



# Grant Thornton

The Covenant Trustee Company Limited  
PO Box 4243  
Auckland

**Attention: Mr GR Miller**

9 September 2011

**Specialist Advisory**

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Dear Sir

**Property Finance Securities Limited – Annual Monitors Report**

You have requested an annual report from the monitor for the period to 31 March 2011.

**Our role**

Our role is set out in the amended trust deed approved by the note holders in 2009.

**Our reports to you**

During the year to 31 March 2012 we have reported on a monthly basis to you on the matters set out in the revised trust deed. We have also provided reports on a quarterly basis regarding funds to be repaid to note holders. We note that since 31 March you have instructed our reporting to be reduced to quarterly as the affairs of the company reduce.

Our reports are governed by the revised trust deed. They require us to report on a number of matters including:

1. Monitor Finance Receivables and the financial position generally
2. Adherence by the company to approved recovery strategies approved by the financing advisor with the aim of reducing loss for the note holders.
3. Monitor performance of the company's directors
4. Review the operating costs of the company
5. Confirm quarterly the amounts to be repaid to note holders

**Financing receivables – Securitisation Trusts**

The Directors have been unable to obtain sufficient reliable information from the Trustee of the securitisation trusts to adequately assess the level of impairment, if any, in the investments made to these trusts by the Company. Details of any underlying issues are based on information PFSL has been able to reconstruct and such information is incomplete. This matter represents a significant limitation of scope on our work and has existed since our role commenced.

PFSL has, in the main, the lowest ranking notes and therefore the note holders will generally be the last to receive interest returns and capital repayments, and will be the first to be allocated losses from unrecoverable debts.

#### **Financing receivables - other**

During the year work has continued on the other financing receivables. Progress has been made and most of these amounts will be realised over the next year. All are being monitored and are subject to strategies for recovery. The effectiveness of these strategies will be the subject of the Financing Advisors report.

We have during the past year noted to you a number of relatively immaterial matters and payments that were not totally in agreement with approved strategies. These have been subsequently resolved to our mutual satisfaction.

#### **Performance of the Directors**

We have met with the Directors twice over the year with yourself to constructively discuss the moratorium and management. These meetings have resulted in reduced ongoing costs as assets have been realised and work loads have reduced.

#### **Operating costs of the company**

The monthly management fees have reduced significantly over the year and continue to reduce into the New Year. Our role has also reduced to quarterly reporting as noted above.

#### **Quarterly cash reviews**

We have undertaken the quarterly reviews of available cash to ensure appropriate payments are made to investors based on cash available and the on going needs of the company.

This concludes my report. I refer you to our reports issued to you during the year for further detail.

Yours faithfully



Graeme McGlinn

Partner

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