

Receivers' Third 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 January 2008 to 1 July 2008

Pursuant to Section 24 of the Receiverships Act 1993

Company Numbers: 1126646
1148342
114020
114042
1542917
1178286

September 2008

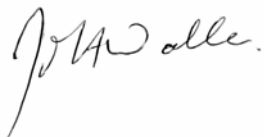
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September 2008

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) – together “the Companies”

Please find attached our third 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 detailed update in June 2008 and we will report again to secured debenture investors before the end of September 2008.

Yours faithfully
For the Companies



J A Waller
Receiver



C T McCloy
Receiver

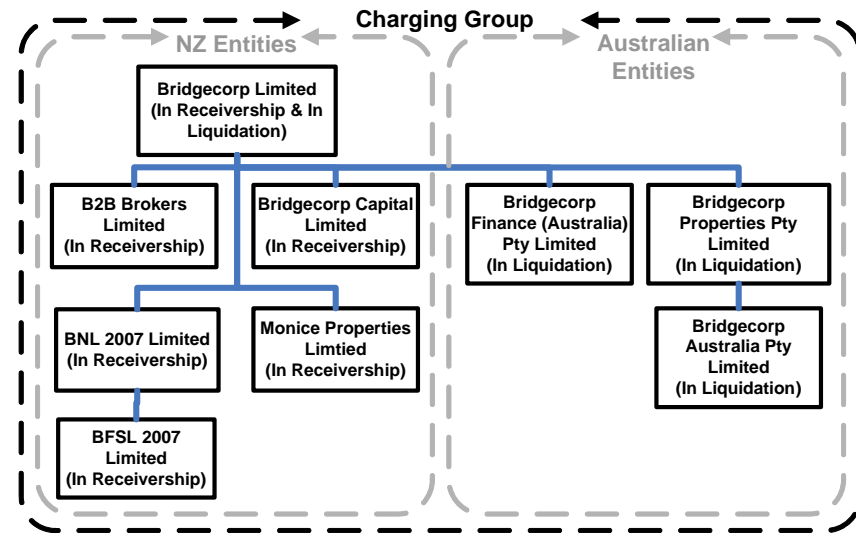
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Appendix I – Restrictions

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.
- We, Colin McCloy and John Waller, Chartered Accountants of Auckland were appointed receivers 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.
- Subsequent to the period covered by this report, 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 January 2008 to 1 July 2008.
- 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 Receiverships Act 1993. 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 eleven employees remain, incorporating:
 - A three member credit team to manage loan recoveries;
 - Two investor registry staff to co-ordinate investor communications and maintain investor records;
 - Five 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; and
 - An internal auditor, to undertake investigations of concerns raised by the receivers, investors and third parties.
- 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 again thank the staff for their ongoing support and efforts in difficult circumstances.
- In addition we have retained specialist property and legal advisers to assist with our analysis and recovery of assets.

- Our previous report for the six month period to 1 January 2008 contained a revised provisional estimate of returns to secured debenture investors of 19% to 63% of their original investment amount from the assets of the Charging Group. As noted in that report, ongoing deterioration in market conditions and subsequent events were likely to further reduce our estimate of recoveries. The property and general market conditions have further worsened since that date, continuing to have a material adverse effect on the receivers' ability to recover outstanding loans and realise assets and this has regrettably reduced our assessment of potential investor recoverability.
- As a consequence, in June 2008 we revised our estimate of recoveries to secured debenture investors to a range of 13% to 44% of their original investment, as set out below. Regrettably, unsecured creditors are unlikely to recover anything from the receiverships. We are in the process of undertaking a further assessment of estimated recoveries for our next update to secured debenture investors, and will distribute this to individual investors prior to the end of September 2008.

