

ANGAS ASSET MANAGEMENT FUND

ARSN 633 454 832

Angas Securities Limited ACN 091 942 728 AGSL 232479 ("Angas")
As Responsible Entity for the Angas Asset Management Fund ("AAMF")

PORTFOLIO OVERVIEW AS AT 31 DECEMBER 2020

This narrative overview covers the period from 30 June 2020 to 31 December 2020.

The liability owed to the Trustee of \$3,358,497.96 has now been paid in full. Most of the other outgoings by AAMF paid during the period were as anticipated and have enhanced the Fund's position either through reducing statutory liabilities or seeking to add value to major assets like land at Fernhill and Wellard. Investors have begun to see the benefit of these outflows during the period as some sales have been achieved and settled. Steps continue to be actively taken by Angas to realise land and all other assets of the Fund.

Mannum Green Shopping Centre

Mannum is a regional town on the River Murray located little more than an hour by road from Adelaide. The main street is tourist aligned whereas AAMF's shopping centre was developed in 2012 to service residents and the owners of holiday homes and house-boats. COVID-19 restrictions ended day trips to Mannum and the hotels in the main street could not open for several months. Mannum Green Shopping Centre boomed when a lot of families relocated to work off-site from their river homes and shacks. It is possible that the shopping habits of permanent residents changed as Mannum Green is a modern centre with convenient parking and a superior range to equivalent shops in the Main Street. Rent from tenancies generated profit utilised to reduce bank debt and increase investor equity. AAMF took advantage of these conditions and sold the Centre at a 18% premium to book value which generated a dividend paid to investors on 17 December 2020.

Chantelle Circuit, Coral Cove

In addition to Mannum Green, the Coral Cove land was the only other direct property holding. All other land is controlled by AAMF as Mortgagee in Possession.

AAMF offered this 1.28ha development site for sale by tender with offers closing on 13 July 2020. A contract for sale at a price of \$350,000 settled on 2 November 2020 which resulted in a small loss to AAMF book value which was off-set by the strong gain from Mannum Green.

Fernhill Bio Credits

Fernhill Bio Credits comprise a significant proportion of AAMF's remaining assets. Bio Credits have been a valuable source of inflows but sales are demand driven. AAMF's Bio Credits were issued under the original system which were generally better understood by the property development market. This was reflected in \$5.0M of sales in the six month period up to 30 June 2019 before the new Biodiversity Stewardship system took effect. There followed a 12 month hiatus of virtually no sales. Since 1 July 2020, buyers have re-entered the market and are settling on AAMF bio credits using bio-equivalency reports. Most sellers hold small parcels for sale so a buyer would often need to negotiate multiple contracts in order to fill a quota. Fernhill is so extensive that AAMF can meet large orders which is more efficient to purchasers. Another positive factor is that bio – equivalency usually results in a small price uplift.



Western Precinct Subdivision

AAMF has approval to split the Western Precinct at Fernhill into two titles, subject to meeting development approval conditions. Much professional and physical work and co-ordination has been required. Physical separation has been achieved with survey work completed and fencing in place. Electricity supply was installed in December 2020. With all requirements of the subdivision close to being met, marketing was commenced and buyers have been found. Lot 1 has sold outright and will settle once the new titles issue which could be around Easter 2021. The purchaser of Lot 2 will settle not before 1 July 2021 but requires some vendor finance for part of the price. The purchaser has offered a first mortgage over Lot 2 and another property as collateral security. The loan will be for 12 months and interest will be paid to AAMF. The two sales are at prices in line with AAMF book value.

York Land Holdings Pty Ltd

A sale was negotiated for \$600,000 plus GST which was due to settle by 30 June 2020 but was delayed by the lodgement of a caveat. The sale settled in July 2020. Full proceeds were paid to the Trustee.

