

BRIEFING NOTES



September 2008

Dear Investor

Welcome to the September edition of the Company's Briefing Notes.

The past quarter has witnessed a significant deterioration in the finance sectors both domestically and internationally. In these uncertain times it is very difficult to know the impact and consequences of these market disruptions. In respect to our role we are very focussed on dealing with the propertyfinance securities limited (PFSL) assets, to safeguard their value and secondly to convert these to cash for distribution to you. The main areas of our current focus and what this means for you are:

Distributions

To date the Company has distributed an initial 9¢ of principal to you.

We are actively working with a number of our direct loans to make further distribution over the next quarter. Whilst in each case these loans have been slower repaying (for a raft of reasons) we anticipate them to do so shortly. The loans/projects are:

Project	Activity	Realisation	Timing
Maymourn	15 section residential sub-division	<i>(initial)</i> \$1.0m	Late Oct
Sunnyvale	Nine section residential sub-division	\$1.7m	Late Nov
Alexiam	Four townhouses – North Shore	\$2.8m	Jan
Other	Various	\$2.3m	Dec/Jan
		\$7.8m	

At this stage our best guidance is a further 1¢ distribution in late October and a 2¢ distribution in late November. As we work through the quarter we will be better able to advise you on expected timing and amount.

Securitisation Trusts

The investment in the propertyfinance securitisation programme and in particular, the four trusts are pivotal to our aspirations over the balance of our restructuring programme.

We have commenced a series of meetings with the programme's trustee to increase our involvement in both the day to day operations of this business and the medium term strategy. As noted earlier in this letter, our primary aim is to protect the value of the PFSL investments and then secondly to explore avenues to accelerate cash returns to PFSL and in turn the debenture holders.

As our overall business settles down we will be stepping up our activity in this area and will report to you more extensively on this then.



31 March Financial Statements

We are pleased to have just concluded the financial audit of the PFSL 31 March 2008 financial statements. These have taken considerably longer this year due to both the Company's and wider market issues.

A condensed version of these accounts is being prepared and will be sent to all debenture holders next week.

The complete Annual Report has been posted to the Company's website if you would like to review these. Alternatively if you wish to contact us (our details are below) we can post an Annual Report to you.

Statements

At the time of the next distribution (expected to be late October) we will be posting you an updated investor account statement.

Summary

Whilst these are very challenging times progress, is being made, albeit slower than hoped. We look forward to reporting more on this over the next quarter.

If in the meantime you have a specific query please do not hesitate to contact the office on either 03 379 9336 or preferably via email to catherine@propertyfinance.co.nz for debenture queries or liz@propertyfinance.co.nz for any queries you may have for me.

Thank you.

Darryl Queen
Managing Director