

5 February 2014

Dear Note Holder

Gippsland Secured Investments Limited (Receivers and Managers Appointed) ACN 004 860 057 ("GSI")

Information circular to Note Holders – update

The Trust Company (Nominees) Limited ("**Trustee**") is the Trustee of the notes issued by GSI. The Trustee appointed Adam Nikitins and Simon Cathro, partners of EY, as Receivers and Managers of GSI ("**Receivers**") on 3 September 2013.

Note Holder Committee

As previously communicated, the first meeting of the Note Holder Committee ("**Committee**") was held on 12 December 2013. The Trustee and Receivers presented the Committee with an update on the receivership as well as details of the proposed strategies regarding the loan book sale. A second Committee meeting is scheduled for 14 February 2014.

The Committee – consisting of 7 Note Holders – has been formed to represent the interests of the wider body of Note Holders. Note Holders can obtain the contact details of Committee members through the GSI hotline.

Note Holders will continue to be informed of progress in the receivership by updates on the GSI website and periodic mailed correspondence.

Loan book sale process

The loan book sale process has commenced with shortlisted parties currently undertaking due diligence. The Trustee and Receivers will consult with the Committee when considering offers made for the loan book, which are expected to be received in the first quarter of 2014.

As previously communicated, we will continue to investigate the alternative strategy of a loan portfolio run-off in parallel with the loan book sale process, in order to maximise returns and accelerate distributions to Note Holders.

Riviera Properties Limited ("RPL") Group

Loans to the RPL Group comprise approximately 12% of GSI's loan book. The directors of RPL appointed Voluntary Administrators on 11 December 2013. Subsequently, GSI took possession of real estate held by the RPL Group on 16 December 2013 pursuant to GSI's security. After considering tenders, real estate agent John Castran ("**Agent**") was engaged by the Receivers to market the RPL properties.

The Agent, in consultation with the Receivers, determined that an auction of the RPL properties would most likely result in the highest and most timely return of funds to GSI. The auction is scheduled for Sunday, 9 February 2014 in Metung. The properties have been marketed extensively and there has been considerable public interest and bidder pre-registrations. Parties interested in bidding on properties can contact the Agent on (03) 9829 9911 or john@castran.com.au.

Return guidance

At this stage the Trustee and Receivers continue to maintain the expectation that the total return to Note Holders will be between **80 and 90 cents in the dollar**. Interim distributions totalling **25 cents in the dollar** were paid to all Note Holders in the first 3 months of the receivership in 2013.

Queries

If you have any queries about this correspondence or any other matters, please contact us using one of the following methods:

- Visit the GSI website: www.gsi.com.au
- Call the GSI Hotline: **1300 551 378**
- Email: GSI@linkmarketservices.com.au

Yours faithfully



Rupert Smoker
Director
The Trust Company (Nominees) Limited