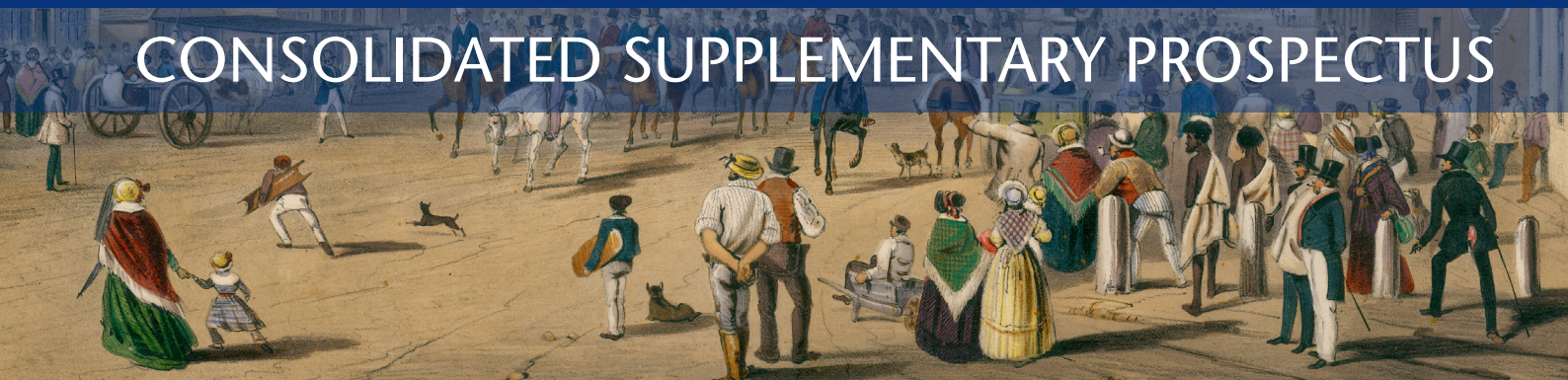




CONSOLIDATED SUPPLEMENTARY PROSPECTUS



IMPORTANT INFORMATION

This Consolidated Supplementary Prospectus is dated 9 August 2013. It is Supplementary to Prospectus No 14 dated 21 December 2012 ("Principal Prospectus") issued by Angas Securities Limited ABN 50 091 942 728 ("the Company") and ("Angas") inviting applications for fixed interest securities issued by the Company. It is issued in substitution of the Supplementary Prospectus that was lodged at ASIC on 8 February 2013.

This Consolidated Supplementary Prospectus must be read together with the Principal Prospectus. Before deciding to invest in the securities 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 Consolidated Supplementary Prospectus. This Consolidated Supplementary Prospectus was lodged with the Australian Securities and Investments Commission on 9 August 2013.

The Australian Securities and Investments Commission takes no responsibility for the contents of this Consolidated Supplementary Prospectus. There is a risk that an investor in fixed interest investments issued by the Company may lose the whole or part of that investment.

Investors with Angas will be aware that the depositor protections of the Banking Act do not apply to this Issue. Fixed interest securities pursuant to this issue are not bank deposits. Unlike banks or credit unions, Angas and other companies operating in the debenture sector are not subject to the supervision of the Australian Prudential Regulation Authority ("APRA"). As such, the financial reporting standards set by APRA under APS220 do not apply to Angas.

Words used in this Consolidated Supplementary Prospectus which are defined in the Principal Prospectus have the same meaning.

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CONSENTS

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

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



ANDREW LUCKHURST-SMITH



MATTHEW HOWER



CLIVE GUTHRIE



PAUL McCARTHY

CHANGES TO BOARD OF DIRECTORS



CLIVE GUTHRIE JOINED ANGAS AS AN INDEPENDENT, NON-EXECUTIVE DIRECTOR BASED IN SYDNEY, EFFECTIVE 1 JULY 2013.

Clive formerly worked in corporate trustee roles for almost fifteen years, having joined the Permanent Trustee Company (now Trust Company) in 1993. Clive had exposure to the entire range of collective investment schemes with particular emphasis on property, mortgage and equity trusts. Clive was seconded as Trust Company's Chief Operating Officer for Asia, comprising regional responsibility for the establishment and administration of offices in Hong Kong and Singapore. The objective was to establish a trusteeship business for Real Estate Investment Trusts (REITs) and identify local staff to run these new businesses.

For about seven years he was Trust Company's Manager Structured Finance with responsibility for its debenture, notes and security trustee portfolio. During that period, Clive was also Manager Structured Finance and Superannuation and headed Trust's superannuation and responsible entity services. All roles at the trustee companies involved establishment and supervision of trusts and review and settlement of constituent and offer documents as well as terminations in either scheduled or distressed circumstances. Prior to joining Trust, Clive was a career banker of long standing at Westpac. He held general banking roles including consumer lending, branch administration and personnel management. He also held corporate secretarial positions and offshore administrative roles. His financial services appointments involved management of a mortgage trust, investment management and custody and supervision of unit trust and superannuation registries, and establishment of a trustee business unit.

Since May 2008, Clive has been a Responsible Manager of two of the registered managed investment schemes operated by Provident Capital Limited (in liquidation). This appointment was approved by ASIC in 2008. The Australian Financial Services Licence issued to Provident is currently suspended. For the past 12 months, and despite Provident's AFSL being suspended at times during that period, Clive has been assisting the receivers and managers of Provident at their request in relation to the managed investment schemes of which Clive is Responsible Manager. In addition, Clive has a past and continuing role as a Responsible Manager for two managed investment schemes of which Hamilton Asset Management Limited acts as Responsible Entity.

Clive holds a Certificate of Trust Administration from the University of New England, a Certificate in Global Securities Operations from the Securities Institute London and a Certificate in respect of ASIC's RG 146. He has sat on compliance committees, conducted an AML/CTF review, assisted in due diligence portfolio reviews, advised in matters regarding charitable foundations and acted as an expert adviser in trustee matters. Angas has been rolling out its business in Sydney since 2011 with a full service office acquired in 2012. The Angas board has been committed to appointing a Sydney based director as an integral part of this strategy and agreed with the Trust Company to use its best endeavours to appoint an independent director by 30 June 2013. Clive's appointment fulfils that commitment. The Angas directors are delighted that Clive Guthrie has joined the board.



PERTH BASED DIRECTOR KIMLEY LYONS WILL LEAVE THE ANGAS BOARD EFFECTIVE 31 JULY 2013.

Kimley will assume the position of Head of Compliance independent of the board. He will continue to oversee the National Compliance Officer and the Risk Management Officer (both of whom are qualified lawyers) and will continue to be Chairman of the Audit, Risk Management & Compliance Committee. Kimley Lyons practised law for over 20 years with Jackson McDonald in Perth where he specialised in banking & finance and rose to be Managing Partner. He has been a director of Angas since 2002. Clive Guthrie's appointment together with the new role for Kimley Lyons reflects Angas' commitment to corporate governance and accountability.

See page 9 of this Consolidated Supplementary Prospectus dealing with management of Conflict of Interest and Related Party Transactions.

KEY RISKS THAT INVESTORS SHOULD CONSIDER

At page 4 of the Principal Prospectus, Angas provides a short summary of some of the key risks of this investment and directs investors to refer to the Principal Prospectus and this Consolidated Supplementary Prospectus in its entirety. The following is further disclosure about each specific risk, an explanation how the risk arises and information as to the possible magnitude of loss if the risk were to eventuate. Investors may not be able to recover all or part of the principal funds invested in the Issue or any fixed interest attaching to these due to a number of factors, including those outside of the control of Angas. Investors should read the Principal Prospectus and this Consolidated Supplementary Prospectus in its entirety to make an assessment of the suitability of investing in the Issue. Some of the significant investment risks follow:-

1 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.

