

3 October 2008

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 quarterly report to secured debenture investors was dated 27 June 2008. 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.

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. A liquidator's primary role is one of investigation and the appointment of liquidators does not impact upon the rights of secured debenture investors or our role as receivers. We will continue to manage the recovery of assets for investors and will communicate and work with the liquidators to assist with their process where appropriate.

2. Returns to Secured Debenture Investors

In June 2008 we estimated a range of recoveries to secured debenture investors of 13% to 44% and noted that the probable return would likely be at the lower end of the estimated range. During the subsequent period general economic conditions, both in New Zealand and on a global basis, have continued to worsen.

The ongoing deterioration in the economic environment has and will continue to impact negatively upon both the options available and the level of realisations for Bridgecorp's remaining significant loans, many of which have been lent to overseas borrowers. Accordingly, we believe potential realisations from these loans have declined since our June 2008 estimate and, regrettably, returns to secured debenture investors will now be lower than the then estimated range of recoveries of 13% to 44%. However, due to current market volatility it is extremely difficult to estimate the likely returns from Bridgecorp's remaining loans with any certainty at this time and for that reason we have not provided an updated range in this report.

Overseas Loan Assets

The majority of the remaining material recoveries from Bridgecorp's assets are dependent upon realisation of a small number of high value loans over properties located overseas, primarily in Australia and Fiji. We comment on these as follows:

- A settlement arrangement previously reached in respect of certain Australian and other offshore loans was not completed by the borrower, and the Australian assets are currently being marketed for sale by receivers appointed by a prior mortgagee. Economic conditions and market indications as to the likely sale price of these assets have resulted in a material downward revision of the likely return to Bridgecorp, which holds a subordinated position. The likely final outcome of the sales process being undertaken is not yet known;
- The outcome of the recoveries from the Momi Resort in Fiji will also have a material bearing on recoveries for secured debenture investors. The position with regard to the Momi Resort remains volatile, and whilst we continue to pursue options for completion and/or recovery of funds for Bridgecorp, it remains difficult to assess with any degree of certainty the ultimate recoveries in respect of the Momi Resort.

New Zealand Loan Assets

Bridgecorp continues to retain a number of loans in respect of properties yet to be sold or refinanced as lenders holding prior ranking mortgages control the sales or refinance process. In those cases Bridgecorp holds a subordinated mortgage and has no power of sale without consent of the prior ranking mortgagee/s. To date, gross recoveries in excess of \$108m have been realised in respect of these loans, with only \$10.9m of this amount received by Bridgecorp, the balance being paid to prior ranking security holders. 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.

Other

Previous estimates of recoveries have excluded potential returns in respect of actions taken against directors and other third parties. The likelihood and quantum of such returns cannot be estimated at this time.

3. Timing of Returns to Secured Debenture Investors

As previously advised, cash in-flows are dependent upon the refinance or sale of properties. This, combined with the current status of the development property and finance markets make it extremely difficult to assess the timing of realisations. Regrettably, we now believe it is unlikely that sufficient funds will be realised to enable an interim distribution during 2008. We will keep investors formally appraised of progress by letter on at least a quarterly basis, with any interim updates placed on our website, www.pwc.com/nz/bridgecorp.

4. Investigations

The summary judgment of approximately \$650k granted against one of the Bridgecorp directors, Rod Petricevic, during the June quarter has now resulted in a successful application by the receivers to have Mr Petricevic adjudicated bankrupt. We will work with the Official Assignee to determine the extent of further claims to be made in the bankruptcy administration, including previously issued proceedings in respect of a claim in excess of \$3m.

The receivers continue to provide extensive assistance and information to various Government Authorities in respect of their investigations and any resulting prosecutions against various parties involved with finance companies including Bridgecorp. Further to our previous update, additional criminal charges have now been laid against two Bridgecorp directors, Mr Petricevic and Robert Roest, arising from claims in Bridgecorp's prospectus about the company's record of making payments to investors. They carry a maximum penalty of 5 years imprisonment or fines of up to \$300,000. The additional charges were laid by the Companies Office at the request of the Securities Commission.

The receivers continue to actively pursue a number of other potential actions against certain of Bridgecorp's directors and other parties in respect of their conduct prior to receivership, with formal proceedings in progress or being prepared. We will continue to work with our legal counsel and various Government Authorities to co-ordinate action in this regard.

5. Concluding Remarks

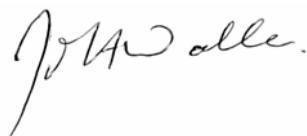
It is disappointing to again have to report a further decline in estimated recoveries to investors, in what is proving to be a difficult environment to recover the Bridgecorp loans. However we can assure investors that we continue to make every attempt to maximise recoveries in an efficient manner, whilst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

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 December 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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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



John Waller
Receiver



Colin McCloy
Receiver