

31 March 2015

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 Receiver and Manager of GSI (**Receivers**) and to previous correspondence from me and The Trust Company (Nominees) Ltd (**Trustee**) as trustee of the notes issued by GSI.

### **Fifth interim distribution**

A fifth interim distribution of **3 cents in the dollar** of principal balances at 9am 19 July 2013 will be paid to Note Holders in the **week commencing 20 April 2015**. This distribution is predominately funded from the settlement of lots sold at the Riviera auction made on twelve month terms after the successful completion of works to release the titles. After this and previous distributions, total returns in the Receivership will be **88 cents in the dollar**.

### **Public examinations**

The public examinations of GSI's directors and auditor concluded on 25 February 2015. After carefully assessing the examinations and the potential benefits, risks and costs of recovery actions against the directors and auditor, the Receivers elected not to pursue them at this time. On 27 March 2015 the Note Holder Committee was consulted in relation to the reasons for this and they concurred with the decision made.

We note that on 10 December 2014, the Australian Securities and Investments Commission issued an enforceable undertaking against GSI's auditor Joanne Loh in relation to her work on the GSI audit and Ms Loh's registration as an auditor was cancelled.

### **Future work of the Receivership**

The majority of work in respect to the Receivership is now concluded, however a number of matters remain outstanding:

- Three settlements on properties from the Riviera auctions as well as the conclusion of outstanding issues in relation to equities held and flows of funds
- Settlement of claims in respect to collateralised debt obligations
- Disposal of a small number of residual assets of GSI

### **Updated guidance**

The Receivers have updated their guidance in respect to total returns to Note Holders for the Receivership to be approximately **89 cents** in the dollar. Accordingly, future distributions are expected to be around **1 cent in the dollar**. The timing of the next distribution in the Receivership is uncertain as the receipt of funds is dependent on a number of events outside of the Receivers' control.

We note that previous total returns guidance issued to Note Holders was between 87 and 92 cents in the dollar. The upper end of the previous guidance range included higher estimated proceeds on asset sales than eventuated as well as projected returns from director and auditor actions which are no longer expected to be pursued. The revised total returns guidance of approximately **89 cents in the dollar** falls within the previously communicated range.

### Queries

The Trustee and Receivers continue our commitment to open and transparent communications with Note Holders throughout the Receivership process and will endeavor 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)