

Receivers' Twenty First Report on the State of Affairs of

Lombard Finance & Investments Limited (In Receivership & In Liquidation)

Lombard Asset Finance Limited (In Receivership and In Liquidation)

Lombard Asset Finance No. 2 Limited (In Receivership and In Liquidation)

Lombard Property Holdings Limited (In Receivership and In Liquidation)

For the six month period 11 October 2017 to 10 April 2018

Pursuant to Section 24 of the Receiverships Act 1993

Company Numbers:

1242396

1488956

1680468

1409499



Registrar of Companies
Companies Office
Private Bag 92061
Auckland Mail Centre
Auckland

22 May 2018

Lombard Finance & Investments Limited (In Receivership & In Liquidation) – (“LF&I”)
Lombard Asset Finance Limited (In Receivership and In Liquidation) – (“LAF”)
Lombard Asset Finance No. 2 Limited (In Receivership and In Liquidation)
Lombard Property Holdings Limited (In Receivership and In Liquidation) – (“LPH”)
(Collectively, "the Companies")

Please find attached our twenty first 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 Services Limited.

Yours faithfully
For the Companies

A handwritten signature in black ink, appearing to be 'John Fisk', written in a cursive style.

John Fisk
Receiver

Contents

1. Introduction	4
2. Particulars of assets and disposals of receivership property	4
3. Particulars of debts and liabilities outstanding and requiring to be satisfied from the property in receivership	5
4. Receipts and payments	6
5. Other matters	7
Appendix 1 – Restrictions	8

1. Introduction

- LF&I is a Wellington based finance company which had a registered prospectus and issued secured debenture stock, capital and subordinated notes to the general public.
- On 3 April 2008, LF&I announced to its investors that it would be seeking a moratorium in respect of its repayment obligations to secured debenture and note holders. After reviewing the position of LF&I, Perpetual Trust Limited (“the Trustee”) determined that the interests of investors would be better served by the appointment of receivers.
- As at 19 December 2013, Perpetual Trust Limited was replaced as Trustee of the Companies by Corporate Trust Limited. As at 1 March 2016 Corporate Trust Limited was replaced by Covenant Trustee Services Limited (“the Trustee”).
- John Howard Ross Fisk and John Anthony Waller, Chartered Accountants, were appointed receivers to each of the Companies on 10 April 2008 by the Trustee. We were appointed under the terms of a debenture trust deed giving the holder a security interest over all the assets and undertakings of the Companies.
- Mr Waller subsequently retired from his position at PwC and accordingly resigned as receiver of the Companies. Colin McCloy of PwC was appointed as replacement receiver on 22 December 2008.
- Colin McCloy has retired from his position at PwC and resigned as receiver of the Companies. David Bridgman was appointed as replacement receiver on 25 October 2016.
- 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 11 October 2017 to 10 April 2018.

- This report is subject to the restrictions set out at Appendix 1. 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. Particulars of assets and disposals of receivership property

- Our previous report for the six month period to 10 October 2017 contained an estimated return to secured debenture investors of 26.27%. We confirm that this is the final return that secured debenture investors will receive.
- All underlying property security in LF&I’s loan book has now been dealt and the receivers do not intend to make any further distributions to secured debenture investors.

2.1 Property Loan Book

- LF&I’s major asset is the property loan book which consisted of 27 loans with a total book value of \$136.7M as at 31 March 2008. For the period to 10 April 2018, LF&I has received net realisations of circa \$28.1M, with the balance being paid to prior ranking security holders and to cover direct sales costs. This is an increase of \$3M from that advised in our previous report.
- All property assets securing LF&I’s loan book have been realised. As advised in our last report the remaining property asset was a completed coastal sub-division on the East Coast of the North Island. Steps were taken to sell the subdivision by mortgagee sale. All sections in the subdivision were successfully sold and realised a total of \$3M before costs of the sale. The full proceeds of sale were received by the Receivers during the period covered by this report.
- There are no further assets to realise in the receivership.

3 *Particulars of debts and liabilities outstanding and requiring to be satisfied from the property in receivership*

3.1 *Secured Debenture Investors*

- The Secured Debenture Investors balance of \$111.0M as at 10 April 2008 represents approximately 6,400 investments held by approximately 3,900 secured debenture investors.
- As at April 2018, distributions to secured debenture investors in the receivership totalled 26.27 cents in the dollar.
- We do not intend to make any further distributions, however, we are attempting to locate the rightful owners of a number of unclaimed previous distributions. Once this has been dealt with we will take steps to bring the receivership to a conclusion.
- We continue to monitor queries lodged by investors through our website and by mail.

3.2 *Preferential Creditors*

- As previously reported, all known preferential claims have been settled.

4. *Receipts and payments*

- The table opposite sets out the receipts and payments for the Companies from 11 October 2017 to 10 April 2018.
- We note the following in respect of the receipts and payments summarised in the table:
 - As noted earlier in this report, as at 10 April 2018, net proceeds to LF&I (after settlement of prior ranking security holders and sale costs) from the property loan book totalled circa \$28.1M.
 - Loan expenses includes, where required, payment of local authority levies, insurance, marketing and maintenance.
 - Operational costs include, but are not limited to, investor registry and administration costs.
 - Other professional fees is the cost of the corporate trustee.

Lombard Finance and Investments Limited and subsidiaries (In Receivership)	
Receipts and Payments Summary	
For the period from 11 October 2017 - 10 April 2018	
	NZ\$ 000's
Receipts	
Brought Forward	352
Receipts from property loan book	3,047
GST received	45
GST on receipts	-
Total receipts	3,444
Payments	
Distribution to investors	2,553
IRD GST Settlement	440
Operational costs	38
Legal fees and associated costs	98
Other professional fees and associated costs	110
Receivers' fees	81
GST on payments	49
Total payments	3,369
Net funds on hand	76

5. *Other matters*

- As noted above We do not intend to make any further distributions, however, we are attempting to locate the rightful owners of a number of unclaimed previous distributions. Once this has been dealt with we will take steps to bring the receivership to a conclusion.

In the meantime, should investors or other stakeholders have any queries arising from this report, please contact us in writing via our website, facsimile, or postal address, as follows:

Lombard Finance & Investments Limited (In Receivership)

PricewaterhouseCoopers

PO Box 243

Wellington

Facsimile: +64 4 462 7492

Website: <http://www.pwc.co.nz/deals-services/business-recovery-services/companies-in-receivership/lombard-finance/>

Email: receiverships@nz.pwc.com

If investors believe they have not received any previous distributions they can contact:

Computershare Investor Services

Address: Private Bag 92119
Victoria Street West
Auckland 1142

Telephone: (09) 488 8777

Facsimile: (09) 488 8787

Email: enquiry@computershare.co.nz

Appendix 1

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. 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.