

Company Update

LIG ASSETS, INC. 1Q Results Out; On Track for Huge Earnings Year

Rob Goldman May 29, 2012

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LIG ASSETS, INC. (OTC:PK – LIGA - \$0.045)

Price Target: \$0.50 Rating: Speculative Buy

COMPANY SNAPSHOT

LIG Assets, Inc. is a provider of funding and financing for early-stage, high-growth businesses and real estate projects. The Company focuses primarily on income-producing properties in commercial and residential real estate whose cash flow and operating leverage contribute to the overall value of the entire LIG Assets enterprise. Properties currently generating cash flow for LIG Assets include nearly 300 residential properties throughout Texas, a storage center, and SuiteMagic (SM), a technology entertainment services company. Projects under construction include a garden-style apartment complex and an assisted living center.

KEY STATISTICS

Price as of 5/29/12	\$0.045
52 Wk High – Low	\$0.20 - 0.02
Est. Shares Outstanding	71.5M
Market Capitalization	\$3.2M
3 Mo Avg Vol	165,500
Exchange	OTC:PK

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

The Bottom Line: Late last week LIGA filed its quarterly results for the March 2012 quarter. As expected, the numbers were not the story. Secular industry trends remain very strong, and we expect a series of events to serve as catalysts in the near and intermediate term. Moreover, the Company is on track to meet our \$0.07 per share EPS estimate for the year.

This may be the first time in my 23 years in the business that I have ever covered a stock whose price is below the expected EPS for the current year. Investors should consider this rare phenomenon a flashing buy signal.

The News: Gross income for the period was \$766,000 with net income of \$75,000. Q1 is seasonally the weakest for LIGA as it does not benefit from executed transactions which boost gross and net income, and expenses are unusually high due to annual property tax payments. With a book value per share of \$0.105, LIGA trades at a ridiculous 0.4x current book value.

Trends: The real estate market in Texas is as hot as the weather. The combination of offering the #1 commercial real estate development market, affordable housing, favorable job migration and initiation, and high job growth, ensure that LIGA's real estate business will be robust in terms of property value increases and very profitable property sales.

Q2 Events: While Q1 was uneventful, Q2 has been anything but. LIGA announced a share distribution of its SuiteMagic subsidiary, plans for additional stock distributions of key subsidiaries, and the signing of an LOI to acquire First Run Multimedia Corporation for cash. The acquisition is expected to provide revenue to SuiteMagic from its existing customers than include over 3000 hotel rooms.

We think management is just getting started and we would not be surprised to see more progress on the business development front in the near term.

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Looking Ahead:

There are key events with which investors should view as catalytic events for these shares. Going forward, we expect the following milestones:

- ✓ Significantly higher gross and net income as LIGA profitably sells some holdings in its real estate portfolio.
- ✓ Closing of First Run transaction and merger with SuiteMagic.
- ✓ Raising status to fully reporting company with trading on a more prominent exchange.
- ✓ SuiteMagic S-1 filing.
- ✓ Additional distribution(s).
- ✓ Varied business development transactions.

Valuation and Conclusion:

As noted in our initiation report last month, LIG Assets, Inc. is the classic example of a passive financial services and investment company that routinely converts limited risk capital into substantial cash flow and income. Yet, this unknown, low-float stock is trading around .4x book value when it should command a major premium to book value.

Operationally, wWe expect that the Company will earn at least \$5 million in net profit, which equates to \$0.07 per share, and is inexplicably 50% higher than the current stock price. What makes the LIGA story so amazing is that if LIGA only earned \$3.0 million, or \$0.04 per share, it would still be the king of asset plays.

It is important to note that our forecast is derived from multiple revenue and income streams, ranging from real estate transactions, the SuiteMagic minority interest, and the storage facility business line. As a result, we believe that this diversified portfolio should raise investors' confidence in this estimate.

We continue to rate LIGA a Speculative Buy with a \$0.50 price target and plan to provide a more comprehensive proforma projected income statement in future guarters..



Company Update

Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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