The risk arises in the event of two concurrent factors: first, borrowers defaulting on their loans and secondly, the value of the underlying security falling in a declining property market. There is disclosure at page 16 of the Principal Prospectus as to how Angas manages this risk. Should Angas take the view that the market value of the underlying security may be insufficient to repay all outstanding loan principal and accruing interest then interest will be suspended and no longer accrued. If the market value of the underlying security continues to decline then Angas will make a specific provision. Once there is an actual sale of the underlying security then the provision will be adjusted to become an actual loss written off against the equity of Angas or will be reversed depending on the outcome.

Set out below is further specific disclosure relating to loans in arrears, bad debts and provisions (for likely losses) as estimated by the Directors as at 30 June 2013.

As at 30 June 2013, Angas had Past Due loans totalling \$60,503,968 comprising 28.23% of Angas' total loan book. A table of Past Due loans is set out at page 17 of this Consolidated Supplementary Prospectus. A loan is classified as Past Due if a Borrower fails to make a payment when contractually due. As at 30 June 2013, Angas has bad debts totalling \$1,396,500.57 comprising principal of \$745,819.57 in relation to a loan and interest arrears of \$650,681.00 in relation to another loan. These transactions were fully provided for in previous years so there is no impact in the current period. Angas intends to make provision in its accounts for the financial year ended 30 June 2013 for losses totalling \$869,265.00 comprising \$223,000.00 in relation to a loan and \$646,265.00 in relation to another loan.

The Directors estimate that the possible magnitude of loss that investors may suffer arising from this risk comprises the provisions totalling \$869,265.00 as at 30 June 2013 referred to above.

2 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.

Angas is a lender against both residential and commercial property. The principal risk in this business model is that the borrower cannot repay at the expiry of the loan. In this case, Angas would ultimately seek to recover its monies through a sale of the mortgaged property. The value of that property is therefore critical to the ability to obtain full recovery of all amounts that are due to Angas. An additional risk is that the borrower is unable to service the loan during the term of the loan. Accordingly, any interest accrued and fees would also have to be recovered through the sale of the property. Angas manages this risk in the manner described at page 9 of the Principal Prospectus.

3 That Angas has made a loan advancing \$25.25million of first ranking investment funds as detailed on page 23 of the Principal Prospectus.

There have been several material developments concerning this loan facility which is secured over an estate known as Fernhill at Mulgoa, NSW. There is further specific disclosure about this loan facility at page 12 of this Consolidated Supplementary Prospectus.

In summary, the total face value of this loan is \$33,542,479.00 (as at 18 July 2013). However, \$17 million of the loan has been syndicated, with Angas retaining an interest in \$13 million of the loan. Under the terms of the syndication arrangements, all lenders (including Angas) share equally (*pari passu*) in the realisation of the Fernhill Loan up to the value of each party's interest in the loan. Angas holds its first ranking mortgage over the Fernhill Estate and its registered charge over the borrower on trust for itself and the syndicated lenders.

4 Transactions where Executive Directors of Angas have a conflict of interest.

Entities associated with the Executive Directors of Angas often make loans to the same borrowers as Angas. The risk is that in respect of those lending transactions a Director (associated with the related entity) may have an actual or potential conflict between his personal interest and the interest of Angas in the lending transaction. Angas has a Conflict of Interest Policy and has made disclosure of how it manages any actual or potential conflicts of interest that may arise in lending transactions with common borrowers at page 9 of this Consolidated Supplementary Prospectus. Independent Director, Clive Guthrie has made no such loans. A loss that significantly erodes Angas' capital is relevant to investors even where less than the total equity of Angas has been eroded because all of the equity capital of Angas is covered by the charge under the Trust Deed.

In one specific instance, namely in respect of the Fernhill loan discussed in point 3 above, the combined value of the

loans made by Angas and entities associated with Directors of Angas totalled approximately 100% of the security property held by Angas at the time that Angas acquired the first mortgage from a previous lender. The value of that security property has since risen substantially, as discussed further at page 12 of this Consolidated Supplementary Prospectus, whilst the proportion of the first mortgage contributed by Angas has been reduced by a syndication of \$17 million to unrelated third parties.

5 Fall in value of properties owned by Angas could result in loss.

Disclosure about these properties is set out at page 15 of the Principal Prospectus. There have been no changes to the portfolio since the date of the Principal Prospectus. All properties are re-valued annually and any necessary adjustments are made in the Financial Report in line with current market value. On a going concern basis, Angas considers that there is no appreciable likelihood of loss to first ranking investors because Angas maintains a significant equity "buffer" in its loan portfolio. In addition, the entire property portfolio of Angas (which totalled \$25.61 million as at June 2012) would have to be valueless before Angas has insufficient funds to pay first ranking investors. (Details of the property portfolio maintained by Angas are disclosed at page 15 of the Principal Prospectus.) The Directors consider this risk to be utterly remote. However, as Angas has a relatively small number of investments then a significant loss on any one of those investments may have a detrimental impact on Angas. A loss that significantly erodes Angas' capital is relevant to investors even where a sum less than the total equity has been eroded because all of the equity capital of Angas is covered by the charge under the Trust Deed.

6 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 as the bank loans must be repaid in full with any surplus remaining for Angas Commercial Property Trust.

Since the date of the Principal Prospectus, Angas Commercial Property Trust has re-negotiated a reduction in its borrowings costs in line with increases in the profitability of Angas Commercial Property Trust for the Financial Year 2013 as stated at page 15 of the Principal Prospectus.

7 That Angas is permitted to make a single loan or multiple loans to associated borrowers of up to ten per cent of first ranking funds as disclosed at page 7 of the Principal Prospectus under "Portfolio Balance".

There is specific disclosure at page 23 of the Principal Prospectus of the Different Loans with Related Borrowers as at 30 September 2012 and as detailed for 30 June 2013 at page 18 of this Consolidated Supplementary Prospectus. The composition of the loan book varies regularly as new loans are advanced and existing loans are varied, restructured, consolidated, reduced, increased or repaid in full. The

cumulative value of loans (including accrued interest) made by Angas to any one borrower (or associated group of borrowers) does not exceed the equity of Angas. Further, based on current valuations, Angas does not expect to incur a loss in respect of any loans to associated borrowers.

Set out on page 18 is a schedule of the Different Loans with Related Borrowers as at 30 June 2013. This information replaces (and updates) the table entitled "Different Loans with Related Borrowers as at 30 September 2012" at page 23 of the Principal Prospectus.

8 That Angas has made a number of other large loans which together comprise a significant portion of the Loan Portfolio as compared to the Issuer's capital. The risk of default in one or more large loans could expose Angas to significant losses.

The ten largest loans advanced by Angas as at 30 September 2012 are set out at page 23 of the Principal Prospectus. The composition of the loan book varies regularly as new loans are advanced and existing loans are varied, re-structured, consolidated, reduced, increased or repaid in full. The ten largest loans advanced by Angas as at 30 June 2013 are set out at page 18 of this Consolidated Supplementary Prospectus.

In summary, the face value of the ten largest loans advanced by Angas as at 30 June 2013 totalled \$71,584,851.66, which comprised 33.4% of Angas' loan book. This amount is net of funds co-invested by joint lenders. More than \$20 million was invested by other lenders in these 10 largest loans as at 18 July 2013 in order to defray the Angas exposure (including the \$17 million in respect of the Fernhill Loan discussed in point 3 on page 3). This compares to the total value of the security property held by Angas, which has a current total value of \$373,678,942. As at the close of business on 18 July 2013, Angas had cash at bank of more than \$43 million. Given the value of the security property held by Angas, the mitigation of concentrated exposure to the largest loans and the equity position of Angas, the Directors do not expect Angas to suffer a loss in respect of its exposure to the ten largest loans currently advanced by Angas.

9 That by virtue of a Put & Call option over the Wayville property (as described on page 11), 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.

This risk is the subject of additional disclosure at page 11 of this Consolidated Supplementary Prospectus. The exposure for Angas on this investment comprises two loans which aggregate in total \$11,078,145.94 together with an equity position of \$4,213,078.00. The current valuation of the Wayville property (secured through a first mortgage in favour of Angas) totals \$14,620,000.00. Angas holds collateral security over other units within the development. 4 units

within the Wayville development have been sold at prices in line with the current valuation since the date of the Principal Prospectus. The sale of 3 more units in this development are scheduled to settle (in line with current valuation) on 31 August 2013. Page 15 of the Principal Prospectus discloses further details of Angas' interests in the Wayville property.

