



14 January 2020

The Manager  
Company Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
SYDNEY NSW 2000

**By electronic lodgement**

Dear Manager

**LawFinance Limited (ASX:LAW)**

**Cleansing notice under section 708AA of the Corporations Act**

This notice is provided by LawFinance Limited ACN 088 749 008 (**Company**) in connection with the Company's proposal to undertake a partially underwritten non-renounceable pro rata entitlement offer (**Entitlement Offer**) to existing eligible shareholders of the Company (**Eligible Shareholders**) on the basis of 1 new fully paid ordinary share in the Company at an issue price of A\$0.064 per Share (**Shares**) for every existing Share held on the record date, being 7.00 pm (AEDT) on 17 January 2020 (**Record Date**) to raise up to A\$35,952,670 (before costs and subject to rounding).

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

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

- 1) the Shares to be issued under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2) as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
  - (b) section 674 of the Corporations Act;
- 3) as at the date of this notice, there is no excluded information for the purposes of sections 708AA(8) and 708AA(9) of the Corporations Act; and
- 4) the potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Entitlement Offer, the Entitlement Offer may have a material effect on the control of the Company. The potential effect on control is summarised below:

- (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company;
- (b) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in the Company will be diluted;
- (c) the proportional interests of shareholders of the Company who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
- (d) Eligible Shareholders that apply for additional Shares under the shortfall facility (under which any shortfall between applications received and the number of Shares proposed to be issued under the Entitlement Offer may be applied for by those who have accepted their Entitlements in full) (**Shortfall Facility**) may increase their interests beyond their Entitlement. This could result in the dilution of the interests of shareholders of the Company who do not accept their entitlements in full, who do not apply for additional Shares under the Shortfall Facility, and shareholders of the Company who are not Eligible Shareholders; and
- (e) the Entitlement Offer is partially underwritten for A\$20 million by Lucerne Australia Pty Ltd (**Underwriter**). The Underwriter has appointed sub-underwriters such that its relevant interest will not trigger the provisions of Chapter 6 of the Corporations Act.

Therefore, pursuant to the agreements in place and structure of the Offer, the Company is of the view that no Eligible Shareholder, Underwriter or sub-underwriter will individually obtain or exceed voting power of more than 19.9% as a result of the Entitlement Offer.

**Authorised by:**



Diane Jones  
Chief Executive Officer

<p><b>For media enquiries:</b>  Sascha Moore  Director  Create Design &amp; Marketing  Tel: +61 2 9697 9122  Email: sascha@createdesign.com.au</p>	<p><b>For investor enquiries:</b>  Diane Jones  Chief Executive Officer  LawFinance Limited  Tel: +61 2 9696 0220  Email: diane.jones@lawfinance.com.au</p>
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