

BRIEFING NOTES

January 2010

Dear Debenture Holder

Distributions

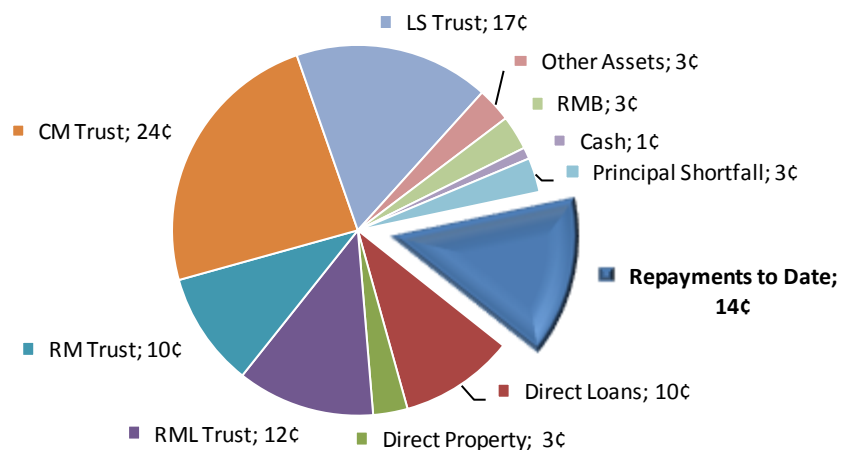
Due to delays in a number of cash receipts there is insufficient cashflow this quarter to make a ***distribution on 15 January 2010.***

Under the revised moratorium quarterly repayments of principal are undefined due to the inability to accurately predict cashflow timings.

The next scheduled repayment for the quarter ended 31 March 2010 is 15 April 2010.

Where is Your Money?

As a guide to understanding where propertyfinance securities limited (PFSL) has invested its assets we are pleased to set out below the latest pie graph, reflecting the current position.



Projects

Continuing progress is being made with the realisation of the direct loans and property assets. These realisations are being aided with the improvement in some parts of the property market and improved general market sentiment.



Securitisation Trusts

PFSL has today some 66% of its residual assets invested in this securitisation programme.

Over the 2010 calendar year the Company's principal focus will be working with its advisors on avenues to accelerate the winding down of these trusts so distributions can be made to PFSL and in turn to debenture stockholders. PFSL will be also seeking affirmation that the trusts are being managed on a timely and cost effective basis.

A current summary of the four trusts is:

Trust Name	Asset Type	Initial Size* (\$)	Today's Size (\$)	PFSL Investment (\$)
RM 2005-1	Residential 1 st mortgages	86,043,257	29,941,838	8,368,917
RML 2005-3	Residential 1 st mortgages	317,006,497	114,012,763	9,649,037
CM 2005-2	Commercial 1 st mortgages	157,212,541	100,204,329	19,124,121
LS 2005-4	Home Equity / Residential 1 st mortgages	75,749,913	60,050,591	13,521,556

* 28/08/07 at receivership.

Cash Movements – Quarter Ended 31 December 2009

	(\$)
Net cashflow ¹	136,299
Management fees	157,500
Distribution ²	1,600,000
Official cash rate	2.5%

¹ Net of approved investment

² October 2009

Statements

We have not included a revised Statement of your investment at this time; updated statements will be provided after the next payment is made. However, if you have any queries in this regard or require any clarification please do not hesitate to contact us.

Information

All correspondence and Special Meeting material is available on the Company's website, www.propertyfinance.co.nz.

We are happy to address any queries that you may have. Please feel free to call us on 03 379 9336 or if it is more convenient, by email to catherine@propertyfinance.co.nz.

Thank you.

Darryl Queen
Managing Director