

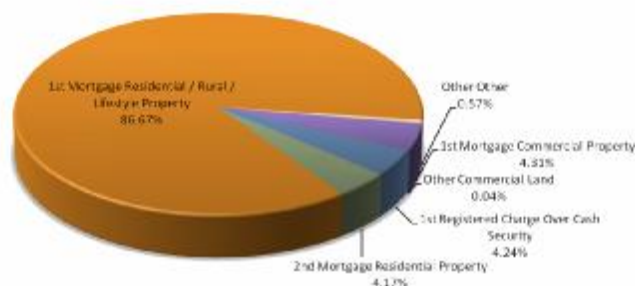
The Investment Brief

July 2008

Thank you to our new investors and those loyal investors who have renewed their existing deposits with NZF. It is very pleasing to receive this support at a time which we recognize makes it difficult for investors to choose a low risk investment. Our reinvestment rate has been steadily increasing over recent months and while this is very important for our continued growth, we are in the very fortunate position of having multiple funding lines including the recently approved \$40m funding line from Commonwealth Bank of Australia (owner of ASB Bank) with security which ranks equally with our investors, that allows NZF to pursue low risk and profitable lending growth.

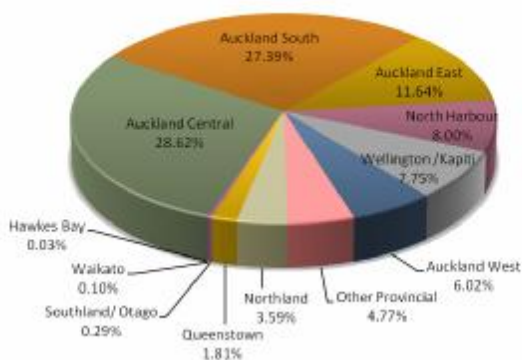
Loan Property Type (Security profile)

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 Jun 2008 follows:

- Loan book \$67,716,441
- 101 individual loans
- Average loan size \$670,460
- Average loan term 3.13 months
- Bad debts written off this financial year Nil ⁽¹⁾
- Related party lending \$75,245⁽²⁾ (\$nil as at 31/03/08)
- Loans 90 day + Installment Arrears = Nil
- 90.98% of loans were secured by first registered charges

Notes:

(1) In the last 10 years of trading NZF has only written off \$180,247.

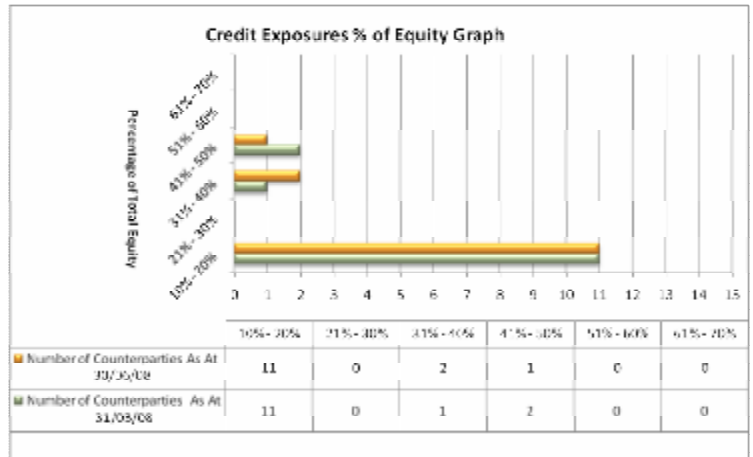
(2) This not related to specific lending, but to intergroup transactions and can vary daily from nil to up to 2% of total assets.

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 30th Jun 2008. All of these exposures are deemed current and there are no specific provisions.

We have focused on reducing larger exposures over the last 15 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 30th Jun 2008 follows:

- Total deposits \$51,097,374
- Number of individual deposits 2,675
- Average deposit \$19,102

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

Without dwelling on past finance company difficulties, some of the common issues among them leading to their failure were poor or no liquidity, fully drawn bank lines and large exposure to poor security. By comparison NZF had Nil impaired loans as at balance date and loans secured by first charges were over 90% of the loan book with very little reliance on subdivision or development projects and only 0.8% of our loan book exposed to the troubled Queenstown market. As at 18 June 2008, the group had \$87m in cash and undrawn bank lines and given our comparative size to the rest of the market, our liquidity is one of the strongest in the industry.

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.

Mark Thornton
Executive Director – Investment and Lending

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.