

ANGAS ASSET MANAGEMENT FUND

ARSN 633 454 832

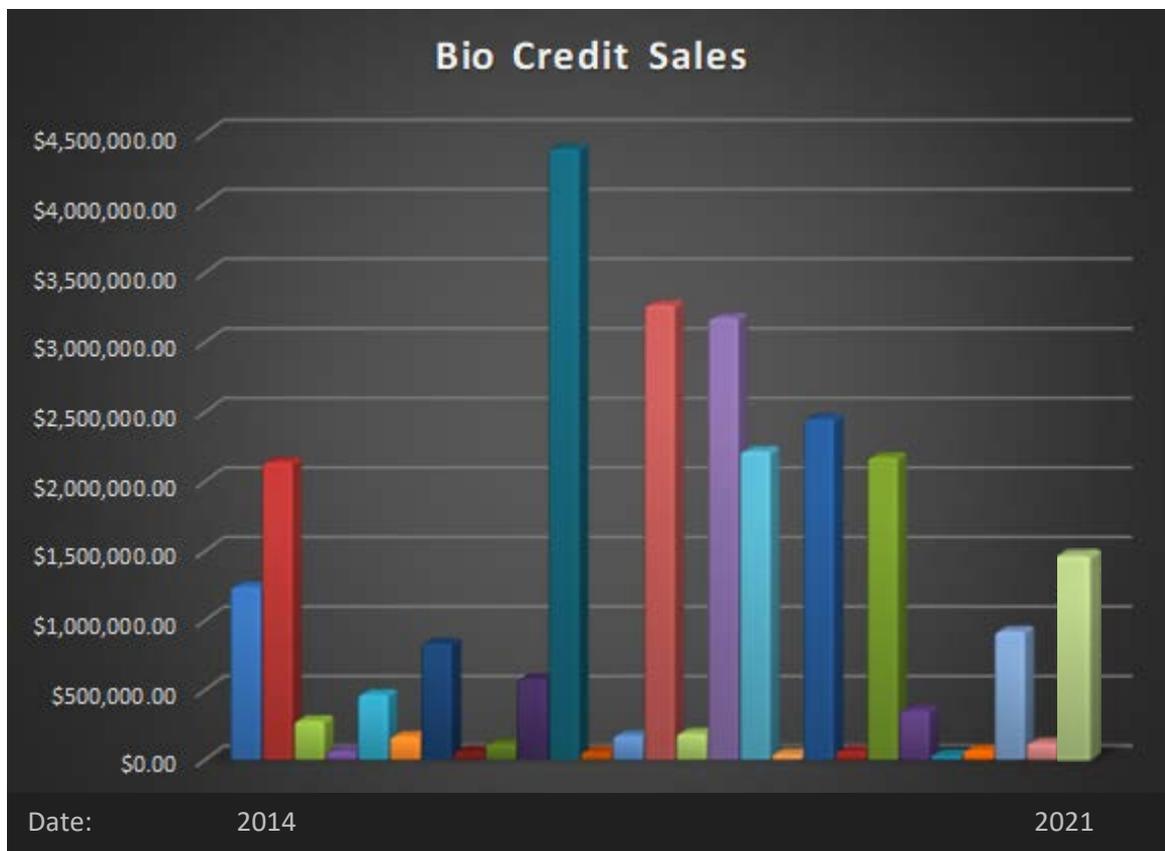
Angas Securities Limited ACN 091 942 728 AFSL 232479 ("Angas")
As Responsible Entity for the Angas Asset Management Fund ("AAMF")

PORTFOLIO OVERVIEW AS AT 30 JUNE 2021

This narrative overview covers the period from 31 December 2020 to 30 June 2021.

Fernhill Bio Credits

Fernhill Bio Credits comprise a significant proportion of AAMF's remaining pool of assets. Bio Credits have been a valuable source of inflows but sales are demand driven. There has been one sale in the period for \$490,000 at a credit price in line with AAMF Balance Sheet projections with another sale negotiated by the same intermediary for another client of \$320,000 which should settle early in FY22.



When initially issued, each bio credit agreement included a preservation fund for the particular site to meet the costs of ongoing environmental management. Hence, a portion of sale proceeds was required to be contributed by AAMF until the specified fund limit was met. All required contributions for all issued bio credits have now been paid so all future sale proceeds will flow to AAMF after payment of sales costs and commissions. The above chart shows bio credit sales since inception in 2014 (including for 5 years prior to the establishment of AAMF). Gross sales to 30 June 2021 have been \$32,789,400 ex GST with projected gross bio credits remaining unsold of \$11,503,300 ex GST. Flora sale prices have held up well. There have been no bio credit fauna sales at all yet.

