



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

14th June 2012

Attention: Companies Officer

MARKET UPDATE – HUNTER VALLEY JOINT VENTURE

Background

SVC has entered into a Joint Venture Agreement (JV Agreement) with Coast and Country Developments Pty Limited (CCD) to develop a Hunter Valley property into a Manufactured Home Estate. The property, Lot 99, is adjacent to an existing manufactured village owned by CCD.

Under the terms of the JV Agreement, SVC will lodge a development application in accordance with New South Wales State and local government guidance and technical requirements, 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.

Manufactured Home Estates

Manufactured Home Estates are a contemporary form of medium density housing development comprising land leased communities in which the residents own or rent manufactured homes on dwelling sites leased from the estate. Manufactured homes are a type of relocatable home. They are constructed outside of the dwelling site, usually in a factory, in the form of one or more “major sections”, which are then transported to and installed on a site and connected to services.

Manufactured homes are self-contained and include at least one kitchen, bathroom, bedroom and living area and also include toilet and laundry facilities. Manufactured homes can often be purchased for less than \$200,000 and are seen as an important affordable housing option.

The strong demand for low cost housing in the Hunter Valley region should see a good take up rate for both low cost property and low cost rental accommodation.



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Existing pre-manufactured home on adjacent property Lot 101

Initial Pre- D.A. Submission meeting with Cessnock City Council

In a meeting between Council officers, CCD, and SVC last week, it was confirmed by Council that in their opinion the development was permissible under their current land zoning and Local Environmental Plan (LEP) for the area. A number of matters were raised by Council including the need for input from the Rural Fire Service prior to submission of plans, the need for a flora and fauna report, and that the submission should also consider the fact that the area is designated as a mine subsidence area.

The initial Integrated Site Design for Lot 99 shows a yield of 95 lots. Realistically, this will reduce to under 60 sites due to bushfire setback requirements, and if the flora and fauna report should highlight the need to preserve certain varieties of plants (most likely trees) then this may reduce further.

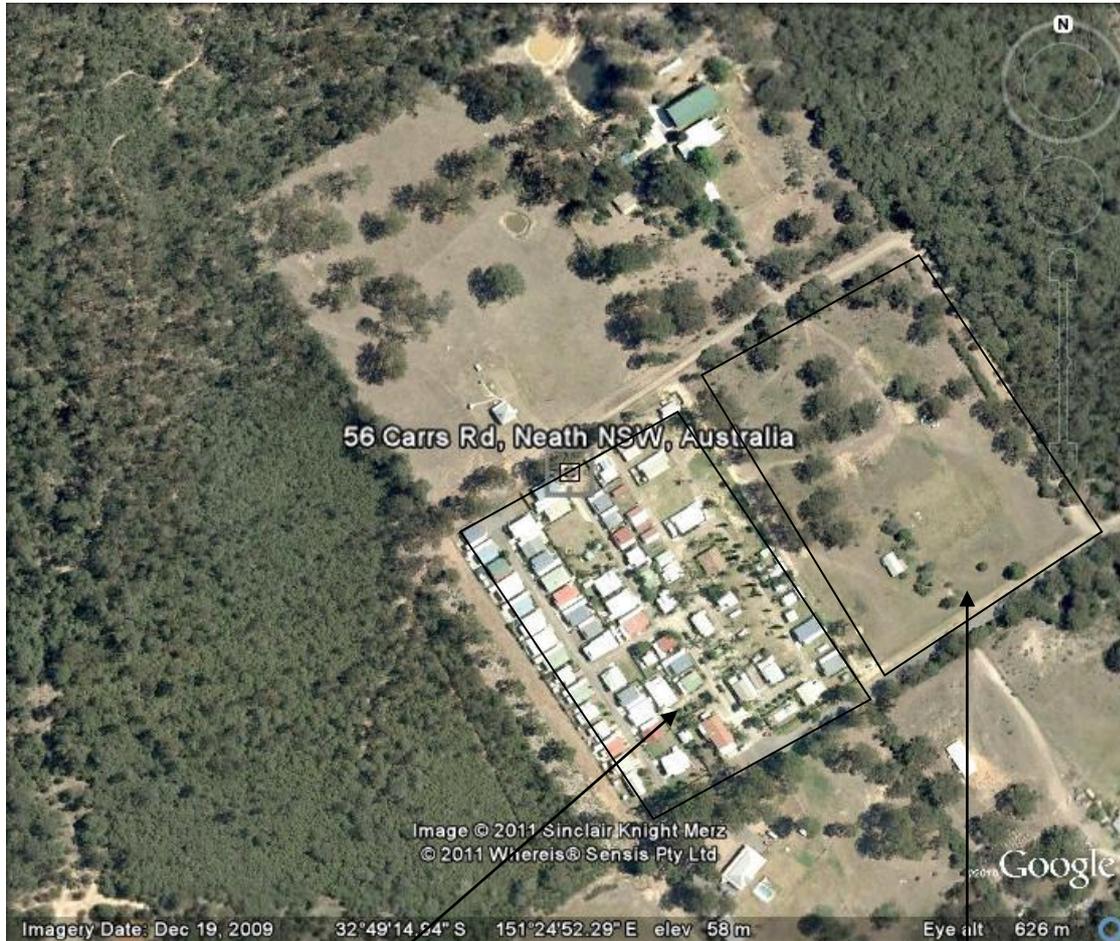


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Existing Site Lot 99, and Lot 101



Existing pre-manufactured housing Lot 101

Lot 99

The Company is currently working with its specialist consultant in order to provide Cessnock City Council and the Rural Fire Brigade the necessary advice and information for their review prior to the submission of a development approval application.

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
Chairman and joint Company Secretary
SVC Group Limited