



# ANGAS SECURITIES

## INVESTOR NEWS | June 2009

### IT TAKES GRIT TO MAKE A PEARL

Fixed interest investors in Angas Securities debentures continue to derive consistent rewards from their faith in this product in the face of a difficult operating environment. Angas Securities has remained vigilant to communicate clearly and effectively to investors by means of the Prospectus, correspondence when investments are approaching maturity, Investors News issued each month and by being available to investors by telephone or at our offices. The primary message is about adequate capitalisation, ample liquidity and operating a well managed and lean business. These times require grit from investors and from those with whom their funds are invested. Ultimately, Angas Securities will be judged by performance.

Some criteria of performance are best understood internally by directors and management. These are regularly monitored. Other criteria are assessed by third parties such as the auditors Deloitte Touche Tomatsu, the trustee Permanent Nominees (Aust) Limited or the ratings agency Standard & Poor's which recently reaffirmed the rating of Angas Securities with a positive outlook. But at the end of the day, the confidence of investors must be retained. In this regard, the figures speak for themselves. New investments made in May 2009 were the second highest ever in a single month and the level of reinvestment for the last three months has averaged 80% which is well above industry best practice targets of 75% and have settled down in line with historical performance by Angas Securities in the period prior to October 2008.

### FIXED RATE OF 7.5% HELD TO 30 JUNE 2009

The board of Angas Securities carefully monitors the market to assess the appetite and capacity of potential borrowers in order to set the retail debenture rates which are fixed for 1 and 3 year terms. In the past, 3 year investments generally attracted a higher fixed interest rate to reflect the longer term but that is not the case in a falling interest rate environment. The Reserve Bank of Australia has held the Official Rate steady this month and that is the case too at Angas Securities. Funds invested prior to 30 June 2009 will earn 7.5%p.a fixed for 1 or 3 years. Interest is payable monthly to the investor or can be reinvested to maturity.



Craig Williams, Retail Lending Manager

### CRAIG WILLIAMS – RETAIL LENDING MANAGER

Craig Williams is an experienced finance industry specialist who works in the retail team at Angas Securities. Craig has a breadth of management experience having been manager of a CBD branch during his career at National Australia Bank as well as in a mentoring role in a team environment. Another feature of Craig's skill set is strong analytical ability to assist customers with financial statements and cashflows. At Angas Securities, Craig has an important customer relations role with a focus on service and follow up to keep clients fully informed at all times.

Craig is pictured at left and again on page 3 of Investor News with other members of the team namely Chris Venus, David Johnston and Lyn Clare.

Earn **7.5%** p.a.  
fixed for 1 or 3 years

## TRUST DEED PERMITTED INVESTMENTS

### FIRST MORTGAGE LOANS

A loan on mortgage of real property comprising freehold or leasehold estates where:

- Angas is named as a mortgagee in the mortgage (noting that joint mortgages are permitted in certain circumstances)
- in all cases other than a construction or development loan or a loan relating to rural land, the amount advanced under the mortgage does not exceed 70% of the value of the real property as certified by an Approved Valuer
- in the case of a construction or development loan, the amount advanced under the mortgage does not exceed 70% of the "as is" land value prior to commencement of construction or development as certified by an Approved Valuer plus the amount of the construction or development work completed in accordance with the building contract by the builder which is certified for payment by an Approved Quantity Surveyor provided that:
  - the total amount advanced under the mortgage does not exceed 70% of the expected end value of the completed project as certified by and Approved Valuer
  - an Approved Quantity Surveyor certifies that the undrawn commitment after the advance is made (being the amount approved less the amount drawn) is sufficient to complete the works in accordance with the building contract
  - Angas obtains a deed or assignment of contractual rights in the drawings, plans and specifications, building contracts and other contractual rights relevant to the project from the borrower and enters into a side deed with the builder where the builder agrees to continue to complete the works and to not terminate the construction contract with the borrower unless the builder gives Angas a minimum period of notice to rectify the default of the borrower
  - at least one of the directors of the borrower guarantees repayment of the loan to Angas
  - any loan made by Angas on any construction or development loan transaction will not exceed the greater of \$2 million and 10% of the Principal Moneys at the time the loan is advanced
- in the case of a loan relating to rural land, the amount advanced under the mortgage does not exceed 50% of the value of the real property as certified by an Approved Value

### REAL PROPERTY

An investment in real property provided that no more than 10% of Debenture Funds is invested in real property

### MONEYS ON DEPOSIT

Moneys on deposit with, or invested in, one or more of the following:

- a Bank or subsidiary of a Bank
- securities, promissory notes and bills of exchange which have a ready market
- a building society or a credit union
- a cash management trust
- a cash common trust fund

- bonds, stocks or other securities issued by, or guaranteed by, the Commonwealth government, a State government or a local government authority
- a Public Authority

### PUBLIC AUTHORITY INVESTMENTS

Deposit with loan to, or purchase of bills of exchange, promissory notes, certificates of deposit or other negotiable instruments accepted, drawn or endorsed by a Public Authority

### LOANS SECURED BY SET OFF

A loan to any person where:

- Angas will first have security rights or a right of contractual set-off in respect of Debenture Stock issued to a Debentureholder ("Securing Holder") for an amount equal to not less than 100% of the amount advanced under any such loan
- if the borrower is not the Securing Holder, a Securing Holder will also guarantee and indemnify Angas in respect of the obligations and liabilities of the borrower under any such loan and before any such loan is made

### INVESTMENTS IN RATED ENTITIES

An investment in any person or a security which has:

- a credit rating issued by Standard & Poor's (Australia) Pty Limited of "AA" or higher for long term securities or "A1" for short term securities or an equivalent credit rating issued by any other ratings agency agreed by Angas and the Trustee
- a credit rating issued by Standard & Poor's (Australia) Pty Limited of "A-" for long term or "A2" for short term securities or an equivalent credit rating issued by any other ratings agency agreed by Angas and the Trustee; provided that no more than 3% of Debenture Funds may be invested in such an investment.

