

ANGAS  
PRIME



# INVESTOR NEWS

JULY 2018

## Profitable Opportunities for First Mortgage Investors

Banks are retreating from the commercial lending space to concentrate on core business. So too are many non-bank lenders whose loan portfolios and lending experience is dominated by domestic residential lending. These market forces are creating profitable opportunities for Angas Prime and its investors. Angas Prime specialises in fully secured short term lending to the commercial property market.

Investors are benefiting from market forces that are driving demand for loans secured by registered first mortgages. Quite simply, banks are concentrating their resources elsewhere in the market. The reasons for doing so in the current circumstances are self evident. However, banks have a long history of "Tap on. Tap off." lending outside their highly profitable housing loan and credit card businesses. Good quality borrowers, often with a long track record with their bank, have found themselves without funding to close out a property deal. This has forced them to seek short term non-bank funding at high rates to avoid defaulting on settlement. Angas Prime has provided such funding over the years and developed good relationships with borrowers and their finance brokers. Bank rates and fees are almost always lower than those of Angas Prime, but these borrowers and their finance brokers know that Angas prime has the capacity to assist if the loan proposition is of suitable quality.

Fees and price are not the only determinants in a commercial lending transition. As a long standing participant in the market, Angas Prime has anecdotal reports of banks requiring borrowers to utilise consultants and service providers accredited by the banks rather than those with whom the borrowers have developed long standing trust and confidence. The Golden Rule of Lending is "He who has the Gold makes the Rules". This does not change the concept of Freedom of Contract. The borrower has the right to refuse these terms. Many borrowers do so and will pay more in interest and fees to Angas Prime in order to be able to deal with consultants and service providers who have been part of their success in the first place. This is not to suggest that Angas Prime has lesser standards than the banks in this area. As a specialist commercial property lender, Angas Prime has different standards.

A recent article in the national financial press quoted a Brisbane financial broker who has moved his clients away from the banking sector since 2016 in which time he has brokered \$75 million in lending spread across 17 deals. "I think this trend of non-bank lending will definitely continue in the medium term because if you can get your head around the funding being a little dearer, the product that these non-banks offer is so much more developer friendly," this broker, who is not an introducer to Angas Prime, is quoted to have said.



Managing Director: Matthew Hower and  
Head of Funds Management: Brian Doherty

Not all non-bank lenders are the same however. Many are housing loan lenders, not specialists in the commercial lending space like Angas Prime. There is a considerable difference between having loan products available for commercial property investors and building a business model dedicated to this segment of the market. Another factor is the source of funding for the non-bank lenders. In many cases, the funding is provided as a line of credit from a bank. These facilities are quite prescriptive as to how the funds may be invested. This will impact on the loan terms that such non-banks can offer. Good quality lending business will come from well considered loan selection undertaken by staff with deep industry knowledge which can understand and meet the needs of borrowers and can deliver a high level of service.

Angas Prime is able to build on its record of consistent returns for investors in its pooled mortgage trust. The current environment is directing higher volumes of good quality lending opportunities to the non-bank sector. Being funded by a pool of retail investors enables Angas Prime to advance loans secured by registered first mortgages that conform to the loan parameters set out in its Product Disclosure Statement.

**i** If you are interest in making an investment in Angas Prime to take advantage of this financial product, please call 1800 010 800 and speak to a member of the Investor Relations team.

# Broker Accreditation

## – An Important Feature of Commercial Lending by Angas Prime

**One key feature of the ability of Angas Prime to deliver reliable investor returns is by selecting business introducers and formalising a relationship which provides incentive but permits quality control to be managed by Angas Prime.**

This involves formal broker accreditation. It is central to the relationship that any broker accredited to refer business to Angas Prime engages in finance broking activities as the representative of the prospective borrower and not as representative of the lender being Angas Prime. To become accredited, the broker must agree to comply with the operational requirements of Angas Prime as set out in a Broker Accreditation Agreement. This makes it explicit that the broker is the agent of the borrower and has no authority to act as agent of Angas Prime.

Hence, it is quite clear that the broker has no power to enter into any loan contract on behalf of Angas Prime. The broker cannot approve an application for loan finance on behalf of Angas Prime, nor make any other commitment on behalf of Angas Prime in respect of a transaction, nor make a promise to a prospective borrower that Angas Prime will make a loan or provide any financial accommodation nor represent that the broker is an agent acting on behalf of Angas Prime. If an application for first mortgage loan finance is approved, Angas Prime will prepare, at the borrower's cost, all relevant loan and security documentation.

The broker must obtain the written consent of the borrower to the payment of any commission or brokerage fees by Angas Prime. In addition, the broker has a responsibility to disclose to the borrower all details about the receipt by the broker of any commission or brokerage fees from Angas Prime. In relation to an Angas Prime loan transaction, the broker will not accept any monies from a borrower except in accordance with Angas's operational requirements. Where a transaction is settled as a direct result of an application for finance submitted by the broker, Angas Prime will promptly pay the broker the agreed fee.

