



NZF GROUP LIMITED

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

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Notice is hereby given that a Special Meeting of Shareholders of NZF Group Limited (the "Company" and "NZF") will be held at Tamaki Yacht Club, 30 Tamaki Drive, Mission Bay, Auckland on Monday 14 March 2011 at 10.30 am.

The Explanatory Notes which accompany this Notice of Meeting set out the details of the surrounding information relevant to the resolutions and the approval required for each resolution by the shareholders of the Company pursuant to the NZSX Listing Rules (the "Listing Rules"), the Companies Act 1993 ("Companies Act") and the constitution of the Company.

BUSINESS OF THE MEETING

1. Ordinary Resolution – Issue of up to a maximum of 56,135,496 fully paid ordinary shares in the Company

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

"The Directors of the Company are authorised to:

- (a) issue up to a maximum of 56,135,496 fully paid ordinary shares in the Company ("New Shares") to the holders of the Capital Notes issued by the Company in 2006 ("Capital Notes") in consideration for the satisfaction of the redemption price payable by the Company to redeem the Capital Notes at an issue price calculated in accordance with the Explanatory Notes to this resolution; and*
- (b) take all action, do all things and execute all documents and agreements necessary or considered by them to be expedient to issue the New Shares,*

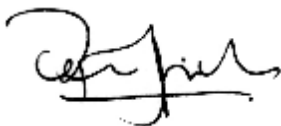
such New Shares when issued, shall rank pari passu (equally) with all existing ordinary shares of the Company."

Further information concerning this resolution is provided in the Explanatory Notes to this Notice of Meeting.

EXPLANATORY NOTES

Explanatory Notes for Resolution 1 are set out in the following pages.

By Order of the Board of Directors



Peter Huljich
CHAIRMAN

EXPLANATORY NOTES

Listing Rules, Companies Act and Constitution

The Company is listed on the NZSX Market ("NZSX") and must comply with the Listing Rules. In addition, various provisions of the Listing Rules are included in the Company's constitution. The Companies Act, the Company's constitution and the Listing Rules contain specific requirements which are relevant to the resolutions comprised in this Notice.

The implications of the Listing Rules, the Companies Act and the constitution, insofar as they relate to resolution 1, are addressed in the Explanatory Notes to each resolution.

Resolution

The resolution which is to be considered at the Special Meeting is an ordinary resolution. An ordinary resolution is a resolution passed by a simple majority of votes of shareholders of the Company, entitled to vote and voting.

Set out below is further information on resolution 1.

Resolution 1 - Ordinary Resolution: Issue of up to a maximum of 56,135,496 fully paid ordinary shares in the Company

Background

In 2006 the Company issued \$20,050,000 of Capital Notes to members of the public.

The funds raised from the issue of the Capital Notes were applied towards the funding of:

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

Maturity of the Capital Notes

The Capital Notes have a Maturity Date of 15 March 2011 ("Maturity Date"). In terms of the Trust Deed constituting the Capital Notes, the Company had the option to elect by giving notice to each Noteholder to:

- give the Noteholders the option to renew all of their Capital Notes from the Maturity Date on specified new terms and conditions ("Renewal Option");
- redeem all of the Noteholders Capital Notes on the Maturity Date for cash; or
- convert all of the Noteholder's Capital Notes into Ordinary Shares on the Maturity Date.

NZF has elected to "renew" the Capital Notes at a lower interest rate of 6%pa (vs previously 9.75%pa) as the board believes this is a manageable rate within the current economic environment and is in the best interests of all stakeholders including Capital Noteholders. For Noteholders that do not elect to renew their Capital Notes, NZF has elected to allocate ordinary shares in NZF based on the conversion formula outlined below.

The Company has therefore given each Noteholder the option to elect to renew their respective Capital Notes on new terms. As at 24 February 2011, a number of the Noteholders, holding approximately \$16,373,125 of Capital Notes have accepted the Renewal Option.

In respect of the balance of the Noteholders not accepting the Renewal Option, the Company has elected to redeem their Capital Notes on the Maturity Date by converting all of those Noteholders Capital Notes into ordinary shares in the Company on the Maturity Date. However, given the extension granted by the trustee to Notification Date from 24 February 2011 to 10 March 2011 (as a result of the Christchurch earthquake), we expect significantly more Noteholders to elect to renew.

