

Litigation Capital Management Ltd

29th October 2018

Capital Raising and Business Update

Patrick Moloney

CEO

NOT FOR RELEASE TO US WIRE SERVICES OR
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Important Notices and Disclaimer

Financial data

All dollar values are in Australian dollars (“A\$”) and financial data is presented as at and for the financial year ended 30 June 2018 unless otherwise stated. Investors should note that this Presentation may contain pro forma financial information. Any pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company’s (or anyone else’s) views on the Company’s future financial position and/or performance. Any pro forma financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia. Except where otherwise stated, the financial information in this Presentation is unaudited and remains subject to change.

Past Performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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This Presentation contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of the Company, the outcome and effects of the Offer, and the use of proceeds from the Offer. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Refer to the risks section of this Presentation for a summary of certain general and LCM specific risk factors that may affect the Company. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures and not place reliance on such statements. The forward looking statements are based on information available to the Company as at the date of this Presentation. To the maximum extent permitted by law, the Company and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

LCM can provide no guarantee that the opportunities in its pipeline will become projects funded by LCM. These opportunities are subject to due diligence and the negotiation of commercial terms and it is likely that only a proportion of the opportunities in this pipeline will convert into funded projects.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Investment risk

An investment in the Company’s shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in the Company’s shares, investors should have regard to (amongst other things) the risks outlined in this Presentation.

Lead Manager

The Lead Manager has acted as lead manager of the Offer. The Lead Manager has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Presentation and there is no statement in this Presentation which is based on any statement made by the Lead Manager of its affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Presentation other than references to its name and makes no representation or warranty as to the currency, accuracy, reliability, reasonableness or completeness of this Presentation, nor does it make any recommendation as to whether any potential investor should participate in the offer of New Shares under the Offer.

Executive Summary

A\$ INSTITUTIONAL PLACEMENT ON ASX

- LCM is raising A\$8 million by a share placement of fully paid ordinary shares at \$0.90 with the option to take oversubscriptions. These proceeds will be used to fund existing conditionally contracted projects, to enable deployment of capital into new pipeline opportunities and for general corporate purposes including working capital associated with the UK operations.

UK TEAM

- In keeping with LCM's disciplined and careful approach to international expansion, LCM has identified a highly experienced UK litigation finance team of six staff headed by Nick Rowles-Davies, a pioneer of this industry (**UK Team**). The proposed addition of the UK Team presents a significant opportunity for LCM to enter the European market with a strong and immediate presence.
- The UK Team brings a strong pipeline of litigation funding opportunities with an emphasis on financing litigation matters for corporates (a particular area of competence).
- The UK Team will integrate onto LCM's platform – there is no acquisition of an operating entity. This enables LCM to expand into these new markets at very low risk and cost.
- In relation to all international expansion, management and governance will remain with the Board through its CEO, Patrick Moloney and all risk management and treasury functions for LCM will remain with its head office in Australia. Treasury, finance and operations will be strengthened with Stephen Conrad, who is highly experienced in international capital markets and who will be nominated to join the Board of LCM and will be based in Sydney.

INTENDED TRANSFER TO AIM AND FURTHER CAPITAL RAISING

- To drive further shareholder value, the Board is strongly of the view that LCM needs access to a deeper pool of equity capital to support growth. As such, LCM proposes to delist from the Australia Stock Exchange (**ASX**), seek admission for its shares to trade on AIM, a market operated by the London Stock Exchange (**LSE**).
- LCM proposes to undertake a further capital raising in connection with admission on AIM, to fund the existing portfolio of projects (including conditional projects) and to enable deployment of further capital into pipeline opportunities (which are expected to grow significantly with the addition of the UK Team). LCM shareholders will be asked to pass resolutions to facilitate admission to AIM and to grant authority for the issue of shares in connection with such capital raising. The resolutions will be put to shareholders at LCM's AGM on 30 November 2018.

