



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

DEBENTURE HOLDER RUN-OFF UPDATE 28 FEBRUARY 2017

Angas continues to lay the foundations for the sale of assets (properties) and the return of funds to investors. Below is a summary of events that occurred during the month of February. A more detailed report will be sent at the end of March outlining more 'case specific' details in relation to the Run-Off.

- There was one part payment of principal (approximately 40% of the loan balance).
- There were no new settlements during February; however, there has been some significant progress made in relation to executed sale contracts that will see funds flow back to investors over the coming months.
- All five individual allotments comprising the Mayfair precinct of Fernhill Estate in NSW have executed sale contracts with deposits paid. Aggregate sales of over \$5.5 million are nearly double the Trustee's valuation of \$2.8 million obtained about six months ago. All contracts are subject to Bio-Banking Agreement ("BA112"). This requires variation by the Office of Environment and Heritage ("OEH") so as to apply to each site. Angas has met all requirements of the OEH and approval is pending.
- An allotment from the Western precinct of Fernhill Estate has an executed sale contract for \$1.75M. The deposit has been paid. The sale is the subject of BA190 issued by OEH last December. It can settle as soon as BA190 has been registered on the title.
- Angas has executed a sale contract for a residential development property at Wellard in WA. The price of \$6.95 million vastly exceeds the Trustee's valuation of \$2.25 million obtained six months ago. Settlement is expected in May but is subject to due diligence by the purchaser.
- There is a small settlement currently booked for April in relation to the sale of a Garden Estate unit in SA.
- Three properties in the loan portfolio are currently under offer and/or in negotiation. One of these properties has multiple offers from numerous interested parties. They are all inching closer towards contract. Angas is negotiating for the best sale price and contract conditions.

Bio-banking is a New South Wales market-based biodiversity scheme. It is essentially an offsetting program whereby bio-banking credits are required to be purchased by developers and landowners to 'offset' the impacts of their respective activities and/or developments. Angas has obtained gross sales to date of circa \$14.3 million with another \$12.6 million in gross credits available based on current market prices. Angas regards bio-banking credits as a barometer of the commercial property market. In 2015, market activity was strong and sales of bio credits by Angas were substantial. In 2016, bio-banking sales were benign corresponding with general lack of activity in the commercial property market. I am heartened by significant recent interest in bio-banking credits. This corresponds with activity in the debenture funded loan portfolio that has been witnessed in the first two months of 2017.

Yours faithfully
Angas Securities Limited

Andrew Luckhurst-Smith
Executive Chairman

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