

The Investment Brief

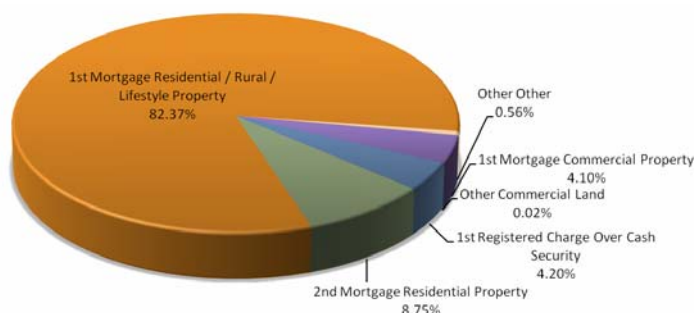
April 2008

NZF Group recently announced a successful result despite an extremely challenging year. The company's operating profit is up 21 per cent to just over \$4 million (\$4.025 million) for the year ended March 31 2008. The operating profit for 2007 was \$3.320 million when excluding the one off profit (\$3.516 million) from the sell down of NZF's nearly 75% investment in Mike Pero Mortgages (MPM) and formation of the 50/50 MPM joint venture with Liberty Financial of Australia.

We wish to thank new and existing investors (as well as our accredited Financial Advisers), for their loyalty and support in looking beyond the past finance company turmoil and investing with us for the first time, renewing their investment or referring investment business to us. NZF is here for the long term and we play an important part in funding (in our case) mainly residential property buyers or investors, who have the security and equity, but may not always meet rigid bank criteria.

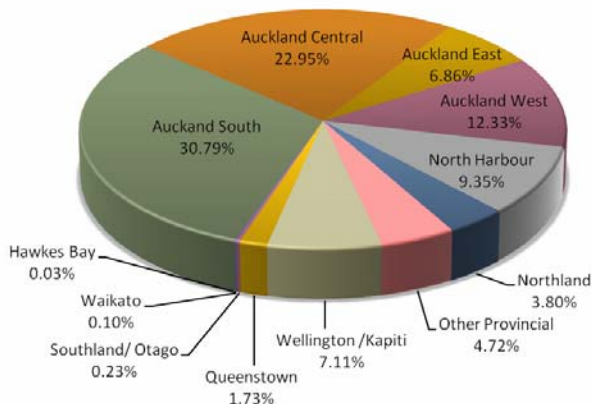
Loan Property Type (Security profile)

A breakdown of our total loan security is shown as follows:



Security Location

The geographical spread of security properties reveals a concentration in Auckland, however there is an even spread throughout greater Auckland and no exposure to the inner city apartment market.



LOAN BOOK

Summary

A summary of our position as at 31st March 2008 follows:

- Loan book \$68,285,245
- 105 individual loans
- Average loan size \$650,336
- Average loan term 2.6 months
- Bad debts written off this financial year 0.2%⁽¹⁾
- Related party lending Nil⁽²⁾ (\$nil as at 31/03/07)
- 90.67% of loans were secured by first registered charges

Notes:

(1) As percentage of loan book at 31 March 2008.

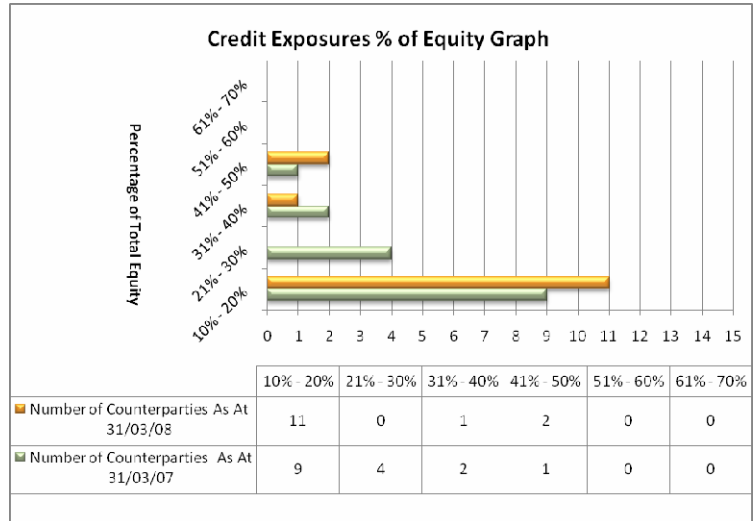
(2) This not related to specific lending, but to intergroup transactions and can vary daily from nil to up to 2% of total assets.

LOAN BOOK

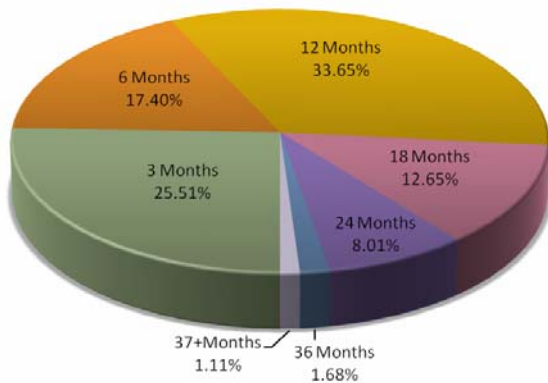
Credit Exposures

This is a summary of the largest aggregate credit exposures which have exceeded 10% of the Company's equity as at 31st March 2008. All of these exposures are deemed current and there are no specific provisions.

We have focused on reducing larger exposures over the last 12 months, with the number of loans over 20% of equity reducing from 7 to 3 loans. Unless exceptional quality, new loans will now only be considered to a maximum of \$3m.



Note: Counterparties = Loan groups



SECURED DEBENTURE STOCK

A summary of our position as at 31st March 2008 follows:

- Total deposits \$61,647,643
- Number of individual deposits 3,178
- Average deposit \$19,319

Note: The graph summarises the break down of the term remaining on existing deposits, not the original term invested, as this gives a better reflection of the maturity profile.

General

Some investors have called about the \$40m line of credit we established with the Commonwealth Bank of Australia (CBA) in December last year. We have not yet used this line (due to our cash reserves that were \$10,563,952 as at 31 March 2008), and we expect we will do so in time. It is our intention to capitalise on the lending opportunities that exist in the current market. We can do this by utilising our strong lending experience and knowledge from over 140 years of lending and loan administration experience (that exists among our former bank employees and senior bank lending executives), together with our successful 10+ years in business with minimal bad debt write-offs.

In summary, CBA is one of the largest banks in Australasia and owner of ASB Bank Limited in New Zealand. There are a number of important factors investors should consider as a result of approval of this line, other than it being an additional source of available funding to us:

- (1) CBA is one of the largest trading banks in Australasia and has the confidence to support us in this tough trading environment
- (2) Actually getting a line of credit in this difficult market combined with a worldwide credit crunch was challenging and CBA needed to have confidence in us
- (3) The CBA facility ranks equally with debenture holders not in priority to them

We understand CBA were approached by quite a number of other finance companies and that we were one of the only ones they approved. That is not to say those other companies are in difficulty, it is more saying our balance sheet, experienced management team and very low debt write-off ratio made the grade that CBA were looking for.

Should you have any question regarding your investment, this Investment Brief, our Newsletter or any other communication, please feel free to call either myself, any of the investment team (on 0800 20 70 70) or your Financial Adviser.



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Enquiries to the investment team on 0800 20 70 70 or email us on info@nzf.co.nz. You may also wish to visit our website at www.nzf.co.nz.