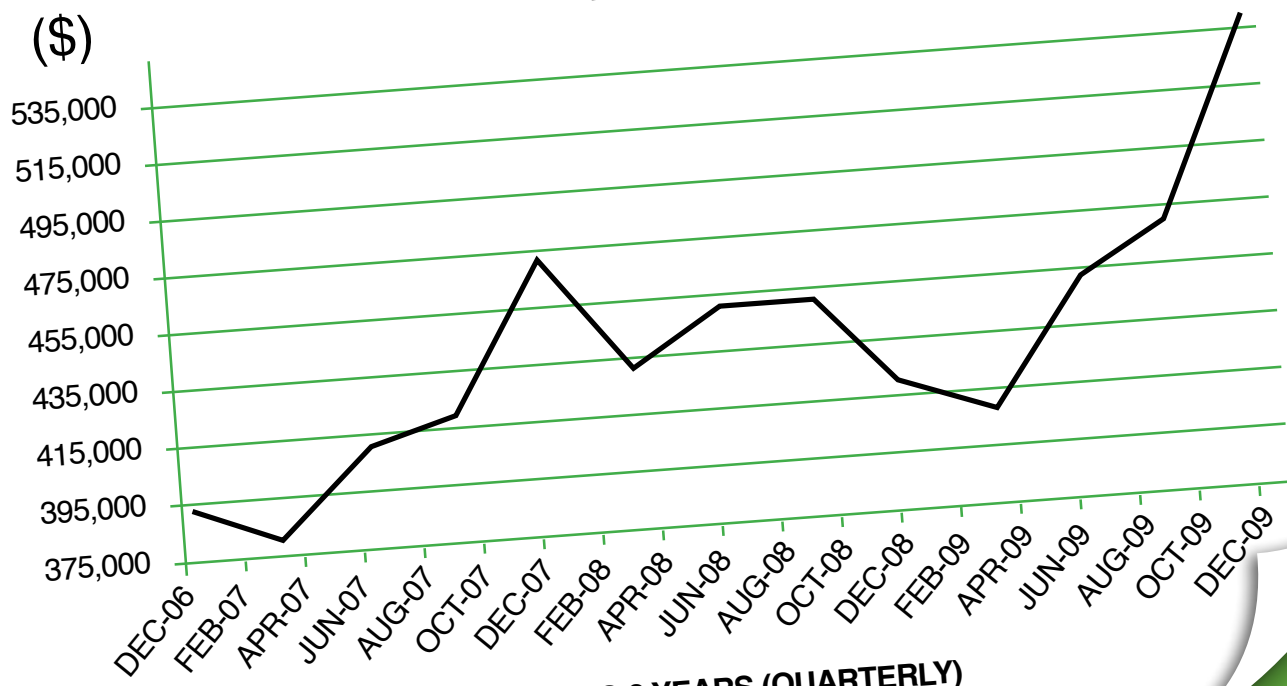


CUSTODIAN LAND

CUSTODIAN TRUGANINA SYNDICATE LIMITED
A.C.N. 133 662 343

PROJET UPDATE

**GREATER MELBOURNE - MEDIAN HOUSE PRICES
(2007-2009)**



TRAILING 3 YEARS (QUARTERLY)
Information provided by REIV

CHIEF EXECUTIVE OFFICER'S REPORT



Dear Investor,

It's been twelve months since the Company effected settlement of the purchase of the land on 12 April 2009 and I first welcomed you to the world of property development.

Like with any project of this nature we have achieved a number of the milestones we set out to achieve over the first twelve months and have also been handling some matters which have sought to frustrate the process.

I have provided a brief summary of the status with the project below and invite you to review the balance of the project update in detail.

TIMING

The first phase of the hearing of the Ministerial Panel was completed during December 2009.

Before commencement of the panel hearing the Victorian Department of Sustainability and Environment had advised that the Department were waiting the approval of the Strategic Impact Assessment Agreement with the Federal Department of Environment to be able to support the removal of native vegetation from the land.

