



BBX PROPERTY INVESTMENT FUND LIMITED

ABN 17 118 847 108

ANNUAL REPORT

2008

CORPORATE DIRECTORY

BBX PROPERTY INVESTMENT FUND LIMITED
ACN 118 847 108 ABN 17 118 847 108

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Directors: Simon Touma (Chairman)
Tim Creasy
Barry Dawes
Michael Touma
Peter O'Mara

Secretary: Tim Creasy

Auditors: Robert Nielson Partners
Level 7, 280 George Street
Sydney NSW 2000

Solicitors: Shad Legal Services
61 Rickard Road
Bankstown NSW 2200

Banker: ANZ Banking Group Ltd

Share Registry: Registries Limited
Level 2, 29 Margaret Street
Sydney NSW 2000

Stock Exchange Listing: BBX Property Investment Fund Limited shares are listed on the
National Stock Exchange
NSX Code: BPI

Annual General Meeting: Thursday, 22 November 2008

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CHAIRMAN'S LETTER

Dear Investor,

It is with pleasure that I present to you on behalf of the directors the 2007/2008 Annual Report for BBX Property Investment Fund Limited (the "Property Fund" and the "Company").

After several years of subdued development there still exists an oversupply of apartment style accommodation on the east coast of Australia. This situation has arisen because many investors have lost confidence in the market although the fundamentals supporting such investments, for example occupancy rates and yields remain strong. In some cases those fundamentals are getting stronger as rents rise and interest rates are being reduced.

A number of studies, particularly relating to the metropolitan areas of Sydney, have documented that if the present low levels of new project approvals continue, a shortage of accommodation will become a serious issue within one to two years with rentals tipped to keep increasing and possibly at a faster rate.

During the year your company has completed its second fundraising and embarked upon its third. At the date of this report over \$16 million has been raised from investors. We have also completed the purchase of further properties, as detailed elsewhere in this report. Our website (www.bbxpropertyfund.com) includes all the details and is regularly updated.

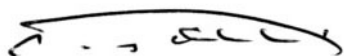
Your directors continue to believe that patient investing in real estate will be rewarded when the market stabilises and values start to reflect lower interest rates and the higher yields being achieved. Again this year I restate that despite the fallout in capital markets around the world from the sub-prime mortgage lending disaster in the United States your directors are confident that Australian property will prove to be a sound investment over the medium to long term.

The Property Fund is presently listed on the National Stock Exchange and managed by BBX Funds Management Limited, a 50% owned subsidiary company of BBX Holdings Limited. We are still pursuing plans to take the company on to the ASX as we put the strategies in place to get our shareholder base above 450.

The 2007/2008 year has been very rewarding in terms of the number of new properties acquired. It is to be hoped the present economic circumstances will give us the opportunity to invest more of our BBX currency as developers drive deals to clear slow moving stock.

On behalf of my fellow directors I commend this annual report for your consideration and look forward to your continued patience and support.

Yours sincerely,



SIMON TOUMA

Chairman

ABOUT THE BBX PROPERTY FUND

BBX Property Investment Fund Limited (the "Property Fund") is listed on the National Stock Exchange (NSX) and has been established with a number of objectives in mind:

- To take advantage of the current over-supply that exists in respect to certain sectors of the residential apartments market in both Australia and New Zealand;
- To offer tax effective investment opportunities for investors and superannuation funds;
- To provide investment opportunities for the general public, as well as new and existing members of the BBX Exchange.

Those who study the property market will understand that there is an over-supply of residential properties, particularly apartments, town houses and similar in most eastern States. Demand remains low and buyers aren't being attracted to the market even though yields are generally strong.

In many cases developers are burdened by significant holding costs (interest payments) and pressure is being brought to bear by their banks and other financiers to clear the loan facilities provided for their building projects.

Through its trade exchange operation BBX will enter into agreements with developers to acquire all or some of their properties by using BBX trade dollar currency used by the Exchange to fund part of the purchase price.

BBX can also provide interest-free overdrafts to qualifying members for working capital and for investment in property, which is a unique feature to the trade exchange.

The fund will invest in a diverse and fully managed portfolio of residential property and it can, if structured properly, be an investment for superannuation funds.

The BBX Property Fund has been offered a significant amount of property to purchase and, following the successful listing on the NSX, has begun the process of identifying the most suitable properties.

Some have already been acquired, others have contracts exchanged, and the Directors are researching other suitable properties for acquisition, especially following another fundraising that was successfully completed just after the end of the financial year.

It is expected that the capital raisings undertaken in 2007 and 2008 will place the company in a strong position to capitalise on existing and emerging opportunities in the Australian and New Zealand property markets. Of particular interest will be property located in high demand regions, including holiday destinations subject to the banks tougher lending criteria following the subprime problems overseas.

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, with consequent benefit to shareholders.

In the meantime, properties acquired by the BBX Property Fund will be placed under management and will generate income.

