

22 December 2009

Dear Investor

Bridgecorp Limited (In Receivership & In Liquidation)
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

Our last report to secured debenture investors was dated 22 July 2009. We take this opportunity to provide you with a further update on the progress of the receiverships 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, whilst the return to secured debenture investors from Bridgecorp's assets (excluding insurance/legal matters and overseas assets) was likely to be less than ten cents in the dollar, we expected to be in a better position to comment on the range and timing of dividends by December 2009. Unfortunately, further delays and issues relating to the realisation of material overseas assets, over which Bridgecorp has no direct control, continues to prevent a reliable estimate of the timing or quantum of likely returns to investors. In the period to December 2009 no realisations have been forthcoming from overseas assets or ongoing legal matters and accordingly our position in respect of prospective returns remains unchanged. We set out below further detail on the progress of all recovery actions.

Overseas Loan Assets

In our prior updates, we noted that the majority of remaining material recoveries from Bridgecorp's assets were dependent upon a small number of high value loans over properties located in Australia and Fiji.

- Bridgecorp's largest loan exposure (in excess of NZD100m) relates to the Momi Resort development in Fiji. An auction process undertaken by the prior mortgagee in August 2009 was unsuccessful 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.
- As previously advised, two large hotels in Australia were subject to a receivers' sale by a prior ranking mortgagee, with one sale originally scheduled to settle on 31 January 2009 and expected to enable full repayment of the first mortgagee (owed in excess of NZD30m) with a small recovery to an Australian subsidiary of Bridgecorp via indirect second ranking security. This sale has now settled and a surplus of AUD1.7m is anticipated by the Australian receivers. A sale agreement for the second hotel has still not yet been achieved. The Australian liquidators of the hotel entities have now raised issues with the Australian receivers regarding security and potential taxation issues and we are advised that no distribution of funds can be made until such matters are resolved. We continue to work through the security issues with our legal advisors and await further details of the taxation position from the Australian receivers.

New Zealand Loan Assets

The majority of physical assets subject to security held by Bridgecorp have now been realised and the Bridgecorp offices have now been closed. We continue to pursue guarantors and other available avenues for recovery of outstanding monies.

Other

Potential recoveries are being sought in respect of actions taken against directors and other third parties, including possible claims on various insurance policies held by Bridgecorp. These claims involve complex legal issues and we are unable to accurately predict a timeframe for their resolution.

3. 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.

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.

The criminal proceedings brought against all five Bridgecorp directors are ongoing, with pre-trial hearings for these proceedings set to commence in February 2010.

4. Concluding Remarks

Whilst we continue to vigorously pursue all possible avenues of recovery and ensure both that the interests of Bridgecorp's investors are protected as much as is possible and that those parties responsible for the substantial losses suffered are held to account, we remain of the view that recoveries to secured debenture holders will be less than ten cents in the dollar.

We will update investors further should any material developments occur in respect of remaining activities. Please be advised that our offices will be closed over the Christmas period, reopening on Monday, 18 January 2010. 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.

A list of frequently asked questions is also available on our website. Once again we thank you for your ongoing support and patience through this difficult process.

Yours faithfully



Colin McCloy
Receiver



Maurice Noone
Receiver