



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

25 February 2019

**ANNUAL GENERAL MEETING – FINANCIAL YEAR ENDED 30 JUNE 2018 (FY18)**

The FY18 General Meeting will be held on Friday, 15 March 2019 at the registered office of Angas Securities Limited, Level 14, 26 Flinders Street, Adelaide at which the FY18 Financial Statements will be presented and other matters presented for consideration.

The Notice of General Meeting is attached.

Natalie Gatis  
Company Secretary  
Angas Securities Ltd

Enc: Notice of Meeting

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## CHAIRMAN'S LETTER

Dear Shareholder

### NOTICE OF SPECIAL MEETING AND ANNUAL GENERAL MEETING

Angas Securities Limited is convening a Annual General Meeting and a Special Meeting of shareholders on 15 March 2019 and we invite you to attend. The Meeting will be held at the registered office of Angas, Level 14, 26 Flinders Street, Adelaide at 9.30am (ACST). Registration will be available from 9.00am (ACST).

I draw your attention to the Company's Financial Statements for the financial year ended 30 June 2018 (Annual Report). As set out in the Annual Report, the Company's debenture fund entered Run-Off whereby all available assets have been sought to be realised so that debenture principal could be returned to debenture holders. The progress of the realisation of assets together with challenging market conditions has resulted in the Company determining that it will not be able to meet its repayment obligation by 30 June 2019. The Company believes that it is in the best interests of the debenture holders to present them with a fresh realisation strategy. A proposal is being developed by the Company that is the most efficient and cost-effective way to restructure the debenture business. The Resolutions included in the Notice of Meeting form the first step towards the proposed restructure.

The business of the Special Meeting and Annual General Meeting is to eliminate most classes of shares, which are not ordinary shares, and convert them to ordinary shares. This affects your shareholding, so your vote is important. Shareholders who cannot attend the Meeting may appoint a proxy to attend and vote on their behalf. To do this, you should complete and return the Proxy Form enclosed with this Notice of Meeting so that it is received by our office by 9.30am (ACST) on Tuesday 12 March 2019. Details of how to submit the Proxy Form are included with the form.

Yours sincerely



**Andrew Luckhurst-Smith**  
EXECUTIVE CHAIRMAN  
ANGAS SECURITIES LIMITED

**ANGAS SECURITIES LIMITED  
ACN 091 942 728**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that an annual general meeting of shareholders of Angas Securities Limited (Angas or the Company) will be held on Friday, 15 March 2019 commencing at 9.30am (ACST) at Angas Securities Limited, Level 14, 26 Flinders Street, Adelaide for the purpose of transacting the business set out below.

**BUSINESS OF THE MEETING**

**1. FINANCIAL STATEMENTS AND REPORTS**

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2018.

**2. ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That the Remuneration Report contained in the Company's 2018 Annual Report be adopted."*

**Note:**

In accordance with section 250R(3) of the Corporations Act 2001 (Cth), this resolution is advisory only and does not bind the Directors or the Company.

**3. ELECTION OF DIRECTOR**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Randal Williams be elected as a Director of the Company."*

**4. SELECTIVE REDUCTION OF CAPITAL**

To consider and, if thought fit, to pass the following resolutions as special resolutions:

*"That subject to the Special Resolution being passed at the Special Meeting of Redeemable Preference Series 3 Shareholders, the Company reduce its share capital by way of a selective capital reduction in accordance with section 256C(2) of the Corporations Act, approval is given for:*

- a) Cancelling the RPS 1 shares, RPS 3 shares and 4 million of the RPS 2 shares on issue by the Company; and*
- b) issuing new ordinary shares to each person who is a registered holder of Redeemable Preference Shares Series 1 (RPS 1) and Redeemable Preference Shares Series 3 (RPS 3) at the face value being \$1 per share in consideration for the cancellation of RPS 1 and RPS 3 shares."*

**Note:**

In relation to Resolution 4, the Company is required to hold three separate meetings, being:

- a) Annual General Meeting at 9.30am. RPS 3 holders are welcome to attend the Annual General Meeting but cannot vote on the Resolutions. The Annual General Meeting is for the Ordinary Shareholders of the Company (excluding any Redeemable Preference Shareholders), to seek their approval for Resolution 4a) the cancellation of the RPS 1, RPS 2 and RPS 3 Shares by way of a selective capital reduction.

