

BRIEFING NOTES

December 2008

Dear Investor

We would like to take this opportunity to report to you with regard your secured debenture stock investment with propertyfinance securities limited (PFSL).

Late Payment

We wish to acknowledge and apologise for the delay with the first year payment and the concern it may cause. Clearly 2008 has been an extraordinary year for all financial services based companies and this is no better evidenced by the requirement for the New Zealand Government to guarantee the obligations of New Zealand banks.

The delay in making the first year's payment has result in the Company breaching its Trust Deed. The Company has discussed this breach with the Trustee and agreed that the stockholders should be consulted on the options to rectify this. The Company is planning to hold a stockholder meeting in either February or March of next year. This will provide a key opportunity to review the current arrangements in light of the wider economic situation, against the primary objective of protecting your investment in these difficult times.

Our last two Briefing Notes have focussed on the three projects that are close to a conclusion and that will enable the Company to meet the balance of the first year's capital repayment of \$15 million. To recap, the Company has paid to date \$7.2 million with the balance of \$7.8 million now anticipated in the first quarter of next year.

Current Projects

A summary of the projects and expected realisations is set out below:

Project	Activity	Status	Realisation
Maymorn	15 section residential sub-division	Site works complete / titles pending / marketing commenced	<i>(initial)</i> \$2.2m
Sunnyvale	Nine section residential sub-division	Works complete / title pending / sold	\$1.7m
Alexiam	Four townhouses – North Shore	Works complete / marketing commenced	\$2.8m
Other	Various		\$1.1m
			\$7.8m

If you would like more information on these projects we would refer you to our website, www.propertyfinance.co.nz, where we have set up links to the project marketing.

In the interim we will continue to work closely with our borrowers to make sure that the best results can be obtained as early as possible.

If you would like to discuss this matter or have a query please do not hesitate to either email liz@propertyfinance.co.nz or phone on 03 379 9336.

This Briefing Note and all earlier correspondence is available on the Company's website, www.propertyfinance.co.nz.

Thank you.



Darryl Queen
Managing Director