

## **ASX Announcement**

21 October 2019

### **Litigation between Slater and Gordon (UK) 1 Limited and Watchstone Group PLC Settles**

**Slater & Gordon Limited (“Slater & Gordon” or “the Company”)(ASX: SGH)** attaches a copy of the announcement made by Watchstone Group PLC (“Watchstone”) dated 21 October 2019.

Slater & Gordon was not a party to the litigation.

However, under the terms of the Senior Lenders’ Scheme of Arrangement, which was implemented in December 2017 and pursuant to which Slater & Gordon and Slater and Gordon (UK) 1 Limited (“Slater and Gordon UK”) became separate companies, Slater & Gordon was entitled to be paid the first A\$40 million of any settlement or judgement received by Slater and Gordon UK from Watchstone, after payment of all costs of running the litigation (“Watchstone Entitlement”).

Based on the information provided by Slater and Gordon UK, Slater & Gordon does not expect to receive any payment from the settlement. We believe that this result has no adverse accounting consequences for Slater & Gordon, as the Company has never recognised the Watchstone Entitlement as an asset on its Balance Sheet.

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**Watchstone Group PLC** - WTG Settlement with Slater & Gordon (UK) 1 Limited  
Released 07:00 21-Oct-2019

RNS Number : 4636Q  
Watchstone Group PLC  
21 October 2019

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 ("MAR")

Watchstone Group plc

("Watchstone" or the "Company" or the "Group")

### **Settlement with Slater & Gordon (UK) 1 Limited**

Watchstone Group plc (LON:WTG) announces that it has agreed terms for the settlement of the claims made by Slater & Gordon (UK) 1 Limited ("**S&G**") in the High Court proceedings issued by S&G in June 2017 (the "**Settlement**").

Under the Settlement, which is made without admission of liability by either party, all of S&G's claims or potential claims for alleged breaches of warranty, deceit and fraudulent misrepresentation against Watchstone its present and former directors officers and agents relating to the historic sale of the Group's professional services division ("**S&G Claims**") in May 2015 have been unconditionally withdrawn. Watchstone has also agreed not to pursue its counterclaim against S&G (details of which were announced on 29 August 2019).

The Settlement provides for £11m of the £50m currently held in escrow to be released to S&G with the balance of £39m and accrued interest being released to Watchstone. No application for costs will be made by either party.

Watchstone does not accept that there was a proper basis for the S&G Claims and S&G does not accept that there was a proper basis for the counterclaim.

Richard Rose, Non-executive Chairman of Watchstone said: *"We are pleased with the resolution of this matter. Whilst Watchstone remains firmly of the view that the legal action commenced by the other side was without merit, the board believes that a settlement at this level is in shareholders' interests as it brings*

*certainty. It also releases a significant cash sum that has been locked in escrow and unavailable to us for some considerable time. The decision was made with consideration of the costs of pursuing the Company's defence and counterclaim at trial and to the inherent uncertainty of the outcome of any legal process."*

The release of this announcement has been authorised by Stefan Borson, Group Chief Executive Officer and Company Secretary of the Company.

For further information:

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Settlement with Slater & Gordon (UK) 1 Limited - RNS