- b) A Special Meeting of Ordinary Shareholders will be held immediately after the Annual General Meeting to seek approval of Resolution 4 b) to issue new ordinary shares to RPS 1 and RPS 3 holders in consideration for the cancellation of RPS 1 and RPS 3 shares. The Special Meeting is for Ordinary Shareholders only. The creation or issue of further shares ranking equally with the shares of any class shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to vary the rights conferred upon the existing holder of the shares of that class. Rule 10 of the Company's constitution requires consent of the Ordinary Shareholders of at least 75% of the issued shares in a class before any rights attached to shares in that class may be altered.
- c) A Special Meeting of RPS 3 holders will be held at the conclusion of the Special Meeting of Ordinary Shareholders. The selective capital reduction can only proceed if Resolution 4 b) is approved at a Special Meeting of RPS 3 holders.

Section 256C(2) of the *Corporations Act 2001* (Cth), requires the Company to disregard any votes cast in favour of the resolution at the Annual General Meeting by any ordinary shareholder if the shareholder, or an associate of the shareholder, holds RPS 3 shares.

By order of the Board



Natalie Gatis  
Company Secretary

21 February 2019

## EXPLANATORY NOTES

This Explanatory Note has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting and Special Meetings in relation to each of the proposed Resolutions in the Notice of Meeting.

### 1. FINANCIAL STATEMENTS AND REPORTS (AGM)

In accordance with the requirements of the Corporations Act 2001 (Cth), the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2018 (together the Annual Report) will be tabled at the Meeting. The Annual Report may be accessed on our website at [www.angassecurities.com.au/about-us/](http://www.angassecurities.com.au/about-us/).

Shareholders will be given a reasonable opportunity at the Meeting to ask questions or make comments on the management of the Company.

Shareholders may also submit written questions to the Company's auditor if the question is relevant to the content of the Auditor's Report, or the conduct of the audit for the Annual Report. Questions can be submitted by electronic lodgement to [natalie.gatis@angassecurities.com](mailto:natalie.gatis@angassecurities.com) by no later than 5.00pm (ACST) on 7 March 2019.

### 2. ADOPTION OF REMUNERATION REPORT (AGM)

In accordance with section 250R(2) of the Corporations Act 2001 (Cth), shareholders are asked to adopt the Remuneration Report for the financial year ended 30 June 2018. The Remuneration Report, which forms part of the Directors' Report, can be found in the Company's 2018 Annual Report (on page 6) which is available on our website at [www.angassecurities.com.au/about-us/](http://www.angassecurities.com.au/about-us/).

A reasonable opportunity for discussion of the Remuneration Report will be provided at the Annual General Meeting.

The Corporations Act 2001 (Cth) requires the Company to put a non-binding resolution to its ordinary shareholders to adopt its Remuneration Report. In line with those requirements, this vote will be advisory only and does not bind the Company or its Directors. However, the Board will take the outcome of this vote into consideration.

#### Recommendation

The Board recommends that ordinary shareholders vote in favour of adopting the Remuneration Report for the financial year ended 30 June 2018.

#### Voting Exclusion Statement

A voting exclusion applies to this resolution, which is set out in the Notice of Annual General Meeting under Resolution 2.

