

Receivers' Sixth 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 2009 to 1 January 2010

Pursuant to Section 24 of the Receiverships Act 1993

Company Numbers: 1126646
1148342
114020
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1542917
1178286

March 2010

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

Please find attached our sixth 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 update on 22 December 2009.

Yours faithfully
For the Companies



C T McCloy
Receiver



M G Noone
Receiver

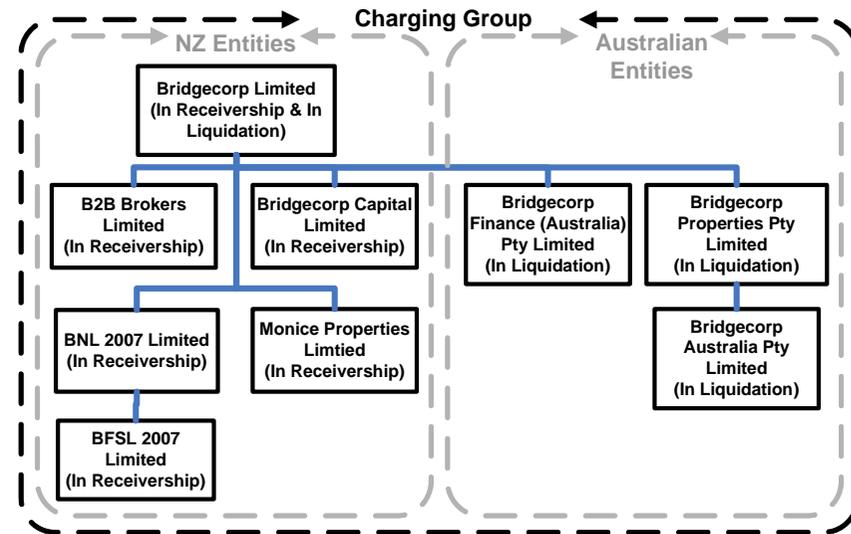
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Appendix I – Restrictions

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 2009 to 1 January 2010.
- 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 no employees remain with the Companies.
- The majority of remaining material recoveries from Bridgecorp’s assets are dependent upon a small number of high value loans over properties located in Australia and Fiji. Whilst we continue to pursue all options available, Bridgecorp is unable to assert control over the realisation of these assets due to prior ranking securities and, accordingly, it remains difficult to assess with any degree of certainty the ultimate recoveries to Bridgecorp.
- Accordingly, we advised investors in an update dated 22 July 2009 that, excluding any recoveries from overseas assets and ongoing legal matters regarding insurance and the actions of directors/other parties prior to receivership, the return to secured debenture investors was likely to be less than ten cents in the dollar. That position remained unchanged in our most recent update to investors dated 22 December 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

- The majority of physical assets subject to security held by Bridgecorp in respect of New Zealand loans have now been realised. As previously advised, in the majority of instances Bridgecorp was not the first ranking mortgagee or security holder in respect of assets over which loans were 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, we have been involved in, or are aware of, gross recoveries in excess of \$133m as at 1 January 2010. Only \$16.1m 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, \$7.3m had been recovered as at 1 January 2010, bringing the total Bridgecorp receipts from New Zealand loans to \$23.4m.
- Of the 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 or legal issues clarified before sales processes could be commenced.

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 (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.
- An unsuccessful auction process was undertaken in respect of the Momi Resort by the prior mortgagee in August 2009, with the highest bid materially less than the outstanding debt owed to the prior mortgagee. Subsequently there have been media reports that the first mortgagee has itself purchased the property. We continue to investigate potential actions available to Bridgecorp, however, the potential outcome remains uncertain and it is likely that a complete loss will be suffered on this loan exposure. Political developments in Fiji continue to impact upon the ability to progress any recovery efforts.

- 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 had taken enforcement action in respect of these assets.
- As at the date of this report, only one Australian hotel asset remains, in respect of which Bridgecorp and related parties are unsecured creditors. We are in communication with the liquidator of the holding entity regarding the realisation of the hotel and subsequent disbursement of any surplus proceeds.
- 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, with Bridgecorp suffering a further material loss.

3.2 Property assets

- This category comprised five properties held for resale, with a recorded book value of \$38.6m, subject to mortgages totalling \$28.3m at the date of receivership. All of the properties have been sold, realising \$20.7m, with repayment of the associated mortgages totalling \$17.4m.

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, with a potential \$2m-\$3m recovery currently being finalised.

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 development completed during the receivership process. 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 however material recoveries are unlikely.

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 2010, \$4.0m had 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 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, which is now in receivership. No recovery from this asset is anticipated.

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 2010, 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, future cash inflows are largely dependent upon the realisation of overseas loan assets.

- A separate update was provided to secured debenture investors on 22 December 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 via our website and correspondence as matters arise. 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 were estimated to be approximately \$334k. Following further calculations and analysis \$251k of these entitlements had been distributed as at 1 January 2010.

Inland Revenue Department ("IRD")

- The preferential entitlements of the IRD 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 2009 to 1 January 2010. 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 \$133m had been realised in respect of these assets as at 1 January 2010, of which only \$16.1m (\$0.05m in the six month period covered by this report) was received by Bridgecorp.
- 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.
- 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 2009 to 1 January 2010

	NZ\$ in 000s
Receipts	
Brought forward	50,930
Loan receipts - assets subject to prior chargeholders	50
Loan receipts - no prior charges	360
Proceeds of property sales	-
Accounts receivable collected	-
Rental received	-
Interest received	136
Other receipts	495
GST received	2
Total receipts	51,974
Payments	
Brought forward	40,056
Net repayment of secured debt	(43)
Payment of preferential entitlements	-
Direct loan/property expenditure	1,341
Advances to reduce prior charges	(1,284)
Loan advances/(repayments)	47
Net interest paid	-
Loan related fees	(0)
Marketing of assets	-
Insurance	-
Operational costs	193
Legal fees and associated costs	307
Other professional fees and associated costs	138
Receivers' fees	337
Disbursements	19
Resident withholding tax paid/(recovered)	0
GST paid	317
Total payments	41,428
Net funds on hand	10,546

6 Other matters

6.1 Investigations

- As noted in our prior reports, 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.
- Criminal proceedings brought against five Bridgecorp directors are ongoing, with depositions hearings held during February/March 2010. We understand the current charges in those proceedings carry a maximum penalty of 5 years imprisonment or fines of up to \$300,000.
- We continue to actively pursue a number of potential actions against certain of Bridgecorp's directors and other parties in respect of the conduct prior to receivership, and we are working with legal counsel and various Government Authorities to co-ordinate action in this regard.
- Since the date of our last update, we have been successful in obtaining a court judgment against one of Bridgecorp's directors, Mr Rob Roest, in respect of excessive remuneration. Mr Roest has entered voluntarily into Bankruptcy. A similar claim against Mr Petricevic is currently being considered by the Official Assignee and we continue to work with the Official Assignee to determine the extent of further claims to be made in the bankruptcy of both Messrs Petricevic and Roest, and to identify any further potential assets which may be recovered to meet such claims.

6.2 Further reporting

- Our next statutory report under Section 24 of the Receiverships Act 1993, covering the period from 2 January 2010 to 1 July 2010, will be issued in September 2010.
- As noted above, a further formal update to the secured debenture investors of the Companies was distributed on 22 December 2009. 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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Website: www.pwc.com/nz/bridgecorp.

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.