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INVESTOR NEWS

JULY 2011

FIXED INTEREST DEBENTURE STOCK

You could be earning

9.0%_{p.a.}

fixed for 3 years

INVESTOR SERVICE LINE 1800 010 800

Interest paid Monthly or Reinvested

Listed on the National Stock Exchange of Australia

Investments only by the application form contained in our Prospectus.

This is not a bank deposit.

IMPORTANT NOTICE

This newsletter does not contain investment advice. You should carefully consider the content of our Prospectus 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.



VISIT ANGAS SECURITIES ON THE WEB

Financial Statements for Full Year FY10 are posted at

www.angassecurities.com

ANGAS SECURITIES FOCUS ON PERSONALISED SERVICE

A key driver of the success of Angas Securities is developing good relations with investors (whose funds are utilized) and business introducers (which generate the investment opportunities). Another key driver is the talented staff of Angas Securities comprising investor relations, finance, administration, compliance, risk management, credit assessment and lending. The quality and professionalism of Angas Securities service standards and operational procedures is at the frontline of retaining the business of our investors and other stakeholders. Concentrating on fixed interest, there is a tailored product set. Angas Securities has developed a model suitable to modern business and regulatory environment whilst retaining a level of operational flexibility. Our staff are skilled and experienced. Our systems are robust and have withstood the impact of the Global Financial Crisis. Our track record has fortified the loyalty and support of our stakeholders. In this competitive world, personalised service is not only appreciated by customers, it is the smart thing to do.

By contrast, some of the nation's largest financial institutions are lamenting the move to business models that have saved staff costs by removing the personal factor. At a recent credit industry conference, a senior executive from one of the major banks observed that business lending had fallen sharply in recent years, down from a peak of 62% of gross domestic product in December 2008 to 49% in May 2011. This shrinkage occurred at a time when residential mortgage lending was growing strongly. Several reasons were postulated for this fall. One is that bank capital rules favour residential mortgage lending. Secondly, a number of specialist finance groups contracted during the financial crisis. But, another reason may be that Australian banks are losing their core skills of small business banking, the banker said.

As banks have become bigger, there has been a move for credit assessment to become centralised or regionalised, an emphasis on credit scoring decision criteria and an increase in the application of technology. These trends have led to service becoming de-personalised. The introduction of "one size fits all" policies is aimed at achieving economies of scale and reducing administration costs for the banks. A result has been a movement away from the core skills that once defined the traditional banker where judgment based on client knowledge and context has been replaced. Where once the branch manager got to know the members of the local business community, most credit decisions now rely on data assessment. These trends may be exacerbated by the lack of professional training and qualifications in the field of banking; it was suggested at the conference.

The focus of Angas Securities is on delivering the outcomes that our customers expect. That means paying interest and debenture redemptions when due – every time. It means settling on loans to borrowers on the due date – never over committing and missing settlement dates. It means having the credit assessment procedures and staff to identify suitable investment opportunities that will generate reliable cash flow to fund regular fixed interest distributions. It includes being willing to subject the enterprise to rigorous external scrutiny, such as the compliance review being undertaken this month (refer to page 2). The focus on accountability and personalised service is why Angas Securities is the Fixed Interest Specialist.



PICTURED: MARIA WYLLIE WITH BRETT AHERN

Earn **9.0%** p.a. fixed for 3 years

ANGAS SECURITIES LIMITED
ACN 091 942 728
AFS LIC NO 232 479

INDEPENDENT COMPLIANCE REVIEW

Angas Securities has engaged Accompli Limited as Consultant to undertake an independent compliance review this month. The review will consist of an examination of the regulatory responsibilities that Angas Securities must meet with particular emphasis on the following operational issues:-

- Recruitment, supervision and training of staff
- Provision of financial advice procedures (where applicable)
- Referrals
- Disclosure of identity and capacity
- Research and planning tools e.g. software
- Audit and financial management
- Registers and record keeping
- Industry association membership and associated compliance requirements

- Complaints handling procedures
- Compliance manuals and standard documentation
- Compliance monitoring and reporting
- AFSL requirements and documentation check

Any shortfalls will be discussed and documented together with appropriate recommendations.

At the completion of the review, the Consultant will provide a report to Angas Securities. The report produced can act as a general guide about the methods of operation of the business, and the methods of operation of the individuals specified in the report, relative to the legal obligations of Angas Securities as an AFS licensee. Due to the limited sample of documents and records reviewed, the report will not make any representation about the specific or overall level of competence, experience, compliance or honesty of any party that is subject of the report.

