

ASX Announcement

13 JUNE 2018

RECEIPT OF FUNDS FROM TWO LITIGATION PROJECTS

- Settlement funds have been received for two Litigation Projects which settled in May 2018
- Revenue of \$8,266,825 received by LCM (\$3,625,556 contribution to EBITDA for FY2018)
- Running IRR for LCM's Litigation Projects over the past 7 years is at 81%

On 14 May 2018 Litigation Capital Management Limited ("LCM") (ASX Code: LCA) announced that it had reached a settlement of two of its Litigation Projects (one of which had been funded pursuant to the International Partner Funding Arrangement). The settlement funds for these two Litigation Projects have now been received.

With respect to the Litigation Project which LCM funded directly, LCM has received revenue of \$8,266,825. This revenue will contribute \$3,625,556 to LCM's EBITDA for the 2018 financial year. This Litigation Project (which took 3 years and 7 months to complete) resulted in an IRR of 57%¹ and a ROIC of 1.78 times, which is slightly below our long-term average. This was due to a unique funding structure which linked LCM's profit to a net rather than gross return. This particular funding structure is not a feature of our portfolio of Litigation Projects going forward.

In respect to the Litigation Project which was funded pursuant to the International Partner Funding Arrangement this Litigation Project (which took 3 years and 9 months to complete) resulted in an IRR of 68% and a ROIC of 1.85 times. LCM is entitled to be paid a performance fee from this Litigation Project which will generate a further contribution to EBITDA of approximately \$300,000. Following the completion of this Litigation Funding Project there is only 1 remaining Litigation Project which is funded pursuant to the International Partner Funding Arrangement.

Following the resolution of these two Litigation Projects the running IRR generated by LCM (inclusive of losses) over the past 7 years is 81%.

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.

¹ Note that the majority of costs were incurred towards the end of the Project.