INVESTMENT ACTIVITIES

Since successful launch and listing, the Property Fund has acquired or is in the process of acquiring the following properties. A number of other locations are currently under investigation and will be added to the portfolio if they are suitable and meet the Property Fund's investment criteria.

NSW

Wollongong, 12-14 Loftus St.

Settled October 2007

Four residential apartments, each containing 2-4 bedrooms, separate bathrooms and car parking space.

Purchase price (including settlement costs)

Total \$1,602,970.32

Estimated rental return - \$408 per week each, gross

- \$84,864 per annum total, gross.

Carlton, 2 Willision Road

Settled December 2007

Four residential apartments, each containing 3 bedrooms, separate bathrooms and car parking space.

Purchase price (including settlement costs)

Total \$1,921,336.53

Estimated rental return - \$365 per week each, gross

- \$75,920 per annum, gross

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the governance of the company. The Board discharges its corporate governance obligations generally in accordance with the recommendations of the Australian National Audit Office published in *principles and Better Practices – Corporate Governance in Commonwealth Authorities and Companies*.

Clause 6.9 of the NSX Listing Rules requires “a statement of the main corporate governance practices that the issuer had in place during the relevant period”. The Board is mindful of the ASX’s *Principles of Good Corporate Government and Best Practice Recommendations*. Under those principles, where a company has not followed all of the recommendations, it must identify those that have not been followed and the reasons for so doing. NSX expects that the Board will consider what policies and procedures must be adopted to ensure:

- adoption of transparent corporate structures and operations, and
- application of risk management, control structures and Board accountability to shareholders.

Although NSX does not require slavish adherence to these principles, for the benefit of comparisons and for ease of reporting the Board is pleased to provide the information below.

The following table refers to each of the Principles recommended by the Australian Stock Exchange Governance Council. Where the Company complies with the principle during the reporting period “Yes” appears in the compliance column. Where the Company does not comply “No” appears in the compliance column and the reason for non-compliance is set out in the notes below. It should be noted that the Company does not directly employ any staff and its operations are outsourced. Most administrative functions are performed under contract by BBX Management Limited which must comply with the policies and procedures approved by the Board.

Corporate Governance Principle	Recommendation	ASX Principle	Compliance	Note
Lay solid foundations for management and oversight	1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	
Structure the Board to Add Value	2.1	A majority of the Board should be independent directors.	No	(1)
	2.2	The Chairperson should be an independent director.	Yes	
	2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same person.	Yes	
	2.4	The Board should establish a Nomination Committee.	No	(2)
Promote ethical and responsible decision making	3.1	Establish a code of conduct to guide the directors, the chief executive officer, the chief financial officer any other key executives to:		
		3.1.1 the practices necessary to maintain confidence in the company’s integrity;	Yes	
	3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes		
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	No	(5)	
Safeguard integrity in financial reporting	4.1	Require the chief executive officer and chief financial officer to state in writing to the board that the company’s financial reports present a true and fair view, in all material respects, of the company’s financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
	4.2	The Board should establish an audit committee.	No	(3)
	4.3	Structure the audit committee so that it consists of: only non executive directors a majority of independent directors;	Yes No	 (3)

		an independent chairperson, who is not chairperson of the board; at least three members.	No Yes	(3)
	4.4	The audit committee should have a formal charter.	No	(5)
Make timely and balanced disclosure	5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	No	(4)
Respect the rights of shareholders	6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Yes	
	6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	
Recognise and manage risk	7.1	The Board or appropriate board committee should establish policies on risk oversight and management.	Yes	
	7.2	The chief executive officer and the chief financial officer (or equivalent) should state to the board in writing that		
		7.2.1 the statement give in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes Yes	
Encourage enhanced performance	8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	No	(5)
Remunerate fairly and responsibly	9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits to those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Yes	
	9.2	The Board should establish a remuneration committee.	No	(2)
	9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	
	9.4	Ensure that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Yes	
Recognise the legitimate interests of stakeholders	10.1	Establish a formal Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Yes	

- (1) Two Directors are also Directors of BBX Management Limited ACN 059 341 758 and another is a Director of BBX Funds Management Limited ACN 075 730 719. The Board is comprised of four directors. The Board so decided having regard to the nature and size of the company, its business and stage of development. The diverse background and experience of each of the Directors is such that they are capable of acting in an independent manner and in the best interests of shareholders.
- (2) The Board decided, given that there are four directors on the Board, it is impractical to establish this committee. The Board as a whole is responsible for ensuring implementation of the company's policies in this area.
- (3) The Board carefully considered the functions of the Audit Committee during the year in relation to the company's operations and decided, because of the composition of the Board and the wide experience of the individual directors, it is preferable for the Board as a whole to form the Audit Committee.
- (4) Not applicable.
- (5) This is yet to be considered by the Board.

DIRECTORS REPORT

Your directors present their report on the company for the financial period ended 30 June 2008.

