

31 March 2008

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

Our last quarterly report to secured debenture investors was dated 17 December 2007. We take this opportunity to provide you with a further update on the estimated returns and timing to secured debenture investors and progress with our investigations into events leading up to the receivership of Bridgecorp.

## 2. Returns to Secured Debenture Investors

Our December 2007 quarterly report estimated returns to secured debenture investors could be in the range of 19% to 63% of their original investment amount. The wide range of this provisional estimate reflected the considerable risks and uncertainties relating to the recoverability of significant loans and receivables and in particular the Momi Resort in Fiji.

Our December report referred to deteriorating market conditions and the material adverse effect on the receivers' ability to recover outstanding loans and realise assets. Regretfully that position has worsened during the March 2008 quarter as the full impact of the numerous New Zealand finance company collapses has become clearer. In addition tightening liquidity as a result of the uncertainty surrounding the global credit markets and reduced investor confidence are having adverse impacts on the Bridgecorp receivership recoveries.

We are continually reviewing our estimated recoveries to secured debenture holders in order to be as informative as possible.

Our December 2007 estimate was in the range 19% to 63%. That has been revised to a range of 16% to 51%, as set out below:

### Provisional Estimate of Recoveries

NZ\$ in 000s	Jun-07	17-Dec-2007		Revised	
	Book Value	Low	High	Low	High
New Zealand loans	254,199				
Australian loans	32,868				
Specific Australian and other offshore loans	50,478				
<b>Total loan assets (excluding Momi)</b>	<b>337,545</b>	<b>95,090</b>	<b>182,883</b>	<b>76,788</b>	<b>122,531</b>
Property Assets	38,607	1,900	5,000	2,281	3,093
Intergroup Advances	87,546	500	4,000	5,500	8,800
Other	24,947	4,000	4,000	4,000	4,000
<b>Total Assets (excluding Momi)</b>	<b>488,645</b>	<b>101,490</b>	<b>195,883</b>	<b>88,569</b>	<b>138,423</b>
Preferential Creditors		(5,300)	(5,300)	(5,300)	(5,300)
Contingency		(10,000)	(10,000)	(8,000)	(8,000)
<b>Estimated Recoveries (excluding Momi)</b>		<b>86,190</b>	<b>180,583</b>	<b>75,269</b>	<b>125,123</b>
<b>Secured Borrowings</b>	<b>-</b>	<b>458,738</b>	<b>458,738</b>	<b>458,738</b>	<b>458,738</b>
<b>Estimated Dividend Range (excluding Momi)</b>		<b>19%</b>	<b>39%</b>	<b>16%</b>	<b>27%</b>
Advances in respect of the Momi Resort	106,639	-	106,639	-	106,639
<b>Estimated Total Recoveries (prior to costs)</b>	<b>595,284</b>	<b>86,190</b>	<b>287,222</b>	<b>75,269</b>	<b>231,762</b>
<b>Secured Borrowings</b>		<b>458,738</b>	<b>458,738</b>	<b>458,738</b>	<b>458,738</b>
<b>Provisional Estimated Dividend Range (prior to costs)</b>		<b>19%</b>	<b>63%</b>	<b>16%</b>	<b>51%</b>

The principal cause of the decline in estimated recoveries is in the line in the above table described as "Total Loan Assets (excluding Fiji)". The loans' low / high recoveries were estimated in the range \$95.0m to \$182.8m in the December 2007 quarter and are now estimated as \$76.8m to \$122.5m in the March 2008 quarter. The key causes of the reductions are:

- 1) A number of the loans relate to properties which were sold during the March 2008 quarter. These properties realised significantly less than earlier estimates, due to the weaker property market and as a result loan recoveries were lower than anticipated in December 2007;
- 2) Several loans were in respect of properties which at December 2007 were subject to conditional sales contracts. These conditional contracts were subsequently cancelled (validly) by the proposed purchaser. The properties are no longer expected to be worth December 2007 prices, with the result that recoveries from the related loans will be lower; and
- 3) Bridgecorp retains a number of loans in respect of properties which have yet to be sold or refinanced. These properties have not been sold or refinanced earlier because lenders holding prior ranking mortgagees control the sales or refinance process. In those cases Bridgecorp holds a second ranking mortgagee and has no power of sale without consent of the first ranking mortgagee. Given current market conditions we believe it prudent to reduce our estimate of recoveries in respect of those loans.

We continue to analyse all 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.

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 do feel it important to emphasise that the outcome of the Momi Resort in Fiji will have a material bearing on recoveries for secured debenture investors. Excluding Momi we estimate secured debenture investors could recover 16% to 27% of their original investment. Whilst we endeavour to be conservative in our ranges given current market conditions, the immediate adverse economic outlook and the nature of Bridgecorp's assets regrettably the expected return to investors will be at the lower end of our range.

If we include the Momi Resort the recoveries for secured debenture investors could increase to 51%. We stress however that the position with regard to the Momi Resort is volatile. We continue to work closely with the Momi Resort developer who is seeking further funding to enable completion of the resort. However the state of global credit market and political instabilities in Fiji makes this very difficult. As a result it remains difficult to assess with any degree of certainty the ultimate recoveries in respect of the Momi Resort.

### **3. Timing of Returns to Secured Debenture Investors**

As previously advised, cash in-flows are dependent upon the refinance 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 months. However, we are hopeful that sufficient funds will be realised to enable an interim distribution during 2008. We will keep investors formally apprised of progress by letter on at least a quarterly basis, with any interim updates placed on our website, [www.pwc.com/nz/bridgecorp](http://www.pwc.com/nz/bridgecorp).

### **4. Investigations**

Investigations continue into a range of matters including:

- 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.

As previously advised, 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.

We can confirm that we have initiated recovery action against a number of Bridgecorp directors in relation to amounts paid to them in the period prior to receivership. Legal proceedings will be commenced if the matters cannot be resolved in a timely manner acceptable to the receivers.

Our legal advisers have also identified a number of other potential actions against certain of Bridgecorp's directors and other parties in respect of conduct prior to receivership. We will continue to work with our legal counsel and various Government Authorities to coordinate action in this regard.

**5. Concluding Remarks**

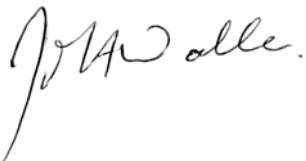
It is disappointing to have to report a further decline in estimated recoveries to investors, in what is proving to be a difficult environment to recover the Bridgecorp loans. However we can assure investors that we continue to make every attempt to maximise recoveries in an efficient manner.

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 June 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:

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



John Waller  
Receiver



Colin McCloy  
Receiver