



# SUPPLEMENTARY PROSPECTUS



## KEY RISKS THAT INTENDING INVESTORS SHOULD CONSIDER

Some of the key risks of this investment are:

- Inability of Angas to invest in suitable mortgages within a reasonable time after the issue of debentures.
- Fall in value of properties owned by Angas could result in loss.
- That as Angas Commercial Property Trust holds assets that are partly funded with first mortgage bank debt, any loss would be magnified should there be a fall in the value of these properties when sold.
- Inability of Angas to recover full repayment of loans in default due to insufficient security in a declining property market which could lead to substantial losses, impact adversely on solvency and cause investors to lose some or all of their investment.
- That Angas is permitted to make a single loan or multiple loans to associated borrowers of up to ten per cent of debenture funds being nearly \$25 million on the current debenture balance.
- That Angas has made a loan of \$23.5 million as detailed on page 7.
- That Angas has made a number of other large loans which together comprise a significant portion of the Loan Portfolio and as compared to the issuer's capital. The risk of a default in one or more large loans could expose Angas to significant losses.
- That by virtue of a Put & Call option over the Wayville property (as described on page 5), Angas has an equity interest in a substantial property which is subject to two large loans made by Angas. There is a risk of loss by Angas both as equity investor and lender should there be insufficient money obtained from the sale of the Wayville property.
- Failure of mortgagors to meet their contractual obligations could cause substantial losses to Angas if there are extended delays in recovering funds in a declining property market.
- Redemption of first mortgages prior to the expiry of the loan term.
- That as debentures provide the principal funding capacity of Angas, there is a risk that equity capital may be insufficient to sustain all trading losses with debenture funds having to meet any shortfall.
- Movement in market interest rates after debentures have been issued.
- Credit, economic and political factors beyond the control of Angas.
- Illiquidity of Angas debentures traded on the stock exchange.

## IMPORTANT INFORMATION

This Supplementary Prospectus is dated 2 August 2012. It is Supplementary to Prospectus No 13 dated 10th November 2011 ("Principal Prospectus") issued by Angas Securities Limited ABN 50 091 942 728 ("the Company") and ("Angas") inviting applications for debentures issued by the Company. This Supplementary Prospectus must be read together with the Principal Prospectus. Before deciding to invest in the debentures issued by the Company, potential investors should consider the risk factors that could affect the financial performance of the Company as described in the Principal Prospectus and this Supplementary Prospectus.

Angas debentures may be considered speculative because of the nature of the business of Angas. Neither Angas nor its directors warrant the future performance of Angas or any investment made pursuant to this Offer. As the investment carries risk, the Angas directors strongly recommend that potential investors examine the contents of the Principal Prospectus and this Supplementary Prospectus. Furthermore, prospective investors should consult their own professional advisers before deciding whether or not to apply for debentures issued pursuant to this Offer.

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission on 2 August 2012. The Australian Securities and Investments Commission takes no responsibility for the contents of this Supplementary Prospectus. The Company is not authorised under the Banking Act 1959 and the depositor protection provisions of that Act will not cover any investment in the debentures issued by the Company. The Australian Prudential Regulation Authority does not supervise the Company and debenture investments are not bank accounts. There is a risk that an investor in debentures issued by the Company may lose the whole or part of that investment.

## KEEPING INVESTORS INFORMED

Angas manages fixed income investments, provides non-bank lending and holds interests in real property. Angas was established in 2000 and has raised over a quarter of a billion dollars on its own Balance Sheet. This comprises ordinary shares, preference shares, debentures and retained earnings. Angas has the ability to raise funds from the public by the issue of debt securities known as debentures. The funds secured by debentures are applied towards short term commercial property loans secured by registered first mortgage with some equipment finance, direct property investments and the balance held in cash or equivalents. All debentures issued by Angas are listed on the NSXA.

The debentures are secured by a charge over mortgages and all other assets of Angas. This first ranking charge provides security for repayment of debentures. All loans have real property taken as security which is valued by independent valuers. Angas has never defaulted on the payment of capital or fixed interest to its debenture investors.

There are several features of Angas which support the track record of consistent performance. Angas has an experienced board of directors with legal, banking and finance skills. Liquidity is maintained in accordance with Trust Deed requirements. Angas holds an AFS Licence issued by ASIC. Full Year and Half Year Accounts are published by Angas on the website. These Accounts are the subject of an annual audit and half year review by Deloitte Touche Tohmatsu. There is continuous disclosure of material information to the NSXA. Angas is independently rated by Standard & Poor's. The current Ratings Report can be supplied on request by Angas to wholesale investors (as that expression is defined in Chapter 7 of the Corporations Act).

