

Disclosure Statement



UDC Finance Limited ("UDC")

107 Carlton Gore Road
Newmarket
Auckland
New Zealand
0800 652 832

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February 2008

DISCLOSURE INFORMATION

UDC (in respect of itself and the principal officers of UDC) makes the following investment adviser disclosure to you pursuant to section 41A of the Securities Markets Act 1988.

To the extent it may be an investment broker for the purposes of the Securities Markets Act 1988, UDC (in respect of itself and its principal officers) makes the following investment broker disclosure to you pursuant to section 41G of the Securities Markets Act 1988.

Qualifications, experience and professional standing

Experience

UDC is a wholly owned subsidiary of ANZ National Bank Limited ("ANZ National"). ANZ National does not guarantee UDC's obligations to its investors. Through its staff, UDC is experienced in providing investment advice about its own securities and the securities of other issuers that it manages. UDC keeps abreast of relevant issues by running seminars and workshops for relevant staff and having its investment adviser staff attend external seminars where appropriate. UDC subscribes to relevant industry publications and, where appropriate, its investment advisers monitor the New Zealand fixed interest investment markets.

Relevant professional body

UDC is a member of the Financial Services Federation, which is a professional body relevant to the provision of investment advice.

Professional indemnity insurance

ANZ National (and its subsidiaries including UDC), through its ultimate parent company Australia and New Zealand Banking Group Limited, has professional indemnity insurance which covers its activities including those of investment advisers it employs.

This insurance covers issues (including 'prior acts') arising from staff fraud, electronic crime, documentary fraud and physical loss of property. The scope of the insurance also extends to third party civil claims, including those for negligence. The level of cover is of an amount commensurate with the size and scale of the ANZ National group of companies ("ANZ Group").

The insurer is ANZcover Insurance Pty Limited.

Dispute resolution facilities

UDC has a complaints procedure in place. Should a problem arise, you should contact UDC Manager of Investment Operations, UDC Finance Limited, Level 2, 107 Carlton Gore Road, Newmarket, PO Box 91145 Victoria Street West, Auckland or 0800 652 832, and tell him or her about your complaint. If your complaint is not satisfactorily resolved, you may contact either:

- Executive Director, Financial Services Federation (Inc.), 6th Floor, Wakefield House, 90 The Terrace, Wellington, PO Box 10053, Wellington or 04 472 1731; or

- Business Manager – Corporate Trusts, Trustees Executors Limited ("Trustee"), Level 1, 50 – 64, Customhouse Quay, Wellington.

There is no ombudsman to whom complaints can be made.

Criminal convictions

In the five years before the relevant investment advice is given none of UDC (in its capacity as an investment adviser and where applicable an investment broker) or any principal officer of UDC has been:

- convicted of an offence under the Securities Markets Act 1988, or the Securities Act 1978 or of a crime involving dishonesty (as defined in section 2(1) of the Crimes Act 1961);
- a principal officer of a body corporate when that body corporate committed an offence or crime involving dishonesty as described above;
- adjudicated bankrupt;
- prohibited by an Act or by a court from taking part in the management of a company or a business;
- subject of an adverse finding by a court in any proceeding that has been taken against them in their professional capacity;
- expelled from or has been prohibited from being a member of a professional body; or
- placed in statutory management or receivership.

Other interests and relationships

When a security is sold by UDC it does not receive a commission either from the issuer of a security or from an associated person of UDC.

In addition to the interest that UDC has in products of which it is the issuer, UDC, or an associated person of UDC, has the following interests or relationships that a reasonable person would find reasonably likely to influence UDC in providing the investment advice on the securities listed below:

- **ANZ National Bank Limited** (ANZ National) – ANZ National is the sole shareholder of UDC and is an associated person of Direct Broking. ANZ National is also the employer of UDC's directors (except for Malcolm Tilbrook and Bruce Anderson who are employees of UDC). ANZ National may receive remuneration relating to a security about which the Investment Adviser has given investment advice.
- **Direct Broking Limited** (DBL) – DBL has the same shareholder as UDC and is an associated person of UDC. DBL may receive remuneration relating to a security about which the Investment Adviser has given investment advice.
- **ING (NZ) Holding Limited** (ING) – ING has a joint venture relationship with UDC's shareholder, ANZ National, and is an associated person of Direct Broking. ING and its related companies may receive remuneration relating to a security about which the Investment Adviser has given investment advice.

Securities about which investment advice is given

UDC only provides investment advice about securities for which it or Trustees Executors Limited is the issuer:

- Secured debenture stock comprising UDC secured term deposits and UDC capital drawdown deposits issued by UDC ("Secured Investments"); and
- UDC Investment Funds - issued by Trustees Executors Limited and managed by UDC.

Procedures for dealing with investment money or investment property

If you wish to pay investment money to UDC you can do this in several ways such as by:

- providing cash to any ANZ branch of ANZ National;
- providing a cheque payable to UDC Finance Limited; or
- making an automatic payment or payment through another electronic delivery mechanism operated by UDC.

Any investment money lodged with UDC for the purchase of securities offered by UDC or any third parties will be deposited into the Trustee's account for the relevant product, managed by UDC. Such money will be held on trust and, subject to the particular terms and conditions relating to the security, will be so held until disbursed in accordance with your instructions.

Record Keeping

UDC will keep adequate records of the deposit of investment moneys or property and all withdrawals and dealings with such money or property, using the account/investment number allocated to your investment. UDC's record keeping includes daily lists of new deposits and daily ledger reconciliations. You may have access to those records in respect of your investment upon request.

Auditing

UDC's systems and operations are internally audited on a regular basis. UDC's financial statements, and the

systems and controls surrounding the receipt, holding and disbursement of money and other property received by UDC are audited six monthly by KPMG.

Use of Money and Property

Money or property held by UDC for a specific purpose communicated to UDC (e.g. the purchase of an interest in a security) may not be used by UDC for its own purposes and will be applied to the investment specified by you. No member of UDC's staff may use any money or property deposited with UDC, for their own purposes or for the benefit of any other person. Money deposited with UDC may be used by UDC for its own purposes, subject where relevant to the terms of the applicable trust deed, provided it repays the money to you upon demand (or where applicable, on maturity), together with interest, where payable.

DISCLAIMER

Each security (including the principal, interest or other returns of any security) the subject of investment advice given to the investor by UDC or otherwise, is not guaranteed, secured or underwritten in any way by UDC or any associated or related party except to the extent expressly agreed in the terms of the relevant security and as specified below:

UDC's Secured Investments are secured by first ranking security stock, subject to prior permitted charges if any.

UDC does not provide investment advice tailored to an investor's personal circumstances. It is the investor's responsibility to understand the nature of the security subscribed for, and the risks associated with that security. To the maximum extent permitted by law, the Investment Adviser and UDC exclude liability for, and shall not be responsible for, any loss suffered by the investor resulting from UDC's investment advice.