



LawFinance Group Equity Incentive Plan

LawFinance Limited
ABN 72 088 749 008

The success of LawFinance Group depends on our people and how each individual performs from day to day. In recognition of this, the Board has given you an Offer to participate in the LawFinance Group Equity Incentive Plan (the **Plan**). This document comprises the rules of the Plan (**Rules**) and explains how the Plan operates, how you may participate, the key features, benefits and risks of the Offer.

Important information about this document

The information contained in this document is general only and has been prepared without taking into account your objectives, specific personal circumstances, financial situation or needs. If you are unsure about whether to participate in this Plan, we strongly encourage you to seek independent financial advice from a licensed financial adviser.

The Plan is discretionary and LawFinance may amend, cancel, suspend or terminate the Plan.

Overview

What is the LawFinance Group Option Plan?

- 1 The Plan is an incentive scheme which provides an opportunity for all eligible persons to share in LawFinance Group's possible future success. The Plan lets you take a financial interest in LawFinance Group through the grant of:
 - options to acquire shares in LawFinance (**LawFinance Shares**) subject to this Plan (**Options**);
 - rights to a LawFinance Share (or, in certain circumstances, to a cash payment in lieu of a LawFinance Share) subject to this Plan (**Rights**); or
 - a loan (**Loan**) for the purpose of funding the Issue Price of the LawFinance Shares offered to you subject to this Plan.

How does the Plan work?

- 2 The Board will in its absolute discretion select people to participate in the Plan (these are referred to as **Eligible Persons**) and make each Eligible Person an offer to participate in the Plan (**Offer**).
- 3 The Offer will include the following details for each Eligible Person:
 - the number of LawFinance Shares, Options or Rights offered;
 - the Exercise Price and Exercise Period for any Options;
 - the Issue Price, or a mechanism for determining the Issue Price;
 - any holding arrangements required to be entered into in connection with those Options or Rights;
 - the applicable conditions including vesting conditions, disposal and forfeiture restrictions applying to those LawFinance Shares, Options and Rights;
 - if a Loan is to be offered to you to acquire LawFinance Shares:
 - details on the terms on which the Loan is offered;
 - the Repayment Date, if any; and
 - any conditions, obligations and risks associated with the Loan; and
 - how the Offer may be accepted.

Other considerations

- 4 As with any other investment, owning LawFinance Shares, Options or Rights carries risks, including:
 - the price of LawFinance Shares as traded on the Australian Securities Exchange (**ASX**) may fall, depending upon factors such as the financial performance of LawFinance Group, the performance of the economy and the financial market conditions generally;
 - dividends on LawFinance Shares may not be paid or may be less than anticipated; and
 - participation in the Plan may have important taxation implications. General tax information can be found on page 5 of this document. The tax regime applying to you may change in the future.

There are risks inherent in owning shares or an interest in future shares like the Options and the Rights. Some of those risks are specific to LawFinance's business activities while others are of a more general nature. Those risks may, individually or in

combination, affect the value of LawFinance Shares. For more detail on those risks, please refer to LawFinance's investor materials.

If you are unsure about whether to participate in this Plan, we strongly encourage you to seek independent financial advice from a licensed financial adviser.

If you are unsure about the tax implications from your participation in this Plan, we strongly recommend you obtain your own tax advice.

Frequently Asked Questions

How do I accept?

- 5 If you wish to participate in the Plan you must sign and return the Offer to the Chief Executive Officer, or the person nominated on the offer document.
- 6 If you have any questions on how to apply, please contact the Chief executive Officer.

What are the Options?

- 7 The Options are rights to acquire LawFinance Shares in accordance with this Plan. The Options are generally issued subject to satisfaction of certain conditions (including any vesting conditions) and compliance with the applicable exercise procedure (including payment of any applicable exercise price).

What are Rights?

- 8 The Rights are an entitlement to a LawFinance Share (or, in certain circumstances, to a cash payment in lieu of a LawFinance Share) in accordance with this Plan. The Rights are generally subject to satisfaction of certain conditions (including any vesting conditions).

What does it mean for a Right or Option to vest?

- 9 Vesting is the process by which you become entitled to:
 - (a) in the case of a Right, be allocated a LawFinance Share;
 - (b) in the case of an Option, exercise the Option.

What happens when a Right vests?

- 10 After vesting of a Right, a LawFinance Share will be allocated to you without any further action on your part unless the Board decides to satisfy your entitlement through a cash payment.
- 11 Where the Board decides to make a cash payment to a Participant in lieu of an allocation of LawFinance Shares, LawFinance must pay you an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) equivalent in value to the number of LawFinance Shares which you would have been allocated multiplied by the Current Market Price.
- 12 If the Board determines that the payment is to be made in a currency other than Australian dollars, the foreign exchange rate applied will be the weighted average closing exchange rate of the relevant currency for the five business days prior to the date of vesting.

What is the Current Market Price?

- 13 The Current Market Price is the weighted average market price (rounded to the nearest cent) of all LawFinance Shares sold on the ASX during the five trading days prior to the vesting of the Right.

What are vesting conditions?

- 14 Vesting conditions are terms of your Offer and are conditions that may relate to performance, service or other circumstances that must be satisfied before a Right or Option vests under these Rules.

Do I have to pay for my Rights or Options?

- 15 Unless otherwise specified in the Offer, no payment is required for the grant of a Right or an Option.

What happens if I am offered LawFinance Shares with a Loan?

