

22 September 2010

The Manager
Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Dear Sir or Madam

Buy-Back of Unmarketable Parcels of Shares and Restructure Information

Pelorus Property Group Limited (**Company**) is pleased to announce that it has today instituted a buy-back of ordinary shares for shareholders who hold unmarketable parcels of shares (**Buy-Back**) and is sending the **attached** letter to eligible shareholders.

The Buy-Back will enable holders of “unmarketable parcels” (as defined under the Listing Rules of the Australian Securities Exchange (**ASX**) as any shareholding valued at less than \$500) as at 21 September 2010 to sell their full shareholding back to the Company for \$0.14 per share.

Additional Information about the proposed Restructure

On 20 July 2010 and 31 August 2010 the Company made announcements relating to a proposed restructure (**Restructure**). The Company announced that, as part of the Restructure, Pelorus is proposing to distribute shares in a newly incorporated company which will hold the funds management and property services businesses of Pelorus, and the units that Pelorus holds in the Bakehouse Quarter Fund, by way of an in specie distribution.

As an additional part of the proposal, the Company is also proposing to distribute in-specie the units in the RP Trust (to be renamed PREIT) ARSN 109 684 773 to Pelorus shareholders pro rata to their shareholdings in the Company. Accordingly, the Company will also be seeking shareholder approval of the resulting capital reduction at the upcoming 2010 Annual General Meeting (**AGM**).

The Company also announces that ASX has approved the Company’s application for removal from the official list of ASX pursuant to ASX Listing Rule 17.11 on a date to be decided by ASX subject to the following conditions:

1. the request for removal of the Company from the official list of ASX is approved by an ordinary resolution of ordinary shareholders of the Company; and
2. the Company releases the terms of this decision to the market immediately.

Therefore, the Company will be putting a resolution to shareholders at the 2010 AGM to approve the delisting of Pelorus.

Yours sincerely



Stuart Brown

Managing Director

22 September 2010

Dear Shareholder

Buy-Back of Unmarketable Parcels of Shares

Pelorus Property Group Limited (**Company**) has instituted a buy-back of ordinary shares for shareholders who hold unmarketable parcels of shares (**Buy-Back**). Under the Listing Rules of the Australian Securities Exchange (**ASX**), any shareholding valued at less than \$500 is considered to be an “unmarketable parcel” (**Unmarketable Parcel**). Under the Buy-Back you will receive \$## cash for the ### Pelorus shares you hold without the need to pay brokerage, registry or any other transactional costs.

The closing price of the Company’s shares on ASX as at 21 September 2010 as well as the Volume Weighted Average Price of the Company’s shares between 23 August 2010 and 21 September 2010 was \$0.14. On this basis, an Unmarketable Parcel is 3,571 shares or less. The Buy-Back will enable holders of Unmarketable Parcels as at 21 September 2010 to sell their full shareholding back to the Company for \$0.14 per share.

Under the ASX Listing Rules and clause 2.7 of the Company’s Constitution, the Company is able to purchase Unmarketable Parcels held by shareholders, unless the shareholder instructs the Company not to purchase those shares.

Your choices

1. If you would like the Company to purchase your Unmarketable Parcel for \$0.14 per share, then you do not need to do anything.
2. If you do not want your Unmarketable Parcel to be purchased by the Company for \$0.14 per share under the Buy-Back, you must complete the **enclosed** Notice of Retention and return it to the Company. A completed Notice of Retention must be received by the Company by **no later than 5.00pm (Sydney time) on Friday, 5 November 2010. If a completed Notice of Return is not received by this time, your shares will be purchased by the Company.**

If you hold shares in the Company on trust for multiple entities, whereby the value of combined shareholding of all the entities held on trust is less than \$500, then the Company will purchase the shares of each entity held on trust unless a completed Notice of Retention is received by the Company.

If your Unmarketable Parcel is purchased by the Company, the Company will forward as soon as practicable the proceeds of the purchase. There will be no brokerage fees payable by shareholders whose shares are purchased by the Company under the Buy-Back.

Shares purchased by the Company under the Buy-Back will then subsequently be cancelled.

PELORUS PROPERTY GROUP LTD ABN 45 091 209 639

Level 3, 50 Yeo Street, Neutral Bay, Sydney NSW 2089 Australia | PO Box 612, Neutral Bay, Sydney NSW 2089 Australia | Tel +61 2 9033 8611 | Fax +61 2 9033 8600 | <http://www.pelorus.com.au>

Any taxation consequences arising from the sale of your Unmarketable Parcel under the Buy-Back will be your responsibility. If you require information regarding possible taxation implications for the sale of your Unmarketable Parcel under the Buy-Back, please consult your professional advisor.

Important information regarding the Restructure

On 20 July 2010, the Company announced that it would put a proposal to shareholders at the upcoming 2010 Annual General Meeting (**2010 AGM**) to restructure the Company by splitting its business into its functional parts (**Restructure**). As part of this Restructure, the Company is intending to spin-off its funds management and property services business to a newly incorporated wholly-owned subsidiary to be listed on ASX in due course (**NewCo**). The Company will be seeking shareholder approval at the 2010 AGM to distribute its shares in NewCo, units in Bakehouse Quarter Fund and units in RP Trust in-specie to shareholders.

In addition, Shareholders whose shares are bought back under the Buy-Back and who no longer hold shares in the Company will not participate in any in-specie distribution which results from the Restructure and will not receive any value generated by it.

If you require further information in relation to the Buy-Back, please contact:

Stuart Brown
Managing Director
Telephone: 02 9033 8608
Facsimile: 02 9033 8600
Email: sbrown@pelorus.com.au

Yours sincerely



Stuart Brown
Managing Director

NOTES

1. Number of Shares

This Notice only applies to the account identified by the SRN / HIN given above.

2. Signature requirements

Each shareholder must sign this form. If shares are held in joint names, all shareholders must sign. If signing as an Attorney, then the Power of Attorney must have been noted by the Company's share registry to be duly executed and accompany this form. Only duly authorized officers may sign on behalf of a company, stating the office held by the signatories.

3. Address for return of Share Retention Notice

Hand delivery:

Pelorus Property Group Ltd
Level 1, 50 Yeo Street
Neutral Bay NSW 2089

Postal:

Pelorus Property Group Ltd
PO Box 612
Neutral Bay NSW 2089

Fax Number:

(02) 9033 8600