



Monday 24 January 2014

News release

Settlement reached for Lombard (In Receivership) claims

PwC Partners John Fisk and Colin McCloy as Receivers of Lombard Finance & Investments Limited (In Receivership) (Lombard) today have announced they have reached a settlement agreement with the Directors of Lombard, their insurers, and a third party for \$10 million.

The settlement relates to civil claims that were made by the Receivers against Lombard's Directors for alleged breach of directors' duties under the Companies Act 1993.

Lombard was placed into Receivership on 10 April 2008. Since then, the Receivers have focused on recovery of the loan book, assisted the Financial Markets Authority in the criminal proceedings against the Directors, and have pursued their own claims against the Directors under the Companies Act.

The Financial Markets Authority (FMA) has consented to the settlement and, as a condition of the agreement, will discontinue its own civil proceedings against the directors of Lombard. FMA is of the view that the PwC settlement represents the best outcome for Lombard investors, and that given it had limited prospects of achieving any better recovery through its own claim it was in the public interest to consent to the settlement and discontinue its claim.

Mr Fisk says, "The settlement will enable us in the near future to pay a further distribution of 9 cents in the dollar. Combined with the 13 cents already paid to date, this will bring overall recoveries for secured debenture investors to 22 cents, exceeding our previous upper estimated outcome of 20 cents."

With two remaining properties to deal with, the Receivers now estimate the final outcome for secured creditors to be around 25 cents in the dollar.

Mr Fisk says, "It is pleasing to be able to complete one of the remaining significant issues in the Receivership, and to be in a position to make a distribution sooner than would have otherwise been the case. A key factor in the settlement decision was balancing the time, costs and risks associated with litigation when compared to the certain outcome today."

The Receivers will be writing to investors once the settlement funds have been received.

-Ends-

Notes to Editors

Lombard Finance & Investments Limited (In Receivership) related to:

- Lombard Finance & Investment Limited
- Lombard Property Holdings Limited
- Lombard Asset Finance Limited
- Lombard Asset Finance No.2 Limited



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