



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

30 April 2018

Market Update-Angas Mortgage Management Limited-AFS Licence Application

On 27 October 2016 an application was lodged with ASIC by Angas Mortgage Management Limited ('AMML') for an Australian financial services licence ('AFSL') to facilitate sale of the two Managed Investment Schemes, if required, as part of the Run Off of the Angas Securities Limited ('Angas') debenture business. In considering that Application over the last eighteen months, ASIC expressed concern that the proposed form of guarantee that AMML may be required to provide in connection with the debentures issued by Angas (the 'AMML Guarantee') would result in AMML failing to meet the financial requirements of its proposed AFSL.

AMML has provided to ASIC its grounds as to why the AMML Guarantee does not result in AMML failing to meet the financial requirements under its proposed AFSL. AMML has requested ASIC to provide AMML with the opportunity to discuss with ASIC the reasoning behind ASIC's view or to have the Federal Court make orders in connection with the proper interpretation of the Class Order.

AMML contends that the form of the proposed AMML Guarantee is consistent with the requirements of the Angas debenture trust deed, including amendments specifically approved by debenture holders at the August 2017 debenture holder meeting. ASIC was represented in the Federal Court on 1 September 2017 when amendments to the Angas debenture Trust Deed were considered. The Federal Court orders included approval of the AMML Guarantee together with a direction pursuant to section 283HA of the *Corporations Act 2001* (Cth) and section 63 of the *Trustee Act 1925* (NSW) that the Trustee is justified in proceeding on the basis that the making of the amendments to the Trust Deed approved by the Extraordinary Resolution of Debenture Holders accords with its duties under the Trust Deed, the Corporations Act and at law.

These amendments were approved in circumstances where the Angas debenture holders had approved the Run Off that expressly contemplates the restructure of the fund management business (including transferring operation of that business to AMML). If AMML is not granted an AFSL, it may be harder for Angas to implement the restructure approved by its debenture holders.

ASIC advised AMML's lawyers on 18 April 2018 that it has declined to approve the AMML Guarantee in the form proposed. It does not accept the limitation on the AMML Guarantee. ASIC has declined AMML's suggestion to seek Federal Court guidance. Angas is reviewing the detailed reasons given by ASIC in its confidential response. It is likely that a challenge to the ASIC administrative ruling would be in the best interests of the Run Off in order to proceed with the funds management re-structure. Nothing arising from the ASIC ruling impacts on the ability of Angas to conduct funds management business to generate revenue to support the Run Off.

Natalie Gatis
General Counsel & Company Secretary
Angas Securities Limited

ADELAIDE
Level 14, 26 Flinders Street, Adelaide SA 5000
GPO Box 2948, Adelaide SA 5001
Ph [61 8] 8410 4343 Fax [61 8] 8410 4355

SYDNEY
3 Spring Street, Sydney NSW 2000
Royal Exchange, PO Box R1835, Sydney NSW 2001
Ph [61 2] 9259 0777

PERTH
Suite 12, 448 Roberts Road, Subiaco WA 6008
PO Box 1602, Subiaco WA 6904
Ph [61 8] 9380 4983 Fax [61 8] 9380 4480

Email reception@angassecurities.com

Web www.angassecurities.com

Investor Service Line 1800 010 800