Noteholders cannot insist on being repaid cash on the Maturity Date.

Conversion

Given the Company has elected to convert those Capital Notes not being renewed into ordinary shares in the Company, the Company shall undertake to effect redemption of those Capital Notes, by issuing to the relevant Noteholder on the Maturity Date such number (fractions being rounded down to the nearest whole number) of new ordinary NZF shares as have an aggregate Value equal to the aggregate as at the Maturity Date (less any withholdings or deductions required by law) of the principal amounts of, and accrued interest and unpaid interest on, any Capital Notes which are held by the Noteholder which the Company has elected to convert by issuing ordinary NZF shares.

For the purposes of this calculation, "Value" means the amount which is determined by the Company to be 95% of the weighted average sale prices of an ordinary share of the Company sold on the NZSX during the period of 20 business days immediately prior to the Maturity Date on which NZF's ordinary shares were bought and sold (and adjusted to eliminate the effect of any dividend entitlement, share buyback, consolidation or similar transaction reflected in such price to which the Noteholder would not be entitled), or, if no ordinary shares of the Company were sold on the NZSX during that period, the last sale price of an ordinary share of the Company sold on the NZSX prior to such period.

Given this Notice of Meeting has been prepared and circulated prior to the Maturity Date, it is impossible to state with absolute precision in numerical terms what the Value of the ordinary NZF shares to be issued to the Noteholders will be given the methodology in assessing that Value (and ultimately how many New Shares will be issued to the Noteholders) is determined by having regard to the 20 business day period immediately prior to the Maturity Date.

However, having regard to weighted average sales prices of ordinary shares of the Company for the 20 business days prior to the date of this Notice of Meeting, the

hypothetical value of the ordinary shares to be issued (multiplied by 95%) would be 6.55 cents per ordinary share.

Given \$3,676,875 of Notes are not to be renewed as per the Renewal Option, that leave the sum of \$3,676,875 of Capital Notes to be redeemed via the conversion of the Capital Notes into the ordinary shares of the Company. However, given the extension granted by the trustee to Notification Date from 24 February 2011 to 10 March 2011 (as a result of the Christchurch earthquake), we expect significantly more Noteholders to elect to renew. Never-the-less, applying the hypothetical issue price of 6.55 cents per New Share referred to in the previous paragraph, that would mean that the Company would be required to issue 56,135,496 new ordinary shares to the Noteholders on redemption of the balance of the Capital Notes in the unlikely event that no Election Notices were received prior to the extended Notification Date of 10 March 2011.

Given the uncertainty around what the weighted average price for the NZF shares will be during the 20 business day period prior to the Maturity Date and the fact that Notification Date has been extended to 10 March 2011, there can be no guarantee as at the date of this Notice of Meeting as to exact number of New Shares that will be required to be issued to Noteholders on conversion of their Capital Notes.

Such New Shares will, after their issue, rank equally with all existing ordinary shares in the Company as to entitlements to dividends, voting and other rights.

Subject to the approval of this resolution, the Board will issue the New Shares to all of those Noteholders who did not accept the Renewal Option. The New Shares will be issued, and the issue price (Value) deemed to have been satisfied upon redemption of the Capital Notes on or about the Maturity Date.

The Listing Rules provide that the Placement Shares must be issued within a period of twelve months from the date of the approval of Resolution 1.

Requirement for Resolution

Listing Rule 7.3.1 of the Listing Rules states in general terms, that shareholder approval must be obtained for any issue of shares by the Company, unless the issue falls within one of a number of limited exceptions. In this case, the issue of the New Shares does not fall within any of the available exceptions and, accordingly, shareholders approval is being sought in accordance with Listing Rule 7.3.1. Any person entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. You may appoint the "Chairman of the Meeting" as your proxy if you wish.

A proxy form accompanies this Notice of Meeting. Proxy forms must be lodged at the office of the Company's share registry, LINK Market Services, P.O. Box 91976, Auckland 1142 not less than 48 hours before the meeting, being Monday 13 March 2011.