



SHELL

VILLAGES AND RESORTS LIMITED

ABN 68 009 161 522



31st August 2011

2011 Annual General Meeting

Chairman's Address

On behalf of the Board of Directors I would like to take this opportunity to say a few words.

The last three financial years have been tremendously challenging for SVC, financial records for the 2009 financial year were left in disarray, and the painstaking work of piecing together a multitude of transactions was laborious and time consuming. Compounding this situation was the mass resignation of Board members and the then Company Secretary in early 2009 with the commensurate loss of the corporate knowledge within the Company.

The Company was left with over \$2,200,000 of debts and no discernible assets; many would have considered administration as the only possible option, Mr. Boris Patkin was, with the assistance of the Shell family, elected a Director in December 2008 and took control of the Company's affairs.

It is without doubt in my mind, with the approval of all the resolutions put forward; the existing shareholders will have been well served by the actions and hard work of their Board of Directors. There has been a huge effort made to eradicate all of the substantial debt, the outcome is, I believe, more beneficial to existing shareholders than had the company undergone an administration process.

Mr. Boris Patkin, who retires today as a Director as is required under the constitution and has not offered himself for re-election, leaves the Company in far better shape than when he became a Director. On behalf of the Board and shareholders I thank Mr. Patkin for his hard work. I would also like to take this opportunity to thank Mr. David Diamond for his efforts during 2010 and 2011 as a Company Director in assisting this process.

Moving Forward – Re-quotation of shares on ASX

The Board is now focused on continuing the Company's business in low cost, and retirement housing development. In parallel the Board is focused on obtaining re-quotation of its shares on the ASX so that the Company can have the best possible chance of future success by being able to access capital through the equity market to grow its business. To achieve re-quotation of its shares

SVC must satisfy the ASX of its compliance with certain listing rules. ASX is currently in the process of determining the requirements for reinstatement.

To enable satisfaction of these requirements and to develop further the business of the Company, the Board is engaged in drafting an Offer Disclosure Document for the purpose of raising sufficient funds, increasing the Company's scale of activities, and improve the shareholder spread by enabling new and existing shareholders to participate in the offer.

The Board of Directors ask that you, as shareholders, support your Company, regardless of past performance, so that these requirements can be achieved and the Company can again be placed on a strong footing to move forward.

Business Continuation

As previously announced SVC is negotiating terms of a Joint Venture with Coast Country Developments Pty Ltd (CCD) to develop a project in the Hunter Valley previously owned by SVC. 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).

Further Business Development

SVC will continue to assess other business opportunities within and outside of the property industry. To enable the search and selection of the most desirable property industry projects SVC has contracted HD Consulting Pty Ltd. to search, propose, and negotiate terms for possible acquisitions. HD Consulting Pty Ltd has an excellent track record in property development in NSW with many successful developments having been sourced and developed successfully on their own behalf, for clients, and for syndicates.

Other Project Opportunities

As well as within the property industry the current board has reviewed many and varied projects from a wide breadth of industries including, energy, resources, and agriculture.

I hope that you, like I, will look forward to a new and prosperous future for SVC Group Limited.

Yours faithfully,

Richard Pritchard
Chairman