

28 November 2013

[To the note holder as addressed]

Dear Note Holder

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

Information circular to Note Holders – details of a second interim distribution and update

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

Second Interim Distribution

As you are aware, an initial interim distribution to Note Holders was made on 4 October 2013, calculated based on the principal amount of your investment as at 9am on 19 July 2013, which was the time at which GSI's voluntary suspension became effective prior to the appointment of the Receivers.

We have determined that all future interim distributions (where possible) will be calculated based on the principal amount of your investment as at 9am on 19 July 2013.

We are now pleased to announce that a second interim distribution of **10 cents in the dollar** will be made to all Note Holders in December 2013.

You will receive the second interim distribution by cheque in the **week ending 20 December 2013**. Details of the calculation of your payment amount will accompany the cheque.

Any GSI Note Holders experiencing financial hardship can continue to make a claim for a partial early redemption of their investment. Please refer to the GSI website (www.gsi.com.au) or contact the GSI Hotline for details in relation to hardship applications.

Update on the Receivership strategy

As you may be aware, the Rescue Group announced on 19 November 2013 that it is no longer pursuing a recapitalisation of GSI.

As explained at the Note Holder information sessions on 9 October 2013, a key focus of the receivership has been to preserve a number of options to ensure we get the best outcome for all Note Holders.

Alternative receivership strategies now involve either or a combination of the following:

1. Sale of the loan book
2. A loan portfolio run-off

Our next step is to commence the loan book sale process by seeking expressions of interest. From our discussions with interested parties to date, we expect there to be a competitive loan book sale process.

If a loan book sale is determined to be the most effective outcome for Note Holders, the sale would likely occur in the first quarter of 2014. This will result in funds being returned to Note Holders sooner than if the loan portfolio run-off option was pursued. We will investigate the run-off alternative in parallel to the loan sale process to ensure that there continues to be options available to maximise returns to Note Holders.

The loan book sale process will assist us refine the estimated total return to Note Holders. At this stage we continue to maintain the expectation that the total return to Note Holders will be between **80 and 90 cents in the dollar**.

Note Holder committee established

We have formed the Note Holder committee as proposed at the information sessions held in October 2013.

The committee has been formed to represent the interests of the wider body of Note Holders. A charter setting out the purpose and format of the Note Holder committee is available on the GSI website. Details of committee members are available through contacting the GSI hotline (1300 551 378).

The Note Holder committee – consisting of 7 Note Holders – will meet with representatives of the Trustee and the Receivers and have the opportunity to provide feedback on the conduct of the receivership and issues facing Note Holders generally.

Discussions between the Trustee, Receivers and the Note Holder committee members are confidential. However, the commitment of the Trustee and Receivers to maintaining transparency to all Note Holders has not changed. Note Holders will be kept informed of progress in the receivership by updates to the GSI website and periodic circulars like this which will be sent to all Note Holders.

The first meeting of the committee is scheduled for Thursday, 12 December 2013.

By this time we expect to be in a position to provide the committee with an update on the loan sale process.

Queries

We continue our commitment to open and transparent communications with 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 contact us by:

- 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