

18 February 2021

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

Entitlement Offer to Raise A\$5m

The Board of AF Legal Group Ltd (**ASX: AFL**) (**Company**) is pleased to announce a A\$5m capital raising.

Eligible Shareholders of the Company will be invited to participate in a non-renounceable, pro rata entitlement offer on the basis of 1 new fully paid ordinary share in the Company (**Share**) at an issue price of \$0.50 per Share for every 6.15 existing Shares held as at 7.00 pm (AEDT) on Tuesday, 23 February 2021 (**Record Date**) to raise A\$5m (before costs and subject to rounding) (**Entitlement Offer**).

The Entitlement Offer will not be underwritten and a broker has not been engaged.

Use of Funds

AFL's strategy is to become the largest family and relationship law firm in Australia and then expand its model in other areas of law, overseas geographies and other professional services sectors. The Company is currently reviewing a number of acquisition opportunities. All acquisition opportunities are assessed using a selective and disciplined acquisition criteria focused on three key pillars:

- (a) Value – meet earnings accretion metrics for shareholders
- (b) Model – provide clear path to implement the AFL client acquisition and business model (e.g. culture, people, systems, etc.)
- (c) Strategy – add to the strategic purpose (e.g. new geography, expansion in scale, new business unit or division, etc.)

It is anticipated that future acquisitions will provide AFL with the following benefits:

- (a) First mover advantage – the first national specialist family law firm with a view to expanding into other sectors
- (b) Critical mass – the largest network of accredited family law specialists in Australia
- (c) Economies of Scale – cost savings from the replication of the model can be reinvested into marketing without diluting margins
- (d) Value arbitrage – AFL will be able to undertake acquisitions at attractive small business multiples before any synergies

The proceeds from the Entitlement Offer are anticipated to help fund future acquisitions however this Entitlement Offer is not inter-conditional with any acquisition.

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Entitlement Offer

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

All Shares issued under the Entitlement Offer will rank equally with existing Shares of the Company as of the date of this announcement.

In addition, Eligible Shareholders who take up their full entitlement under the Entitlement Offer will have the opportunity to apply for additional Shares in excess of their entitlement through a shortfall facility (**Shortfall Facility**). Any offer of Shares not subscribed for under the Entitlement Offer and the Shortfall Facility may be placed to new investors by the Board of the Company in accordance with the ASX Listing Rules.

There is no guarantee that Eligible Shareholders who apply for additional Shares under the Shortfall Facility will receive all or any of the additional Shares applied for under the Shortfall Facility and sole discretion with respect to allocation remains with the Board.

The Entitlement Offer is non-renounceable, and the rights will not be able to be traded on the ASX and will not be transferable.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or around 26 February 2021.

A copy of the Offer Booklet will be announced on the ASX and available on the Company's website.

Indicative Timetable

The indicative timetable for the Entitlement Offer is below.

Event	Date ^(a)
Announcement of Entitlement Offer	Thursday, 18 February 2021
Lodgement of Appendix 3B with ASX	Thursday, 18 February 2021
Ex-date for Entitlement Offer	Monday, 22 February 2021
Record Date for determining Entitlements	Tuesday, 23 February 2021
Entitlement Offer opens Dispatch of Booklet and Entitlement and Acceptance Form to Shareholders	Friday, 26 February 2021
Last day to extend Closing Date	Tuesday, 16 March 2021
Entitlement Offer closes (Closing Date)	5.00 pm (AEDT), Friday, 19 March 2021
Shares quoted on a deferred settlement basis	Monday, 22 March 2021

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Announcement of results of the Entitlement Offer	Tuesday, 23 March 2021
Allotment and issue of Offer Shares under the Entitlement Offer	Wednesday, 24 March 2021
Commencement of trading of new shares	Thursday, 25 March 2021
Last date to issue remaining Shortfall shares (if any)	Friday, 18 June 2021

Notes: ^(a) *The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.*

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

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

Yours faithfully



Maggie Niewidok
Company Secretary

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