ASX Placement

Placement Terms

Offeror	Litigation Capital Management Limited (ABN 13 608 667 509)
Offer Structure & Size	Institutional placement to professional and sophisticated investors of fully paid ordinary shares to raise approximately A\$8 million with the option to take oversubscriptions.
Securities	New fully paid ordinary shares ranking equally with existing ordinary shares
Price	A\$ 0.90 (7.2% discount to the last closing price on 26 th October, 2018 of A\$0.97).
Settlement Agent	Morgans Corporate Limited ABN 32 010 539 607 (Contact Alex Warner ph. 02 – 6544 3144)
Settlement Date	Friday, 2 nd November 2018
Issue Date	Monday, 5 th November 2018
Use of Proceeds	To fund existing conditionally contracted projects, and to enable deployment of capital into new pipeline opportunities, and for general corporate purposes including working capital associated with the UK business

Note:

The offer and sale of the Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States, and the Securities may not be offered, sold, pledged or otherwise transferred without registration under the U.S. Securities Act (which You acknowledge neither the Offeror nor the Lead Manager has any obligation to do or to procure) unless the Securities are offered, sold, pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any state or any other jurisdiction in the United States.

UK Expansion

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 transacted together in a number of cases over a substantial amount of time, including the referral and co-funding of projects.

Capabilities

This opportunity will leverage proven core capabilities of the UK team in origination and due diligence in EMEA, which will complement the skilled law firm litigation lawyers in Australasia currently within LCM.

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

UK Strategy

- Provide access to a much larger market for the financing of legal claims. London is a well established centre for international arbitration and the UK, as one of the world's largest economies, presents an attractive opportunity for the funding of claims
- Provide a base for a broader reach into the EMEA region and the UK team has already significant opportunities in the UK and Europe in their pipeline
- The UK team will bring discrete expertise in the origination of litigation finance opportunities for corporates where LCM can develop new market share
- The UK team has significant industry experience with deep knowledge of single case funding, a highly skilled local origination team which includes a wide referral base and a unique opportunity to position for less contested projects (in the form of portfolio funding for corporates)
- Existing risk function embedded into the UK team which will integrate into LCM's existing risk framework
- Significant opportunity for LCM to enter the European market with a strong and immediate presence
- The new UK team consists of 6 staff including Nick Rowles-Davies and the incremental forecast operating costs over the next 12 months for this team is expected to be A\$3.5-\$4 million per annum*.

Experienced UK team with extensive track record



Nick Rowles-Davies
Executive Vice Chairman *

Nick created and defined the concept of portfolio litigation finance and is the global leader in identifying, creating and executing litigation finance portfolios. Nick has been involved in the litigation finance and legal expenses insurance industries since 1999.

Admitted as a Solicitor in England and Wales, in the British Virgin Islands and is an accredited mediator. Nick has a wide range of experience in commercial and civil litigation issues. In private practice he specialised in complex, high-value matters that involved him in a number of reported cases in the High Court, Court of Appeal, and the House of Lords. He has extensive knowledge of the financial and insurance arena, having been retained by a number of banks, major insurance companies, and both on and offshore finance houses.

Nick is a regular speaker and frequent media commentator on all aspects of litigation, the costs regime, litigation finance, legal expenses insurance and a wide variety of legal matters.

He recognised the new opportunities in the litigation finance industry and co-founded a family office backed global litigation funding business. He was then Managing Director of a large publicly listed litigation finance firm and led it globally outside of the Americas, before leaving in 2016 to create a new model of litigation finance.

Nick has been responsible for the largest and most innovative transactions in the field, including a €45 million portfolio financing deal for a significant FTSE 100 company and a £9m insolvency portfolio transaction with Grant Thornton and many more corporate portfolio-based investments globally.

Nick is a former Director of the Association of Litigation Funders of England & Wales.

Nick is the author of Third Party Litigation Funding, published by Oxford University Press in 2014. He is also a contributing author to The Legal Risk Management Handbook (Whalley and Guzelian -Kogan Page 2017) and to the 3rd edition of Friston on Costs (Dr Mark Friston -OUP 2018).

