

BBX PROPERTY INVESTMENT FUND LIMITED

ACN 118 847 108

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting:

Friday, 2nd September 2011

Time of Meeting:

4.30pm (Sydney time)

Place of Meeting:

916 Pacific Highway,
Gordon, NSW 2072

BBX PROPERTY INVESTMENT FUND LIMITED ACN 118 847 108

NOTICE OF GENERAL MEETING

Friday, 2nd September 2011 at 4.30pm

NOTICE is hereby given that a General Meeting of shareholders of BBX Property Investment Fund Limited ACN 118 847 108 ("the Company") will be held at 916 Pacific Highway, Gordon on 2nd September 2011 at 4.30pm, for the purpose of transacting the following business referred to in this Notice of General Meeting.

An Explanatory Statement containing information in relation to the following Resolution accompanies this Notice of General Meeting.

BUSINESS:

Resolution 1 – Orderly Realisation of Assets

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of the Listing Rules of the National Stock Exchange of Australia Limited ("NSX") and for all other purposes, approval is hereby given for the Directors to conduct an orderly realisation of the Company's assets and, after repayment of all mortgage borrowings and provided there is no material prejudice to the Company's ability to repay creditors, that the Directors be and hereby authorised and directed for a period not exceeding six (6) months from the date of this meeting to conduct one or more distributions of all remaining cash and BBX Trade Dollars by way of a reduction of capital to (or dividend or share buyback from) all shareholders in proportion to the shares they hold, both ordinary shares and "B" Class shares."

Please see Notes below for Voting Exclusion Statement.

By Order of the Board

TIM CREASY
Company Secretary

NOTES

These Notes form part of the Notice of General Meeting.

Members entitled to attend and vote at the General Meeting

In accordance with the Company's Constitution and the Corporations Regulations 2001, the Board of Directors have determined, for the purpose of voting at the meeting, shares will be taken to be

held by the person set out in the register of shareholders at 5.00pm (EST) on 25th August 2011. Transactions registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the meeting.

Voting Exclusion Statement

Under Section IIA Listing Rule 6.46, the Company will disregard any votes cast on the resolutions by the following persons:

Resolution 1 : There are no persons to be excluded

Questions

If you have any questions about this Notice or the accompanying documents, please contact the company secretary, Tim Creasy on 02 9499 1118 or 0414 535 000 during office hours or by fax on 02 9499 1199.

If you are planning to attend the General Meeting and have any questions you would like addressed, please register those questions in writing with the Company 24 hours prior to the meeting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders in connection with the business to be conducted at the general meeting of the Company to be held at 916 Pacific Highway, Gordon, on 2nd September 2011 at 4.30pm.

The purpose of this Explanatory Statement is to provide information the Board of Directors believes is sufficient for shareholders to be informed of all substantial matters relevant to the resolution proposed in the Notice of General Meeting and in order to comply with Listing Rule 6.48 in Section IIA of the NSX Listing Rules.

The Explanatory Statement explains the resolution and identifies the Directors' reasons for placing it before shareholders:

1. The Directors have been concerned for some time that the Company is not progressing as quickly as it was hoped when the Company was first listed on the NSX. The reasons for this are connected to the Global Financial Crisis ('GFC') as the sources of funding previously available to the Company to enable it to purchase property and thereby fulfil its investment mandate are no longer available. New sources of credit are not available and one secured lender (St. George Bank) has adverted to a possible demand for full repayment (no legal demand has been made). New cash equity from the issue of further shares is not an available option in the opinion of the Directors. Without the ability to grow in size with significantly more properties the Company has little prospect of being listed on the ASX so that liquidity is increased and members can effectively trade their shares. Attempts to merge with another property fund have also been unsuccessful. Because the Directors can see no immediate prospect of these circumstances changing they consider they have no option but to recommend an orderly realisation of the Company's assets and a distribution of those assets to the shareholders to prevent further erosion of shareholder value with

costs associated with the ongoing operation of the Company. It is pointed out that the difficulties faced are unfortunately common amongst property investment bodies, both listed and unlisted, because of the GFC.

2. Your Directors expect that an orderly realisation which basically means the sale of the 13 properties presently held by the Company and the repayment of the associated borrowings will take approximately 4 to 6 months. A listing of those properties and their anticipated gross selling value is as follows:

30 Hythe Street, Mt. Druitt	Units 18, 19, 20 & 21	\$880,000
8 Wainwright Road, Mt. Druitt	Factories 10 & 11	\$750,000
40 – 42 Toowoyn Bay Road, Long Jetty	Units 2, 12 & 26	\$1,000,000
2 Willison Road, Carlton	Units 8, 11, 14 & 15	\$1,600,000

3. The costs associated with such a realisation will primarily be limited to agent's commission in connection with those sales, a large portion of which may be payable in BBX Trade dollars.
4. The proceeds from the realisation, if the proposed special resolution is passed, are expected to be up to 10 cents per share in cash and 70 cents per share in BBX Trade Dollars, after the repayment of creditors. Those amounts once finally determined, if the proposed resolution is passed, will be returned to shareholders by way of a return of capital or a dividend which is expected to be non-taxable to shareholders.
5. The remaining company 'shell' with approximately 625 shareholders will be offered by Martin Place Securities Ltd. for sale to a third party which may have a worthwhile investment purpose or project for which it requires an already established company structure. It is hoped in this way and after the return of capital that shareholders will eventually be able to optimise by sale their remaining investment in the Company.
6. If the resolution is not passed, the Company will continue to incur the costs of auditing, director's fees, loan interest and associated costs. In any event the Company may be forced to sell the Mt. Druitt warehouses to repay St. George Bank in full.

7. Action to be taken by shareholders

Shareholders should read this Explanatory Statement carefully before deciding how to vote on the resolution.

A Proxy Form is attached to the Notice. This is to be used by shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All shareholders are invited and encouraged to attend the meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a shareholder from attending and voting at the meeting in person.

Schedule 1 – Definitions

In this Explanatory Statement and Notice:

Article means an article of the Constitution.

Associate has the same meaning as provided by the Corporations Act 2001 (Cth).

ASIC means the Australian Securities and Investments Commission.

"B" Class share(s) means a fully paid "B" Class share in the capital of the Company.

BBX\$ means BBX Trade Dollars.

BBX Trade Dollar means the currency of the BBX Exchange.

Board means the Board of Directors of the Company.

Company means BBX Property Investment Fund Limited ACN 118 847 108.

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

EST means Eastern Standard Time, being the time in Sydney, New South Wales, Australia.

Explanatory Statement means the Explanatory Statement accompanying the Notice.

Listing Rules means the Official Listing Rules of NSX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this Notice of Meeting.

NSX means the National Stock Exchange of Australia Limited.

Ordinary Share(s) means a fully paid Ordinary share in the capital of the Company.

Prospectus means the prospectus pursuant to the Corporations Act to be lodged by the Company with the ASIC and pursuant to which the offers are made for the new share issue.

Proxy Form means the proxy form attached to the Notice.

Resolution means the resolution contained in this Notice.

Schedule means a schedule to this Notice.

Share(s) means a fully paid Ordinary share(s) or a fully paid "B" Class share(s) in the capital of the Company.

Shareholder means a shareholder of the Company.