10 Redemption of first mortgages prior to the expiry of the loan term.

This event is possible but rarely occurs as Angas makes short term loans. The impact of borrowers redeeming their loans early would be minimal as Angas would then lend the funds on a new loan to a new borrower. As Angas would charge a fee for the new loan, the impact is likely to be beneficial to Angas.

11 That as fixed interest investments provide the principal funding capacity of Angas, there is a risk that equity capital may be insufficient to sustain all trading losses with secured investor funds having to meet any shortfall.

The risk of Angas sustaining trading losses is the cumulative effect of the occurrence of one or more of the risks identified in the Principal Prospectus and this Consolidated Supplementary Prospectus. In addition, all ordinary and preferred capital of Angas and all retained earnings totalling \$25,442,236.68 as at 30 June 2013 must be lost before any first ranking investor funds are lost. The Directors consider this risk has very low prospects of eventuating. The Directors have stated at page 35 of the Principal Prospectus that they are of the opinion that Angas will be in a position to meet all principal and interest payments on fixed interest securities issued under the Principal Prospectus as they fall due. The Directors remain of this view.

12 Risks specific to any company which issues listed securities.

There are general risks associated with investing in any company which issues listed securities. The quoted price of Angas first ranking securities may rise or fall in response to a number of factors including:

- Australian and international economic conditions, interest rates and equity markets;
- investor sentiment;
- creditworthiness of Angas;
- factors which may affect the financial position and earnings of Angas; and
- movements in the market price of alternative investment classes, including property or fixed interest.

The quoted price of Angas first ranking securities may be more sensitive than the quoted price of other securities to changes in interest rates. As a result, it is possible that they may trade on the NSXA at a price below their Face Value.

13 Movement in market interest rates after securities have been issued.

The risk of this event is that Angas will be unable to make loans on interest rate terms that will generate sufficient margin for Angas to meet its trading expenses and have sufficient resources to pay the fixed interest distributions due to investors.

In fact, market interest rates have fallen as set out in the graph on page 19 of the Principal Prospectus and yet Angas has continued to trade profitably. Angas has been able to hold its margins due to competitive factors, namely the significant reduction in the non-bank commercial property finance market. However, these conditions may change and Angas could be subjected to margin pressure which could adversely impact its business model and lead to investor losses. Every 1% reduction in Angas' lending rate will reduce income by approximately \$2 million per annum. Angas would need a 5% reduction in its lending rate across its entire loan portfolio to lose the current and retained profit of Angas. The Directors consider this scenario to have very low prospects of occurring as lending rates have held up at current levels right through the GFC to the present time. Demand for loans remains high and there is no market pressure on Angas to reduce current lending rates.

14 Credit, economic and political factors beyond the control of Angas.

Various issues may give rise to reputational risk and cause harm to the business and prospects of Angas. These issues include appropriately dealing with legal and regulatory requirements, money laundering laws, information security policies and trading practices. Failure to address these issues appropriately could give rise to regulatory enforcement actions, fines and penalties, or harm the reputation of Angas among its customers and investors in the market place.

The business of Angas is highly regulated and could be adversely affected by changes in regulations and regulatory policy. Compliance risk arises from the regulatory standards that apply to Angas as a financial institution. Angas is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including changes to accounting standards) and industry codes of practice, as well as meeting its ethical standards. The business and earnings are also affected by the fiscal or other policies adopted by various regulatory authorities of the Australian government. The nature and impact of future changes in such policies are not predictable, and are beyond control of Angas. Changes in regulations or regulatory policy could adversely affect Angas and could require the incurring of substantial costs to comply which would reduce the profitability of Angas.

31 DECEMBER 2012 HALF YEARLY REPORT

A Consolidated Financial Report of Angas for the half year ended 31 December 2012 was lodged with the Australian Securities and Investments Commission (ASIC) on 15 March 2013 (**Half Yearly Report**).

Note 1 in the Half Yearly Report includes a note regarding the preparation of the Half Yearly Report on a going concern basis (which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business) (**Going Concern Note**). The Going Concern Note mentioned (among other matters) the following:

- The commencement of the Independent Business Review, discussed on page 7 of this Consolidated Supplementary Prospectus.
- Prospectus No.13 expired during the review period and during the Exposure Period for the lodgement of the draft Prospectus No.14, ASIC requested Angas to undertake not to accept applications from new retail investors until the Independent Business Review was complete and at least until 18 March 2013.
- While the Independent Business Review process remained incomplete and without communication from the Trustee as to any measures that may be sought to be imposed pursuant to the Trustee's powers under the Trust Deed for First Ranking Debenture Stock or the impact (if any) of the views of ASIC in its consideration of the Company's prospectus, there exists under Accounting Standards significant uncertainty regarding the ability of Angas to continue as a going concern impacting on the ability of Angas to realise assets and discharge liabilities in the normal course of business.
- The Directors' belief was that it was appropriate to prepare the financial statements on a going concern basis despite the matters outlined above. The reasons for holding that belief included that the profile of contractual redemptions of fixed interest securities can be managed with existing cash resources and realization of assets if required; forecast cashflows remained positive for the foreseeable future; Angas had adequate resources to continue operating for

the foreseeable future, including liquid assets above the 5% minimum liquidity requirement under the Trust Deed and increased capital during the period; in the absence of an immediate ability to accept new investor proceeds, sufficient alternative funding sources would have been available and assets could be realized as required; and that in the event measures were imposed by the Trustee pursuant to the Trust Deed resulting from the Independent Business Review, Angas would work with the Trustee to implement such measures to the satisfaction of both parties.

The Half Yearly Report also includes the Independent Auditor's Review Report to the members of Angas (**Independent Auditor's Review Report**).

The Independent Auditor's Review Report concludes that it had not become aware of any matter that makes them believe that the Half Yearly Report is not in accordance with the *Corporations Act 2001*, including (a) giving a true and fair view of the financial position as at 31 December 2012 and of performance for the half year that ended on 31 December 2012; and (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. However, without modifying its conclusion, the Independent Auditor drew attention to Note 1 in the Half Yearly Report, and in particular the fact that the Independent Business Review commissioned by the Trustee of the debenture holders remained incomplete at the time of the Half Yearly Report, and in accordance with Accounting Standards which apply in these circumstances, the Independent Auditor noted that those matters indicated the existence of a material uncertainty referred to in the Going Concern Note.

As noted on page 7 of this Consolidated Supplementary Prospectus, the independent review report was issued in final form in April 2013 and Angas and the Trustee have since agreed upon an enhanced reporting protocol and on other measures, as further discussed on page 8 of this Consolidated Supplementary Prospectus.

A copy of the Half Yearly Report is available free of charge to any person in receipt of the Prospectus by contacting Angas.

INDEPENDENT BUSINESS REVIEW

The Trustee engaged an independent adviser on 22nd November 2012 to initiate an independent business review of Angas (Independent Business Review). The independent adviser's report was issued in its final form to the Trustee on 3rd April 2013. The report was prepared solely for the use of the Trustee and is not to be disclosed or relied upon by any other party without the prior written consent of its author. The work of the Trustee's independent adviser did not include the procedures necessary to enable the independent adviser to express an opinion as to whether the financial information contained in its final report is in accordance with generally accepted auditing standards and no such opinion is expressed.

Since the independent adviser's report was received, Angas and the Trustee have agreed certain enhanced reporting protocols and other measures required by the Trustee in order to complete the Independent Business Review process. Angas and the Trustee are committed to working towards having the Independent Business Review process completed by 31 August 2013. The only outstanding steps to be undertaken in order to complete the Independent Business Review process are the finalisation of the Trustee's review of the Fernhill Loan, the completion of the Trustee's review of the Wayville transaction documents and the Trustee's review of the previously agreed re-valuations of loan security. Angas and the Trustee have agreed upon a timetable within which to attempt to complete the outstanding steps by 31 August 2013. The agreed reporting and measures are summarised in the table on the following page. To the extent that these activities are ongoing in nature, these matters are in the nature of ongoing monitoring and review and are separate to the completion of the Independent Business Review process. The completion of the Independent Business Review process is subject to compliance by Angas with the agreed reporting protocols and the Trustee's general ongoing obligations and duties under the Trust Deed and at law.

