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LONDON CITY EQUITIES LIMITED

ABN 59 003 200 664

[Established in 1986]

- Special Limited Offer -

***Share Purchase Plan
For Shareholders***

at 25.0 Cents per Share

Attractive Features:

- 1. Special Pricing for Existing Shareholders**
- 2. Focused Conservative Management**
- 3. Major Strategic Portfolio being developed**
- 4. Dividend Yield (Fully Franked) of 5.00%***
- 5. A Discount of 16% on the Latest Share Price**
- 6. A Discount of 25% on the Latest Net Worth**
- 7. NO Fees and charges**

Closing Date of the Offer: Friday 21 October 2016



London City Equities Limited

(ABN 59 003 200 664)



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Key Dates

Event	Date
Record Date to determine eligibility to participate in the Share Purchase Plan (Record Date)	Friday 12 August 2016
Plan Opening Date	Thursday 15 September 2016
Plan Closing Date	5.00 pm on Friday 21 October 2016
Issue of New Shares under the Plan	Tuesday 25 October 2016.
Mail-out of Holding Statements	Tuesday 25 October 2016
Commencement of trading of New Shares on ASX	On or about Wednesday 26 October 2016

Head Office / Registered Office

Level 4,
20 Loftus Street,
SYDNEY NSW 2000

Tel: 02 9247 9315



Chairman's Message

Dear Shareholder

Special Issue to Shareholders at a Special Price

The Board of Directors of London City Equities Limited ("London City") invites you to participate in this Share Purchase Plan ("SPP"). Directors are keen to attract increased shareholder support and offer these shares at what they believe are attractive market discounts. It is a key objective to increase the share holdings of many small holders who proportionately impose large servicing costs on the company.

The Plan is offered to existing shareholders only. The total raising is limited to \$1.5 million. The Plan gives you an opportunity to purchase up to \$10,000 worth of new shares in London City at a subscription price of 25 cents. This represents a 25% discount to the present estimated underlying net asset value of London City shares of 34 cents and a 16% discount to the present market value.

The objectives of the new funds are to (a) increase the share portfolio levels so as to reduce the impact of already low operating costs and (b) set aside funds for other additional strategic shareholdings that are presently being short-listed. Directors are keen to increase the shareholding levels of small holders.

As shareholders know, London City seeks investments in companies which hold significant shares of their respective markets, have inherent growth, whose managers behave like owners and represent value at current share price levels. This formula has been rewarding. Our existing investments such as Fiducian Group Limited - our present key investment - meet this criteria.

The terms and conditions of the Plan are outlined overleaf. Please note the numbers of shares available are limited. And participation in this offer is only available to shareholders, in particular those parties who are registered as holders at 5.00 pm (EST time) on the record date of Friday 12 August 2016 and whose registered address was in Australia or in any other jurisdiction in which it is lawful for London City to offer shares under the Plan.

Your Directors recommend the Plan to shareholders. Each Director intends to subscribe for the maximum new shareholding available.

Yours sincerely,
For and on behalf of the Board

A handwritten signature in black ink, appearing to read "Peter EJ Murray".