Angas has an external consultant to its Audit Risk Management and Compliance Committee which is responsible for audit, risk

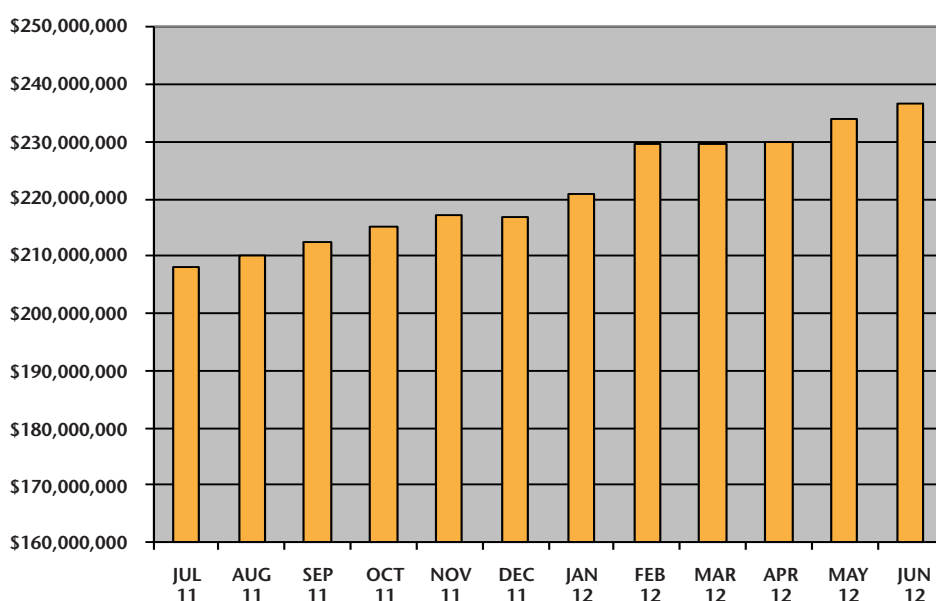
management and compliance. Angas has maintained consistent payment of ordinary dividends for the last six years with the balance of profit being retained to fund its ongoing operations.

Debenture funds raised by Angas are invested to provide a return that will service the fixed interest paid to debenture holders, meet all operating costs and generate a profit. There are restrictions on how debenture funds may be invested as set out in the Trust Deed. Angas must retain a Liquidity Reserve of minimum funds held in cash or equivalents. The balance of debenture funds may only be applied toward permitted investments as set out in the Trust Deed.

The principal activity of Angas is to provide short term loan finance fully secured by registered first mortgages over real property. Second or subsequent mortgages are not accepted or utilised by Angas as prime security when investing debenture funds. There are limits on the loan sums that can be advanced. Angas can invest debenture funds in real property and equipment finance each up to a maximum of ten percent of the debenture issue.

In addition to its own funds, Angas has set up or acquired several entities to carry on lending activities to enhance its core business. Angas Prime Income Fund and Angas Contributory Mortgage Scheme have external investors. Angas Financial Services is a housing and commercial loan broker. Each of these entities generates income for Angas but Angas bears no risk for any losses. Details appear in the Principal Prospectus. Subsequently, Advance Investment Finance No2 Pty Ltd became a wholly owned subsidiary when it was acquired by Angas in January 2012. Angas has funded \$2 million in the AIF loan book. The balance is funded externally and does not utilise debenture funds.

### DEBENTURE FUND TOTAL FULL YEAR 2011/ 2012



# REAL PROPERTY INVESTMENTS

Up to ten per cent of debenture funds may be invested by Angas in real property. In addition, Angas may invest its own capital (including proceeds from the issue of redeemable preference shares) in real property. Real property investments made by Angas as at 30th June 2012 totalled \$23,331,797 comprising direct holdings, structured finance (put & call options) and assets held via trust structures.

Many of the investments are for long term hold to generate income or capital gain. Others involve active property development (including construction) in order to generate a profit in the near term. Details of the total real property holdings of Angas are set out in the following table (see opposite).

The holding amount for each investment is supported by valuation (with any adjustment for impairment).



**Thornton Grove Estate** was developed by Angas in the prestigious northern suburbs of Sydney. The four brand new family homes were architecturally designed and constructed for modern day living. They are currently being marketed for sale.

