

## **STATEMENT REGARDING THE ELECTION OF NEW DIRECTORS TO THE BOARD OF BBX PROPERTY INVESTMENT FUND LIMITED**

Dear Shareholder

We write to explain our reasons for requesting that a meeting be held to vote on changes to the Board of Directors of the BBX Property Investment Fund Limited.

### **WHAT IS THE PROBLEM?**

The company has failed to achieve any and all of the key objectives set out at the time of the initial public offer and has failed to perform under the control of the current directors and managers. The company also faces the following serious issues:

#### **LOSSES:**

In the past 3½ years the company has accumulated losses totalling over \$5,000,000 (FIVE MILLION DOLLARS). The company continues to lose money and shareholders funds are being depleted.

#### **BALLOONING DEBT:**

The company has exhausted its financial resources. St George Bank is owed over \$700,000 due on 30 September 2010. If the debt is not repaid or refinanced, the company will be in default and the mortgaged properties may be seized and sold.

#### **NEGATIVE CASHFLOW:**

Interest payments exceed gross revenue.

#### **FEES TO RELATED PARTIES:**

Directors and managers have been paid in excess of \$800,000 over the past 3½ years. In that same time shareholders have not received one cent of dividend payments from the company.

#### **STAGNATION:**

No properties have been bought or sold for 2 years and not a single share has changed hands on the stock exchange since the company was listed in August 2006.

#### **UNWISE INVESTMENT DECISIONS:**

Some of the properties bought by the company may be worth less than what it cost to buy them.

The existing directors appear to be unwilling or unable to address these matters.

### **WHAT IS THE SOLUTION?**

Based on the above we believe it is clear that the company has lost its way under the control of the current directors and managers. A meeting has been requested to vote on the removal of all directors of the company except Mr. Barry Dawes.

In addition it is proposed to appoint the following experienced directors to the company:

**MASSIMO CELLANTE:**  
B. Com.

Massimo Cellante is a director of public companies listed on the National Stock Exchange and the Australian Stock Exchange. Massimo has many years experience in property development and investment through the Cellante Group of companies that commenced operations in 1958.

**PHILLIP McGINNES:**  
M.B.A, B.Ec., F.C.A, F.T.I.A.

Phillip McGinnes is the Chairman of Pendleburys, Chartered Accountants and Business Consultants. Phillip is an experienced accountant, taxation adviser, company director, business manager and property investor.

The new directors will act quickly and take the following action necessary to salvage the company from the perilous position that it is now in:

- ❖ Secure the necessary short-term financial support so that the company can survive during the restructuring period.
- ❖ Sell poorly performing properties and use the funds to reduce debt.
- ❖ Seek out new properties to be acquired using, where possible, the enormous balance of under performing accumulated trade dollars.
- ❖ Raise new capital for the fund whilst giving priority to existing shareholders.
- ❖ Renegotiate, transfer or cancel the existing management arrangements and (if necessary) put new arrangements in place.
- ❖ Ensure that only premium properties are acquired at the right price so as to create long term value for shareholders.

## **WHAT CAN YOU DO?**

You can vote to appoint new directors with the qualifications and experience to take action to resolve the problems and take the company in a new direction.

You will have received a notice of meeting and proxy form with this letter.

If you support the new directors and want to see decisive and positive action taken to restore the fortunes of the company then please fill out your proxy form and tick the 'FOR' box alongside each resolution. You should then sign the proxy form in accordance with the instructions provided on the form and lodge it with the company prior to the deadline set by the company.

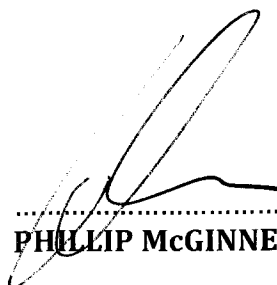
If you have any queries regarding this letter, the intentions of the new directors or any other matter (including completion of proxy forms) then please feel free to call Massimo Cellante on (03) 9840 8710 or 0418 353 656.

We thank you in anticipation of your support.

Yours faithfully



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**MASSIMO CELLANTE**



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**PHILLIP MCGINNES**