



SVC Group Limited

ACN 009 161 522

Level 8, 55 Hunter Street
Sydney, NSW 2000

Company Announcements Supervision
Australian Securities Exchange
20 Bond Street
Sydney
NSW 2000

11th March 2013

Attention: Companies Officer

Regarding: **Development Submission – Hunter Valley Joint Venture**

Background to Joint Venture

The Company (SVC) is pleased to announce the submission to Cessnock City Council of a development proposal for the Hunter Valley Joint Venture property. Under the terms of the JV Agreement with Coast and Country Developments Pty Ltd (CCD), SVC was to lodge a development application in accordance with New South Wales State and local government guidance and technical requirements, build infrastructure, facilitate the purchase of pre-manufactured homes by each home purchaser from the home manufacturer, and manage siting of the homes and connection of services. In exchange for its services, SVC will look to recoup its costs from the sale of the manufactured homes and receive 80% of any remaining profits from the sale of the homes.

Disposal of JV Interests through Spin-Off

The submission has been made in the name of the Company's wholly owned subsidiary SVC Hunter Valley Limited (SVCH). In light of the proposed SubZero Acquisition, the Company intends to dispose of its interests in the JV Agreement with CCD. This disposal will only take place if the disposal is approved by Shareholders at a Meeting on 12th March and the SubZero Acquisition is completed.

The disposal will be executed through the transfer of the Company's JV Interest to SVCH. SVCH is a public company not listed on the ASX; the Company's current 100% shareholding in SVCH will be transferred to the Company's Shareholders registered as at the Spinoff Record Date by way of a pro-rata in specie distribution, with the result that such Shareholders will hold fully paid ordinary shares in SVCH (SVCH Shares) in the same proportion as they do in the Company as at the Spinoff Record Date. The Company Shareholders' shareholdings in the Company will be unaffected by the Spinoff.

A spin off date is yet to be advised, however this date will not be prior to the 15th of March thus allowing for all settlements from the end of today's trading, and all shareholders there from to be eligible for spin off shares in SVCH.



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CCD has agreed to the assignment the JV Agreement from SVC to SVCH through a Novation Deed executed by and between CCD, SVC, and SVCH.

Further information on the disposal of interests and in-specie distribution can be found in the Explanatory Notes to the Notice of Meeting to be held on 12th March 2013.



Details of the Submission

The submission forms a development application including a Statement of Environmental Effects for the development of a new caravan park at No 40 (Lot 99) Carrs Road, Neath. The proposal provides for 90 long term dwelling sites and the provision of a community facilities building and associated elements for future residents. The proposal also provides for the construction of roads, the installation of services and the implementation of a landscaping program. The proposal constitutes local and integrated development under the provisions of the Environmental Planning and Assessment Act (EP&A Act).



