



Covenant Trustee Company

08 June 2009

To the Stockholders
Propertyfinance Securities Limited

Dear Stockholder

As you are aware Covenant Trustee Company Limited is the trustee for Propertyfinance Securities Limited's ("PFSL") Stockholders under its Debenture Trust Deed.

This letter has been prepared for inclusion with a Notice of Meeting of Stockholders and an Explanatory Memorandum to be sent to you by PFSL.

The Notice of Meeting proposes that Stockholders consider a variation to the moratorium proposal approved at a meeting of Stockholders on 21 December 2007. PFSL has been unable to meet the debenture stock repayment obligations it undertook at that meeting.

We have been working closely with the directors to develop an ongoing proposal for the continuing management of the company, and the realisation of its assets. It has been our requirement the proposal demonstrate it is likely to provide a better return to investors over time than receivership, taking into account the time value of money. To this end we have:

- Engaged Northington Partners ("Expert") to provide an expert opinion on the likely outcomes of both the moratorium proposal and receivership. Their report is attached in the Explanatory Memorandum sent out with the notice of meeting.
- We have required there be an independent Monitor to review the expenses incurred and monthly reports to confirm these are acceptable, and have required the Monitor to have powers to report to us if certain matters come to their attention.
- The proposal includes the active management of mortgages that are in or likely to go into default in the Securitisation Trusts. We have considered this process to be a relatively risky use of stockholders funds. This process is supported by the Expert, but in order to ensure any such interventions are properly evaluated, we have required the involvement of a very experienced banker as an Adviser, who

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Approved to act under the Securities Act 1978, the Retirement Villages Act 2003 and the Unit Trusts Act 1960.

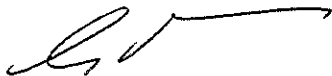
will have a power of veto over these proposals.

- We are conscious the revised proposal has a higher level of overhead than the original proposal. We are advised this is necessary if the active management proposal is to be adequately resourced.
- The active management of the securitisation assets is occurring without a suitable contractual relationship existing between the trustee of the Securitisation Trusts and PFSL. We see the absence of a contractual or otherwise cooperative functional relationship with the trustee of the Securitisation Trusts as having a potential negative impact on the likely effectiveness of the intervention strategy.
- We are concerned that the assumptions in the Expert's report are largely those of PFSL, and the expert advises it is not possible to objectively evaluate these assumptions.
- The basis of the PFSL directors' recommendations is that the directors are better placed than a receiver to manage the wind-down of PFSL due to their knowledge of PFSL's assets and due to their ability to intervene in the Securitisation Trusts to produce better recoveries for the benefit of Stockholders. From a legal and practical viewpoint, a receiver would be able to undertake most of the activities which the directors are proposing in the Explanatory Memorandum. Stockholders should note that there is no assurance that the directors will be able to undertake the intervention activities which they propose or be able to deliver a better result than a receiver.
- Ultimately, by voting for the adoption of the revised moratorium proposal, Stockholders are determining that the existing directors are able to recover more money from PFSL's assets than a receiver.

Taking all of the above factors into account the Expert's report suggests that the returns to investors will be enhanced by the moratorium proposal in comparison to receivership. On this basis we have considered it reasonable that investors be given the opportunity to consider and vote on the proposal.

Yours faithfully

COVENANT TRUSTEE COMPANY



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