- 16 If you have been offered LawFinance Shares with a Loan you can accept that Offer by delivering to LawFinance written notice of acceptance of the Offer. The LawFinance Shares that you acquire under the Plan will be subject to a Holding Lock during the relevant Restriction Period.
- 17 In addition, on acceptance of an Offer to provide a Loan, LawFinance will apply the amount of the Loan on your behalf to pay the Issue Price of the LawFinance Shares offered to you.

Is there a charge attached to the Loan?

- 18 Yes, LawFinance will have a first ranking Security Interest over LawFinance Shares which are acquired by way of a Loan, during the Restriction Period.

If I have a Loan when do I have to repay the Loan Balance?

- 19 You must repay the Loan by the Repayment Date.
- 20 If you cease to be employed by or provide services as a consultant to the LawFinance Group or if you Dispose or attempt to Dispose of your LawFinance Shares in breach of the Rules the Board may, in its absolute discretion, give notice to you that the Loan Balance is immediately payable.

Can I repay my Loan early?

- 21 Yes, you may apply to the Board for approval to repay the amount advanced to you under the Loan less any repayment by way of dividends before the date on which the Loan Balance would otherwise be repayable.

Can LawFinance sell my LawFinance Shares?

- 22 Yes, if a Loan becomes repayable and you do not pay the Loan Balance within the time for payment specified by the Board, LawFinance may sell all of the LawFinance Shares issued to you.
- 23 The proceeds of the sale of your LawFinance Shares will be applied in the following order:
- (a) first, to pay the Loan Balance;
 - (b) second, to reimburse LawFinance for all costs and expenses incurred in connection with the sale; and
 - (c) the balance (if any) to you.

Will I be paid dividends?

- 24 Yes, you are entitled to receive any dividend payable in respect of the LawFinance Shares allocated to you under the Plan. However, by accepting an Offer of a Loan, you are required to repay the Loan from dividends payable in respect of the LawFinance Shares and:
- (a) you direct LawFinance to procure that any dividend payable in respect of the LawFinance Shares acquired by way of the Loan is applied in accordance with paragraph (b); and
 - (b) LawFinance will procure that any dividend payable in respect of the LawFinance Shares is applied in payment of the balance on the Loan at the time the dividend is paid.
- 25 In applying this provision the Board may determine that a portion of any dividend can be retained by you to meet your taxation liability incurred in relation to the dividend.

Are there any other restrictions on dealing in LawFinance Shares, Rights or Options?

- 26 LawFinance Group has a Securities Trading Policy which governs when you may deal in LawFinance Shares, Options and Rights.
- 27 The Securities Trading Policy applies to LawFinance Shares, Options and Rights acquired under the Plan. You must comply with the Securities Trading Policy and it is your responsibility to ensure that you comply with the Securities Trading Policy when accepting an invitation to participate in the Plan and on any transfer or sale of LawFinance Shares, Options or Rights.
- 28 The Securities Trading Policy is available on the website.
- 29 In addition, except with the written consent of the Board you may not deal with a Right or Option including by:
- (a) a transfer, assignment, encumbrance, option, swap, or any other alienation of all or any part of the legal or beneficial rights attaching to the Right or Option; and
 - (b) any hedging (including any dealing with a derivative instrument intended to "lock in" a profit relating to a Right or Option, and any other transactions in financial products that operate to limit the economic risk associated with holding a Right or Option).

Is LawFinance Group responsible for price changes of the LawFinance Shares?

- 30 No. Neither LawFinance Group nor any Group Member, or their respective directors, officers, employees, representatives or agents are liable for any adverse movements in the value of any LawFinance Shares issued under the Plan.

When can I sell my LawFinance Shares?

- 31 You can sell the LawFinance Shares issued to you on exercise of an Option at any time provided you are not restricted from dealing in the LawFinance Shares under the Securities Trading Policy.
- 32 See paragraphs 91 to 94 with respect to the sale of LawFinance Shares issued to you under a Loan.

What if my employment or engagement ceases before my Options or Rights vest?

- 33 The answer will depend upon the reason for you leaving LawFinance Group. If you cease to be an employee or otherwise engaged by LawFinance Group because of resignation, termination for poor performance or termination for cause, any Right or Option held by you will lapse.
- 34 However, if you cease to be an employee or otherwise engaged by LawFinance Group for any other reason, including your death, total and permanent disablement, redundancy, retirement or termination by agreement, all of your Options or Rights will continue to be held by, or on behalf of, you (or by your estate as a representative) subject to these Rules except that any continuous service condition will be taken to have been waived.
- 35 The Board may determine within four months of you ceasing employment or engagement with LawFinance Group that some or all of your Rights or Options lapse, vest, are only exercisable for a prescribed period and will otherwise lapse; and/or are no longer subject to some or all of the restrictions that previously applied.

Can I transfer ownership of my LawFinance Shares, Loan, Options or Rights to anyone else?

- 36 No, as discussed above at paragraph 29, an Offer is personal to you and except with the express written consent of the Board, you cannot deal in interests granted under this Plan until, in the case of an Option, you have exercised your Option, or in the case of a Right, you have been allocated a LawFinance Share or in the case of a Loan the Loan Balance has been repaid.
- 37 Where, in the opinion of the Board, you have dealt with a Right or an Option in contravention of the Rules, the Right or Option will immediately lapse.
- 38 The Board may consent to the transfer of a LawFinance Share, Loan, Right or Option that is required by law if you have provided satisfactory evidence of the requirement.

