

Receivers' Fourth Report on the State of Affairs of

Bridgecorp Limited (In Receivership and In Liquidation)

B2B Brokers Limited (In Receivership)

BFSL 2007 Limited (In Receivership)

BNL 2007 Limited (In Receivership)

Bridgecorp Capital Limited (In Receivership)

Monice Properties Limited (In Receivership)

For the six month period from 2 July 2008 to 1 January 2009

Pursuant to Section 24 of the Receiverships Act 1993

Company Numbers: 1126646
1148342
114020
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1178286

March 2009

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Bridgecorp Limited (In Receivership and In Liquidation)
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Bridgecorp Capital Limited (In Receivership)
Monice Properties Limited (In Receivership) – together “the Companies”

Please find attached our fourth report in relation to the Companies pursuant to Section 24 of the Receiverships Act 1993. A copy of this report has been sent to the Trustee, Covenant Trustee Company Limited. Secured debenture investors in the Companies were provided with a separate detailed update in December 2008 and we will report again to secured debenture investors before the end of March 2009.

Yours faithfully
For the Companies



C T McCloy
Receiver



M G Noone
Receiver

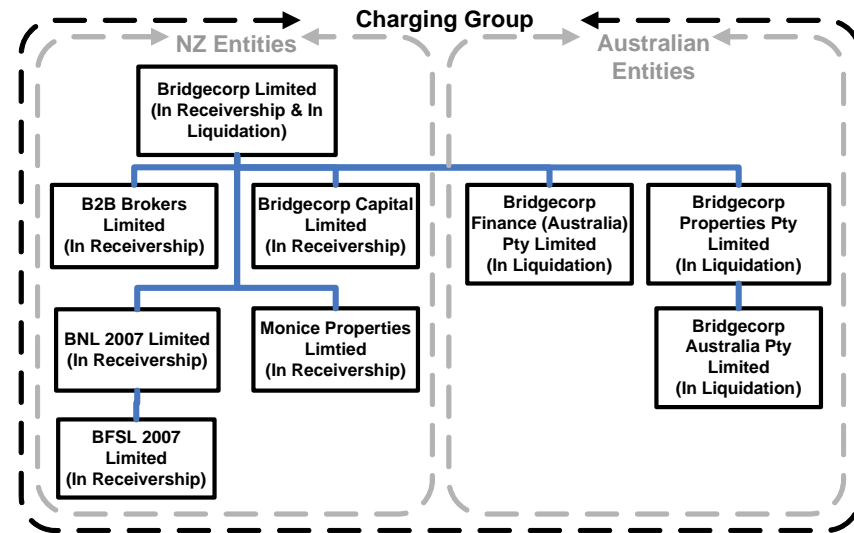
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Appendix I – Restrictions

1 Introduction

- Following a breach of Bridgecorp Limited's ("Bridgecorp") Trust Deed, the Directors of Bridgecorp completed an analysis of the financial standing of Bridgecorp. As a result, the Directors concluded that it was in the best interests of Debenture holders that a receiver be appointed to the Companies.
- Receivers were appointed to each of the Companies on the evening of Monday, 2 July 2007 by Covenant Trustee Company Limited ("the Trustee"). We were appointed under the terms of security agreements giving the secured party a security interest over all of the assets and undertakings of the Companies. The property in receivership comprises all of the assets, property and undertakings of the Companies, including:
 - Loans advanced to third parties, primarily secured by way of registered mortgages;
 - Accounts receivable and funds held;
 - Property assets;
 - Advances to related parties; and
 - Fixed assets and investments.
- Three Australian subsidiaries of Bridgecorp are also subject to the security under which receivers were appointed to the Companies, being Bridgecorp Finance (Australia) Pty Limited, Bridgecorp Australia Pty Limited and Bridgecorp Properties Pty Limited (all in Liquidation), as illustrated opposite:
- Together with the Companies, the three Australian subsidiaries form "the Charging Group" referred to in this report. Accordingly, the reported assets of the nine companies in the Charging Group have been included in this report.