Peter EJ Murray
Chairman of Directors

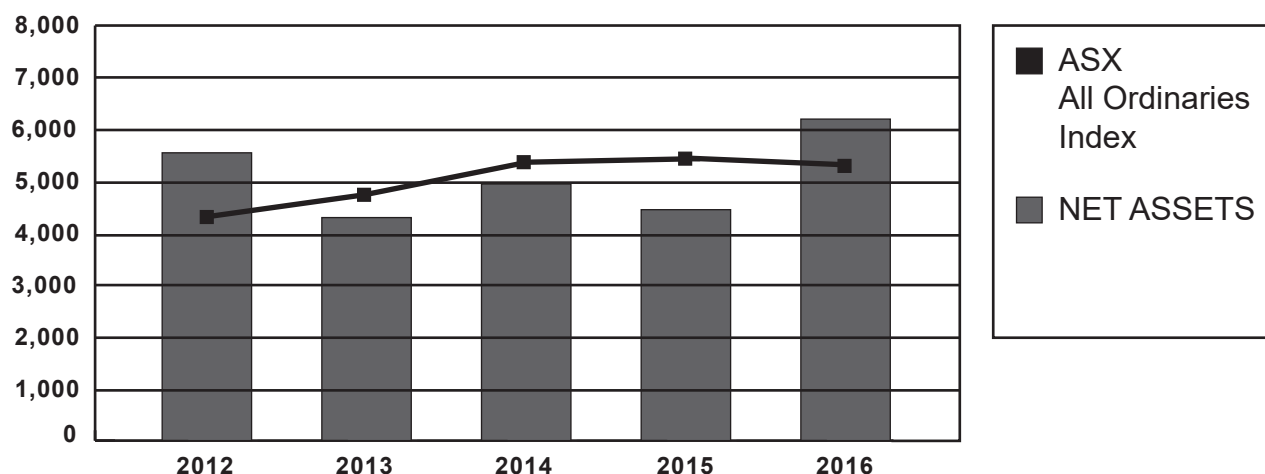
15 September 2016



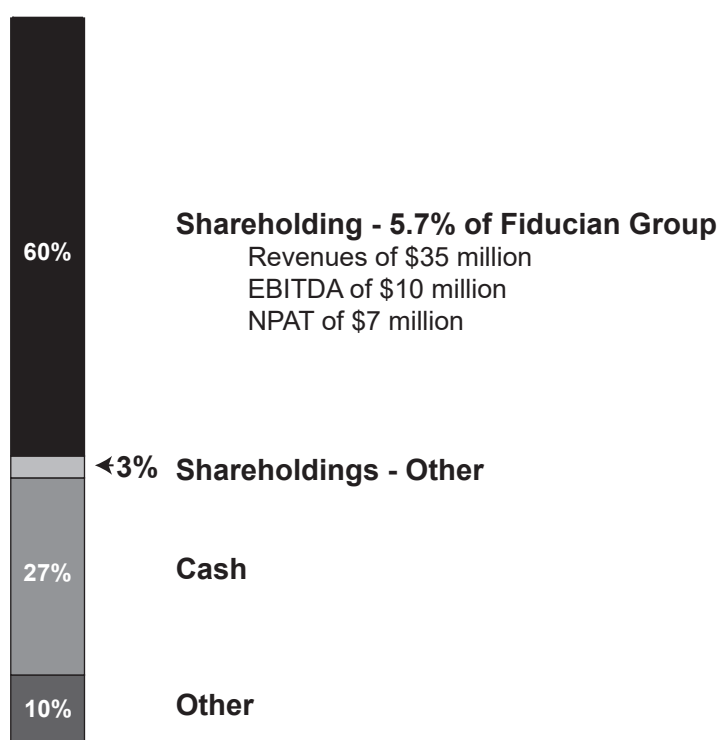
London City Equities Limited



Net Asset Changes Last Five Years 2012 - 2016 (After Payment of dividends)



Our Assets – 30 June 2016





Key Members of the Team

Peter E.J. Murray - Chairman of Directors.

Chartered Accountant, Bachelor of Arts, Senior Associate Financial Services Industry of Australia, Member Turnaround Management Association of Australia.

Mr Murray has spent over 35 years involved in company management, corporate finance and ASX listed company matters. He has been a senior executive in merchant banking and stockbroking at Director level. Experienced in corporate financial advice, mergers, fund raisings and general corporate management. Chairman of Imperial Pacific Limited since 1980. Past Chairman of Directors of Camelot Resources NL and CCI Holdings Limited. Director of Imperial Pacific Limited. Director of Delany Foundation Limited.

David A Sutherland – Independent Non Executive Director

Special Responsibility: Chairman of Audit, Compliance and Risk Management Committee and Chairman of Remuneration Committee
Bachelor of Science (Agriculture)

Mr. Sutherland's background has been in the securities markets for over thirty years. He has held senior positions in the sector within merchant banks, stockbrokers and investment houses over this period. In recent times he held the executive position of Investment Manager at HGL Limited for seven years where he had particular experience with corporate equity investments.

David G Butel – Independent Non Executive Director.

Special Responsibility: Member of Audit, Compliance and Risk Management Committee and Member of Remuneration Committee
Bachelor of Science (Honours), Master of Business Administration

Mr Butel was the Managing Director we appointed at CCI Holdings Limited during our successful involvement there. David has recently retired as Senior Vice-President of Bureau Veritas Minerals Australia where he has been responsible for a major part of that group's operations in Australia. He brings to the group over 30 years of active executive involvement in Australian resources, in particular the Testing, Inspection and Certification (TIC) services sector.