### 3. ELECTION OF DIRECTOR (AGM)

The Board appointed Mr Randal Williams as a Director of the Company with effect from 1 March 2019. In accordance with rule 64 of the Company's Constitution, Mr Williams offers himself for election at the Annual General Meeting. The biographical details of Mr Williams are as follows:

Mr Randal Paul Williams  
Independent Non-Executive Director

*Skills and experience:*

Mr Williams brings extensive executive experience in management of the La Trobe Australian Credit Fund of La Trobe Financial Group, together with his strong legal and compliance background and strategic and risk management skills.

**Former directorships and offices held:**

- Chief Lending Officer, La Trobe Financial
- Chief Wealth Management Officer, La Trobe Australian Credit Fund
- Chief Legal Counsel and Company Secretary, La Trobe Financial

**Recommendation**

The Board recommends that ordinary shareholders vote in favour of the election of Mr Williams as an Independent Non-Executive Director of the Company.

### 4. SELECTIVE REDUCTION OF CAPITAL (AGM AND SPECIAL MEETINGS)

This Resolution has been proposed to obtain shareholder approval for a transaction in which the Redeemable Preference Shares Series 1, Redeemable Preference Shares Series 2 and Redeemable Preference Shares Series 3 (together RPS Shares) will be cancelled through a selective capital reduction.

**BACKGROUND**

In accordance with the Run-Off, the Company is required to run-off its mortgage debenture business by 30 June 2019. In May 2018, the Loans Realisation Committee (LRC) requested Angas to provide a briefing to the LRC at the September 2018 meeting concerning the intentions of the directors if it was considered likely to be insufficient time to realise all the residual assets in the legacy debenture fund by 30 June 2019. This briefing was provided, and Angas subsequently compiled a formal written proposal for the LRC outlining options being considered by its board and management. Angas directors subsequently met with representatives of the debenture trustee, Trust Company (Trustco) on 30 October 2018 and 14 December 2018. Whilst these discussions will continue, neither Angas nor Trustco favour a further extension of the Run-Off. The preferred course is to develop a mechanism which will preserve the assets for debenture investors whilst retiring Trustco and the financial burden of the Run-Off.

As a result of several settlements occurring post 30 June 2018, the projected cashflow from the Run-Off has been adjusted downwards. Angas considers it unlikely that the shortfalls relating to these settlements will be offset by any uplift from sale of other assets. The Directors have concluded that a restructure proposal is the preferred option and in the best interests of the shareholders of Angas.

**REASONS FOR CANCELLATION OF REDEEMBLE PREFERENCE SHARES**

**Redeemable Preference Shares Series 1 (RPS 1)** are fully paid unsecured preference shares in the capital of the Company. In 2015, pursuant to the Terms of Issue of RPS 1 and the Constitution, the Company converted 6,449,000 RPS 1 into 6,245,000 fully paid ordinary shares. RPS 1 were issued at an issue price of \$1.00 each. There are 204,000 RPS 1 shares that remain on issue in the capital of the Company and are held by one RPS 1 holder.

**Redeemable Preference Shares Series 2 (RPS 2)** were issued pursuant to a Private Placement Agreement dated September 2011. RPS 2 carry no voting rights except in limited circumstances as outlined in the Private Placement Agreement. RPS 2 rank in priority to all ordinary shares but are unsecured and subordinated to all fixed interest (debenture) securities holders and creditors to Angas. RPS 2 terms of the issue expire on 31 January 2021. RPS 2 were issued at an issue price of \$1.00 each. There are 5,000,000 RPS 2 shares on issue. The RPS 2 shares are not listed on any Exchange. All RPS 2 shares are held by one holder. Under the Terms of Issue, 4,000,000 of the RPS 2 are proposed to be cancelled with nil consideration.

**Redeemable Preference Share Series 3 (RPS 3)** are fully paid unsecured preference shares in the capital of the Company. The RPS 3 were issued by Angas under its Constitution and on the terms set out in the 2012 Prospectus. The RPS 3 were issued primarily to retail investors in Australia. 841,000 RPS 3 were issued at an issue price of \$1.00 each. RPS 3 are subordinated to fixed interest (debenture) securities but will rank ahead of ordinary share capital and any external funding facility. RPS 3 holders have limited voting rights as set out in the 2012 Prospectus. There are currently 38 holders of 841,000 RPS 3 shares.