What if there is an inconsistency between the Rules and my Offer?

- 39 To the extent of any inconsistency, the terms in an Offer prevail over any other provision of these Rules.

What are the tax implications of this Plan?

- 40 For general taxation information, refer to the Taxation Summary below.

Who can I contact if I need help or have any questions?

- 41 If you have any questions about the Plan, please contact the Chief executive Officer.
- 42 This Plan does not contain any specific recommendation to participate in the Plan. This document offers general advice only, by way of explaining the terms of the Plan.
- 43 If you are unsure about whether to participate in the Plan, you should obtain independent financial advice from a licensed financial adviser.

Where can I get price information?

- 44 The market price of LawFinance Shares is available from ASX's website at www.asx.com.au.

Taxation Summary

This taxation summary is general in nature. It is designed to provide you with an overview of some of the major taxation implications that may affect you in the Plan. It is not intended to be comprehensive.

You are strongly advised to seek your own professional advice about the consequences of participating in the Plan, based on your personal circumstances.

- 45 The general taxation information provided in this Plan is based on Australian income taxation laws as at June 2016 and assumes that an employee participating under this Plan is and will remain an Australian resident for taxation purposes, holds their LawFinance Shares, Rights or Options on capital account and is not otherwise restricted from dealing in their LawFinance Shares under the Securities Trading Policy.
- 46 This information does not apply to you if you are not a resident of Australia for Australian tax purposes.
- 47 In relation to Rights or Options, the laws relating to taxation of employee share schemes in Division 83A of the *Income Tax Assessment Act of 1997* provide for the discount on the grant of shares or rights to be either taxed on an upfront or a deferred basis. Rights or Options acquired under the Plan will be taxed on a deferred basis.

Taxation of Options

- 48 No income will be assessable to you at the time that the Option is granted or at the time that the Option vests.
- 49 Instead, the tax will be deferred until the earlier of:
 - (a) the time that the Option is exercised;
 - (b) cessation of employment (whether or not the Option is exercised) if the Right does not lapse at that time; and
 - (c) 15 years from the grant of the Option,(in each case the "taxing point").
- 50 If you do not sell or dispose of your LawFinance Shares within 30 days of the taxing point, then you will be taxed on the market value of the Option at the taxing point (generally the market value may be determined according to a formula in the tax law by reference to market value of the LawFinance Shares on the relevant date and the Exercise Price).
- 51 The market value of the Option at the taxing point also will be included in your cost base for the LawFinance Shares for the purpose of working out any capital gain or loss on sale of the shares (see paragraph 53).
- 52 However, if you exercise the Options and acquire LawFinance Shares and those shares are sold or disposed of within 30 days of the taxing point, you will instead be required to pay income tax on the excess, if any, of the proceeds of sale over the Exercise Price. In that case, no additional capital gains tax will be payable at that time.
- 53 Upon sale or disposition of the LawFinance Shares received (where this occurs more than 30 days after the taxing point), you will be required to pay tax on any capital gain, being the difference between the proceeds of the sale and your cost base in the LawFinance Shares (see paragraph 50). If you have held the shares for more than 12 months following exercise of the Option, only 50% of the net capital gain will be taxable.

- 54 There will be different tax consequences if you:
- (a) are a temporary resident for Australian tax purposes, such as a foreign citizen working in Australia on a temporary visa. In particular, capital gains tax consequences may differ; and/or
 - (b) cease to be an Australian resident at a time when you hold Options or LawFinance Shares.
- 55 In light of the above, participants should discuss the taxation implications in their own individual circumstances with their tax advisors.

Taxation of Rights

- 56 No income will be assessable to you at the time that the Right is granted.
- 57 Instead, the tax will be deferred until the earlier of:
- (a) the time at which the Right vests;
 - (b) cessation of employment if the Right does not lapse at the time; and
 - (c) 15 years from the grant of the Right, (in each case the "taxing point").
- 58 If you do not sell or dispose of your LawFinance Shares within 30 days of the taxing point, you will be taxed on the market value of the Rights at the taxing point (generally the market value of the LawFinance Shares at the taxing point). This value also will be included in your cost base for the LawFinance Shares for capital gains tax purposes (see paragraph 60).
- 59 However, if the LawFinance Shares are sold or disposed of within 30 days of the taxing point, you will instead be required to pay income tax on the proceeds of sale. In that case, no additional capital gains tax will be payable at that time.
- 60 Upon sale or disposition of the LawFinance Shares received (where this occurs more than 30 days after the taxing point), you will be required to pay tax on any capital gain, being the difference between the proceeds of the sale and the cost base of the LawFinance Shares at the taxing point (see paragraph 58). If you have held the shares for more than 12 months, only 50% of the net capital gain will be taxable.
- 61 There will be different tax consequences if you:
- (a) are a temporary resident for Australian tax purposes, such as a foreign citizen working in Australia on a temporary visa. In particular, capital gains tax consequences may differ; and/or
 - (b) cease to be an Australian resident at a time when you hold Rights or LawFinance Shares.
- 62 In light of the above, participants should discuss the taxation implications in their own individual circumstances with their tax advisors.

Taxation of LawFinance Shares and Loans

- 63 The summary applies to Australian resident participants who are employees of the Company and who acquire LawFinance Shares with a Loan in their own name (not in the name of an associate, trust or corporation) and hold the LawFinance Shares as a long term investment on capital account.