Experienced UK team with extensive track record



Matthew Denney

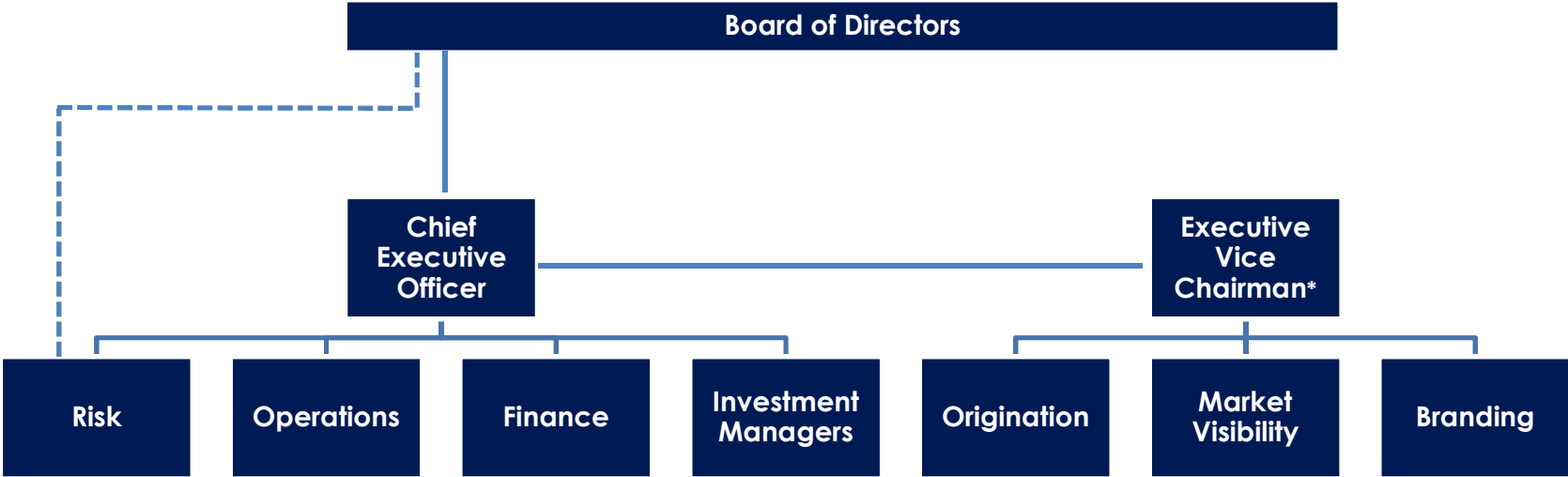
Before forming Chancery with Nick Rowles-Davies, Matthew was previously a partner at Enyo Law, one of the UK's largest and most respected litigation-only firms. He was subsequently a Director of Navigant, the global disputes consultancy. Having qualified as a Solicitor in 2003, Matthew has spent his entire career in the litigation and arbitration world and has seen disputes from all angles. Matthew is well known in the London legal scene and a well-respected voice in the litigation finance market.



Tobey Butcher

Tobey heads up the underwriting team and leads the case review process. Tobey was a partner at Enyo Law from its formation in 2010, specialising in commercial dispute resolution. He has extensive experience of a wide range of domestic and international court and institutional arbitration business, under English and foreign law. Tobey was previously at Addleshaw Goddard and Charles Russell, where he qualified and was a member of the Insurance and Reinsurance Group for many years. During this time, he worked in house for a London based reinsurance market business and an overseas telecommunications regulator. Tobey is admitted as a solicitor in England and Wales.

