



# TAYLOR COLLISON

Sharebrokers and Investment Advisors  
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15 February 2008

Mr Ian Craig  
Companies Manager  
National Stock Exchange  
PO Box 283  
NEWCASTLE NSW 2300

Dear Sir,

**Re: Application for Listing of Angas Securities Limited Debt Securities**

Thank you for your letter dated 7 February 2008. I am pleased to advise that the Board of Angas Securities Limited ("Angas Securities") has resolved to proceed with an application for listing of its Debt Securities on National Stock Exchange of Australia Limited ("NSX").

This letter comprises the formal application in accordance with Appendix 2B to the NSX Listing Rules.

**1. General**

- 1.1 The applicant is Angas Securities Limited which was incorporated on 29 March 2000 in Adelaide, South Australia.
- 1.2 The Principal office of Angas Securities is situated at Level 14, 26 Flinders Street, Adelaide. This is the only address at which a register of debenture holders is maintained.
- 1.3 The request is to list debt securities up to a maximum capital raising of \$250m as specified in Prospectus No.8 lodged by Angas Securities at ASIC on 4 October 2007. A copy of Prospectus No.8 is enclosed.
- 1.4 The debt securities are to be brought to list by way of a Prospectus Issue.
- 1.5 The net assets of Angas Securities as at 31 December 2007 were \$6,367,084.00.
- 1.6 Angas Securities has on issue unlisted debentures of \$130m (approx). These will expire at various dates over the next three years. Historically, Angas Securities has a redemption rate of less than 30% so the balance are expected to be rolled over into listed debentures along with new securities issued progressively each month. The maximum capital raising is \$250m under the current Prospectus but Angas Securities does not expect that limit to be reached within the next year. The proceeds of the issue will be applied towards commercial property lending secured by first mortgages with a liquidity fund held in cash or cash equivalents with up to 10% of the issue to be the subject of direct property investment.

- 1.7 Debenture securities of Angas Securities are not listed or traded on any other stock exchange.

## 2. Share Capital and Ownership

- 2.1 All shares issued in Angas Securities are Ordinary Shares.
- 2.2 825,626 Ordinary Shares have been issued to date.
- 2.3 Each share has an unrestricted voting right 1 to 1.
- 2.4 The amount of fully paid up shares is \$668,869.67.
- 2.5 The shareholdings of the directors and offices of Angas Securities are:-

<u>Directors/Officers</u>	<u>Shares No.</u>	<u>% holding</u>
Matthew Hower	406,404	49.22%
Andrew Luckhurst-Smith	191,248	23.16%
Robert Morton	63,750	7.72%
Kimley Lyons	95,624	11.58%

- 2.6 The names and shareholding of all Angas Securities shareholders are:-

<u>Shareholder</u>	<u>No Shares held</u>	<u>% of shareholding</u>
Hower Nominees Pty Ltd as trustee for the Hower Family Trust	406,404	49.22%
Andrew Luckhurst-Smith	75,000	9.08%
Diana Jane Luckhurst-Smith	21,250	2.57%
Marion Forbes Pty Ltd ATF Luckhurst-Smith Family Trust	94,998	11.51%
Robert Bruce Morton	63,750	7.72%
Jeparit Pty Ltd	91,788	11.12%
KJ Lyons as trustee for J M Bell Superannuation Fund	3,836	0.46%
Secor Pty Ltd	66,600	8.07%
R E & S J Sandover ATF Richard Sandover Superannuation Fund	2,000	0.24%
<b>Total Shares Held</b>	<b>825,626</b>	<b>100.00%</b>

- 2.7 The Register of Shareholders is attached.

### **3. Securities – Outline of Principal Terms**

#### **3.1 Investment Terms**

Listed debentures will be issued for either 1 year or 3 year terms. The 2 year issue will be discontinued. All debentures will terminate on the last day of the month relevant to the nominated term being the unexpired days in the month of investment plus the nominated term. By way of example, a 1 year investment made on 20 May 2008 will expire on 31 May 2009. A 3 year investment made on that day will expires on 31 May 2011.