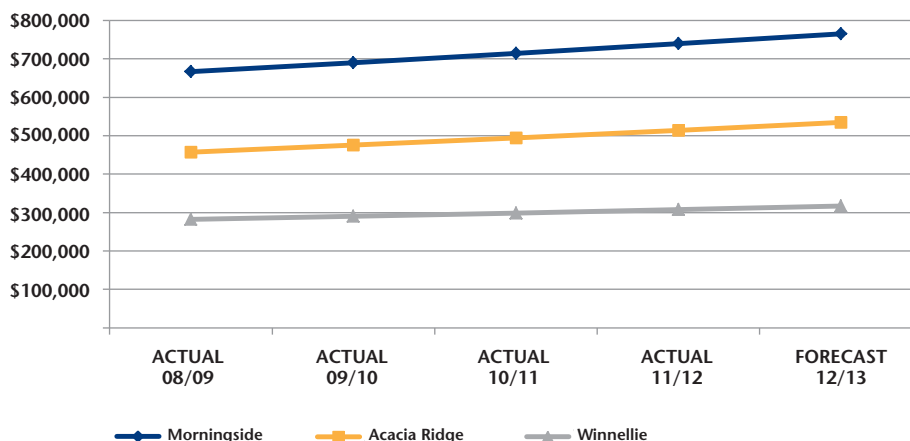
Angas Commercial Property Trust has completed the excision of 3,224 sqm of surplus land from the **Acacia Ridge** site to form 26 Murdoch Circuit which is now available for sale. The lease to Officeworks continues over 32 Murdoch Circuit at the same rent and on the same conditions. The creation of the new block has had no impact on the underlying value of the leased site.



Construction of Mannum Green Shopping Centre is on target for opening in November 2012.

PROPERTY INVESTMENT	STATE	DESCRIPTION	AMOUNT
<b>Angas Commercial Property Trust</b> 1. 26 Murdoch Circuit, Acacia Ridge 2. 32 Murdoch Circuit, Acacia Ridge 3. 17 Breene Place, Morningside 4. 107 Reichardt Road, Winnellie	QLD QLD QLD NT	Vacant Land excised from larger site. Modern office/warehouse let to Officeworks Superstores Pty Ltd. Modern office/warehouse let to Priestley's Gourmet Foods Pty Ltd. Modern office/warehouse with cold store let to Simon George & Son Ltd. Cash Investment held in unit trust.	\$8,900,000
Fernleigh Gardens Estate, Woodcroft	SA	Freestanding villa – Unit 41. Apartment (newly constructed) – Unit 307. Cash investment held in first mortgage.	\$307,000 \$268,000
“Thornton Grove” 53-55 Junction Road, Wahroonga	NSW	Four newly constructed executive residences in a boutique gated estate in Sydney's northern suburbs. Cash investment in freehold assets.	\$4,691,116
Mannum Unit Investment Trust	SA	Shopping centre under construction with IGA Supermarket as co-investor and anchor tenant in Stage One of project. On target to open in November 2012. Cash Investment held in unit trust.	\$2,500,000
Hindmarsh Precincts Development Trust Cnr of Port Road and Adam Street, Hindmarsh	SA	Development site for commercial office building and car park within Adelaide Entertainment Centre precinct. Joint investment with developer of adjacent Channel Seven building. Cash investment via an Angas subsidiary and unit trust.	\$1,257,603
<b>Marina Sites at Mandurah</b> 1. 74 Sanctuary Circuit 2. Lot 763 Cormorant Key 3. Lot 765 Cormorant Key 4. Lot 766 Cormorant Key	WA	These four superior sites are foreclosed properties with written down values. Cash investment in freehold assets.	1. \$865,000 2. \$640,000 3. \$745,000 4. \$745,000
The Terraces Apartments 100 Rose Terrace, Wayville	SA	Equity is by way of Put & Call Option over a fully completed apartment complex on the fringe of Adelaide CBD. Angas also provides two debenture loans on this property. These loans are cross collateralised and comprise 24 units in total. During the development stage, to generate an equity return, two Put and Call Options were put in place. The amounts outstanding include the profit from the investment. These options were structured to receive the benefit of a second mortgage. Cash Investment held in unit trust.	\$2,413,078

## GROSS RENTAL INCOME - ANGAS COMMERCIAL PROPERTY TRUST



The three leased properties held by Angas Commercial Property Trust (referred to above) comprise modern, well located commercial assets with strong lease covenants including annual rent increases. The chart opposite shows the gross annual income since FY08 and the contractual income for FY13.

