

NOTICE OF MEETING OF STOCKHOLDERS

PROPERTYFINANCE SECURITIES LIMITED ("PFSL") hereby gives notice that a meeting of stockholders will be held on **29 June 2009** at the **Scenic Circle Cotswold Hotel, 88-96 Papanui Road, Christchurch, commencing at 10:30am.**

All capitalised terms used in this Notice of Meeting have the same meanings as are given to those terms by the Stock Trust Deed dated 14 August 2001 (as amended).

Agenda

To consider, and if thought fit, pass the following Extraordinary Resolution:

"RESOLVED, by way of Extraordinary Resolution pursuant to Schedule 2, clause 14 of the Stock Trust Deed dated 14 August 2001 (as amended):

THAT the Stock Trust Deed be amended as follows:

- 1 That Stockholders duly authorise the Trustee to waive any existing breaches of the Trust Deed and in particular the non-payment of debenture principal due to Stockholders on or before 29 June 2009;
- 2 By inserting the following new definitions into clause 1.2:
 - "Agreed Recovery Strategies" means any strategies agreed with the Financing Adviser relating to the recovery of the Financing Receivables and any intervention actions agreed with the Financing Adviser relating to individual assets held by the various securitised trusts within the Securitisation Programme;
 - "Commencement Date" means the date on which the Stockholders have passed an Extraordinary Resolution approving clause 12 and certain other amendments to this Deed.
 - "Event of Review" means any of the following occurring:
 - (a) the resignation of either the Monitor or the Financing Adviser;
 - (b) any Director ceasing to hold office as a director of the Company for any reason;
 - (c) the Company failing to pay any amount due under clause 12.1 and not remedying such default within 14 days;
 - (d) the identification of any material liabilities of the Charging Group that were not known at the Commencement Date and which may, in the reasonable opinion of the Monitor (in consultation with the Trustee), materially and adversely affect the financial position of the Charging Group assessed as a whole or the returns to Stockholders; and
 - (e) the Monitor reporting to the Trustee (in any of its monthly reports provided pursuant to clause 12.5(h)) that:
 - (i) the Company has not complied with any Agreed Recovery Strategy or has implemented a recovery strategy or intervention action which is not an Agreed Recovery Strategy ; or
 - (ii) the performance of the employees or Directors of the Company with respect to the Moratorium is unsatisfactory
 - "Financing Adviser " has the meaning given to it in clause 12.6;
 - " Monitor "has the meaning given to it in clause 12.5;
 - "Moratorium" the moratorium on payments due to the Stockholders as detailed in clause 12.
 - "Net Assets" means Total Tangible Assets less Total Liabilities."
 - "Quarter" means each period of 3 months ending on 31 March, 30 June, 30 September and 31 December in each year.
 - "Securitisation Programme" means the securitisation by the Company of certain of its Financial Receivables by means of an outright sale thereof to various trusts of which The New Zealand Guardian Trust Company Limited is trustee, pursuant to a Master Trust Deed dated 13 April 2005.
 - "Security Property" means land which is the subject of a mortgage in favour of a member of the Charging Group to secure a Financing Receivable and includes land which is the subject of a mortgage within the Securitisation Programme.
- 3 By deleting clause 6.1 (a);
- 4 By deleting clause 6.1(b) and inserting the following new clause 6.1(b):
 - "(b) Permit the aggregate of all amounts secured under Prior Charges to exceed 5.0% of Total Tangible Assets;"
- 5 By deleting proviso (i) to clause 6.1(b) and inserting the following new proviso (i):
 - " In ascertaining the amount which may be secured by any Prior Charge proposed to be given without breach of this clause there will not be taken into account:
 - (aa) all security interests previously granted by Avon Indemnity Company Limited in favour of The New Zealand Guardian Trust Company Limited; and
 - (bb) any Stock or Prior Charge which is to be redeemed out of the proceeds of the amount raised by such Prior Charge."
- 6 By deleting clause 7.1(e)(ii);
- 7 By deleting clauses 8.1(a) and (b);
- 8 By deleting the first three lines of clause 8.1(v) and inserting the following:

"If default is made by the Company or any Charging Subsidiary in the observance of any provision binding on the Company or any Charging Subsidiary under this Deed (including any breach of clause 12) other than a default which constitutes an Event of Review or a default specifically referred to in any"

