

To the Note Holder as addressed

13 August 2014

Dear Note Holder

**Gippsland Secured Investments Limited  
(Receivers and Managers Appointed)  
ACN 004 860 057 (“GSI”)**

I refer to my appointment together with Simon Cathro as joint and several Receivers and Managers of GSI (**Receivers**) on 3 September 2013 and to previous correspondence from The Trust Company (Nominees) Ltd (**Trustee**) as trustee of the notes issued by GSI.

**Fourth interim distribution**

Please find enclosed a cheque for the fourth interim distribution paid to Note Holders in the Receivership. This payment represents **5 cents in the dollar** of your 19 July 2013 principal balance. All references in this letter to "cents in the dollar" are in respect of your 19 July 2013 principal balance.

After considering prior distributions, total returns paid are now **85 cents in the dollar** within 12 months of commencement of the Receivership.

This distribution has the support of the Note Holder Committee, following discussions at our meeting on 22 July 2014.

It is recommended that you bank the distribution cheque immediately.

**Sources of funds for this distribution**

This distribution has been predominately paid from the following asset realisations:

- The sale of the property owned by GSI at 119 Main St, Bairnsdale (GSI head office)
- The release of the amount held in escrow from the sale of the loan book
- Settlements of sales from the successful Paynesville Waterfront auction where those sales were on 60 day settlement terms
- The sale of units in unlisted unit trusts

**Sources of funds for future distributions**

We anticipate that future distributions will be predominately funded by the following:

- Settlements from the Riviera Properties Ltd and Paynesville Waterfront auctions where the sales were made on greater than 60 day settlement terms. A number of properties were sold “off the plan” and the timing of settlements is dependent on the completion of the required civil works
- Any net proceeds from the realisation of GSI’s portfolio of Collateralised Debt Obligations
- Any net proceeds of recovery actions brought against the Directors, related parties or GSI’s Auditors which are being evaluated based on a commercial analysis of potential recoveries

We continue to expect that the total returns to Note Holders on conclusion of the Receivership will be between **87 and 92 cents in the dollar**. Accordingly, future distributions are expected to be between **2 and 7 cents in the dollar**.

Given the nature of the funding sources, and the quantum and timing of future distributions are inherently uncertain, Note Holders will be notified of further distributions as funds become available.

### **Provision of information to Australian Taxation Office**

It has come to our attention that incorrect information regarding interest paid to Note Holders during FY14 was supplied to the Australian Taxation Office (**ATO**) by a third party service provider on 8 July 2014. This was first brought to the Receivers' attention on 21 July 2014 following a Note Holder query through the GSI hotline. On 22 July 2014, this information was withdrawn by the ATO at the Receivers' request.

The Receivers apologise for any inconvenience this may have caused the Note Holders of GSI.

We are further investigating the detail of the inaccurate disclosure to the ATO and will provide an update to Note Holders when further information is available.

### **Queries**

The Trustee and Receivers continue our commitment to open and transparent communication with the Note Holders throughout the Receivership process and will endeavour to update you again when further information arises.

If you have any further queries, you can:

- Visit the GSI website: [www.gsi.com.au](http://www.gsi.com.au)
- Call the GSI Hotline: 1300 551 378
- Email: [GSI@linkmarketservices.com.au](mailto:GSI@linkmarketservices.com.au)

Yours faithfully



Adam Nikitins  
Receiver and Manager  
Gippsland Secured Investments Limited  
(Receivers and Managers Appointed)