



22 February 2010

The Companies Announcement Office
Australian Stock Exchange Limited
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam

Shareholder Letter - Operations Update

Please find attached an Operations Update that is being mailed to shareholders over the next few days.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Coppini', is written over a light blue horizontal line.

Peter Coppini
Company Secretary

22 February 2010

Shareholder Letter - Operations Update

Dear Shareholder,

On behalf of the Board and management of Port Bouvard Limited, I would like to thank you for your patience and support in recent months as we have successfully obtained the renewal of our banking facilities and commenced execution of our capital management strategies.

We thought it would be appropriate at this time to provide an update on the Company's projects and operations.

Oceanique apartments

42 luxury apartments have been unconditionally contracted for sale for a total value of \$112 million (incl. GST). The \$100 million building contract is 87% complete, with all scaffold nearly removed and internal fit out well progressed to ensure completion by June 2010. The builder, Doric, has advised that the project is on schedule and within budget. The remaining 25 apartments will be marketed later this year.



Point Grey

The approval process for the 2,700 lot Point Grey project is now well advanced. The land was rezoned from Urban Deferred to Urban in April 2009. This was a significant approval milestone for the Company. Further environmental work is continuing and the process to seek final approval for the marina component is expected to be finalised later this year, following which the Company anticipates it would be in a position to commence marketing of Stage 1 and then civil construction by mid 2011.



Gidgegannup

A detailed masterplan submission was lodged with the City of Swan and the WAPC late last year. The masterplan submission provides the basis for an amendment to the Metropolitan Region Scheme. This amendment has not yet been initiated by the WAPC, however very clear direction as to the issues to be addressed in respect of the project have now been provided and initiation is anticipated by April 2010.

Port Bouvard, Eastport Stage 5

Eastport Stage 5 marks the end of Port Bouvard Estate. The Company is delighted to announce that 46 of the 47 green title standard canal lots have been sold. 45 lots have now settled and 1 lot is due to settle by the end of February.

All 34 canal lots on the exclusive survey strata island have been sold and installation of services is nearing completion. \$8 million in gross sales is scheduled to settle by 30 June 2010 with proceeds to be applied towards reduction of bank debt.



Non core assets

Dawesville

The Dawesville land was sold in 2009 for \$4.95 million (incl. GST), and is due to settle in June 2010. The transaction is now unconditional. The proceeds will be applied towards reduction of bank debt.

Melros

The Company's Melros site has now received subdivision approval for 43 residential strata lots. On the back of the successful sales campaign for Eastport 5 the Company is now preparing for the presale offering of these premium ocean front lots in March this year. The low maintenance cottage lots will be attractive to a larger market seeking affordable coastal living.

Hotel and Villa Sites at Port Bouvard

The approved 138 room 5 star hotel site and adjacent 44 residential villa site has recently been promoted throughout Australasia at an international golf development expo. This is part of a strategy to raise market awareness of the hotel and villa development sites and the profile of The Cut Golf Course.

During the last 12 months we have witnessed an improvement in the WA residential property sector and the Company continues to focus on the development of its flagship assets. We are working hard to place the Company in a sound position from which it can deliver these projects, and we look forward to ultimately progressing development for the benefit of all shareholders.

Also enclosed is a Company Update announcement lodged with the Australian Securities Exchange on 18 February 2010.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'JW', written over a diagonal line.

John Wroth
Chief Executive Officer

ASX Announcement
18 February 2010

COMPANY UPDATE

Port Bouvard Limited (“**the Company**”) (ASX code: **PBD**) provides the following update in relation to its capital management strategy.

Appointment of Joint Lead Managers

The Company is pleased to advise that it has appointed *Euroz Securities Limited* (“**Euroz**”) and *Macquarie Capital Advisers Limited* (“**Macquarie**”) as Joint Lead Managers to assist in the execution of its capital management strategy.

The Company will work with Euroz and Macquarie to pursue the most appropriate capital management outcome for the Company and its shareholders.

Renewal of banking facilities

As announced to the Australian Securities Exchange (“**ASX**”) on 22 December 2009, the Company has renewed its bank facilities totalling \$167.7 million with its primary financier St George Bank. There are three separate facilities with expiry dates extending up to 31 December 2011.

For full details please refer to the earlier ASX announcement dated 22 December 2009.

Anticipated reinstatement to official quotation of the Company’s securities

The Company’s securities have been in voluntary suspension since late October 2009 to enable it to address renewal of its banking facilities and its capital management strategy.

The Company will release a further announcement shortly in regard to the anticipated date the Company’s securities will recommence trading on the ASX.

Financial reporting

The interim audit review of the Company’s results for the half year ended 31 December 2009 is currently in progress. The Company expects that the audit review process should be completed by 26 February 2010. An ASX announcement will be made as soon as the interim financial report and the accompanying audit review are finalised.

Operations update

The Company will shortly write to shareholders to provide a full operations update.

<< END >>

Mr Stephen Court, Executive Director
Port Bouvard Limited
Tel: 08 6436 2200

Mr John Wroth, Chief Executive Officer
Port Bouvard Limited
Tel: 08 6436 2200

Mr David Tasker
Professional Public Relations
Tel: 08 9388 0944; 0433 112 936