



SHELL

VILLAGES AND RESORTS LIMITED

ABN 68 009 161 522



29th August 2011

SVC MARKET UPDATE

Joint Venture Proposal

The Directors of Shell Villages and Resorts are reviewing a proposed Joint Venture (JV) with Coast and Country Developments Pty Ltd (CCD) to develop land owned by CCD in the Hunter Valley which is subject to planning approval to site up to 70 low cost homes.

Background

The village named Shell Villages and Resorts Hunter Valley was previously owned by SVC and sold to the current owners in the 2009 financial year for a consideration of \$3,750,000.

The site (Lot 99) is an adjacent portion of the village owned by CCD which has 66 presently occupied sites by a combination of owner occupiers and tenants.

The strong demand for low cost housing in the Hunter Valley region should see a good take up rate for both low cost property (under \$120,000) and low cost rental accommodation (rent less than \$200 per week).

The initial Integrated Site Design for Lot 99 shows a yield of 95 lots. Realistically, this will reduce to about 50-70 sites due to bushfire setback requirements.

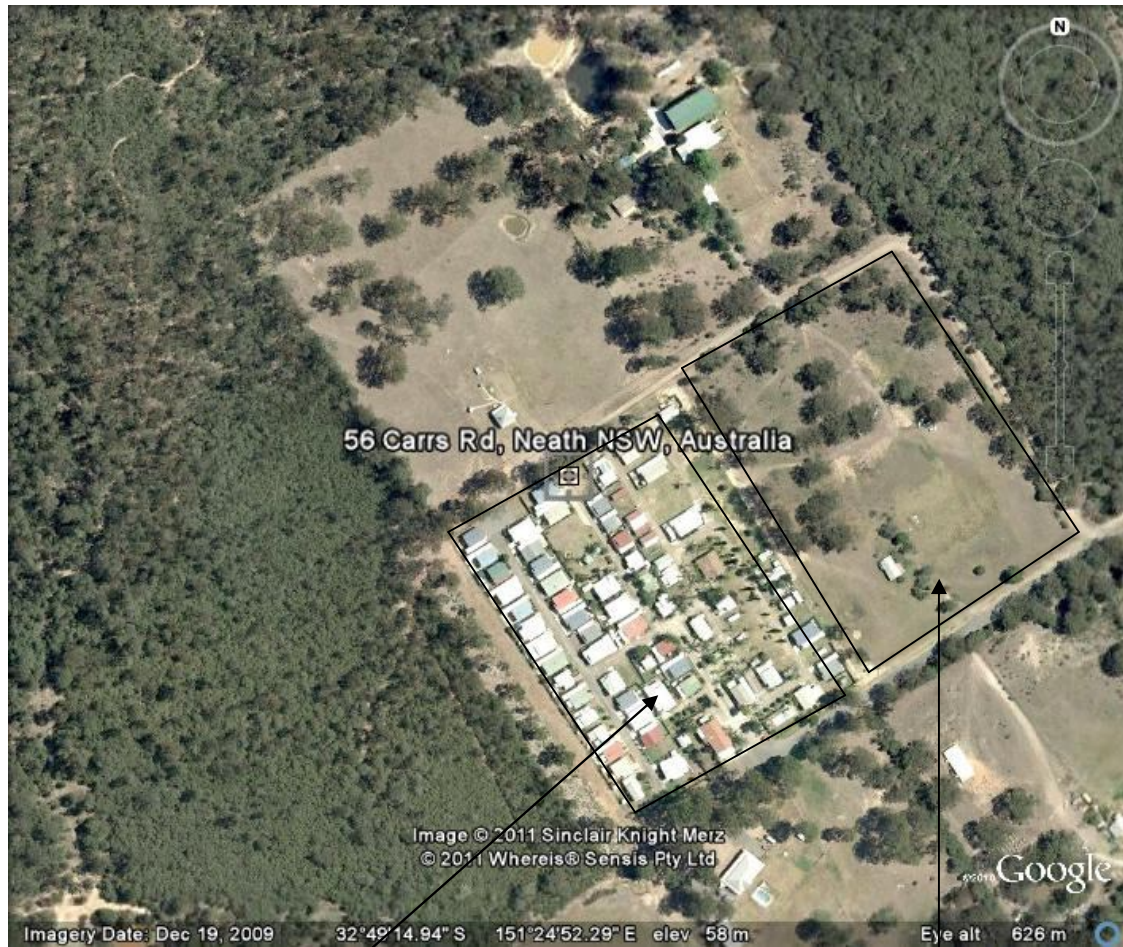
Details of Proposal

The current owners CCD would retain ownership of the land whilst the homes would be sold off on a site lease basis, the sale of the homes would provide the capital return and profit.

CCD are prepared to contribute the land and are looking for the joint venture partner to provide the funding for the civil work required (power, water, sewer, roads and associated infrastructure).

The parties are currently negotiating details of the Joint Venture transaction and are looking to conclude a definitive agreement within 14 days of this announcement.

Location Map - Lot 99 and 101



Existing Caravan Park
Lot 101

Adjacent Vacant Land
Lot 99

Please do not hesitate to contact the Company for any further information or clarification on the matters addressed in this update.

Yours faithfully,

Richard Pritchard
Director