

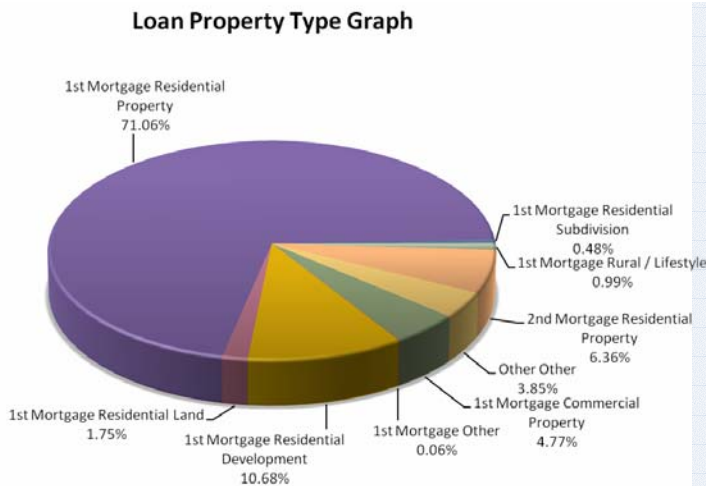
The Investment Brief

September 2007

The finance company sector remained unsettled in the early part of September, although calmness seems to be returning with higher reinvestment levels being recorded and new deposits starting to flow again. However, we are remaining very conservative in regard to lending. We therefore continue to hold significant levels of cash and have available undrawn bank lines should they be required to deal with any future negative news impacting on the finance company sector. Further, our philosophy of lending short typically (3 – 12 months) and borrow long has resulted in a rapid build up of cash from repayments.

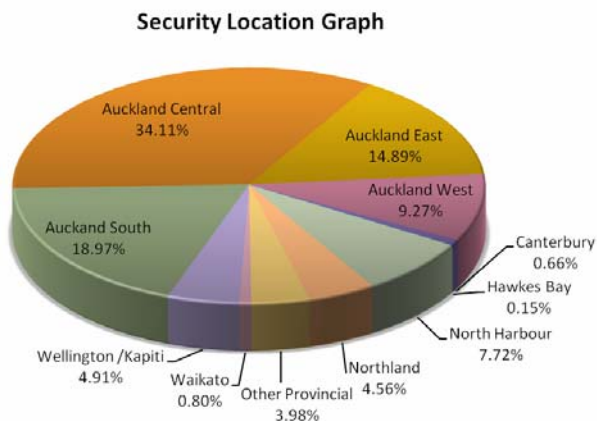
Loan Property Type (Security profile)

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 30th September 2007 follows:

- Loan book \$92,411,798
- 115 individual loans
- Average loan size \$803,581
- Average loan term 6 months
- Bad debts written off this financial year – nil⁽¹⁾
- Related party lending \$ 35,070 (\$nil as at 31/03/07)⁽²⁾
- Loans 90 day + in arrears = Nil
- 89.79% of loans were secured by first mortgages

Notes:

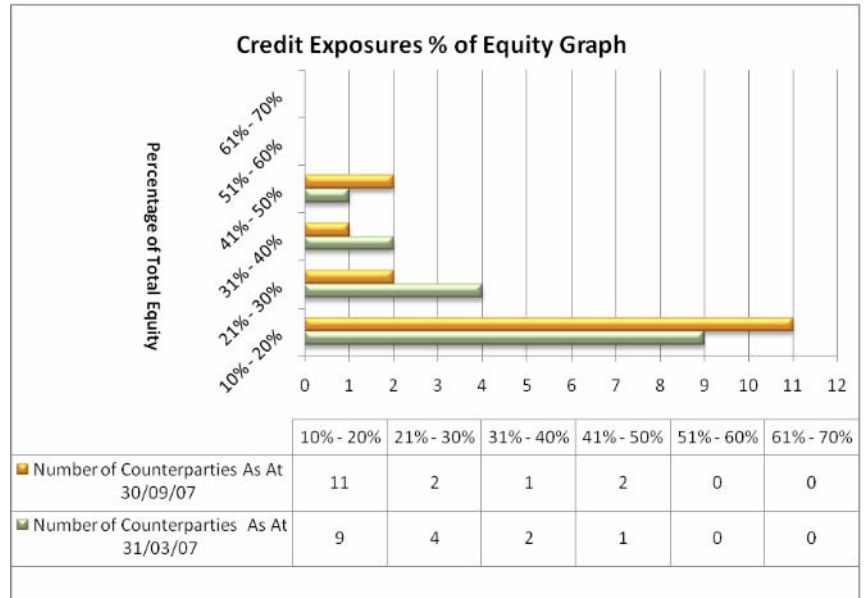
(1) In the last 10 years of trading NZF have only written off \$22,123

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

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 September 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. This indicates we are in a strong position in relation to these particular exposures.



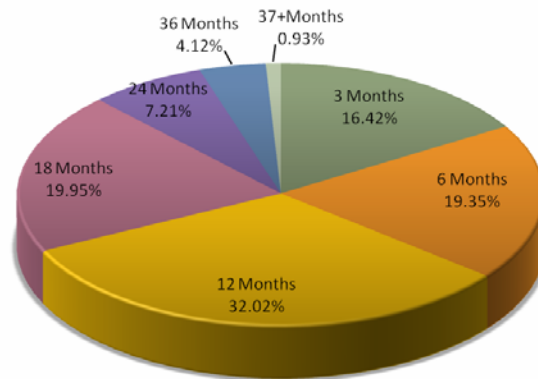
Note: Counterparties = Loan groups

SECURED DEBENTURE STOCK

A summary of our position as at 30th September 2007 follows:

- Total deposits \$81,080,841
- Number of individual deposits 4,065
- Average deposit \$19,946

Stock Maturity Profile Graph



General

While the recent shake out in the finance company sector has dampened our reinvestment rate and new deposit flows (as it has for our competitors), we are sitting on larger cash reserves than normal. We will emerge from the current market situation in a stronger position. Further, the mood is slowly turning and we are seeing a lift in reinvestment rates and deposit flows. Secured Debenture stock is our preferred method of funding the finance company operation and the continued support of our long term investors and Financial Planners/Investment Advisers in these challenging times has been appreciated.

We are also pleased to advise that the NZF Homeloan portfolio has recorded significant growth over the month and quarter; over the month from \$127.0m to \$137.8m and over the quarter \$112.3m to \$137.8m. While this is not funded by Debenture Stock, profit from this portfolio is directed to NZF.

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.

A handwritten signature in black ink, appearing to be 'J Callaghan', written over a light grey rectangular background.

John Callaghan
Managing Director

*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.*