Shortly before commencement of the hearing of the Ministerial Panel, "in principle" approval was granted to the Strategic Impact Assessment Agreement by the Federal Minister for the Environment, but during the hearing additional information regarding vegetation on land adjoining the land the subject of the plan was presented which raised the potential for a referral to the Federal Minister to be required.

Because of the potential for a referral to the Federal Minister to be required the Victorian Department of Sustainability and Environment have not been in a position to support the removal of native vegetation from the land and the hearing of the panel has been adjourned to enable the various stakeholders to consider the impact of additional submissions made by the Department of Sustainability and Environment.

Despite a significant degree of uncertainty remaining in relation to the timing and the content of the final outcome of this process there are many positive aspects to this development project, which the directors believe will provide a strong future profitability.

MARKET

Melbourne's residential property market has been a stellar performer over the past twelve months.

In particular, the following should be noted:

- Melbourne's median house price increased by 28.57% through December 2009, achieving the highest growth in the nation for the Calendar year;
- Unemployment rates decreased to 5.3% down from 5.6% in the September quarter, continuing the current trend downward;
- The median house price to December 2009 increased to

\$540,000;

- In the quarter ending December 2009 vacancy rates decreased to 3.5% with the highest demand spread throughout the middle band areas of Melbourne;
- The average weekly rent for a 3 bedroom house in Melbourne was \$355 per week, an increase of 4.4% for 2009;
- The City of Wyndham's (being the local authority area where the project is located) median house price increased by 5.26% for the trailing twelve month period to February 2010 with Truganina the stellar performer with a 23.9% increase;
- With the future of the Urban Growth Boundary and its possible extension under further review there is no question land within the Urban Growth Boundary will now become more expensive as future supply dries up.

VALUATION

The Company has arranged for the current market value of the allotments intended to be developed from the property to be assessed.

The valuer has advised that a total gross realisation of \$34,897,000 (being an average of \$172,800 for each of the 202 allotments) is what the valuer considers to be fair market value for the allotments "as if complete."

This compares to the original assessed value of \$29,130,000 (an average of \$143,782 per lot).

RETURNS TO SHAREHOLDERS

The directors have prepared an updated forecast for the financial years ending 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013. The forecast indicates a grossed up distribution yield to investors of 50.97% over the forecast period.

The forecast is annexed to this project update which should be read in conjunction with the forecast assumptions.

Yours faithfully

John Fitzgerald
CEO
Custodian Truganina Syndicate Limited



THE PROJECT



On the Precinct Structure Plan being approved and incorporated into the Wyndham Planning Scheme, the Company intends to make application to the Wyndham City Council to reconfigure the Property into 202 residential allotments for detached housing.

The current concept plan is below.



With the view to reducing the overall timing for the project the current intentions are to develop the land in two stages. Stage 1 has 104 allotments and stage 2 has 98 allotments.

While a significant degree of uncertainty remains in relation to the timing and outcome of the approval process the Company has prepared an updated project program based on the current available information and assumptions.

That project program contemplates the final subdivision works being completed in April 2012 and all sales revenue being received by November 2012.

The current opinion of development costs for the project provided by Meinhardt Infrastructure & Environment Pty Ltd is below. That firm have advised that they estimate the total development costs for the project will be \$10,648,200.