Directors

The names of directors in office at any time during or since the end of the financial period are as follows:

Simon Touma

Tim Creasy

Barry Dawes

Michael Touma

Peter O'Mara

Each of the directors was in office for the entire reporting period and remains in office at the date of this Annual Report.

Company Secretary

The Company Secretary Donald Fearon LLB(Macq) LLM(Syd) MEL(Syd). resigned in May 2008, Mr Tim Creasy was appointed Company Secretary in August 2008.

Principal Activities

The principal activity of the Company during the period is management of the BBX Property Investment Fund.

Operating Results

The consolidated loss of the economic entity after providing for income tax and eliminating minority equity interests is \$388,393. For the last year there was a loss of \$273,327.

Dividends Paid or Recommended

No dividends were paid or declared during the financial period and no recommendation is made for payment of any dividends.

Financial Position

The net assets of the Company as at 30 June 2008 are \$13,992,446.

Cash Position:	2008	2007
	\$	\$
Net increase in cash held:	118,187	738,849
Less New Share Issue Trust A/C	-	426,966
Cash at 1 July:	311,883	-
Cash at 30 June:	<u>430,070</u>	<u>311,883</u>
Net Movement in trade dollars:	6,386,178	9,078,993
Less New Share Issue A/C	-	4,972,788
Trade dollar at 1 July:	3,982,366	(123,839)
Trade dollar at 30 June:	<u>10,368,544</u>	<u>3,982,366</u>

Significant Changes in State of Affairs

After Balance Date Events

Contracts on a number of investment properties, as detailed elsewhere in this report, no exchanged since 30 June 2008.

The Company issued a Prospectus for further fundraising. This closed on 31 July 2008 having exceeded the minimum subscription sought. Refer Shareholder Information for details of total shares issued following this offer.

Future Developments

It is expected that the Company will continue to purchase selected properties as and when suitable opportunities arise and funding becomes available.

Information on Directors

Directors in office at the date of this report are:

Simon Touma	-	Chairman and Non-Executive Director	
Qualifications	-	Licensed Real Estate Agent	
Experience	-	Appointed Director and Chairman on 17 March 2006. The principal of Peter A. Simon Real Estate Pty Ltd, having been with that Company for 30 years.	
Other Directorships	-	Current Directorships	Nil
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in Shares	-		
			18,000 ordinary; 92,000 class 'B'; Simon & Eileen Touma P/L Super Fund.

Michael Touma	-	Non-Executive Director	
Qualifications	-	Certified Trade Broker	
Experience	-	Appointed a Director on 17 March 2006. Founder and Managing Director of the BBX Group of Companies since 1993.	
Other Directorships	-	Current Directorships of Listed Entities:	
	-	Director, BBX Holdings Limited	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in shares	-		
			46,000 ordinary; 157,000 class 'B'; M & M Touma Super Fund

Barry Dawes	-	Non-Executive Director	
Qualifications	-	B. Sc. (Syd), FAusIMM (CP), MSDIA	
Experience	-	Appointed Director on 17 March 2006. Barry is the Managing	

		Director of Martin Place Securities Pty Limited	
Other Directorships	-	Current Directorships of Listed Entities:	
		- Director, Proactive Energy Developments Limited	
		- Director, Superior Coal Limited	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in Shares	-	12,500 ordinary; Barry Dawes and Dronkay P/L.	
		Related entities – 667,700 ordinary; 200,000 class 'B'	

Tim Creasy	-	Non-Executive Director	
Qualifications	-	Chartered Accountant	
Experience	-	Appointed Director on 17 March 2006. Practised as an Accountant for 24 years, including as a partner of Tregloans, Chartered Accountants, for 15 years. Tim is a Director and the Chief Financial Officer of BBX Holdings Limited.	
Other Directorships	-	Current Directorships of Listed Entities	
		- Director, BBX Holdings Limited	
		Director, Digislide Holdings Limited	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in shares	-	93,000 ordinary; 268,000 class 'B', R Elliott & Associates P/L as trustee for T Creasy Super Fund.	

Peter O'Mara	-	Non-Executive Director	
Qualifications	-	Builder & Developer	
Experience	-	Had over 30 years experience in building construction and property development. During that time he has worked on, supervised, managed and developed projects which include residential homes, townhouses and high rise buildings, in the mid to prestige range as well as commercial and industrial buildings.	
Other Directorships	-	Current Directorships of Listed Entities	
		- Nil	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in shares	-	460,000 ordinary	

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of BBX Property Investment Fund Limited.

Remuneration Policy

The Company does not currently employ any person other than the five directors. The Company has appointed BBX Funds Management Pty Limited to manage the Fund. It is not anticipated that the Company will employ any additional person in the current year.

DIRECTORS REPORT

The remuneration policy of the Company has been designed to align director objectives with shareholder objectives by providing a fixed remuneration. The Board is of the view that the remuneration policy is appropriate given the Company's present size and position.