Angas and the Trustee continue to work in a co-operative manner. The Trustee has consented to the disclosure in this "Independent Business Review" section of this Consolidated Supplementary Prospectus but has not otherwise consented to the disclosure in this Consolidated Supplementary Prospectus. The Trustee takes no responsibility for the contents of this Consolidated Supplementary Prospectus.

ANGAS AND THE TRUSTEE HAVE AGREED UPON A TIMETABLE WITHIN WHICH TO ATTEMPT TO COMPLETE THE INDEPENDENT BUSINESS REVIEW PROCESS COMPLETED BY 31 AUGUST 2013.

NO.	ITEM
1.	CASH FLOW & LIQUIDITY
1.1	Liquidity Reporting Angas is to complete the Trustee's new Liquidity Reporting Template incorporating data which is current as at close of business each Friday, and deliver it to the Trustee by the following Wednesday.
1.2	Cash Flow Forecasting Angas will deliver to the Trustee a copy of each rolling 12-month cash flow forecast prepared for and provided to Standard & Poor's on the business day following the date of the preparation of the forecast.
2.	TANGIBLE ASSET POSITION
2.1	Valuation Reports (a) Angas will nominate a panel valuer to re-value certain loan securities nominated by the Trustee; (b) Angas and the Trustee will discuss in good faith the timing for delivery of the Valuation Reports with the respective Independent Valuers, with a view to them being delivered in draft within 30 days of the instruction and in final by 12 July 2013.
2.2	Fernhill (a) A briefing has been provided to the Trustee by the Angas Project Manager handling Fernhill (which secures the Fernhill Loan referred to at page 12 of this Consolidated Supplementary Prospectus). (b) Any further requirements of the Trustee in respect of the Fernhill Loan will be confirmed in writing by the Trustee to Angas.
2.3	Legal Review (a) Angas will provide to the Trustee all documents which give effect to any put and call transactions or collateral security involving Angas and any of the borrowers of Loan Assets, including in respect of the Fernhill Loan and the Wayville developments (Other Arrangements); (b) Angas will provide, and will take all reasonable steps to procure that the parties to the Other Arrangements provide all information, documents and other assistance reasonably requested by the Trustee in relation to their advice in respect of those arrangements.
2.4	Non-Performing Loans Angas will report in writing to the Trustee regarding its existing procedures and internal resources for managing the Company's non-performing Loan Assets, and the extent to which Angas seeks external assistance in this regard.
2.5	Terms of Security Angas will notify the Trustee in writing of any amendment, variation or other change to the terms of any of the security interests held by Angas in respect of any of its assets no later than 3 business days prior to such change taking effect. Releases of security in the ordinary course of business by Angas are not subject to this requirement.
3.	EQUITY
	(a) Until further notice, Angas will not to take any steps to pay dividends to existing ordinary shareholders of Angas (including dividends on account of redeemable preference shares owned by the ordinary shareholders of Angas) without the prior written consent of the Trustee. (For the avoidance of doubt there is no restriction on the Company's right to declare dividends to redeemable preference shareholders who are parties unrelated to the directors of Angas). The Trustee will act reasonably in considering a proposal to pay a dividend and will consider the materiality of the proposed dividend in comparison with the current financial position of Angas. (b) Angas will comply with the incremental increases in capital requirements proposed by ASIC Consultation Paper 199.
4.	CARRY ON BUSINESS IN A PROPER & EFFICIENT MANNER
	(a) Angas will use its best endeavours to appoint an independent director by 30 June 2013 and to keep the Trustee informed of the steps taken by Angas in this regard. (b) Angas will not make any loans using its equity without providing 3 days' notice to the Trustee.
5.	EARLY REDEMPTIONS
	Angas will provide the Trustee with 5 business days' prior written notice of Angas's intention to approve a request for early redemption by an investor. Angas will include details of and the basis for the request.

CONFLICT OF INTEREST DISCLOSURE

Conflict of Interest Policy

Angas has adopted a Conflict of Interest Policy (which it updates from time to time) that governs the manner in which Angas avoids, manages and discloses situations that could be or may lead to a conflict of interest or duty, or a perception of an actual or potential conflict of interest or duty, including conflicts such as those that may arise in lending transactions where entities associated with the Directors make loans to parties who have loans with Angas (**common borrower**).

The Conflict of Interest Policy dated 16 August 2007 (**First Conflicts Policy**) was in force as at 19 March 2012 at the time that Angas acquired the Fernhill Loan. The First Conflicts Policy required the Directors to disclose to the Board any actual or potential conflict of interest that may exist or might reasonably be thought to exist as soon as the situation arises and also required the Directors to comply with the *Corporations Act* provisions about disclosing interests and restrictions on voting.

As part of the First Conflicts Policy, Angas maintained a Related Party Transaction Register (**Conflicts Register**) to record all lending transactions made by the Directors to common borrowers. The Conflicts Register recorded the principal amounts owing on loans made by entities associated with the Directors but not the interest accrued to date. Mortgage Funds Management Pty Ltd (**MFM**) is a company controlled by Matthew Hower, a Director of Angas. Another Director, Paul McCarthy is a director of PKMC Investments Pty Ltd (**PKMC**). Prior to 1 July 2013, Barker's board included all of the same directors as Angas. (Further details about Barker appear at page 34 of the Principal Prospectus.)

At the time that Angas acquired the Fernhill Loan, MFM was owed an amount of \$26,603,537, PKMC was owed \$702,500 and Barker was owed \$902,000 (inclusive of accrued interest) by the common borrower. All loans made by entities associated with these Directors are secured by mortgages which rank behind security taken by Angas. The loans due to MFM, PKMC and Barker were secured by third and subsequent mortgages over Fernhill. Conflicts of interest between Angas and these related parties are further regulated by a Master Deed of Priority which applies to all transactions Angas and the related party make to secure loans to the same borrower over the same security. The Deed of Priority provides for Angas to have priority for the

payment of the principal sum advanced to the common borrower and other money owing to Angas together with interest on those amounts (at the lower rate) before the related party subsequent mortgagee receives any principal.

Benefits accrue to these related parties (and indirectly to the Directors) from the interest and fees paid by the common borrowers (usually at higher rates reflecting the higher risks associated with subsequent mortgage lending). Benefits accrue to Angas as well. Any first loss is absorbed by these related parties as subsequent mortgagee. The benefit to these related parties (and indirectly to the Directors) is loan interest and fees at rates which reflect that risk. As subsequent mortgagees, MFM, PKMC and Barker may stand to benefit in the future from the reduction of the book value of the Fernhill Loan (which occurred on 29 June 2012) due to the reduced amount due under the first mortgage now payable to Angas. However, it should be noted that the loan reduction only matched the cash component paid by Angas when it acquired the mortgage. (Further details about the Fernhill Loan acquisition appear at page 12 of this Consolidated Supplementary Prospectus.)

At the time Angas acquired the Fernhill Loan at the reduced book value which it paid to the transferor, Angas complied with the First Conflicts Policy. While Mr Hower and Mr McCarthy did not vote in relation to the decisions concerning Fernhill, the Conflicts Register did not capture the full amount of loans outstanding (because it did not include interest accrued to date) in respect of the Fernhill transactions. This had been the policy for a number of years and the subject of satisfactory reviews by independent compliance consultants conducted in 2006 and 2011. As all of the Directors of Angas were then also directors of Barker, each of them was aware of the full amount of the loan outstanding to Barker. Further, whilst the Directors were not aware of the exact amount due to MFM and PKMC at the time of the transactions (because the Conflicts Register did not include accrued interest at that time), each of the Directors were aware of the magnitude of the amounts owing to MFM and PKMC.