Charging Group		Jun-07 Book Value (Management Unaudited)	Dec-07 Prior		Jun-08 Revised	
Revised Estimate of Recoveries As at June 2008			Low	High	Low	High
NZ\$ in 000s	Section					
New Zealand loans	3.1	254,199				
Australian loans	3.1	32,868				
Specific Australian and other offshore loans	3.1	50,478				
Total loan assets (excluding Momi)		337,545	95,090	182,883	63,046	93,501
Property Assets	3.2/4.1	38,607	1,900	5,000	2,042	2,676
Intergroup Advances	3.3	87,546	500	4,000	5,794	9,038
Other	3.4	24,947	4,000	4,000	4,000	4,000
Total Assets (excluding Momi)		488,645	101,490	195,883	74,882	109,215
Preferential Creditors	4.3		(5,300)	(5,300)	(5,300)	(5,300)
Contingency			(10,000)	(10,000)	(10,000)	(10,000)
Estimated Recoveries (excluding Momi)			86,190	180,583	59,582	93,915
Secured Borrowings	4.2		458,738	458,738	458,738	458,738
Estimated Dividend Range (excluding Momi)			19%	39%	13%	20%
Advances in respect of the Momi Resort	3.1	106,639	-	106,639	-	106,639
Estimated Total Recoveries (prior to costs)		595,284	86,190	287,222	59,582	200,554
Secured Borrowings			458,738	458,738	458,738	458,738
Provisional Estimated Dividend Range (prior to costs)			19%	63%	13%	44%

- The decline in the estimated recoveries as at June 2008 was primarily contained within the line in the preceding table described as “Total Loan Assets (excluding Momi)”. At June 2008 the loans’ low / high recoveries were estimated in the range of \$63.0m to \$93.5m compared with \$95.1m to \$182.9m as at December 2007. The key causes of the reductions were:
 - A number of the loans relate to properties which were sold during the period from January 2008 to June 2008. 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;
 - 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;
 - Control of two incomplete development properties was obtained via the appointment of receivers in co-operation with prior mortgagees. This enabled access to further records and information which has revealed material deficiencies in the potential completion options and therefore realisation values for these properties;
 - A refinance opportunity on a material loan has not progressed due to difficulties with the proposed restructure of an associated development. The likely realisation for the loan has been reduced;
- 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. Given the ongoing difficult market conditions we believe it prudent to reduce our estimate of recoveries further in respect of those loans; and
- Difficult market conditions have reduced the range of recovery estimates.
- During the period since our June 2008 estimate of recoveries a number of high profile New Zealand finance companies have announced moratoriums on redemptions to investors pending various financial restructure proposals. In addition, general economic conditions have worsened. Regrettably this is likely to result in a further decline in returns to investors. We will provide our latest recovery estimate to investors prior to 30 September 2008.

3 Particulars of assets and disposals of receivership property

3.1 Loan assets (including overseas)

- The book value of these assets and their preliminary and June 2008 recovery estimates are represented by the following categories:

NZ\$ in 000s	Jun-07	Dec-07		Jun-08	
	Book Value (Management Unaudited)	Prior Low	Prior High	Revised Low	Revised 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	95,090	182,883	63,046	93,501
Advances in respect of Momi Resort	106,639	-	106,639	-	106,639
Total Loan Assets	444,184	95,090	289,522	63,046	200,140

- Our June 2008 recovery estimate for Bridgecorp's loan assets incorporates a range from \$63.0m to \$93.5m 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 in the following paragraphs.

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 previously advised, 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 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 in excess of \$100m had been realised as at 1 July 2008. Only \$9.5m of this amount was 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 loans not subject to prior ranking securities, \$3.6m had been recovered as at 1 July 2008, bringing the total Bridgecorp receipts from New Zealand loans to date to \$13.1m.
- Of these 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 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 however realisation of loan assets continues to be complex, costly and a time consuming exercise.

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 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 continue to correspond with the insurers regarding quantification and acceptance of claims.

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.
- We are working with the liquidators, Philip Carter and Stephen Longley (of PricewaterhouseCoopers' Sydney office) to recover loans and other assets from which Bridgecorp secured debenture investors will benefit.

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 continue to work 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.
- 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.

3.2 Property assets

- This category comprises five properties held for resale, with a recorded book value of \$38.6m, subject to mortgages totalling \$28.3m at the date of receivership. After further analysis in respect of recovery options, the enforceability of existing sale and purchase agreements, amounts outstanding under the mortgages, realisation of certain of the properties, and with the passage of time, we revised our recovery estimate to a range of \$2.0m to \$2.7m.

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. Our revised dividend estimate at June 2008 included a recovery range of \$5.3m to \$5.5m, based upon activities to date and information available. We continue to investigate potential recovery avenues from the Australian entities in conjunction with the liquidators.

New Zealand related entities

- Most of the New Zealand related entities are without material assets. Our June 2008 revised dividend estimate includes a recovery range of \$0.5m to \$3.5m, based upon potential recoveries and associated risks/costs in relation to two entities, one of which is the owner of a development property which is currently under construction, with completion due late in 2008. Construction is being monitored on a regular basis in conjunction with the development's funders.