From total rental of \$1,618,976 due from these properties in FY13, this Trust is projected to generate a return of \$492,714 after meeting all operating expenses.

# LOAN PORTFOLIO

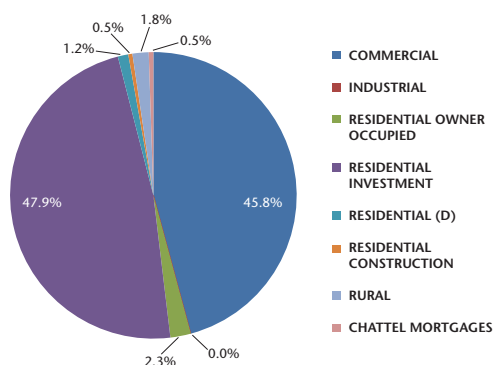
## PAST DUE LOANS (AS AT 30 JUNE, 2012)

A loan is classified Past Due if a Borrower fails to make a payment when contractually due. Hence, a loan is classified Past Due if an interest rate arrear exists, even if the loan itself has not yet expired.

ARREAR DATES	CUSTOMER	LOAN AMOUNT	DATE OF DEFAULT	ARREARS (\$)	SECURITY VALUE*	LAST VALUATION DATE
Nil to 30 Days	A	\$6,040,000.00	15/05/2012	\$1,161,790.67	\$11,800,000.00	7/10/2008
	B	\$1,250,000.00	15/05/2012	\$281,250.09	REFER A ABOVE	REFER A ABOVE
	C	\$3,791,475.00	15/05/2012	\$878,498.79	\$5,535,000.00	7/10/2009
	D	\$4,036,486.50	15/05/2012	\$984,976.72	\$5,885,000.00	20/05/2011
	E	\$2,476,624.88	15/05/2012	\$163,598.46	\$5,120,000.00	20/05/2011
	F	\$3,700,000.00	16/07/2012	\$351,274.57	\$5,625,138.00	23/09/2009
	G	\$2,186,761.94	16/07/2012	\$174,333.30	\$3,324,862.00	23/09/2009
	<b>TOTAL</b>	<b>\$23,481,348.32</b>		<b>\$3,995,722.60</b>		
31 - 90 Days	H	\$480,000.00	15/05/2012	\$28,228.66	REFER E ABOVE	REFER E ABOVE
	<b>TOTAL</b>	<b>\$480,000.00</b>		<b>\$28,228.66</b>		
91 - 180 Days	I	\$8,926,337.44	20/06/2012	\$0	\$14,350,000.00	1/02/2011
	J	\$13,205,000.00	27/09/2011	\$1,544,890.07	\$15,000,000.00	20/07/2012
	<b>TOTAL</b>	<b>\$22,131,337.44</b>		<b>\$1,544,890.07</b>		
181 - 365 Days	K	\$1,695,909.57	8/05/2007	\$0	\$1,400,000.00	24/05/2011
	L	\$2,082,582.49	5/05/2009	\$888,099.92	\$2,550,000.00	11/02/2010
	M	\$1,000,000.00	19/01/2010	\$605,504.66	\$1,002,000.00	19/06/2009
	N	\$603,272.75	30/03/2012	\$82,074.17	\$900,000.00	4/02/2010
	O	\$4,498,073.50	20/06/2012	\$0	\$6,830,000.00	1/02/2011
	<b>TOTAL</b>	<b>\$9,879,838.31</b>		<b>\$1,575,678.75</b>		

\*Shows only Primary Security. In some loans, collateral securities are also held.

## AS AT 30 JUNE 2012, THE LOAN ASSETS OF ANGAS WERE INVESTED IN THE FOLLOWING PROPORTIONS



Commercial is any property used for income generation. Residential is split between Residential Owner Occupied, Residential Investment e.g. completed buildings, Residential Land (D) zoned for development and Residential Construction e.g. construction for residential projects.