At the time Angas entered into agreements for the development of Fernhill on about 30 November 2012 (described at page 12 of this Consolidated Supplementary Prospectus), the Company's revised Conflict of Interest Policy dated 26 July 2012 applied

(**Second Conflicts Policy**). Angas substantially complied with the Second Conflicts Policy at the time that Angas approved the payment of the \$3 million from the \$10 million proceeds to be paid to MFM in respect of money owing to MFM by the common borrower under its third mortgage (on condition that all of the \$3 million be re-invested in Angas by MFM as capital in redeemable preference shares and ordinary shares), and at the time that Angas approved the payment of \$400,000 to each of MFM and Barker from the \$10 million proceeds in respect of money owing to MFM and Barker by the common borrower under their third and subsequent mortgages.

Whilst Angas continued to maintain a Conflicts Register, as before, this register recorded the principal amounts owing on the loans made by related entities but not the interest accrued to date. All Angas Directors at that time also had an interest in these transactions (through those related entities). The Directors consider that the Second Conflicts Policy was effective in the management by Angas of conflicts of interests because the Directors were generally aware of the magnitude of the amounts outstanding to each related party from the common borrower, as all of the Directors in office at that time worked in an executive capacity and discussed these matters frequently. However, since the Fernhill transactions took place and from March 2013, Angas has implemented changes to the Conflict of Interest Policy which impose additional requirements for all Directors to register details of interest accrued (in addition to principal) owing to related parties under loans made to common borrowers, and to update the Conflicts Register on a monthly basis. Angas also requires more fulsome recording of the nature and extent of actual and potential conflicts of interest and how the Board has managed those conflicts.

As noted at page 2 of this Consolidated Supplementary Prospectus, the Company has also recently appointed Mr Clive Guthrie as an independent Director to its Board with effect from 1 July 2013. Clive is not a director of any company associated with Angas. Clive's appointment will enable Angas to better manage any actual or potential conflicts of interest in lending transactions made by Barker to common borrowers in the future. Furthermore, Kimley Lyons has stepped down as a Director of Angas. He has divested all his interests in Barker but will continue as a Director of Barker in an independent capacity.

Loan documentation & procedures

All loan documentation and draw-downs where Angas and a Director are transacting with a common borrower must be signed by a Director who is not involved in the other transaction. Any settlement statement that includes dispersal of funds to any entity associated with a Director must be signed by a Director who is not involved in the other transaction. In the event that there is no such Director available, two Directors must sign the settlement statement.

Related parties/related bodies corporate

There is an absolute prohibition on commercial loans being made to a Related Body Corporate (as defined under the *Corporations Act 2001*) as these transactions are prohibited by the Trust Deed. Further, as a matter of policy, Angas can, but generally does not, lend money to related parties using non-debenture funds. No such loans are in existence or proposed.

Conflicts Register

The Compliance Officer maintains the Conflicts Register and enters all conflicts of interest into the register. As noted at page 2 of this Consolidated Supplementary Prospectus, Kimley Lyons is retiring from the Board of Angas with effect from 31 July 2013. However, after this date Kimley will continue in his current role as Chairman of ARMCO and as Chairman of the Compliance Committees for the Angas Contributory Mortgage Fund and the Angas Prime Income Fund and will continue to oversee the National Compliance Officer and the Risk Management Officer. Kimley will continue to work principally from the Angas office in Perth in undertaking these tasks. Kimley will remain a major shareholder of Angas (through entities related to him).

Kimley's resignation as a Director of Angas and Clive's appointment will together provide a clearer distinction between the Boards of Angas and Barker and a clearer separation for conflict management purposes. Andrew Luckhurst-Smith, Matthew Hower and Paul McCarthy will continue to be directors of both Angas and Barker. They were joined on the board of Angas by Mr Clive Guthrie from 1 July 2013. Kimley Lyons and Richard Sandover are Barker's independent directors. Mr Sandover is the Chairman of Partners of Western Australia's largest independent law firm.

REAL PROPERTY INVESTMENT WAYVILLE

At page 15 of the Principal Prospectus, Angas describes an equity investment made in The Terraces Apartments at 100 Rose Terrace, Wayville, SA. This comprises a put and call option for \$4,213,078. Angas exercised the option but the counterparty was unable to pay the amount owed. Angas entered into Deeds of Forbearance and deferral occurred several times. Angas has yet to receive the funds invested. On 13 March 2013, Angas obtained a court order for possession of the Apartments, pursuant to Angas's first mortgage. There are also monies totalling \$11,078,145.94 owing to Angas under the first mortgage which need to be repaid in advance of the payment to Angas of the put option amount.

An asset impairment relating to income derived from this equity investment was recognised in 2012. This means that income derived from this option is classified as a receivable asset and that this asset has been impaired by \$376,434 (i.e. the income of \$376,434 was deducted from the income of Angas). This impairment was booked in the 30 June 2012 Financial Report. A current market valuation of the Apartments was obtained by

Angas dated 20 September 2012. If Angas is unable to recover full proceeds from the sale process then there is a risk that this investment may incur a loss. The most recent valuation prima facie supports the carrying value of the asset, however, expectations with regard to timing of cashflows are considered at each reporting period as required by the relevant accounting standards at which point any relevant impairment is recognised. Angas recognises a further impairment of \$983,360 for the period ending 31 December 2012 together with a further \$400,000 proposed as at 30 June 2013 subject to finalisation of the accounts.

After taking into account the impact of this second income reversal, the operating profit (after income tax and before dividends) of Angas for the half year ended 31 December 2012 is \$818,767. This is down from \$822,294 which Angas reported for the six month period ended 31 December 2011. A copy of Angas' half year report for the period ended 31 December 2012 is available from the Angas website and will be provided free of charge in hard copy to any investor on request being made to Angas.

STRUCTURED FINANCE INVESTMENT MANNUM GREEN

At a time when property funding is hard to source, Angas Securities has the capacity to select the deals which are to be funded. Without the contribution of companies like Angas Securities in a competitive market, a number of worthwhile projects would not proceed. Mannum Green Shopping Centre is an excellent example. This investment is referred to at page 25 of the Principal Prospectus. Angas Securities has invested \$2.5million in the joint venture which acquired the land and is developing the new shopping centre. The project promoters had held all development approvals for some time but needed a financial injection for the shopping centre to become reality. Angas was able to contribute funds by a structured finance arrangement which enabled the project to proceed. Construction was completed in late 2012 to a high standard and ahead of schedule.

The supermarket was handed over to IGA ready for the opening in December 2012. Speciality shop fit-outs were completed for the pharmacist, take away food outlet and hairdressing salon. Car park kerbing and bitumen is complete and all markings have been done. An ATM has been installed and negotiations are proceeding with other tenants.



Angas invested in the Mannum Green joint venture on a structured finance basis whereby interest is being received on the investment and Angas will finish the project with the majority equity holding (over 50%). As these arrangements do not conform to first ranking guidelines, the \$2.5million was funded from the Angas Securities Balance Sheet utilising preference share capital. The first ranking charge in favour of investors will attach to the investment.

PROPERTY LOAN INVESTMENT FERNHILL

FERNHILL IS A HISTORIC PROPERTY COMPRISING SOME 702 HECTARES OF LAND WITH A GRAND HOMESTEAD AND RELATED BUILDINGS. IT IS LOCATED ON THE WESTERN OUTSKIRTS OF SYDNEY, ADJACENT TO THE TOWNSHIP OF MULGOA. FERNHILL PREDOMINANTLY COMPRISES THREE AREAS OF LAND NAMELY THE HOMESTEAD BLOCKS OF 384 HA (HOMESTEAD), THE EASTERN PRECINCT ADJACENT TO THE TOWNSHIP OF MULGOA (EASTERN PRECINCT) AND THE WESTERN PRECINCT WHICH ADJOINS THE BLUE MOUNTAINS NATIONAL PARK (WESTERN PRECINCT). FERNHILL IS ZONED "ENVIRONMENTAL CONSERVATION" AND "ENVIRONMENTAL MANAGEMENT".