#### **3.2 Entitlement to Interest**

All sales of debentures completed prior to the 15<sup>th</sup> day of the month will entitle the purchaser to the whole of the interest for that month. If a sale is completed after the 15<sup>th</sup> day of the month then the vendor will be entitled to the whole of the interest for that month.

#### **3.3 Re-Investment of Interest**

Debentures traded on NSX will revert to interest payable monthly in the hands of the purchaser even if the vendor had chosen to re-invest the interest. By way of example, consider a debenture trade on NSX which is completed on 20 May 2009. The vendor had accrued interest prior to the sale. As the trade was completed after 15<sup>th</sup> day of month, the vendor would be entitled to receive all invested interest to 31 May 2009. The purchaser of the debenture would be paid monthly as from 1 June 2009. The purchaser of a traded investment may contact the Company and request that interest earned be re-invested. The Company will pay the accrued entitlement of re-invested interest to a vendor as soon as practicable after the entitlement but not more than 14 days from the end of the month in which the sale of debenture is completed.

#### **3.4 Issue Rate & Coupon Rate of Interest**

The Company issues debentures at rates of interest fixed for the investment term. The retail lending rate, for new issues will be set on the first date of each month. Details can be obtained from the Company and will appear on the web-site. The retail rate will appear on the Debenture Certificate entitled "Issue Rate". The Company will remain entitled to negotiate rates with individual investors. A rate greater than the retail rate may be negotiated for the investment of a large monetary sum. Every Debenture Certificate will bear an item entitled "Coupon Rate". This will be the same as the Issue Rate where the prevailing retail terms apply. Wherever it varies from the Issue Rate then the Coupon Rate will prevail unless and until the debenture is traded at which time the Issue Rate will apply. The following illustration sets out how the rule applies. Consider a debenture issued for 1 year on 20 May 2008. The retail rate set on 1 May 2008 is 8.25% pa for 1 year investments but this is increased to 8.5% on 1 August 2008. The investment was for \$500,000.00 and the Company agrees to pay a rate of 8.45%. The Debenture Certificate will state an Issue Rate of 8.25% and a Coupon Rate of 8.45%. The investor will be paid interest at the Coupon Rate being 8.45%. The debenture is traded on 31 August 2008 at which time the purchaser will be entitled to receive interest at 8.25% being the Issue Rate specified in the Debenture Certificate. The fact that the retail rate has changed in the meantime is not relevant.

### 3.5 CHESS

The Company will apply for the listed debentures to participate in the Clearing House Electronic Sub-register System ("CHESS"). Holders of listed debentures will be provided by the Company with details of Holder Identification Number ("HIN") in the case of a holding on the CHESS sub-register or Shareholder Reference Number ("SRN") in the case of a holding on the issue sponsored sub-register. Debenture holders will be required to quote a HIN or SRN as applicable in all dealings with a stockbroker or the Registry. Details of stockbrokers who trade on the NSX appear on the NSX website.

### 3.6 Debenture Registry

The Company will operate the Debenture Registry in-house.

## 4. History and Nature of Business

Angas Securities was established in March 2000 following the regulation of managed investments when ASIC introduced a regime of enhanced corporate probity and accountability to investors. This led a number of small operators to cease business. The promoters of Angas Securities discerned the opportunity to establish a substantial non-bank financial entity based in Adelaide and initially raised funds from the South Australian community.

The business of Angas Securities involves raising fixed interest funds from the public secured by debt instruments known as debentures. The business is regulated by Chapter 6D of the Corporations Act 2001, the terms of a Trust Deed between Angas Securities and Permanent Nominees (Aust) Ltd ("the Trustee") on behalf of debenture-holders and a Prospectus lodged each year at Australian Securities and Investment Commission ("ASIC"). A copy of the current Prospectus is **enclosed**. More recently, the business operations became further regulated by the Financial Services Reform legislation. Angas Securities holds AFS Licence No. 232479 issued by ASIC.

