

CUSTODIAN SUNBURY SYNDICATE LIMITED ("Company")



Dear Investor,

I am pleased to bring you an update regarding Custodian Sunbury Syndicate Limited, hereon referred to as "Company".

Settlement of the purchase of the Property was effected on 5 November 2011. Since this time, the Company has had two key focuses:

1. Marketing for sale the residential allotments intended to be developed from the Property; and
2. Taking steps to finalise the necessary approvals required in order to carry out the developments works.

It is with pleasure that I advise the Company has commenced the development works associated with Stage One of the Project, comprising 63 residential allotments and a medium density allotment.

Some delays were experienced in commencing the Stage One development works. This was a consequence of the complexities associated with finalising the design for the reconstruction and rehabilitation of Blind Creek, which traverses the Property, and in gaining the necessary consent from Melbourne Water to carry out those works.

While time consuming, and at times a frustrating process, it is noteworthy that the Company worked closely with Melbourne Water and the Hume City Council to undertake major rehabilitation works of the severely degraded and eroded Blind Creek.



Current Blind Creek conditions

The works being undertaken by the Company will remedy the erosion and create a series of water retention and treatment ponds in an attractive linear park setting.

At this time (weather and construction practicalities permitting) it is anticipated the development works associated with Stage One (63 residential allotments and a medium density allotment) will be completed by November 2011.

The marketing activities being carried out by the Company have resulted in the Company holding contracts for the sale of 36 residential allotments and a contract for the sale of the medium density allotment, in addition to the 20 allotments the subject of the Referral Agreement with the JLF Corporation Pty Ltd ("JLF") making JLF contractually responsible for the sale of those 20 allotments.

Accordingly, a total of seven allotments remain unsold in Stage One. Currently, two of these allotments are being retained by the Company for the establishment of a display village.

The total contract value for the 36 residential allotments sold in Stage One is \$6,789,000 (being an average of \$188,583 per allotment).

We will keep you informed of the Company's progress with completing the Stage One development works.

Kind regards

John Fitzgerald
CEO, Custodian Sunbury Syndicate Limited



Please note, this is not an offer to subscribe in securities. Any investment in Custodian Sunbury Syndicate Limited can only be made on the Application Form contained in the Supplementary Prospectus dated 30 August 2010 and lodged with the Australian Securities and Investments Commission. The comments made in this letter do not take into account your specific objectives, financial situation or needs. Accordingly, before deciding to apply for shares in the Company, you should seek advice from an appropriately qualified and independent adviser.