Background of Fernhill Loan

On 19th March 2012, Angas entered into a Security Trust Deed with a company (**Assignor**) which formerly held the registered first mortgage over Fernhill. The Security Trust Deed permitted Angas to make substantial progressive investments in the first mortgage pending an absolute assignment of the first mortgage to Angas by 30 June 2012. Angas had already held a second mortgage over Fernhill which it acquired in 2010 to secure the repayment of a loan of \$2.5 million (and accrued interest) that Angas had advanced using its own equity funds (not retail investor funds). The second mortgage also remains collateral security for other loans made by Angas and guaranteed by the mortgagor of Fernhill. The borrower in respect of the Fernhill Loan is currently in external administration.

Prior to entering into the Security Trust Deed (and making the Fernhill Loan), Angas was provided with a verbal valuation of \$37 million on an "as is" basis from an independent licensed (and panel) valuer who had previously valued the property but the valuer also indicated that the value may be between \$40-\$50 million. On 22 May 2012, Angas received a written valuation report which valued Fernhill at \$50 million on a current market value for first mortgage security purposes. (As discussed further below, Angas had the valuation of Fernhill updated in June 2013 by the same valuer who completed the May 2012 valuation. The current valuation is \$79 million.)

The purchase price for the assignment of the loan and first mortgage to Angas was \$28.25 million. Of the total purchase price, \$26 million was payable in cash by instalments between 19 March and 30 June 2012, with the balance of \$2.25 million paid in July 2013 pursuant to a promissory note (which has been discharged in full). Since 22 May 2012, further principal advances were made by Angas, bringing the total loan amount payable under the first mortgage to \$33,542,479.00 (as at 18 July 2013).

The internal lending policies of Angas at the time it entered into the Security Trust Deed required that all property taken as first

mortgage security is subject to a full valuation. The internal loan approval criteria also required a signed valuation from the Angas panel valuer in response to the brief from Angas. The primary purpose of these lending policies and criteria is to outline a process for ensuring that the amount advanced under the first mortgage does not exceed 70% of the value of the property (which is the maximum LVR for loans on first mortgages of real property (other than a construction or development loan or a loan relating to rural land) using funds received through fixed interest securities). The lower LVR limit relating to rural land does not apply to the Fernhill Loan as Fernhill is not agricultural land ("rural land" is defined at page 36 of Prospectus 14. This definition is applied as a benchmark guide by Angas in its lending operations and is applied at Angas' discretion).

In addition to the verbal valuation obtained prior to Angas entering into the Security Trust Deed, Angas also held a written valuation from an independent licensed valuer dated 26 May 2003 which valued the Fernhill land for mortgage purposes at \$40 million. Angas did not receive the written valuation report which valued Fernhill at \$50 million on a current market value for first mortgage security purposes until shortly after Angas entered into the Security Trust Deed. Angas also held a number of appraisals from December 2010 prepared by licensed real estate agents which estimated the value of Fernhill to be in the range of \$43 million to \$57 million (if sold with planning approval) and \$29.74 million to \$48.95 million (without planning approval).

It is the practice of Angas to strictly adhere to its internal lending policies and loan approval criteria and obtain a full signed valuation of all property taken as first mortgage security before making loans. Angas considers that it substantially complied with its internal lending policies and loan approval criteria in respect of the Fernhill Loan. This was confirmed by the written valuation received on 22 May 2012 in that the loan did not exceed 70% of the current market value of Fernhill for first mortgage security purposes. Angas was therefore, at the time it decided to make the Fernhill Loan, satisfied that the Fernhill Loan would not exceed

70% of the current market value of Fernhill for first mortgage security purposes.

On 29 June 2012, the first mortgage over Fernhill was assigned to Angas absolutely, and Angas reduced the Assignor's book value of the Fernhill Loan from \$36.59 million to \$29.5 million. Angas used its commercial judgment in making this determination. This reduction reflected the amount paid by Angas to the Assignor, plus an adjustment for 12 months' pre-paid interest, fees and charges. The \$29.5 million purchase price represented a realistic assessment by Angas of the recoverability under the assigned loan. Further, Accounting Standards require that only the actual cash component of the transaction be recognised. First ranking investors in Angas are in a preferential position to shareholders in Angas. The reduction to the loan quantum matched the cash proceeds issued by Angas. Any return above that would be classified as profit.

As noted in the Conflict of Interest section at page 9 of this Consolidated Supplementary Prospectus, each of the Directors had an interest in a subsequent mortgagee of the Fernhill Estate. Each of Barker Mortgages Pty Ltd and Mr Hower and Mr McCarthy had interests in other subsequent mortgagees of Fernhill. As subsequent mortgagees, MFM and Barker may stand to benefit in the future from Angas reducing the book value of the Fernhill Loan due to the reduced amount due under the first mortgage now payable to Angas. Please refer to page 13 for further disclosure in relation to the Company's management of these interests.

Development and Sale of Fernhill

On 30 November 2012, Angas (acting under its second mortgage only) entered into various agreements with a counterparty (Purchaser and Developer) under which the Homestead would be sold and much of the Eastern Precinct and Western Precinct would be developed.

One of the agreements entered into with the Purchaser and Developer was a Put and Call Option pursuant to which the Purchaser and Developer was granted a Call Option to acquire the Homestead. On 30 November 2012, the Purchaser and Developer prepaid the purchase price for the Homestead for \$10 million and the Call Option is now exercisable following the lodgement of a Development Application with the Penrith Council on 28 June 2013 for the creation of 54 new Lots in the Eastern Precinct of the Fernhill Estate and 38 new Lots in the Western Precinct of the Fernhill Estate together with a Conservation Management Plan (**Development Application**).

Angas and the Purchaser and Developer are currently re-negotiating the Call Option to replace it with a sale of the Fernhill Estate to the Purchaser and Developer. The Directors expect those negotiations to be completed by 31st August 2013.

Angas will announce the outcome of those negotiations to the NSX when finalised. In any event, should title to the Fernhill Homestead be transferred to the Purchaser and Developer pursuant to the Call Option, the first mortgage held by Angas will remain on the Fernhill title. It will not be discharged until the Fernhill Loan has been repaid to Angas in full.

A second Put and Call option between Angas and the Purchaser and Developer relates to the sale of the Eastern Precinct and the Western Precinct. This Put and Call Option is exercisable by the Purchaser and Developer after the Development Application is approved and after Angas has received \$55 million (inclusive of the \$10 million prepaid for the Homestead), whichever is later. This second Put and Call option is also being re-negotiated with the Purchaser and Developer as part of the negotiations referred to above. Due to the availability of valuable Bio Credits assessed by GHD to be worth \$28.868 million, the parameters of the proposed development have been modified. The aggregate result is expected to exceed the return from the initial development that had been proposed. There is further disclosure about Bio Credits and the Development Application later in the Fernhill section of this Consolidated Supplementary Prospectus.

Use of the \$10 million for the prepaid sale of the Homestead

\$3 million of the \$10 million received from the Purchaser and Developer for the prepaid sale of the Fernhill Homestead under the first Call Option referred to above was paid to MFM on the condition that this amount was reinvested by MFM in Angas as capital. This reinvestment occurred on 30 November 2012. Angas also permitted a further \$400,000 to be paid to each of MFM and Barker (i.e. \$800,000 in total out of the \$10 million) to reduce their respective mortgages over Fernhill. The balance of \$6.2 million was applied to costs, expenses and in partial reduction of the Fernhill Loan due to Angas.

As noted above, MFM is a company controlled by Matthew Hower, a Director of Angas. Barker had, at the time, the same directors as Angas. Matthew Hower and Paul McCarthy did not vote on the resolution to approve the payment of \$3.4 million to MFM. The Directors who voted to approve this payment did so on the basis that it was in the best interests of Angas for Angas not to receive all of the net proceeds at that time, but instead, to wait until future proceeds were received to reduce the Fernhill Loan which would continue to generate interest revenue for Angas on the outstanding loan balance. At the time of passing the resolution, the Directors were satisfied that Angas would receive sufficient future proceeds to service and discharge the Fernhill Loan. With a greater portion of the Fernhill Loan remaining outstanding (than would have been the case had a larger amount of the \$10 million been paid to Angas), Angas stands to obtain a larger amount of interest income under the Fernhill Loan than it would have had more of the \$10 million been repaid to Angas. Of course, Angas,

and therefore investors, also bear the risk that the Fernhill Loan will not be repaid in full and MFM's risk of not being paid is reduced by \$400,000. Given that MFM invested the \$3 million by way of equity in Angas and has no right to be paid until after all fixed income securities are paid, Angas' fixed income security holders' benefit through the increased liquidity of Angas and Angas' ability to lend the \$3 million at higher interest rates and there is little change to MFM's position.