Louis J Joseph – Company Secretary

Special Responsibility: Investment Research
Bachelor of Commerce, Member Turnaround Management Association of Australia.

Mr Joseph has been involved in businesses in both the commercial sector and in the investment securities industry within Australia and overseas. His experience in investment research gives London City additional skills and manpower.



Shareholders' Update

2016 major enhancements – Profit, Net Assets and Franking credit levels

The 2016 Annual Report highlights another successful year for London City:

- **London City Net Worth increased 44% (before shareholder payout)**
- **Investment Portfolio appreciates significantly by 28% during the year.**
- **Investment in Fiducian Group Limited increased to 5.7% ownership.**
- **London City exited its 2% shareholding in Coffey for a gain of \$450,000.**
- **Liquidity continues at comfortable levels.**
- **Penrice Soda still being examined in terms of 2008 and 2009 information provided to investors at the time with a view to recovering outlays.**

Furthermore some senior personnel changed in 2016. Mr Rob Chenery retired and his Board position was taken by **Mr David G Butel** who we knew closely as Managing Director of CCI Holdings Limited. David has recently retired as Senior Vice President of Bureau Veritas Minerals. His executive skills and resources experience will be particularly positive to the group. Through David, London City has retained skills in the real area of operating business management. In addition, **Mr Louis Joseph** joined us around the same time as Company Secretary. Louis is a Commerce graduate from Australian National University and carries both local and overseas experience in investments and operating businesses.

Enhancement since 30 June – Net Worth rises to \$7.2 million (34 cents a share)

The 2016 profit results of our investments released since 30 June have been particularly positive this year. For example **Fiducian Group Limited** (5.7% owned) increased its revenues by 35% to \$35 million and its Net Profit by 22% to \$7 million. Our underlying share of this profit is \$400,000 and we expect our fully franked dividend this year will be around \$250,000. Good results also flowed from **IMB Bank Limited**.

The excellent performances flowed on to the stock-market pricing of our share portfolio. Accordingly the net assets of London City appreciated in the order of \$1,200,000 since balance date. Net assets are now estimated to be around \$7,400,000 – or 34 cents a share. Due to past tax losses the appreciation carries no tax impost.

Outlook

Directors continue to seek and research meaningful investments that meet its tight criteria. There are two or three such companies being examined now. In the meantime the dividend flow and cash resources place the company in a comfortable financial position.

London City Equities Limited

(ABN 59 003 200 664)



Information on the Share Purchase Plan

Applications

Applications for shares under the Share Purchase Plan can only be made on the basis of 25 cents per share in the following multiples:

Number of Shares:	Amount Payable:
10,000	\$2,500
15,000	\$3,750
20,000	\$5,000
40,000	\$10,000

To participate in the offer, please return your completed application form together with your cheque made payable to "London City Equities Limited – Share Purchase Plan Account" to Registry Direct for the full amount to which your application relates, in the enclosed reply paid envelope addressed to Registry Direct. Further details of the offer application arrangements are set out in the application form.

Record Date for closure of Share Registry

The record date for participation in the Share Purchase Plan was Friday 12 August 2016.

Closing Date

The Share Purchase Plan offer closes at 5.00 pm EDST on Friday 21 October 2016. Applications received after the closing date will not be accepted, unless the Board formally extends the Plan.

Ranking of Shares

Shares issued will rank equally with existing fully paid ordinary shares after payment of the 2016 final dividend in October.

Listing Date

Allotment of shares and despatch of Transaction Confirmation Statements are anticipated to be completed by Tuesday 25 October 2016. It is expected that shares issued under the Share Purchase Plan will be quoted on the Australian Securities Exchange on or about the same date.

Financial Information

The 2016 Annual Report of London City is being despatched to shareholders concurrently with this document. The company's Preliminary Final Results for 2016 results were released to the ASX on 15 August. The ASX was informed of significant portfolio appreciation on 24 August. No material change has taken place since.

Dividends

London City has paid dividends to shareholders for many years. The dividend presently payable is 1.25 Cents per share and is fully franked. In recent times London City has built up its franked credit status. Directors now believe, in the absence of unforeseen circumstances, that London City can maintain a minimum fully franked dividend payout of at least one cent per share for the next three years.

Professional Advice

In deciding whether to take up the enclosed offer of shares, Directors advise you to seek your own independent financial, legal and taxation advice in respect to the offer.