Angas Securities is the major debenture-issuing company of this type based in Adelaide. To grow the business, Angas Securities opened an office in Perth in June 2003. This has proved to be a successful venture. Two Western Australians have contributed capital to the company as share-holders with one of them joining the Angas Securities board. Further interstate expansion has followed with the opening of an office in Darwin in 2005 and Melbourne in 2006. The nature of the business is primarily concerned with advancing commercial property finance. All loans are secured by registered first mortgages over property. Some funds are applied to property investments and the balance is held in cash.

In 2007, Angas Securities made the strategic acquisition of a national mortgage business known as API Home Loans. This comprised a fully secured first mortgage loan book of \$250m. The new operation is complementary to the commercial lending business that Angas Securities operates. The acquisition has added, further depth to lending operations, a new dimension in terms of product range and supports the geographical spread of the company's activities. All loans are funded by Angas Securities off Balance Sheet thereby providing a cheaper delivery rate to retail customers. Angas Securities will continue to operate the acquired business under its existing trading name as well as establishing a parallel mortgage operation under the Angas Securities brand.

## 5. Summary of Earnings

A summary of earnings for each of the last three (3) financial years is attached.

## 6. Tabulation of Balance Sheet

The Consolidated Balance Sheet for each of the last three (3) financial years is as follows:-

### Consolidated Balance Sheet

	2005 \$	2006 \$	2007 \$
<b>Assets</b>			
Cash and cash equivalents	24,724,811	27,645,813	48,031,980
Trade and other receivables	1,579,256	1,547,998	7,017,943
Other assets	50,395	17,045	33,308
Loans	64,382,975	89,546,100	80,672,871
Property held for resale	2,742,659	-	-
Investments accounted for using the equity method	1,750,000	1,750,000	-
Deferred tax assets	796,472	518,112	433,792
Property, plant and equipment	65,222	429,895	537,450
Investment property	-	6,344,359	15,397,108
Other financial asset	-	-	-
Marina berths	366,000	332,727	191,364
Other intangible assets	-	-	80,212
Goodwill	-	-	645,484
<b>Total assets</b>	<b>96,475,790</b>	<b>128,132,049</b>	<b>153,041,512</b>
<b>Liabilities</b>			
Trade and other payables	448,372	779,344	2,698,512
Interest bearing liabilities	92,448,741	122,601,127	142,059,839
Current tax payables	703,219	273,970	931,892
Deferred tax liabilities	42,408	95,135	91,003
Provisions	3,255	44,939	107,776
Unearned income	1,037,474	27,000	39,671
<b>Total liabilities</b>	<b>94,683,469</b>	<b>123,821,515</b>	<b>145,928,693</b>
<b>Net assets</b>	<b>1,792,321</b>	<b>4,310,534</b>	<b>7,112,819</b>
<b>Equity</b>			
Issued capital	245,138	245,138	730,372
Retained earnings	1,547,183	3,918,278	6,237,003
Parent entity interest	1,792,321	4,163,416	6,967,375
Minority interest	-	147,118	145,444
<b>Total equity</b>	<b>1,792,321</b>	<b>4,310,534</b>	<b>7,112,819</b>

## **7. Child Entities**

- 7.1 There are no subsidiaries or related party entities associated with Angas Securities. There are two companies which share similar shareholders, directors and management. These are referred to in Prospectus No.8 for disclosure purposes. There is no direct ownership by Angas Securities in either entity. There is the API Home Loans business acquired in 2007 but that forms part of Angas Securities and is not a separate entity.
- 7.2 Angas Property Fund Limited is trustee for the Angas Commercial Property Trust ("The Trust"). Angas Securities holds most of the issued units in the trust. The assets of the Trust comprise fully leased, well located commercial properties situate at Morningside Queensland, Acacia Ridge Queensland, Winnellie, Northern Territory. Income from these properties services the Trust's bank debt with a surplus distributed to unit holders including Angas Securities. Units in the Trust are a permitted investment for Angas Securities which provides diversification for the debenture funds with a view to realising capital gain upon sale of the underlying properties. Angas Securities has realised substantial capital gains from the sale of real property since its establishment.
- 7.3 Barker Mortgages Pty Ltd acts as trustee for Barker Performance Trust No.1 and Barker Performance Trust No.2 which provide Mezzanine Funds behind first mortgage loans advanced by Angas Securities. There is no financial interest of Angas Securities in either fund. Unit holders in the funds are high net worth individuals. The purpose of the Mezzanine Funds is to enable Angas Securities to conclude loan transactions where borrowers require a higher quantum of funds than Angas Securities is willing to lend. Without access to Mezzanine funding, Angas Securities would lose those deals. Barker Mortgages Pty Ltd exists to support the core business operations of Angas Securities by operating in parallel to it.