As all Directors of Angas in office at that time were also directors of Barker, all Directors had an interest in the decision to disperse the \$400,000 to Barker. Like the non conflicted Directors who voted to approve the payment of \$400,000 to MFM, the Directors of Angas that approved the payment of \$400,000 to Barker considered that it was in the best interests of Angas for Barker, and not Angas, to receive the \$400,000 of the \$10 million at that time and for Angas to continue receiving interest income on the higher amount remaining outstanding under the Fernhill Loan than would have been the case had the \$400,000 been paid to Angas at that time.

Syndication of the Fernhill Loan

Since acquiring the Fernhill Loan in March 2012, Angas has sold \$17 million of the Fernhill Loan (comprising approximately 56% of the loan) to unrelated entities. Specifically, \$3 million of the Fernhill Loan was sold to a finance company on 29 June 2012 and \$14 million of the Fernhill Loan was sold to a private investor on 8 July 2013. Accordingly, Angas' exposure to the Fernhill Loan has been significantly reduced since the Fernhill Loan was assigned to Angas in June 2012. Angas and the two co-investors participate on a *pari passu* basis as first mortgagees pursuant to a Syndicated Lenders Deed and Deed of Assignment of Security and a Co-Investment and Security Trust Deed respectively (**Syndication Agreements**).

Application of Future Proceeds of Realisation of the Fernhill Loan

All future receipts from Fernhill realisations payable to Angas will be applied in full to pay the principal loan amount due to Angas pursuant to Deeds of Priority between the Fernhill mortgagees. The difference in amount between Higher Rate and Lower Rate interest due to Angas (referred to in the Deeds of Priority and loan agreements) ranks in priority behind the principal due to MFM, PKMC and Barker. That is, any excess interest accrued at the Higher Rate ranks below the principal amounts owed to the subsequent mortgagees of Fernhill related to Angas, MFM, PKMC and Barker. However, Angas has managed this loan to date so that interest due under the loan is prepaid and no Higher Rate interest has accrued. A condition of the Board's approval to acquire the Fernhill Loan was that interest was prepaid until 31 December 2012 so that the loan would remain in order. The prepayment of interest has since been extended, and is now prepaid

until 31 December 2013. Accordingly, no excess interest accrued at the Higher Rate (and ranking below the principal amounts due to MFM, PKMC and Barker) will accrue before that date.

MFM, PKMC and Barker often make loans to the same borrowers as Angas. Angas has made disclosure of how it manages any actual or potential conflicts of interest that may arise in lending transactions with common borrowers at page 9 of this Consolidated Supplementary Prospectus.

Current Valuation of the Fernhill Estate

As noted above, Angas obtained an updated valuation of the Fernhill Estate in June 2013. The valuation of the Fernhill Estate, of \$79 million, assumes that the proposed sub-divisions of the Eastern and Western Precincts will occur and assumes that Bio Credits will be issued over the Fernhill Estate in accordance with the credit analysis undertaken by GHD Pty Ltd (on behalf of the NSW Office of the Environment and Heritage (**OEH**)). The potential valuation of Bio Credits is discussed further below. The valuer also valued the Fernhill Estate on a "firesale" basis in the range of \$65 million to \$70 million.

Bio Credits

Bio Credits are issued in accordance with the Biodiversity Banking and Offsets Scheme (**BioBanking Scheme**), which was established by the *Threatened Species Conservation Act 1995 (NSW) (TSC Act)* and the *Threatened Species Conservation (Biodiversity Banking) Regulation 2008 (the Regulations)*. Under the BioBanking Scheme, landowners commit to protecting and enhancing biodiversity on their land through a BioBanking Agreement with the OEH. Under the BioBanking Agreement, the landowner is assigned Bio Credits that can be sold, generating funds for the long-term management of the protected land and potentially a profit for the landowner. The BioBanking Scheme enables landholders to allow the OEH to encumber the land indefinitely, in consideration for ongoing payments to help maintain the land in accordance with OEH's requirements.

In some circumstances, BioBanking can increase the value of parcels of land that may otherwise be undevelopable as BioBanking can generate an ongoing income stream. In April 2013, OEH engaged GHD as the authorised outsourced OEH Certifier to undertake a review and study of each segment of land on the Fernhill Estate and its vegetation to provide a formal report on the number of units and value of Bio Credits available for the Fernhill Estate. A report from GHD was received by Angas on 19 June 2013. In its report, GHD has determined that the value of the Bio Credits available to the owner of Fernhill Estate total \$28.868 million. The entitlement to receive Bio Credits (and the proceeds of their sale) is an asset which is the subject of the first ranking mortgage held by Angas over the Fernhill Estate.

DISTINCTION IN FUNDING SOURCES

There is a difference between the investments that Angas may make using funds it receives from investors from the issue of fixed interest securities (Principal Moneys), and the investments that Angas may make using its own funds (such as new capital received from shareholders or Angas' retained earnings).

The Trust Deed contains restrictions on the type of investments that Angas may make using the Principal Moneys (Permitted Investments) but does not contain restrictions on investments sourced from Angas' own funds (Equity)

Angas has, in accordance with the Trust Deed, granted a first ranking floating charge over all of its undertakings and real and personal property and assets both present and future in favour of the Trustee (for the benefit of investors holding first ranking fixed interest securities) (Charge). The Charge therefore includes assets that are not classified as Permitted Investments. Accordingly, were Angas to materially erode its Equity by incurring losses on its higher risk second mortgage lending (using that Equity), this may diminish the protection afforded by the Charge.

The primary purpose of the restrictions on the use of Principal Moneys is to mitigate the potential for loss that may be suffered by Angas' investors if Angas is not repaid in full by Angas' borrowers and the value of the real property securing repayment of the borrower's payment obligations materially decreases. For example, Angas may (in all cases other than a loan primarily secured by rural land) make a loan on first mortgage security over real property where the amount advanced under the mortgage does not exceed 70% of the value of the real property. The 70% LVR includes a 30% buffer in the event the value of the real property decreases before the loan is repaid in full.

As noted above, the restrictions on the use of Principal Moneys do not apply to investments made by Angas using its own Equity. That is, there are no restrictions in the Trust Deed on Angas using Equity in any investments it may choose.

If Angas lends some of its own funds to a borrower of Angas (where the initial loan to the borrower was made with Principal Moneys up to the permitted limit in the Trust Deed e.g. real property mortgage of 70% LVR) Angas will have increased its exposure to the risk of suffering a loss in the event that the borrower does not repay the loans in full and the value of the real property decreases.

Other risks include:

- an increased risk of default arising not only from any fall in security value but because of the higher rate of interest associated with second mortgage lending;
- increased recovery costs associated with increased frequency of defaults (if those defaults occur);
- actual or potential conflicts of interest that Angas may face where it holds first mortgage and second mortgage security

over the same property (e.g. a conflict may arise if Angas acts to protect its interests where there is a default on the second loan but not the principal loan) although the second (Equity) loan cannot be repaid before the principal (Permitted Investments) loan. There is disclosure at page 9 of this Consolidated Supplementary Prospectus as to how Angas manages actual or potential conflicts of interest; and

- that Angas may be unable to maintain the effectiveness of its prudent lending standards insofar that Angas may provide separate funding to a common borrower (or may make any other investment) using Equity which is not subject to the same lending restrictions that apply to Permitted Investments.

Should there be a default, the first loss will be absorbed by Angas as subsequent mortgagee (through the loss of its Equity). Angas must lose its entire Equity investment before there will be any loss of Principal Moneys.

