



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

22 February 2019

MARKET UPDATE ON CONTESTED CIVIL PROCEEDINGS UNDERWAY

The following disclosure is made concerning recent developments arising in proceedings brought against Angas Securities in South Australia and New South Wales respectively.

1. CLAIMS BROUGHT OR INSTIGATED BY JAMES MICHALAKAS – STILL UNRESOLVED

1.1 James Michalakas v Angas Securities - District Court of South Australia No 2376 of 2012

This District Court proceeding was brought by James Michalakas in November 2012 in respect of losses allegedly incurred by Mr Michalakas after his companies, Garden Estate Christies Pty Ltd and Garden Estate Hackham Pty Ltd, were placed into receivership. These companies controlled residential estates at Christies Beach and Hackham, SA. Each company had relied on Angas Securities for funding to purchase the properties. The proceeding was dismissed by Master Norman on 4 April 2013 who made an order for costs in favour of Angas Securities on 13 March 2018.

On 12 September 2018, Judge Bochner of the District Court dismissed an appeal brought by James Michalakas against the costs order made in favour of Angas Securities by the Master. Mr Michalakas wished to appeal against this ruling to the Supreme Court. As the costs ruling has already been the subject of an appeal, he requires leave of the Supreme Court to bring a further appeal. An application for leave to appeal was issued by James Michalakas on 10 October 2018 but has not been pursued. Angas Securities will seek to have its costs order enforced against James Michalakas.

1.2 Garden Estate Hackham Pty Ltd & Garden Estate Christies Pty Ltd v Angas Securities, Duncan and Powell – Supreme Court of South Australia No 1215 of 2016

On 21 September 2016, proceedings were issued by James Michalakas in the name of the two companies which borrowed money from Angas Securities to acquire the residential estates at Hackham and Christies Beach. The proceedings were served on Angas Securities one year later. Angas Securities disputes that Mr Michalakas has the legal capacity to sue in the name of these companies as each is in receivership. Earlier proceedings brought by his wife as a director of each company were struck out by the Supreme Court. A Full Court appeal brought by Mrs Michalakas was dismissed.

On 25 January 2018, the Statement of Claim was struck out. Successive redrafts of the Statement of Claim were put forward on 20 April 2018, 1 May 2018, 18 May 2018, 4 June 2018, 17 July 2018 and 18 July 2018. The latter version was considered by Justice Blue who ruled on 5 September 2018 that certain parts of that version of the Statement of Claim be disallowed as it sought to introduce a new cause of action out of time. The borrower companies applied for leave to bring an appeal against the pleading rulings made by Justice Blue. Leave was refused by the Full Court on 21 December 2018. The matter now returns to Justice Blue for further directions on 7 March 2019. The proceedings will be vigorously defended by Angas Securities on substantive grounds in any event.

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. CLAIM BROUGHT BY WARREN ANDERSON FAMILY TRUST – REMAINS STAYED

2.1. MCDS Group Nominees Pty Ltd v Angas Securities, Duncan and Powell – Supreme Court of NSW No 193433 of 2016

Owston Nominees No 2 Pty Ltd (In Liquidation) (Receivers and Managers Appointed) ("Owston") as trustee of the Warren Anderson Trust borrowed funds from Angas Securities. Owston defaulted on the loan. Messrs Duncan & Powell were appointed Receivers and Managers. Owston was wound up on 12 November 2010. Despite being an undischarged bankrupt, Mr Anderson purported to remove Owston as Trustee of the Warren Anderson Trust and appoint MCDS Group Nominees Pty Ltd ("MCDS") as Trustee. MCDS commenced proceedings against Angas Securities on 24 June 2016.

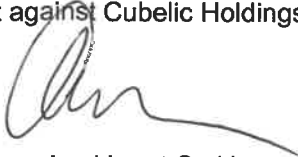
On 13 October 2016 Justice Darke made an order that certain MCDS caveats be removed. Angas Securities then applied for an order that MCDS provide security for its costs. The sole director of MCDS (Mr Anderson's daughter) gave evidence that the Warren Anderson Trust has no capacity to pay the money sought as security for costs. On 25 November 2016 Justice Rein stayed the action until MCDS paid the sum of \$305,000 into Court.

On 21 December 2017, MCDS paid \$305,000 into Court. The proceedings remain stayed. It is now up to MCDS to take a further step in the proceedings. None has been taken. Angas Securities holds certain costs orders against MCDS which it will now seek to enforce.

3. CLAIM BROUGHT BY CUBELIC HOLDINGS PTY LTD – NOW RESOLVED

3.1 Cubelic Holdings Pty Ltd v Angas Securities – Supreme Court of NSW No 258682 of 2017

The Company seeks to provide a further update on previous NSX Market Updates in respect of Supreme Court of New South Wales proceeding number 2017/00258682 involving Cubelic Holdings Pty Ltd and Angas Securities Ltd and relating to Fernhill Estate. Further to the statements made in previous updates issued by the Company, the Company advises that it withdraws all allegations made by it against Cubelic Holdings Pty Ltd and Paul Cubelic.



Andrew Luckhurst-Smith
Executive Chairman
ANGAS SECURITIES LTD