## **8. Office Properties**

- 8.1 The Adelaide office is located at Level 14, 26 Flinders Street, Adelaide. The office occupies 750sqm on one contiguous floor of Angas Securities House. The office is leased commencing from October 2006. Current rental is \$15,570.02.
- 8.2 The Perth office is located at 338 Hay Street, Subiaco. It comprises a ground floor office suite of approximately of 150sqm. The lease commenced in October 2004 and the current rental is \$3,761.82.
- 8.3 The Darwin office operates from the premises of Hunt & Hunt Lawyers. A room is set aside for the Darwin Manager together with use of meeting rooms and other facilities as required. The license arrangement is annual commencing from November 2005. The current license fee is \$500 per month.
- 8.4 The Melbourne office is located at Suite 718, 1 Queens Road, Melbourne. The office comprises approximately 45sqm. The lease commenced in August 2006 and the current rental is \$ 1,262.28.

## **9. Litigation**

Angas Securities is involved in litigation to enforce securities and recover loan money from borrowers from time to time in the ordinary course of its business. There are only one or two current litigation matters underway at present and such are of an entirely standard nature. Angas Securities has not otherwise been involved in any litigation of material importance during the last five years nor is any such litigation threatened or pending at present.

## **10. Management**

- 10.1 Details of Management
  - 10.1.1 Andrew Luckhurst-Smith: Executive Chairman  
Role: Strategic direction and liaison with sponsors and advisors  
Address: 190 Barton Terrace, North Adelaide, SA, 5006
  - 10.1.2 Matthew John Hower: Managing Director  
Role: Manages the day to day operations of the company  
Address: 57 Dover Street, Malvern, SA, 5061
  - 10.1.3 Robert Bruce Morton: Executive Director  
Role: Chairman of Credit Committee  
Address: PO Box 1224, Unley, SA, 5061
  - 10.1.4 Kimley John Lyons: Executive Director  
Role: Chairman of Audit and Risk Management Committee  
Address: 159 Barker Road, Subiaco, WA, 6008
  - 10.1.5 Paul Steven McCarthy: Executive Director  
Role: Member of Credit Committee  
Address: 53 Commercial Road, Hyde Park, SA, 5061

- 10.1.6 Patricia Harkins-Burr: Senior Operations Manager  
Role: Company Secretary, Compliance Officer and oversight of day to day administration  
Address: 27 Lerwick Avenue, Hazelwood Park, SA, 5066
- 10.1.7 Beata Mitkas: Finance Manager  
Role: Day to day oversight of accounts and financial matters. Prepares company's accounts internally  
Address: 17 Debney Street, Fulham Gardens, SA, 5024
- 10.1.8 Jeffrey Roberts: Senior Lending Manager  
Role: Member of Credit Committee. Day to day oversight of loan approvals through to settlement, loan management and recoveries.  
Address: 11 Farrow Street, Redwood Park, SA, 5097
- 10.1.9 Christopher Venus: General Manager Retail Lending  
Role: Management of API Home Loans  
Address: 420 Cross Road, Clarence Park, SA, 5034
- 10.1.10 Victor Hardy: Operations Manager – WA  
Role: Management of the operations of the company in WA  
Address: 46 Herald Avenue, Willetton, WA, 6155
- 10.1.11 Paul Roach: Operations Manager – NT  
Role: Management of the company's operations in NT  
Address: 21 Renner Court, Malak, NT, 0812
- 10.1.12 Victor Lewith: Operations Manager – Vic  
Role: Management of the company's operations in Victoria.  
Address: 3/6 Lyonsville Avenue, Preston, VIC, 3072
- 10.2 None of the Directors or Officers or senior management are related or have any family relationship between each other.
- 10.3 The following is a brief account of the business experience of each person over the last five years. Refer to Prospectus No.8 for more details concerning each director.
  - 10.3.1 Andrew Luckhurst-Smith is a qualified Lawyer. He was managing Partner of Hunt & Hunt in Adelaide. He joined Angas Securities in full-time capacity in 2003 and has continued to work in that capacity ever since.
  - 10.3.2 Matthew Hower has been Managing Director of Angas Securities for the last five years.
  - 10.3.3 Robert Morton was employed by ANZ Banking Group for over 35 years. At one time, he was Chief Operating Officer of Esanda Finance Corporation Limited and was General Manager SA and NT for ANZ Bank prior to joining Angas Securities.
  - 10.3.4 Kimley Lyons is a qualified Lawyer who retired from legal practice in 1999. He was formerly Managing Partner of Jackson



