

17 December 2007

Dear Investor

Bridgecorp Limited (In Receivership)
BFSL 2007 Limited (In Receivership)
BNL 2007 Limited (In Receivership)
B2B Brokers Limited (In Receivership)
Monice Properties Limited (In Receivership)
Bridgecorp Capital Limited (In Receivership); together "Bridgecorp"

1. Introduction

We take this opportunity to provide you with a further update on the progress of the receiverships and on the estimated returns and timing to secured debenture investors.

Our preliminary estimate of returns to secured debenture investors indicated potential recoveries of 25% to 74% of their original investment amount from the assets of Bridgecorp. The wide range of this preliminary estimate reflected the considerable risks and uncertainties relating to the recoverability of significant loans and receivables.

Unfortunately, deteriorating market conditions and subsequent events have had a material adverse effect on the receivers' ability to recover outstanding loans and realise assets and has regrettably reduced our assessment of potential investor recoverability. In addition significant complexity still remains in respect of recoveries from the Momi development in Fiji.

As a consequence we have now revised our estimate of recoveries to secured debenture investors to a range of 19% to 63% of their original investment, as set out below:

Provisional Estimate of Recoveries

NZ\$ in 000s	Section	Jun-07 Book Value	Preliminary		Revised	
			Low	High	Low	High
New Zealand loans	2.1	254,199				
Australian loans	2.2	32,868				
Specific Australian and other offshore loans	2.3	50,478				
Total loan assets (excluding Momi)		337,545	128,037	226,993	95,090	182,883
Property Assets	3	38,607	10,329	10,329	1,900	5,000
Intergroup Advances	4	87,546	6,500	6,500	500	4,000
Other	5	24,947	6,538	6,538	4,000	4,000
Total Assets (excluding Momi)		488,645	151,404	250,360	101,490	195,883
Preferential Creditors	6		(5,300)	(5,300)	(5,300)	(5,300)
Contingency			(30,000)	(12,500)	(10,000)	(10,000)
Estimated Recoveries (excluding Momi)			116,104	232,560	86,190	180,583
Secured Borrowings		-	458,738	458,738	458,738	458,738
Estimated Dividend Range (excluding Momi)			25%	51%	19%	39%
Advances in respect of the Momi Resort	2.3	106,639	-	106,639	-	106,639
Estimated Total Recoveries (prior to costs)		595,284	116,104	339,199	86,190	287,222
Secured Borrowings			458,738	458,738	458,738	458,738
Provisional Estimated Dividend Range (prior to costs)			25%	74%	19%	63%

Whilst we continue to explore all avenues to improve recoveries, we consider it prudent to advise secured debenture investors of the deteriorating position. Further details of the status of each category of Bridgecorp's assets are set out in the remainder of this letter.

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 completion 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. Resolution of many of these issues could take at least twelve to eighteen months. We will keep investors formally appraised of progress by letter on at least a quarterly basis next year, with any interim updates placed on our website, www.pwc.com/nz/bridgecorp.

2. Loan Assets (including overseas)

The book value of these assets and their preliminary and revised dividend estimates are represented by the following categories:

NZ\$ in 000s	Jun-07 Book Value	Initial		Revised	
		Low	High	Low	High
New Zealand loans	254,199				
Australian loans	32,868				
Specific Australian and other offshore loans	50,478				
Total Loan Assets (excluding Momi)	337,545	128,037	226,993	95,090	182,883
Advances in respect of the Momi development in Fiji	106,639	-	106,639	-	106,639
Total Loan Assets	444,184	128,037	333,632	95,090	289,522

Our revised recovery estimate for Bridgecorp's loan assets incorporates a range from \$95.1m to \$182.9m for loan assets excluding advances in respect of the Momi development, and nil to \$106.6m for advances in respect of the Momi development. For confidentiality and commercial reasons we are unable to provide further details in respect of individual loans or categories regarding the movement in recovery estimates. However, we provide further detail on each of the categories and related recovery actions taken below.

2.1 *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 noted in our letter to you dated 6 August 2007, 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 of the fifty-nine 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 of approximately \$50.0m have been realised to date. Only \$4.5m of this amount has been received by Bridgecorp, the balance being paid to prior ranking security holders. In general, prior ranking security holders have been co-operating with the receivers in formulating strategies to maximise recoveries. 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 twenty-seven loans not subject to prior ranking securities, \$2.7m has been recovered to date, bringing the total receipts from New Zealand loans to \$7.2m. Of these twenty-seven loans, eighteen 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 have 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 in December and January however realisation of loan assets continues to be complex, costly and a time consuming exercise.

