



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

1 May 2018

MARKET UPDATE AS TO PROGRESS OF DEBENTURE RUN OFF

The debenture fund in Run Off comprises loan assets (principal and accrued interest & fees), collateral security, direct property investments, two outstanding court actions, several judgments held against guarantors which are being met, sundry receivables and, if required, the potential sale of the Managed Funds businesses. Market forces drive the pace and size of asset realisations. Sale prices achieved by Angas to date have been broadly in line with book value. Each transaction has exceeded the valuation obtained by The Trust Company Limited ("Trustco") where applicable.

1. THE CURRENT STATUS OF THE LOAN PORTFOLIO

The hoped for pick up in the Western Australian property market seems to have begun. This has seen real competition amongst potential buyers for a number of properties controlled by Angas. Consequently, there have been several sales contracts entered into.

- 1.1. The Eco Village Lot 12 at the Currumbin Valley was the last loan asset held by Angas in Queensland. By obtaining planning consent for residential use from Gold Coast City Council, Angas enhanced the sale price to 180% of Trustco's valuation.
- 1.2. An inner city Perth property has been sold on cash, unconditional terms for \$5.0M with the approval of the Loans Realisation Committee ("LRC"). It is booked to settle late next month.
- 1.3. A conditional contract for \$6.5M has now been signed for sale of an absolute beachfront development site following consultation by Angas with the LRC. The purchaser must now undertake due diligence. Angas understands that the proposed residential development will include a tavern as mandated for the site by the City of Rockingham.
- 1.4. A retail development site in metropolitan Perth is likewise under conditional contract at a price of \$6.0M with deposit paid. The purchaser is a long established Perth developer which has commenced due diligence. Angas understands that the take up of new housing in the vicinity is ahead of demographic projections. This is supportive for a supermarket, pharmacy or small retail, all of which are approved uses for this site by the City of Swan.
- 1.5. A major residential development site south of Perth continues to attract interest from credible parties. Meanwhile, Angas has finished scientific testing at the site which abuts residual agricultural uses. The results give Angas a proper basis for having an odour buffer on the site extinguished or greatly reduced. This would permit more intensive housing development on site which will increase the underlying land value substantially and encourage buyer interest.

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1.6. The NSW Minister for Planning has entered into a contract to purchase the Fernhill Central precinct from the ACMF Syndicate for \$27.25M. The Minister has paid a deposit of 10% of the sale price and settlement will take place in June subject to release of a charge by Trustco. The sale proceeds will discharge the ACMF loan with the balance available for distribution to debenture investors. Settlement is expected to take place prior to the date of the next scheduled distribution.

2. OTHER RECENT DEVELOPMENTS

On 29 March 2018 Angas received an unexpected claim for legal costs allegedly incurred by Trustco dating back to 2014. Invoices had been raised without itemisation. Some invoices were for amounts Angas had already paid. Other invoices were for disputed cost claims still before the Federal Court awaiting adjudication. Angas has responded to Trustco setting out a series of questions about these cost claims which were not raised with investors at the meetings held over the last three years.

Yours faithfully
Angas Securities Limited



Andrew Luckhurst-Smith
Executive Chairman