

October 20, 2006

Dear shareholder,

As directors of your company, we take great pleasure in reporting another successful year. Being chairman of the board, I have great pleasure in writing to you with a brief summary of the year's activities and forwarding a copy of the company's annual report.

This has been the company's most eventful year since formation.

VLE now operates at five sites (Pakenham, Korumburra, Traralgon, Leongatha and Sale) and has a purpose designed and fitted head office at Drouin.

Due to the funding required for the above expansion and no land sales being recorded, the company has recorded a small loss on the overall year's activities. There are land sales now taking place.

The directors are confident of profitable times ahead as cash flows from the expansion start to be earned and recorded.

The dividend re-investment plan (DRP) will again be made available to those who wish to re-invest their dividends in the company via the issue of more shares in their favour.

The company will pay a five-cent per share dividend.

It is apparent more people are gaining and sharing the confidence your directors have in the future of the company, which is reflected in the traded price of company shares. The directors are pleased to note the traded price of company shares has now exceeded \$2.10.

In summary, in some eight years of construction and operation, your company has now more than doubled in operational size and share price value while, at the same time, is paying a modest dividend.

We look forward to a bright future and wish you the same.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chris Sleight', with a stylized flourish at the end.

Chris Sleight  
Chairman