Proposed Revised LCM Organisational Structure



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*Denotes proposed Executive member of the Board of Directors

Rationale for move to AIM

Rationale for AIM Admission

- Natural progression and a good fit for LCM given the proposed expansion into the UK and the pipeline of opportunities
- Access to additional capital in a larger, deeper and more mature market
- Alignment of LCM, as a growing company, onto a growth platform
- Potential for income to shareholders as the business grows
- Positions LCM for visibility, access to incremental research, as the uptake of litigation funding increases
- Provides a platform for valuation against other listed peers
- Platform for access to other capital tools
- Position LCM for a possible re-rating

Conclusion

Conclusion

- Proposed integration of an established and experienced litigation funding team:
 - with a recognised capability and network
 - who are a proven team with competency across a range of claim types & geographies
 - that is well known to the existing senior team of LCM
- Attractive and growing global market for litigation funding
- 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
 - Risk, treasury and corporate governance will remain in head office in Australia
- LCM aims to further develop and diversify its portfolio of Litigation Projects by raising growth capital through equity and the Directors believe the addition of permanent capital will drive shareholder value

Appendices

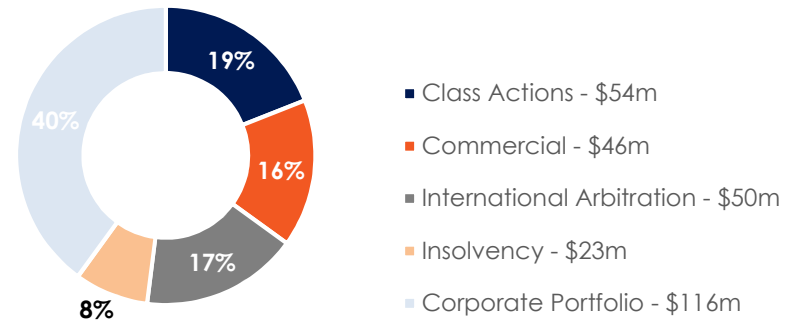
Investment Portfolio Pipeline

The combined pipeline provides a platform to move identified opportunities through the LCM due diligence process and ultimately into funded investments in a diversified portfolio

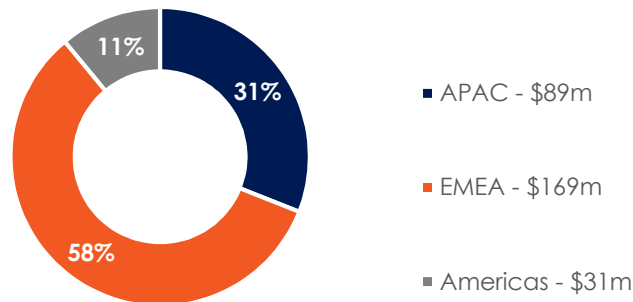
Pipeline by Type (number of projects)



Pipeline by Type (\$ capital commitment)



Pipeline by Jurisdiction (\$ 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

Financial Summary (\$A)

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Revenue¹
\$29.2m

Cumulative ROIC²
138%

Profit before tax¹
\$12.0m

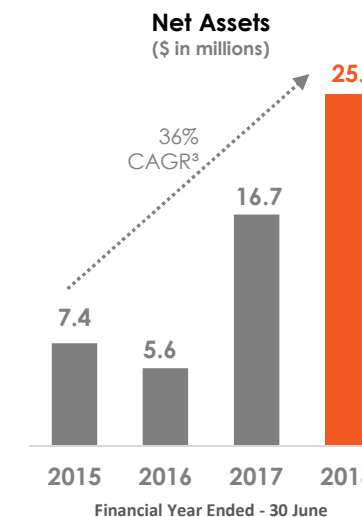
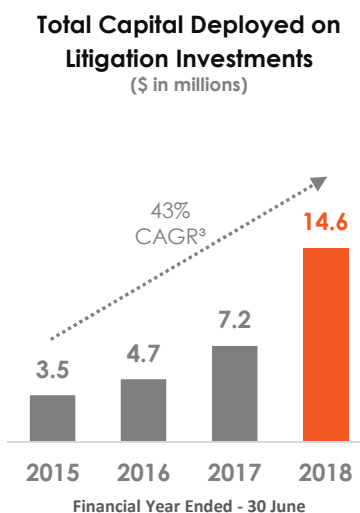
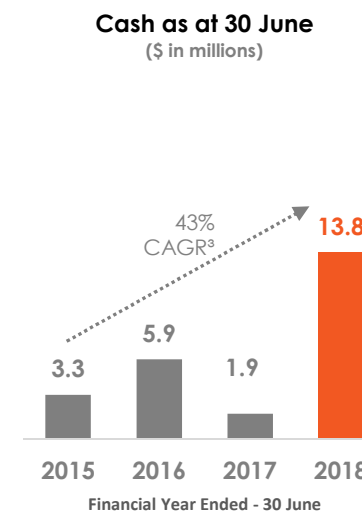
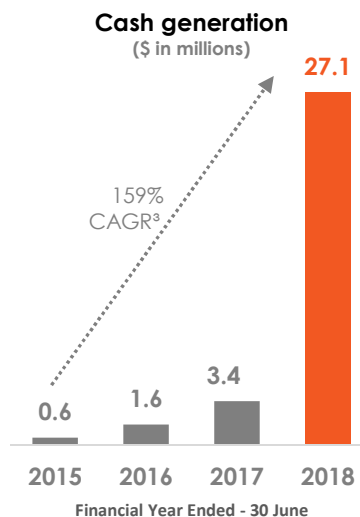
Portfolio IRR²
81%