- 64 There is no tax payable at the time you acquire the LawFinance Shares, assuming that the LawFinance Shares are acquired by you for an Issue Price equal to the market value of the LawFinance Shares (being the principal amount of the Loan).
- 65 The LawFinance Shares will constitute a CGT asset for capital gains tax purposes, with a cost base equal to the issue price.
- 66 At the time you subsequently sell the Shares, there will be a CGT event.
- 67 You will make a capital gain if the price for your LawFinance Shares exceeds your cost base. You may be entitled to discount the gain (after taking into account any capital losses) by 50% if you have held the LawFinance Shares for at least 12 months before the event. The 12 months period starts from the date you acquired your LawFinance Shares.
- 68 You will make a capital loss if the price for your LawFinance Shares is less than your cost base. Capital losses may be applied to offset capital gains made in the same or a future income year.
- 69 Net capital gains will be included in your assessable income and may be subject to income tax.
- 70 If you are paid a dividend on the Shares, the dividend plus the franking credits (if any) will form part of your assessable income. You should be entitled to a tax offset which will cover the tax payable on the dividends (to the extent of the franking credit amount). Any excess tax offset (after offset against tax payable) may be refundable to you. In circumstances where the amount of a dividend is required to be applied to reduce your Loan Balance, the Board may determine that a portion of that dividend can be retained by you to meet your taxation liability incurred in relation to the dividend.
- 71 In relation to the Loan, in accordance with Australian Taxation Office views on interest-free loans to employees for investment purposes:
- (a) the advance of the loan to fund your purchase of the Shares does not result in any assessable income to you.
 - (b) the interest free nature of the loan does not result in any assessable income to you.
 - (c) the repayment of your loan in cash, or the settlement of your loan, does not result in any assessable income to you.
- 72 There will be different tax consequences if you:
- (a) are a temporary resident for Australian tax purposes, such as a foreign citizen working in Australia on a temporary visa. In particular, capital gains tax consequences may differ; and/or
 - (b) cease to be an Australian resident at a time when you hold LawFinance Shares.
- 73 In light of the above, participants should discuss the taxation implications in their own individual circumstances with their tax advisors.

As personal circumstances impact on taxation and this is a complex area of tax law, it is essential to consult a qualified tax adviser.

Operation of the Plan

How can I join the Plan?

74 The Board may invite you in writing to participate in the Plan by sending you an Offer.

What form will the Offer take?

75 The Offer will include details of:

- (a) the number of Options or Rights offered to you under the Plan;
- (b) the amount payable (if any) by you for the issue of LawFinance Shares;
- (c) any holding arrangements required to be entered into in connection with those Options or Rights;
- (d) the terms of any entitlement including the vesting conditions applying to those Options or Rights;
- (e) if a Loan is offered to you to acquire LawFinance Shares:
 - (i) details on the terms on which the Loan is offered;
 - (ii) the Repayment Date, if any; and
 - (iii) any conditions, obligations and risks associated with the Loan;
- (f) a copy of these Rules, or instructions as to how a copy of the Rules may be obtained; and
- (g) instructions as to how the Offer may be accepted.

What are LawFinance Shares?

- 76 LawFinance Shares issued to you under the Plan will rank equally in all respects with other LawFinance Shares for the time being on issue by LawFinance (for example, having rights with respect to voting, dividends and in the event of a winding up of the Company), except as regards any rights attaching to such LawFinance Shares by reference to a record date prior to the date of their issue.
- 77 LawFinance will apply for quotation of LawFinance Shares issued under the Plan within the period required by the Listing Rules.

What are the consequences of accepting an Offer?

78 By accepting an Offer you are taken to have agreed to:

- (a) become a participant in the Plan (Participant); and
- (b) be bound by:
 - (i) the terms of the relevant Offer;
 - (ii) the Rules; and
 - (iii) the Constitution.

79 Unless the Board determines otherwise:

- (a) no payment is required for the grant of Options or Rights; and
- (b) Options, Rights and LawFinance Shares issued to you with a Loan may not be registered in any name other than that of the Eligible Person.

How do I exercise my Options?

- 80 You may exercise an Option that has vested, has not been exercised and has not lapsed during the period commencing on the date on which the Option vests and ending on earliest to occur of seven years from the date of issue of the Option or any other date nominated as the expiry date in the Offer (**Exercise Period**), by:
- (a) giving to the Company a signed exercise notice; and
 - (b) paying the Exercise Price multiplied by the number of Options being exercised.

Do I need to do anything to exercise a Right?

- 81 No. After vesting of a Right, a LawFinance Share or cash will be allocated to you (as determined by the Board in its absolute discretion) without any further action on your part.

How do my Options or Rights vest?

- 82 Your Offer should specify any vesting conditions or other vesting events that must be satisfied before an Option or Right vests. However, the Board may, in its discretion, determine or vary any vesting conditions or other vesting events at anytime.
- 83 If your Offer does not include vesting conditions or other vesting events the following conditions apply:
- (a) Options or Rights only vest while you remain employed with a Group Member, continue to provide consulting services to a Group Member or act as a director of a Group Member (as applicable);
 - (b) Options or Rights do not vest during any unpaid leave of absence. If the unpaid leave period includes part of a month, no vesting will occur in that month; and
 - (c) Options vest:
 - (i) in respect of 50% of the Options or Rights the subject of an Offer, on the date which is 12 months after the issue date of the Options (Year 1); and
 - (ii) in respect of the remaining 50% of the Options the subject of the Offer, on the date which is 24 months after the issue date.
- 84 If the number of Options scheduled to vest is not a whole number, the number of Options to vest and be granted to the Participant will be rounded down to the nearest whole number.

