



26 March 2015

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

Update to investors

Angas Securities has experienced one of the toughest trading periods in its 15-year history.

Recent financial results have been poor and our lending performance in a challenging business environment has caused the company to confront some significant issues. For the most of the last three years we have been the focus of extra scrutiny from the trustee. In the meantime, we have worked through realisation of a number of non-performing loans to property developers, some of them prominent on the national stage.

Our most recent result, the half year to December 31 2014, was affected by over \$3 million in provisions for suspended loans, significant costs associated with the trustee's independent business review and an internal assessment relating to the recoverability of the company's deferred tax asset which resulted in a tax adjustment of approximately \$2 million.

You may notice commentary online or in the media about Angas in coming days.

With that attention may come analysis about the state of the company's balance sheet, informed or uninformed, or even personal attacks on members of the management team. The balance sheet shows that despite a number of issues, the company remains strong at its core asset base.

At balance date, Angas held \$230 million in debenture funds secured by \$244 million of assets. The company's debentures cover \$184.3 million of the mortgage book which is supported by provisions, together with \$22.5 million in real property and the balance in cash

The work on the suspended loans is beginning to see some solid results.

In the three months since balance date, Angas has signed contracts over a number of the non-performing loans that will mean they are either to be refinanced or the supporting property is to be sold to clear the loans. These contracts account for approximately \$27.5 million of the \$69 million in non-performing loans on Angas's books. Three of the four sales were above valuation.

But there is still a large amount of work ahead for the Angas team.

The workouts with property developers are slow and methodical. The company's two managed investment schemes are growing and producing healthy inflows for the company. Perpetual Trustee's decision to complete its exhaustive review of the company has resulted in a number of ongoing reporting protocols which Angas continues to adhere to.

The message received by the Angas Board is that we must always be alert to alternatives to improve the Angas business model for the benefit of investors. We understand that things need to change. Our job is to ensure the business has the structure and focus to ensure an expedited return to profitability.

We look forward to updating you on the results of our review and deliberations in coming weeks.

Sincerely

Andrew Luckhurst-Smith
Executive Chairman
Angas Securities Ltd

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
Level 10, 19-31 Pitt Street, Sydney NSW 2000
Royal Exchange, PO Box R1835, Sydney NSW 2001
Ph [61 2] 9259 0777 Fax [61 2] 9259 0788

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

GOLD COAST
Suite 54, 1 Harbour Avenue, Robina QLD 4226
PO Box 5116, Robina Town Centre QLD 4230
Ph [61 7] 5578 9311 Fax [61 7] 5593 2422

Email contact@angassecurities.com

Web www.angassecurities.com

Investor Service Line 1800 010 800

ANGAS SECURITIES LIMITED