The range of realisation strategies and projected recoveries have been reduced due to a number of factors, including but not limited to:

- Difficulties in obtaining refinance of existing facilities or completion finance for developments due to liquidity issues in the finance sector;
- A slowing of the property market, in particular in respect of development land, resulting in greater time required for the orderly sell down of properties by the borrower and increased holding costs; and
- Updated valuations obtained in respect of specific loan assets have not been at the levels of previous Bridgecorp valuations, resulting in a downward revision of likely recoveries.

2.1(a) 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 fifty-nine New Zealand loans are subject to these insurance policies.

We have endeavoured to take account of likely insurance recoveries when assessing potential returns to secured debenture investors, based upon projected shortfalls on the recovery of the insured loans. We are in discussions with the insurers regarding the quantification of claims.

2.2 Australian Loans

Seven loans, with a recorded book value of \$33.0m 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.

BFAL was placed into voluntary administration on 4 July 2007, along with a number of related entities. Following the presentation of a proposed Deed of Company Arrangement by the directors of the Australian entities, a vote was held on 27 November 2007 which resulted in BFAL and the other entities being placed into liquidation. We are working with the former administrators, now liquidators, Philip Carter and Stephen Longley (of PricewaterhouseCoopers' Sydney office) to recover loans and other assets from which Bridgecorp secured debenture investors will benefit.

2.3 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 are currently working closely 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. However, until the outcome of these negotiations is known, we believe it prudent to note this amount as a separate recovery item, with a range of nil to \$106.6m.

In respect of the balance of \$50.5m due in respect of Australian and other offshore loans, we are working with BFAL's liquidators to recover this balance. Discussions are being held regarding the status of properties relating to these loans, to ensure returns to Bridgecorp are maximised.

The recoverability of these amounts is complex and remains subject to commercial and political uncertainties. Potential recoveries remain uncertain and indications are the amounts will not be recovered in full.

3 Property Assets

This category comprises five properties held for resale, with a recorded book value of \$38.6m. These properties were subject to mortgages totalling \$28.3m at the date of receivership. Our initial estimate of recoveries was based upon the net book value of these assets (\$10.3m). After further analysis in respect of recovery options, the enforceability of existing sale and purchase agreements, amounts outstanding under the mortgages, and with the passage of time, we have revised our recovery estimate to a range of \$1.9m to \$5.0m.

4 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
Parent company (Bridgecorp Holdings Limited (In Liquidation))	20,173
Australian related entities	51,820
New Zealand related entities	15,553
Total Intergroup Advances	87,546

4.1 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. The final outcome of the Australian entities in respect of recoveries for Bridgecorp's secured debenture investors is currently uncertain but will become clearer in the first quarter of 2008.

4.2 New Zealand related entities

Most of the New Zealand related entities are without material assets. Our revised dividend estimate includes a recovery range of \$0.5m to \$4.0m, based upon potential recoveries and associated risks/costs in relation to two entities. One of these entities is the owner of the motor launch, Medici, currently being marketed for sale.

The second entity is the owner of a development property which is currently under construction, with completion due late in 2008. The construction is being monitored on a regular basis in conjunction with the development's funders and is currently running on time and within budget.

We continue to investigate potential recovery avenues from other related New Zealand entities.

5. Other Assets

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

NZ\$ in 000s	Jun-07 Book Value
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	160
Total Other Assets	24,947

5.1 Trade receivables

To date, \$4.0m has been received in respect of trade receivables. Whilst we continue to pursue payment of the remaining balances, no further material recoveries are anticipated from this asset.

5.2 *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.

5.3 *Taxation*

As previously advised, there is a corresponding taxation liability recorded in Bridgecorp accounts for \$11.1m. No recoveries are anticipated.

5.4 *Fixed assets and investments*

Fixed assets comprise primarily leasehold improvements, office fixtures, and fittings. No material recoveries are anticipated from these assets. Bridgecorp holds a \$2.0m subordinated investment in a related entity. The value of this investment is uncertain and we have not included recovery of this amount in our revised estimate.

