

ANGAS  
PRIME



**5.5%** p.a.  
Target Rate  
Income Paid  
monthly

# INVESTOR NEWS

MAY 2020

## Angas Prime is fostering investor interests with quiet resolve

**Management and staff of Angas Prime encourage investors to focus on the health, economic and social wellbeing of themselves and their families.**

Angas Prime has responded to the call to go about our business with quiet resolve. All that is required is being done to ensure that investments will prosper during the mandated period of public health restrictions in order to take full advantage of the many opportunities that are now emerging. A number of business will seek capital secured first mortgages secured over real property in order to repair balance sheets or obtain buffer protection during the transition to recovery.

At the corporate level, there have been well publicized examples of debt funding being sought to bolster balance sheets. Qantas has placed a \$1 Billion debt facility. Rather than offer real property security, Qantas has pledged to its lenders a charge over eleven Boeing Dreamliner aircraft that it owns outright. The Australian Football League has reportedly raised \$0.6 Billion in debt secured over its real property at the Melbourne Docklands known as Marvel Stadium. The same dynamics are driving the appetite for secured commercial loans that Angas Prime is seeing.

The cost of debt has increased for most market participants. Consequently, the price differential between Angas Prime and major banks has narrowed. What does this mean for Angas Prime investors? The volume and weight of demand for working capital loans will test the capacity of the banking system. Angas Prime is already seeing applicants being presented by accredited brokers for twelve-month deals that would normally be written and priced at bank rates. Borrowers must meet the market and pay interest at the level that enables Angas Prime to meet its Target Rate to investors.

A capital city developer has completed Stage 1 of a project comprising five villas fully constructed with titles issues and one sold. He has commenced earthworks and services on Stage 2 of the project comprising five townhouses to be built on adjoining land. His broker has approached Angas Prime for funds to assist with Stage 2 by offering security over the four remaining completed villas which are on the market for sale.



*Brian Doherty, Chief Executive Officer, Natalie Gatis, Company Secretary and Kimley Lyons, Head of Compliance.*

Meanwhile, the major banks have announced that some of their borrowers may be eligible to freeze or defer mortgage payments. There have been no legislative changes or announcements requiring licensed lenders such as Angas Prime to defer mortgage payments or restrict the ability to sell mortgaged land to recover advances. There are no restrictions on the ability to lend money, manage mortgages or recover funds from the borrowers.

Opportunities to grow the investment portfolio from solid new loan applications continue to be presented. The Angas Prime team is motivated, resilient and will rise to the challenges presented. Angas Prime has made the adjustments necessary to meet the needs of its investors to deliver performance.

**Please contact Angas Prime if you have any specific queries. Adding to your existing investment can be done very simply online with B-Pay in multiples of \$1,000. Angas Prime is preserving and fostering the interests of its investors with quiet resolve.**



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.**

# Angas Prime – Real people who put its investors first

**Angas Prime values the confidence placed by its investors in the pooled first mortgage fund. Our business model is based on low volume with high margins that deliver superior returns to investors. Our team is available to speak to investors and genuinely wants to do so.**

Quite frankly, most businesses today are all about high volumes and high turnover with minimal personal engagement. Such businesses make it difficult for their customers to speak to a real person. Meanwhile, supermarkets and airlines operate self service kiosks, so that paying customers check out their own groceries and check in their own luggage. Angas Prime staff know that if its investors are prosperous through your investment that Angas Prime will be prosperous too. There is clear alignment of interest.

Investors might be interested in knowing about the people who oversee Angas Prime's investments and why they are suitable to do so. Quite apart from the day to day staff who perform the work under the leadership of Chief Executive Officer, Brian Doherty, there is the Board and some committees with important duties of oversight. The Board of Directors has, as its primary role, responsibility for protecting the rights and interests of investors. This includes monitoring Angas Prime's performance. The Credit Committee considers and approves loan applications and oversees management of all loans until they are repaid. The Compliance Committee's role is to monitor compliance by Angas Prime with its licensed obligations as a Fund Manager.

The members of each have deep financial experience extending back to the turbulence of the recession of the early 1990's. The following remarks apply to that period. Andrew Luckhurst-Smith was a banking and finance solicitor in a private law firm in Adelaide. His principal work at the relevant time was to recover loans advanced by State Bank of South Australia. He later became Managing Partner of his law firm which had 130 partners and staff. Clive Guthrie had worked as assistant to highly regarded Westpac Bank Managing Director Frank Conroy but was Manager-Retail Operations of Westpac Financial Services in 1990. He later joined Permanent

Nominees as Manager Client Services for Corporate Trusts and Structured Finance. Clive was based in Sydney and later in Hong Kong. Randal Williams worked at National Mutual in Melbourne in 1990 but later joined La Trobe Financial Services as Vice President and Chief Risk Officer. Matthew Hower was a stockbroker at Day Cutten Adelaide in 1990.