- Please note that this report does not address companies outside the Charging Group, some of which are in receivership and/or liquidation.
- At the commencement of the receiverships Colin McCloy and John Waller were appointed joint and several receivers to each of the Companies. Mr Waller has subsequently retired from his position at PricewaterhouseCoopers and has accordingly resigned as receiver of the Companies. Maurice Noone of PricewaterhouseCoopers was appointed as replacement receiver on 22 December 2008.
- Bridgecorp Limited was placed into liquidation by the High Court on 29 August 2008, at the application of the Inland Revenue Department. Kevin Newson and John Scutter, Chartered Accountants of Wellington were appointed liquidators. We will continue to communicate and work with the liquidators to assist with their process where appropriate.

- This report has been prepared by us in accordance with and for the purpose of Section 24 of the Receiverships Act 1993 (“the Act”). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership for the six month period from 2 July 2008 to 1 January 2009.
- This report is subject to the restrictions set out at Appendix I. In particular, all information contained in this report is provided in accordance with Sections 26 and 27 of the Act. Furthermore, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

2 Events following appointment

- Upon appointment, we attended the Companies’ premises to secure the assets and records, and determined the most appropriate method of asset realisation. Our actions to date have included:
 - Securing the key assets;
 - Providing regular communications with investors and the Trustee;
 - Undertaking investigations into the affairs of the Companies;
 - Formulating and undertaking asset realisation processes; and
 - Overseeing the Companies’ operations to ensure efficient and effective management.
- Following our appointment we restructured the management of the Companies. At the date of the receiverships, Bridgecorp employed thirty-seven staff. Following an assessment of ongoing requirements, staffing was initially reduced to twenty-eight. At the date of this report five full-time and three part-time employees remain, incorporating:
 - A three member credit team to manage loan recoveries;
 - One investor registry employee to co-ordinate investor communications and maintain investor records;
 - Three finance and administrative staff to provide analysis of Bridgecorp’s financial information, assist the credit and registry teams, and complete ongoing financial and administrative requirements; and
 - An internal auditor, to undertake investigations of concerns raised by the receivers, investors and third parties.
- These employees have been retained based upon their institutional knowledge of Bridgecorp, its systems, and its assets, and to ensure that the receiverships are operated as cost efficiently as possible. We take this opportunity to again thank the staff for their ongoing support and efforts in difficult circumstances.
- In addition we have retained specialist property and legal advisers to assist with our analysis and recovery of assets.

- Our previous report for the six month period to 1 July 2008 contained a revised provisional estimate of returns to secured debenture investors of 13% to 44% of their original investment. Since that date, the ongoing deterioration in the economic environment has and will continue to impact negatively upon both the options available and the level of realisations achieved in respect of the assets of the Charging Group.
- As a consequence of the above, it is extremely difficult to estimate the likely returns from remaining assets with any certainty and, accordingly, we advised secured debenture investors in December 2008 that we were unable to predict an overall updated range of returns at that time.
- A further update to secured debenture investors will be provided prior to the end of March 2009.

3 Particulars of assets and disposals of receivership property

3.1 Loan assets (including overseas)

- The book value of these assets at the date of receivership are represented by the following categories:

NZ\$ in 000s	Jun-07 Book Value (Management Unaudited)
New Zealand loans	254,199
Australian loans	32,868
Specific Australian and other offshore loans	50,478
Total Loan Assets (excluding Momi)	337,545
Advances in respect of Momi Resort	106,639
Total Loan Assets	444,184

- For confidentiality and commercial reasons we are unable to provide further details in respect of individual loans or categories. However, we provide further detail on each of the categories in the following paragraphs.

