



LAWFINANCE LIMITED (FORMERLY KNOWN AS JUSTKAPITAL LIMITED)

ACN 088 749 008

**NOTICE OF
ANNUAL GENERAL MEETING 2018
AND EXPLANATORY MEMORANDUM**

TIME: 10:30am
DATE: Thursday 15 November 2018
PLACE: Bennelong Room
DEXUS Place
Level 15, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company, on (+61 2) 9696 0220.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at **10:30am** (AEDT) on **Thursday, 15 November 2018** at:

**Bennelong Room
DEXUS Place
Level 15, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000**

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and either:

1. deliver the Proxy Form:
 - (a) by hand to: Link Market Services Ltd, 1A Homebush Bay Drive, Rhodes NSW 2138;
 - (b) by post to: LawFinance Limited, C/- Link Market Services Ltd, Locked Bag A14, Sydney South NSW 1235; or
 - (c) by facsimile to (+61 2) 9287 0309; or
2. lodge online at: www.linkmarketservices.com.au, instructions as follows:

Select 'Investor Login' and enter LawFinance Limited (or JustKapital Limited prior to 26 October 2018) or the ASX code (ASX:LAW or ASX:JKL prior to 26 October 2018) in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website;

so that the Proxy Form is received not later than 48 hours before the commencement of the Annual General Meeting.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of shareholders of LawFinance Limited (ACN 088 749 008) (formerly JustKapital Limited) will be held at **10:30am (AEDT) on Thursday, 15 November 2018 at Bennelong Room, DEXUS Place, Level 15, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum forms part of this Notice of Meeting.

The Board has determined pursuant to Regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at **7:00 pm (AEDT) on Tuesday, 13 November 2018**. Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary to this Notice of Meeting.

ORDINARY BUSINESS

ORDINARY BUSINESS – FINANCIAL STATEMENTS AND REPORTS

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2018 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

Note: This item of ordinary business is for discussion only and is not a Resolution.

However, pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the reports during consideration of these items.

ORDINARY BUSINESS – RESOLUTIONS

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2018.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: In accordance with the Corporations Act, LawFinance will disregard any votes cast on Resolution 1 by or on behalf of a member of the KMP, or any of that person’s Closely Related Parties (such as close family members and any controlled companies of those persons) (each a **Restricted Voter**). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in

accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the Chair to vote “against”, or to abstain from voting on, this Resolution.

RESOLUTION 2 – RE-ELECTION OF MR TIM STOREY AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Tim Storey, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

RESOLUTION 3 – RE-ELECTION OF MR ANTHONY MURPHY AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Mr Anthony Murphy, a Director appointed as an additional Director and holding office until the next general meeting of the Company after his appointment in accordance with the Company’s Constitution and ASX Listing Rule 14.4, be re-elected as a Director of the Company, effective immediately.”

RESOLUTION 4 – RE-ELECTION OF MS DIANE JONES AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Ms Diane Jones, a Director appointed as an additional Director and holding office until the next general meeting of the Company after his appointment in accordance with the Company’s Constitution, be re-elected as a Director of the Company, effective immediately.”

RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES UPON CONVERSION OF PERFORMANCE RIGHTS TO DIANE JONES

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rules 10.14 and 10.12 (exception 4) and for all other purposes, the Shareholders of the Company approve the issue of 719,366 Shares (upon the conversion of 719,366 Performance Rights) to Diane Jones (or her nominee) on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) any Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought; or
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 6 – APPROVAL OF FUTURE ISSUE OF SECURITIES ON THE CONVERSION OF CONVERTIBLE BONDS

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to be authorised to undertake the issue of up to 78,125,000 Shares to various sophisticated and professional investors, on the terms and in the proportions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (b) an Associate of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Accordingly, the Company will disregard any votes by any investors and their Associates who hold Convertible Bonds.

RESOLUTION 7 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of section 136 of the Corporations Act and for all other purposes, the constitution of the Company be repealed and replaced with a constitution in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, effective immediately.”

Dated: 8 October 2018

BY ORDER OF THE BOARD

Diane Jones

Chief Executive Officer

EXPLANATORY MEMORANDUM

FINANCIAL STATEMENTS AND REPORTS

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2018 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <https://www.justkapital.com.au/investor-centre/annual-reports/>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by Thursday, 8 November 2018.