What is a vesting period?

- 85 Your Offer will contain a time period for satisfaction of a vesting condition.

What happens if the vesting conditions are not met within the vesting period?

- 86 Your Option or Right will lapse if there is a failure to meet a vesting condition or any other condition applicable to your Option or Right within the earlier of seven years or the vesting period specified in your Offer.

How does an early repayment of my Loan work?

- 87 You may apply to the Board for approval to repay the amount advanced to you under the Loan in respect of those LawFinance Shares, less any repayment by way of dividends paid before the date on which the Loan Balance would otherwise be repayable.
- 88 If the Board, in its discretion, approves your application:

- (a) LawFinance must give you a notice of the amount calculated in accordance with paragraph 87;
- (b) you must pay to LawFinance the amount and at the time specified in the notice; and
- (c) upon repayment of that amount, the Loan in respect of those LawFinance Shares is treated as fully repaid and the Board must procure the release of the LawFinance Shares from the Holding Lock.

What happens at the expiry of the Restriction Period?

- 89 Upon the expiry of a Restriction Period applying in respect of any LawFinance Shares:
- (a) the Board must procure the release of the Shares from the Holding Lock; and
 - (b) all restrictions on the Disposal of those Shares under these Rules cease to apply.
- 90 Neither LawFinance or any other LawFinance Group entity, or their respective directors, officers, employees, representatives or agents are liable for any adverse movements in the value of any LawFinance Shares issued under the Plan either prior to or after the release of the LawFinance Shares from the Holding Lock.

What are the restrictions on Disposal of my LawFinance Shares acquired with a Loan?

- 91 You agree that the LawFinance Shares will be subject to a Holding Lock during the relevant Restriction Period.
- 92 Unless otherwise determined by the Board, you may not, during the relevant Restriction Period, make a Disposal of LawFinance Shares.
- 93 If the Board determines your Restriction Period should be reduced or waived, you must repay the Loan Balance prior to Disposal of the LawFinance Shares by a date notified to you by the Board in writing.
- 94 The Board may prescribe, take and enforce such action, steps or arrangements as it considers necessary, desirable or appropriate to enforce or give further effect to the provisions of paragraphs 91 and 92.

What are the terms of the Loan?

- 95 Subject to these Rules, the terms of any Loan will be determined by the Board at the time the Offer is made.
- 96 On acceptance of an Offer to provide a Loan, LawFinance will apply the amount of the Loan on your behalf to pay the Issue Price of the LawFinance Shares offered to you.
- 97 LawFinance will have a first ranking Security Interest over LawFinance Shares which are acquired by way of a Loan under the Plan, during the relevant Restriction Period.
- 98 You acknowledge that if you have a Loan, LawFinance has a Security Interest over those LawFinance Shares during the relevant Restriction Period.
- 99 By accepting the Offer in respect of a Loan, you:
- (a) irrevocably appoint LawFinance or its substitute as your attorney (Attorney) to complete and execute (under hand or under seal) such instruments for and on your behalf as the Attorney thinks necessary or desirable to give effect to any sale of LawFinance Shares as the Board decides to make;

- (b) agree to ratify and confirm whatever the Attorney lawfully does, or causes to be done under the appointment pursuant to this paragraph 99 in relation to your LawFinance Shares; and
- (c) agree to deliver to LawFinance on demand any power of attorney, instrument of transfer or other instruments as LawFinance may require for the purposes of any of the transfers referred to in this Plan.

Can I vote my LawFinance Shares?

- 100 You may exercise any voting rights attaching to your LawFinance Shares issued to you under the Plan and registered in your name, or you may appoint a proxy to represent you at any meeting of the members of LawFinance.

What happens if there is any reorganisation of the issued capital of LawFinance Group?

- 101 If, prior to the issue of LawFinance Shares there is any reorganisation of the issued capital of LawFinance Group, the terms of issue of the Loan, Options or Rights may be amended by the Board to the extent necessary to comply with the Listing Rules at the time of the reorganisation or to minimise or eliminate any material advantage or disadvantage to you resulting from the reorganisation by the grant of new options or rights to acquire LawFinance Shares in substitution of some or all of the Options or Rights on a like-for-like basis.

What happens if there is a change of control?

- 102 If, in the opinion of the Board, a Change of Control Event has occurred, or is likely to occur, the Board may determine that the restrictions that apply to a Loan, Option or Right cease to apply at a time determined by the Board.
- 103 LawFinance may, by notice, require that all outstanding Options be exercised on or before a nominated date.
- 104 LawFinance Shares that remain subject to restrictions will be sold on your behalf and proceeds applied by LawFinance in the following order:
- (a) first, to pay the outstanding balance of the Loan; and
 - (b) second, the balance (if any) to LawFinance.

How will LawFinance satisfy my vested LawFinance Share, Right or Option?

- 105 The Board may satisfy LawFinance Shares acquired with a Loan, a vested Right, or an Option following the exercise of an Option, LawFinance by either:
- (a) issuing you LawFinance Shares;
 - (b) procuring the transfer of LawFinance Shares to you;
 - (c) procuring the setting aside of LawFinance Shares for you;
 - (d) releasing LawFinance Shares from a Holding Lock; or
 - (e) paying you an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) equivalent in value to the number of LawFinance Shares which you would have been allocated multiplied by the Current Market Price.

