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Sydney | London | Singapore

19 November 2018

Dear Shareholders,

Please find attached an investor presentation that LCM will utilise during institutional investor meetings in London over the next few weeks.

Should you have any questions please contact myself on +612 8098 1392.

Kind Regards,

Patrick Moloney
CEO

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INVESTOR PRESENTATION **NOVEMBER 2018**

Litigation Capital Management Limited
ACN 608 667 509

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Experienced team with extensive track record

Patrick Moloney

Executive Director
Chief Executive Officer

- Appointed to the board in 2003. CEO from 2013
- 23 years experience in commercial litigation and 15 years in litigation funding
- Founder of Moloney Lawyers
- 9 years fund management experience as Chairman of 101 Capital Pty Limited

Nick Rowles-Davies

Executive Director
Executive Vice Chairman[1]

- Founder and CEO of Chancery Capital.
- Founder of Vannin Capital
- Formerly led Burford Capital globally outside of the Americas as Managing Director.
- A pioneer in the litigation funding industry
- Former Director of the Association of Litigation Funders of England & Wales

Stephen Conrad

Executive Director
Chief Financial Officer[2]

- 25 years Investment Banking experience, specialising in risk management, governance and capital optimisation
- Independent advisor and director for clients across asset management (J.P. Morgan Asset Management Alternatives), litigation funding (Litigation Capital Management), infrastructure and securitisation

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1) Proposed Director
2) Proposed Director. Approval sought at AGM of the company on 30 November 2018

Investment highlights

Established & Experienced

- Demonstrated track record. Portfolio IRR of 83%[1]

Strong Return on Capital

- Cumulative ROIC 138%[1]

Diversified Pipeline and Disciplined Project Selection

- A$365m capital commitment[2]

Profitable and Cash Generative

- A$12.0m PBT[3] and net cash of A$21m[4]

Clear Growth Trajectory including UK Expansion

- UK Team led by Nick Rowles-Davies

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1) Over the last 7 years (FY2012-FY2018, including losses). FY ending 30 June
2) This pipeline represents a set of qualified opportunities at various stages of due diligence as at 13 November 2018 & includes the pipeline of the UK team
3) Financial year ended 30 June 2018
4) Net cash as at 13 November 2018, including A$10m proceeds from placing on ASX in October 2018

An introduction to LCM

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Snapshot

Background

- Founded in **1998**
- **20 year** track record
- One of the **first** proponents of the litigation financing industry, which was first developed in Australia

Offices & Operations

- Head office **Sydney**
- Other offices in Melbourne, Brisbane, Singapore and London
- Recently **added UK** team
- **16** member team, including UK

Investment Track Record

- **88%** of litigation projects are **profitable**[1]
- approximately **95%** of funded Litigation Projects achieve a **settlement**[2]
- Cumulative **ROIC 138%**[3]
- Portfolio **IRR of 83%**[3]
- **ROE 41%** in FY18
- Covering approximately **199 cases**[7]

Revenue Model

- **Conservative accounting** policy
- **Financing** and management of successful litigation projects
- **Risk management** process refined through market cycles
- Average project completion time currently **27 months**[4]

Current Portfolio & Pipeline

- **16** litigation projects unconditionally funded (additional **5** conditionally signed)[5]
- Balance of investment to be made in current portfolio of **A$59m** (conditional & unconditional)
- **49** pipeline projects with estimated investment of **A$365m**[6]
- Well **diversified** by litigation type and geography
- **Disciplined** project selection

Attractive Market

- **Uncorrelated** returns
- **Countercyclical** business
- **Market demand** is expanding rapidly
- Acceptance of funding products by **large Corporates**
- **Investor support into listed peers** despite share market instability

[1] FY12-FY18
[2] Over the last 7 years (FY12 to FY18)
[3] Over the last 7 years (FY12 to FY18, including losses). FY ending 30 June.
[4] Average project completion over the last 7 years (FY12 to FY18)
[5] Current portfolio as at 13 November 2018
[6] This pipeline represents a set of qualified opportunities at various stages of due diligence as at 13 November 2018 & includes the pipeline of the UK team
[7] Since the inception of LCM in 1998

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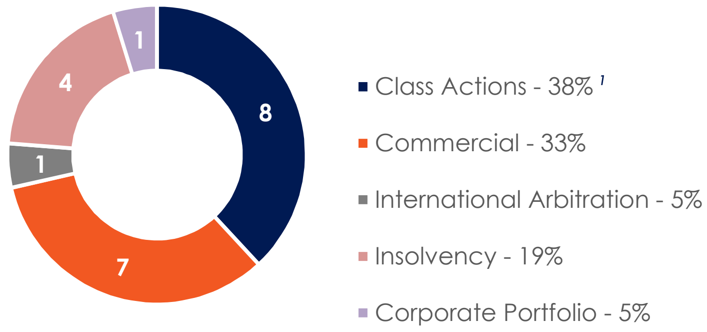
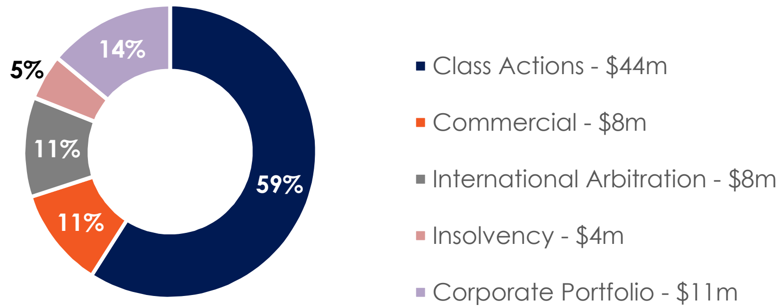
Strong Project Portfolio

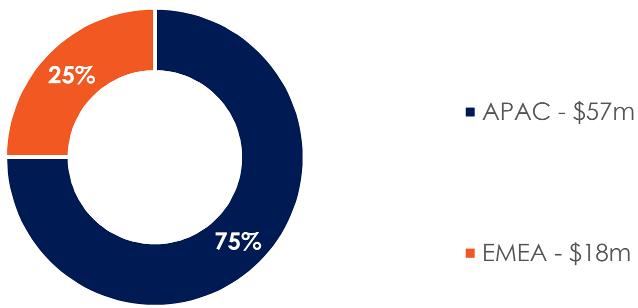
Current Portfolio by Investment Type (number of projects)



Current Portfolio by Investment Type (A$ capital commitmen²t)



Current Portfolio by Jurisdiction (total A$ capital commitment²)



	No.	Gross Claim Size (A$)	Capital commitment² (A$ balance)
Unconditional Projects	16	$1.03b	$41m
Conditional Projects	5	$161m	$18m
Total Current Book	**21**	**$1.2b**	**$59m**