RESOLUTIONS

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 Background

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at <https://www.justkapital.com.au/investor-centre/annual-reports/>.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

1.2 Voting

The Chair intends to exercise all available proxies in favour of Resolution 1. A voting exclusion applies to Resolution 1. In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the KMP, or any of that person's Closely Related Parties (such as close family members and any controlled companies of those persons) (each a **Restricted Voter**). However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- it is not cast on behalf of a Restricted Voter.

If the Chair is appointed as your proxy, and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form you are considered to have provided the Chair with express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP.

RESOLUTIONS 2, 3 AND 4 – RE-ELECTION OF DIRECTORS

2.1 Why is the Company seeking Shareholder approval?

The Company's Constitution requires that if the Company has three or more Directors, a third (or the number of Directors nearest to one third) of those Directors must retire at each Annual General Meeting, provided always that no Director (except a Managing Director) may hold office for a period in excess of three years or until the third Annual General Meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. A Director who retires by rotation under clause 13.2 of the Company's Constitution is eligible for re-election. In addition, the Company's Constitution requires that a Director who has been appointed by the Board either to fill a casual vacancy or as an addition to existing Directors, holds office only until the next following annual general meeting and is then eligible for re-election.

ASX Listing Rule 14.4 also provides that each additional director appointed during the year is to hold office until the next general meeting and is then eligible for re-election as a Director of the Company. This rule does not applying to a Managing Director.

ASX Listing Rule 14.5 provides that an entity which has Directors must hold an election of directors at each annual general meeting.

Mr Storey was last re-elected as a Director at the Annual General Meeting which took place on 30 November 2016. Mr Murphy and Ms Jones were appointed as additional Directors and have since served as Directors of the Company.

Under Resolution 2, Mr Storey is retiring by rotation and is submitting himself for re-election at this year's Annual General Meeting. Under Resolution 3, Mr Murphy seeks re-election as a Director of the Company at this year's Annual General Meeting. Under Resolution 4, Ms Jones seeks re-election as a Director of the Company at this year's Annual General Meeting.

2.2 Background

Tim Storey

Mr Tim Storey is a non-executive director and Chairman of the Company. Mr Storey chairs Stride Property Group (NZX: SPG), is a Director of Investore Property Limited (NZX:IPL) and holds a number of directorships in various private and public companies.

Mr Storey is a barrister and solicitor and was a partner at one of New Zealand's premier law firms through to 2006. He has practised in both Australia and New Zealand, focusing on corporate, commercial and property transactions. He is a member of the Institute of Directors (NZ) and the Financial Services Institute of Australasia.

Anthony Murphy

Mr Murphy is the CEO of Lucerne, a boutique investment and advisory firm with offices in Melbourne and Singapore. Lucerne and its associated entities represent a substantial portion of the Company's shareholder base and were responsible for originating and advising on the NHF transaction.

Diane Jones

Diane was previously the Chief Operating Officer and Chief Financial Officer of the Company, prior to becoming its Chief Executive Officer on 31 October 2017. Prior to joining the Company in 2016, Diane was the Chief Operating Officer, Chief Financial Officer and Company Secretary of Australia's largest litigation funder IMF Bentham Limited (ASX: IMF).

2.3 Directors' recommendation

The Directors of the Company (excluding Mr Storey in respect of Resolution 2, Mr Murphy in respect of Resolution 3 and Ms Jones in respect of Resolution 4) believe that Resolutions 2, 3 and 4 are in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

The Chair intends to exercise all available proxies in favour of Resolutions 2, 3 and 4.

RESOLUTION 5 - APPROVAL OF ISSUE OF SHARES UPON CONVERSION OF PERFORMANCE RIGHTS TO DIANE JONES

5.1 Background

The Company's JKL Incentive Plan (**Plan**) was approved by Shareholders of the Company on 30 November 2016. During 2016 the Company engaged remuneration and governance consultants, Egan Associates, to review, consider and provide advice to the Company in relation to the design of the Company's remuneration and retention structure for the year ended 30 June 2016.

Resolution 5 seeks Shareholder approval for the conversion of unlisted 719,366 performance rights (**Rights**) currently held by Diane Jones, Chief Executive Officer and Executive Director of the Company, to 719,366 fully paid ordinary shares of the Company pursuant to the terms of the Plan.

