



<<Mailing Name>>
<<Address Line 1>>
<<Address Line 2>>
<<Address Line 3>>
<<Address Line 4>>

14 July 2011

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

1. Introduction

We last provided an update to secured debenture investors in December 2010. We take this opportunity to provide you with a further update on the progress of the receivership and our investigations into events leading up to the receivership of Bridgecorp.

2. Returns to Secured Debenture Investors

In our previous update we advised that we would update investors further should any material developments occur in respect of remaining activities and noted that a key issue related to potential claims from Inland Revenue (“IRD”) in respect of activities undertaken by Bridgecorp and other entities. We are pleased to advise that matters with IRD have now been resolved, which will enable an interim dividend to be paid to secured debenture investors.

Based on funds held and anticipated receipts, an interim dividend of between 3 cents and 3.5 cents in the dollar will be made to secured debenture investors. Due to the length of time that has passed since investment details were originally confirmed, payment will be made in the week starting 15 August 2011 to allow sufficient time for notification of any change in bank account details. Enclosed with this letter is a form setting out the details of the bank account recorded by Bridgecorp for your investment. If these details are incorrect, please complete the new account details section of the form and return it to Computershare Registry Services in the envelope provided, prior to Friday 12 August 2011. Final confirmation of the amount paid will be sent to all investors at the time of the payment.

Unfortunately, whilst we continue to vigorously pursue all possible avenues of recovery, we remain of the view that total recoveries to secured debenture holders will be less than ten cents in the dollar. We set out below an update on the key aspects of the Bridgecorp receivership.

Overseas Loan Assets

In our prior updates, we noted that the majority of remaining material recoveries from Bridgecorp’s assets were dependent upon high value loans over properties located in Australia and Fiji. In respect of the Fiji lending, we remain of the view that a complete loss will be suffered on this loan exposure.

In respect of the Australian lending on hotel assets (approximately \$50m), discussions with the liquidators of the Australian borrowers have progressed and we are now hopeful of receiving a distribution from the liquidations prior to the end of 2011 although a substantial shortfall is expected. We will continue to work with the liquidators in order to progress matters as quickly as possible.

New Zealand Loan Assets and Other Recovery Actions

As previously advised, the majority of physical assets subject to security held by Bridgecorp have now been realised. We continue to pursue guarantors and other available avenues for recovery of outstanding monies where analysis indicates a potential net benefit for the investors of Bridgecorp, including claims against third parties and potential claims on insurance policies. These claims involve complex legal issues and we are unable to accurately predict a timeframe for their resolution.

3. Inland Revenue Claim

Outstanding matters with IRD noted in previous updates have now been resolved with no additional claims made. The existing claim of \$3.9m was reduced to \$3.6m and has been paid in full.

4. Investigations

We continue to actively pursue a number of potential actions against certain of Bridgecorp's directors and other parties in respect of their conduct prior to receivership, and we are working with legal counsel and various Government Authorities to co-ordinate action in this regard. We also continue to work with the Official Assignee to quantify claims to be made in the bankruptcies of Messrs Petricevic and Roest, and to identify any further potential assets which may be recovered to meet such claims.

The criminal proceedings brought against all five Bridgecorp directors are ongoing, with a trial for charges brought by the Financial Markets Authority (previously the NZ Securities Commission) now set to commence on 5 September 2011. We understand the current charges being addressed in that trial carry a maximum penalty of five years imprisonment and/or fines up to \$300,000.

5. Concluding Remarks

As noted above, a confirmation will be sent to investors at the time of payment of the interim dividend in August 2011. 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 receiverships, please do so via our website, telephone, facsimile, or private bag address, as follows:

Bridgecorp Limited (In Receivership & In Liquidation)
c/- PricewaterhouseCoopers
Private Bag 92-162
AUCKLAND
Telephone: +64 9 355 8800
Facsimile: +64 9 355 8013
Website: www.pwc.com/nz/Bridgecorp

Once again we thank you for your ongoing support and patience through this difficult process.

Yours faithfully
Bridgecorp Limited (In Receivership & In Liquidation)

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

Colin McCloy
Receiver

Encl.