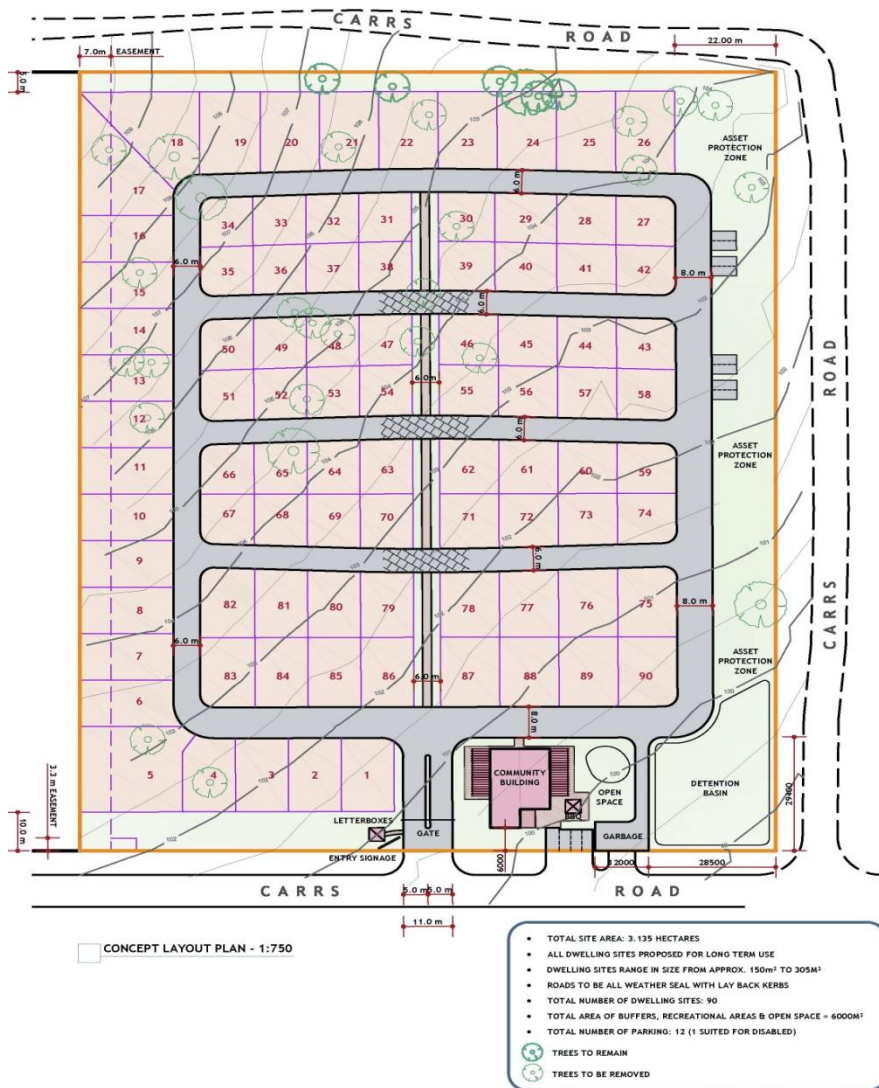
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CCD also own the existing caravan park on the adjoining land parcel. This is know as the Hunter Valley Village. SVCHV will undertake the physical development of the property while CCD will undertake the ongoing management and operation of the new Park once constructed.

The development proposal has been prepared to respond to a range of environmental considerations, opportunities and constraints with the aim of providing an attractive environment for future park residents. This has involved consideration of key State, regional and local planning controls and regulations. In particular the provisions of State Environmental Planning Policy No 21 - Caravan Parks, the Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005 and the relevant local planning controls have been addressed.





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Demand and Essential Services

In the Cessnock local government area demand for lower cost accommodation has been increasing and cannot be met by the existing supply of higher priced available land and housing. This proposal represents an opportunity to, in part, address that demand. While it is not immediately adjacent to existing urban development Neath urban area is within 200m of the site and therefore the site is not particularly removed from essential services. Cessnock is 7 Km away by road. Provision has also been made for a level of community services and recreation within the development itself.

The site also provides an opportunity to create a living environment which can enjoy the attractive setting while responding appropriately to environmental considerations and safeguards and potential threats such as bushfire.

The site is able to be provided with essential services. Importantly, capacity exists for key services such as water and sewer to be provided. This can be achieved by way of the extension of existing facilities and infrastructure with the cost borne by the development proposal.

Reduced Costs Compared to Standard Sub-Divisions

With respect to the future dwellings and the future community facilities virtually all these structures will be factory constructed and utilise suspended floors as opposed to slab on ground construction. Consequently, the need for cut and fill and site disturbance is considerably reduced. In fact, where any earthworks are necessary in conjunction with manufactured homes and associated carports and garages, such works will more than likely be able to be undertaken as Exempt Development under the provisions of the Codes SEPP 2008. Standards for road construction are lower than for a standard sub-division and the proposed development utilises a mainly surface and roadway swale drainage design with bio swales and an eco friendly detention pond. In the submission to Cessnock City Council the total cost of each completed site in preparation for siting of a pre-manufactured home has been estimated at \$25,500 per site.



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Site Photographs



Two views along Carrs Rd showing frontage of Site (Site on right)

Recent Sales in Existing adjacent Park

In the past 12 months there have been some 14 sales of new and pre-existing homes in the adjacent Park known as Hunter Valley Village owned by CCD, prices have ranged from \$85,000 for small one bedroom 'donga' style dwellings on relatively small land parcels to in excess of \$200,000 for a three bedroom pre-existing home. CCD sold 5 new 'donga' style cabins for \$85,000 each and 3 new 2 bedroom homes for \$155,000 each.

Richard Pritchard
Chairman and joint Company Secretary
SVC Group Limited

**For Further Information call:
02 9951 5430**