6. Amounts Owing to Creditors with Preferential Claims

6.1 *Employee entitlements*

Based on Bridgecorp's records, employee preferential entitlements relating to salaries and wages, accrued holiday entitlements and redundancy entitlements as at the date of receivership are estimated to approximate \$334k. Of this, \$239k has been distributed to date.

6.2 *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 in relation to the above remain subject to review in conjunction with the IRD, scheduled to take place early in 2008. Accordingly, the current allowance is an estimate only.

7. Amounts likely to be Available for Unsecured Creditors

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

8. Other Matters

8.1 *Operations*

At the date of the receiverships, Bridgecorp employed thirty-seven staff. Following an assessment of ongoing requirements, staffing was initially reduced to twenty-eight. Currently eighteen employees remain, incorporating:

- a five member credit team to manage loan recoveries;
- Four investor registry staff to co-ordinate investor communications and maintain investor records;
- Seven 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;
- an internal auditor, to undertake investigations of concerns raised by the receivers, investors and third parties; and

- an in-house lawyer to assist with preparation of enforcement and sale documentation and provide other legal oversight as required.

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 thank the staff for their ongoing support and efforts in difficult circumstances.

8.2 *Investigations*

As previously advised, upon our appointment, all records of Bridgecorp held at their premises were secured and a full electronic back-up of computer records was obtained. The receivers are conscious of a number of concerns raised by investors and other parties in respect of the activities of Bridgecorp and third parties prior to receivership. Accordingly, a thorough investigation is being undertaken of matters raised, including (but not limited to) examination of the following:

- Specific transactions entered into by Bridgecorp;
- Bridgecorp conduct in respect of investors, including the treatment of funds received, maturing investments and associated dealings with third parties;
- The conduct of third parties in specific dealings with Bridgecorp;
- The activities and conduct of Bridgecorp, the officers of Bridgecorp, and third parties leading up to the appointment of receivers;
- The financial reporting practices of Bridgecorp;
- The compliance of Bridgecorp with the requirements of the Trust Deed and applicable legislation, including the Securities and Companies Acts; and
- Additional matters raised by investors and other parties as they are received.

Due to the nature of these investigations and potential legal consequences, we are unable to provide details regarding individual issues or our findings to date because doing so could prejudice any proceedings which may be taken.

Potential breaches of Legislation or Bridgecorp's Trust Deed identified during the course of our investigations have and will be referred to the appropriate Government authorities. A number of such matters have now been formally referred to those authorities, who may take such actions as they deem appropriate.

Furthermore, where our investigations result in the identification of actions which may be taken by the receivers directly, such actions will be pursued based upon an assessment of the legal position and available remedies, including (but not limited to) any potential recoveries for secured debenture investors through court action.

9. **Correspondence with Investors**

9.1 *Prior correspondence*

In our last correspondence to investors, we requested confirmation of bank account details to ensure that any future distributions are made efficiently. We thank you for the prompt response to this request. Where insufficient information was received, the investor registry team is distributing letters on an ongoing basis to clarify relevant details.

If you are yet to forward your bank account details, please be advised that you need to provide either:

- (a) a signed pre-printed deposit slip for your New Zealand bank account with your Bridgecorp investor number hand written on it; or
- (b) a signed copy of your bank account statement showing the relevant account name and account number with your Bridgecorp investor number hand written on it.

Unfortunately, we are unable to accept hand written bank account details due to the risk of false details being provided by other parties. Please note that if your investment is held jointly, all joint investors must sign the pre-printed deposit slip or the bank account statement.

9.2 *Ongoing updates*

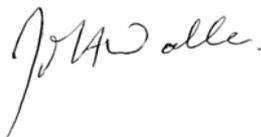
Please note that Bridgecorp's operations will be closed over the Christmas period, from Friday 21 December 2007, reopening on Monday 14 January 2008. Accordingly, enquiries submitted during this period may not be responded to until after 14 January 2008.

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 you updated on a regular basis via our website and anticipate a further formal update will be distributed in March 2008. In the meantime, 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:

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c/- PricewaterhouseCoopers
Private Bag 92-162
AUCKLAND
Telephone: +64 9 355 8800
Facsimile: +64 9 355 8013
Website: www.pwc.com/nz/Bridgecorp.

A list of frequently asked questions, last updated on 30 November 2007, is also available on our website. Once again we thank you for your ongoing support and patience through this difficult process and wish you and your families a happy and safe holiday season.

Yours faithfully



John Waller
Receiver



Colin McCloy
Receiver