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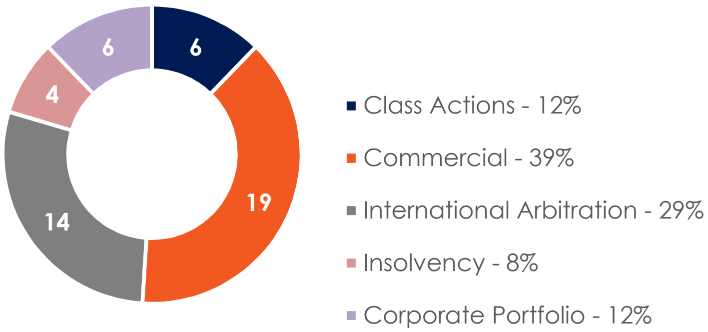
[1]%'s reflect type of projects as a percentage of total no. of projects
[2]Capital commitment denotes the estimated budget of the portfolio of projects
Note: Current project portfolio as at 13 November 2018 (including conditional projects)

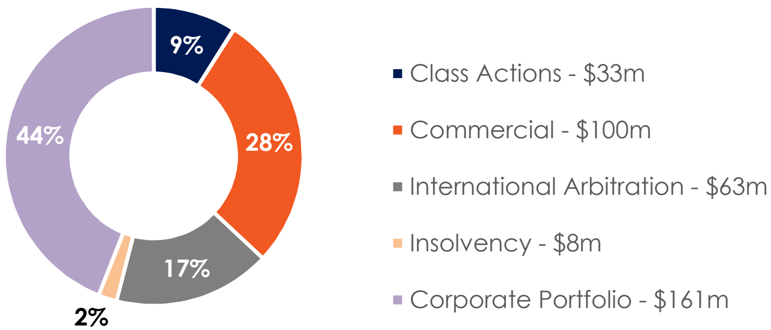
Investment Portfolio Diversification

Strong discipline around project selection, quality future earnings will be underpinned by strong diversification of funding by type, size and jurisdictions.

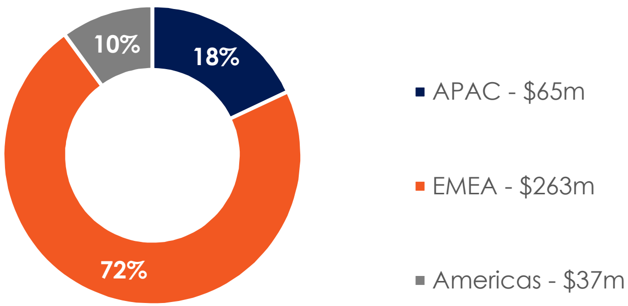
Pipeline by Type (number of projects)



Pipeline by Type (estimated A$ capital commitment)



Pipeline by Jurisdiction (estimated A$ capital commitment)



- **Uncorrelated** - LCM's returns are largely unaffected by economic risk, political risk, and equity and other market risks. To that extent, the asset class is uncorrelated
- **Countercyclical** - That part of LCM's portfolio that relates to insolvency related disputes is currently small due to many years of buoyant economic times. That sector will grow rapidly if there is an economic or market downturn. To that extent, the business has a large countercyclical element

LCM EXPERIENCE COUNTS

Note: This pipeline represents a set of qualified opportunities at various stages of due diligence as at 13 November 2018 & includes the pipeline of the UK team. This value also represents the estimated budget on these Litigation Projects.

LCM's Disciplined Project Selection - Key Funding Criteria

Strict project selection process has underpinned a strong average ROIC of 138% over the past 7 years.

Clear Legal Principles	The claim must be based on clear legal principles and not any novel points of law.
Written Evidence	The claim should be supported by clear evidence, the majority of which is documentary in nature rather than oral.
Recoverability	There must be a clear line to recovery for the claim in that it must be demonstrated that the defendant has the capacity to meet a judgment of the size which will be brought.
Proportionality	There must be proportionality between the size of the claim and the funding commitment. Many applications for funding are able to be quickly rejected simply on the basis that it would not be commercial to fund them.
Experienced Legal Team	There must be a highly competent and experienced legal team in place with the relevant expertise to pursue the claim.

Proven & Robust Risk Management Process

LCM only enters into funding agreements in relation to approximately 4% of the applications it receives.

Preliminary due diligence	• Investment manager considers applications for financing against LCM's five key pillars • Request and consider all relevant documents • Make enquires as to prospects of successful recovery and request the budget for the Litigation Project
Investment committee review	• Review by committee of investment managers (and if necessary a senior independent legal professional) • This level of review results in the rejection of a large proportion of Litigation Projects • Suggestions made by committee as to how to progress Litigation Project which may be accepted • Recommendation may be made to accept a Litigation Project
Board review and approval	• Preparation of a formal Litigation Project analysis document • May require independent opinion from Queens Counsel/ Senior Counsel (QC/SC) • May require further assessment on the quantum of the Litigation Project or likely recovery • May approve entry into conditional financing agreement
Conditional financing agreement	• Common conditions may include: - Further independent QC/ SC opinion that the Litigation Project has good prospects - Budget provided and solicitors' retainer agreement signed • Proceedings to commence and claim is prepared to be filed
Additional due diligence	• LCM meets costs of further due diligence but, if it elects to proceed to unconditional financing, these costs are recoverable from the outcome of the Litigation Project
Unconditional financing agreement	• Once LCM is satisfied, LCM issues notice that the financing is unconditional, which will result in LCM being required to pay all costs and on some occasions being required to provide an indemnity and/ or security for any adverse cost order that may be made against LCM's client(s) in respect of the Litigation Project • LCM reserves the contractual right to terminate the financing arrangement at any time without cause

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Active Project Management (APM)

Potential to deliver material value add to litigation funding

What is APM?	• It is a unique process undertaken by LCM in the Australian market which has been a driver of returns and a mitigant of risk
Benefit for client	• LCM shares insights with the client on strategies for case management to foreshadow and avoid unnecessary and costly pathways during the case
APM in Practice	In practice, APM involves: • Regular contact with legal teams • Active participation in strategic junctures of legal strategy • Close collaborative working relationship with funded party and legal team • Use of LCM's 20 years' experience of managing large and contentious pieces of litigation • Focus not only on the likely legal outcome of the project but on the commercial factors which will result in profitability for LCM

Financial Information

Financial Summary ($A)