Are there any other steps that the Board can take regarding my Loan, Rights, Options or LawFinance Shares issued under the Plan?

106 If the Board believes that you:

- (a) have acted fraudulently or dishonestly in your involvement with LawFinance Group;
- (b) have done something which has brought LawFinance Group or any Group Member into disrepute;
- (c) are in breach of your obligations to a Group Member (including breach of any applicable policies or codes of conduct of any Group Member);
- (d) are convicted of an offence in connection with the affairs of LawFinance Group; or
- (e) have had a judgment entered against you in any civil proceedings in respect of your contravention of your duties at law, in equity or under statute in your capacity as an employee or officer of any Group Member,

then the Board may determine that any Rights, Options, or LawFinance Shares that have been allocated or are to be allocated to you under this Plan (including under a Loan), will lapse.

107 In addition, if any Options or Rights vest as a result of your fraud, dishonesty or breach of your obligations or of any other person and, in the opinion of the Board, the Rights or Options would not have otherwise vested or LawFinance is required by, or entitled under law, to reclaim an overpaid bonus then the Board may, subject to applicable laws, in relation to the Options or Rights or any funds or securities issued to you take whatever steps they think necessary or desirable to comply with the law or to ensure no unfair benefit is obtained by you.

108 If LawFinance or a Group Member is obliged, or reasonably believes it may have an obligation, as a result of or in connection with any Options or Rights granted or LawFinance Shares allocated under this Plan, to account for:

- (a) income or employment taxes under any wage, withholding or other arrangements; or
- (b) any other tax, social security contributions or levy or charge of a similar nature,

then the relevant Group Member is entitled to be reimbursed by the Participant for the amount or amounts so paid or payable.

109 In the circumstances set out in paragraph 108, the relevant Group Member may make arrangements for payment or reimbursement including, without limitation:

- (a) the provision by the Participant of sufficient funds to reimburse the Group Member for the amount (by salary deduction, reduction of any amount owed by LawFinance Group to the Participant or otherwise);
- (b) the sale on behalf of the Participant of LawFinance Shares allocated pursuant to these Rules for payment or reimbursement of these amounts, as well as the costs of any such sale; or
- (c) a reduction in any amount payable to the Participant in lieu of an allocation of LawFinance Shares under these Rules.

Are there any other restrictions?

- 110 No LawFinance Shares, Loan, Options or Rights will be issued under the Plan, if in doing so it would be in breach of, or would cause LawFinance or any Group Member or any of their affiliates to be in breach of:
- (a) the Constitution;
 - (b) Listing Rules;
 - (c) the ASX Settlement Operating Rules; or
 - (d) any other applicable law, including any other relevant market rules.

Can the Plan be suspended or terminated?

- 111 The Plan is valid and effective from the date of the resolution by the Board adopting the Plan or at such later date as may be specified by the Board in that resolution.
- 112 The Plan, or your involvement in the Plan, may be suspended at any time by a resolution of the Board. The period of suspension is at the discretion of the Board. A suspension of the Plan takes effect on the date determined by the Board and must be notified to you.
- 113 The Board may terminate the operation of the Plan at any time by resolution of the Board.
- 114 The suspension or termination of the Plan does not prejudice your existing Loan, Options or Rights. The Board must continue to administer the Plan during the period of any suspension and after the Plan has been terminated until all Options offered under the Plan have vested.

How will the Plan be administered?

- 115 The Plan will be administered by the Board in accordance with these Rules.
- 116 The Board may:
- (a) delegate to any person (including a committee of the Board) for the period and on the terms it decides, the exercise of any of its powers or discretions under the Plan;
 - (b) decide on appropriate procedures for administering the Plan, including the form of application and other forms and notices to be issued under the Plan;
 - (c) resolve conclusively all questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan, including as to the interpretation of the Plan or any restrictions or other conditions relating to any LawFinance Shares, Loan, Options or Rights;
 - (d) engage specialist service providers for the operation and maintenance of the Plan;
 - (e) ensure a complete register of Participants is maintained to facilitate efficient management and administration of the Plan and to comply with regulatory reporting requirements; and
 - (f) waive any breach of a provision of the Plan.
- 117 Subject to the limitations on amendment set out below, the Board may:
- (a) act or refrain from acting under these Rules or concerning the Plan or any LawFinance Shares, Loan, Options or Rights granted under the Plan in any way it thinks fit; and

- (b) exercise any power or discretion concerning the Plan or any LawFinance Shares, Loan, Options or Rights granted under the Plan as it sees fit.
- 118 A decision of the Board as to the interpretation, effect or application of these Rules is final and conclusive.
- 119 Any calculations or adjustments which are required to be made by the Board in connection with the Plan are, in the absence of manifest error, final and conclusive and binding on all Participants.

Can the Plan be amended?

- 120 Subject to the Listing Rules (including any waiver granted under the Listing Rules) and the limitations on amendment set out below in paragraphs 122 and 123:
 - (a) the Board may from time to time by resolution, amend, revoke, add to, vary or waive all or any of the provisions of these Rules, the terms of an Offer or the terms of a Loan, Options or Rights granted under the Plan; and
 - (b) any amendment made under this Rule may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.
- 121 As soon as reasonably practicable after making any amendment to the Rules, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

Are there any limitations on power of the Board to amend the Plan?

