



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

30 October 2018

MARKET UPDATE AS TO PROGRESS OF DEBENTURE RUN-OFF

The Angas Securities first ranking debenture fund continues in Run-Off. Asset realisations to date have been at prices broadly in line with book value. Each transaction to date has exceeded any applicable valuation obtained by The Trust Company Limited ("Trustco"). \$130,952,502 has been distributed by Angas Securities to debenture investors during the Run-Off as at 30 September 2018 when the most recent distribution was paid. Of this total sum, \$121,940,490 represents debenture principal redeemed. The board and management of Angas Securities remain dedicated to achieving the best possible return for debenture investors.

1. CURRENT LOAN PORTFOLIO DEVELOPMENTS

- 1.1. Fernhill Eastern Precinct, Western Precinct and bio credits remain for sale. These assets are projected to produce significant returns to debenture investors over the balance of the Run-Off. Angas Securities is in negotiation to sell Eastern Precinct. Steps are being taken to split Western Precinct into two land parcels with DA approval for this subdivision recently granted by Penrith City Council. New Biobanking Agreements 411 & 412 have been released by the NSW Office of Environment & Heritage which are estimated to realise net proceeds of \$13,637,667 once released for sale.
- 1.2. Angas is mortgagee in possession of a 15.256 hectare residential development site at Wellard WA which has a notional lot yield of 210 residential titles, subject to an "Urban Deferred" restriction being lifted. This is the subject of an application by Angas Securities to the Western Australian Planning Commission ("WAPC") to vary or remove an odour buffer. Meanwhile, Stockland Group has purchased a 330 hectare site to the immediate south which included livestock holding yards from which any such odour may emanate. Stockland Group has announced its intention to build 3,700 homes on its newly acquired holding. Angas will receive considerable uplift in the value of this land if the WAPC application is resolved in its favour. Angas has adduced supportive scientific testing analysis to WAPC.
- 1.3. A sale contract with an agreed price of \$6.0M for a property in Dayton, WA has been executed. The purchaser's conditions have been met and the sale is due to settle next month. A caveat for road resumption lodged by City of Swan has been the cause of delay until now.
- 1.4. Angas has executed a conditional contract for sale of a high rise beachfront development site at Safety Bay WA. The purchaser could not obtain a favourable response from City of Rockingham and has withdrawn from the deal.
- 1.5. Angas has received an offer to buy the freehold Crown Marina site in metropolitan Adelaide. Negotiations are continuing within parameters approved by the Loan Realisation Committee.

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2. GENERAL MATTERS

2.1. Review of Half Year Accounts – Note Amended Conciliation Date

Angas Securities filed Half Year Financial Statements on 15 April 2018 prepared in accordance with AASB but not subject to external review by the auditor. ASIC has rejected the application by Angas Securities for relief under section 340 of the Corporations Act to dispense with the requirement for external review. An application to review ASIC's refusal has been lodged with the Administrative Appeals Tribunal. Reference was made in an announcement dated 8 October 2018 as to the date set for a conciliation to attempt to resolve the request by Angas Securities to review ASIC's decision. The Administrative Appeals Tribunal has rescheduled the date of the conciliation to 13 December 2018.

2.2. Re-structure of Managed Investment Schemes

In October 2016, an application for an Australian Financial Services Licence was lodged with ASIC by Angas Mortgage Management Limited ("AMML") to enable it to become the new Responsible Entity of the two Managed Investment Schemes currently operated by Angas Securities. The terms of the Trust Deed were amended by debenture investors last year to address matters intended to facilitate the process. The application still remains unresolved. Angas Securities has consistently stated that it will be in the best interests of its debenture investors if Angas Prime and Angas Direct can be structurally removed to a wholly owned subsidiary and become an asset on the Angas Securities Balance Sheet. ASIC has been requested by AMML to make a finding on the application.

2.3. Ongoing Debenture Redemptions

Under the terms of the Run-Off, Angas Securities will pay redemptions as funds permit but not less than the end of each quarter in any event. Beyond this general guidance, Angas Securities is unable to be definitive as to how much can be paid in specific redemptions and when any additional payments will be made. Asset realisations are driven by market forces. Angas Securities will provide ongoing guidance as material developments occur.

Yours faithfully
Angas Securities Limited



Andrew Luckhurst-Smith
Executive Chairman