ANGAS SECURITIES

INVESTOR NEWS | July 2009

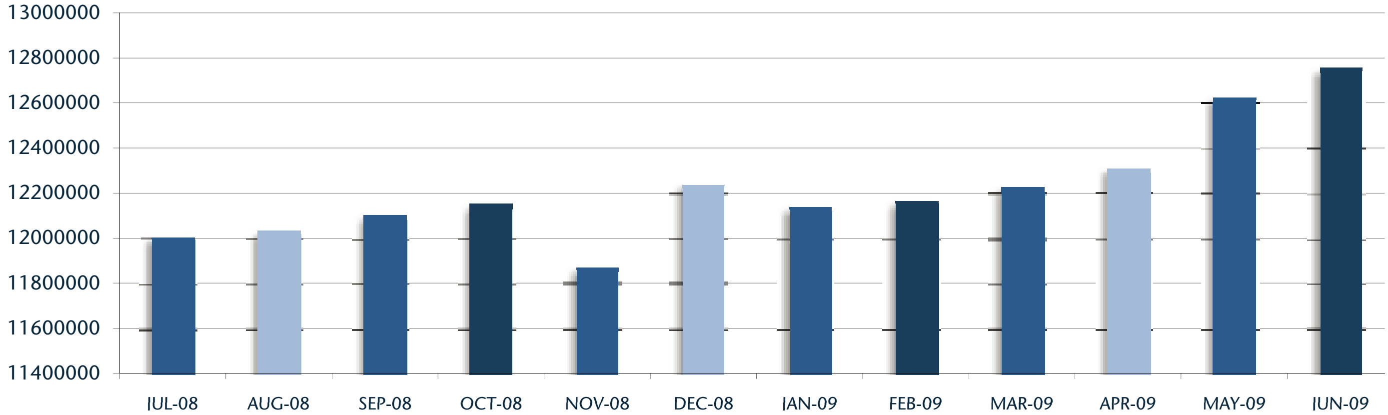
INVESTORS PAID $10,889,046 IN FINANCIAL YEAR 2009

Despite the most challenging credit conditions for at least a generation, Angas Securities paid a record distribution of $10,889,046.26 to fixed interest investors during the year ending 30 June 2009. This figure comprised the aggregate of fixed interest paid monthly or accrued under the popular Reinvestment of Interest program. Angas Securities has never missed an interest payment and never failed to redeem an investment. This requires a conservative approach to investment, appropriate levels of liquidity and careful monitoring of cashflow. These are features that are touched upon in this issue of Investor News. As at 30 June 2009, Angas Securities had cash at bank of $16,675,662.34 comprising liquidity reserve, capital and retained earnings. All cash is captured under the first ranking charge held by the Trustee for the benefit of debenture investors.

The trading result for the Financial Year was solid though slightly below budget in terms of profit after tax. The figures will be announced to investors following completion of the audit at which time the Financial Statements will be posted on the website in accordance with standard practice. Deloitte Touche Tohmatsu has had its field team at Angas Securities conducting the on site enquiries for the annual audit. One of the factors which has impacted upon trading profit is the large amount of cash held at bank. The directors took a very conservative approach in terms of the Liquidity Policy during the challenging financial conditions experienced during the year. This protected the company and its investors but it reduced the funds invested in secure first mortgages. How the company regulates liquidity is set out on page 3.

Overall, there has been significant support for Angas Securities debentures demonstrated by investors during the last 12 months. The attached chart shows the month end balance of the fund during this period. There has been a net growth in debentures in ten out of twelve months with the only appreciable contraction being in November 2008 in the immediate aftermath of the collapse of Lehmann Bros. Investors have considered their alternatives in terms of investment classes, security and return. Angas Securities has paid its investors, grown its fund and returned a solid profit.

DEBENTURE FUND TOTAL



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SHORTAGE OF LENDERS WORRIES WA MARKET

So ran the headline in The West Australian on 24 June 2009. Quoting property investment sources, the paper observed that more than sixty per cent of lenders providing property finance in WA have quit the market over the past two years. Of the 30 main institutional lenders in WA, only 12 were left. Of those, BankWest had been absorbed by Commonwealth Bank and St George Bank had been taken over by Westpac. These merges among lenders have further decreased the liquidity pool resulting in higher lending margins, stricter enforcement of loan covenants and more conservative lending policies generally. Angas Securities endorses these latter observations.