New Zealand loans – direct recoveries

- We continue to work with a number of stakeholders to review realisation strategies to maximise recovery of the New Zealand loans. As previously advised, in the majority of instances Bridgecorp is not the first ranking mortgagee or security holder in respect of assets over which loans are secured. Thirty-two loans, representing greater than 85% of the total value of New Zealand loans, had prior security holders' interests at the date of receivership.
- From these thirty-two loans, gross recoveries in excess of \$130m had been realised as at 1 January 2009. Only \$13.6m of this amount was received by Bridgecorp, the balance being paid to prior ranking security holders. The extent of prior ranking securities, and the longer time periods that are required to realise large complex properties invariably reduces the funds available to Bridgecorp due to ongoing interest and other charges incurred during the realisation process.
- In respect of the remaining loans not subject to prior ranking securities, \$5.9m had been recovered as at 1 January 2009, bringing the total Bridgecorp receipts from New Zealand loans to date to \$19.5m.
- Of these remaining loans, the majority have no specific secured assets and therefore recoveries are dependent upon the pursuit of guarantors, resolution of insurance/legal claims, or extended payment plans agreed to during or prior to receivership. In addition, a number of properties required construction to be completed before sales processes could be commenced.

- We continue to analyse all New Zealand loans on an individual basis to determine the most appropriate strategy for maximising realisations and utilise specialist property consultants, legal advisors and valuers to assist in assessing options available. Further sales and settlements are pending however realisation of loan assets continues to be a complex, costly and time consuming exercise.

New Zealand loans - recoveries from insurance policies held

- Bridgecorp holds insurance policies on certain qualifying loans, covering a percentage of any unrecovered principal, up to a maximum for each loan of \$3.5m, with an overall maximum claimable within a twelve month period of \$20.0m. Nineteen of the New Zealand loans were subject to these insurance policies. We continue to correspond with the insurers regarding quantification and acceptance of claims, many of which are disputed.

Australian loans

- Seven loans, with a recorded book value of \$32.9m as at the date of receivership, were advanced by an Australian subsidiary of Bridgecorp Limited (In Receivership), Bridgecorp Finance (Australia) Pty Limited (In Liquidation) ("BFAL"). The assets of BFAL are subject to security held by Covenant Trustee Company Limited, for the benefit of Bridgecorp's secured debenture investors.
- We continue to work with the liquidators, Philip Carter and Stephen Longley (of PricewaterhouseCoopers' Sydney office) to recover loans and other assets from which Bridgecorp secured debenture investors will benefit, however returns from these loans are likely to be minimal.

Specific Australian, Fijian and other offshore loans and receivables

- As previously advised, loans of \$157.1m were made by Bridgecorp to parties associated with specific developments in Australia, Fiji and other offshore locations. The majority of these loans and receivables, totalling \$106.6m, were advanced by Bridgecorp in respect of the Momi development in Fiji. We continue to work with the developer and existing and potential financiers of the Fijian development with the aim of securing funding to complete development works and realise this asset in an orderly manner.
- In respect of the balance of \$50.5m due in respect of Australian and other offshore loans, the majority of this amount relates to lending in respect of large hotel assets. Prior mortgagees have taken enforcement action in respect of these assets and we await the outcome of their sales processes.
- The recoverability of the above amounts is complex and remains subject to commercial and political uncertainties. Potential recoveries remain uncertain and there are clear indications that the amounts will not be recovered in full.

3.2 Property assets

- This category comprises five properties held for resale, with a recorded book value of \$38.6m, subject to mortgages totalling \$28.3m at the date of receivership. To date, four of the properties have been sold, realising \$20.2m, with repayment of the associated mortgages totalling \$17m. The remaining property is currently subject to a conditional sale agreement.

3.3 Intergroup advances

- The breakdown of amounts owing to Bridgecorp as a result of intergroup advances is as follows:

NZ\$ in 000s	Jun-07 Book Value (Management Unaudited)
Parent company (Bridgecorp Holdings Limited)	20,173
Australian related entities	51,820
New Zealand related entities	15,553
Total Intergroup Advances	87,546

Parent company and Australian related entities

- We continue to work with the liquidators of the parent company, Bridgecorp Holdings Limited (In Liquidation) and other related entities, to determine the likely recoveries from the Australian entities.

