



PROPERTY FINANCE

Annual General Meeting 08

Meeting Agenda

Welcome to the 2008 Annual Meeting, today's meeting agenda is:

- ☞ Adoption of the Minutes; 2007 Annual General Meeting
- ☞ Adoption of 2008 Annual Report
- ☞ Appointment of a Director
- ☞ Appointment of the Auditor
- ☞ Chairman's Address on the Business
- ☞ General Business

Adoption of Annual Report

Resolution

To receive, consider and adopt the Annual Report of the Company including the financial statements and the reports of the Auditors and Directors for the year ended
31 March 2008

Appointment of Director

- By rotation Mr Peter Taylor retires and being eligible offers himself for re-election
- The meeting is asked to consider and, if thought fit, to re-elect Mr Peter Taylor as a Director of the Company

Appointment of Auditors

- Record the re-appointment of Ernst & Young as auditors of the Company
- Authorise the Directors to fix the auditors' remuneration for the ensuing year

Chairman's Address

- ☞ We wish to address the PFG business today under three headings

Firstly

The Year Under Review

Secondly

The Current Challenges

Finally

What is the Future of PFG

Year Under Review

- As has been noted in shareholder communications the Directors' primary objective this year has been to weather these market events
- Market conditions have been severely challenging and created a difficult environment to work in
- The receivership of PFSL created an immediate downsizing; and a major rationalisation of operations
- Staff have been reduced from 42 to 4
- We now operate solely from 104 Victoria Street, Christchurch
- We are a much smaller company

Year Under Review *(cont'd)*

- ☞ As noted, the Company's first primary task was the restructuring of PFSL so it could be removed from receivership
- ☞ This was successfully completed and concluded on 18 February 2008
- ☞ The PFSL restructuring had a number of conditions
 - interest accrues at 9.33% (plus if applicable 0.67% from profit)
 - the interest payable at the end of the term
 - Principal payable as to \$15m year 1, \$15m year 2 and the balance in year 3

Year Under Review *(cont'd)*

- One of the significant results of the receivership is that PFSL no longer manages or services the Company's securitisation programme
- These roles are now fulfilled by NZGT and Deloitte respectively

Year Under Review *(cont'd)*

Finance

- ☞ The Company has incurred a significant loss for the year of \$6.556m
- ☞ This loss has been impacted upon by the receivership and market events
- ☞ Material costs that have been incurred in the restructuring

Receivership and the costs of running the Trusts	\$1.2m
Impairment losses	\$1.9m
Downsizing	\$1.1m

- ☞ As noted previously the Company has lost its income from servicing and managing the securitisation trusts

Year Under Review *(cont'd)*

Balance Sheet

- The significant reduction in assets related almost exclusively to the removal of the four securitisation trust from our financials

Total Assets as at 31 March 2007	\$533m
Total Assets as at 31 March 2008	\$134m

Year Under Review *(cont'd)*

Tax Losses

- The Company now has a significant contingent asset in its carry forward tax losses (\$5.961m). These are not recorded in the accounts

Financial Ratios

NTA	9.5¢ per share
Total Equity	\$1.658m

Year Under Review *(cont'd)*

Rated Mortgage Bonds (RMB)

- The Company's Rated Mortgage Bond programme has performed well
- The RMBs are a NZDX listed rated bond; they carry a "BBB-" and "BB" rating (commercial and residential respectively)
- The programme has on issue \$38.5m in bonds backed by either residential or commercial mortgages
- Over the year the average return for the residential series was 9.8% and 10.1% for the commercial series

Year Under Review *(cont'd)*

Securitisation Trusts

- While the Company's securitisation trusts no longer form part of the financial statements they are very important for our future
- PFSL has a significant investment in each trust and as the trust repays the notes PFSL will ultimately release capital to PFG the parent company
- The long term management and servicing of these trusts is yet to be resolved however it is expected that PFG will have a role to play at some point; particularly when PFSL becomes the major investor as the senior noteholders are repaid



The Current Challenges

The Current Challenges

- The Company still has a number of significant hurdles before it
- We are currently working with the Company's redeemable preference shares; these mature at the end of the year and we are aiming to come to an arrangement that will result in these converting to equity

The Current Challenges *(cont'd)*

- The Company has on issue \$3.4m of RPS that mature in late 2008
- The Company wishes to convert these to a new converting preferred share (CPS)
- The CPS will have priority to the ordinary shareholder and are able to be converted at anytime to ordinary shares and traded
- Following this we need to address the unsecured creditors and the Company's working capital

The Current Challenges *(cont'd)*

- The Company has a range of unsecured creditors it needs to address together with the repayment of a secured facility of \$200,000 as the final steps in its restructuring and recapitalisation programme that started with the PFSL restructure



What is the Future of PFG

What is the Future of PFG

- The Directors are hopeful that we can
 - Successfully address our current challenges; and
 - Then consider if parts of the business can be used again
- Government Guaranteed
 - We are trying to establish if we are able to participate in this scheme for the benefit of our debenture holders

What is the Future of PFG *(cont'd)*

- 👉 The Company has a number of assets that *may* be of value moving forward
- 👉 The Company has maintained its listing on the NZX
- 👉 A number of the Company structures are of a long-term nature and will need ongoing management

What is the Future of PFG *(cont'd)*

- As noted on many occasions the Board's primary focus today is to survive
- Progress reports on this will be provided to shareholders as the Company addresses its challenges

General Business

- To consider any other matters that may properly be brought before the Meeting

Shareholder Questions



End of Meeting