



News Release

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FirstMac first to market with construction loan bonds

Brisbane, Australia (*December 7, 2006*) – Australian company FirstMac Limited has become the first lender in Australia to securitise construction loans, based on credit ratings agency Standard and Poor's construction loans criteria, offering investors a ground-breaking opportunity.

The bond offering, called FirstMac Bond Series 1C-2006 Trust, is worth \$400 million and was oversubscribed.

"FirstMac is one of Australia's largest non-bank lenders of residential mortgages," said James Austin, Chief Financial Officer, FirstMac Limited. "The company has experienced significant growth in the last 12 months based on innovative product and investment offerings. The launch of our construction loans bonds issue is an Australian first in the securitisation sector and follows a successful Euro currency bond issue earlier this year.

"This new offering widens the potential pool of assets for investors and, potentially, offers a better return than investments in completed assets," Austin said.

Standard and Poor's released its criteria for construction loan bonds in 2005. Until now financial institutions have not been able to securitise such loan facilities – instead offering bonds on completed constructions – but FirstMac has led the market by structuring its offering in such a way that the bonds can offer sustainable return during the construction phase by using tactics such as progressive withdrawals on the part of the borrower.

The Royal Bank of Scotland and the ANZ Bank are joint arrangers and joint lead managers on the bond issue. They introduced the bonds to investors after they were rated by Standard and Poor's and by Fitch.

"This was a highly innovative transaction by Australian and even international standards allowing Australian dollar investors a rare opportunity to focus on a different asset class within the RMBS (Residential Mortgage Backed

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Securities) space and invest down the credit spectrum to the unrated level,” said Andrew Chick, Head of Structured Capital Markets, Australia, Royal Bank of Scotland.

“This precedent RMBS issue represented another strategic step in FirstMac’s residential mortgage funding program,” said Gary Sly, Director, Securitisation, Debt Capital Markets, ANZ Investment Bank. “It was the first to focus on the inclusion of residential construction loans and use recently released rating agency criteria. The transaction was also notable through the sale of the unrated tranche to a third-party investor. A first to market for this RMBS ‘with a twist’ but broad acceptance has established a platform for the future and reflects the maturity of the Australian and Asian markets.”

FirstMac’s construction loans are available to owner-occupiers or investors for construction of a single dwelling, or renovations to an existing premise, where the structural integrity of the home is changed and the end value of the home is increased.

About FirstMac Limited

FirstMac Limited is part of the FirstMac Group, one of the largest non-institutional mortgage finance funders in Australia. It delivers a comprehensive range of loan funding, loan servicing and portfolio management services. FirstMac initially originated and managed home loans through major third party providers, but in 2002 entered the securitisation market and began self-funding its own loan business, by issuing AAA-rated bonds on global capital markets.

FirstMac’s presence has been growing through the provision of wholesale funding to the Australian and US markets via a distribution network of mortgage originators and brokers.

FirstMac has an above average Standard & Poor’s servicer rating.

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