Directors Fees 2007/2008

Directors' Fees	
Simon Touma	\$36,360
Michael Touma	\$47,269
Barry Dawes	\$36,360
Tim Creasy	\$47,269
Peter O'Mara	-

The directors do not receive any other benefits other than those disclosed above.

Options issued as part of remuneration for the year ended 30 June 2008

No options over issued shares or interests in the company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Employment contracts of directors

Directors, Officers and Auditors Indemnifications

The Company has not, during or since the financial period, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Directors Meetings

Director	Date Appointed	Board Meetings 01.07.2008 - 30.06.2008	
		A	B
Tim Creasy	17.3.06	9	9
Barry Dawes	17.3.06	9	9
Michael Touma	17.3.06	9	9
Simon Touma	17.3.06	9	9
Peter O'Mara	18.12.07	5	5

A - Number of meetings held

B - Number of meetings attended

Corporate Governance

The Company’s corporate governance statement appears at pages 7 and 8 of this Annual Report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor’s independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor’s Independence Declaration

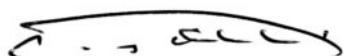
The auditor’s independence declaration for the year ended 30 June 2008 has been received and can be found on page 14 of the directors’ report.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors’ report have been rounded to the nearest thousand dollars.

Directors’ Resolution

This Directors’ Report has been made in accordance with a resolution of directors dated 28 September 2008.



Simon Touma - Chairman



Michael Touma – Director

Gordon

**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BBX PROPERTY INVESTMENT FUND LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Robert Nielson Partners



Robert Nielson

Date 28 September 2008

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue from ordinary activities	2	246,618	28,644	165,241	16,364
Other income	2	33,842	29,057	33,842	29,001
Directors fee		(167,258)	(111,509)	(167,258)	(111,509)
Share registration expense		(29,542)	(12,921)	(29,542)	(12,921)
Management fee		(77,970)	(134,550)	(77,970)	(134,550)
Interest paid		(295,832)	(39,016)	(120,248)	(4,127)
Other expenses		(98,251)	(20,718)	(68,339)	(9,750)
<hr/>					
Profit /(Loss) before income tax		(388,393)	(261,013)	(264,274)	(227,492)
Income tax expense relating to ordinary activities	3	-	(12,314)	-	(12,314)
<hr/>					
Profit attributable to members of the company		(388,393)	(273,327)	(264,274)	(239,806)

BALANCE SHEET AS AT 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	430,070	311,883	419,353	289,978
New Share Issue Account	7	-	426,966	-	426,966
Trade and other receivables	8	24,000	280,000	24,000	280,000
Other current assets	9	681,227	368,587	681,168	368,587
TOTAL CURRENT ASSETS		1,135,297	1,387,436	1,124,522	1,365,531
NON-CURRENT ASSETS					
Trade and other receivables	8	55,636	19,395	170,042	21,823
Investment property	10	6,907,947	3,356,864	4,686,885	1,137,876
Financial assets	11	-	-	50,100	50,100
Other financial assets	13	10,368,544	8,955,154	10,368,544	8,955,154
Deferred tax assets	14	-	-	-	-
TOTAL NON-CURRENT ASSETS		17,332,127	12,331,413	15,275,571	10,164,953
TOTAL ASSETS		18,467,424	13,718,849	16,400,092	11,530,484
CURRENT LIABILITIES					
Trade and other payables	15	77,130	62,202	75,397	61,867
Financial liabilities	16	741,253	742,000	(747)	-
TOTAL CURRENT LIABILITIES		818,383	804,202	74,650	61,867
NON-CURRENT LIABILITIES					
Trade and other payables	15	-	18,409	-	18,299
Financial liabilities	16	3,656,595	1,479,441	2,175,355	-
Other financial liabilities	13	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		3,656,595	1,497,850	2,175,355	18,299
TOTAL LIABILITIES		4,474,978	2,302,052	2,250,006	80,166
NET ASSETS		13,992,446	11,416,797	14,150,087	11,450,318
EQUITY					
Issued capital	17	14,641,853	11,677,810	14,641,853	11,677,810
Accumulated gain/(losses)		(649,407)	(261,013)	(491,766)	(227,492)
TOTAL EQUITY		13,992,446	11,416,797	14,150,087	11,450,318

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

Economic Entity	Note	Share Capital Ordinary	Retained Profits	Total
		\$	\$	\$
Balance at 1.7.2007		11,677,810	(261,013)	11,416,797
Shares issued during the year		3,197,602	(388,393)	2,809,209
Cost of share issue		(233,559)	-	(233,559)
Loss attributable to members of entity		-	649,407	649,407
Balance at 30.6.2008		14,641,853	-	14,641,853