**PRELIMINARY OPINION OF COST
250 (LOT 5) SAYERS ROAD, TRUGANINA
RESIDENTIAL SUBDIVISION**

Date: 18-Feb-10
Ref: 101008

Area: 6.4 ha Area: 5.6 ha Total Area: 12 ha
No. of Lots: 104 No. of Lots: 98 Total No. of Lots: 202
Av Lot Size: 415 sq.m Av Lot Size: 415 sq.m



Level 12
501 Swanston Street
Melbourne Victoria
Australia 3000
www.meinhardtgroup.com
Tel: 61 (03) 8676 1200
Fax: 61 (03) 8676 1201

ITEM	DESCRIPTION	STAGE 1	STAGE 2	TOTAL
1	INTERNAL DEVELOPMENT WORKS			
1.1	Roads & Drainage	\$1,925,000	\$1,500,000	\$3,425,000
1.2	Sewerage Reticulation	\$590,000	\$400,000	\$990,000
1.3	Water Reticulation	\$250,000	\$170,000	\$420,000
1.4	Demolition	N/A	N/A	Not included
1.5	Site Remediation/Environmental Cleanup	N/A	N/A	Not included
1.6	Electricity Supply	\$390,000	\$308,000	\$698,000
1.7	Landscaping	\$156,000	\$147,000	\$303,000
1.8	Contingency (5%)	\$167,000	\$126,000	\$293,000
2	EXTERNAL DEVELOPMENT WORKS			
2.1	Major Infrastructure & External Roadworks	\$300,000	-	\$300,000
2.2	Water Supply	-	-	-
2.3	Sewerage	-	-	-
2.4	Main Drainage	\$250,000	-	\$250,000
2.5	Electricity	-	-	-
2.6	Lowering or relocation of services in Sayers Road	\$70,000	-	\$70,000
3	DEVELOPMENT CHARGES & FEES			
3.1	COUNCIL			
	Plan checking and Supervision Fees	\$75,000	\$57,000	\$132,000
	Development contribution (allow \$95k per ha)	\$610,000	\$530,000	\$1,140,000
	Certification fee	\$1,500	\$1,500	\$3,000
	Non Std Lights Contribution	\$66,000	\$66,000	\$132,000
	State Govt Infrastructure Levy (allow \$4k per lot)	\$416,000	\$392,000	\$808,000
	Public Open Space (allow 5% equivalent value)	\$90,000	\$80,000	\$170,000
3.2	SEWERAGE SERVICES - CWW			
	Administration and Authority Application Fee	\$1,500	\$1,500	\$3,000
	Developer Contributions	\$73,000	\$68,000	\$141,000
3.3	WATER SUPPLY - CWW			
	Administration and Authority Application Fee (included in 3.2)	-	-	-
	Water shutdown	\$3,000	\$3,000	\$6,000
	Developer Contributions	\$73,000	\$68,000	\$141,000
3.4	MAIN DRAINAGE WORKS			
	Administration and Application Fee	\$1,500	\$1,500	\$3,000
	Developer Contributions	\$394,000	\$345,000	\$739,000
3.5	ELECTRICAL			
	Administration and Authority Application Fee	\$7,500	\$7,500	\$15,000
4	REIMBURSEMENTS			
4.1	Sewerage	-	-	-
4.2	Water	-	-	-
4.3	Main Drainage	-\$250,000	-	-\$250,000
4.4	Electricity	-\$197,000	-\$158,800	-\$355,800
5	PROFESSIONAL FEES			
5.1	Engineering (internal) including Electrical	\$275,000	\$235,000	\$510,000
5.2	Engineering (external)	\$65,000	-	\$65,000
5.3	Surveying	\$109,000	\$105,000	\$214,000
5.4	Planning	\$15,000	\$15,000	\$30,000
5.5	Geotechnical	\$7,500	\$7,500	\$15,000
5.6	Traffic	\$5,000	\$5,000	\$10,000
5.7	Landscape	\$15,000	\$15,000	\$30,000
5.8	Project Management	\$100,000	\$100,000	\$200,000
	Total	\$6,054,500	\$4,593,700	\$10,648,200
	Estimated Cost per Lot	\$58,200	\$46,900	\$52,700

Disclaimer:

Meinhardt Infrastructure & Environment Pty Ltd have prepared the Engineering Opinion of Cost derived from information provided by usually reliable sources but are subject to variation upon advice from utility companies and Authorities and detailed design and survey. The costs exclude interest costs, holding costs, legal fees, taxes including GST, selling costs, site decontamination, removal of existing buildings and values of broad acres. The costs cover engineering infrastructure and related works only based on Concept plan No. 4 dated 07/04/2009 prepared by TDS.