Gross income[1]
$29.2m

Cumulative ROIC[2]
138%

Profit before tax[1]
$12.0m

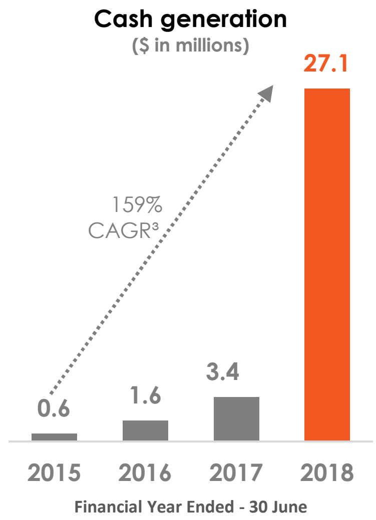
Portfolio IRR[2]
83%

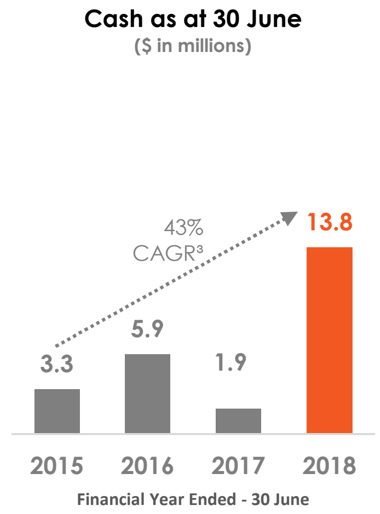
Cash conversion rate[4]
1.38x

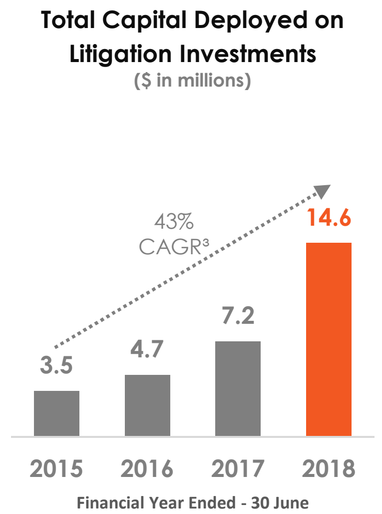
Return on Equity
41%

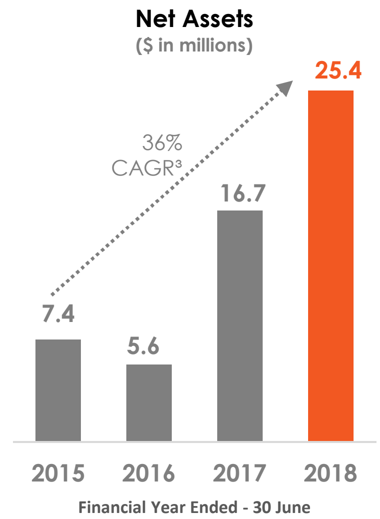
Net Cash[1]
$13.8m

Total Equity
53%↑









LCM EXPERIENCE COUNTS

[1] Per Note 6 of the notes accompanying the audited FY2018 Financial Statements
[2] 7 years, including losses (FY12 to FY18)
[3] Compounding Annual Growth Rate
[4] means net cashflows divided by the NPAT for FY18
Note: Accounts prepared on historical basis, LCM does not adopt fair value accounting

Strong growth in revenue and profitability ($A)

Robust performance in FY18[1] is the result of the methodology employed by LCM, including rigorous due diligence, active project management of investments and continuity of the team.

Profit & Loss Highlights	FY18[1]	FY17[2]	Change	Description
Gross Income	**$29.2m**	$3.4m	**754%**	Upon the completion of a successful project LCM receives its capital invested plus an agreed portion of the gross settlement sum/judgment or a multiple of capital deployed – these two elements together make up LCM's gross revenue
Litigation Investments derecognised	**($13.2m)**	($1.2m)	**969%**	Historical cost of litigation including, solicitor fees, barristers fees etc written off on completion of a Litigation Project
Other revenue & income	**$1m**	neg.		Non-recurring income: Performance fees from International Funding Partner ($0.5m) and recoveries of litigation costs from active litigation ($0.5m)
Net Income from Litigation Projects	**$17m**	$2.2m	**673%**	
Expenses	**($5.0m)**	($5.1m)	**(2%)**	Interest and borrowing costs ($0.7m), wages and related costs ($2.1m), litigation costs ($0.8m), rent ($0.3m), and other operating costs (1.1m)
Net Profit Before Tax	**$12.0m**	($2.9m)	**518%**	
Applicable Tax at Statutory rate	**nil**	nil		
Income tax (expense)/benefit	**($3.3m)**	$0.5m		Relates to movements in deferred taxes only which is a non-cash item
NPAT	**$8.6m**	($2.3m)	**474%**	
Operating Expenses / Income ratio	**21%**	124%	**(84%)**	

LCM EXPERIENCE COUNTS

[1]Financial year ended 30 June 2018
[2]Financial year ended 30 June 2017
[3]Per Note 6 of the notes accompanying the audited FY2018 Financial Statements

Robust balance sheet ($A)

Robust performance in FY18[1] is the result of the methodology employed by LCM, including rigorous due diligence, active project management of investments and continuity of the team.

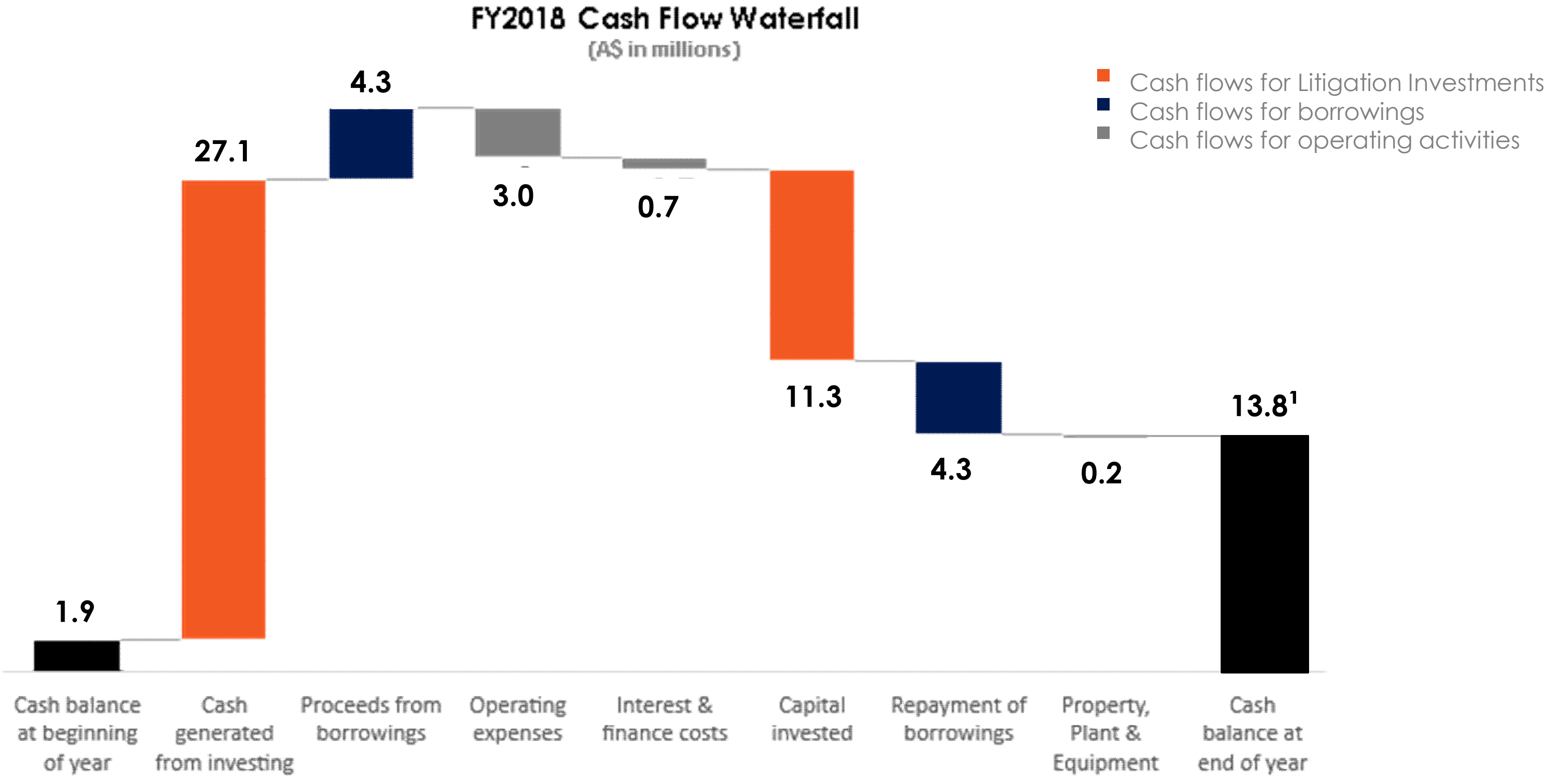
Balance Sheet Highlights	FY18[1]	FY17[2]	Change	Description
Cash	**$13.8m**	$1.9m	**640%**	Cash at bank
Litigation Contract Assets	**$13.9m**	$12.5m	**12%**	Historical cost of litigation including, solicitor fees, barristers fees, expert fees and, a portion of direct wages and on-costs
Other assets	**$5.7m**	$7.8m	**(28%)**	Includes deferred tax assets ($4.84m), tangible assets ($0.2m) and performance fees receivable ($0.64m)
Total assets	**$33.4m**	$22.2m	**51%**	
Total liabilities	**$7.9m**	$5.5m	**44%**	Includes trade payables ($3.82m), employee holiday and other leave ($0.29m), and deferred tax liability ($3.83m)
Total equity	**$25.4m**	$16.7m	**53%**	
Working capital ratio	**6.3:1**	6.7:1	**(6%)**	means the total current assets divided by the total current liabilities of the Group

