

## August 2007 Newsletter

Welcome to our latest figures for August 2007

Investors remain very cautious and while reinvestment rates have been adversely affected, we have continued to stay in close contact with our investors (<http://nzfinance.co.nz/investors/newsletters>) to reassure them that NZF is sitting on a combination of cash and un-drawn bank lines which are sufficient to meet our ongoing commitments.

A summary of our position as at 31<sup>st</sup> August 2007 follows:

### LOAN BOOK

Loan book \$97,161,061

126 individual loans

Average loan size \$771,120

Average loan term 7 months

Bad debts written off as at 31/8/2007 – nil

Related party lending as at 31/8/07 \$241,025 (\$nil as at 31/03/07)\*

Loans 90 day + in arrears 2.62%

91.09% of loans were secured by first mortgages

#### Notes:

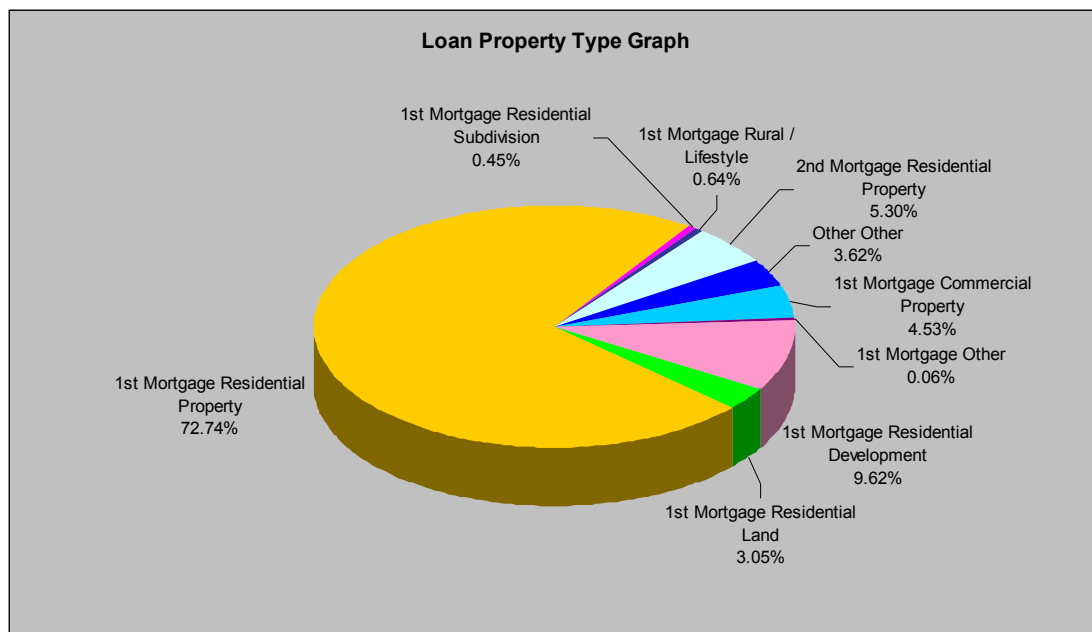
(1) In the last 10 years of trading NZF have only written of \$22,123

(2) This is normally nil and not related to specific lending, but to intergroup transactions

(3) This relates to only one loan that is a first registered mortgage and has an LVR (Loan to Value Ratio) of only 51.17%

