



Supplementary Document

This Supplementary Document supplements the Product Disclosure Statement for an offer of Term Deposits dated 28 April 2022 (PDS).

This Supplementary Document is to be read together with the PDS. There are no other supplementary documents in relation to this offer.

Issuer

Liberty Financial Limited

24 November 2023

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on <https://disclose-register.companiesoffice.govt.nz/>.

The following sections of the PDS are supplemented as set out below.

1. Key Information summary

On **page 2** the reference to 'www.libfin.co.nz/investment/rates' for the location of current interest rates is amended to 'www.libfin.co.nz/term-deposits'. The supplemented Key Information Summary is annexed to this Supplementary Document.

2. Terms of the Offer

On **page 8** the reference to 'www.business.govt.nz/disclose' for the location of the Disclose Register is amended to 'www.disclose-register.companiesoffice.govt.nz'.

On **page 8** the reference to 'www.libfin.co.nz/investment/rates' for the location of current interest rates is amended to 'www.libfin.co.nz/term-deposits'.

3. Liberty Financial Group and what it does

On **page 11** the reference to 'www.business.govt.nz/companies' for the location of the current director names is amended to 'companies-register.companiesoffice.govt.nz'.

5. Key features of Term Deposits

On **page 15** both references to 'www.business.govt.nz/disclose' for the location of the Disclose Register are amended to 'www.disclose-register.companiesoffice.govt.nz'.

6. Liberty Financial's financial information

On **page 17** the reference to 'www.business.govt.nz/disclose' for the location of the Disclose Register is amended to 'www.disclose-register.companiesoffice.govt.nz'.

11. Where you can find more information

On **page 23** the reference to 'www.business.govt.nz/disclose' for the location of the Disclose Register is amended to 'www.disclose-register.companiesoffice.govt.nz'.

Annexure

1. Key information summary

What is this?

This is an offer of Term Deposits. Term Deposits are debt securities issued by Liberty Financial Limited (Liberty Financial). You give Liberty Financial money, and in return Liberty Financial promises to pay you interest and repay the money at the end of the term. If Liberty Financial runs into financial trouble, you might lose some or all of the money you invested.

About Liberty Financial Group

Where this PDS uses the words 'we', 'us', 'our' or 'ours', this is a reference to Liberty Financial. Liberty Financial is a New Zealand company which is owned by Mike Pero Group Limited (MPGL). MPGL is owned by Liberty Financial Pty Ltd (Liberty Australia) an Australian company. Liberty Financial, MPGL and Liberty Australia are wholly owned subsidiaries of Liberty Financial Group Limited (ASX:LFG) which is listed on the Australian Securities Exchange (Liberty Financial Group). Liberty Australia is a leading independent

finance company whose businesses include residential and commercial mortgages, business loans, motor vehicle loans, personal loans and investment products in Australia and New Zealand.

Liberty Financial is a non-bank deposit taker licensed by the Reserve Bank of New Zealand on 17 April 2015.

Liberty Financial is a specialty finance company and our principal business activities include:

- ▲ Issuing Term Deposits to enable New Zealand investors to earn a competitive return on their savings;
- ▲ Lending on residential mortgages meeting the needs of a broad range of customer types and circumstances;
- ▲ Investing in fixed income securities; and
- ▲ Lending to individuals and business owners.

Key terms of the offer

Issuer	Liberty Financial
Description	Term Deposits are debenture stock issued by Liberty Financial in accordance with a Trust Deed between Covenant Trustee Services Limited, who is the supervisor of the Term Deposits (the Supervisor) and Liberty Financial dated 12 December 2003 as amended and restated on 22 November 2016 (Trust Deed). Liberty Financial has granted a security interest over its assets in favour of the Supervisor.
Term	3, 6, 9, 12, 18, 24, 36, 48, or 60 months.
Interest rate	The interest rates we pay on the Term Deposits vary from time to time. The current interest rates that we pay at any time are set out on our website – www.libfin.co.nz/term-deposits . If interest rates change after we accept your application this will not affect your investment in Term Deposits.
Interest periods	Interest is paid four times a year quarterly in arrears on the last day of March, June, September and December.
No fees	You will not be charged any fees or required to make further payments other than your investment in Term Deposits.
Offer opening and closing dates	The offer opened on 1 December 2016, and is a continuous offer so does not have a closing date.
Application amounts	The minimum initial investment per investor is \$5,000. The maximum investment per investor is determined at our discretion.
Liberty Australia Guarantee	Liberty Australia guarantees the repayment of Term Deposits and the payment of interest under a deed of guarantee dated 25 February 2010 (Liberty Australia Guarantee).

Purpose of this offer

We will use your Term Deposit to invest in lending activities, which are currently primarily residential mortgages but may include other forms of lending to individuals and businesses. We will also invest in fixed income securities that are Investment Grade and above as rated by an international credit ratings agency.