- 122 The Board must not, without the consent of the relevant Participant, amend the terms of an Offer or the Rules in a way which reduces the rights of the Participant in respect of the Offer of LawFinance Shares, Loan, Options or Rights, other than an amendment primarily:
 - (a) for the purpose of complying with or conforming to present or future legislation applicable to LawFinance Group or the Plan or a requirement, policy or practice of ASIC or other regulatory body governing or regulating the maintenance or operation of the Plan or like plans;
 - (b) to correct any manifest error or mistake;
 - (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse tax rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) or changes in the interpretation of tax legislation by a court of competent jurisdiction; or
 - (d) to enable any Group Member to comply with the Corporations Act, the Listing Rules or any other relevant market rules.
- 123 No amendment may be made to these Rules or to the terms of any Offer except in accordance with and in the manner (if any) stipulated in the Listing Rules.

Interpretation

In these Rules:

ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.
ASX Settlement Operating Rules	The rules of ASX Settlement Pty Limited.
Board	The board of directors of LawFinance and any committee or duly authorised person or body to which the Board has delegated its powers under this Plan.
Business Day	The meaning given to that term in the Listing Rules.
Change of Control Event	<ul style="list-style-type: none">(a) A takeover bid as defined in section 9 of the Corporations Act is made for LawFinance Shares;(b) any member of LawFinance Group is re-organised pursuant to a scheme or schemes of arrangement, to be approved by the courts;(c) any member of LawFinance Group enters into an agreement to sell the whole, or substantially the whole, of its business to a third party; or(d) it is proposed that any Group Member be wound up.
Constitution	The constitution of LawFinance.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Current Market Price	The volume weighted average market price (rounded to the nearest cent) of all LawFinance Shares sold on the ASX during the five trading days prior to the vesting of the Right.
Disposal or Dispose	Any sale, transfer, assignment, creation or purported creation of a Security Interest or a grant of options over, or any other alienation or encumbrance or attempt to alienate or encumber.
Exercise Period	The period commencing on the date on which an Option vests and ending on the earliest to occur of seven years from the date of issue of the Option or any other date nominated as the expiry date in the Offer.
Group Member	Any entity that forms part of LawFinance Group whether a trust or company.
Holding Lock	Has the meaning given to that term in the Listing Rules.
Issue Price	The price per LawFinance Share determined by the Board and specified in the relevant Offer to be paid by a Participant.
LawFinance or Company	LawFinance Litigation Partners Limited ABN 72 088 749 008.
LawFinance Group	The corporate group comprising LawFinance and each trust or company directly or indirectly controlled by LawFinance.
LawFinance Share	A fully paid, ordinary share in the capital of LawFinance.
Listing Rules	The official listing rules of ASX.

Loan	A loan made to a Participant under the Plan for the purposes of acquiring LawFinance Shares under the Plan.
Loan Balance	<p>The lower of:</p> <ul style="list-style-type: none"> (a) the amount advanced to the Participant under the Loan, less any repayment by way of dividends; and (b) the market value of the LawFinance Shares on the date the Loan is required to be repaid.
Option	An entitlement to receive a LawFinance Share subject to satisfaction of applicable conditions (including any vesting condition) and compliance with the applicable exercise procedure (including payment of any applicable exercise price) in accordance with this Plan and the relevant Offer.
Participant	A person who has been invited to participate in the Plan and has received an Offer from the Board.
Plan	The LawFinance Group Equity Incentive Plan established and operated in accordance with these Rules.
Repayment Date	A date fixed for repayment of the Loan.
Restriction Period	The period determined by the Board during which the restrictions on Disposal will apply.
Right	An entitlement to a LawFinance Share (or, in certain circumstances, to a cash payment in lieu of a LawFinance Share) subject to satisfaction of applicable conditions (including any vesting condition) in accordance with this Plan and the relevant Offer.
Rules	The terms of the Plan as set out in this document as amended from time to time.
Security Interest	A mortgage, charge, pledge, lien or other encumbrance of any nature.
Securities Trading Policy	LawFinance Group's securities trading policy.

Other important information

Relationship of parties

The Board acts as a principal in the operation of the Plan and neither it, nor any of its members, acts as your trustee or agent.

These Rules:

- (a) do not confer on you the right to continue as an employee of a Group Member;
- (b) do not form part of and are not incorporated into any contract of any Participant (whether or not they are an employee of a Group Member);
- (c) do not affect any rights which a Group Member may have to terminate your employment or engagement;
- (d) may not be used to increase damages in any action brought against a Group Member, in respect of your termination;
- (e) do not give any right to compensation for any loss in relation to the Plan, including for:
 - (i) any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason;
 - (ii) any exercise of a discretion or a decision taken in relation to a grant of Rights or Options or in relation to the Plan, or any failure to exercise a discretion under the Rules;
 - (iii) the operation, suspension, termination or amendment of the Plan; or
 - (iv) any forfeiture of any securities granted under the Plan; and
- (f) do not, of themselves, confer on you the right to acquire any interest in any LawFinance Shares.

The Participant appoints the secretary of LawFinance (or any other officer of the Company authorised by the Board for this purpose) as his or her agent to do anything necessary to allocate LawFinance Shares to the Participant, effect a forfeiture of LawFinance Shares and execute transfers of LawFinance Shares, in accordance with these Rules.