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

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 July 2008, \$4.0m has 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 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.

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 comprise 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 and, although we continue to monitor progress, a material recovery from this asset is unlikely.

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 July 2008, approximately \$4.8m remained outstanding, secured against remaining property and loan assets.

Secured debenture investors

- Secured debenture investors represent approximately 19,000 investments held by 14,367 secured debenture holders, totalling \$459m.
- We wrote to investors on 6 July 2007 advising them of our appointment as receivers and requesting their confirmation of the amounts recorded as outstanding in respect of their investments. We have received 14,128 confirmations to date. We continue to seek the remaining 239 responses outstanding, representing approximately 2% of investors.
- Quarterly updates on the status of the receiverships were distributed to secured debenture investors in March and June 2008. A further update will be distributed prior to the end of September 2008.

- 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 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.
- 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 a regular basis via our website and quarterly correspondence. 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 are estimated to be approximately \$334k.
- \$251k of these entitlements had been distributed as at 1 July 2008, with a number of employees electing to carry over their holiday entitlement into the receivership.

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 ongoing review in conjunction with the IRD. Accordingly, the current allowance of approximately \$5m is an estimate only.

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 Company from 2 January 2008 to 1 July 2008. 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 \$100m had been realised in respect of these assets as at 1 July 2008 (\$48m in the six month period covered by this report), of which only 9.5m (\$4.9m in the six month period covered by this report) was received by Bridgecorp.
- Gross proceeds of property sales (\$17.8m) were subject to mortgages. Net repayments of \$13.9m were made to mortgagees from these proceeds.
- 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, communications, electricity and administration costs.
- Advances have been made to facilitate the orderly realisation of assets and are anticipated to be recovered from the proceeds of those realisations.
- 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 January 2008 to 1 July 2008

	NZ\$ in 000s
Receipts	
Brought forward	12,924
Loan receipts - assets subject to prior chargeholders <i>(Gross borrower receipts approx. \$48m)</i>	4,846
Loan receipts - no prior charges	456
Proceeds of property sales	17,793
Rental received	519
Interest received	146
Other receipts	75
GST received	69
Total receipts	36,829
Payments	
Brought forward	9,691
Net repayment of secured debt	13,982
Payment of preferential entitlements	12
Funds transferred to trust for related party	883
Direct loan/property expenditure	1,376
Advances to reduce prior charges	(8)
Loan Advances	1,279
Net Interest paid	953
Marketing of assets	28
Insurance	19
Operational costs	1,310
Legal fees and associated costs	820
Other professional fees and associated costs	149
Receivers' fees	836
Disbursements	2
Resident withholding tax paid/(recovered)	(9)
GST paid	477
Total payments	31,800
Net funds on hand	5,029

6 Other matters

6.1 Investigations

- As noted in our prior report, 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.
- Summary judgment was recently granted to the receivers against one of the Bridgecorp directors, Rod Petricevic, in the amount of approximately \$650k, with a further claim in excess of \$3m subject to ongoing Court proceedings. Following the receipt of summary judgement a bankruptcy application was made and Mr Petricevic has been adjudged bankrupt. We are co-operating with the Official Assignee in the investigation of the bankrupt's affairs.
- In addition, various Government Authorities have indicated a strong focus on identifying potential prosecutions against various parties involved with finance companies including Bridgecorp. The receivers have provided extensive assistance and information to the Authorities in respect of their investigations and will continue to co-operate and assist as required. The National Enforcement Unit of the Companies Office has now laid charges, under the Securities Act, against two Bridgecorp directors, Rod Petricevic and Robert Roest, in relation to statements made in Bridgecorp's prospectus and a directors' certificate.

- Together with our legal advisers we have also identified a number of other potential actions against certain of Bridgecorp's directors and other parties in respect of their conduct prior to receivership. The receivers are actively pursuing these additional matters 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.

6.2 Further reporting

- Our next statutory report under Section 24 of the Receiverships Act 1993, covering the period from 2 July 2008 to 1 January 2009, will be issued in March 2009.
- As noted above, a further formal update to the secured debenture investors of the Companies is anticipated prior to the end of September 2008 and thereafter on a quarterly basis. In the interim, 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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Private Bag 92-162
AUCKLAND
Telephone: +64 9 355 8800
Facsimile: +64 9 355 8013
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.