



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

12 July 2018

MARKET UPDATE AS TO PROGRESS OF DEBENTURE RUN-OFF

The Angas Securities first ranking debenture fund continues in Run-Off. Progress has been steady since the last market guidance. Asset prices to date have been broadly in line with book value. Each transaction to date has exceeded any applicable valuation obtained by The Trust Company Limited ("Trustco"). The Perth property market has improved this year in line with expectations. The board and management of Angas Securities remain dedicated to achieving the best possible return for debenture investors.

1. THE CURRENT STATUS OF THE LOAN PORTFOLIO

- 1.1. One partial loan repayment was made during May 2018 from the sale by Angas Securities of a commercial development site at Newcastle Street, West Perth WA for \$5.0M.
- 1.2. The New South Wales government completed its purchase of the Fernhill Central precinct from members of the Angas Contributory Mortgage Fund syndicated loan in June 2018. Debenture holders received benefit from the excess funds generated by the sale proceeds in addition to Angas debenture funds that formed part of the syndication. The debenture loan component invested in Fernhill Central was cleared by this sale.
- 1.3. 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.
- 1.4. 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 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.
- 1.5. 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.
- 1.6. Angas has executed a conditional contract for sale of a high rise beachfront development site at Safety Bay WA.

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

2. GENERAL MATTERS

2.1. Review of Half Year Accounts

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. There will be a conference held on 25 July 2018 to make arrangements to hear and determine the request by Angas Securities to review ASIC's decision.

2.2. Re-structure of Managed Investment Scheme

The application lodged by Angas Mortgage Management Limited to become the new Responsible Entity of the two Managed Investment Schemes remains unresolved. Angas Securities has consistently stated that it will be easier to market Angas Prime and Angas Direct for sale to a third party operator if they can be structurally removed from the Angas Securities Balance Sheet. ASIC advises that it is still unwilling to accept the proposed form of guarantee. ASIC has suggested a possible alternative approach to the Net Tangible Asset issue.

2.3. Debenture Redemptions Paid to FY18 Year End

Since the last market update, Angas Securities has paid redemptions on 31 May 2018 and 30 June 2018. Redemptions distributed to debenture investors to date total 55 cents in the dollar. 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.

Yours faithfully
Angas Securities Limited



Andrew Luckhurst-Smith
Executive Chairman