



BBX PROPERTY INVESTMENT FUND LIMITED

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Dear Shareholders,

It is with great pleasure that I can advise you on behalf of the directors of BBX Property Investment Fund Limited ("BBX Property Fund" and the "Company"), that the company's initial capital raising closed successfully having raised in excess of \$4 million and the ordinary shares are now listed on the Newcastle Stock Exchange (NSX).

This company, hailed by 'The Australian' newspaper in it's business section as "pioneering" in it's use of both cash and barter currency for property investment is indeed a world first and has successfully passed it's first hurdle.

The BBX Property Fund is a unique opportunity for investors to participate in the acquisition of apartments & units at a cyclical low point in the market. On the East Coast of Australia at the moment there is an oversupply of quality stock. This situation has developed because most investors have turned their backs on the market although many of the fundamentals such as occupancy rates and yields remain strong. A number of studies, particularly relating to the metropolitan areas of Sydney have documented that if the present depressed levels of new project approvals persist there will be a shortage of 2 and 3 bedroom accommodation within two years, forcing up rentals and hence the yields in this investment sector.

BBX are in good company listing this fund now as it has been documented in the press that a number of big investment institutions (including Westpac) have launched funds to invest in residential real estate or announced plans to do so.

The BBX Property Fund is currently listed on the NSX. Your directors have entered discussions with a number of parties aimed at getting the company's shares listed on the Australian Stock Exchange (ASX).

Such a move if it can be achieved will give the shares much greater liquidity and put us on the radar screen of many more potential investors.

Prior to the close of our fundraising we had already identified a number of property opportunities where the vendors are prepared to sell multiple units within various quality developments and accept 30% of the consideration as an investment in the BBX Property Fund. We are in the lucky position of having had these opportunities brought to us by vendors who are getting increasingly frustrated by a lack of sales.

We now have to carefully assess the best of these projects. All transactions will be supported by licensed valuations and meet the rigorous investment criteria set out in the prospectus.

We look forward to keeping you informed of our progress and being able to facilitate further investment from BBX members annually. This unique investment option is designed to facilitate the use of BBX dollars as an integral part of your wealth creation and retirement saving strategies.

Yours sincerely,

SIMON TOUMA
Chairman