

**– ASX Announcement –**

**Market Update – Net Worth / Litigation**

Directors provide the following update on London City's activities.

**Investment Portfolio – up around 9%**

London City's Investment Portfolio has continued to appreciate since 31 December with an increase of 9%, excluding dividends received. This can be compared with the 4% increase in the ASX All Ordinaries Index over the same period. London City's key 7% shareholding in **Fiducian Group Limited** has been a major factor. To a smaller extent London City's joint 8% shareholding in **Excelsior Capital Limited** has also contributed.

**Balance Sheet - Net Worth now estimated at 55.6 cents a share**

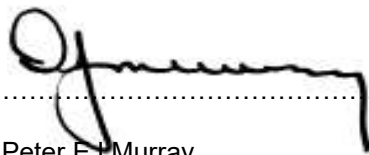
Taking account of the recent uplifts in Investment Portfolio values, Directors estimate that London City's unaudited Net Assets are presently approximately 55.6 Cents per share. Of this sum, cash on deposit stands at \$1.4 million, or 4.6 cents a share.

**Ernst & Young Litigation**

Reporting this matter in a reliable way has become quite difficult because of changes initiated by the Defendants, Ernst & Young. The current status is that London City lodged its extensive lay evidence in early January and the parties agreed that EY would lodge its lay evidence and conduct mediation by 31 July 2021. This lay evidence from EY was not forthcoming. On 17 March EY surprisingly changed lawyers from Allens Linklaters to Holding Redlich who requested more time to undertake their role. This was agreed on 16 April and the final mediation date was extended to 31 August. However, on 22 April and before Court consented to the new dates, EY advised that a key witness, the Adelaide audit partner of Penrice at the time, had gone on "sabbatical" and "will have not have phone reception or internet access for most of his sabbatical". Further extensions were then sought which would see the mediation completed "by 30 September". London City reluctantly agreed, subject to EY consenting that 22 June would be a final date for all lay evidence. This was declined by EY and will be subject to Court consideration on 31 May.

In relation to the estimated damages sums suffered by London City it was announced in February that the Expert Forensic Accountant had updated the assessed Supreme Court of NSW rate sums regarding London City to 31 December 2020, to \$13,850,000. Directors estimated the sum to 30 June 2021 will increase to approximately \$14,155,000. Sums applicable for the other Plaintiffs are additional. Ultimately the damages will depend on the Supreme Court of New South Wales proceedings.

For and on behalf of Directors

  
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Peter EJ Murray  
Chairman of Directors

19 May 2021

