

01 March 2021

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

Notice under section 708AA(12) of the Corporations Act

This notice is provided by AF Legal Group Ltd (**ASX: AFL**) (**Company**) under section 708AA(12) of the *Corporations Act 2001* (**Corporations Act**) as notionally modified by *ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84* (**Instrument**). References in this notice to the Corporations Act are references to the Corporations Act as notionally modified by the Instrument.

The Company announced on 18 February 2021 that it will undertake a non-renounceable, pro rata entitlement offer on the basis of 1 new fully paid ordinary share in the Company (**Share**) at an issue price of \$0.50 per Share for ever 6.15 existing Shares held as at 7.00pm (AEDT) on Tuesday, 23 February 2021 (**Record Date**) to raise A\$5 million (before costs and subject to rounding) (**Entitlement Offer**). Further details regarding the Entitlement Offer are set out in the offer document dispatched to shareholders on 26 February 2021.

The purpose of this notice is to inform shareholders of changes to the Company's circumstances since its previous notice dated 18 February 2021 under section 708AA(2)(f) of the Corporations Act.

The Company is presently in negotiations in relation to the potential acquisition of a company in the business of providing family law services in Australia (**Potential Acquisition**). As at the date of this notice, negotiations are still ongoing and there can be no assurances that the Company will proceed with the Potential Acquisition. If a binding agreement is entered into with respect to the Potential Acquisition, the Company will release a further announcement detailing the material terms and conditions.

The Company confirms that in respect of the Entitlement Offer:

- 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) this notice is given under section 708AA(12) of the Corporations Act, updating its previous section 708AA(2)(f) notice dated 18 February 2021;
- c) 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;
- d) 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

- e) 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 Shareholder 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 Shareholder in the Company will be diluted;
 - iii. the proportional interests of shareholders of the Company who are not Eligible Shareholder 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 Share 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. 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 above 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 it 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, this will decrease if other Eligible Shareholders participate in the Entitlement Offer.

Authorised for release by the Board.

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

Yours faithfully

A handwritten signature in black ink, appearing to read "M. Niewidok".

Maggie Niewidok
Company Secretary