Enquiries

If you have any questions in relation to applying for shares under the Plan, please do not hesitate to contact London City Equities Limited at 02 9247 9315 or Registry Direct at 1300 556 635.

Other Terms & Conditions of the Share Purchase Plan

DEFINITIONS

In this Plan, unless the context otherwise indicates:

"Application Form" means the application form distributed with these Terms and Conditions;

"Application Amount" means the total amount payable by an Eligible Shareholder who applies for Shares under the Plan based on the Subscription Price for the total number of Shares applied for by that Eligible Shareholder.

"ASX" means the Australian Securities Exchange Limited;

"Board" means the Board of Directors of London City;

"Closing Date" means 21 October 2016, unless varied by the Board of London City;

"Eligible Shareholders" means those Shareholders who satisfy the conditions set out in clause 2.1;

"London City" means London City Equities Limited ACN 003 200 664;

"Listing Rules" means the official listing rules of the ASX (as amended from time to time);

"Offer" means a non-renounceable offer of up to \$1,500,000 worth of ordinary fully paid shares in London City to Eligible Shareholders under the Plan;

"Plan" means the London City Equities Limited Share Purchase Plan approved by the Board;

"Record Date" means Friday 12 August 2016;

"Shareholders" means those persons or entities that hold ordinary shares in the issued capital of London City;

"Shares" means Ordinary Shares, ranking pari passu with existing ordinary shares after payment of the forthcoming Ordinary Dividend of one cent per share (unfranked).

"Subscription Price" means Twenty Five Cents per Ordinary Share.

ELIGIBILITY TO PARTICIPATE

- (A) Those shareholders of London City that will be eligible to apply for Shares under the Plan must:
 - a. be recorded in London City's register of shareholders at 5.00pm (EST) on the Record Date; and
 - b. have an address in a jurisdiction in which it is lawful and practical for London City to issue the Shares (in the reasonable opinion of the Board).
- (B) The Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer.
- (C) Members who hold shares by way of a nominee may apply up to the maximum number on offer, subject to establishing their bona fides with London City.

TERMS OF THE OFFER

- (A) The Offer will be open on and from 9.00am (EST) on 15 September 2016 ("Opening Date") until, subject to the discretion of the Board, will close at 5.00pm (EST) on 21 October 2016 ("Closing Date").
- (B) The Board reserves the right to close the Offer at any time prior to the Closing Date without further notification. In particular it reserves the right in its absolute discretion to scale back applications should aggregate demand exceed \$1,500,000 in subscriptions under the plan.
- (C) In response to the Offer, Eligible Shareholders:
 - a. may apply for Shares provided that the minimum Application Amount is \$2,500 (based on the Subscription Price for the Offer);
 - b. may only apply for Shares in multiples indicated on the Application Form.
- (D) All Offers for Shares under the Plan are non-renounceable.
- (E) Participation in the Plan by Eligible Shareholders is entirely optional and subject to these Terms and Conditions.

APPLICATIONS FOR SHARES

- (A) Eligible Shareholders wishing to apply for Shares under the Plan must:
 - a. complete the Application Form;
 - b. pay for the Shares in the manner specified on the Application Form; and
 - c. forward the completed Application Form and payment for the Application Amount to London City's Share Registrar at the addresses specified on the Application Form, to reach such addressed by no later than 5.00pm (EST time) on the Closing Date.
- (B) All application monies will be deposited into a bank account and any applications rejected by the Board under clause 4.3 or reduced under clause 7.3 shall be refunded by London City without interest.
- (C) Shareholders should obtain their own advice on whether or not to participate in the Plan. The Company is not licensed to provide financial product advice in relation to the Company's shares or any other financial products. No cooling off regime applies to the acquisition of shares under the Plan.
- (D) The Board reserves the right to reject any application for Shares (in whole or in part) including (without limitation) if:
 - a. an Application Form is not correctly completed; or
 - b. the applicant is not an Eligible Shareholder; or
 - c. the issue of those Shares would contravene any law or the listing Rules; or
 - d. the exact payment for the Shares applied for is not received and funds cleared; or
 - e. if the applicant has not otherwise complied with the terms of the Plan.

ISSUE OF SHARES

- (A) London City intends to allot and issue the Shares under the Plan on or about 25 October 2016 ("Issue Date"). London City reserves the right to vary the issue Date without further notice in the event that the Closing Date is varied pursuant to the above terms.
- (B) London City will apply to ASX for quotation of the Shares issued under the Plan.