The article observed that astute equity investors were having a serious look around because opportunities were emerging but all transactions occurring in the market now required a much greater amount of equity than in the past five years. Angas Securities has a mature lending operation which knows the WA market well. The shortage of lending competition in this and other markets means that lenders can "call the shots" when setting commercial loan terms in order to get the best possible deal when investing debenture funds in fully secured first mortgage property loans.

NEW WA STATE MANAGER

After a long career in the finance industry in the United Kingdom & Australia, Vic Hardy has decided to retire. He will finish up with Angas Securities on 31st July, 2009. His role as Operations Manager will be incorporated into the new position of State Manager to be undertaken by David Johnston. Congratulations to David on this appointment and best wishes to Vic for a long and fruitful retirement.

NEW NATIONAL CREDIT LICENSING REGIME

Following a meeting of the Council of Australian Governments in October 2008, it was announced that the Federal Government would assume responsibility for credit regulation in Australia. Draft legislation tabled by the Federal Government proposes to establish a National Licensing Scheme applicable to credit providers (namely lenders) and credit service providers (who generally are finance brokers and advisors). Australian Securities and Investment Commission ("ASIC") will administer the new scheme. Requirements for the new Australian Credit License will include standards of minimum training and a duty to act honestly, efficiently and fairly together with a requirement for mandatory membership of an external dispute resolution body. It has to be noted that these standards closely follow the requirements for the holders of an Australian Financial Service License such as is already held by Angas Securities. The new license must be in place by 30 June 2010.

ASIC has announced that is will streamline the processing of licenses of applicants holding a Class A or Class B license under the current Western Australian credit scheme. The reason is that these licensees have been subject to sufficiently rigorous levels of supervision that they can be streamlined to a Credit License by ASIC without having again to demonstrate competency. As the holder of such a license, Angas Securities expects that it will qualify to be streamlined into the new regime. A second phase of the reform is expected to be in place by mid 2010. The Federal Government proposes to make further changes to specific obligations on credit providers and credit service providers to limit unfavorable lending practices. This will involve a review of credit card limit extension offers, approaches to cap interest rates and other lending issues. Other proposals due in the second phase are to further regulate investment loans and the provision of credit to small business, reform mandatory comparison rates and default notices and enhance regulation of reverse mortgages.

MONITORING CASHFLOW WITHIN LIQUIDITY GUIDELINES

Angas Securities has a Liquidity Policy to ensure that cashflow is properly managed in accordance with the requirements of the Trust Deed and AFS Licence. In accordance with these procedures, the Head of Lending prepares a regular Liquidity Report which is distributed to every director. The intervals at which the Liquidity Report is prepared is determined by the Board but will be not less than monthly and will be more regular in periods when high level monitoring is required. Currently, the report is distributed twice each week. The Head of Lending consults with the Finance Manager, the Investor Relations Manager and the Lending Department to gather information for the preparation of the Liquidity Report.

The following factors are addressed in the Liquidity Report:-

- Available cash at bank
- The prevailing debenture re-investment rate
- Known redemption requests
- Reliable new investment indications
- Loans due to expire – which are not to be extended
- Other flow backs such as notification of loans to be repaid early or other expected realizations or recoveries
- Property investments – receipts expected from sales and requirements for any new purchases
- Accepted Letters of Offer (LOOs) and projected settlements for new lending
- New loan applications where no LOO issued or accepted

The Chairman of the Credit Committee will utilize the information set out in the Liquidity Report to regulate the number and quantum of LOOs that are issued by Angas Securities. Because every director receives the Liquidity Report, there is ample opportunity for dialogue between directors to ensure that outflows of funds are monitored and regulated in accordance with the wider framework of the Liquidity Policy.

The Trust Deed requires Angas Securities to maintain a Liquidity Reserve of 5% of debenture funds. The Liquidity Policy permits the Board to increase the level of liquidity in response to market conditions. The Liquidity Reserve is a mitigant against the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities due to an inability to refinance maturing obligations or realise assets at fair market value. As from 1 July 2009, the Board has determined that the Liquidity Reserve will comprise $7.5 million over and above the Trust Deed requirements.

Jeffrey Hill (standing) & Simon Dobie (seated), Investor Relations Managers

NEXT MONTH

Investor News will commence the first in a series of answers to commonly asked questions by investors.

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