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NSX CODE: BPI

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NET ASSETS at 30
September 2007: \$14.2 M

CHAIRMAN'S LETTER

Dear Shareholders,

Once again I am pleased to be able to advise you on behalf of the directors of BBX Property Investment Fund Limited that we have been making substantial progress building the asset base of your company. This has been achieved by assessing quite a number of quality property investments, many of which have met our investment criteria, and then going through the often difficult process of securing contracts and finance.

Included with this newsletter are the full details of the properties we have purchased or are in various stages of exchange of contracts, finance approval etc. This listing is kept up to date at our website www.bbxpropertyfund.com and our 2007 Annual Report can also be accessed there.

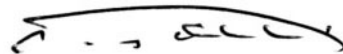
As a result of our due diligence process over the last 12 months we have negotiated better deals in a number of cases when lower valuations have been obtained. It is now quite apparent that the Sydney market has at least stabilised and our buy prices are no longer falling. In some areas rents are still rising and it is now expected that prices will move from the present consolidation phase to increases over the next year or so.

Our recently completed second fundraising was very successful raising in excess of \$8 million. This raising has taken the capital base of the company to approximately \$15 million. Our experience over the last 12 months is that we are not having any problems using the BBX trade dollars to acquire property. In fact there are more investment opportunities than we can accommodate with the investment funds we have.

We will be preparing a new prospectus in relation to our planned fundraising prior to 30 June 2008. Ahead of that we are optimistic we will be able to transfer the listing of the company on to the ASX to give our shares greater liquidity in the market.

Your directors firmly believe that over the next few years our patience will be rewarded with a portfolio of quality growth properties when the market moves from recovery phase and prices rebound strongly. As always we advise you to consider your investment options carefully in conjunction with your investment advisers.

Yours sincerely,



SIMON TOUMA
Chairman



AUSTRALIAN PROPERTY REVIEW

On the east coast, 2007 has brought an improvement in price growth and sales volumes including higher auction clearance rates in Sydney and Melbourne. This growth has been the result of stronger demand in the inner areas, the outer remains subdued.

Median Price Growth - House and Apartments

City	House price growth (1st half 2007)	Apartment price growth (1st half 2007)
Sydney	3.9%	4.7%
Melbourne	7.9%	10.2%
Brisbane	10.6%	15.7%
Adelaide	11.6%	21.9%
Perth	1.5%	8.6%

Source: Macquarie Real Estate Research, RP Data

In June there was a strong pick up in investor finance, driven by the changes to superannuation (regarding the \$1 million contributions prior to 30 June). Latest figures for July showed a slowing, after the strong June result, but the overall trend is upward with signs of increased investor demand now in inner city locations.

Despite improvements in migration and therefore underlying demand, interest rates are typically cut at this stage of the cycle.

As the rate cuts are not evident, supply has remained at low levels.

Investors and owner occupiers are looking for the scarce product, typically close to the city. Softer conditions will continue to be evident in locations with a mismatch between product sought and that being built, for example on major transport routes.

In most capital cities, affordability did not deteriorate to levels of the late 1980s and now an improvement in sales volumes and price growth is evident. But affordability has deteriorated relative to long-term trends and as a result outer suburbs are weak to soft.

In Sydney, underlying demand for housing is improving, sparking a rise in auction clearance rates and rents. This, alongside low supply (housing approvals are at 30 year lows), will support Sydney's inner-city rental market remaining tighter for longer driving further rental growth.

Whilst in Melbourne, affordability also did not reach such overstretched levels as in previous cycles, which has supported migration and underlying demand at reasonable levels.

