

18 February 2021

Market Announcements Office
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

Cleansing notice under section 708AA of the Corporations Act

This notice is provided by AF Legal Group Ltd (**ASX: AFL**) (**Company**) in connection with the Company's proposal to undertake a non-renounceable, pro rata entitlement offer to existing shareholders of the Company (**Eligible Shareholders**) on the basis of 1 new fully paid ordinary share in the Company (**Share**) at an issue price of \$0.50 per Share for every 6.15 existing Shares held as at 7.00 pm (AEDT) on Tuesday, 23 February 2021 (**Record Date**) to raise A\$5m (before costs and subject to rounding) (**Entitlement Offer**).

Eligible Shareholders will only be those who are shareholders on the share register of the Company as of the Record Date with a registered address in Australia, New Zealand, Singapore or Hong Kong.

The Company gives this notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and states the following:

- a) the Shares to be issued under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- b) as at the date of this notice, the Company has complied with:
 - i. the provisions of chapter 2M of the Corporations Act as they apply to the Company; and
 - ii. section 674 of the Corporations Act;
- c) as at the date of this notice, there is no information that is 'excluded information' (within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act); and
- d) the potential effect the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including investor demand. The potential effect on control is summarised below:
 - i. if all Eligible Shareholders take up all their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company;

- ii. if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer then the interests of those Eligible Shareholders in the Company will be diluted;
- iii. the proportional interests of shareholders of the Company who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
- iv. Eligible Shareholders that apply for Additional Shares under the shortfall facility (under which any shortfall between applications received and the number of Shares proposed to be issued under the Entitlement Offer may be applied for by those Eligible Shareholders who have accepted their entitlements in full) (**Shortfall Facility**) may increase their interests beyond their entitlement for shares in excess of an Eligible Shareholder's entitlement. Any offer of Shares not subscribed for under the Entitlement Offer and the Shortfall Facility may be placed to new investors by the Board of the Company in accordance with the ASX Listing Rules, leading to new shareholders in the Company. This would result in the dilution of holdings of those who failed to accept their Entitlements in full and those who failed to apply for Additional Shares; and
- v. currently there is one shareholder with voting power of 17.68%, being Oscar Churchill Pty Ltd (**Oscar Churchill**), an entity associated with Mr Edward Finn, a Director of the Company. If Oscar Churchill is the only participant in the Entitlement Offer and the entity takes up its full Entitlement while all other Eligible Shareholders do not participate in the Entitlement Offer, Oscar Churchill's maximum voting power is projected to be 19.98% and accordingly at completion of the Entitlement Offer Oscar Churchill's maximum voting power would not be above 20%. However, Oscar Churchill's voting power will decrease if other Eligible Shareholders participate in the Entitlement Offer.

This notice has been authorised by the Board of Directors of the Company.

For any questions, please contact the undersigned on +61 2 8272 1400.

Yours faithfully



Maggie Niewidok
Company Secretary