

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

Information circular for Note Holders - questions submitted for the October 2013 Note Holder information sessions

9 December 2013

A number of responses to questions submitted to the Trustee and the Receivers at or before the Note Holder information sessions were not provided during the sessions due to there being insufficient time. We have summarised these and provide written responses to each as follows:

Question: Would Note Holders receive a better rate of return if they were willing to wait longer?

Response: The rate and timing of returns to Note Holders will ultimately depend on the asset realisation strategy or combination of realisation strategies selected by the Trustee and Receivers. The asset realisation strategy ultimately selected will consider the return to Note Holders and the timelines of those returns.

Question: Will GSI continue to operate?

Response: GSI is insolvent and is not currently issuing new loans. Realisation strategies being contemplated by the Trustee and Receivers do not consider GSI issuing new loans in the future. Borrowers are not affected with all outstanding repayments expected as per loan agreements.

Question: Are distributions to directors and employees who hold outstanding loans being quarantined?

Response: There is no right of offset between loan accounts and Note Holder accounts except where previously agreed.

Question: Will the Receiver act to recover distributions to shareholders made while GSI made losses?

Response: Investigations into potential recoveries are ongoing. The pursuit of claims will be made on commercial grounds considering the potential costs, risks and returns for Note Holders. Distributions to shareholders is an area currently under review.

Question: Why were the Notes in GSI valued in full by the Department of Human Services?

Response: The Trustee and Receivers have worked with the Department of Human Services to amend the treatment of GSI notes. Correspondence from the Department of Human Services detailing these changes is provided on the GSI website (www.GSI.com.au).

Question: Will the Receivers be taking action to recover monies spent by GSI on the Federal Court ruling?

Response: Investigations into potential recoveries available to Receivers are ongoing. The pursuit of claims will be made on commercial grounds considering the potential costs, risks and returns for Note Holders.

Question: If GSI is no longer trading, please explain the 1 cent in the dollar in costs allocated to GSI internal costs?

Response: GSI is insolvent and is no longer issuing loans. This cost estimate is in respect to costs incurred in operating GSI's offices and retaining GSI's employees to manage GSI's loan book for the benefit of Note Holders.

Question: What are the nature and locations of properties owned by GSI?

Response: Three properties were owned directly by GSI:

- 119 Main St, Bairnsdale: GSI's headquarters
- 47 Agnes St, Jolimont: A residential property in East Melbourne
- 13-14 Neilson Court, Warragul: A vacant block of commercial land

Question: Will Note Holder Committee expenses be covered under the Receivership?

Response: Yes. Note Holder Committee members will be reimbursed for reasonable expenses incurred by them associated with travel for Note Holder Committee meetings.