



24 February 2009

## Capital restructure

The following is provided to bring you up to date on our capital restructure:

- on 2 February 2009, the company ceased to be a co-operative;
- we successfully raised \$8.05 million from dealer shareholders, \$4m of which has been received, with the balance to be paid in instalments by 30 September 2009;
- the board has set a minimum shareholding for dealer shareholders of \$30,000, to be paid from profits, where there is shortfall;
- on 18 December 2008, in a release to the NZX, we advised that "directors have decided to delay consideration of non-recourse until economic circumstances improve significantly";
- new and existing business continues to be on a recourse basis, i.e. where dealer shareholders individually guarantee the loans they have originated;
- the dividend rate on the perpetual preference shares is 9.42% (reset 30 September 2009 at 2.40% above the one year swap rate).

Non-recourse financing is not on the agenda and will not be considered until well after the economy has recovered. Dealer guarantees remain in place and the only changes to the business model are to limit the flexibility that dealers enjoyed in a more benign credit environment.

As a result of slowing motor vehicle sales, and tighter credit criteria, new loan business is down on last year and we are forecasting lower sales for the rest of the year. Our market share has improved and the quality of the loans we are processing has also improved.

Credit quality has always been a strong focus and our conservative approach means that total arrears today are less than at the end of February a year ago. We don't doubt that more pressure will come on arrears but we are confident that our systems and management, together with the dealer guarantee, will enable us to manage through a very difficult period.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Angus Bradshaw'. The signature is fluid and cursive.

Angus Bradshaw  
Managing Director

abradshaw@mtf.co.nz  
03 467 7988