## MORTGAGE LOAN BOOK / PAST DUE LOANS

	AS AT JUNE 30 2011 \$	AS AT JUNE 30 2012 \$
Loans and advances	168,589,503	191,251,312
Less: General provision for doubtful debts	-3,641,766	-300,000
<b>Net Loans and advances</b>	<b>164,947,736</b>	<b>190,951,312</b>

### Ageing of Past due loans

	AS AT JUNE 30 2011 \$	AS AT JUNE 30 2012 \$
Nil to 30 days	35,237,193	23,481,348
31 days to 90 days	0	480,000
91 days to 180 days	350,000	22,131,337
181 days to 365 days	19,673,179	9,879,838
<b>Total Past Due</b>	<b>55,260,372</b>	<b>55,972,524</b>
<b>% of Loan Book past due</b>	<b>33.50%</b>	<b>29.31%</b>

### Number of past due loans:

	AS AT JUNE 30 2011	AS AT JUNE 30 2012
<b>Total</b>	<b>37</b>	<b>15</b>

## TEN LARGEST LOANS

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE*	VALUATION DATE	INTEREST ARREARS
A	\$13,205,000.00	Commercial	QLD	\$15,000,000.00**	27/09/2011	\$1,544,890
B	\$8,926,337.44	Residential	SA	\$14,350,000.00	1/02/2011	Nil
C	\$6,040,000.00	Commercial	SA	\$11,800,000.00	7/10/2008	\$1,161,791
<b>Total: Not In Order</b>	<b>\$28,171,337.44</b>					
<b>LOANS IN ORDER</b>						
D	\$23,500,000.00	Residential	NSW	\$50,000,000.00	22/05/2012	Nil
E	\$10,370,463.00	Commercial	VIC	\$28,191,600.00	15/03/2012	Nil
F	\$8,612,268.00	Commercial	SA	\$12,630,000.00	14/12/2010	Nil
G	\$7,591,951.09	Commercial	QLD	\$13,625,000.00	2/11/2011	Nil
H	\$6,436,387.00	Commercial	SA	\$10,463,000.00	9/11/2011	Nil
I	\$6,275,000.00	Commercial	NSW	\$9,500,000.00	7/04/2011	Nil
J	\$5,750,000.00	Residential	NSW	\$8,300,000.00	7/10/2011	Nil
<b>Total:</b>	<b>\$68,536,069.09</b>					

\*Shows only Prime Security. In some loans, collateral securities are also held.

\*\*Prime security only. A collateral security is under contract which should return an additional \$6,000,000 on settlement.

The largest loan in the Angas portfolio comprises \$23.5million of debenture funds, constituting a loan advance as permitted by the Trust Deed. This loan is paid up in terms of interest until December 31, 2012. Angas has syndicated some of the first mortgage on a pari passu basis and applied its own balance sheet funds for the remainder. Angas acquired this loan at a significant discount from another financier as this asset has latent development potential and comprises potentially 200 residential blocks. This is prime residential land in the heart of western Sydney. Rather than conducting a straight market sale which may not maximise value, Angas is currently negotiating with various parties wishing to develop this asset. Such an approach brings benefits to Angas as it could involve a new loan structure, whilst ensuring early repayment of existing loan proceeds and arrears. Angas is also fully entitled to sell the asset "as is" and its exposure is considerably less than the "as is" valuation completed in May 2012 by an independent and professional valuer. Angas is also selling down additional blocks that are not part of the development and have a market value in the order of \$5 million. The Angas Board is regularly monitoring this process.

## DIFFERENT LOANS WITH RELATED BORROWERS

Angas is able to make multiple loans to the same borrower (or parties related to one another). Angas can make different loans to the same borrower, where the asset security for each loan is also different. However, to optimise security protection, these loans are usually cross collateralised. The chart below sets out details as at 30 June 2012. Note that the names of individual borrowers are not disclosed for reasons of commercial confidentiality.

CUSTOMER	TOTAL BALANCE OF LOAN	NO. OF LOANS	COMMENTARY
1	\$25,144,000.00	3	Primary asset is a prestigious rural/residential property, along with collateral security over harbourside apartments in Sydney.
2	\$18,075,018.15	16	Perth based builder and property developer, with a range of distinct residential, commercial and retail properties providing security.
3	\$18,074,586.38	6	Security comprises retirement villages in Adelaide.
4	\$14,173,775.00	2	Assets are completed top quality apartments in Melbourne and development land in Melbourne. Significant asset cover provided.
5	\$13,572,738.00	2	Funding provided for development of a retail site in Adelaide suburbs, with lease in place with large retail company.
6	\$13,424,410.94	2	Completed apartments in Adelaide.
7	\$8,476,387.00	2	Marina Berths and commercial property in Adelaide, supported by collateral securities.
8	\$7,055,000.00	2	Residential unit development in greater western Sydney.

## CONSENTS

The directors of Angas Securities Limited ABN 50 091 942 728 have consented to the lodgement and issue of this Supplementary Prospectus.

The Supplementary Prospectus is signed by the following directors of the Company.



Andrew Luckhurst-Smith



Paul McCarthy



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