Prepared by: Bill deVos

A significant ongoing risk to the project is that the removal of all native vegetation may not be permitted. If the removal of all native vegetation is not permitted the lot yield estimated will not be achieved and the resulting returns to investors will be adversely effected.

PROFIT FORECAST



The Directors have prepared the following forecast for the financial years ending 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013.

These forecasts should be read in conjunction with the forecast assumptions detailed in Note 2.

Investors should be aware that actual results may vary significantly from the forecast because future events may not occur in accordance with the assumptions and a material event that cannot reasonably be foreseen may eventuate.

Set out below is a summary of the Company's forecast.

Table 1: Forecast

YEAR ENDING 30 JUNE	3 MONTHS	Y/E JUNE 2010	Y/E JUNE 2011	Y/E JUNE 2012	Y/E JUNE 2013
\$	Y/E JUNE 2009				
Revenue from Sale of Residential Lots	-	-	-	7,044,891	23,236,927
Less: Cost of Goods Sold					
Property purchase costs and Asset Identification Fee	9,950,866	-	-	-	-
Construction Costs (incl. Capital Raising and Prospectus fees & borrowing costs)	-	-	-	10,861,165	-
Gross Profit	-9,950,866	-	-	-3,816,274	23,236,927
Other revenue: Interest earned	3,631	35,711	17,698	1,563	-
Total net income	-9,947,235	35,711	17,698	-3,814,711	23,236,927
Less: Other Expenditure:					
Total Sales UW Fees JLF Corporation	-	-	-	28,600	26,950
Total Agent Sales Commissions on Sales	-	-	-	-	532,950
Total Fund Manager Disposal Fee	-	-	-	226,200	746,100
Statutory Fees	9,798	106,487	106,400	26,400	125,600
Interest Expense and Borrowing Costs	-	-	-	902,608	84,304
Company Administration Costs	71,777	101,048	117,198	115,398	135,558
Depreciation - Plant & Equipment	8,160	8,160	8,160	8,160	8,160
Total Expenditure	89,735	215,695	231,758	1,307,366	1,659,622
Net Profit Before Fund Managers Performance Fee	-10,036,970	-179,984	-214,060	-5,122,077	21,577,305
Less: Fund Managers Performance Fee	-	-	-	-	130,763
Net Profit before tax (after Fund Managers Performance Fee)	-10,036,970	-179,984	-214,060	-5,122,077	21,445,904
Company Income Tax benefit / (expense)	-	-	-	-	- 1,669,120
Net Profit After Tax	-10,036,970	-179,984	-214,060	-5,122,077	19,776,882
Retained Earnings	-10,036,970	-10,216,955	-10,431,014	-15,553,091	4,223,220

DISTRIBUTION STATEMENT



The Directors have prepared the following Distribution Statement for the Company based on the above Forecast.

Set out below is a summary of the Company's Statement of distribution:

Table 2: Statement of distribution

YEAR ENDING 30 JUNE \$	Y/E JUNE 2009	Y/E JUNE 2010	Y/E JUNE 2011	Y/E JUNE 2012	Y/E JUNE 2013
Cash available for distribution					
Cash on hand as at 30 June 2013	-	-	-	-	16,539,809
Less: Provision for tax	-	-	-	-	(1,669,120)
Less: Provision for fund manager's fee	-	-	-	-	(130,763)
Less: Provision for wind up costs	-	-	-	-	(25,000)
Total cash available for distribution	-	-	-	-	14,714,386
Represented by					
Retained profit after tax	(10,036,970)	(10,216,955)	(10,431,014)	(15,553,091)	4,223,220
Less: Capital raising costs written-off (including Prospectus Fees and Due Diligence Fees)					(328,607)
Less: Provision for wind up costs	-	-	-	-	(25,000)
Retained profit available for distribution	N/A	N/A	N/A	N/A	3,869,385
Balance: Distribution of capital	-	-	-	-	10,845,001
Total	-	-	-	-	14,714,386
Cash available for distribution	-	-	-	-	14,714,386
Less: Distributions	-	-	-	-	(14,714,926)
Balance	-	-	-	-	-
Per security	-	-	-	-	
Distribution per security	-	-	-	-	1.357
Franking credit per security					0.153
Cash distribution yield (%) (flat; not compounding)	N/A	N/A	N/A	N/A	35.7%
Grossed up distribution yield (%) (flat; not compounding)	N/A	N/A	N/A	N/A	51.0%

We note that capital is forecast to be returned in FY2013. The last sale of allotments is forecast made in November 2012, which should provide time for a return of capital in FY2013.

In the event that a distribution is not made in FY2013 then the information and forecasts will vary accordingly.

NOTES TO FINANCIAL STATEMENTS



NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summarised below is an extract of the significant accounting policies which have been adopted in the preparation of the Forecast for Custodian Truganina Syndicate Limited.

A) BASIS OF ACCOUNTING

The financial information has been prepared in accordance with the measurement and recognition (but not all the disclosure) requirements of applicable Australian Accounting Standards and other mandatory professional requirements in Australia using the accrual basis of accounting including the historical cost convention and the going concern assumption.

B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank and short term deposits held.

C) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

D) INVENTORIES

Land held for development and resale is stated at the lower of accumulated historical cost and net realisable value. Cost includes the cost of acquisition, stamp duty payable, the asset identification fee, registration and transfer fees and legal fees on the Purchase Contract and put and call option agreement. When development is completed these costs are expensed as cost of goods sold.

Development costs (as distinct from land acquisition costs) are expensed as incurred and not capitalised.

E) BORROWING COSTS

Borrowing costs are recognised as an expense when incurred, except to the extent that they are incurred in the acquisition or construction of qualifying assets. Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. It has been determined that the project does not satisfy the criteria to be classified as a qualifying asset. Accordingly, borrowing costs are not capitalised, but are expensed as incurred. When revenue is recognised in relation to the sale of the Lots, the borrowing costs are not expensed as cost of goods sold with the other costs of development and construction.

F) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised.

G) SALE OF LAND

Revenue and profits or losses from the sale of blocks from completed stages of land subdivision are recognised on settlement of the sale. This represents the point when risks and rewards have passed to the buyer.

H) INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

I) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

J) INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings,

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTE 2. ASSUMPTIONS USED IN PREPARING THE FORECAST

The Forecast is based upon a number of key 'best estimate' assumptions. These assumptions have been adopted by the Directors. Actual results may vary significantly from those forecast because future events may not occur in accordance with the assumptions.

The statements in the project update which constitute forward-looking statements involve known and unknown risks, uncertainties and other factors which may impact on actual outcomes, many of which are outside the control of the Company. These factors will cause the actual results, performance or achievements of the Company to differ, perhaps materially, from the results, performance or achievements implied by forward-looking statements. The forward-looking statements do not constitute a representation that future results will be achieved and are presented to potential investors as a guide only. They are based on information known at the date of the project update.

GENERAL ASSUMPTIONS

General assumptions underlying the Forecast are as follows:

- There are no significant changes in political or economic or industry conditions as prevailing at the date of the project update;
- There are no significant changes in the legislative regimes and regulatory environments (including taxation) in the jurisdictions in which the Company operates, other than as described in this project update;
- There is no loss of key management personnel and sufficiently qualified staff are retained;
- There are no changes in Accounting Standards, other mandatory professional reporting requirements or the Corporations Act, which will have a material impact on the Company's financial performance, cash flow or financial position;
- The Company's significant accounting policies remain consistent with those disclosed in the project update;
- There are no material beneficial or adverse effects arising from the actions of competitors;
- There is no change in the capital structure of the Company; and
- There is no material amendment to any material agreement or arrangement relating to the Company.