The broker agrees to be responsible for employing and training all staff necessary to submit applications for finance to Angas Prime in an honest and efficient manner. The broker must make available for inspection by Angas Prime on reasonable notice all records and files (whether stored electronically or otherwise) in relation to any Angas Prime transaction. A broker must not use the Angas Prime name or logo without Angas Prime's consent. Each accredited broker must maintain professional indemnity insurance for itself, its officers, employees and contractors to provide cover against claims up to \$2,000,000.

A broker may receive confidential information relating to Angas

Prime, its personnel, its business methodology, its business plans and strategies, its client lists and its assets. In consideration of Angas Prime dealing with the broker from time to time in relation to applications for loan finance, each broker must agree to keep any such confidential information confidential and only use the confidential information for the purposes of lending transactions involving Angas Prime and comply with all requirements of Angas Prime in relation to the protection of the confidential information.

Each broker must warrant to Angas Prime that the broker and its representatives will at all times comply with the licensing, conduct and other obligations imposed by law, that it will operate its business honestly efficiently and fairly in accordance with the law from time to time affecting its broking operations and will not submit or continue with an application for finance to Angas which the Broker knows to be false or misleading. The broker must also agree to ensure as best it can that all documents and information submitted to Angas Prime are accurate and reliable and will notify Angas Prime of any known default by a borrower in complying with the terms of a loan provided by Angas Prime and will comply with the reasonable directions of Angas Prime in relation to any such default.

A broker may be appointed Angas Prime as its limited agent for the purpose of carrying out Angas Prime's customer identification procedures under the law. In doing so, the broker will use its best endeavours to properly identify each prospective borrower and comply with Angas Prime's procedures. At its absolute discretion, Angas Prime may nevertheless interview a broker's client or require the provision of additional identification information or other information pertaining to a loan application at any time for any reason. Each of these requirements identifies important stages in loan selection and approval in respect of those transactions referred by a finance broker. There are other sources of loan referrals to Angas Prime such as from lawyers and accounts which put their clients in touch with Angas Prime. These borrowers become direct clients of Angas Prime and multiple successive transactions can often eventuate over many years. Direct borrowers prefer to certainty and specialist capacity of Angas Prime to deal with their needs for financing commercial property transactions.

# Meet some of the Angas Prime personnel



*Angelo Ciano,  
Assistant Lending Manager*

**Since its establishment in 2000, Angas Securities has specialised in raising funds from the public for investment in first registered mortgages over real property.**

There remains strong demand for the funding of commercial property loans within the qualitative lending parameters that Angas Prime requires. The name "Angas Prime" denotes the absolute requirement for primary security for any loan. There must be a registered mortgage over freehold property. Second or subsequent mortgages will never be accepted as prime security.

Borrowers who take out loans from Angas Prime are often those who do not deal with traditional lenders such as banks or which may not meet the lending criteria of such lenders. Business proprietors, self employed borrowers or investors in property that does not generate income are amongst the class of typical Angas Prime borrowers.

As an asset based lender, Angas Prime places primary reliance on the first mortgage security that is held. Angas Prime can and does realise that security to obtain recovery of loan advances. This is done by Angas Prime acting as mortgagee exercising power of sale.

Angelo is one of several Angas Prime staff who have served the company for more than 10 years. After a long career with ANZ bank, Angelo joined Angas Securities in 2006 to work in the lending department. Angelo's role in loan administration covers the full lifespan of the loan process including the preparation of loans for settlement, ongoing loan management and the final discharge of the loan. Much of Angelo's time is occupied in dealing with external parties such as solicitors, valuers and other service providers as well as monitoring payment of insurance, council rates and land tax.

In a job that requires a steady pair of hands, Angelo's reliability and attention to detail is second to none. Angas Prime investors benefit from the competence and experience of a committed lending team including people like Angelo Ciano.

**Investor Relations Manager in the Sydney office, Claire Jones, is one of the most experienced members of the Angas Securities team.**

Claire holds Certificate IV in Finance and Mortgage Broking which meets the educational requirements for people seeking formal accreditation in the finance industry. Amongst the features of the course undertaken by Claire was an overview of the Australian mortgage industry including the key regulatory and industry bodies, legislation and regulatory framework, the lending institutions and loan types within the Australian commercial lending industry and achieving an understanding of financial statements and corporate structures.

Other matters covered in the course were loan fundamentals (what influences interest rates, core lending products, risk management and loan features), credit assessment (including debt servicing ratio, loan to valuation ratio, risks and mitigation), ethics, the loan process from interview to settlement and an understanding of stamp duty and other fees.

Angas Securities is committed to ongoing training and compliance with the licensing regime and encourages its staff to pursue professional development.



*Claire Jones,  
Investor Relations  
Manager (NSW)*

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## REGULATORY ADVICE

The investment offer is contained in the current Product Disclosure Document (PDS) which should be read carefully before investing. An investment in Angas Prime is not a bank deposit. There is a risk you could lose some or all of your principal and that you may receive lower than expected returns. There are certain limitations on your ability to withdraw from the Fund and withdrawal requests may take up to 12 months to process.

## IMPORTANT NOTICE

This newsletter does not contain investment advice. You should carefully consider the content of our disclosure document and seek advice from your own qualified financial adviser. This newsletter contains general information only and does not take into account your individual objectives, financial situation or needs.

INVESTOR SERVICE LINE  
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