Parent Entity	Note	Share Capital Ordinary	Retained Profits	Total
		\$	\$	\$
Balance at 1.7.2007		11,677,810	(227,492)	11,450,318
Shares issued during the year		3,197,602	(264,274)	2,933,328
Cost of share issue		(233,559)	-	(233,559)
Loss attributable to members of entity		-	491,766	491,766
Balance at 30.6.2008		14,641,853	-	14,641,853

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		181,164	28,644	99,787	16,364
Payments to suppliers and employees		(106,290)	(562,357)	(89,477)	(260,359)
Interest received		33,842	29,057	33,842	29,001
Finance costs		(315,696)	(39,916)	(128,351)	(4,127)
Net cash used by operating activities	19a	(206,980)	(544,572)	(84,199)	(219,121)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(2,796,203)	(2,352,036)	(2,905,996)	(477,951)
Net cash used by investing activities		(2,796,203)	(2,352,036)	(2,905,996)	(477,951)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		964,942	987,050	964,942	987,050
Proceeds from borrowings		2,156,427	2,221,441	2,154,629	-
Net cash provided by financing activities		3,121,370	3,208,491	3,119,571	987,050
Net increase/(decrease) in cash held		118,187	311,883	129,376	289,978
Cash at 1 July		311,883	-	289,978	-
Cash at 30 June		430,070	311,883	419,354	289,978

This cashflow statement only includes payments and receipts in cash dollars and does not include BBX trade dollar transactions.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of BBX Property Investment Fund Limited and controlled entities, and BBX Property Investment Fund Limited as an individual parent entity. BBX Property Investment Fund Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of BBX Property Investment Fund Limited and controlled entities, and BBX Property Investment Fund Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial 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.

(a) Principles of Consolidation

A controlled entity is any entity BBX Property Investment Fund Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(c) Property

Freehold land and **buildings** are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

(d) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

-Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

-Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

-Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

-Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

-Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

-Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

-Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(e) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

(g) BBX Trade Dollars

The group has completed various transactions in BBX Trade Dollars during the year and certain assets and liabilities at year end are denominated in BBX Trade Dollars. These transactions and balances have been converted on the basis of one BBX Trade Dollar for one currency unit in each of the countries that the group operates.

(h) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the income in the period in which they are incurred.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in Note 21 have been rounded off to the nearest \$1,000.

The financial report was authorised for issue on the 28 September 2008 by the board of directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 REVENUE

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Ordinary operating activities					
—	Rental income	246,618	28,644	165,241	16,364
—	Interest received	33,842	29,057	33,842	29,001
Total revenue		280,460	57,701	199,083	45,365

NOTE 3. INCOME TAX EXPENSE

	Note	Economic Entity		Parent Entity		
		2008	2007	2008	2007	
		\$	\$	\$	\$	
a.	The components of tax expense comprise:					
	Current tax	-	-	-	-	
	Deferred tax	14	(159,796)	(12,314)	(122,560)	(12,314)
			(157,636)	(12,314)	(122,560)	(12,314)
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%)					
	— economic entity		(159,796)	(78,303)	-	-
	— parent entity		-	-	(122,560)	(68,248)
			-	(78,303)	-	(68,248)
Add:	Tax effect of:					
	— Non-recognised deferred tax assets from current year loss		159,796	78,303	122,560	68,248
	— Reversal of deferred tax asset arising from prepaid equity raising expenditure in previous year.		-	(12,314)	-	(12,314)
	Income tax attributable to entity		-	(12,314)	-	(12,314)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

- a. Names and positions held of the company key management personnel in office at any time during the financial period are:

Key Management Person	Position
Simon Touma	Non-Executive Chairman
Michael Touma	Executive Director
Barry Dawes	Non-Executive Director
Tim Creasy	Executive Director
Peter O'Mara	Non-Executive Director

- b. Compensation Practices

The Company does not currently employ any person other than the four directors. The Company has appointed BBX Funds Management Limited to manage the Fund. Accordingly, it is not anticipated that the Company will employ any person in the foreseeable future.

The directors' remuneration has been included in the Remuneration Report section of the Directors' Report.

The Company currently has no bonus reward or incentive payment schemes.

No options have been issued to directors.

Note 5: Auditors' Remuneration

	Economic Entity		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	16,215	4,850	16,215	4,850
	<u>16,215</u>	<u>4,850</u>	<u>16,215</u>	<u>4,850</u>

Note 6: Earnings per Share

There is no meaningful EPS calculation given the fact that the company incurred loss for the year ended 30 June 2008.