Project Developments Pty Ltd

The site at Dayton within metropolitan Perth received approval for 5,615 sqm of retail development and has been actively marketed as a local shopping centre site for several years. A contamination notice was then attached to the title in May 2020 so any purchaser must allow for the cost of remediation. After several conditional sales contracts negotiated over recent years failed to settle, AAMF advertised the property for sale by auction to be held on 2 April 2020 which did not proceed due to COVID-19 restrictions. The campaign did elicit interest from several interested parties. The property is once again under conditional contract and the purchaser has commenced remediation of the site at its expense. Settlement is expected before 30 June 2021, just as soon as the remediation has been completed.

Como Residential Pty Ltd

This land at Wellard is a residential development site. Angas has applied to remove an Odour Buffer from the zoning which restricts residential development of the whole site. The Livestock Holding Facility ("LHF") one kilometre away is on land recently acquired by Stockland as part of a Master Planned future community. The LHF has been leased by Stockland in the meantime and it continues to operate. The Western Australian Planning Commission ("WAPC") has disputed the methodology and implementation of AAMF's scientific studies which support removal of the Odour Buffer. A recent inspection of the LHF discloses improved management practices by Stockland's LHF operator which may have abated the odour. Further scientific assessment methodology has been agreed with WAPC. Further testing is now being undertaken.

434 Safety Bay Road Pty Ltd

This development site of 13,130sqm sits on the beachfront at Safety Bay in metropolitan Perth. The local council has re-zoned the site to require a hotel or tavern as part of any future development. Hotels throughout Australia were closed for several months during 2020 due to the response to COVID-19. This impacted hotel operators and made marketing of this site very challenging. A conditional sale to a syndicate for \$5.0M did not proceed. That syndicate re-negotiated a purchase with the site being sub-divided into five (5) lots including one set aside for a tavern. This party has pre-commitment from an established publican. Contracts have been executed but cannot settle until development approval is granted and five new titles are issued. AAMF will have to provide some vendor finance as well. Interest will be paid on any vendor finance.



Augusta Developments Pty Ltd

This development site within St Eyre Estate forms part of an eight (8) stage project undertaken by the borrower in accordance with the Master Plan for Port Augusta West. Stages 1 & 2 sold out. Sales of individual allotments have stagnated for several years since then but there have been 10 sales in Stage 3 in 2020 following the Council having sealed 900 metres of road leading to the Estate. The AAMF site is being actively marketed. AAMF applied for a Regional Development Grant to construct some retention ponds, footpaths and other infrastructure left incomplete by the borrower but this was rejected. The sites were taken to auction on 30 October 2020 but did not sell.

VFE Investments Pty Ltd

This 90 lot rural residential lifestyle development known as Valentine Falls Estate set adjacent to the Ord River at Kunnunurra in the Kimberly Region sold very well upon establishment with over 50 sales at strong prices. Marketing stagnated when WA's Royalties for the Regions program ceased. AAMF undertook an auction in three stages commencing early July 2020 before the on-set of the wet season. All 39 lots were sold at market prices but there were large amounts of rates and taxes deducted at settlement based on the strong historical sale prices. AAMF has lodged 39 valuation objections and expects to claw back additional funds for investors. All sales were at book value.

Garden Estates Hackham & Garden Estates Christies

These two senior living estates were acquired by the borrower comprising 90 and 50 units respectively. Sales have been made predominantly to investors, both by the borrower and more recently by AAMF. AAMF has sold all Hackham units and only 1 Christies unit remains for sale. A Christies unit was identified as an "off the books" transaction by the borrower (who kept the proceeds). AAMF successfully recovered \$47,000 short fall.

In addition, AAMF has an outstanding claim against SCV Manager Pty Ltd arising from deficiencies alleged in the management of both Estates. The proceedings are listed for trial in 2021 and settlement negotiations are underway.

Red Boxer Investments Pty Ltd

All loan principal has been recovered. Interest remains outstanding with payment arrangements in place.

434 Safety Bay Road-Guarantor Claim

These proceedings continue to be pursued in the Supreme Court of Western Australia. A Defence is yet to be filed. Settlement overtures by AAMF have been rebuffed.