Entire understanding

These Rules and the relevant Offer embody the entire understanding between us in relation to the terms of the LawFinance Shares, Loans, Options or Rights issued under the Plan.

All previous negotiations, representations or agreements in respect of LawFinance Shares, Loans, Options or Rights to be issued under the Plan are superseded by the relevant Offer and these Rules. No party is liable to any other party in respect of those matters.

No oral explanation or information provided by any party to another affects the meaning or interpretation of these Rules.

Notice

Any notice regarding LawFinance Shares, Loans, Options or Rights will be sent to your registered address as recorded by LawFinance Group.

Governing law

The Plan is governed by and will be construed in accordance with the laws of New South Wales and the Commonwealth of Australia.

Duties and taxes

LawFinance Group is not responsible for any duties or taxes which may become payable in connection with the issue of LawFinance Shares, Loans, Options or Rights.

Rules

The terms of LawFinance Shares, Loans, Options or Rights issued to you pursuant to the Plan are governed by these Rules.

To the extent that any provision in the Rules is inconsistent with any provision in the Offer, the provisions in the Offer prevail to the extent of the inconsistency. The Constitution prevails over the Plan and any Offer to the extent of any inconsistency.

Section 83A-105(6) Statement

Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to this Plan subject to the requirements of that Act.

Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) "includes" means includes without limitation;
- (e) no rule of construction will apply to a rule to the disadvantage of a party merely because that party put forward the rule or would otherwise benefit from it;
- (f) a reference to:
 - (i) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the person's legal personal representatives, successors, permitted assigns and persons substituted by permitted novation;
 - (iii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (iv) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
 - (v) a right includes a benefit, remedy, discretion or power;
 - (vi) time is to local time in Sydney, Australia;
 - (vii) "\$" or "dollars" is a reference to Australian currency;
 - (viii) this or any other document includes the document as novated, varied or replaced by agreement between the parties and despite any change in the identity of the parties;
 - (ix) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
 - (x) this document includes all schedules and annexures to it (if any); and
 - (xi) a rule, schedule or annexure is a reference to a rule, schedule or annexure, as the case may be, of this document;
- (g) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

Disclaimer

No financial product advice is provided in this document.

Nothing in this document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to participate in the Plan.

This document does not take into account the objectives, financial situation or needs of any particular person.

Before acting on the information contained in this document, or making a decision to participate in the Plan, you should seek professional advice as to whether participation in the Plan is appropriate in light of your circumstances.

Model form of Offer

[Date]

Dear *****

LawFinance Group Equity Incentive Plan

On behalf of the board of LawFinance Litigation Partners Limited, I am pleased to advise you of your eligibility for participation in the LawFinance Group Equity Incentive Plan (**Plan**) for [the financial year ending 20XX].

The terms governing your entitlement to participate in the Plan are included in the enclosed document titled "LawFinance Group Equity Incentive Plan" (**Rules**) and set out in this Offer.

Unless otherwise defined, capitalised terms used in this Offer have the same meaning given to them in the Rules.

Your invitation is for Options:

Number of Options to be issued	Expiry Date	Key performance indicator (KPI)	Exercise Price (calculated by reference to the Current Market Price)	Vesting Rules	Vesting Period

and Rights:

Number of Rights to be issued	Key performance indicator (KPI)	Vesting Rules	Vesting Period

and a Loan:

Loan amount	Drawdown Date	Repayment Date	Restriction Period	Issue Price	Number of LawFinance Shares to be acquired	Key performance indicator (KPI)

In addition to the Loan terms above, the **attached** document titled 'Non-Recourse Loan Agreement' contains other key terms of the Loan.

You may accept the Offer of Options and Rights by signing and returning this Offer to ### at ###.

You may accept the Offer of a Loan by signing and returning this Offer and a signed copy of the Non-Recourse Loan Agreement to ### at ###.

By accepting the Offer you agree to be bound by:

1. this Offer;
2. the Rules; and
3. the Constitution.

Please keep a signed copy of this Offer for your records.

Exercise of the Options

You may exercise the Options before the Expiry Date by delivering a written notice and cheque for the Exercise Price to ### at ###.

Taxation Issues

You should consult your own professional advisers as to the taxation implications for you of accepting the Option or Rights.

Risks and independent advice

Investment in securities involves a degree of risk. If you choose to participate in the Plan, you should monitor your participation and consider all risk factors relevant to the acquisition of LawFinance Shares pursuant to the Plan. Any investment involves financial and legal risk for which you will be responsible.

LawFinance is not able to provide you with personal advice or give you any recommendation about the Options or Rights described in this Offer.

Before making a decision about whether to apply for Options or Rights, you should consider whether this investment is appropriate to your needs, objectives and circumstances. You should consult your own professional advisers as to the legal, tax, financial or other matters which may be relevant to the suitability of Options, Rights or LawFinance Shares for you.

No obligation

You are not obliged to participate in the Plan and there will be no advantages or disadvantages to your employment, whatever your decision. This Offer is in recognition of your position in LawFinance Group and is designed to give you an opportunity to share in the future growth of the group.

If you have any questions in relation to the above matters, please contact [General Manager Finance] by [insert contact details].

Signed for and on behalf of LawFinance Group

by:

I have read the Rules and accept the offer of Options and/or Rights on the terms set out in the Rules and this Offer:

.....
Signature

.....
Date

.....
Name

Model form of Loan Agreement