LCM EXPERIENCE COUNTS

[1]Financial year ending 30 June 2018
[2]Financial year ending 30 June 2017

Organic Cash Generation ($A)

With $27.1 million of cash generated by the completion of Litigation Projects in FY2018, LCM invested in the growth of the business and repaid all borrowings



The Company raised A$10m on ASX in October 2018 via an institutional placement. Net cash of $21m as at 13 November 2018 (including institutional placement above)

LCM EXPERIENCE COUNTS

[1]Financial year ending 30 June 2018

LCM Revenue & Accounting Model

- LCM's income is generated from the financing and management of successful Litigation Projects

- LCM's income model is reflected in each financing agreement it enters into with its clients. A typical litigation financing arrangement provides for the following:

  a) LCM meets all or part of the costs of the litigation or arbitral dispute, which can include solicitors' fees, barristers' fees, charges of liquidators, charges of independent experts and Court fees; and/or
  b) LCM may also provide an indemnity, in certain jurisdictions, to the funded party covering adverse cost risk, in the event that their litigation is unsuccessful

- In return, LCM receives either a **percentage** or a **multiple** of capital deployed of the recovered amounts plus repayment of all invested capital:
  - The percentage LCM receives will typically vary between 15% and 40% depending on the level of financing provided

- Key drivers include the **size**, the **number** and the **profitability** of each of the Litigation Projects financed by LCM

- The way LCM accounts for its litigation contracts is as follows:
  - Historically LCM has accounted for its litigation projects under *AASB 138 Intangible Assets*
  - At the beginning of the next accounting period, LCM will adopt *IFRS 15 Revenue from Contracts with Customers.*
  - If IFRS 15 were retrospectively applied to LCMs financial statements there would be no material change to its net profitability or investment performance
  - Recognises litigation contracts at historical cost and fair value accounting for litigation contracts is not adopted
  - Carrying value includes the capitalisation of external costs of funding the litigation, such as solicitors' fees, barristers fees, experts' fees and internal direct wages. No other overheads are capitalised
  - Litigation contract assets are derecognised when a successful judgement or settlement has been determined, at which point the revenue is recognised, and litigation costs derecognised, in the Statement of Profit & Loss and Other Comprehensive Income
  - The Statement of Cash Flows reflects the cash outflows relating to the litigation contracts under investing activities

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The growth opportunity

Strategic Growth Focus

Balanced portfolio	• LCM will target Litigation Projects which meet its Funding Criteria and deliver a balanced portfolio in terms of size, funding structure, area of law and geographical region.
Funding for New Claim Types	• Litigation finance for sophisticated corporates (including by portfolio funding). This market is still new and largely under-developed. LCM has recently negotiated its first portfolio funding agreement for a corporate.
International expansion	• Launch of experienced UK team to address the UK and other markets which meet our criteria. • LCM is bringing on Nick Rowles-Davies, a strategic hire • LCM has made a strategic hire and has opened an office in Singapore in November 2018 which will be a base for funding of Projects in both Singapore and Hong Kong.
Capital and Funding	• Access capital to match LCM's current and future pipeline. • Access to additional capital to address any future regulatory and/or licensing regime. • Move from being a manager of our own capital to a manager of 3rd party capital

LCM is a business that is imminently scalable. A substantial number of additional projects can be taken on by the team, without a material increase to the cost base.

Background to UK Expansion

The amalgamation of industry pioneers and their experienced teams - a setting for synergy and integration of complementary capabilities in the industry

Synergy

LCM has an established 20 year track record in litigation financing in single case funding. Nick Rowles-Davies and his team are global leaders in identifying, creating and executing corporate litigation finance portfolios.

Founders & Pioneers alike

LCM & Nick Rowles-Davies were pioneers of the litigation finance industry and corporate funding. LCM & Nick Rowles-Davies have referred and transacted in a number of cases together over a substantial amount of time, including co-funding projects.

Capabilities

Leverage proven core capabilities of the UK team in origination and due diligence in EMEA which compliments the highly skilled top law firm litigation lawyers within LCM.

The opportunity for LCM is to integrate Nick Rowles-Davies and his team into LCM

UK Strategy & Rationale for AIM Admission

UK Strategy	• The UK market: - is much bigger than any single market in Australia or Asia - brings with it more disputation in a larger economy - is a well established centre for international arbitration • Provides a base for a broader reach into the EMEA region • Brings discrete expertise in the origination of Corporate litigation matters where LCM can create new market share • Deep knowledge of single case funding and the opportunity to position for less contested projects (in the form of Corporate Portfolios) with an experienced local origination team on the ground including existing referral base • Existing risk function embedded into the UK team and will integrate into LCM's existing risk framework
Rational for AIM Admission	• Access to capital in a larger, deeper and more mature market • Alignment of LCM, as a growing company, onto a growth platform • Option for income to shareholders as the business grows • Position LCM for visibility, access to incremental research, as the uptake of litigation funding increases • Provide a common platform for valuation to other listed peers • Platform for access to other capital tools

