

9 DECEMBER 2009

ASX Code QSS

MARKET UPDATE

Questus Funds Management Limited is a wholly owned subsidiary of Questus Limited (the "Company") and is the responsible entity for the Questus Land Development Fund.

The Questus Land Development Fund is focused on the acquisition and development of residential subdivision projects and owns a number of property assets, plus has options over a number of other property assets.

The Company has provided a guarantee for a property currently held under option by the Questus Land Development Fund, and this guarantee was previously disclosed in its Annual Report to Shareholders for \$12 million.

The Company has received a copy of a Notice of Demand purportedly served on the Vendor of the property requiring repayment of the facilities by 13 January 2010. No formal demand for payment has been made to the Company as guarantor.

The Board has assessed the likelihood of this guarantee being enforced and payment being required to be made by the Company under its terms as negligible due to the following:

Firstly, the property of which the loan facility is secured against was recently independently valued at \$32 million (excluding GST) on an 'As Is' basis.

Secondly, the property of which the loan is secured against is contracted to be sold for an amount in excess of the loan amount guaranteed by the Company.

An update will be provided as soon as any material developments arise in respect of this matter.

ENDS

For further information contact:

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