

24 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.

**Riviera Properties Ltd (RPL) Group auctions**

As previously communicated, the directors of RPL appointed Voluntary Administrators to a number of entities within the RPL Group on 11 December 2013. Subsequently, GSI took possession of property held by the affected entities on 16 December 2013 pursuant to GSI's security. Not all entities within the RPL Group are currently in Voluntary Administration.

An auction of 84 RPL properties occurred on 9 February 2014 in which a 100% clearance rate was achieved. Realisations for properties were in line with recent valuations instructed. While a number of sales were contracted on 30 and 60 day settlement terms, approximately 50% of sales by value were contracted with settlement terms exceeding six months. Other assets of the RPL Group secured by GSI are currently in the process of being realised.

Loans to the RPL Group comprise approximately 12% of GSI's loan book.

**Loan book sale**

We continue to progress the loan book sale, as well as investigating the alternative strategy of a loan book run-off in parallel in order to maximise returns and accelerate distributions to Note Holders. The Trustee and Receivers will consult with the Note Holder Committee when considering offers made for the loan book.

Realisations from the loan book will be the largest determinant of total Note Holder returns.

**Updated Note Holder returns guidance**

There has been a recent report in the East Gippsland local media in relation to the impact of the RPL auction on total Note Holder returns.

**We urge Note Holders to only pay attention to returns guidance provided by the Trustee or Receivers rather than other sources.**

The Trustee and Receivers currently reaffirm the previous guidance range of **80 to 90 cents** in the dollar. Refined returns guidance will be provided by the Trustee and Receivers after offers for the loan book are received which is expected to be in the first quarter of 2014.

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

Yours faithfully



**Rupert Smoker**  
**Director**  
**The Trust Company (Nominees) Limited**