



2 July 2007

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

BY E-MAIL

Dear Sirs

MEDIA RELEASE

Please find attached media release.

Yours faithfully

NIELS J KROYER
Company Secretary



Media Release
2 July 2007

**PORT BOUVARD MAKES SECOND \$81M+ RESIDENTIAL SITE ACQUISITION:
GIDGEGANNUP IN WESTERN AUSTRALIA**

Perth-based property developer Port Bouvard Limited has been successful in a competitive bid to enter into staged contracts with a private landowner to acquire three adjacent sites in Gidgegannup, Western Australia, for between \$81 - 90 million.

The first payment, as part of the staged purchase contracts, will see Port Bouvard pay the vendor \$36m in September this year. A further \$30m will be payable in August 2010, with the final \$15-24m payable in August 2011. The final payment is dependent on final planning and engineering outcomes.

The acquired sites total 483 hectares and will produce approximately 2,200 plus lots (270 rural residential and 1,900 town site), subject to planning approvals.

Under the proposed development plan, Port Bouvard plans to bring the first lots (rural residential) to market in financial year 08/09, which will provide a significant financial boost to the company.

Port Bouvard Managing Director, Ross Neumann, believes this acquisition will provide the company with further opportunities to develop a world-class residential development.

"This acquisition is a great opportunity for the company to tap into the increasing demand for near-city rural living opportunities and it is our intention to develop this project into a premium residential hills development," Mr Neumann said.

Port Bouvard plans, subject to statutory approvals, to bring scheme water and sewerage to Gidgegannup which is located approximately 40 minutes from Perth CBD.

Under the terms of the agreement, Port Bouvard has accepted an offer from the vendor for him to remain involved with the project for the next 3 to 4 years to assist in ensuring that the development is in line with his vision and the expectations of the local community.

Vendor real estate agent John Garland, Principal of John Garland International, said whilst Port Bouvard was not the highest offer they were selected due to their track record of community orientated residential developments.

"Port Bouvard was not the highest bid and were chosen for their strong credentials and development ethos – as represented by the successful way in which they developed master planned projects like Port Bouvard Residential Resort Estate and Princeton Private Estate," Mr Garland said.

"This gave the vendor overwhelming confidence that Port Bouvard could develop this project to benefit the purchasers of the homesites and importantly the local community generally," Mr Garland said.

The Gidgegannup townsite was designated under the City of Swan Rural Strategy for the area, adopted as policy in 2004 and endorsed by the WA Planning Commission in 2005.

It is believed that it is the first time in the Perth hills that an opportunity has arisen to design and create a totally new, master planned satellite township with strong support from both local and state governments. It will allow the benefit of modern, urban living facilities, in a rural surround and environment yet within easy commuting to Midland and the Perth CBD.

"The proposed developments will provide a wide choice of both rural lifestyle and urban dwellings and will represent a symbiotic, natural cohesion with the expansion of Midland as a major regional centre," Mr Garland said.

Last year Port Bouvard contracted to purchase 275 hectares of strategically located land at Point Grey, near Mandurah in Western Australia, for a residential development that is expected to yield more than 2000 coastal housing lots. This transaction was settled on 20 June 2007 following a successful and oversubscribed \$112m capital raising.

Aside from the development there will be an additional focus to provide stock for the commencement of the funds management division of the Port Bouvard Group. This has been flagged to the market previously and has been an important component of the long term strategic planning undertaken by the company during the past year as a means to further maximise shareholder wealth. The Gidgegannup and Point Grey projects provide outstanding foundation feed stock to commence these operations.

The funds management method of operation to be used by Port Bouvard will involve co-investment with special purpose syndicates developed using the company's expertise and also with other parties experienced in this sector. They will be structured such that syndicate members will participate directly in the benefit of the development but the company will provide its expertise and earn fees from doing so. By pursuing this co-investment model, the Board expects that the Port Bouvard Group's earnings will be regularised and maintainable.

In addition to the Point Grey and Gidgegannup land acquisitions, the company has also recently bought strategic landholdings at Dawesville and Melros, south of Mandurah, and at Esperance. It has entered into a development agreement to develop a broad acre residential subdivision with a landowner at Furnissdale, near Mandurah.

The acquisitions, combined, provide Port Bouvard with approximately 5,000 homesites in its development "pipe-line" providing revenue and dividends for the next 15 – 20 years.

With a significantly stronger Balance Sheet following the recent Point Grey acquisition (\$92m) and associated capital raising (\$112m), Port Bouvard has many options available to it in relation to the funding of the staged Gidgegannup acquisition, including debt, equity and various hybrid scenarios. The Board will assess these alternatives over the coming weeks and will update shareholders at the appropriate time.

The company believes that, due to the staged purchase agreement for the Gidgegannup project, there is a significant opportunity to increase value for shareholders, particularly with the implementation of the co-investment model.

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About Port Bouvard:

In the past eight years, Port Bouvard Limited has successfully developed two major projects in WA - the \$1.2 billion Port Bouvard Residential Resort Estate near Mandurah south of Perth and the \$250m Princeton Private Estate at the Perth inner northern suburb of Stirling. Recently both estates have experienced unprecedented demand selling out of all homesites approximately two to three years ahead of schedule.

The company recently completed a A\$112m capital raising via a placement and renounceable rights issue to shareholders to fund the purchase of the Point Grey project site and introduce additional institutional capital to the share register. The rights issue was fully underwritten by Euroz Securities Limited, with Directors of the company taking up a substantial portion of their entitlement under the offer.

Website: www.portbouvardltd.com.au