



ANGAS SECURITIES LIMITED ABN 50 091 942 728
AUSTRALIAN FINANCIAL SERVICES LICENCE NO. 232 479

DEBENTURE HOLDER RUN-OFF UPDATE – 31 OCTOBER 2016

Since the investor meeting held on 11 August 2016, Angas has been working on various financial transactions to enable us to meet the Run-Off Proposal as amended. Broadly speaking, that work mostly involves the discharge of loan investments by the sale of properties held as security for those loans. It also involves the sale of properties owned by the Angas Commercial Property Trust. In many cases, Angas has taken possession of the properties held as security for loans and is making arrangements for their sale. Despite some smaller sales being completed since August, Angas is required (as part of the Run-Off) to maintain a cash buffer of \$5M and to distribute a capital sum in lieu of interest at the end of each month. Additional capital distributions are to be made when funds permit.

The following points are an overview of transactions and preparations made since the August meeting:-

- There have been two (2) property sales, with both broadly in line with the book value Angas had placed on the assets. One (1) has settled and the other is due to settle this week. In addition, one (1) loan has been paid out via refinance.
- Sale contracts have been executed on two (2) properties expected to settle prior to Christmas.
- There are five (5) properties in the loan portfolio which are under offer and moving towards contract.
- Sale contracts have been issued for two (2) of the three (3) major Angas Commercial Property Trust investments. As these assets are partially bank funded, most of the proceeds will retire bank debt with debenture funds to be released by sale of the largest asset in the portfolio.
- Some loans continue to be in good order and, at maturity, are expected to be refinanced with other lenders or simply repaid.

In addition to the Debenture Fund Run-Off, Angas continues to actively manage its two (2) Managed Investment Schemes being the Angas Prime Income Fund (APIF) and the Angas Contributory Mortgage Fund (ACMF). Together these Funds continue to underpin the Angas operations. Specifically, they provide income for the operating expenses for the broader business. As stated in the Explanatory Memorandum, Angas proposed that a wholly owned subsidiary (subject to the Trustee's charge) would be established to enable APIF and ACMF to be sold off for the benefit of debenture investors (if necessary). Steps towards that structure are being taken with the new subsidiary having been formed and an application having been made to ASIC for its Australian Financial Services Licence this month.

Clearly there is plenty of work in progress as Angas continues to redeem investor funds as part of the Debenture Fund Run-Off. It can be tedious; however, investors can rest assured that there is plenty happening behind the scenes to ensure a successful conclusion to the Run-Off and the best possible return to debenture holders. Subject to successful completion of property sale contracts, we expect to make additional distributions in either November, December or both.

Yours faithfully
Angas Securities Limited

Andrew Luckhurst-Smith
Executive Chairman

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