications to you from the share registry Registries Limited (shareholding statement, annual / interim reports, correspondence etc.) will be mailed to the person(s) and address as shown. For joint applications only one address can be entered.
- (E) Please advise your TELEPHONE NUMBER(S) and other contact details in case there is a need to contact you in relation to your General Application Form.
- (F) BBX participates in the CHES System. If you are participating in this system, you may complete this section. If you are not a participant in the CHES System do not complete this box. It will not affect your application.
- (G) Insert the NUMBER OF SHARES you wish to apply for at box G.
- (H) Enter the amount of your application monies here. The amount must be equal to the number of shares applied for (see box G) multiplied by \$1.00 per share.
- (I) Complete cheque details as required. Cheques must be drawn on an Australian Bank in Australian currency and made payable to BBX Property Investment Fund Ltd "Share Issue Account" and crossed Not Negotiable. Do not send cash. A separate payment should accompany each General Application Form lodged.
- For BBX members applying for trade dollar shares complete all payment fields (G, H & I) and member details at box I. The number and value of BBX trade dollar shares applied for must be in multiples or ratios determined by the Company, as detailed in this Prospectus, or as advised by the Company or otherwise at the discretion of the Company.

The General Application Form does not need to be signed.

CORRECT FORMS OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Applicant	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr. Robert Jones (Robert Jones A/C)	Robert Family Trust
Deceased Estates	Mr. Robert Smith (Robert Smith A/C)	Robert Smith (deceased)
Partnerships	Mr. Robert Smith and Mr. John Smith	Robert Smith & Son
Club/Unincorporated Bodies	Mr. Robert Smith (ABC Sports Association)	Smith Investment Association
Superannuation Funds	Robert Smith Pty Ltd	Robert Smith Superannuation Fund



BBX PROPERTY INVESTMENT FUND LIMITED

ACN 118 847 108



BBX PROPERTY INVESTMENT FUND LIMITED
ACN 118 847 108