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Conclusion

Outlook

Strong growth expected

- Eight Litigation Projects forecast to complete in FY19 (two of these projects have completed to date)
- Six Litigation Projects expected to complete in FY20 – which is expected to grow as the portfolio develops
- Seven Litigation Projects (five conditionally funded) expected to complete in FY21 – which again is expected to grow[1]
- Pre qualified pipeline of 49 Litigation Projects – and expected to drive LCM's next phase of growth[2]
- LCM will continue to apply its methodology of rigorous due diligence, active case management and continuity of the team
- LCM aims to further develop and diversify its portfolio of Litigation Projects
- LCM launched in Singapore in November 2018 which is now LCM's base for funding of Projects in both Singapore and Hong Kong.
- Recruited a highly experienced UK team to lead expansion into Europe and this presents a significant opportunity to enter the market with a strong and immediate presence
- In relation to the Asian & UK expansion, all Risk Management for the portfolio and Treasury functions for LCM will remain with Head Office in Australia
- With the UK Team, LCM will immediately land in the EMEA market with a strong track record in the origination of large and complex transactions, including in the International Arbitration and Corporate Portfolio funding space
- The Directors will look to strike the appropriate balance between capital investment and dividend payment by implementing a progressive, but measured, dividend policy going forward

1) Current project portfolio as at 13 November 2018 (including conditional projects)
2) This pipeline represents a set of qualified opportunities at various stages of due diligence as at 13 November 2018 & includes the pipeline of the UK team

Conclusion

- Established and experienced litigation financier with recognised capability and network
- Robust management on invested capital has driven strong average ROIC which is driven by:
  - Highly effective project selection
  - Active project management
  - Robust risk management
- Strong financial track record and project success rate
- Conservative accounting policy – cash based accounting, not fair value accounting
- Experienced and proven team with competency across a range of claim types & geographies
- Attractive and growing global market for litigation funding
- Looking to:
  - fund existing portfolio of projects
  - deploy further capital into new pipeline opportunities
- Clear pathway to future growth:
  - Strong current project pipeline
  - Geographic expansion into Asia and the UK with addition of high quality, highly experienced UK team

Appendices

LCM Timeline

1998 — **2014** — **2016**

Phase 1 – Inception of LCM

Built process and market presence to originate, evaluate and manage risk

2003
Patrick Moloney appointed as NED
2009
Established first dedicated fund
2011
Established second dedicated fund
2013
Enters into external financing arrangement with international litigation financier
Patrick Moloney appointed as CEO
First return on satellite fund

Phase 2 – Capital raising

Strengthening market presence, building out sophisticated governance frameworks and operating methodology culminated in listing on the ASX

2014
Equity raise of **$1.4m** to invest in systems and people
Equity raise of **$3.9m** for continued investment in Litigation Projects, people and systems
2015
Equity raise of **$5m** for direct investment in Litigation Projects and position LCM for IPO

Phase 3 - IPO and forward

Leveraging our strong market position and experience, and accelerating growth

2016
ASX IPO raised **$15m**
Second return on satellite fund delivering an IRR to Unitholders of 42.1%
2018
LCM posted record results
Nick Rowles-Davies joins bringing an experienced UK-based European team and pipeline

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Returns on concluded litigation investments by individual case

No.	Type	FY completion	MOIC[1](x)	ROIC[2](x)	Time to resolve (months)
1	Commercial	12	2.4	1.4	13
2	Commercial	12	10.8	9.8	1
3	Commercial	12	2.4	1.4	7
4	Commercial	12	3.6	2.6	7
5	Commercial	13	0.3	-0.7	73
6	Commercial	13	3.1	2.1	16
7	Insolvency	13	Cannot be defined (no cash actually deployed)	NA	6
8	Commercial	13	0.3	-0.7	79
9	Insolvency	14	11.3	10.3	32
10	Commercial	14	2.3	1.3	12
11	Commercial	14	3.4	2.4	6
12	Commercial	14	2.6	1.6	14
13	Commercial	14	0.1	-0.9	33
14	Commercial	15	26.3	25.3	68
15	Insolvency	15	40.4	39.4	21
16	Insolvency	15	Cannot be defined (no cash actually deployed)	NA	6
17	Commercial	15	2.1	1.1	29
18	Commercial	15	3.0	2.0	28
19	Commercial	15	1.8	0.8	15
20	Commercial	15	1.2	0.2	16
21	Commercial	15	-1.0	-2.0	23
22	Commercial	16	7.5	6.5	19
23	Commercial	16	1.9	0.9	50
24	Commercial	16	1.6	0.6	57
25	Commercial	17	3.2	2.2	10
26	Insolvency	17	5.1	4.1	25.3
27	Commercial	18	3.4	2.4	38
28	Commercial	18	1.8	0.8	33.5
29	Commercial	18	14.4	13.4	4.9
30	Commercial	18	2.1	1.1	53.9
31	Commercial	18	2.4	1.4	45.3
32	Insolvency	18	1.5	0.5	30.8
Cumulative Multiple on Invested Capital			2.38		
Cumulative Return on Invested Capital				1.38	
Average time to resolve (months)					27.3

[1]Multiple on invested capital for FY12 - FY18
[2]Return on invested capital for FY12 - FY18

Application of IFRS 15

The following three slides represent LCMs historical financial statements with the adoption of *IFRS 15*, which will be applied from the next reporting period, importantly there is no material change to profit before tax or investment performance.

The key changes to the accounts include:

- **Balance Sheet** – assets previously disclosed as *Intangible Assets (AASB 138)* are now disclosed as *Contract Assets (IFRS 15)*
- **Profit and Loss Statement** – Gross revenue is grossed up by the same amount reflected as the Litigation Service Expense which includes amounts paid or payable on Litigation Funding Contracts during the year eg, $14.6m is in both the revenue line in FY18 which offsets with the Litigation Services Expense of $14.6m which ultimately nets off to nil. Further to this, previously the recognition of income from the completion of Litigation Project was disclosed as part of Other Income however is now disclosed as Gross Revenue on a net basis
- **Cashflow Statement** – Litigation Funding Contract related activities are now disclosed as operating activities instead of investing activities

Profit and Loss Statement with application of IFRS 15

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	CONSOLIDATED		
	June 2018 $	June 2017 $	June 2016 $
Revenue	31,156,956	9,404,704	5,323,966
Litigation service expense	14,617,746	7,208,966	4,651,092
Gross profit	16,539,210	2,195,738	672,874
Other income	457,064	-	-
Expenses			
Finance Costs	685,888	1,665,149	101,859
Depreciation	21,967	6,258	4,898
Employment expenses	2,057,834	1,402,493	1,230,051
Corporate and office expenses	1,239,002	1,272,033	924,143
Legal fees - Litigation	822,943	143,360	1,152,059
Professional fees	197,107	56,973	461,867
IPO Listing Expense	-	202,229	-
Foreign exchange loss	8,063	310,323	-
	5,032,804	**5,058,818**	**3,874,877**
Profit/(Loss) Before Income Tax	**11,963,470**	**(2,863,080)**	**(3,202,003)**
Income tax expense/(benefit)	3,326,116	(522,572)	(988,588)
Net Profit/(Loss) For the Year	**8,637,354**	**(2,340,508)**	**(2,213,415)**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**8,637,354**	**(2,340,508)**	**(2,213,415)**
Profit / (loss) for the year and total comprehensive income attributable to:			
Owners of the parent	8,596,163	(2,285,183)	(2,245,846)
Non-controlling interest	41,191	(55,325)	32,430
	8,637,354	**(2,340,508)**	**(2,213,415)**

