

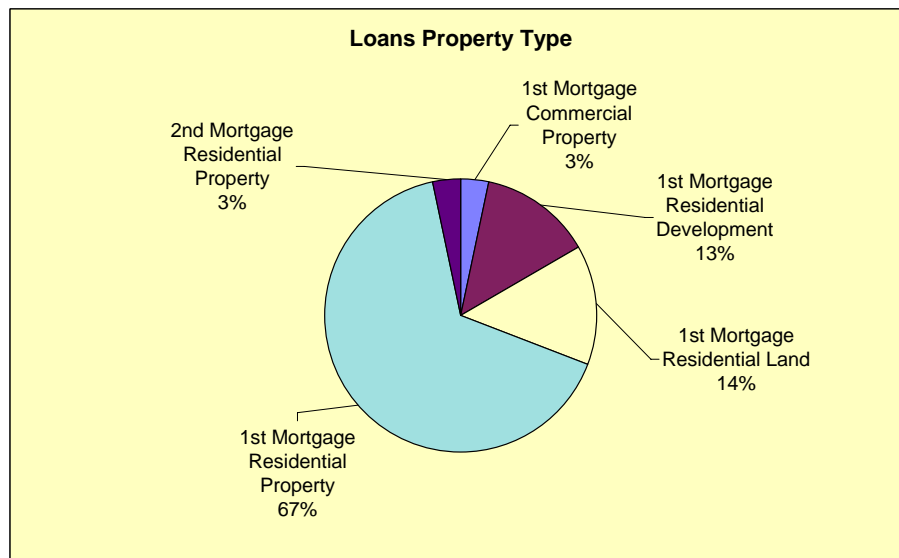
AUGUST 2006 NEWSLETTER

Welcome to our newsletter for August 2006

Since our last newsletter in August 2006 we are pleased to report that the re-investment rate by our existing debenture investors remains close to 70% and new investment volumes remain consistent which is considered to be very satisfactory given the two recent collapses and the continued negative comments surrounding the industry in general. The Securities Commission stated in August that *“The standard of disclosure in the finance company sector has improved significantly as a result of the Commission’s work. However there is still room for further improvement, especially with regard to risk.”* The Commission’s advice is that investors should read the investment statement and the prospectus so that they know who the finance company is lending money to, and how well repayments are going.

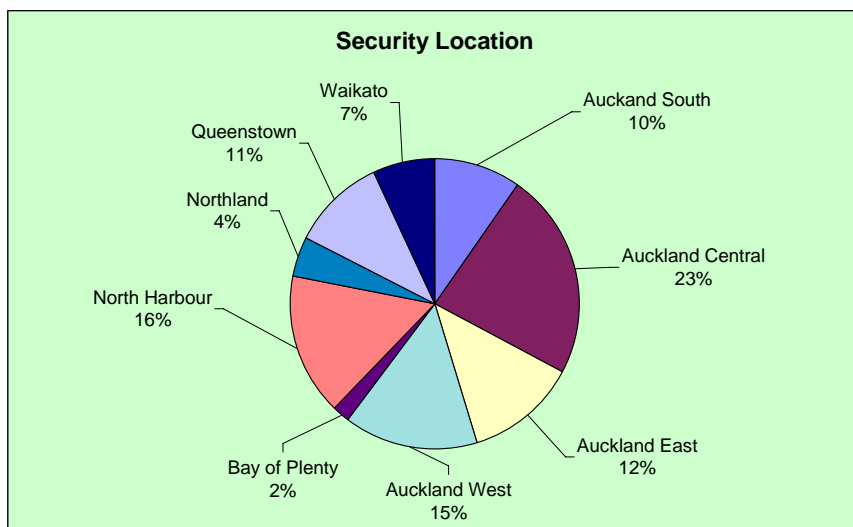
New Zealand Finance Holdings Limited (NZFH) which is the listed parent company of New Zealand Finance Limited (NZF), recently announced to the stock exchange that following the acquisition of 74.7% of Mike Pero Mortgages Limited and subsequent sell-down into a new 50/50 joint venture with Liberty Financial Australia, this will result in a one-off capital profit of \$3.5m to add to the six monthly profit result. This will be a material improvement over the expected result and was made as part of the continuous disclosure requirements for listed entities.

As at 31st August 2006, NZF had loans of \$ 83,824.252 comprising 148 individual loans, with an average loan size of \$ 566,380 and a summary of the security taken to secure these loans is broken down as follows:

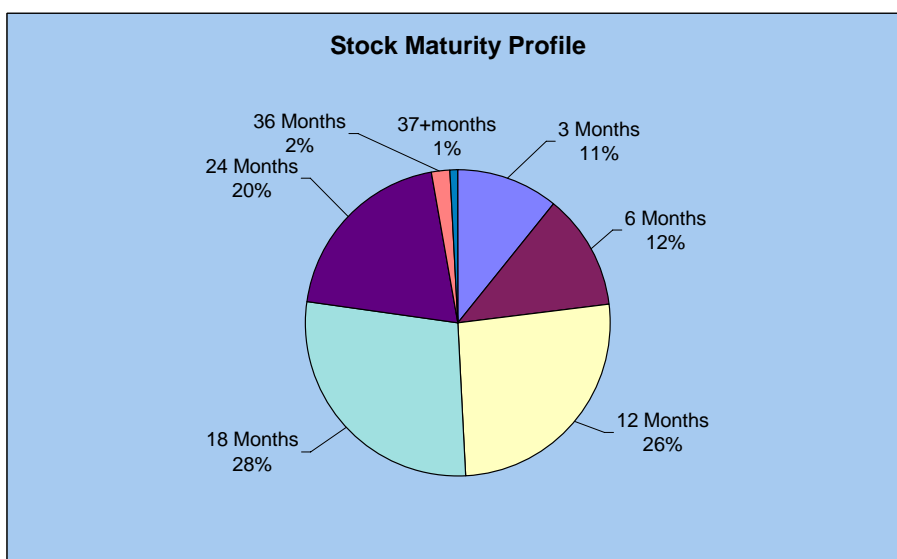


As at 31st August 2006, 97% of loans were secured by first mortgages (70% over existing properties and 13% over property developments) and the balance of loans secured by second mortgages over existing properties. NZF has adopted a conservative lending approach and on average, its loans represent no higher value than 75% against registered valuations. Bad debts written off as at 31st August 2006 remain nil and instalment arrears are only 0.14% of the loan book.

A breakdown of the security property location reveals a good spread of risk with no significant geographical concentrations other than Auckland, however there is an even spread throughout greater Auckland and no exposure to the Auckland inner-city apartment market.



As at 31 August 2006 our investor base was up to 3,774 individual deposits totalling \$ 72,063,478 with an average deposit size of \$ 19,094. This reflects an increase of our Debenture Stock book by \$1,381,691 for August.



Current Term Investment rates can be found at [Investor Rates](#)

For further information and a copy of our Investment Statement and Application Form, [click here](#), or alternatively please contact Susan Gin on **0800 20 70 70**.

We welcome any feedback or queries on these figures.

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