The small number of holders of the RPS Shares result in a disproportionately high cost to the Company in administering this class of shares. The Board has determined that the Company's RPS Share structure creates cost and complexity for the Company and as such it has decided that it is in the best interests of the Company to cancel the RPS Shares on issue through a selective reduction of capital.

In addition to its own enquiries, the Board has received professional advice that the selective capital reduction of the RPS Shares is appropriate.

#### **Why are we seeking shareholder approval?**

Under the Corporations Act, any selective capital reduction in respect of the RPS Shares requires the approval of the Company's shareholders. If approved, the capital reduction is proposed to be conducted and implemented by April 2019.

### **ISSUE OF NEW ORDINARY SHARES**

#### **Summary of the Capital Reduction**

The Company will issue ordinary shares of equal face value to the holders of RPS 1 and RPS 3 in consideration for the cancellation of their shares. The new shares created for the RPS 1 and RPS 3 holders will rank equally with those of ordinary shareholders in the Company. 4,000,000 RPS 2 shares will be cancelled for nil consideration.

#### **The financial effect of the Capital reduction on the Company**

The capital reduction will result in the cancellation of 204,000 RPS 1 shares, 841,000 RPS 3 shares and 4,000,000 RPS 2 shares. After the capital reduction is effected, the Company will have no RPS 1 and RPS 3 shares on issue. The selective capital reduction allows the Company flexibility with regard to its restructure proposal. Subject to support by debenture holders of the restructure proposal, Angas will continue to realise the assets of the legacy debenture business and manage its two mortgage trusts, Angas Prime and Angas Direct.

#### **What are the advantages of approving the selective capital reduction?**

If approved, RPS 1 and RPS 3 holders will receive ordinary shares and therefore an ongoing interest in the Company's management of its mortgage trusts, Angas Prime and Angas Direct. The approval will be a step toward the Company's proposed restructure. It will provide the Company flexibility to continue to realise the assets of the debenture business and manage its two mortgage trusts, Angas Prime and Angas Direct.

**What are the disadvantages of approving the selective capital reduction?**

The Company will cancel the RPS Shares and issue new ordinary shares of equal face value in consideration of RPS 1 and RPS 3 shares cancelled. 1,045,000 of new ordinary shares will be issued to the holders of RPS 1 and RPS 3. The RPS 1 and RPS 3 holders will have the same rights as the ordinary shareholders. The selective capital reduction will result in a dilution of the current ordinary shareholders interest in the Company by 8.69%.

If the selective capital reduction is not approved by shareholders, the RPS 1 and 3 shares will remain as a debt on Angas' balance sheet. In those circumstances, the Company will be required to consider another mechanism in respect of the restructure proposal. This may result in the external administration of the Company and subsequently loss of full investment value of shares held in Angas.

**Directors' interests**

No Director of the Company has an interest in the RPS Shares.

**Corporations Act**

Under section 256B of the Corporations Act, the Company may only reduce its capital if:

- a) It is fair and reasonable to members as a whole;
- b) It does not materially prejudice the Company's ability to pay its creditors; and
- c) It is approved by members in accordance with section 256C of the Corporations Act.

Sections 256C of the Corporations Act requires that a selective reduction be approved by a special majority of the Company's shareholders passed at an annual general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction, or by their associates. As the capital reduction involves a cancellation of shares, the reduction must also be approved by a special resolution passed at a meeting of the members whose shares are to be cancelled.

The Directors consider that the capital reduction:

- a) is fair and reasonable to the Company's members as a whole; and
- b) will not materially prejudice the Company's ability to pay its creditors.

**Other information**

There is no further information known to the Company that is material to the decision on how to vote on this resolution. If any shareholder is in doubt as to how to vote on the resolutions and/or as to how the resolution may affect the shareholder, he/she should seek advice from his/her accountant, solicitor or other professional adviser as soon as possible.