The Rights have vested in accordance with their terms. The Rights were issued to Ms Jones for the year ended 30 June 2016 and relate to her performance during that financial year when she was not a Director of the Company.

5.2 Why is the Company seeking Shareholder approval?

ASX Listing Rule 10.14 provides that a listed company must not permit a Director of the Company to acquire securities under an employee incentive scheme without Shareholder approval.

If approval is obtained under Listing Rule 10.14, in accordance with Listing Rule 10.12 (exception 4), separate approval is not required under Listing Rule 10.11.

The proposed issue of Shares (upon conversion of the Rights) under the Plan to Ms Jones constitutes the acquisition of securities under an employee incentive scheme for the purposes of Listing Rule 10.14.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Shares under the Plan constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

As Ms Jones is a current Director of the Company, Ms Jones is a "related party" of the Company. Therefore, the proposed issue of Shares to Ms Jones requires Shareholder approval under Chapter 2E of the Corporations Act and Listing Rule 10.14.

The non-conflicted Directors of the Board have formed the view that the issue of the Shares (upon conversion of the Rights) under the Plan to Ms Jones is reasonable for the following reasons:

- (a) when the Rights were originally granted, it was considered to be reasonable and appropriate, given the significant role that Ms Jones has played in the successful development of the Company;
- (b) when the Rights were originally granted Ms Jones was not a Director of the Company. The Board notes that shareholders of the Company approved Rights to Directors of the

Company who were granted Rights at the same time as Ms Jones at the 2016 Annual General Meeting;

- (c) The Rights form part of Ms Jones' remuneration for the year ended 30 June 2016; and
- (d) the Rights have vested and are simply being converted to Shares pursuant to the terms under the Plan.

The non-conflicted directors of the Board continue to hold this view as at the date of this Notice of Meeting and, accordingly, are of the view that the issue of Shares (upon conversion of the Rights) under the Plan to Ms Jones falls within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act. The Company relies on this exception for the purposes of Resolution 5 under this Notice of Meeting.

5.3 Information required by ASX Listing Rule 10.15

The following information in relation to the issue of Shares to Ms Jones is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) Ms Jones is the Chief Executive Officer and Executive Director of the Company.
- (b) The maximum number of Shares that may be acquired by Ms Jones is 719,366.
- (c) The Shares are being issued for nil cash consideration.
- (d) There is no loan associated with the acquisition of the Shares.
- (e) Since the Plan was approved by Shareholders on 30 November 2016, the Company has issued the following securities under the Plan:

Name	Number of securities received	Deemed issue price for each security¹
Philip Kapp	1,817,345 Performance Rights	\$0.23 per Performance Right
Tim Storey	333,180 Performance Rights	\$0.23 per Performance Right
Mike Hill	333,180 Performance Rights	\$0.23 per Performance Right
Anthony Hersch	757,227 Performance Rights	\$0.23 per Performance Right
Diane Jones	1,438,732 Performance Rights	\$0.23 per Performance Right

- (f) All Directors of the Company are all persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan.
- (g) The Shares will be issued within 12 months from the date of this Meeting, if approved by Shareholders of the Company.

5.4 Directors' recommendation

The Plan and the grants made under the Plan (which includes the subsequent issue of Shares upon vesting of the Rights) was prepared based on Egan Associates' recommendations for the incentive based approach to the remuneration packages of the respective recipients for the year ended 30 June 2016.

Accordingly, the Directors of the Company (excluding Mrs Jones) believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

¹ Securities were issued for nil cash consideration.

The Chair intends to exercise all available proxies in favour of Resolution 5.

RESOLUTION 6 - APPROVAL OF FUTURE ISSUE OF SECURITIES ON THE CONVERSION OF CONVERTIBLE BONDS

6.1 Background

On 11 July 2016, the Company undertook a capital raise of \$5 million by way of a placement of Convertible Bonds to various sophisticated and professional investors (**Convertible Bonds**).

Shareholders approved the issue of Shares in the Company on conversion of the Convertible Bonds for the purposes of ASX Listing Rules 7.1 on 30 November 2016. In the notice of meeting for that approval the Company indicated the Share issue would take place by 14 July 2018.

