PROPERTY FINANCE

NZX ANNOUNCEMENT

To:	Market Information Services / Listed Company Relations, NZX (announce@nzx.com), (lcr@nzx.com)
From:	Darryl Queen Managing Director
Date	23 April 2008
Issuer	propertyfinance group limited (PFG)
Subject	**Market Update**

Propertyfinance group limited (PFG) wishes to update shareholders on:

- the Group's unaudited 31 March 2008 results;
- the Group's current position; and
- the Group's future business plans.

Unaudited Results

Pro-forma unaudited results for the year ended 31 March 2008:

	2008 (000s)	**2007 (000s)**
Total Revenue	$19,500	$36,202
Tax	$1,517	$(328)
Net Loss After Tax	$(3,540)	$(134)
Total Assets	$132,517	$533,415
Total Liabilities	$126,914	$525,925
Equity	$5,603	$7,490
NTA*	35¢	54¢

The results for the year have been impacted upon with the receivership of the Group's principal operating subsidiary propertyfinance securities limited (PFSL).

The results include provisions for the redundancy of its PFSL staff (41 staff), closure of branches, receivership and receivership related costs, fixed asset impairments and adjustments in carrying values of investments and other related costs for the changes to its business brought about by the PFSL receivership winding down of its affairs and market events.

In addition the Group has deconsolidated the four securitisation trusts it had established as they are now managed by third parties.

* The adjusted NTA without allowance for tax benefits is 25¢.

The Group's Current Position

Summary

As previously reported to shareholders the medium term survival of PFG is dependent on continued accommodation by its creditors whilst it concludes one or more of the following: a rights issue, a placement of fresh capital and/or a sale of assets.

PFSL

The PFSL business has been restructured and today has a very simple structure; its assets of $90m comprise a mixture of first mortgage loans and investments in the Group's securitisation programme.

It is funded exclusively by secured debenture stock and fully paid capital. PFSL no longer operates in a traditional sense and this subsidiary is in essence winding down its business affairs.

The PFSL restructure and subsequent removal from receivership was effected by a Special Meeting of stockholders. Pursuant to the Meeting's resolution PFSL no longer issues debenture stock or makes loans.

The outstanding debenture stock has been scheduled to be repaid over three years with $15m payable in the year ended 21 December 2008, $15m payable in the year ended 21 December 2009 and the balance by 21 December 2010. Interest accrues at the ordinary rate of 9.33% (plus a bonus rate of 0.67% from Company profits) and is payable after the principal has firstly been repaid in full.

Trade Creditors

The PFG trade creditors now include those previously payable by PFSL that were novated to PFG as part of the PFSL restructure.

PFG is actively working with its trade creditors to reschedule payments to enable the business to complete its restructuring objectives. A number of creditors under the novation have agreed to payment terms spread over 36 months.

To date these negotiations have been successful and the company has been able to operate within its limited income and resources.

Redeemable Preference Shareholders (RPS)

PFG has on issue $3.5 million of RPS maturing between December 2008 and February 2009.

PFG has concluded that it is highly unlikely that it can redeem these shares on maturity from internal sources and that the refinance of them from either a new issue and/or fresh capital is problematic.

The Company is working on a proposal to put before the RPS holders as soon as possible.

Rights Issue

The Company is in the final planning stages for a rights issue to existing shareholders.

Staff / Premises

The Company now operates on a much reduced basis. It has a staff of four and its sole premises are located in Victoria Street, Christchurch.

The Group's Future Business Plans

As indicated to shareholders in earlier market updates the Company's overriding objective is to survive these market events and preserve value for all of its stakeholders. The New Zealand finance sector has and continues to undergo material changes.

The Company considers that when it has achieved its goal of stabilising the Company it will then look to exploit opportunities that will continue to exist in the sector.

At this time the Company will seek to utilise its residual business and infrastructure; brands, distribution and intellectual property.

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