

NZF

MARKET INFORMATION

10 June 2011

NZF Group Limited (NZF) – Continuous Disclosure

NZF is pleased to announce that it has accepted a term sheet with a staged period of exclusivity with an Australian private company to complete the final stages of mutual due diligence following which it is expected that a joint venture will emerge focused on the Group's home lending activities.

The Australian partner which will have a majority stake in NZF's home loan division is vastly experienced in the Australian RMBS market and will add significantly to the current operations of this division.

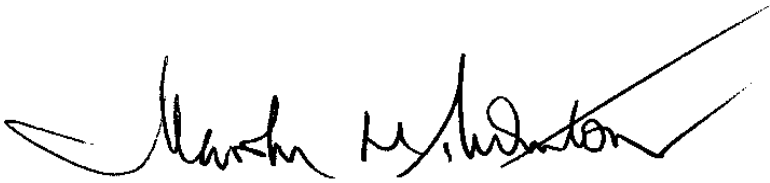
NZF established its own RMBS program in 2006 with its first issue of \$100m in June 2010 and this issue was the first of its kind in the New Zealand market since the Global Financial Crisis commenced in 2008. In the financial results to 31st March 2011 the Group recorded a net loss however, NZF's Home Loans Division has had another very successful year of operation and recorded a net operating profit before tax of \$2.511 million. During the year ended 31 March 2011, NZF's Home Loans portfolio decreased slightly from \$200.506 million to \$196.935 million mainly as a result of the Group putting a temporary hold on new origination while due diligence was in progress with a number of parties.

Managing Director Mark Thornton said "the process of finding the right business partner has been an extremely long and difficult process as most interest to date has been purely predatory with interest not focused on any partnership process, unlike the approach from the current entity. The proposed joint venture is very exciting as it will produce a financially strong entity with stable and experienced management and a proven track record, able to offer a product range into the New Zealand non-bank financial sector which as a result of the recent global financial crises has seen competition in the local sector, virtually eliminated". To illustrate the size of the non-bank housing market in New Zealand, latest Reserve Bank figures show that total residential lending from registered trading banks plus non-banks equates to \$171 billion and as at April 2011, the non-bank sector made up \$4 billion (2.35%) and NZF's share of this non-bank market is approximately only \$187 million or 4.5% which demonstrates there is a significant opportunity to increase its share of this sector.

Westpac which provides the current warehouse facility backing the RMBS program is privy to the details of the joint venture and has formerly renewed the facility from October 2011 until October 2012. The proposed transaction will provide a significant amount of cash at Group level which in turn will enable the subsidiary, NZF Money Limited to recommence origination to its specialized area of low geared, short term residential secured lending which was its core business prior to the GFC.

The Group's other significant area of operations is in mortgage broking and the recent formation of the subsidiary company Mike Pero Real Estate Limited which is in the process of setting up a nationwide real estate venture with a discounted commission structure and plans to rival the major real estate companies in New Zealand.

ENDS

A handwritten signature in black ink, appearing to read "Mark Thornton". The signature is fluid and cursive, with a prominent loop at the end.

Mark Thornton
Chief Executive Officer