



Frequently Asked Questions - NZF Capital Notes

- **Can I redeem some or all of my Capital Notes for cash?**

The Capital Notes are a listed debt instrument on the NZX, and may be traded (e.g. sold) on that exchange through a stockbroker.

The Election Notice offers the opportunity for you to renew all of your Capital Notes and on the New Conditions (interest and term) stated below.

You can only renew **all** of your Capital Notes on the New Conditions, and not just some of your Capital Notes on the New Conditions.

If you elect not to renew your Capital Notes on the New Conditions, then NZF has elected that it will, on or about 15 March 2011, compulsorily redeem all of your Capital Notes by issuing new ordinary fully paid shares in NZF to you in accordance with the terms of the Trust Deed establishing the Capital Notes ("Trust Deed").

NZF has elected to not redeem the Capital Notes for cash.

- **How do I sell (or buy) Capital Notes?**

One method to sell (or buy) Capital Notes is to contact a licensed sharebroker to arrange to facilitate the transaction. If you do not have a sharebroker, there are many sharebrokers that you may choose from, most of whom can be found in the Yellow Pages (www.yellowpages.co.nz) or on the NZX (www.nzx.com) website.

- **What are the differences between the March 2011 and March 2016 Capital Notes?**

The only differences are:

- (a) The renewed Capital Notes will have a Maturity Date of 15 March 2016.
- (b) The Interest Rate for the renewed Capital Notes will be 6.0%pa

All other terms and conditions applicable to the renewed Capital Notes will be identical to the terms applicable to the Capital Notes currently, including interest payment dates.

- **How is interest paid on Capital Notes?**

There is no change to the manner in which interest will accrue and be paid in respect of the renewed Capital Notes from the manner in which it occurs with respect to the existing Capital Notes, i.e. payments will continue to be made either by cheque or direct credit to New Zealand bank accounts only.

Interest will still be paid quarterly on 15 March, 15 June, 15 September and 15 December each year.

When interest is paid you will receive an interest advice at your registered address stating the amount you have been paid as well as information to assist in the completion of your tax return, if you are required to file one.



- **What happens on the maturity of the renewed NZF March 2016 Capital Notes?**

On the maturity date for the renewed Capital Notes , NZF may elect by giving notice to each Noteholder:

- give that Noteholder **the option** to renew all of their Capital Notes from the maturity date on specified new terms and conditions; or
- redeem all of that Noteholder's Capital Notes on the maturity date for cash; or
- convert all of that Noteholder's Capital Notes into ordinary shares in NZF on the maturity date.

If NZF fails to give notice, it shall be deemed to have given notice to convert all of the Capital Notes of each Noteholder into ordinary shares in NZF. If the option to renew is given and a Noteholder does not clearly elect to do so, NZF may then elect to redeem the Capital Notes of that Noteholder for cash or convert them into ordinary shares.

- **Why is the interest rate on the Capital Notes reduced from 9.75%pa to 6.0%pa?**

When the Capital Notes were originally issued, the Reserve Bank of New Zealand Official Cash Rate (OCR) was 7.25%, making the rate set of 9.75%, 2.5% above the OCR. The OCR is now 3% and not expected to change to any great degree in the short to medium term. However, recognising the change in rates and to remain competitive, the rate has been set at 6.0%pa ie 3.0% over the OCR.

- **Who do I contact if I have questions about NZF Capital Notes?**

If you have any questions about your Capital Notes, you should contact the Registry (Link Market Services Limited), your share broker/ financial adviser or NZF.