Cash conversion rate
1.38x

Return on Equity
41%

Net Cash¹
\$13.8m

Total Equity
53%↑



¹Financial year ended 30 June 2018

²7 years, including losses

³Compounding Annual Growth Rate

Note: Accounts prepared on historical basis, LCM does not adopt fair value accounting

Strong growth in revenue and profitability (\$A)

Robust performance in FY18¹ 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
Gross Revenue	\$29.2m	\$3.4m	754%
Litigation Investments derecognised	\$13.2m	\$1.2m	969%
Net Income from Litigation Projects	\$16.0m	\$2.2m	633%
Other income	\$1m	neg.	
Expenses	(\$5.0m)	(\$5.1m)	(2%)
Net Profit Before Tax	\$12.0m	(\$2.9m)	518%
Applicable Tax at Statutory rate	nil	nil	
Income tax expense/(benefit)	\$3.3m	(\$0.5m)	
NPAT	\$8.6m	(\$2.3m)	474%
Operating Expenses / Income ratio	21%	124%	(84%)

Robust balance sheet (\$A)

Robust performance in FY18¹ 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
Cash	\$13.8m	\$1.9m	640%
Intangible assets - Litigation Investments	\$13.9m	\$12.5m	12%
Other assets	\$5.7m	\$7.8m	(28%)
Total assets	\$33.4m	\$22.2m	51%
Total liabilities	\$7.9m	\$5.5m	44%
Total equity	\$25.4m	\$16.7m	53%
Working capital ratio ³	6.3:1	6.7:1	(6%)

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

Proposed Team Structure

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EXECUTIVE MANAGEMENT & BOARD



INVESTMENT MANAGEMENT TEAM

 Susanna Taylor APAC	 Matthew Denney EMEA	 Lina Kolomoitseva APAC	 Tobey Butcher EMEA	 Siba Diger APAC	 Philip Lomax APAC	 Roger Milburn APAC
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OPERATIONS & FINANCE

 Neil Kafer APAC	 Dean Ventour EMEA	 Tiffany O'Brien APAC	 James Parker EMEA	 Mirelle Ridder APAC	 Mary Ann Ventour EMEA
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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. For the foreseeable future, any return on a prospective investor's investment in the Company's shares is likely to depend entirely on their appreciation in value, which cannot be assured.

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.

Glossary

Cash conversion rate	means the net cash flows of the Group divided by the Net Profit After Tax for the year.
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	means a set of qualified opportunities at various stages of due diligence*.
Return on Invested Capital (ROIC)	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.
Working Capital Ratio	means the total current assets divided by the total current liabilities of the Group.

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- 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
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

United States

The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or under any US state securities laws. The New Shares may only be offered and sold in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the New Shares are only being offered and sold in "offshore transactions" in compliance with Regulation S under the US Securities Act.

International Offer Restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.