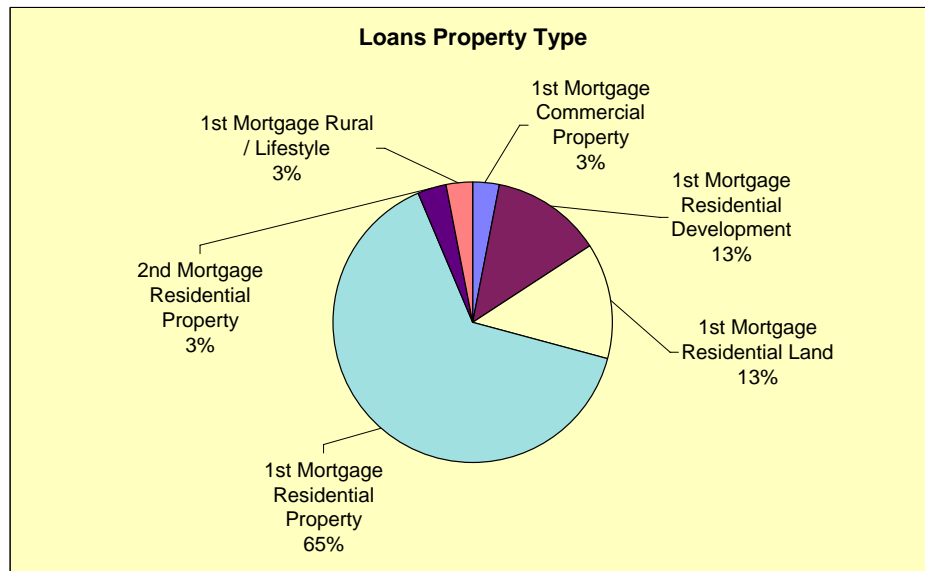


SEPTEMBER 2006 NEWSLETTER

Since our last newsletter in August 2006, Standard & Poor's have recently advised that it has developed a ratings scale for the New Zealand market which will rate finance companies, building societies, credit unions and mortgage trusts against each other rather than against international peers. The finance sector had been concerned that the Standard & Poor's international system was not appropriate for the New Zealand market because the ratings agency applied a sub-investment grade to any company with under \$1 billion in assets. The proposed ratings system should be beneficial as there are obviously some well performing local companies and the new ratings system will benefit local investors.

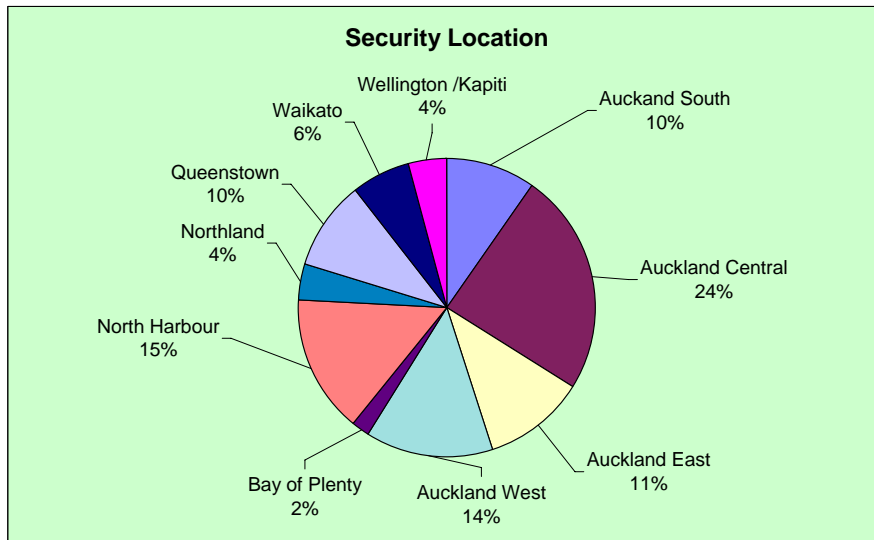
We are pleased to report that the re-investment rate by our existing debenture investors is close to 70% which is considered to be very satisfactory given the somewhat negative sentiment which exists in the market at present.

As at 30th September 2006, NZF had loans of \$ 85,961,517 comprising 147 individual loans, with an average loan size of \$ 584,772 and a summary of the security taken to secure these loans is broken down as follows:

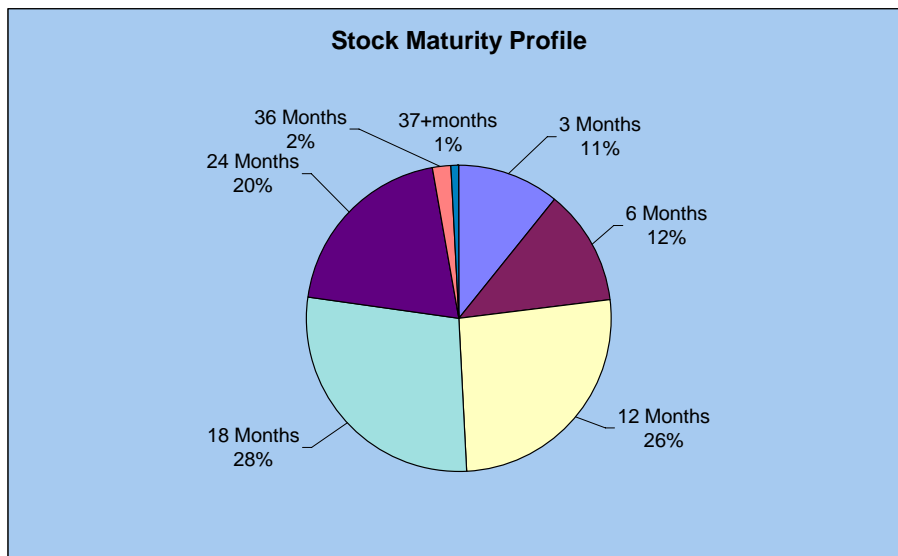


As at 30th September 2006, 97% of loans were secured by first mortgages (68% over existing properties and 13% over property developments) and the balance of loans secured by second mortgages over existing properties. NZF has adopted a conservative lending approach and on average, its loans represent no higher value than 75% against registered valuations. Bad debts written off as at 30th September 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 30th September 2006 our investor base was up to 3,828 individual deposits totalling \$ 74,881,394 with an average deposit size of \$ 19,561. This reflects an increase of our Debenture Stock book by \$ 2,817,916 for September.



We welcome any questions that you may have so please do not hesitate to call either myself or John Callaghan at any time on 0800 20 70 70 or visit our website www.nzf.co.nz where we provide a monthly update of the finance company's position.

We welcome any feedback or queries on these figures.

Mark Thornton
Director
mark.thornton@nzf.co.nz