

ANGAS
PRIME



5.95% pa
Target Rate.
Paid monthly.

INVESTOR NEWS

MARCH 2020

A GOLDEN RULE:

Invest your money into what you understand



Left to right: Maryann Moffat (Front Desk Administrator), Brian Doherty (Chief Executive Officer) and Blythe Woods (Investor Relations Officer (SA))

Simple truths are often the best. Money is hard to earn. Savings can be difficult to replace. Obtaining the best possible return on your savings is a key objective but preserving the underlying capital is even more important. This is fully understood by Angas Prime in dealing with investor funds.

The lending parameters, first mortgage security, track record and experienced personnel of Angas Prime are all part of our measured approach to business. Angas Prime applies a rigorous investment regime which has ensured that the Target Rate of monthly income has always been met no matter how volatile the prevailing market conditions have been.

The trading performance is due to the specialist skills and disciplines which Angas Prime brings to its operations. It is a direct application of the Golden Rule of Investment which is to put your money into what you understand. Angas Prime operates in the specialist area of short term property finance. All loans are fully secured by registered first mortgages. Conservative Loan to Valuation Ratios (LVRs) are applied to all loans. Maximum LVRs are set out in our Product Disclosure Statement. This LVR buffer continues to provide enhanced security for our core lending operations. Short lending terms attract higher interest rates which enables Angas Prime to pay a target rate of 5.95% to investors.

In a crowded market place for financial investments, there seems to be a constant stream of new products being released bearing impressive names and ever increasing degrees of sophistication. How much do investors understand about what happens to the

money that they invest in these financial products? How do investors know that their money will safe? Angas Prime believes in disclosure and transparency so that investors can access sufficient information to form a proper understanding of any investment that is made or to obtain their own advice in order to make a fully informed decision.

These are some of the key characteristics of Angas Prime:-

- ✓ Track record as a first mortgage lender
- ✓ LVRs not exceeding 70%
- ✓ Capable and experienced board and senior management
- ✓ Capable and experienced Compliance Committee
- ✓ Full year and half year accounts published on website
- ✓ Liquidity maintained in accordance with NTA requirements
- ✓ Australian Financial Services Licence issued by ASIC to its manager
- ✓ Investor Relations staff available to assist investors
- ✓ Australian owned by over 2,500 shareholders

Because it is a Golden Rule that investors should understand what they invest their money in, Angas Prime has an **Investor Service Line 1800 010 800**. Investors are welcome to speak to members of the Investor Relations team to obtain a Product Disclosure Statement or to obtain details of an investment. Note that Angas Prime does not provide financial advice nor can Angas Prime take account of the objectives, financial situation or needs of individual investors. The fundamental principles of sound investment prevail. Expertise matters. Angas Prime invests in the asset class that it knows well. It continues to be resilient paying reliable market streams to investors.

i For information about Angas Prime call 1800 010 800, or go online www.angasprime.com or visit us at our office near you.



Angas Prime offers investors the convenience of using BPAY to fund make initial or additional investments. To make additional deposits using BPAY simply use your BPAY Reference Number which can be easily located on your Unit Holding Certificate.

If you cannot locate your Reference Number, please contact our Investor Relations Team on 1800 010 800. YOU CAN GROW YOUR ANGAS PRIME BALANCE BY CONVENIENT BPAY SUMS OF AS LITTLE AS \$1,000.

Angas Prime concentrates on the fundamentals

Angas Prime actively manages and maintains cash flow forecasts that demonstrate the Fund's ability to meet its ongoing obligations. These forecasts are actively reviewed and reported to the Angas Securities board on a monthly basis. Specific updates relating to this disclosure can be found on the Angas Prime website at www.angasprime.com.au.

Angas Prime aims to retain appropriate cash in order to meet the needs of reasonably foreseeable withdrawal requests whilst balancing the objective of maximising returns which fund monthly income distributions to investors. Maintaining sufficient available cash is subject to short term fluctuations that are an inevitable consequence of the timing of inflows to and outflows from the Fund. Angas Prime has always met its Target Rate of investor distributions.