New Zealand related entities

- Most of the New Zealand related entities are without material assets. Two entities hold tangible assets, one of which is the owner of a recently completed development. Settlements and ongoing sales are being monitored on an ongoing basis in conjunction with the development's funders.
- We continue to investigate potential recovery avenues from other New Zealand related entities.

3.4 Other assets

- Other assets of Bridgecorp recorded as at the date of receivership were as follows:

NZ\$ in 000s	Jun-07 Book Value (Management Unaudited)
Trade receivables	4,451
Prepaid interest, commission and expenses	2,637
Accrued loan fees	1,625
Foreign exchange contracts	961
Taxation	11,909
Fixed assets	1,194
Investments	2,010
Other	2
Total Other Assets	24,789

Trade receivables

- As at 1 January 2009, \$4.0m has been received in respect of trade receivables. No further material recoveries are anticipated from this asset.

Prepayments, accrued loan fees and foreign exchange contracts

- Analysis of these balances has revealed them to consist primarily of standard accounting entries to spread up front costs over the life of loans and/or investments. No recoveries are anticipated.

Taxation

- Bridgecorp's accounts show a tax asset of \$11.9m as at 30 June 2007. However, there is a corresponding taxation liability recorded in Bridgecorp accounts for \$11.1m.

Fixed assets and investments

- Fixed assets comprised primarily leasehold improvements, office fixtures, and fittings. No material recoveries are anticipated from these assets. Bridgecorp held a \$2.0m subordinated investment in a related entity. The value of this investment has since been reduced substantially as a result of losses suffered by the entity and, although we continue to monitor progress, a material recovery from this asset is unlikely.

4 Particulars of debts and liabilities outstanding and requiring to be satisfied from the property in receivership

4.1 Secured Creditors

Direct borrowing against assets

- Loans with a recorded balance of \$28.3m were secured directly against specific property and/or loan assets of the Companies, required to be repaid from the proceeds of those assets. As at 1 January 2009, approximately \$3.5m remained outstanding, secured against remaining loan assets.

Secured debenture investors

- Secured debenture investors represent approximately 19,000 investments held by 14,367 secured debenture holders, totalling \$459m. The timing of distributions to secured debenture investors remains uncertain due to the nature of Bridgecorp's assets. As previously advised, cash in-flows are dependent upon the refinance or sale of large properties. This factor, combined with the current status of the development property and finance markets, make it extremely difficult to assess the timing of realisations.

- A further update will be provided to secured debenture investors prior to 31 March 2009.
- The receivers appreciate investors' ongoing patience regarding the logistical difficulties in maintaining communication with 14,500 investors and other parties. We will continue to keep investors updated on a regular basis via our website and quarterly correspondence. A list of frequently asked questions for investors is also available on our website at: www.pwc.com/nz/Bridgecorp.

4.2 Preferential creditors

Employee entitlements

- Based on the information available from the Companies' records, employee preferential entitlements relating to salaries and wages, accrued holiday entitlements and redundancy entitlements as at the date of receivership are estimated to be approximately \$334k. \$251k of these entitlements had been distributed as at 1 January 2009.

Inland Revenue Department ("IRD")

- The preferential entitlements of the IRD preferential claims are in relation to PAYE, Goods and Services Tax ("GST") and Resident Withholding Tax ("RWT") unpaid at the date of receivership. The outstanding amounts remain subject to ongoing review in conjunction with the IRD.

4.3 Unsecured liabilities

- Given the estimated returns to secured investors, we have regretfully advised that there are unlikely to be any amounts available for payment to unsecured creditors.

