

**- ASX Release -**

**Update - Legal Action re Ernst & Young**

London City Equities Limited ("London City") advises that a hearing was held today in the Supreme Court of NSW regarding claims made against Ernst & Young relating to that firm's role as auditor of Penrice Soda Holdings Limited (In Liquidation) ("Penrice").

The matter was again heard before Justice E Fullerton and follows orders made at the last hearing on 21 December 2018 in which, inter alia, the latest Statement of Claim would be considered for acceptance by the Supreme Court

Following the lodgement of extensive submissions with the Court covering the claims and their acceptability to the Court, counsel for both parties submitted their oral arguments to her Honour.

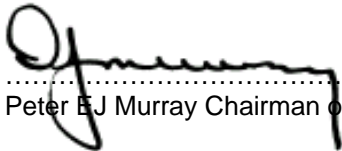
The hearing concluded with Justice Fullerton reserving her decision.

As previously announced, shareholders are aware that book losses of \$6.7 million were recorded by London City arising from investments made in Penrice during 2008 and 2009. It is a matter of record that significant losses were incurred by Penrice between 2011 and 2013. Penrice was placed into Liquidation on 31 July 2014 with Messrs McGrath Nicol as Liquidators.

Particulars of the quantum of the loss claimed by London City will be furnished to the Court in due course. At present the Board of London City is not in a position to give any guidance as to the potential sums that might be recovered from the legal proceedings.

London City is being represented by Mr David Armstrong of Blackstone Waterhouse as solicitors and Messrs Julian Sexton SC and Christopher Freeman as Senior and Junior Counsel respectively.

For and on behalf of the Board



Peter EJ Murray Chairman of Directors

29 March 2019