As the Shares under the Convertible Bonds have not yet been issued, the Company seeks to refresh the ASX Listing Rule 7.1 approval to issue up to 78,125,000 Shares on conversion of the Convertible Bonds.

The terms of the Convertible Bonds provide that if the Company issues Shares at a price lower than AUD\$0.30 per Share during the term of the bond, the Convertible Bonds will convert at 80% of the new equity issue price. As the Company is conducting a rights issue and placement of new Shares at AUD\$0.08 per Share, the Convertible Bonds will convert at a price of AUD\$0.064 per Share in the Company. This means that a maximum of 78,125,000 Shares may be issued on conversion of the Convertible Bonds.

6.2 Why is the Company seeking Shareholder approval?

ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not issue equity securities without the approval of its shareholders if the number of equity securities to be issued in any 12 month period exceeds 15% of the issued capital of the company, on issue at the commencement of that 12 month period, preceding the issue.

Resolution 6 seeks approval under ASX Listing Rule 7.1 in respect of the issue of up to 78,125,000 Shares in the capital of the Company on the conversion of Convertible Bonds.

Convertible Bonds of \$5 million (included in Borrowings) have a maturity date of 15 January 2019.

The terms of the Convertible Bonds require the Company to use its reasonable endeavours to maintain sufficient authorised but unissued share capital to be able to deliver Shares on conversion of the Convertible Bonds.

If Shareholders do not approve the issue of Shares on conversion of the Convertible Bonds then a 10% premium will be payable at redemption of the Convertible Bonds.

During the financial year, the Convertible Bonds maturity date was extended to 15 January 2019. Interest payments are cumulative and payable at 11.5% per annum, quarterly in arrears. The Convertible Bonds are convertible into ordinary Shares of the Company at the option of the holder prior to their maturity.

6.3 Information required by Listing Rule 7.3

(a) Maximum number of securities

Conversion of the Convertible Bonds will require the issue of up to a maximum of 78,125,000 Shares, which represents approximately 26.41% of the total number of Shares currently on issue.

(b) Date of issue

The date the Shares must be issued on conversion of the Convertible Bonds is not known, but subject to the Company obtaining Shareholder approval under this Resolution 6, the Shares would be issued progressively on dates that will be no later than 3 months after the passing of this Resolution 6 and no later than the date of maturity of the Convertible Bonds, being 15 January 2019.

(c) Issue price of securities

New Shares in the Company will have a conversion price of AUD\$0.064 per Share on conversion of the Convertible Bond.

If Shareholders do not approve the issue of securities on conversion of the Convertible Bonds then a 10% premium will be payable to the Convertible Bondholders at redemption.

(d) Recipients of the issued securities

The Convertible Bonds were issued to a range of existing Shareholders and sophisticated and professional investors.

(e) Terms of the issued securities

Shares issued on conversion of the Convertible Bonds will rank equally with the existing Shares currently on issue.

(f) Use of funds

Funds received in relation to the issue of the Convertible Bonds were used for the working capital purposes of the Company.

(g) Voting exclusion statement

A voting exclusion statement has been included in the Notice of Meeting.

6.4 Directors' recommendation

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. The Chairman intends to exercise all available proxies in favour of Resolution 6.

RESOLUTION 7 – ADOPTION OF NEW CONSTITUTION

7.1 Why is the Company seeking Shareholder approval?

The Company's current constitution was adopted by the Company following receipt of Shareholder approval on 11 February 2015.

For the following reasons, the Board of the Company wishes to amend its existing Constitution:

- (a) Presently, any proceeds of sale of a Minority Member's shareholding must be processed as a cheque sent by post to the Member. This payment method is inefficient, costly and less reliable in comparison to other payment methods, such as by Electronic Funds Transfer (**EFT**). In many cases, the fees associated with drawing the cheque (and postage) will exceed the cheque amount. The proposed amendments will extend the range of permissible payment methods to include an EFT to the shareholder's nominated account, any other payment method that the Board (at its discretion) considers appropriate, and even to donate the proceeds to a charity that the Directors determine (provided that the Minority Member provides written consent to do so). This will avoid the Company incurring unnecessary costs from the sale of Minority Member shareholdings.
- (b) The current procedure for calculating the price per share at which a Minority Member's shareholding is to be sold is onerous. The price, which is based upon the last sale price over the previous ten trading days, must effectively be recalculated every day until an offer exceeding the price is received. The amendments will enable the Company to sell Minority Member shares at the best price reasonably available at the time (as determined by the Directors). This will improve flexibility in relation to the sale of Minority Member shareholdings as well as remove the need for continuous recalculation of the price.