9 By deleting the existing section 12 and inserting the following new section 12:

"Section 12

12. Restructuring of Stock Conditions

12.1 **Restructuring of Stock Conditions:** Notwithstanding any other provisions of this Deed or the existing terms and conditions of any Stock issued and outstanding hereunder, the terms and conditions attaching to all Stock issued and outstanding as at bb April 2009 shall be amended as follows with effect from the passing of this Extraordinary Resolution :

- (a) The Company be unconditionally released from the payment of all and any Interest accruing on Stock prior to 29 June 2009 (to the extent not already paid);
- (b) With effect from and including 1 April 2009, Stock shall bear the following Interest:
 - (i) first, Interest at a rate which is the aggregate of the Official Cash Rate (as published from time to time by The Reserve Bank of New Zealand), and a margin of 2.0% ("Ordinary Interest"). The Ordinary Interest rate will be reset on and with effect from 1 April, 1 July, 1 October and 1 January in each year until all Stock has been repaid; and
 - (ii) secondly, additional Interest ("Additional Interest") calculated and payable in accordance with clause 12.1(e);
- (c) The Company shall on the fifteenth day of the month following each Quarter (and where the fifteenth day is not a business day then the next business day) (subject to clause 12.1 (d)) pay:
 - (i) first, partial repayments of Principal to Stockholders (to be paid pari passu as between the Stockholders) until such time as all Principal has been repaid to the Stockholders; and
 - (ii) secondly, partial payments of accrued Ordinary Interest (to be paid pari passu as between the Stockholders) due to Stockholders until such time as all accrued Ordinary Interest has been paid.
- (d) The amounts payable to Stockholders pursuant to clause 12.1 (c) shall be no less than 50 % of the cash on hand of the Company as at the end of the relevant Quarter after deduction of:
 - (i) operating expenses of the Company due and payable but unpaid during the Quarter; and
 - (ii) an amount estimated by the Directors to be sufficient to meet the expected operating expenses of the Company for the six months following the Quarter.
- (e) On and as at the business day on which the last of the accrued Ordinary Interest is paid in full to the Stockholders, the Company shall prepare Financial Statements, which shall be audited. The amount of Net Assets as shown in such Financial Statements shall be apportioned as to 60% for the payment of Additional Interest to Stockholders ("Additional Interest Pool") and as to the remaining 40% as equity for the benefit of the Company's shareholders. The Additional Interest Pool shall be the maximum amount of Additional Interest payable to Stockholders. Additional Interest will be paid to Stockholders on the fifteenth day of the month following each Quarter (and where the fifteenth day is not a business day then the next business day). The amount of Additional Interest payable to Stockholders on each such date will be no less than 50% of the cash on hand of the Company as at the end of the relevant Quarter after deduction of:
 - (i) operating expenses of the Company due and payable but unpaid during the Quarter; and
 - (ii) an amount estimated by the Directors to be sufficient to meet the expected operating expenses of the Company for the six months following the Quarter.Each payment of Additional Interest will be made to the Stockholders pro rata to the principal amount of their outstanding Stock as at 1 April 2009.
- (f) Any failure by the Company to pay Interest or Principal on Stock, which is caused by the Company having insufficient cash receipts (as provided in clause 12.1(d) and (e)) shall not constitute a default for the purposes of Section 8 of this Deed;
- (g) The Company shall, no later than 30 days after the end of each Quarter, report to Stockholders and the Monitor on the net cash receipts of the Company for the Quarter just ended, together with details on operating costs and payments made to Stockholders pursuant to clause 12.1(c) and (e).

12.2 **Conditions of Restructuring:** Subject to full and complete compliance by the Company with the conditions following in this clause 12.2, the Trustee shall not enforce the security constituted by this Deed or exercise any of its other rights of enforcement hereunder for any failure by the Company to comply with the conditions of issue of any Stock in the period prior to 29 June 2009. These conditions are as follows:

- (a) the Company shall comply with its obligations under this Deed in all respects;
- (b) except pursuant to a further Extraordinary Resolution the Company shall not:
 - (i) issue any further Stock; or
 - (ii) make or attempt to make a Distribution to any person;
- (c) the Company shall duly report to the Trustee from time to time as required by this Deed and by the Securities Regulations 1983.
- (d) provided that the relevant loan, acquisition or other action facilitates the realisation of the Financing Receivables and has been agreed by the Financing Adviser, the Company shall be permitted to trade and in particular lend and/or acquire assets which meet the following criteria:
 - (i) first mortgage loans over existing Security Property or existing land owned by the Company;
 - (ii) loans to existing clients of the Company and/or clients of its Securitisation Programme;
 - (iii) the purchase of existing and/or new debt notes within the Company's Securitisation Programme;

- (iv) the purchase of other assets with regard to the Company's Securitisation Programme, including but not limited to servicing and management companies, systems, branding/trademarks;
- (v) the purchase of existing securitised first mortgage loans from the trustee of the Securitisation Programme;
- (vi) the purchase of Security Property.