Head of Credit, Stephen Harvey was a Senior Audit Manager at KPMG Adelaide in 1990. He later joined Deloitte where he became an Audit Partner. Kimley Lyons is Chairman of the Compliance Committee. In 1990, he was a banking and finance solicitor in Perth's largest independent law firm. He later became its Managing Partner. Michael Britton worked for the Trust Company Limited in Sydney from 1983 to 2011 progressing from Legal Officer to General Manager Corporate Client Services. Paul Teisseire was a commercial lawyer in private practice in 1990 but has been a professional company director for the last 25 years including being Chairman of Australian Executor Trustees and Non-Executive Chairman of its Audit and Compliance Committee. Nick Corbett was undertaking studies towards a Bachelor of Commerce in 1990. He is now a Chartered Accountant who has been principal of his own practice in Adelaide since 2004.

**Angas Prime puts investors at the forefront of its operations. The loan book comprises first mortgage loans that have been made "back to back" with investments. Funds raised on twelve month terms are advanced on first mortgage loans for terms that generally don't exceed twelve months. This permits liquidity in the Fund. Loans continue to be advanced and repaid. The loan book is managed by qualified and experienced Angas Prime staff under the watchful eye of the Board, Credit Committee and Compliance Committee.**

**Please contact Angas Prime if you have any specific queries. Opportunities to grow the investment portfolio with solid new loan assets are being presented to Angas Prime. The Angas Prime team is motivated, resilient and will rise to the challenges presented.**

# Audit, Risk Management & Compliance Committee ("ARMCO")

## Risk Assessment - ASIC Regulatory Guide 259

This obligation was addressed by ARMCO when it met on 7 April 2020 to discuss the impact of COVID-19 on the business of Angas Prime, to assess the risks which might arise and to develop strategies as required. The Chief Executive Officer reported to ARMCO that Angas Prime was performing well. There has been no change to the rate of enquiries from borrowers seeking finance. Angas Prime has not experienced a spike in withdrawal requests. In March, the actual withdrawal rate was 9% which was well below the projected withdrawal rate of 15% each month used for liquidity management. Out of caution, Angas Prime increased the projection for liquidity purposes to 20% withdrawal rate. ARMCO was informed that April and May withdrawal requests appear not to be abnormally high. There is no suggestion at this stage that any Angas Prime mortgages need to be sold to fund withdrawal requests.

The Chief Executive Officer further advised that there has been no material change to management fees being received by Angas Prime. Business remains robust with broker enquiries continuing to be received. There are several facilities due to settle and be drawn down in May 2020. The Angas Prime target rate to be paid to investors will be 5.5% from 1 May 2020. This will give flexibility to enable lending rates to be adjusted. The Executive Chairman reported that the impact of COVID-19 had resulted in an auction scheduled for 2 April 2020 in Western Australia to be cancelled. ARMCO considered that property clearance rates may slow in the current uncertain environment. The performance of Angas Prime will continue to be closely monitored.

ARMCO determined that the Angas Prime Business Continuity Plan remained effective notwithstanding that the impact of the virus was not specifically contemplated. There has been no disruption to the IT environment. Necessary changes to work practices were discussed with particular consideration being given to preparation of a staff schedule including days to

be worked in the office and days working from home. A work from home policy has been developed by the Compliance Officer. Segregation of duties was being properly maintained. No change was required to the costs of maintaining staff. A protocol is now in place in the event that a staff member tests positive to COVID-19. Key people falling ill will always be a problem in any company. The ability to work effectively from home is a mitigant. ARMCO determined that there was no impact on organisational competence, but that this is subject to the length of time that current or further restrictions are imposed.

The Executive Chairman continues to draft investor communications via email and post providing reassurance to investors. The Chief Executive Officer reported on the positive responses from investors in relation to Angas Prime communications. ARMCO noted that Angas Prime Investor News will include enhanced disclosure as to business continuity planning. In addition, an update on COVID-19 to investors has been posted on the Angas Prime website. Remote access has been established for staff working from home. It was noted that there was hardware scheduled to be replaced end of April and that Angas Prime internet security is maintained while staff working on remote access from home.

The Compliance Officer will write to service providers seeking details of their Business Continuity Plans in light of COVID-19 restrictions and seek confirmation that they are able to provide contracted services. The methods used to distribute Angas Prime's products and services remains the same, being mail, email and internet download and that communication with brokers or borrowers is predominantly by telephone or email. In due course the Angas Prime Product Disclosure Statement may be changed to address risk management of a pandemic. Finally, ARMCO noted that there has been no change to the ability to maintain financial reporting systems. The required Net Tangible Asset requirement is being maintained. Angas Prime remains compliant with its financial services licence conditions.

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ANGAS PRIME

# 5.5%<sub>PA</sub>

TARGET RATE P.A. | INCOME PAID MONTHLY

VISIT [WWW.ANGASPRIME.COM.AU](http://WWW.ANGASPRIME.COM.AU) | [INVESTORRELATIONS@ANGASPRIME.COM.AU](mailto:INVESTORRELATIONS@ANGASPRIME.COM.AU)

## 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**