



EXPERIENCE COUNTS

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ASX Announcement

31 October 2017

COMPANY UPDATE

Key points

- LCM's portfolio of Litigation Projects continues to mature very well into the second quarter of the 2018 financial year.
- LCM expects the 2018 financial year to be its best year ever in terms of financial performance.
- LCM management secured a debt financing facility in the amount of \$4 million and continues in advanced negotiations for a facility giving it access to materially more capital.

LCM's Litigation Project portfolio

LCM's management continues to be pleased with the maturation of its portfolio of Litigation Projects through the first quarter of the 2018 financial year. A number of significant Litigation Projects have been allocated final hearing dates by the Court which fall comfortably within the 2018 financial year. As such the Board remains confident in its forecast completion dates for the 2018 financial year.

Litigation Funding Agreements in respect of the following new significant Litigation Projects have become unconditional during the first quarter of the 2018 financial year:

1. Litigation Funding Agreements in relation to a representative proceeding on behalf of shareholders in Discovery Metals Limited. The claim is brought against KPMG, who provided a valuation of the company in the context of a take-over bid.
2. Litigation Funding Agreements with a group of investors who suffered loss by investing in certain Managed Investment Schemes. Representative proceedings are expected to be commenced with respect to this Litigation Project in the Federal Court of Australia in the immediate future.
3. Participation Agreement pursuant to which LCM has agreed to co-fund proceedings to be commenced in the Supreme Court of New South Wales on behalf of a company in liquidation.

In respect of these projects, LCM has undertaken extensive due diligence and preliminary investigations. LCM believes that each of the Litigation Projects will add to LCM's future revenue stream.

These additional Litigation Projects (together with a further new Litigation Project the Litigation Funding Agreement for which was executed in October 2017 and which is unconditional) brings the number of projects under LCM's management to 16 (13 of which LCM is financing directly) with an aggregate gross claim size of approximately \$980 million.

In addition, and during the first quarter of the 2018 financial year, LCM has entered into a further four conditional Litigation Funding Agreements which are the subject of continued due diligence and investigation.

Additional Capital

During Q1 2018, LCM entered into a debt facility with a private financier which gave it access to \$4 million of additional debt capital. The commercial terms of that facility are commensurate with the terms upon which LCM's peers have gained access to debt capital.

As noted in LCM's last Company Update, the Board is in advanced negotiations with a number of capital providers. Those capital providers range from larger debt facilities through to co-funding arrangements. The securing of the smaller \$4 million debt facility enables the Board to participate in those negotiations in a totally pressure free environment such that the best options for the company can be properly explored. It is anticipated that the \$4 million debt facility will be repaid from the proceeds of a larger facility or alternatively from organically generated revenue well before its repayment date.

As noted above, LCM's portfolio of Litigation Projects is maturing as, or in some cases, better than, expected. The Board anticipates the resolution of a number of material projects during the 2018 financial year which will return both significant profits and the return of invested capital to the Company.

Litigation Capital Management Limited provides litigation financing and ancillary services to enable the recovery of funds from legal claims in Australia. It serves companies and individuals primarily in the areas of commercial and insolvency matters, and class actions. Litigation Capital Management Limited was founded in 1998 and is based in Sydney, Australia.