In the interests of maintaining prudent lending arrangements, Angas usually only has two or three Equity loans at any one time. Angas currently has three loans made from its Equity with an aggregate exposure of \$2,486,513.35. Further details of these Equity Loans are set out in the following table. These loans represent less than 10% of the Equity of Angas as at 22 July 2013 and less than 1% of the totality of all funds invested by Angas (including both Principal Moneys and Equity loans) as at that date.:

LOANS FUNDED FROM ANGAS EQUITY AS AT 30 JUNE 2013

LOAN	PRINCIPAL & INTEREST OWING	PRIMARY SECURITY
1	\$1,070,415.40	Second mortgage over Fernhill. Refer to disclosure at page 12
2	\$1,195,729.95	First mortgage over commercial development site Geraldton Shopping Centre GERALDTON WA 6530
3	\$220,368.00	Second mortgage over residential dwelling at GOOLWA NORTH SA 5214

Investors should keep this difference in mind when reviewing the accounts and financial information of Angas. (The stated value of the assets in Angas' accounts does not necessarily reflect assets that comply with the investment restrictions in the Trust Deed given that these restrictions do not apply to investments using Angas' Equity). Investors should also be aware that the Trust Deed only requires Angas to maintain liquid assets of 5% of the Principal Moneys.

OTHER INFORMATION

The Principal Prospectus contains (at pages 20 and 21) an extract from the Financial Report prepared for the year ended 30 June 2012. The Financial Report has been lodged with ASIC. A copy of the Financial Report is available free of charge to any person in receipt of the Principal Prospectus by contacting Angas. The Financial Report includes, inter alia, an Independent Audit Report. The audit of the Financial Report was performed to enable the auditor to form an opinion whether, in all material respects, the Financial Report is in accordance with the Corporations Act including giving a true and fair view of the financial position of Angas as at, and for, the year ended 30 June 2012 and complying with the Australian Accounting Standards. There is additional important information about the audit set out at page 21 of the Principal Prospectus.

Angas encourages intending investors to obtain a copy of the Financial Report. It is posted on the Angas website.

Details of the Mortgage Loan Book arrears and Past Due Loans as at 21 December 2012 are set out at page 22 of the Principal Prospectus as well as loan information as at 30 September 2012 at page 23 and as detailed below for the period ending 30 June 2013. This information post-dates the Financial Report and was prepared by Angas internally in the ordinary course of loan management. The audit relates to the period up to 30 June 2012 only. The audit did not include the loans book as at 30 September 2012 or 21 December 2012. The auditor expresses no opinion upon this information. Details of the ten largest loans as at 30 June 2013 appear below.

PAST DUE LOANS AS AT 30 JUNE 2013

A loan is classified as 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 that loan has not expired. Reference to security in the chart below shows Primary Security held for each loan. Angas holds collateral security as well for some loans.

ARREAR DATES	CUSTOMER	LOAN AMOUNT	DATE OF DEFAULT	ARREARS (\$)	SECURITY VALUE	LAST VALUATION DATE
181 - 365 Days	A	\$6,040,000.00	15/05/2012	\$1,385,548.42	\$8,780,000.00	20/12/2012
	A	\$1,250,000.00	15/05/2012	\$281,250.09		
	B	\$3,791,475.00	15/05/2012	\$1,106,339.56	\$5,535,000.00	20/12/2012
	C	\$4,036,486.50	15/05/2012	\$1,675,673.89	\$5,014,000.00	5/06/2013
	D	\$2,476,624.88	15/05/2012	\$861,857.98	\$5,015,000.00	5/06/2013
	E*	\$1,700,000.00	16/07/2012	\$495,266.31	\$2,756,930.00	23/09/2009
	E*	\$2,000,000.00	16/07/2012	\$522,747.55	\$3,243,070.00	23/09/2009
	F	\$6,221,863.26	31/12/2012	\$372,551.36	\$10,463,000.00	9/11/2011
	G	\$6,474,643.66	31/07/2012	\$327,759.61	\$8,430,489.00	1/09/2012
Total		\$33,991,093.30		\$7,028,994.77	\$49,237,489.00	
> 365 Days	D	\$480,000.00	15/05/2012	\$114,628.66	\$5,015,000.00	5/06/2013
	H	\$7,226,337.44	20/06/2012	\$-	\$8,950,000.00	20/09/2012
	H	\$3,851,808.50	20/06/2012	\$-	\$5,670,000.00	20/09/2012
	I**	\$13,205,000.00	27/09/2011	\$3,393,590.02	\$15,000,000.00	27/09/2011
	J	\$749,728.68	5/05/2009	\$-	\$750,000.00	29/01/2013
	K	\$1,000,000.00	19/01/2010	\$605,504.66	\$1,002,000.00	19/06/2009
Total		\$26,512,874.62		\$4,113,723.34	\$36,387,000.00	

Contracts are held for asset sales as follows:

* Unconditional sale contract held with deposit paid to provide receipt of approximately \$4.6m (net of sale costs) - settlement date August 2013.

** Unconditional sale of collateral security with approximate proceeds totalling approximately \$5.5m less sale costs and proceeds dispersed to first mortgagee. Settlement date August 2013.

TEN LARGEST LOANS AS AT 30 JUNE 2013*

CUSTOMER	LOAN AMOUNT	CATEGORY	ASSET STATE	ASSET VALUE	VALUATION DATE	INTEREST ARREARS
B**	\$13,205,000.00	Commercial	QLD	\$15,000,000.00		\$3,301,249.97
H	\$7,226,337.44	Residential	SA	\$8,950,000.00		\$-
I	\$6,474,643.66	Residential	QLD	\$8,430,489.00		\$-
J	\$6,221,863.26	Commercial	SA	\$10,463,000.00		\$363,458.99
Total: Not In Order	\$33,127,844.36					
A***	\$25,036,775.38	Residential	NSW	\$64,665,373.53	24/06/2013	\$-
C***	\$11,600,000.00	Commercial	VIC	\$30,322,240.00	26/09/2012	\$-
D	\$10,000,000.00	Residential	NSW	\$17,750,000.00	28/11/2012	\$-
E	\$8,939,928.00	Commercial	SA	\$12,330,000.00	14/12/2010	\$-
F***	\$8,096,408.00	Residential	WA	\$14,104,010.00	22/02/2013	\$-
G	\$7,911,740.28	Residential	WA	\$19,165,000.00	13/05/2013	\$-
Total:	\$71,584,851.66					

* Shows only Prime security. For some loans, collateral securities are also held.

** Prime security only. Unconditional sale of collateral security with approximate proceeds totalling approximately \$5.5m less sale costs and proceeds dispersed to first mortgagee. Settlement date August 2013.

***Total loan face value excluding co-invested principal from joint lenders.

DIFFERENT LOANS WITH RELATED BORROWERS AS AT 30 JUNE 2013

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 2013. 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	\$27,732,140.28	16	Perth based builder and property developer with a range of distinct residential, commercial and retail properties providing security
2	\$26,666,775.38	3	Primary asset is a prestigious residential property, along with collateral security over harbourside apartments in Sydney
3	\$18,074,586.38	6	Security comprises several retirement villages in Adelaide
4	\$13,297,816.93	2	Funding provided for development of several retail/commercial sites in Adelaide suburbs with a lease in place to a large retail company
5	\$12,835,804.29	4	Perth based property developer with security comprising prime commercial, residential and retail sites across WA
6	\$11,630,000.00	2	Security comprises a luxury residential/equine property on the northern outskirts of Sydney
7	\$11,078,145.94	2	Completed apartment complex on the outskirts of Adelaide CBD
8	\$10,204,356.94	4	Major WA based land developer with well located residential and commercial assets across WA (predominantly residential subdivision)
9	\$9,868,844.36	2	Prime beachfront residential/commercial and retail development in Perth
10	\$4,420,000.00	2	Security comprises several residential townhouse and apartment developments in greater western Sydney
11	\$3,700,000.00	2	Security is luxury residential assets in prime Perth suburbs



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