LCM
EXPERIENCE COUNTS

Balance Sheet with application of IFRS 15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	CONSOLIDATED		
	June 2018 $	June 2017 $	June 2016 $
CURRENT ASSETS			
Cash and cash equivalents	13,786,949	1,862,645	5,918,861
Other receivables	638,891	43,666	672,645
Contract assets - litigation contracts	11,048,971	11,683,991	3,573,866
TOTAL CURRENT ASSETS	**25,474,811**	**13,590,302**	**10,165,372**
NON-CURRENT ASSETS			
Property, plant and equipment	175,114	7,779	13,083
Contract assets - litigation contracts	2,865,675	786,558	2,920,377
Deferred tax asset	4,837,848	7,766,837	5,125,323
TOTAL NON-CURRENT ASSETS	**7,878,637**	**8,561,174**	**8,058,783**
TOTAL ASSETS	**33,353,448**	**22,151,476**	**18,224,155**
CURRENT LIABILITIES			
Trade and other payables	3,816,048	1,926,074	3,075,866
Employee Benefits	254,481	111,040	85,188
			7,504,916
TOTAL CURRENT LIABILITIES	**4,070,529**	**2,037,114**	**10,665,970**
NON-CURRENT LIABILITIES			
Deferred tax liability	3,826,528	3,429,401	1,948,273
Employee Benefits	34,358	26,862	-
TOTAL NON-CURRENT LIABILITIES	**3,860,886**	**3,456,263**	**1,948,273**
TOTAL LIABILITIES	**7,931,415**	**5,493,377**	**12,614,243**
NET ASSETS	**25,422,033**	**16,658,099**	**5,609,912**
EQUITY			
Issued Capital	24,865,111	24,865,111	11,546,617
Share Based Payments Reserve	292,484	165,903	95,703
Retained Earnings	238,572	(8,357,591)	(6,072,408)
Parent interest	25,396,167	16,673,424	5,569,912
Non-controlling interest	25,866	(15,325)	40,000
TOTAL EQUITY	**25,422,033**	**16,658,099**	**5,609,912**

LCM
EXPERIENCE COUNTS

Cash flow statement with application of IFRS 15

CONSOLIDATED STATEMENT OF CASH FLOWS

	CONSOLIDATED		
	June 2018 $	June 2017 $	June 2016 $
Cash flows from operating activities			
Payments to suppliers and employees	(14,357,943)	(10,647,494)	(7,370,047)
Receipts from management and performance fees	-	-	552,566
Interest income	29,544	13,312	12,259
Interest and other finance costs paid	(685,888)	(1,665,149)	(101,913)
Proceeds from litigation contracts - settlements, fees and reimbursements	27,127,894	3,415,084	1,612,870
Net cash (used in)/from operating activities	**12,113,607**	**(8,884,247)**	**(5,294,265)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(189,302)	(954)	(11,915)
Net cash (used in)/from investing activities	**(189,302)**	**(954)**	**(11,915)**
Cash flows from financing activities			
Proceeds from issue of shares	-	15,000,000	540,996
Share issue transaction costs	-	(2,319,321)	-
Proceeds from borrowings	4,250,000	-	
Repayment of borrowings	(4,250,000)	(7,851,698)	7,504,916
Income and capital distributions paid - non controlling interests	-	-	(159,235)
Net cash (used in)/from financing activities	**-**	**4,828,981**	**7,886,677**
Net increase/(decrease) in cash and cash equivalents	11,924,304	(4,056,216)	2,580,497
Cash and cash equivalents at beginning of year	1,862,645	5,918,861	3,338,364
Cash and cash equivalents at end of year	**13,786,949**	**1,862,645**	**5,918,861**

LCM
EXPERIENCE COUNTS

Board of Directors

Dr David King - Non-Executive Chairman

- Appointed as a Director of LCM on 9 October 2015 (i.e. on incorporation) and was appointed as a Director of LCM Litigation in February 2014
- Was a founder and non-executive director of Sapex Ltd, Gas2Grid Ltd and Eastern Star Gas Ltd.
- David is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australasian institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. He is also the Non-executive Chairman of Cellmid Ltd and African Petroleum Corporation Ltd, and a non-executive director (formerly Chairman) of Galilee Energy Ltd.

Patrick Moloney – Chief Executive Officer

- Appointed as a Director of LCM on 9 October 2015 (i.e. on incorporation) and was appointed as a Director of LCM Litigation in June 2003
- Patrick was previously the principal of Moloney Lawyers, which he established in 2003 and specialised in commercial litigation having a diverse client base. Patrick has acted in more than 200 commercial litigation cases for clients in the District Court of NSW, the Supreme Court of NSW, the Federal Court of Australia and the High Court of Australia
- Patrick was admitted to practice law in 1996

Steven McLean – Non-Executive Director

- Appointed as a Director of LCM on 9 November 2015
- Steven has an investment banking background, with over 20 years' experience, commencing with Ernst & Young Corporate Finance before moving to J.P. Morgan both in Australia and Europe
- Steven has led equity transactions which have raised in excess of A$50bn for corporates across various countries including Australia, USA, UK, Switzerland, Finland, Holland, Austria, France, Russia, Singapore and Bermuda

Board of Directors[1]

Nick Rowles Davies – Executive Vice Chairman

- Responsible for Origination, market visibility and branding. Proposed Executive Director
- Founder and CEO of Chancery Capital Advisors LLP. Previously led Burford Capital PLC globally outside of the Americas as Managing Director, and was a director of Burford Capital until 2016
- Nick is a former Director of the Association of Litigation Funders of England & Wales
- Admitted as a Solicitor in England and Wales, in the British Virgin Islands and is an accredited mediator

Stephen Conrad – Chief Financial Officer

- Joined LCM in July 2018, initially as an advisor, and subsequently is proposed to join the executive as CFO and as a member of the board (to be ratified at the AGM on 30 November 2018)
- 25 years Investment Banking experience, specialising in risk management, governance and capital optimisation
- Independent advisor and director for clients across asset management (J.P. Morgan Asset Management Alternatives), litigation funding (Litigation Capital Management), infrastructure and securitisation

LCM
EXPERIENCE COUNTS

[1]Proposed Directors

Proven & Robust Risk Management Process

All Litigation Projects are continuously reviewed[1] in light of:

- Regulatory Risk
- Personnel Risk
- Portfolio Risk
- Balance of Book Risk
- Reputational Risk
- Service Provider Risk
- Sovereign Risk
- Foreign Currency Risk
- Competition Risk
- Adverse Cost Risk
- Risk in relation to obligations of market disclosure

Formal market reporting obligations exist:

Bi-annual risk disclosure to the market through half yearly and yearly reporting

Continuous disclosure obligations for every matter at every stage of a Litigation Project's life.