**Recommendation**

The Board considers that giving the Company the ability to undertake the selective capital reduction is in the interests of the Company as it will reduce the cost and complexity that the RPS Share structure creates for the Company and provides flexibility in its proposed restructure. On this basis, the Board recommends that the shareholders eligible to do so vote in favour of this Resolution.

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by:

- any person holding both ordinary shares and RPS 1,2 and 3 shares; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



## VOTING INFORMATION

### Means of voting

All votes will proceed on a poll. No votes will be taken on a show of hands.

### Proxies

Each shareholder is entitled to appoint a proxy. The proxy does not need to be a shareholder of the Company. A Proxy Form accompanies this Notice and to be effective must be completed and received at the Company's registered office or by electronic lodgement to [natalie.gatis@angassecurities.com](mailto:natalie.gatis@angassecurities.com) by no later than 9.30am (ACST) on Tuesday 12 March 2019.

### Shareholder Questions

Shareholders entitled to vote at the Annual General Meeting can submit written questions in advance of the meeting. Questions should relate to matters that are relevant to the business of the Annual General Meeting and may be submitted to the Company Secretary by electronic lodgement to [natalie.gatis@angassecurities.com](mailto:natalie.gatis@angassecurities.com). Questions may be received by no later than 5.00pm (ACST) on 7 March 2019. Time permitting, the Chairman will address the raised topics during the Meeting.

### Registered office

Company Secretary  
Angas Securities Limited  
Level 14  
26 Flinders Street  
Adelaide SA 5000

### By mail

Company Secretary  
Angas Securities Limited  
GPO Box 2948  
Adelaide SA 5001

### By electronic lodgement:

[natalie.gatis@angassecurities.com](mailto:natalie.gatis@angassecurities.com)

## Conduct of Annual General Meeting and Special Meeting

The Chairman will generally answer relevant questions on behalf of the Board and the management team, respectively. If questions cannot be answered at the meeting, the Company will seek to provide a response to the shareholder as soon as possible after the Meeting.

At the Meetings the Company will inform shareholders of the proxy vote count with respect to the resolutions to be considered at the Meetings, and how the Chairman intends to vote undirected proxies. It is the Chairman's current intention to vote all available proxies in favour of each of the resolutions outlined in the Notices of Meetings.

## ANGAS SECURITIES LIMITED

PROXY FORM  
ANNUAL GENERAL MEETING**Step 1: Appoint a Proxy to Vote on your behalf**

Shareholder:

**Details of meeting**

Date: 15 March 2019  
 Time: 9.30am (Adelaide time)  
 Venue: Angas Securities Limited, Level 14, 26 Flinders Street, Adelaide SA 5000

**Instruction issued to proxy**

As a Shareholder of the Company, I hereby appoint (please tick applicable box):

☐ The Chairman of the Company: OR☐ .....  
(insert name of proxy)

as my proxy to vote for me on my behalf at the meeting or any adjournment of the meeting.

**Step 2: Items of Business****PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf at the meeting or in a poll and your votes will not be counted.

Resolution 2 Adoption of the Remuneration Report.

Resolution 3 Election of Director

Resolution 4 Selective Capital Reduction

FOR AGAINST ABSTAIN

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

.....  
Signature of Shareholder or  
authorised representative.....  
Date**Step 3: Lodging your Proxy Form**

The above instrument appointing a proxy must be completed and received by the Company Secretary of Angas Securities Limited at its registered office at Level 14, 26 Flinders Street, Adelaide SA 5000, by mail to GPO Box 2948, Adelaide SA 5001 (reply paid envelope **enclosed**) or emailed to [Natalie.Gatis@angassecurities.com](mailto:Natalie.Gatis@angassecurities.com). **The deadline for lodging proxies for this meeting is 9.30am (Adelaide time) on 12 March 2019.**