Note 7: cash and cash equivalents

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	430,070	738,849	419,353	716,944
Less Share issue amount siting in trust	-	(426,966)	-	(426,966)
	<u>430,070</u>	<u>311,883</u>	<u>419,353</u>	<u>289,978</u>

Note: New share application fun \$426,966. was included in last years cash balance but not in this year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**Note 8: Trade and other receivable**

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Other receivables	24,000	280,000	24,000	280,000
	24,000	280,000	24,000	280,000
NON CURRENT				
Other related entities	55,636	19,395	170,042	21,823
	55,636	19,395	170,042	21,823

Note 9: Other current assets

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Prepayment	13,760	13,300	13,760	13,300
Deposit	650,525	212,000	650,525	212,000
Public listing cost	-	-	-	-
GST receivables	16,210	143,267	16,151	143,267
Other	733	20	733	20
	681,227	368,587	681,168	368,587

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 10: Investment property

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at beginning of year	3,356,864	-	1,137,876	-
Acquisitions	3,551,083	3,356,864	3,549,009	1,137,876
Fair value adjustments	-	-	-	-
Balance at end of year	6,907,947	3,356,864	4,686,885	1,137,876
Rental income received from investment properties	246,618	28,644	165,241	16,364
Direct operating expenses of investment properties	31,993	18,487	14,053	2,363
Contractual obligations to purchase investment properties	4,398,595	2,109,000	2,175,355	2,109,000

All investment properties were acquired during the year and have been recorded at cost.

After initial recognition the fair value model will be applied to all investment properties. Investment properties will be independently revalued at least tri-annually, values will be based on an active liquid market value and be performed by a registered independent valuer.

Note 11: financial assets

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
a. Available-for-sale Financial Assets Comprise				
Unlisted investments, at cost	-	-	50,100	50,100
Total available-for-sale financial assets	-	-	50,100	50,100

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 12: CONTROLLED ENTITIES**a. Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)	
		2008	2007
Parent Entity:			
BBX Property Fund Investment Ltd	Australia	-	-
Ultimate Parent Entity			
Subsidiary of BBX Property Investment Fund Ltd			
BBX Residential Pty Ltd	Australia	100%	100%

Note 13: Other financial assets/liabilities

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
OTHER FINANCIAL ASSETS				
Barter IT (Barter Trade Exchange Account)	10,368,544	3,982,366	10,368,544	3,982,366
Barter IT (Barter Share Issue Account)	-	4,972,788	-	4,972,788
	10,368,544	8,955,154	10,368,544	8,955,154

The above assets and liabilities are denominated in BBX Trade Dollars

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 14: Deferred tax assets

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred tax assets comprise:				
Prepaid equity raising expenditure	-	-	-	-
	-	-	-	-
Deferred tax assets not brought to account the benefits of which will only be realised if the conditions for deductibility set out in Note1 (b) are met				
- temporary differences	-	12314	-	12314
- Current year tax losses	159,796	78303	122,560	68248

Note 15: Trade and other payables

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Sundry payables and accrued expense	77,130	62,202	75,397	61,867
	77,130	62,202	75,397	61,867
NON CURRENT				
Other related entities	-	18,409	-	18,299
	-	18,409	-	18,299

Note 16: FINANCIAL liabilities

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Bank loans	741,253	742,000	(747)	-
	741,253	742,000	(747)	-
NON CURRENT				
Bank loans	3,656,595	1,479,441	2,175,355	-
	3,656,595	1,479,441	2,175,355	-

The bank loans are secured by mortgages over property assets held by the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 17: Issued capital	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
5,283,950 Fully paid ordinary shares (2007 1,762,358 share)	5,283,950	1,762,358	5,283,950	1,762,358
Cost of issuing ordinary shares	(392,124)	(273,279)	(392,124)	(273,279)
10,147,542 Fully paid B Class shares (2007 1,0471,532 share)	10,147,542	10,471,532	10,147,542	10,471,532
Cost of issuing B Class shares	(397,516)	(285,801)	(397,516)	(285,801)
	14,641,853	11,674,810	14,641,853	11,674,810
	2008	2007	2008	2007
	No.	No.	No.	No.
a. Ordinary shares				
At the beginning of reporting period	1,762,358	1	1,762,358	1
Shares issued during the year				
— at \$1 each	772,220	1,762,357	772,220	1,762,357
— convert from B class share	2,749,372	-	2,749,372	-
b. B class shares				
At the beginning of reporting period	10,471,532	-	10,471,532	-
Shares issued during the year				
— at \$1 each	2,425,382	10,471,532	2,425,382	10,471,532
— convert to A class share	(2,749,372)	-	(2,749,372)	-
At reporting date	15,431,492	12,233,890	15,431,492	12,233,890

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

B Class shares have rights identical to those of the ordinary shares save and except as follows:

- they do not participate in dividend distributions.
- they cannot be traded on the stock exchange.

Note 18: SEGMENT REPORTING

The Company operates in one business segment, being investment in property.

Note 19: contingent liability

There were no contingent liabilities at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 19a: Cash Flow Information

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reconciliation of Cash Flow from Operations with				
a. Profit after Income Tax	(388,393)	(273,327)	(264,274)	(239,806)
Profit after income tax				
Future income tax benefit applicable	-	12,314	-	12,314
Changes in assets and liabilities				
Decrease/(increase) in other debtors	181,164	105,198	99,787	400,000
Decrease/(increase) in prepayments and other	(520,499)	(374,014)	(338,163)	(376,443)
(Decrease)/increase in trade creditors and				
accruals	(106,290)	(14,743)	(89,477)	(15,186)
Cashflow from operations	(206,980)	(544,572)	(84,199)	(219,121)

b. Non-cash Financing and Investing Activities

i.