- 12.3 **No Event of Default:** Neither the Extraordinary Resolution passed by the Stockholders whereby this clause 12 was approved, nor the process that led to such Extraordinary Resolution, constitutes a default by the Company such that would enable the Trustee to exercise any enforcement rights under this Deed.
- 12.4 **Stock Certificates:** This Section 12 shall be deemed to be incorporated into all Stock Certificates currently on issue.
- 12.5 **Monitor:** With effect from the Commencement Date, the Company shall at its own cost appoint and at all times maintain the appointment of a suitably qualified and experienced independent accountant ("Monitor"). The Monitor shall:
- (a) keep the financial position and performance of the Company under review, with particular reference to the collectability of the Financing Receivables;
 - (b) monitor the Company's compliance with
 - (i) the Agreed Recovery Strategies; and
 - (ii) the terms of the Moratorium, and report any breach to the Trustee;
 - (c) monitor any action taken under clause 12.2(d) and advise the Trustee if any such action does not comply with the Agreed Recovery Strategies;
 - (d) have power to undertake any investigations which the Trustee may reasonably request. If the Monitor has reasonable grounds for suspecting that the Company or any Director or officer, or former director or officer, has committed an offence under:
 - (i) the Securities Act 1978;
 - (ii) the Companies Act 1993;
 - (iii) the Financial Reporting Act 1993; or
 - (iv) the Crimes Act 1961, the Monitor must report that fact and relevant particulars thereof to the Trustee;
 - (e) advise the Trustee immediately if he or she becomes aware that the Company has breached any term of this Deed in any material respect or failed to comply with any applicable provisions of the Reserve Bank of New Zealand Act 1989;
 - (f) monitor the performance of Directors and employees of the Company;
 - (g) review the operating costs of the Company (with the intention of ensuring that they are minimised to the greatest practical extent possible) and assist in developing operating budgets;
 - (h) confirm the amount of funds available for distribution to Stockholders pursuant to clause 12.1(c) or (e) (as the case may be) at the end of each quarter;
 - (i) provide monthly reports (to the Trustee and the Company) on progress during the Moratorium, setting out:
 - (i) recoveries of and outstanding balances of Financing Receivables;
 - (ii) a summary of actions taken in accordance with each Agreed Recovery Strategy;
 - (iii) a summary of operational expenses;
 - (iv) a summary of advances made on a loan-by-loan basis;
 - (v) the status of any enforcement actions in respect of Financing Receivables;
 - (vi) financial statements with corresponding reconciliations to the matters in sub-paragraphs (i) to (iii); and
 - (vii) any such other information as may be reasonably requested by the Trustee;
 - (j) no less than 7 days prior to each date on which a payment is due under clause 12.1(c) or (e) provide to the Trustee a report including:
 - (i) each of the matters referred to in clause 12.5(h); and
 - (ii) a calculation of any payments to be made to Stockholders pursuant to clause 12.1(c) or (e),
 and for the avoidance of doubt nothing in this clause 12.5 shall limit the Trustee's rights to make enquiries directly to the Company or the Monitor pursuant to Schedule 5 of the Securities Regulations 1983."
- 12.6 **Financing Adviser:** With effect from the Commencement Date, the Company shall at its own cost appoint and at all times maintain the appointment of a suitably qualified and experienced person acceptable to the Trustee (the **Financing Adviser**) to:
- (a) advise and agree on strategies relating to the recovery of the Financing Receivables and
 - (b) advise and agree on any intervention actions agreed relating to individual assets held by various securitised trusts within the Securitisation Programme; and
 - (c) report to the Monitor and the Trustee the details of each Agreed Recovery Strategy and any agreed amendment to an Agreed Recovery Strategy.
- 12.7 **Annual Meeting:** The Company shall convene in each year a annual meeting (**Meeting**) of Stockholders:
- (a) the Meeting will be held on or before 30 September (or such later date that the Trustee may agree) in any given year with a first Meeting before 30 September 2009;
 - (b) notice of the Meeting (**Notice**) will be provided to Stockholders no less than 10 days (excluding the day of posting and the day of the Meeting) before the Meeting. The Notice will state the time, location and agenda for the Meeting;
 - (c) the Company will provide to the Trustee no less than 7 days prior to it being posted to Stockholders a copy of the Meeting material and Notice for the Trustee's review;
 - (d) each Meeting will be chaired by the Trustee's representative and will include:

- (i) tabling of the Company's audited financial statements for the preceding year ending 31 March;
- (ii) a directors report reviewing the position of the Company and progress thereon of the Moratorium;
- (iii) such other reports that the Trustee may determine,

12.8 Events of Review

- (a) If an Event of Review should occur after the Commencement Date then the Company and/or the Monitor shall promptly notify the Trustee of its occurrence.
- (b) The Company shall consult with the Trustee for the period of not less than 14 and not more than 28 days immediately following the receipt of such notification with a view to agreeing on any action to be taken by the Company.
- (c) If at the end of the 28 day period, the Trustee is not satisfied with the outcome of such consultation, or earlier with the agreement of the Company, the Trustee may serve a default notice on the Company.
- (d) If such a default notice is served by the Trustee on the Company pursuant to this clause 12.6, then an Event of Default shall be deemed to have occurred on the date of service on the Company of such notice.

NOTICE OF MEETING NOTES

Defined Terms

Terms defined in the Trust Deed have the same meaning in this Notice of Meeting and in the Investment Statement.

Meeting

To constitute a quorum Stockholders present in person or by representative and holding more than 50% of the Principal amount of the Stock must be present at the commencement of business of the meeting. If the quorum is not established, the meeting will be adjourned for a period of not less than 10 days to such place as the chairman of the meeting determines, and the Stockholders attending the adjourned meeting shall form a quorum. Should it be necessary to adjourn the meeting, notice of the adjourned meeting will be given.

Voting

Voting at the meeting will be determined by a poll of Stockholders. If passed, the Extraordinary Resolution will be binding on all Stockholders.

Required Majority

To be passed, Stockholders holding not less than 75% of the votes given on the poll must vote in favour.

Casting Your Vote

Stockholders may vote personally (if an individual) or by representative (being a person appointed by a proxy form, by a power of attorney or (in the case of a company) a person authorised pursuant to the Companies Act 1993, the constitution of that Stockholder, or any other empowering provision).

Individuals

A Stockholder who is an individual may vote at the relevant meeting in person or by representative (being a person appointed by proxy form or by a power of attorney). If you intend to attend the meeting in person to cast your vote, you do not need to pre-complete a proxy form. However, you should bring to the meeting a proxy form also contains an attendance card.

Companies

A Stockholder who is a company may vote by its representative (being a person appointed by proxy form, by a power of attorney, or a person authorised pursuant to the Companies Act 1993, the Stockholders' constitution or any other empowering provision).

A representative need not be a Stockholder.

Voting by Proxy

If you have decided how you will vote on the Extraordinary Resolution and do not intend to attend the meeting, you should complete and sign the proxy form and send it to the Company by:

- a) posting it to the Company at PO Box 868, Christchurch (a replied paid envelope is enclosed for that purpose); **or**
- b) delivering it to the Company at Level 2, 104 Victoria Street, Christchurch; **or**
- c) faxing it to the Company on **(03) 379 4256**.

In each case so as to be received by the Company by 10:30am on 27 June 2009.

If you direct your proxy how to vote the person you appoint as proxy will be entitled to attend the meeting to represent your interests, but will not be issued with voting papers. Your vote will be counted automatically on a poll. If you appoint your proxy with a discretion on how to vote, your proxy will be issued voting papers and will need to vote. If your proxy does not attend the meeting your vote will not be counted. You may therefore wish to appoint as an alternate to your named proxy "The Chairman of the Meeting".

Alternatively, you may name "The Chairman of the Meeting" as your sole proxy if you wish. If you omit to name a person as proxy you will be deemed to appoint the Chairman of the meeting as your proxy.

If the Stock is held jointly, all Stockholders should sign the proxy form.

If the Stock is held by a company, a representative should bring to the meeting evidence that he or she is authorised to act on behalf of the company.

The Trustee may in its absolute discretion at any time approve and elect to treat as valid any proxy form notwithstanding that it is received or produced at a place other than that specified above or out of time.