



10 April 2014

***Subject: Bridgecorp Limited (In Receivership and In Liquidation) -
“Bridgecorp”***

Introduction

We take this opportunity to provide a further update on the progress of the Bridgecorp receivership.

We are pleased to advise that, following the settlement of legal proceedings taken against Bridgecorp’s directors, we are now in a position to make a third interim distribution of 4 cents in the dollar to secured debenture investors.

A summary of the status of the progress of the receivership is as follows:

Receivers’ Civil Proceedings

In our last update, we advised that we were pursuing a number of legal actions against three of Bridgecorp’s directors, and their liability insurers, for breaches of directors’ duties under the Companies Act 1993.

Following a number of formal legal hearings, a mediation process was held in February 2014 with the directors and their liability insurers. The Receivers had previously bankrupted the remaining two directors, Rod Petricevic (Managing Director), and Rob Roest (Finance Director). Following lengthy negotiations at the mediation process, the claims were settled for \$18.9 million.

The Receivers believe that the current settlement represents the best recovery for investors from the legal proceedings. The Receivers were aware that the maximum claim against the liability insurance policy would be \$20m. The Receivers took this and other factors into account in reaching the settlement, including consideration of available assets, the time and cost of taking the matter to a full Court trial and the risks associated with ongoing litigation.

As a condition of the settlement agreement, the Financial Markets Authority (FMA) has agreed to discontinue its own civil proceedings against the directors once the settlement sum has been paid. We understand that the FMA determined that the settlement represented the best outcome for investors in the circumstances and would ensure that investors received funds in a timely way. FMA considered that it would not have been in the public interest to continue its claim having taken into account the directors’ limited personal assets and the fact a successful claim by the FMA would have drawn on the same pool of funds available to the Receivers.

We continue to actively pursue a number of potential actions against third parties in respect of their conduct prior to receivership, and we are working with legal counsel in this regard. These claims involve complex legal issues and we are unable to accurately predict a timeframe for their resolution.



Criminal Proceedings

Our last update discussed criminal proceedings brought against the directors. FMA brought charges against all five Bridgecorp directors and all five were found guilty and received sentences ranging from home detention and reparation to time in prison.

Further proceedings against Messrs Petricevic and Roest were brought by the Serious Fraud Office. Both Messrs Petricevic and Roest entered guilty pleas and their existing prison sentences were extended to 84 months and 81 months respectively.

Returns to Secured Debenture Investors

There have been two interim distributions to secured debenture investors since Bridgecorp was placed into receivership totalling 8 cents in the dollar (\$37m) which took place in August 2011 (3.5 cents in the dollar) and August 2012 (4.5 cents in the dollar).

Based on funds held and anticipated receipts, a further interim dividend of 4 cents in the dollar (\$18m) will be made to secured debenture investors. This will bring the total distribution to each investor to 12 cents in the dollar (\$55m).

Payment will be made in the week commencing 14 April 2014 and payment will be made to the bank account details Computershare Registry Services has on record. Unless you have contacted Computershare subsequent to our last distribution in August 2012 to amend your account details, the dividend will be deposited into the same account as the last distribution.

Final confirmation of the amount paid will be sent to investors at the time of the payment

Concluding Remarks

After the payment of the dividend the Receivers will continue to resolve remaining issues and work towards concluding the receivership process. We will update investors further should any material developments occur in respect of remaining activities.

Should you wish to contact us with regard to the receivership, please do so via our website, telephone, facsimile or private bag address, as follows:

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Yours faithfully
Bridgecorp Limited (In Receivership and In Liquidation)

A handwritten signature in black ink, appearing to read 'Colin McCloy'.

Colin McCloy
Receiver