1. Purchase of property	1,013,865	1,004,828	1,013,865	659,926
2. Proceeds from share issue	2,790,667	10,188,731	2,790,667	10,188,731
3. Shares in BBX Residential Pty Ltd	-	-	50,100	50,100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE

No significant matters have arisen since the end of the financial year.

Note 21: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(i) Transactions with related parties:				
Rental income received from Priced2Clear Pty Ltd	65,455	16,364	65,455	16,364
(ii) Current account balances with related parties				
Receivables				
Priced2Clear Pty Ltd	-	18,000	-	18,000
BBX Holdings Ltd	1	1	1	1
BBX Funds Management Pty Ltd	36,974	1,394	36,974	1,394
BBX Residential Pty Ltd	-	-	-	2,429
Payables				
BBX Management Ltd	1,339	18,409	1,230	18,299

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 22: Financial Instruments

a. Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective		Floating Interest Rate		Within 1 Year		1 to 5 years		Non Interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financial Assets:												
Cash and cash equivalents	7.04	-	535	739							535	739
Other financial assets									11,119	8,955	11,119	8,955
Receivables									80	443	80	443
Total Financial Assets			535	739					11,199	9,398	11,734	10,137
Financial Liabilities:												
Trade and sundry payables									70	81	70	81
Other financial liabilities									866		866	
Bank loans	9.46	7.65			741	742	3,657	1,479			4,398	2,221
Total Financial Liabilities					742	742	3,657	1,479	936	81	5,334	2,302

b. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as

c. Net Fair Value

Where applicable the net fair value of term debtors and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

Where applicable the net fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

For Forward exchange contracts, where applicable, the net fair value is the recognised unrealised gain or loss at balance date determined from the current forward exchange rates for contracts with similar maturities.

The net fair value for interest rate swaps, where applicable, would be the present value of the future net interest cash

flows. For other assets and other liabilities the assessed net fair value approximates their carry value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

NOTE 23: COMPANY DETAILS

The registered office of the company is:

916 Pacific Hwy, Gordon NSW, 2072

The principal places of business are:

916 Pacific Hwy, Gordon NSW, 2072

DIRECTORS' DECLARATION

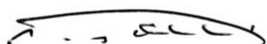
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 32, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the period ended on that date of the company.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial period comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial period give a true and fair view;
3. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

On behalf of the Board.



Simon Touma
Chairman



Michael Touma
Director

Gordon
28 September 2008

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF BBX PROPERTY INVESTMENT FUND LIMITED****Scope****Report on the Financial Report**

We have audited the accompanying financial report comprising the income statement, the balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for BBX Property Investment Fund Limited (the company) and BBX Property Investment Fund Limited and its Controlled Entities (the consolidated entity) for the year ended 30 June 2008. The consolidated entity comprises both the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures) required by Accounting Standard AASB 124 : Related Party Disclosures, under the heading 'Remuneration Report' of the Directors Report and not in the financial report.

Directors' responsibility for the 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 and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; .Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards in their entirety

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the Directors' Report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Independence

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

Audit Opinion

In our opinion,

- (a) the financial report of BBX Property Investment Fund Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2008 and of its their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting interpretations) and with the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1. and
- (c) the remuneration disclosures that are contained in the Directors Report comply with Accounting Standard AASB 124.

Value of Investment Property

Without qualification to the opinion expressed above, attention is drawn to the following matter.

Investment Properties held by the Consolidated Entity are set out in Note 10 and shown at cost of acquisition of \$6,907,047. No independent valuation of these properties has been carried out since the date of acquisition.

In the event that the Consolidated Entity should seek to dispose of these properties in the current market, the proceeds of sale may be less than the carrying value.

Robert Nielson Partners



Robert Nielson

Date 28 September 2008

SHAREHOLDER INFORMATION

The Shareholder Information set out below was applicable at 25 September 2008.

Distribution of Equity Securities – Fully Paid Ordinary Shares

Number of Shares Held	Total Holders	Number of Units	%
1-1,000	1	1,000	0.017
1,001-5,000	228	551,850	9.536
5,001-10,000	89	610,348	10.547
10,001-100,000	75	2,240,652	38.720
100,001-99,999,999,999	7	2,383,000	41.180
Totals	400	5,786,850	100.000