SUBSCRIPTION PRICE

- (A) The Subscription Price of the Shares is 25.0 cents.
- (B) Brokerage of 1% will be payable by London City on all applications bearing the stamp of an authorised Australian Financial Services Licence holder. Otherwise, no brokerage, commissions, stamp duty or other transaction costs will be payable in respect of an application for, and an issue of, shares under the Plan.

RISKS

- (A) The Subscription Price represents a discount to the present underlying net worth. However, some investors might regard the Shares as somewhat speculative in view of London City's investment approach – where it maintains a focus on a small group of researched corporations that it knows well rather than adopting a diversified portfolio of many stocks. The key investment is a strategic 5.7% shareholding in Fiducian Group Limited, a dividend paying financial services organisation listed on the ASX and one that has offices across Australia.
- (B) London City has 27% of its assets currently held on deposit with its bankers. There is no assurance that the conversion of these liquid funds into strategic equity holdings will produce immediate beneficial results. The business of such a target company may be adversely impacted by undisclosed internal and external events.
- (C) There is no assurance that shares in London City will trade at or above the Subscription Price following the Issue Date.
- (D) Shareholders should seek their own financial advice in relation to this Offer and participation in the Plan.

FORWARD LOOKING STATEMENTS

- (A) This document contains a number of forward-looking statements as to guidance on future matters of investor interest. They are based on interpretations of current market conditions, certain assumptions and contingencies that can be subject to change without notice. Accordingly forward-looking statements, opinions and estimates are not guarantees of future performance.

GENERAL

- (A) The Plan is established pursuant to Australian Securities and Investments Commission (ASIC) Regulatory Guide 125 and Class Order 09/425. That Class Order grants the Company relief from the requirement to prepare a prospectus for the offer of New Shares under the Plan.
- (B) Participation in the Plan is optional and by accepting the offer to purchase new shares under the Plan, each holder agrees to be bound by the terms and conditions of the Offer and the Company's Constitution.
- (C) The Plan is governed by the law in force in New South Wales. By accepting the offer under the Plan, a holder submits to the non-exclusive jurisdiction of the courts of New South Wales.
- (D) Although highly unlikely, the Board retains the right to change or terminate the Plan at any time prior to the Issue Date of the shares. In the event that the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the Plan, or the non-receipt of any such notice, will not invalidate the change or termination.
- (E) If the Plan is withdrawn, all application money will be refunded. No interest will be paid on any refunded application money.
- (F) There is no minimum level for the numbers of shares to be issued in relation to the offer. However there is a maximum subscription level of 6,000,000 ordinary shares. Should applications exceed this number, the Directors reserve the right to scale back numbers in such terms as they deem reasonable. The reduction of the numbers sought in an application shall not invalidate acceptance by London City of the remaining shares.
- (G) The Company is not required to seek the approval of Shareholders in relation to the offer of New Shares under the Plan because it meets the criteria set out in the ASX Listing Rules that enable such a issue of equity shares to be made.

Notes



LOGO: The emblem of London City Equities Limited represents the London Plane Tree. This plant, initially recorded in 1670, has become a long term survivor of the English seasons and population growth. Its resilience comes from its hardwood strength and its ability to shed bark, thereby renewing and protecting itself from risk of disease. Its shiny leaves are easily washed and reinvigorated by the rain. There are many examples still growing vigorously in London Squares that are estimated to be over 200 years old.



+61 3 9111 5652 (Facsimile)

12702426

STEP 3**Signature of Shareholder(s)****Individual / Securityholder 1**

Sole Director & Company Secretary

Individual / Securityholder 2

Director / Company Secretary

Individual / Securityholder 3

Director

Date**Contact details**

Name

Telephone

Email

STEP 4**Lodgment of Unit Purchase Plan Application Form**

If you wish to purchase ordinary shares in London City Equities Limited (ASX: LCE), this form must be correctly completed and received by Registry Direct at the address above by no later than by 5:00pm Australian Daylight Saving Time (ADST) on Friday 21 October 2016.

Signing Instructions, only required if investing using the direct debit payment method:

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, both shareholders must sign.

Power of Attorney: Please attach a certified photocopy of the Power of Attorney to this form when you return it, if it has not been previously lodged.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place and deleting title as applicable.

Privacy Clause: Registry Direct advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.registrydirect.com.au).