Who is responsible for repaying you?

Liberty Financial has primary responsibility for the repayment of Term Deposits.

In addition, Liberty Australia guarantees the repayment of the Term Deposits and the payment of interest. The Liberty Australia Guarantee provides additional protection to holders of the Term Deposits against loss of principal and interest due under the Term Deposits.

We are an associated person of Liberty Australia, as we are a wholly-owned subsidiary of MPGL (which is in turn wholly-owned by Liberty Australia). MPGL does not guarantee the Term Deposits and there are no other members of the group who are guarantors. For more information about the Liberty Australia Guarantee, and how conflicts of interest in relation to this guarantee are managed, please see section 5. Key features of Term Deposits.

How can you get your money out early

Liberty Financial does not intend to quote these Term Deposits on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Term Deposits before the end of their term.

The Term Deposits are issued for a fixed term, and you do not have a right to withdraw your investment before maturity. In certain limited circumstances, however, such as the death or financial hardship of an investor we may (but are not obliged to) consider applications from investors for early withdrawal. For more detail please see section 2. Terms of the offer.

How Term Deposits rank for repayment

All Term Deposits rank equally amongst themselves. Only Prior Security Interests, or liabilities preferred under law such as claims by the Supervisor, rank in priority to any subordinated claims or unsecured claims against Liberty Financial. For more information about how Term Deposits rank for repayment, please see section 5.

What assets are these Term Deposits secured against?

The Trust Deed that the Term Deposits are issued under creates a security interest. This is granted by Liberty Financial in favour of the Supervisor for the benefit of holders of the Term Deposits to secure Liberty Financial's performance of its obligations under the Term Deposits. The security is a first ranking security interest and charge over all of our present and future assets which includes any loans, investments, cash of Liberty Financial and also the benefit of the Liberty Australia Guarantee. Where appropriate, Liberty Financial takes a registered mortgage over a borrower's real property together with the borrower's personal covenant to repay its loan from us. The benefit of Liberty Financial's rights under this security is included in the security interest granted in favour of the Supervisor. For more information about the assets that the Term Deposits are secured against, please see section 5.

Where you can find Liberty Financial's financial information

The financial position and performance of Liberty Financial are essential to an assessment of Liberty Financial's ability to meet its obligations under the Term Deposits. You should also read section 6. Liberty Financial's financial information.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Liberty Financial does not meet its commitments to repay you or pay you interest (credit risk). Section 7. Risks of investing discusses the main factors that give rise to this risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Term Deposits should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. Liberty Financial considers that the most significant risk factors are:

- ▲ **Investment risk** – where we suffer a loss when a counterparty we have invested with fails to meet their financial obligation to us or when returns on new investments are less than returns on previous investments. We only invest in Investment Grade fixed income securities.

- ▲ Credit risk** – where we suffer a loss arising from a failure by a borrower to repay their financial commitment to us (including where realisable value of assets is less than the loan amount). We follow our internal credit policies and procedures when assessing whether we will lend to a borrower and if so, on what terms. There is a risk that we may not correctly assess a borrower's creditworthiness due to them misrepresenting their position or that a borrower's circumstances may change following us lending to them. We anticipate that a small proportion of borrowers of our loans will default. Should a large proportion of borrowers default we may suffer losses that may impact our ability to make payments on the Term Deposits. We take steps to validate information provided to us and assess each borrower's ability to repay loans based on higher interest rates than they will initially be charged; and
- ▲ Liquidity risk** – where we may not have sufficient liquid funds to meet our financial commitments as they fall due. A liquidity mismatch may occur if our assets such as our loans are of a longer term than our liabilities meaning we may not receive repayments on our loans in time to meet scheduled payments on our liabilities. A proportion of our loans repay before

their scheduled maturity which assists us in managing this risk. We also manage liquidity by holding cash and maintaining a bank facility to assist us in making repayments as and when they fall due. We also rely on new investments in Term Deposits and a proportion of Term Deposit Holders renewing their investments when they mature. We report on our liquidity position monthly to the Supervisor and the Reserve Bank of New Zealand.

This summary does not cover all of the risks of investing in Term Deposits. You should also read section 7.

What is Liberty Financial's credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

Liberty Financial has been rated by S&P Global Ratings. S&P Global Ratings gives ratings from AAA through to C (excluding ratings attaching to entities in default).

	Rating	Description	Approximate probability of default (over 5 years)
Investment Grade	AAA	Extremely Strong	1 in 600
	AA	Very Strong	1 in 300
	A	Strong	1 in 150
	BBB	Adequate Current Liberty Financial rating BBB- (Outlook Positive)	1 in 30
Non-Investment Grade	BB	Less vulnerable	1 in 10
	B	More vulnerable	1 in 5
	CCC	Currently vulnerable	1 in 2
	CC	Currently highly vulnerable	
	C	Currently highly vulnerable	



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