LCM
EXPERIENCE COUNTS

[1]Investment Managers meet weekly

Case Studies

Case Study 1 – Commercial Claim

Type of Project	Professional negligence claim brought by the liquidator of an insolvent company against the company's former auditors for failing to identify material transactions which ultimately led to the company's collapse.
Origination	Funding of the claim was originated as a result of our deep networks with insolvency practitioners in Australia. The liquidator in this case was a Victorian insolvency professional who brought the claim to LCM for funding.
Due Diligence	Detailed consideration of the application as against our key criteria. Proportionality was considered as well as the legal principles, strength of the legal team and recoverability (the liquidator was able to obtain a copy of the audit firm's insurance policy).
Total LCM Investment	AUD$3.86M
Active Management	LCM was actively involved in the management of this claim, participating in key strategic decisions, managing the amount of the Action Costs and attending a number of mediations at which ultimately a settlement of the claim was reached.
Revenue and contribution to EBITDA	Revenue: AUD$13.2M Contribution to EBITDA: AUD$9.3M
Time to completion	Completed FY18 Time to completion 38 months
IRR and MOIC	IRR 99.58% MOIC of 3.4x

LCM
EXPERIENCE COUNTS

Case Study 2 – Commercial Claim

Type of Project	Claim in relation to a failed investment against an investment advisor for misleading and deceptive conduct and breach of fiduciary duty,
Origination	The claimant was a large Singaporean company for whom we identified the claim, approached and offered to provide the finance for the claim.
Due Diligence	Detailed consideration of the application as against our key criteria. Proportionality was considered as well as the legal principles, strength of the legal team and recoverability (the claimant was able to obtain a copy of a number of relevant insurance policies)
Total LCM Investment	AUD$3.3M
Active Management	LCM was actively involved in the management of this claim, participating in key strategic decisions, managing the amount of the Action Costs and attending a number of mediations at which ultimately a settlement of the claim was reached.
Revenue and contribution to EBITDA	Revenue: AUD$6.98M Contribution to EBITDA: AUD$3.65M
Time to completion	Completed FY18 Time to completion 54 months
IRR and MOIC	IRR 57% MOIC of 2.1x

Financial Benefit of Corporate Litigation Finance

Corporate litigation financing provides a substantial benefit to corporates by transferring the risk and P&L impact of litigation to the financier.

	Without Litigation Finance, client pays:	External Financing
Actual Cost to Litigate	$10 million (as an example)	External capital replaces $10 million P&L expense
Market Value Impacts	At a 10x P/E ratio the impact of self-paying $10 million is $100 million reduction of the market value	Using external capital the business does not suffer any decline in market value
	Spending $10 million cash on litigation reduces cash available for other business investment(s)	The business captures increased market value and if the same $10 million is generating a 10% ROI then a further $10 million in market value is realised
Net Impact to the Business	The business pays a heavy price to pay legal fees on a current cash basis to pursue litigation	Eliminating negative market value impacts is incredibly valuable to the business as is potential increased revenue and risk transfer

LCM
EXPERIENCE COUNTS

Glossary

Cash conversion rate	means the net cash flows of the Group divided by the Net Profit After Tax for the year.
Completed	means, in respect of a Case or Litigation Project, that it has been settled, for which there has been a judgment or from which LCM has elected to withdraw from funding (other than at a time prior to funding (other than at a time prior to funding becoming unconditional) or for which proceedings have been discontinued. Completion has corresponding meaning.
International Financial Reporting Standards (IFRS)	means a set of accounting standards developed by the organisation called the International Accounting Standards Board.
Internal Rate of Return (IRR)	means the internal rate of return for LCM's portfolio of Litigation Projects that are managed to Completion.
Invested Capital	means capital actually deployed on a cash basis by LCM in respect of costs and expenses relating to a Litigation Project, including Court filing fees, solicitors', barristers', liquidators' and experts' fees, travel and accommodation costs and, where applicable, the costs of any security provided, but does not include LCM's internal overhead costs.
Litigation Project	means either a Case or multiple Cases which comprise a common cause of action.
Pipeline Projects	means a potential proceeding or set of proceedings for which LCM is currently undertaking due diligence and/or undertaking negotiations with the intention that they may become a Litigation Project.
Multiple on invested capital (MOIC)	means the proceeds from a settlement or judgment that LCM receives in respect of a LCM managed Litigation Project, divided by the Invested Capital on a LCM managed Litigation Project.
Recovery	means the aggregate gross proceeds received as a result of an award arising from or the settlement of a Litigation Project, from which LCM receives a percentage share of that aggregate amount.
Return on Invested Capital (ROIC)	means the proceeds from a settlement or judgment that LCM receives in respect of a LCM managed Litigation Project, net of capital deployed, divided by the Invested Capital on a LCM managed Litigation Project.
Settlement	in law, a settlement is a resolution between disputing parties about a legal case, reached either before or after court action begins.
Working Capital Ratio	means the total current assets divided by the total current liabilities of the Group.

Key Risks

Investors should be aware that there are risks associated with an investment in the Company. Some of the principal factors which may, either individually or in combination, affect the financial operating performance of the Company are set out below. Some of these risks are specific to the Company and the New Shares, while others are of a more general nature. The below summary of risks is non-exhaustive and does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that the Company is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of the Company and the New Shares.

Risks specific to the Company

Inability to locate and select suitable Litigation Projects

The success of the Group will be dependent upon, inter alia, identifying, financing and advising on the management of suitable Litigation Projects. Assessing the values, strengths and weaknesses of a case is complex and the outcome is not certain. There is no guarantee that the Group will be successful in sourcing suitable Litigation Projects, or in sourcing a sufficient number of suitable Litigation Projects that meet the requirements of the Group or that are in jurisdictions where such Litigation Projects are permitted or advisable. Should Litigation Projects in which the Group invests prove to be unsuccessful or produce returns below those expected, there could be a material adverse financial effect on the Group. To mitigate this risk, the Group recruits and trains internal investment managers in the Group's proprietary Project selection process, all Litigation Projects are subject to Investment Committee final investment decision and the Group employs active case management by investment managers with oversight and reviews by Chief Risk Officer.

Portfolio concentration

The Company's current portfolio of Litigation Projects is largely Australian based and concentrated in single Litigation Projects. Although the Company has a diversification strategy in place to reduce the concentration risk for future periods and has communicated the prospects of its Litigation Projects throughout the past year, if one or more Litigation Projects were to be lost, this would have a material impact on the Company's financial results and cash position. The Company has taken steps to mitigate in part these impacts, including through diversification (including geographic diversification) of its portfolio and financing arrangements, the Company still retains material adverse costs risks on these Litigation Projects.

Liability for costs in unsuccessful cases

If selected cases are unsuccessful, either at first instance or subsequent to a defendant's successful appeal upon final judgment, this will result in a write off of the intangible asset represented by such case. In addition, the Company may be will be liable for payment of the clients' legal expenses where an indemnification is provided for adverse costs. If cases are unsuccessful, then the Company may also be liable for payment of the successful defendant's costs (in jurisdictions where this is relevant). In some cases, there may be multiple defendants, or defendants may add third parties to the funded litigation, potentially increasing adverse costs if the litigation is unsuccessful. To mitigate this risk, the Company does not always provide an indemnity in respect of adverse costs and, where it does, it obtains insurance in respect of such indemnity. The Company continues to monitor its performance metrics and evaluates its completed cases to identify weaknesses, inefficiencies and better inform its future strategy.

Inability of defendants to pay judgments

A further part of the case selection process involves an assessment of the ability of the defendant to pay a judgment or award if the case is successful. If the defendant is unable to pay or the claimant or defendant seeks to challenge the validity of the judgment or award on legal or professional ethics grounds, the Group may encounter difficulties in recovery which could have a material adverse effect on the Group.