Based on Macquarie Real Estate Research - September 2007



SHAREHOLDERS' INFORMATION

PROPERTY PURCHASE UPDATE, OCTOBER 2007

		CONTRACT		BBX	GROSS	YIELD	CASH	
		PRICE	DEBT		YIELD	%	YIELD	STATUS
30 HYTHE ST, MT DRUITT								
UNIT NO: 18	2 Bed, 1 Bath, 1 Car	\$230,000	\$165,000	\$65,000	\$10,400	4.52%	6.30%	SETTLED
UNIT NO: 19	2 Bed, 1 Bath, 1 Car	\$230,000	\$165,000	\$65,000	\$10,400	4.52%	6.30%	SETTLED
UNIT NO: 20	2 Bed, 1 Bath, 1 Car	\$230,000	\$165,000	\$65,000	\$10,400	4.52%	6.30%	SETTLED
UNIT NO: 21	2 Bed, 1 Bath, 1 Car	\$230,000	\$165,000	\$65,000	\$10,400	4.52%	6.30%	SETTLED
8 WAINRIGHT RD, MT. DRUITT								
FACTORY NO: 10	330m2, 4 Car Parks, Bathrooms with showers	\$578,000	\$404,600	\$173,400	\$36,000	6.23%	8.90%	SETTLED
FACTORY NO: 11	330m2, 4 Car Parks, Bathrooms with showers	\$578,000	\$404,600	\$173,400	\$36,000	6.23%	8.90%	SETTLED
40-42 TOOWOON BAY RD, LONG JETTY								
TOWNHOUSE NO: 2	3 Bed, 2 Bath, 2 Car	\$460,000	\$322,000	\$138,000	\$18,000	3.91%	5.59%	SETTLED
UNIT NO: 12	2 Bed, 2 Bath, 2 Car	\$360,000	\$252,000	\$108,000	\$14,000	3.89%	5.56%	SETTLED
UNIT NO: 26	2 Bed, 2 Bath, 2 Car	\$360,000	\$252,000	\$108,000	\$14,000	3.89%	5.56%	SETTLED
2 WILLISON ROAD, CARLTON								
UNIT NO: 8	3 Bed, 2 Bath, 2 Car	\$460,000	\$322,000	\$138,000	\$20,000	4.35%	6.21%	EXCHANGED
UNIT NO: 11	3 Bed, 2 Bath, 2 Car	\$460,000	\$322,000	\$138,000	\$20,000	4.35%	6.21%	EXCHANGED
UNIT NO: 14	3 Bed, 2 Bath, 2 Car	\$460,000	\$322,000	\$138,000	\$20,000	4.35%	6.21%	EXCHANGED
UNIT NO: 15	3 Bed, 2 Bath, 2 Car	\$460,000	\$322,000	\$138,000	\$20,000	4.35%	6.21%	EXCHANGED
12 - 14 LOFTUS STREET, WOLLONGONG								
UNIT NO: 13	2 Bed, 2 Bath, 1 Car	\$378,000	\$264,600	\$113,400	\$24,440	6.47%	9.24%	SETTLED
UNIT NO: 14	3 Bed, 2 Bath, 1 Car	\$378,000	\$264,600	\$113,400	\$24,440	6.47%	9.24%	SETTLED
UNIT NO: 15	4 Bed, 2 Bath, 1 Car	\$378,000	\$264,600	\$113,400	\$24,440	6.47%	9.24%	SETTLED
UNIT NO: 19	4 Bed, 2 Bath, 1 Car	\$378,000	\$264,600	\$113,400	\$24,440	6.47%	9.24%	SETTLED
8-10 MORLEY STREET, SUTHERLAND								
UNIT NO: 24	2 Bed, 2 Bath, 1 Car	\$430,000	\$301,000	\$129,000	\$18,500	4.30%	6.15%	EXCHANGED (off plan)
UNIT NO: 25	2 Bed, 2 Bath, 1 Car	\$430,000	\$301,000	\$129,000	\$18,500	4.30%	6.15%	EXCHANGED (off plan)
UNIT NO: 26	2 Bed, 2 Bath, 1 Car	\$430,000	\$301,000	\$129,000	\$18,500	4.30%	6.15%	EXCHANGED (off plan)
UNIT NO: 27	2 Bed, 2 Bath, 1 Car	\$430,000	\$301,000	\$129,000	\$18,500	4.30%	6.15%	EXCHANGED (off plan)
UNIT NO: 43	3 Bed, 2 Bath, 1 Car	\$515,500	\$360,850	\$154,650	\$20,000	3.88%	5.54%	EXCHANGED (off plan)
UNIT NO: 44	3 Bed, 2 Bath, 1 Car	\$505,500	\$353,850	\$151,650	\$20,000	3.96%	5.65%	EXCHANGED (off plan)
TOTALS		\$9,349,000	\$6,560,300	\$2,788,700	\$451,360	4.83%	6.88%	