### INVESTMENTS PERMITTED BY TRUSTEE ACT

Any investment in which a trustee may invest trust funds under Division 2 or Part 2 of the *Trustee Act 1925*. This permits Angas to invest funds in any form of investment that is not expressly forbidden. In exercising this investment power Angas must:-

- exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons
- review the performance of investments annually both individually and as a whole.

### INVESTMENTS IN RELATED BODY CORPORATE ARE NOT PERMITTED

Angas may not make an investment of moneys by loan or otherwise to a Related Body Corporate. Section 50 of the Corporations Act provides that where a body corporate is:

- a holding company of another body corporate; or
- a subsidiary of another body corporate; or
- a subsidiary of a holding company of another body corporate;

the first-mentioned body and the other body are related to each other. Angas has no Related Body Corporate as so defined.

## STANDARD & POOR'S ANNOUNCES NEW OPERATING RULES

Angas Securities is rated B+/Stable/B by international ratings agency Standard & Poor's. This rating was reaffirmed in May 2009 with a stable outlook. The Standard & Poor's credit rating is an objective, independent opinion of the willingness and capacity of Angas Securities to meet its financial commitments in full and on time. Standard & Poor's estimates of probability of default are drawn from its global ratings database which currently covers 8 million credit ratings. Standard & Poor's operates without government mandate, is independent of any investment banking firm or similar organisation and does not engage in trading or underwriting activities. Its sole mission is to provide objective, insightful risk analysis and evaluation.

The regulatory environment for credit ratings firms has been undergoing significant changes in recent times. Standard & Poor's has always maintained internal policies to protect against potential conflicts of interest. New rules have been promulgated by the Securities Exchange Commission in the United States of America which are being rolled out by Standard & Poor's throughout its international organisation. Whilst in line with principles which have already been in operation for some time, the following key provisions of the new policies to be followed are:-

1. Ratings analysts and persons associated with ratings services are not permitted to make recommendations about the corporate or legal structure, assets, liabilities or activities of a security issuer. Nor shall they become engaged in the actual creation, design or structuring of any security or entity that Standard & Poor's rates or may be reasonably expected to rate in the future. Such activities are the responsibility of the issuer such as Angas Securities and its financial and legal advisers. Whilst ratings analysts will continue to discuss ratings criteria and how they may be applied, analysts are prohibited from providing advice or making recommendations.

2. Ratings analysts are prohibited from negotiating or in any way becoming involved with the negotiation of rating fees. During meetings with Angas Securities, ratings analysts will discuss analytical matters but will not negotiate, communicate, arrange or collect credit rating fees. Business managers will handle all fee discussions and related matters.
3. To ensure the independence of its analysts, Standard & Poor's business leaders will not participate in analytical activities such as management meetings conducted as part of its surveillance of Angas Securities. Nor will they participate in determining rating actions.
4. Ratings analysts are prohibited from accepting gifts of any kind or value. The provision of incidentals such as pens and papers and limited refreshments or meals served during the course of regular business meetings is acceptable but may not exceed an aggregate value of \$US25 per analyst at each meeting. Should the length of a meeting or site visit necessitate the provision of substantial meals, Standard & Poor's Ratings analysts will pay for such meals on the spot or they may be invoiced for the expense.

The policies set out above in summary form are posted in full on the web. Go to [www.standardandpoors.com](http://www.standardandpoors.com) under Criteria, Policies, Definitions and Requests for Comment. Standard & Poor's has advised Angas Securities that it welcomes the changes to the regulatory environment as well as the increased scrutiny that comes with those changes. It is committed to doing its part to restore confidence in the ratings process and more broadly in the financial markets. Standard & Poor's has made a number of important enhancements to its analytical processes and ratings criteria in response to developments in the market. Ratings issued by Standard and Poor's are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities.



## DEBENTURE RATE

**7.5%** p.a. fixed for 1 or 3 years

THE FIXED INTEREST SPECIALIST  
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## FIXED INTEREST DEBENTURE STOCK

You could be earning

**7.5%** p.a.

Interest paid Monthly or Reinvested

Rated B+ by Standard & Poor's

Listed on the National Stock Exchange of Australia

Investments only by the application form contained in our Prospectus  
which sets out an independent risk assessment of loss of capital.

This is not a bank deposit.

### IMPORTANT NOTICE

This newsletter does not contain investment advice. You should carefully consider the content of our Prospectus and seek advice from your own qualified financial adviser. This newsletter contains general information only and does not take into account your individual objectives, financial situation or needs. Debentures are not bank deposits. An independent assessment of the risk of loss has been made by Standard and Poor's.



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Visit our website today. Financial Statements for Half Year 2009 are posted at  
[www.angassecurities.com](http://www.angassecurities.com)