PREMIUM RETURNS FOR OUR INVESTORS

ANGAS SECURITIES REWARDS INVESTORS BY OFFERING A PREMIUM RATE OF INTEREST UPON EXPIRY OF ONE YEAR'S INVESTMENT TERMS. INVESTORS THAT ROLLOVER THEIR FUNDS UPON MATURITY RECEIVE THE PREMIUM RATE OF INTEREST WHICH IS 0.25% P.A. ABOVE THE PREVAILING RATE FOR RETAIL CUSTOMERS AVAILABLE AT THE DATE OF MATURITY. THE PROCESS IS SIMPLE AS NO FURTHER PAPERWORK NEED BE COMPLETED. THE ROLLOVER AT THE PREMIUM RATE IS CONFIRMED BY ANGAS SECURITIES AND A NEW ONE YEAR DEBENTURE CONFIRMATION IS ISSUED. PREMIUM INVESTORS CAN CHOOSE TO RECEIVE THEIR FIXED INTEREST MONTHLY OR THE INTEREST CAN BE REINVESTED AND PAID ON MATURITY.



PICTURED: KIMLEY LYONS - EXECUTIVE DIRECTOR

FREQUENTLY ASKED QUESTIONS

HOW SECURE IS MY INVESTMENT?

In answering this question it is important that investors understand what happens to their funds when investing with Angas Securities. The current prospectus provides greater detail and should be viewed prior to investing; however a summary of how Angas Securities invests the proceeds of the debenture fund follows.

At Angas Securities all of our investor funds are 'pooled' together. Debenture funds in this 'pool' exceed \$200 million. Angas Securities carries on business principally as a first mortgage lender. We are approached by a variety of borrowers who request monies be advanced to them from the debenture fund for business or commercial purposes, not for personal lending. In all instances when we lend funds Angas Securities insists on taking a first mortgage over the borrower's property to secure the loan. The Security property is independently valued by a licensed valuer. Angas Securities will never advance more than 70% of the property value and in many cases lends substantially less than this whilst also taking collateral security in the form mortgages over other properties owned by the borrower.

In addition to first mortgage loans Angas Securities is permitted to use up to 10% of the debenture funds for investment in real property. These are commercial properties that Angas acquires or via unit investment which are in turn leased to provide an alternative income stream. Before any funds can be lent or invested in property, Angas Securities must hold a minimum of 5% of debenture funds in cash, known as the Liquidity Reserve.

The mortgages held over borrower's properties, the real property in which Angas has invested and the funds that make up the liquidity reserve form part of the assets of Angas Securities. The Trustee holds a floating 1st ranking charge over the assets of Angas Securities on behalf of the investors. This charge empowers the Trustee, in the event that Angas Securities breaches aspects of its trust deed, to liquidate these assets and utilise the proceeds to pay investors in preference to shareholders or unsecured creditors.

HOW DO I DECIDE WHETHER ANGAS SECURITIES DEBENTURES ARE SUITABLE FOR ME?

Angas Securities debentures may be suitable if you are seeking:-

- A monthly income stream
- Investment for a specific period (either one or three years)
- A company with a pool of diversified income producing assets
- The ability to add to your investment such as through interest re-investment

Before making any investment decision, you should read Prospectus No 12, carefully consider its contents and consult a financial adviser if necessary.

WHY IS MY INVESTMENT NOW A 13 MONTH TERM?

Investors would have noted that after requesting their debenture be rolled over for one year at maturity the term of the new investment is now equivalent to 13 months. For example, investments that matured 30 April 2011 now mature 31 May 2012 (or 2014 if three year term was selected). The reason for this relates to the listing of the debentures on the National Stock Exchange (NSX). It is a requirement of the NSX that all listed investments of this type mature at the end of the month in which they are lodged. Therefore, if an investment matures on the 30th April and is rolled over, the new investment commences 1st May. Although the actual funds are the same, it is considered a new investment because the conditions under which it is lodged are different (e.g. interest rate, Prospectus etc). Applying the NSX requirement that 'investments must mature at the end of the month in which they are lodged', results in the debenture which commences 1st May now falling due 31st May the following year.

Listing of the debentures allows the investor to trade or sell their investment on the NSX via a broker and gain access to their funds prior to maturity should the need arise. Of course, the amount the investor receives for their debenture will be determined by the market (i.e. what the purchaser is prepared to pay). Listing debentures also requires Angas Securities comply with NSX rules concerning continuous disclosure of information. Angas does this by providing investors with updates via newsletters such as this and our website at www.angassecurities.com. Aside from the altered maturity date, investors will not experience any change to the manner in which their debenture operates. Investors continue to accrue interest for every day the investment is held by Angas Securities.

DEBENTURE RATE

8.0%

p.a. fixed for 1 year

THE FIXED INTEREST SPECIALIST
INVESTOR SERVICE LINE 1800 010 800