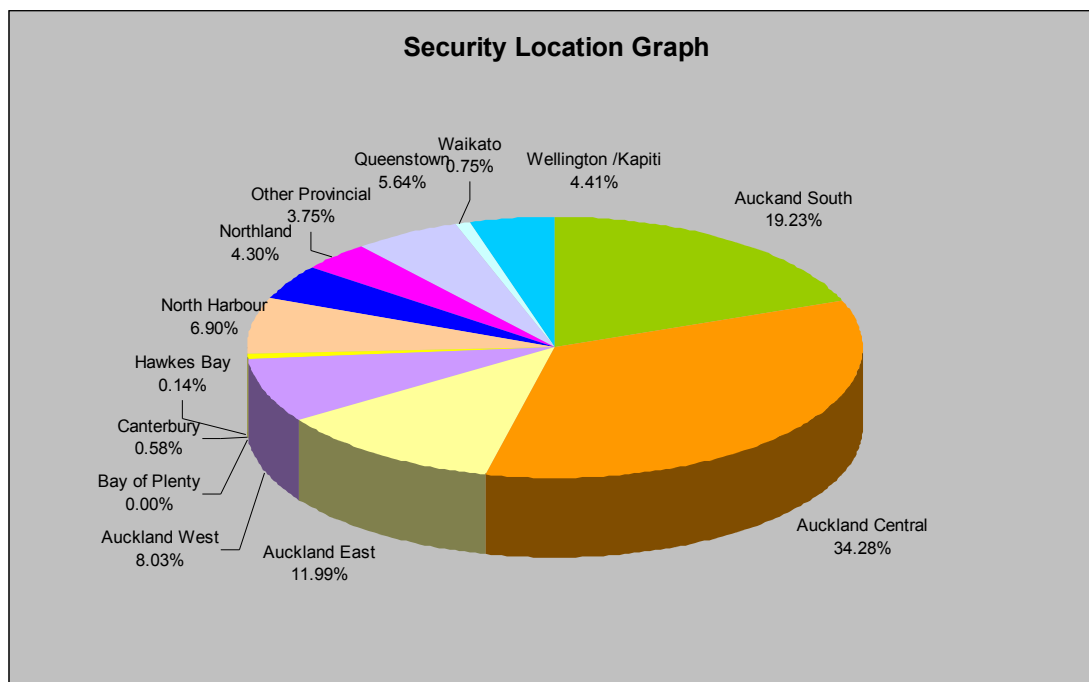
### Loan Property Type

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



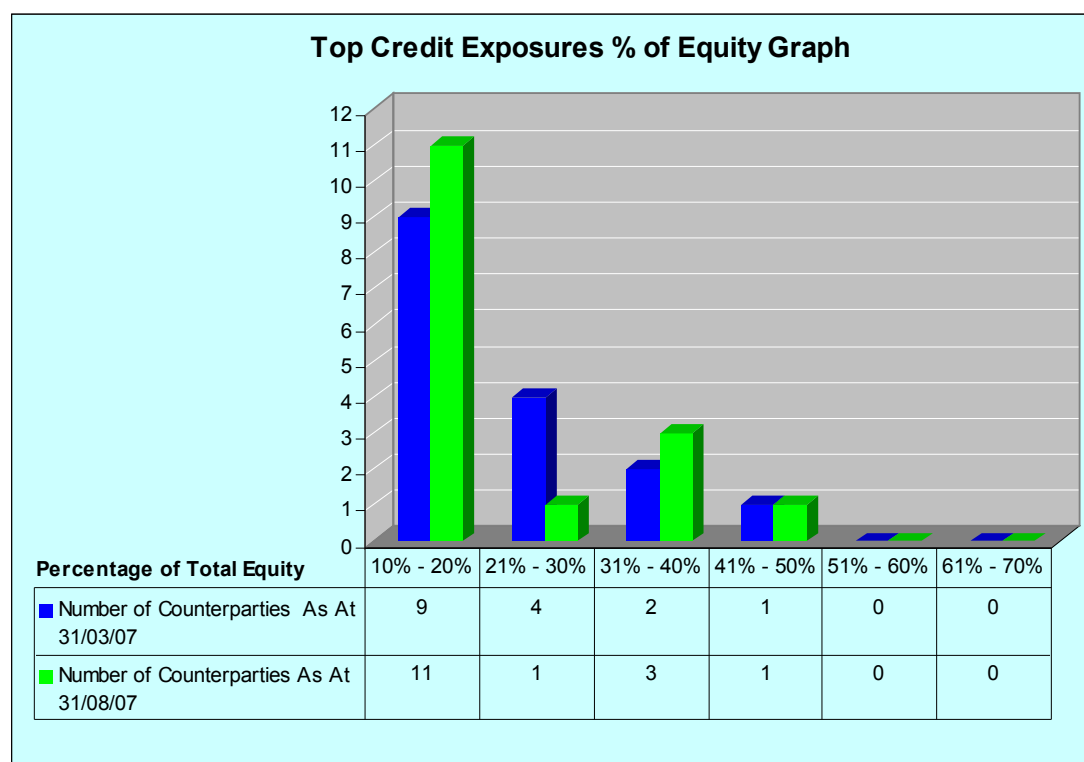
## Security Location

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.



## Credit Exposures

The following is a summary of the largest aggregate credit exposures which have exceeded 10% of the Company's equity as at August 2007. All exposures are deemed current and there are no specific provisions



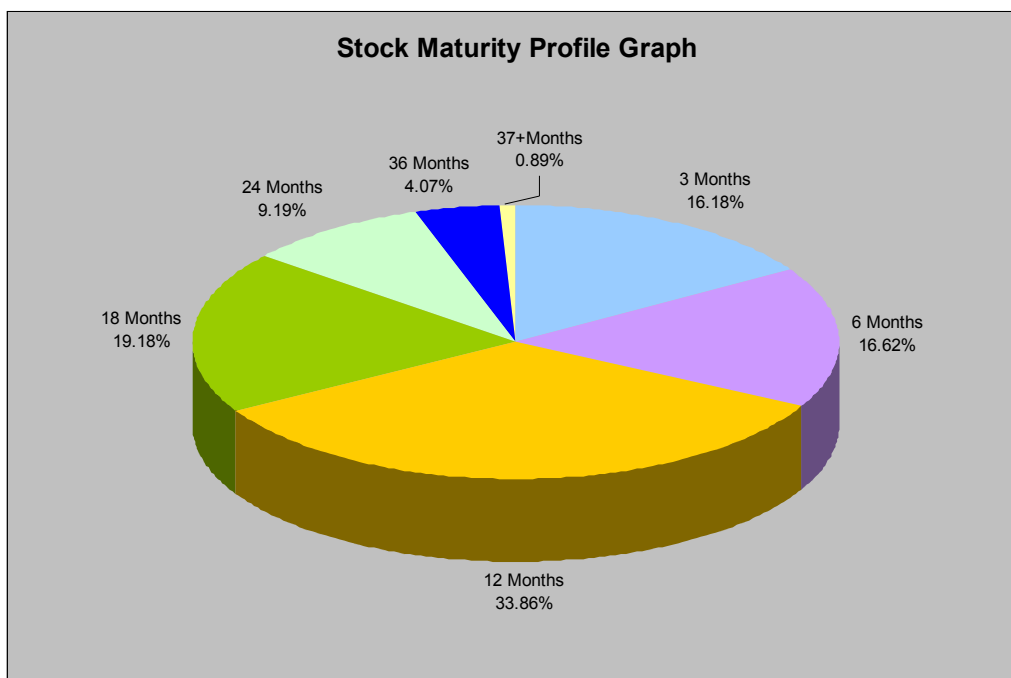
All of these exposures are secured by registered first mortgages and the average exposure is approximately 70% against latest registered valuations which indicates we are in a strong position in relation to these particular exposures.

## SECURED DEBENTURE STOCK

Total deposits \$84,357,301

Number of individual deposits 4,184

Average deposit \$20,162



## GENERAL

While we are seeing more requests for early maturity of SDS we are not meeting these requests in the interests of ALL investors. The reinvestment rate has certainly fallen but we are sitting on a large cash reserve and we are confident that with this and support of our bankers we can weather the current conditions for a significant period.

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](http://www.nzf.co.nz) where we provide a monthly update of the finance company's position.

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