5 Receipts and payments

The table opposite sets out the receipts and payments for the Companies from 2 July 2008 to 1 January 2009. We note the following in respect of the payments summarised:

- As noted earlier in this report, thirty-two loan assets are subject to prior chargeholders' interests. Gross recoveries in excess of \$130m had been realised in respect of these assets as at 1 January 2009 (\$26m in the six month period covered by this report), of which only 13.6m (\$4.0m in the six month period covered by this report) was received by Bridgecorp.
- Gross proceeds of property sales (\$2.2m) were subject to mortgages. Net repayments of \$1.6m were made to mortgagees from these proceeds.
- Direct loan/property expenditure includes, where required, payment for body corporate fees, local authority levies, insurance, marketing, maintenance, valuation, professional and completion costs in preparation for realisation. Recoveries from the assets for which these costs were incurred are yet to occur in a number of instances.
- Operational costs include, but are not limited to, staffing, premises, utilities and administration costs.
- Some advances previously made to facilitate the orderly realisation of assets have now been recovered from the proceeds of those realisations.
- Legal services to date include general receivership advice, loan specific legal requirements, litigation as required, property administration and transfer, and loan documentation. Other professional fees include advice obtained from specialist property, accounting and tax consultants.

Bridgecorp Limited and subsidiaries (In Receivership) Receipts and Payments Summary For the six month period from 2 July 2008 to 1 January 2009

	NZ\$ in 000s
Receipts	
Brought forward	36,829
Loan receipts - assets subject to prior chargeholders <i>(Gross borrower receipts approx. \$26m)</i>	4,049
Loan receipts - no prior charges	2,275
Proceeds of property sales	2,236
Accounts receivable collected	-
Rental received	17
Interest received	266
Other receipts	89
GST received	287
Total receipts	46,048
Payments	
Brought forward	31,800
Net repayment of secured debt	1,579
Payment of preferential entitlements	-
Funds transferred to trust for related party	-
Direct loan/property expenditure	1,201
Advances to reduce prior charges	-
Loan advances/(repayments)	(907)
Net interest paid	42
Loan related fees	-
Marketing of assets	12
Insurance	-
Operational costs	353
Legal fees and associated costs	910
Other professional fees and associated costs	600
Receivers' fees	567
Disbursements	32
Resident withholding tax paid/(recovered)	8
GST paid	500
Total payments	36,696
Net funds on hand	9,352

6 Other matters

6.1 Investigations

- As noted in our prior report, due to the nature of the investigations being undertaken and potential legal consequences, we are unable to provide specific details regarding unresolved individual issues or our findings to date because doing so could prejudice any proceedings which may be taken.
- Following our successful bankruptcy application against one of the Bridgecorp directors, Rod Petricevic, we have worked with the Official Assignee to determine the extent of further claims to be made in the bankruptcy administration and identify potential assets for realisation. Legal action regarding a vehicle driven by Mr Petricevic, seized following our initial summary judgement proceedings, has now resulted in the sale of the vehicle, with the proceeds held by the Court pending determination of the legal ownership of the resulting funds.
- Criminal proceedings brought against two Bridgecorp directors, Mr Petricevic and Robert Roest, have progressed, and charges have now been laid against three additional directors, with further hearings set down for March 2009. We understand the current charges in those proceedings carry a maximum penalty of 5 years imprisonment or fines of up to \$300,000.
- The receivers continue to actively pursue a number of other potential actions against certain of Bridgecorp's directors and other parties in respect of their conduct prior to receivership, with formal proceedings in progress or being prepared. We will continue to work with our legal counsel and various Government Authorities, including the Ministry of Economic Development, the Securities Commission and the Serious Fraud Office, to co-ordinate action in this regard.

6.2 Further reporting

- Our next statutory report under Section 24 of the Receiverships Act 1993, covering the period from 2 January 2009 to 1 July 2009, will be issued in September 2009.
- As noted above, a further formal update to the secured debenture investors of the Companies is anticipated prior to the end of March 2009. In the interim, should investors or other stakeholders have any queries arising from this report, please contact us in writing via our website, facsimile, or private bag address, as follows:

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Appendix I

Restrictions

- All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.
- The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.
- We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Companies or the Charging Group. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.
- The statements and opinions expressed in this report are based on information available as at the date of the report.
- We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.
- We have relied on forecasts and assumptions prepared by the Companies about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and

circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

- In addition the following should be noted:
 - Certain numbers included in tables throughout this report have been rounded and therefore do not add exactly.
 - Unless otherwise stated all amounts are stated in New Zealand dollars.