Western Precinct Subdivision

In order to achieve a greater sale price, AAMF obtained a DA to split the Western Precinct at Fernhill into two titles. These new titles were not issued by Easter as had been hoped. An Electricity Easement over an adjoining property was required with a signed consent by the owner of that property and his bank being needed. After four months, the bank advised AAMF's lawyers that it had lost the instrument. A new one was issued and was promptly signed. The new titles to Lot 1 and Lot 2 were issued on 7 June 2021 with both Biobanking Agreements 411 & 412 registered on each title. The next step is to regularize this situation so that BA 411 is only registered on title to Lot 1 and BA 412 is only registered on Lot 2 before the titles can be transferred upon sale by AAMF.

Lot 1 has been sold and will settle once the BA situation has been notated. The proceeds of settlement will comprise portion of the next dividend to be paid to you. Lot 2 has been sold too. 5% deposit has been paid. The purchaser will settle on 15 September 2021 but requires some vendor finance from AAMF for part of the purchase price. The purchaser has offered a first mortgage over Lot 2. The loan will be for 12 months and interest will be paid to AAMF. Both land sales are at prices in line with AAMF book value. Part of the Lot 2 sale proceeds will be paid to AAMF on 15 September 2021 and the balance will be paid within the next 12 months.

Project Developments Pty Ltd

The development site at Dayton has sold at market value but 20% below AAMF book value. This sale represents part of the revaluation in the AAMF unit price. The purchaser missed the settlement date of 15 June 2021. The contract provided for \$20,000 increase in the purchase price which was collected. Settlement was achieved on 29 June 2021 despite the lockdown imposed by the WA government, but this settlement was too late to enable payment to AAMF unit holders prior to the end of FY21. The sale proceeds formed a large part of the redemption paid to you on 13 July 2021. In addition, AAMF has claimed a deposit from a failed 2020 contract but remains in dispute with the defaulting purchaser.

Como Residential Pty Ltd

The land at Wellard is a residential development site. AAMF has applied to remove an Odour Buffer from the zoning which restricts residential development of the whole site. A Livestock Holding Facility ("LHF") located 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 relied on a generic "one kilometre" buffer to refuse to lift the zoning restriction. The need for and size of the generic buffer can be rebutted by expert evidence to be adjudicated by the State Administrative Tribunal. There will be a hearing held this year. A favourable result will greatly enhance the realizable value of the site. Meanwhile, AAMF will take steps to ensure that odour emissions from LHF which are not meant to cause a nuisance to other properties are being properly regulated.

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. A conditional sale to a syndicate for \$5.0M has been negotiated with the site proposed to be sub-divided into five (5) lots including one set aside for a tavern. This syndicate has pre-commitment from an established publican. Contracts have been executed which 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. An application for Development Approval was lodged on 13 May 2021. A substantial application fee was paid by the purchaser which shows commitment to the process. Should approval be granted, a plan of subdivision can be lodged leading to the issue of five new titles which will permit the five contracts of sale to settle. There is uncertainty around the timing of these events. This negotiated arrangement will provide the best return to AAMF investors. A succession of earlier deals did not settle because of the re-zoning that requires a hotel or tavern on site. Whether the five sales contracts proceed to settlement will depend upon the outcome of the purchaser's development application. Present indications are that the Development Approval process will not be completed before the end of this calendar year.

Augusta Developments Pty Ltd

This development site within St Eyre Estate forms vacant land (without roads and services) that can be developed as Stages 6 to 8 of an eight-stage project commenced 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. There were 10 sales in Stage 3 in 2020 and a further 2 sales this year following the Council having sealed 900 metres of road leading to the Estate. The AAMF site is being actively marketed and regional developers have been identified and approached.

VFE Investments Pty Ltd

Of this rural residential lifestyle development known as Valentine Falls Estate, 39 out of 40 lots were sold early in 2020 but there were large amounts of rates and taxes deducted at settlement assessed on the strong historical sale prices. AAMF lodged 39 valuation objections on 20 September 2020 and received an affirmative ruling on 10 June 2021. The Valuer General reduced the aggregate valuation for the 39 lots from \$9.205M to \$3.995M which is a very good outcome for AAMF in terms of recovering overpayments. The re-assessed valuation is in line with AAMF book value. Also, AAMF requested the review for two years. Finance WA has indicated that it will remit \$212,000 in land tax but this has not yet been received. AAMF is awaiting a response from the Shire to its valuation objection and expects a substantial rebate in rates too. Negotiations are underway for the sale of Lot 9001 which is the final asset recoverable from this security. Lot 9001 is vacant land without roads or services.

Garden Estates Hackham & Garden Estates Christies

The remaining units in the two senior living estates have been sold in line with book value and the prices received for all previous AAMF sales. In addition, AAMF's outstanding claim against SCV Manager Pty Ltd arising from deficiencies alleged in the management of both Estates was settled prior to trial. The settlement sum has been collected and formed part of the redemption sum paid on 13 July 2021.

Red Boxer Investments Pty Ltd

All loan principal and interest has been recovered.

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 to date.