Key Risks

Regulatory and judicial changes

Law and professional regulation (including ethics regulation) in the area of acquiring or otherwise taking a financial position or a commercial interest with respect to claims and defences can be complex and uncertain in certain jurisdictions. Compliance with new rules, regulations and laws could create additional burdens for the Group and could have a material adverse effect on the investment strategies of, and/or the value of, direct or indirect business or financial interests of the Group.

In addition, there remains the potential for further regulation of the litigation funding industry in Australia and other jurisdictions in which the Company operates. In particular, it is noted that the Australian Law Reform Commission is currently undertaking a review of the litigation funding and contingent fee arrangements for lawyers in Australia and is due to provide its recommendations by the end of 2018 to the Federal Government.

The Company looks to mitigate these risk via consultation with all regulatory authorities, and actively participating in licensing debates.

Referral relationships

The Group's business model and strategy means that it will rely on the networking ability of executive and senior management as well as employees to maintain active contacts and communications with legal professionals, other professionals and business and financial parties in order to provide it with Litigation Projects. If the Group fails to maintain relationships and contacts with key legal professionals and others, or fails to establish strong referral relationships with other sources of Litigation Projects, the Group may not be able to achieve its strategy. The relationships and contacts are not obliged to provide the Group with Litigation Projects and therefore there is no assurance that such relationships and contacts will lead to the origination of opportunities and potential Litigation Projects.

Management and key personnel

The responsibility for overseeing the day-to-day operations and strategic management of the Group depends substantially on Group's executive and senior management and other key personnel. The knowledge and experience of, in particular, the executive management is one of the key strengths of the Group.

The loss of the services of certain key individuals and the concomitant loss of experience and knowledge and ability to deliver the Group's strategy could have a material adverse effect on the prospects of the Group.

As the Group seeks to expand, it will need to hire skilled and qualified personnel to deliver the Group's strategy and such people may not be available at a cost that the Group finds acceptable or at all. The Group may also face competition for suitably qualified personnel.

Competition

There are currently a number of providers in the litigation financing market, with a number of new entrants announcing their intention to provide litigation financing services in the markets in which the Group operates.

Competition for attractive Litigation Projects may lead to lower potential returns than expected from individual Litigation Projects which may have a material adverse effect on the Group's financial position.

In addition, the Group may face competition from other entities, some of which may have significantly greater financial and/or technical resources than the Group, whose business may be at a more mature stage of development than that of the Group which may develop or market alternative financial arrangements that are more effective or less susceptible to challenge than those developed or marketed by the Group, or that might render the Group's strategy obsolete or uncompetitive.

Key Risks

Reliance on third parties

The Company's primary expense items are solicitors' and barristers' fees, costs of liquidators and the costs of independent experts. If Litigation Projects take materially longer than originally anticipated, then the Company may suffer additional loss in the event that a Litigation Project is not successful.

The Group is particularly reliant on lawyers to litigate claims and defences with due skill and care. If they are not able to do this, or do this ineffectively, it is likely to have a material adverse effect on the success of the Group's Litigation Projects. Whilst the Company will evaluate the lawyers involved as part of the Litigation Project selection, there is no guarantee that the outcome of a case will be in line with the lawyers' assessment of the case or in line with the expected skill and care from the lawyers.

Where the Company participates in a Litigation Project but does not wholly own or control it, the Company will not be the client of the law firm representing the owner of the Claim. Accordingly that law firm may be required to act in accordance with its client's wishes rather than those of the Company or may be subject to an overriding duty to the courts.

Additional capital

The Group's business is capital intensive. Should the Group require additional funds in order to carry out its business or strategy, there can be no assurance that the Group will be able to raise additional capital which it may require on favourable terms or at all. Any additional capital raising by issuing Shares may be dilutive to Shareholders, and any debt financing, if available, may require the Group to be bound by financial covenants that could limit the Group's operations. If the Group is unable to obtain additional funding as needed it may be required to reduce the scope of its operations and it could conceivably default on its obligations, causing it potential losses and liability for damages.

Damage to the Group's reputation or brand

The reputation and quality of the Group's brand will be a key influencer on the success of the Group over time. The strength of a brand is developed through the provision of high quality products throughout its existence. Any incident that may adversely affect customer loyalty toward the Group will consequentially affect the customer loyalty toward the Group's brand, thus materially negatively affecting the success of business operations.

Security breaches and data protection issues

Cyber-attacks may compromise or breach the IT systems used by the Group to protect confidential information. There is a risk that the measures taken by the Group may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or the Group's failure to protect confidential information could result in the loss of information integrity, or breaches of the Group's obligations under applicable laws or agreements, each of which may materially adversely impact the Group's financial performance and reputation.

Insurance coverage and uninsured risks

While the Board will determine appropriate insurance coverage, it may elect not to have insurance for certain risks due to the high premium costs associated with insuring those risks or for other reasons, including an assessment in some cases that the risks are remote or that cover is not available. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or the relevant operator obtains and proceeds of insurance will be adequate and available to cover any claims arising.

Any indemnities the Company may receive from such parties may be difficult to enforce if sub-contractors, operators or joint venture partners lack adequate coverage. The occurrence of any such events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Key Risks

The Company may be unable to pay dividends

The Company does not declare any dividends on its shares at present and there can be no certainty regarding the declaration of dividends in the future. Accordingly, prospective investors should not rely on receiving dividend income from the Company's shares.

Further dilution in the value of the Company's shares

The Company may need to raise capital in the future through equity financings. If the Company raises significant amounts of capital, by these or other means, it could cause dilution for existing Shareholders at that time.

Inability of Shareholders to participate in future equity issues

The Company may choose to raise future funds through placing shares to investors who are not Shareholders. Any such placing could dilute the interests of existing investors. If the Company offers to Shareholders rights to subscribe for additional shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making the rights available to Shareholders or in disposing of the rights for the benefit of Shareholders and making the net proceeds available to Shareholders. The Company may choose not to offer the rights to Shareholders in certain jurisdictions, in particular where it is not legal to do so. The Company may also not extend any future rights offerings or equity issues to jurisdictions where it would be difficult or unduly onerous to comply with the applicable securities laws.

General risks

Investment risks

There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of the Company's shares depends upon general share market and economic conditions as well as the specific performance of the Group. There is no guarantee of profitability, dividends, returns of capital, or the price at which the Company's shares will trade on the ASX. The past performance of the Company's shares is not necessarily an indication as to future performance as the trading price of shares can decrease or increase in value.

Economic risks

The financial performance of the Group will fluctuate due to various factors including movements in the Australian and international capital markets, recommendations by brokers and analysts, interest rates, exchange rates, inflation, Australian and international economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events, hostilities and acts of terrorism, investor perceptions and other factors. In the future, these factors may affect the income and expenses of the Group and may cause the price of the Company's shares to fluctuate and trade below current prices.

Legal proceedings and contingent liabilities

The Group may be subject to litigation and other claims and disputes in the course of its business, including employment disputes, contractual disputes, or occupational and personal claims, which could adversely affect the Group's business, reputation, operating and financial performance.

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• meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

• is large within the meaning of clause 39 of Schedule 1 of the FMC Act;

• is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

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