Angas Prime seeks to hold a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region. Until the Fund's assets total \$50 million there is no limitation as the size of any single loan transaction nor the aggregate exposure of Angas Prime to parties related to the same Borrower. Thereafter, no single loan investment will exceed 10% of the assets of the Fund. Once the Fund's assets reach an average balance of \$50 million, Angas Prime will not be required to sell down or restructure any existing loan investment. Likewise, thereafter Angas Prime may make more than one loan advance to the same Borrower or to parties related to a Borrower but the aggregate exposure may not exceed 10% of the assets of the Fund. Construction loans will not exceed 10% of the assets of the Fund at any time that this maximum limit will increase to 20% as from 1 January 2021. All loan advances will be secured by registered first mortgages over Australian real property. Angas Prime does not lend to either Angas Securities or its related parties. Similarly, any investment in the Fund by Angas Securities directors, officers and employees must be made on an identical basis to that of all investors.

Angas Prime will endeavour to hold a well balanced portfolio of loans, together with a small amount of cash to meet the anticipated short-term liquidity requirements of the Fund. In all cases, Angas Prime obtains a registered first mortgage over Real Property in Australia to support every loan that is settled. Angas Prime may obtain collateral security, in addition to the primary security, to support a loan. Collateral security includes, but is not limited to: a second mortgage over real property; a caveat over real property; director or third party guarantees; and general security agreements (company charges). Where required, a current property insurance policy adequately covering any

improvements on the security property is provided with Angas Prime noted as an interested party. Angas Prime may co-invest in loans on a pari-passu basis with other lending parties (including other funds of which Angas Securities is the Responsible Entity). The other lending parties (including Angas Securities in its capacity as Responsible Entity of other funds) may receive a fee or other benefit as a result of this co-investment. There is no requirement for the security property to be income producing and for most loans this will not be the case.

Properties must have a formal valuation dated no more than 90 days prior to credit consideration. The standard practice of Angas Prime is to not obtain up-to-date valuations during loan terms where the loan is performing and there is no known deterioration in circumstances specific to that secured property. The valuers Angas Prime uses to value security properties must:

- Have a minimum of five (5) years experience in the area and type of valuation that Angas Prime wishes them to undertake;
- Be a member of the Australian Property Institute and also qualified as a Certified Practising Valuer. The Valuer's qualifications must be noted on the Valuation; and
- Have professional indemnity cover for the greater of 20% of the estimated value of the property or \$2,000,000.

As an Australian Financial Services Licence holder, it is a legislative requirement that Angas Securities meet certain reporting and financial requirements. Those requirements include the terms of its Licence which seeks to ensure Angas Securities has adequate financial resources to provide the services covered by its Licence. These and other compliance requirements are reported to the Angas Securities board monthly and to the independent Angas Prime Compliance Committee quarterly.

As an asset-based lender, the assessment of mortgage loan applications primarily involves a consideration of the real property that Angas Prime will take as prime security together with any collateral security. It is important for intending investors to understand the investment process that is undertaken in respect of identifying and assessing a loan for Angas Prime. The Credit Committee reports on any loan defaults to the Board on at least a monthly basis. In the normal course of events, where an interest payment is not made by the borrower on or before the due date, the Borrower is contacted by Angas Prime and immediate payment is sought. Depending on the Borrower's response to the payment request, Angas Prime may issue a default notice. Upon the issue of a default notice (whether immediately, or upon the continued failure of the Borrower to satisfy the relevant payment) recovery action will be taken.

Frequently Asked Questions

WHAT IS A MORTGAGE TRUST?

A mortgage trust or mortgage fund is a type of Managed Investment Scheme, operated by a fund manager. The fund receives investors' money and uses it to make loans secured by registered first mortgages over real property. The fund manager deducts their management fees for running and operating the fund and investors receive a net distribution based on the income the fund has received from its lending activities. Fund assets are owned by investors subject to the terms of the trust. Funds are pooled with money owned by other investors and invested in mortgages originated and managed by the fund manager.

WHAT DO YOU MEAN WHEN YOU SAY THAT ANGAS PRIME IS "UNITISED"?

Investors share in the income generated from Angas Prime in proportion to their investment. Angas Prime is unitised, meaning an investor is issued with units in the fund with a face-value of \$1.00 per unit. Each investor's interest in Angas Prime is a fractional and beneficial interest in the whole of the fund. It is not an interest in any particular investment of Angas Prime or in any specific Angas Prime asset.

WHAT IS A MANAGED INVESTMENT SCHEME?