TWENTY LARGEST SECURITY HOLDERS – FULL PAID ORDINARY SHARES

Name	Number Held	% of Issued Shares
BBX HOLDINGS LTD	589,001	10.178
MARTIN PLACE SECURITIES NOMINEES PTY LTD	552,500	9.548
O'MARA INVESTMENTS PTY LTD <O'MARA INVESTMENTS A/C>	460,000	7.949
MR ALAN GUTHRIE <AL-MARA FAMILY A/C>	377,000	6.515
MR VINCENT CHAN & MRS HELEN CHAN <V & H CHAN SUPER FUND A/C>	340,000	5.875
CUTHBERT SUPERANNUATION PTY LTD <THE CUTHBERT SUPER FUND A/C>	153,175	2.647
MR GARY KURZER & MS VIRGINIA AGHAN <BIG FEATS SUPER FUND A/C>	126,000	2.177
MS LUCEILLE OUTHRED <JOLU SUPER FUND A/C>	107,000	1.849
WHI SECURITIES PTY LIMITED <CROWN CREDIT CORPORATION A/C>	105,000	1.814
TATO PTY LTD <MCHENDY A/C>	103,000	1.780
R ELLIOTT & ASSOCIATES PTY LTD <T J CREASY SUPER FUND A/C>	93,000	1.607
MR DENNIS RUTZOU & MRS JOAN RUTZOU <CINQUE SUPER FUND A/C>	80,000	1.382
FAST EDGE HOLDINGS PTY LTD <FAST EDGE HOLDINGS S/F A/C>	75,000	1.296
MR MICHAEL ROBERT TIMONEY <TIMONEY SUPER FUND A/C>	72,500	1.253
SOUTH SYDNEY DISTRICT RUGBY LEAGUE FOOTBALL CLUB LTD	70,000	1.210
RADESHARPTYLTD	68,000	1.175
MOISTURE CURE PTY LTD	60,000	1.037
Y'S CHOICE FINANCIAL SOLUTIONS PTY LTD <THE KLARA KAYE SUPER FUND A/C>	60,000	1.037
KEENDEX WHOLESALE PTY LTD <KEENDEX WHOLESALE S/F A/C>	60,000	1.037
WAND SEAN<S & R WAND SUPER FUND A/C>	60,000	1.037
Total	3,611,176	62.403

All 5,786,850 Ordinary Shares in the Company are listed on the National Stock Exchange (NSX).

SHAREHOLDER INFORMATION

Distribution of Equities - Unquoted Fully Paid 'B' Class Shares

Number of Shares Held	Total Holders	Number of Units	%
1-1,000	2	2,000	0.017
1,001-5,000	55	217,322	1.901
5,001-10,000	53	446,940	3.910
10,001-100,000	143	4,782,992	41.842
100,001-99,999,999,999	22	5,981,888	52.330
Totals	275	11,431,142	100.000

Twenty Largest Security Holders – B Class Shares

Name	Number Held	% of Issued Shares
BBX HOLDINGS LTD	1,881,000	16.455
MS LUCEILLE OUTHRED <JOLU SUPER FUND A/C>	663,000	5.800
MR VINCENT CHAN & MRS HELEN CHAN <V & H CHAN SUPER FUND A/C>	660,000	5.774
MR ALAN GUTHRIE <AL-MARA FAMILY A/C>	377,000	3.298
CUTHBERT SUPERANNUATION PTY LTD <THE CUTHBERT SUPER FUND A/C>	345,450	3.022
MR ANTHONY TERRANOVA & MRS DEBORAH TERRANOVA <TERRANOVA>	272,729	2.386
RADESHAR PTY LTD	286,000	2.502
R ELLIOTT & ASSOCIATES PTY LTD <T J CREASY SUPER FUND A/C>	268,000	2.344
MR DENNIS RUTZOU & MRS JOAN RUTZOU <CINQUE SUPER FUND A/C>	240,000	2.100
MARTIN PLACE SECURITIES NOMINEES PTY LTD	200,000	1.750
MR GEORGE GILBERT TROTT	200,000	1.750
NATTIA PTY LTD <SIT BACK & RELAX S/F A/C>	173,600	1.519
MR KEVIN JAMES SOPER <DIGISLIDE SUPER FUND A/C>	170,000	1.487
Mr MICHAEL & MIREILLE TOUMA <M&M SUPER FUND>	157,000	1.373
MR ROBERT KNUCKEY & MS CHRISTINE LOWDER	150,000	1.312
SOUTH SYDNEY DISTRICT RUGBY LEAGUE FOOTBALL CLUB LTD	140,000	1.225
DARALUSH MARKETING & DISTRIBUTION PTY LIMITED <FREEMAN SUPER FUND A/C>	127,500	1.115
JUST SUZI ROBDAU PTY LTD <JUST SUZI ROBDAU S/F A/C>	120,000	1.050
TIMONEY MICHAEL <TIMONEY SUPER FUND A/C>	115,000	1.006
MCLEOD MALCOLM <THE CLAN SUPER FUND A/C>	114,000	0.997
Total	6,660,279	58.264

SHAREHOLDER INFORMATION

Voting Rights

The voting attaching to each class of equity securities is set out below:

Ordinary Shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote;
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for a share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

B Class Shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote;
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for a share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.