McDonald in Perth. He joined Angas Securities as an Executive Director in 2002.

- 10.3.5 Paul McCarthy has worked in Australia and overseas as Banker and Investment Banker. He joined Angas Securities in August 2007 from ANZ Bank where he was General Manager (SA & NT).
- 10.3.6 Patricia Harkins-Burr has occupied the Senior Administration role since joining Angas Securities in 2003.
- 10.3.7 Beata Mitkas has held finance administration roles with previous trading entities including responsibility for the preparation of accounts for a listed corporation. She has performed a similar role since joining Angas Securities in June 2004.
- 10.3.8 Jeffrey Roberts had over 30 years credit and lending experience with ANZ Bank prior to joining Angas Securities in 2003.
- 10.3.9 Chris Venus took up the newly created position of General Manager Retail Lending in January 2008 from his previous position at ANZ Bank as Relationship Manager – Business Banking. Chris had worked at ANZ Bank during the previous five years.
- 10.3.10 Victor Hardy has broad experience in the finance industry over a period of approximately 30 years. He joined Angas Securities in May 2005.
- 10.3.11 Paul Roach has lived in Darwin for over 20 years where he has worked for Standard Chartered Finance and Esanda Finance prior to joining Angas Securities when the Darwin office opened in November 2005.
- 10.3.12 Victor Lewis has worked in private lending and structured finance over the last five years including since he joined Angas Securities in October 2006.
- 10.4 No director has any other directorships in any publicly listed or traded companies.
- 10.5 No director has, in any jurisdiction, been convicted of any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director or has been sanctioned or otherwise disciplined by any self regulatory securities association of which he is or has been a member or any securities supervisory or regulatory body and no such event is pending.

## **11. Sponsors and Advisors**

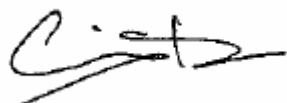
- 11.1 Sponsoring Broker  
Taylor Collison Limited Level 2, 12 Pirie Street, Adelaide, SA, 5000  
Telephone: (08) 8217 3900
- 11.2 Solicitors  
Hunt & Hunt, Level 12, Angas Securities House, 26 Flinders Street,  
Adelaide, SA, 5000 Telephone: (08) 8414 3333
- 11.3 Banker  
St George Bank, 97 King William Street, Adelaide, SA, 5000 Telephone  
(08) 8424 4411
- 11.4 Auditor  
Deloitte Touche Tohmatsu, 27 Waymouth Street, Adelaide, SA, 5000  
Telephone: (08) 8407 7148
- 11.5 Trustee  
Permanent Trustee, Level 3, 530 Collins Street, Melbourne, VIC, 3000  
Telephone: (03) 9665 0220
- 11.6 Ratings Agency  
Standard & Poor's, Level 37, 120 Collins Street, Melbourne, VIC, 3000  
Telephone: (03) 9631 2000

## **12. Statement of Non Compliance**

## **13. Declaration**

A declaration of Angas Securities is attached.

Yours faithfully  
TAYLOR COLLISON LIMITED



Craig Ball  
DIRECTOR

- Encl
- 1. Prospectus No.8
  - 2. Register of Shareholders
  - 3. Consolidated Income Statement
  - 4. Declaration of Compliance
  - 5. Financial Report for Year ending June 2007