This is a scheme where people contribute money as consideration to acquire rights to benefits produced by a scheme. The contributions are to be pooled, or used in a common enterprise, to produce financial benefits or benefits consisting of rights or interests in property for the people who hold the interests in the scheme. The members do not have day-to-day control over the operation of the scheme.

WHAT IS A PRODUCT DISCLOSURE STATEMENT

A Product Disclosure Statement, or PDS, is a document that sets out the terms and conditions of the investment, including disclosure against the benchmarks and disclosure principles outlined in ASIC's Regulatory Guide 45. It also contains the Application Form and information on how to go about investing in Angas Prime.

WHAT DO YOU MEAN BY 'TARGET RATE'?

The rate of return on investments is not fixed. Rather, the investment return is subject to a 'target rate' of return. The target rate is paid in the form of income distributions and is the maximum rate of return that Angas Prime aims to provide to investors each month. The target rate may vary from time to time during the term of the investment. Any change to the target rate is advised to investors in writing and reflected immediately in distributions paid.

WHAT ARE 'INCOME DISTRIBUTIONS'?

Angas Prime distributes income to investors. It does not pay interest. Income is paid to investors by direct credit to the investor's nominated bank account monthly. Income distributions are not guaranteed.

WHAT IS THE MINIMUM INVESTMENT AMOUNT?

The minimum investment amount is \$10,000. A minimum additional investment amount of \$1,000 (and in multiples of \$1,000 thereafter) applies. Any additional funds may be added to an existing investment up to ninety (90) days from the maturity date of the investment.

WHAT IS ANGAS PRIME'S INVESTMENT TERM AND HOW DO I WITHDRAW MY MONEY?

An investor's initial investment will be available for withdrawal 12 months from the end of the month in which it was lodged. For example, an investment lodged on 15 April 2020 will be available for withdrawal on 30 April 2021. Each investor has a right to make a withdrawal request at the end of each 12 month period. An investment can be withdrawn in part (multiples of \$1,000) or in full. An investment withdrawn upon the maturity date does not incur a withdrawal fee. An investment will be rolled automatically for a further 12 month investment period unless prior notice is given to Angas Prime by the investor that they wish to withdraw their funds.

Note: there are limitations on your ability to withdraw your money at the end of your 12 month term. Where the fund is liquid (as defined in the Corporations Act) Angas has up to 12 months to satisfy your withdrawal request. Where the fund is illiquid (as defined in the Corporations Act) you may only withdraw your investment when Angas makes a withdrawal offer to you but there is no obligation of Angas to make any such an offer. Notwithstanding the above, during the normal course of business Angas will endeavour to maintain sufficient liquidity within the Fund to meet reasonably anticipated withdrawal requests as received.

CAN I WITHDRAW MY INVESTMENT BEFORE THE MATURITY DATE?

Angas Prime is under no obligation to allow the early withdrawal of funds, but will consider a request under extraordinary circumstances, or in the case of financial hardship of the investor. An early withdrawal is entirely at the discretion of Angas Prime and will only be allowed if the liquidity of the fund permits and taking into consideration any detriment caused for other investors. If granted, a fee will be payable. Please refer to the PDS for a full breakdown of the applicable exit fees.

HOW DO I INVEST?

Call our investor service line on 1800 010 800 and request a copy of the PDS be sent to you. Once we have received your application form and identification requirements, your investment funds can simply be deposited via BPAY®, EFT or cheque.

WHAT FEES AND CHARGES ARE INVOLVED WITH THIS INVESTMENT?

No fee is charged to make an investment in the fund, to add further amounts to the initial investment or to withdraw funds, provided funds are only withdrawn on the maturity date. A management fee of 2.2% is paid to Angas as fund manager. In addition to the Management Fee, apart from interest payable from the borrower Angas may also receive a Performance Fee. Please refer to the description of the Dedicated Reserve Account ("DRA") under the Investors tab. The Performance Fee (if any) is net payment into the DRA. In addition, Angas receives various indirect costs from the borrower. Examples of these indirect costs appear in the PDS in the Fees and Other Costs section.

ANGAS
PRIME



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ANGAS PRIME

5.95%

TARGET RATE P.A. | INCOME PAID MONTHLY

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REGULATORY ADVICE

The investment offer is contained in the current Product Disclosure Statement (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
1800 010 800