

NZX ANNOUNCEMENT

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From: Darryl Queen
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Issuer: propertyfinance group limited (PFG)

Subject **PFG Capital Reconstruction**

Property Finance Group Limited (PFG) has today announced a revision to its proposed capital reconstruction as part of its strategy to manage current market challenges and ensure a robust structure in the future.

As highlighted in PFG's earlier proposal, PFG has a strong desire to simplify and protect the Company from what are now considered to be extreme market circumstances.

The capital reconstruction will now be concluded in two stages;

– Stage One:

1. This will involve a special meeting of the debenture stockholders of Propertyfinance Securities Limited (PFSL).
2. Approval will be sought to reconfigure the current terms of PFSL debenture stock so that the Company has greater flexibility to manage the assets in a manner that protects debenture holder value.

The PFSL Board is actively engaged with its trustee and trustee's advisors, in order to hold the required special meeting of stockholders as soon as practical. As a precursor to the meeting, the Company is planning a national road show, registering a Short Form Prospectus and assisting with the preparation of an independent appraisal report to the stockholders on the proposal.

– Stage Two:

1. PFG'S capital reconstruction will primarily involve a restructuring of its redeemable preference shares and unsecured liabilities. This will be the subject of a separate announcement at the appropriate time.

PFG's Managing Director, Mr Darryl Queen, said "we need to address market conditions head on."

"Our overall aim for the restructuring remains the same and the Board is determined to put the Group on a stable footing, allowing it to survive and preserve stakeholder value."

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