7.2 New Constitution

Accordingly, the Company has prepared an updated Constitution (**New Constitution**) which incorporates the following key amendments:

- (a) clause 3.8 has been amended to provide greater flexibility to the Company in the provision of the proceeds of sale of a Minority Member's securities to that Member; and
- (b) clauses 3.2, 3.4(a) and 3.5 have been amended to enable the sale of a Minority Member's securities at a price which the Directors consider is the best reasonably available price at the time.

Prior to the Meeting, a copy of the New Constitution will be available for review by Shareholders at the Company's registered office during normal business hours. A copy of the New Constitution can also be sent to Shareholders of the Company upon a request being made to the Company.

A complete signed copy of the New Constitution will be tabled at the Meeting.

Pursuant to section 136(2) of the Corporations Act, a modification to the Company's Constitution can only be effected by way of a Special Resolution passed by its Shareholders. Therefore, this Resolution is a Special Resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

7.3 Professional advice

If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from a solicitor or other professional advisor.

7.4 Directors' recommendation

The Directors of the Company recommend that Shareholders vote in favour of this Resolution.

The Chair intends to exercise all available proxies in favour of Resolution 7.

Glossary

In this Notice of Meeting, these terms have the following meanings:

AEDT	Australian Eastern Daylight Time as observed in Sydney, New South Wales.
Annual General Meeting or Meeting	Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.
Associate	Has the meaning given to it by the ASX Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.
ASX Listing Rules or Listing Rules	The official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
Board	The current board of Directors of the Company.
Chair	The person chairing the Annual General Meeting.
Closely Related Parties	Means: <ul style="list-style-type: none">(a) a spouse or child of a KMP;(b) a child of a KMP's spouse;(c) a dependant of the KMP or of a KMP's spouse;(d) anyone else who is one of a KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the entity;(e) a company the KMP controls; or(f) a person prescribed by the Corporations Regulations.
Constitution	The constitution of the Company.
Convertible Bonds	The unsecured convertible bonds, a debt security with a face value of \$100 issued to sophisticated and professional investors in a capital raise of \$5 million announced by the Company on 11 July 2016.
Corporations Act	The <i>Corporations Act 2001</i> (Cth) as amended or replaced from time to time.
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth) as amended or replaced from time to time.
Director	A current director of the Company.
Explanatory Memorandum	The explanatory memorandum accompanying this Notice of Meeting.
Group or the LawFinance Group	The Company and its subsidiaries.
LawFinance or the Company	LawFinance Limited ACN 088 749 008.
Lucerne	Lucerne Investment Partners.
KMP	A member of the Company's key management personnel (including the Directors), whose details are included in the Remuneration Report including Tim Storey, Anthony Murphy, Diane Jones, Anthony Hersch and Craig Beaton.
Notice of Meeting	This notice of Annual General Meeting including the Explanatory Memorandum and Proxy Form.
Proxy Form	The proxy form attached to this Notice of Meeting.

Resolution	The resolutions set out in this Notice of Meeting.
Share	A fully paid ordinary share in the capital of LawFinance.
Shareholder	A holder of a Share.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

LawFinance Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of LawFinance Limited (**Company**) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (AEDT) on Thursday, 15 November 2018 at Bennelong Room, DEXUS Place, Level 15, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 APPROVAL OF ISSUE OF SHARES UPON CONVERSION OF PERFORMANCE RIGHTS TO DIANE JONES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 RE-ELECTION OF MR TIM STOREY AS DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 APPROVAL OF FUTURE ISSUE OF SECURITIES ON THE CONVERSION OF CONVERTIBLE BONDS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 RE-ELECTION OF MR ANTHONY MURPHY AS DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 ADOPTION OF NEW CONSTITUTION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 RE-ELECTION OF MS DIANE JONES AS DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (AEDT) on Tuesday, 13 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

LawFinance Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**