

Welcome to this report for the June 2010 quarter, updating you on Kingsford and the economic factors impacting the residential market.

Highlights

- 49 per cent increase in property value in FY10 to \$42.7 million
- 40 sales achieved at sales value close to \$10 million
- Lot prices achieved were 24% above forecasts
- Initial sewer works completed

Sales report

Land sales commenced this quarter through a special land release to home builders.

Lots in stages 1 and 2 were offered to selected builders, and 40 net sales were achieved at a sales value of \$9,976,000. Sales prices ranged from \$220,000 to \$310,000 for lots sized between 390sqm and 840sqm.

Among the purchasers were three selected builders, which have also agreed to participate in the Kingsford Display Village. Located at Peet's neighbouring Innisfail Estate, the Display Village will be positioned on the main road (Sneydes Road) opposite Kingsford and provide a major drawcard to the estate.

Settlement of Stage 1 lots is expected to occur late in the 2010 calendar year, and Stage 2 settlements will follow early in the 2011 calendar year.

With sales demand strong in the area, a retail release to homebuyers is scheduled to occur before the end of the 2010 calendar year to meet market demand. At the end of the quarter, investigations were also underway to determine the possibility of substantially increasing lot production to meet demand.

Development program update

Stage 1 civil works continued this quarter and are expected to be completed before the end of the 2010 calendar year.

External drainage and sewer works also commenced, with construction of the branch sewer required on the neighbouring property completed during the quarter.

Within the property, a civil works contract for the estate's drainage reserve was advertised for tender and is expected to be awarded early next quarter, with works to begin shortly thereafter.



Stage 1 civil works at Kingsford

Meanwhile, Council approval was received for Stage 2 civil works and these works were scheduled to commence in the September 2010 quarter.

In positive external news, Wyndham City Council advised a signalised intersection would commence construction before the end of the 2010 calendar year on the corner of Sneydes Road and Hacketts Lane, located on the north-west corner of the estate. When complete, this intersection will improve traffic flow to and from Kingsford.

Economic commentary

Following the economic rebound at the start of the 2010 calendar year, consumer and business confidence moderated in the wake of rising interest rates, returning concern for the global economy and diminishing Government expansionary policy measures.

Despite this, the Australian Bureau of Statistics reported a 1.9 per cent seasonally adjusted increase in owner-occupier dwelling commitments in May 2010.

The Reserve Bank's decision to keep interest rates on hold in June 2010 and continued falling unemployment, to 5.1 per cent in June 2010, appeared to contribute to an unexpected rise in consumer confidence at the end of the quarter. Consumption spending rose modestly and cautious optimism emerged in the overall business sector.

Victoria continued to be Australia's most resilient housing market, with generous first homeowner grants and strong demand driving property price growth.

RP Data-Rismark's May 2010 index reported an 18.2 per cent increase in capital growth of homes in Melbourne, bringing the total rise over the past three and a half years to more than 50 per cent.

Distributions

The Syndicate has yet to commence selling and settling lots. Once lots commence settling and the Syndicate derives profits, it will be in a position to consider the payment of distributions. Capital returns are forecast to commence in line with the Product Disclosure Statement (PDS).

Lot statistics (as at 30 June 2010)

	No. of Lots	\$ Total
Estimated total lots*	566	N/A
Sales, settled to date	0	\$0
Sales, not yet settled (under unconditional contract)	36	\$8,916,000
Sales, not yet settled (under conditional contract)	4	\$1,060,000
Current available lots (not under contract)	0	\$0
Estimated remaining lots*	526	N/A

*Yields are estimates only and are likely to change as planning and development proceeds.

Sales (June 2010 quarter)

	No. of Lots	\$ Total
Unconditional	36	\$8,916,000
Conditional	4	\$1,060,000
Total sales	40	\$9,976,000
Sales cancelled	0	\$0
Net sales	40	\$9,976,000
Settlements	0	\$0
Settlements for financial year	0	\$0

Capital management

Borrowings as at 30 June 2010	\$8.33 million
Bank guarantees as at 30 June 2010	\$0
Facility limit	\$17.5 million
Expiry date	October 2011
Gearing ratio (based on valuation as at May 2010)*	20%

*Calculated as borrowings and bank guarantees / market value of inventory.

Property valuation

Property valuation (July 2009)	\$28,650,000
Property valuation (May 2010)	\$42,650,000
Difference	\$14,000,000

The substantial increase in property value reflects record prices achieved on two other parcels of land in the area and a significant increase in lot sale prices achieved in the area in the past 12 months, which have been driven by high demand for quality master-planned land in Point Cook and surrounding areas. On a rate per hectare basis, the valuation of the property has increased from \$750,000 per hectare of undeveloped land in June 2009 to \$1,100,000 per hectare of undeveloped land in June 2010.

Corporate commentary from Peet Limited

Peet Limited is pleased to advise the next retail Syndicate will be launched in September 2010 and will provide investors with the opportunity to invest in a 151-hectare landholding in Yanchep, Western Australia.

The land is located adjacent to the Sun City Country Club and shares more than four kilometres of frontage with the golf course. The proposed residential estate will produce more than 1,500 lots and provide investors with the opportunity to invest in the fast growing northern corridor of Perth. The Product Disclosure Statement (PDS) is expected to be sent to all existing Peet Limited and Peet Syndicate investors toward the end of September 2010.

We look forward to continuing to work towards achieving the best possible returns for Peet Point Cook Kingsford Syndicate and updating you again next quarter. As always, if you have any queries, please do not hesitate to call on (08) 9420 1111.

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