



20 September 2006

BY E-MAIL: [announce@nzx.com](mailto:announce@nzx.com)

Market Information  
New Zealand Exchange Limited  
WELLINGTON

### **Prospective Offer of Capital Notes**

New Zealand Finance Holdings Limited (NZF) has registered a combined Investment Statement and Prospectus with the Ministry of Economic Development in respect of the prospective issue by NZF of Capital Notes with an aggregate principal amount of \$20 million.

In the event that the Company receives valid applications for Capital Notes in excess of \$20 million before the close of the offer, the Company may at its discretion issue up to a further \$10 million of Capital Notes. In the event that this occurs the Company will issue up to a maximum of \$30 million of Capital Notes in aggregate.

The Capital Notes are being issued by NZF and are not guaranteed by any of NZF's subsidiary companies.

The principal terms of the offer are as follows:

#### **Type of Security**

The Capital Notes being offered are unsecured, subordinated fixed interest debt obligations of NZF.

#### **Fixed Interest Rate**

The Capital Notes will pay a fixed rate of interest of 9.75% per annum, which interest rate may only be increased upon the occurrence of certain limited events.

#### **Minimum Applications**

Applications for Capital Notes must be for a minimum principal amount of \$5,000 and thereafter in multiples of \$1,000.

#### **Quarterly Payments**

Interest will be paid quarterly in arrears, providing a fixed quarterly interest payment to investors, other than the first interest payment which will be calculated from allotment of each Capital Note until 15 December 2006. The first interest payment will be paid to the original subscriber of a Capital Note (regardless of any subsequent transfers before the first interest payment date).

#### **Term**

The Capital Notes will mature on 15 March 2011 ("Maturity Date"). Prior to the Maturity Date, NZF may elect, with effect from the Maturity Date, to either:

- offer Noteholders the option to renew the Capital Notes on new terms and conditions; or
- convert the Capital Notes by issuing new Ordinary Shares in the Company to the Noteholders at a discount to the then current market price; or
- redeem the Capital Notes for cash.

**NZDX Listing**

Application has been made to NZX for permission to list the Capital Notes on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of this announcement have been duly complied with. However, NZX accepts no responsibility for any statement in this announcement.

**Use of Proceeds**

The proceeds of the issue will be principally applied to:

- meeting the cost of the offer; and
- the repayment of an Acquisition Bridging Finance Facility provided to NZF by Commonwealth Bank of Australia to assist NZF with the funding of the purchase of shares in Mike Pero Mortgages Limited acquired pursuant to the two separate takeover offers undertaken by NZF; and
- towards the Company's (and the Group's) anticipated capital requirements for growth.

**Offer Period**

The Offer will be open from 22 September and will close on 20 October 2006, subject to the right of NZF to vary these dates.

Further information on the offer is comprised within the registered combined Investment Statement and Prospectus dated 18 September 2006, a copy of which is available on [www.nzf.co.nz](http://www.nzf.co.nz).

For further information contact:

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ENDS



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