NOTES TO FINANCIAL STATEMENTS

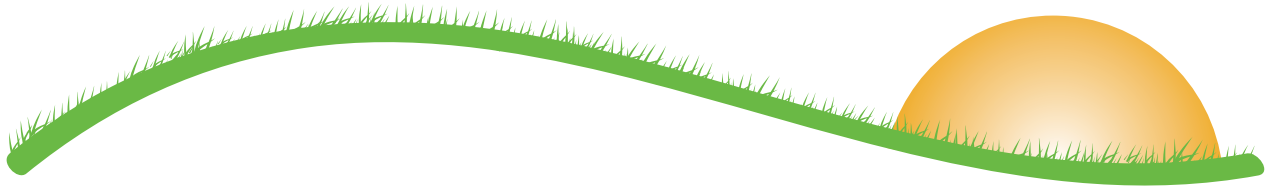


SPECIFIC ASSUMPTIONS

The key assumptions adopted in the preparation of the Forecast are outlined in the following table:

TABLE 3: KEY 'BEST ESTIMATE' ASSUMPTIONS

ASSUMPTION	COMMENT
<p>Development costs</p> <p>The estimated development costs advised by the consulting engineer is in today's dollars and exclusive of GST unless noted otherwise.</p>	Development costs confirmed as reasonable by Meinhardt Infrastructure & Environment Pty Ltd.
Development costs remained fixed.	See estimate of development costs annexed to this project update.
<p>Interest rates</p> <p>A major banking group has provided an indicative expression of interest to provide finance facilities.</p>	The Directors consider interest rates adopted to be conservative.
<p>Interest expense</p> <p>Under Australian AIFRS accounting standard AASB 123 Borrowing Costs, interest expenses are not able to be capitalised as they are not incurred in relation to a qualifying asset, as defined. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. The practice is that 12 months is usually the minimum required time period. In the present case, the various development stages of the Project for which moneys are borrowed to develop are developed and sold within about 9 months, thus being less than the generally accepted cut off period of 12 months. Hence, interest has been expensed in the period incurred, rather than being capitalised.</p>	Refer AASB 123 Borrowing Costs
<p>Returns from the Company</p> <p>If development occurs and if a profit is generated and subject to ongoing requirements for working capital, it is proposed to pay fully franked dividends at the end of the Project period, or at the time the Directors deem it appropriate to return capital.</p>	Refer to Company dividend policy.
<p>Number of allotments</p> <p>A total of 202 residential Lots are intended to be developed in 2 stages.</p>	Refer to current concept plan annexed to this project update.
<p>Timing</p> <p>Construction of the first stage construction works will commence in October 2011 and construction for the second stage construction works will commence in January 2012.</p>	Confirmed as reasonable by the Consulting Engineer and Consulting Town Planner based on the current available information and assumptions. Please note, a significant degree of uncertainty remains in relation to the timing and outcome of the approval process.
For each stage it is assumed that Lots the subject of the Referral Agreement with JLF will settle one month after title issue.	Refer to Referral Agreement entered between the Company and JLF.
<p>Lot sale prices</p> <p>The GST inclusive Lot sale prices are in today's dollars and as advised by Urban Property Australia and set out in the Referral Agreement.</p>	Refer to the market valuation by Urban Property Australia dated 8 March 2010 and the Referral Agreement.



CUSTODIAN LAND



Custodian Land Syndicate Limited
ABN 81 127 663 414

PO Box 2256
Nerang MDC Qld 4211

P: 1800 174 999
F: (07) 5527 4955
www.custodianland.com.au