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Details of Filing

Document Lodged:	Statement of Claim - Form 17 - Rule 8.06(1)(a)
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File Title:	MATTHEW HALL v ARNOLD BLOCH LEIBLER (A FIRM)
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA

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Important Information

As required by the Court's Rules, this Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

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Form 17

Rule 8.05(1)(a)

AMENDED STATEMENT OF CLAIM

No. VID1010 of 2019

Federal Court of Australia

District Registry: Victoria

Division: General

Matthew Hall

Applicant

Arnold Bloch Leibler (a firm)

Respondent

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A. INTRODUCTION

A.1. The Applicant and the Group Members

1. This proceeding is commenced as a representative proceeding pursuant to Part IVA of the *Federal Court of Australia Act 1976* (Cth) by the Applicant on his own behalf and on behalf of all persons who or which:

   (a) acquired an interest in fully paid ordinary shares in Slater & Gordon Limited (**SGH Shares**) (including entitlements to new SGH Shares to be issued as part of the Entitlement Offer defined in this Statement of Claim) during the period between 30 March 2015 and 25 November 2015 (**Relevant Period**);

   (b) suffered loss or damage by reason of the conduct of the Respondent (**ABL**) pleaded in this Statement of Claim;

   (c) were not during any part of the Relevant Period, and are not as at the date of this Statement of Claim, any of the following:

      (i) a related party (as defined by s 228 of the *Corporations Act 2001* (Cth)) (**Corporations Act**) of SGH;

      (ii) a related body corporate (as defined by s 50 of the Corporations Act) of SGH;

      (iii) an associated entity (as defined by s 50AAA of the Corporations Act) of SGH;

(iv) an officer or a close associate (as defined by s 9 of the Corporations Act) of SGH;

(v) a judge or the Chief Justice of the Federal Court of Australia or a Justice or the Chief Justice of the High Court of Australia; or

(vi) an officer or employee of, or other legal practitioner engaged by, Maurice Blackburn Pty Ltd in relation to this proceeding,

(**Group Members**).

2. The Applicant acquired interests in SGH Shares during the Relevant Period on his own behalf, and in his capacity as a trustee of the Hall Family Trust.

Particulars

i) Details of the particular acquisitions of SGH Shares by the Applicant are set out below.

Date	Transaction type	Number of shares	Capacity
20/04/2015	Purchase on ASX	10,000	Personal
29/04/2015	Exercise of rights pursuant to Entitlement Offer	5,334	Personal
15/05/2015	Purchase on ASX	6,500	Personal
29/05/2015	Purchase on ASX	50,000	Trust
1/06/2015	Purchase on ASX	13,000	Personal
25/06/2015	Purchase on ASX	12,000	Personal
25/06/2015	Purchase on ASX	10,000	Trust
02/07/2015	Purchase on ASX	22,000	Trust
16/07/2015	Purchase on ASX	20,000	Personal
05/08/2015	Purchase on ASX	48,166	Personal
06/08/2015	Purchase on ASX	10,000	Personal
27/08/2015	Purchase on ASX	18,000	Trust
24/11/2015	Purchase on ASX	14,000	Personal

3. Immediately prior to the commencement of this proceeding, the group, on whose behalf this proceeding is brought, comprised more than seven persons.

A.2. The Respondent

4. Arnold Bloch Leibler (**ABL**) is and at all material times was:

   (a) a partnership and the Applicant is entitled, by reason of Rule 9.41 of the *Federal Court Rules 2011* (Cth), to bring this proceeding against the partners of ABL in the partnership name;

   (b) carrying on business within Victoria as lawyers and advisers; and

   (c) a "law firm" and a "law practice" within the meaning of the *Legal Profession Act 2004* (Vic) (**LPA**);

   (d) governed by the *Partnership Act 1958* (Vic), such that each partner of ABL:

      (i) is an agent of the firm and each partner of the firm for the purposes of the business of the partnership; and

      (ii) is liable jointly with the other partners for all wrongful acts or omissions of any partner acting in the ordinary course of the business of ABL;

   (e) by reason of s 761F of the Corporations Act, a person for the purposes of Chapter 7 of the Corporations Act, such that any contravention of a provision of Chapter 7 of the Corporations Act (including s 1041H of the Corporations Act) that would otherwise be a contravention by ABL is taken to have been a contravention by each partner of ABL who:

      (i) aided, abetted, counselled or procured the relevant act or omission; or

      (ii) was in any way knowingly concerned in, or party to, the relevant act or omission (whether directly or indirectly and whether by any act or omission of the partner).

5. At all material times, Jonathan Wenig (**Wenig**) was:

   (a) a partner of ABL;

   (b) an Australian legal practitioner within the meaning of the LPA; and

(c) a lawyer whose practice focussed on mergers and acquisitions including takeovers and public listings and capital raisings, including Corporations Act and ASX listing rule advice.

Particulars

http://www.abl.com.au/People/Jonathan-Wenig.

(d) a person, for the purposes of:

(i) s 1041H of the Corporations Act;

(ii) s 12DA of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**);

(iii) s 18 of the Australian Consumer Law set out in Schedule 2 of the *Competition and Consumer Act* 2010 (Cth), as applicable pursuant to:

(A) s 12 of the *Australian Consumer Law and Fair Trading Act* 2012 (Vic);

(B) s 28 of the *Fair Trading Act 1987* (NSW);

(C) s 16 of the *Fair Trading Act 1989* (Qld);

(D) s 6 of the *Australian Consumer Law (Tasmania) Act 2010* (Tas)*;*

(E) s 19 of the *Fair Trading Act 2010* (WA);

(F) s 14 of the *Fair Trading Act 1987* (SA);

(G) s 7 of the *Fair Trading (Australian Consumer Law) Act 1992* (ACT); and/or

(H) s 27 of the *Consumer Affairs and Fair Trading Act* (NT),

(individually, or together, the **ACL**).

A.3. Slater and Gordon Limited

6. Slater & Gordon Limited (**SGH**) at all material times was:

(a) a public company within the meaning of s 9 of the Corporations Act;

(b) included in the official list of the financial market operated by the Australian Securities Exchange (**ASX**), and by reason thereof:

(i) SGH Shares at all material times were:

(A) ED securities for the purposes of s 111AE of the Corporations Act; and

(B) able to be acquired and disposed of by investors and potential investors in SGH Shares (**Affected Market**) on the financial market operated by ASX;

(ii) SGH at all material times was:

(A) a listed disclosing entity within the meaning of s 111AL(1) of the Corporations Act;

(B) subject to and bound by the Listing Rules of the ASX (**ASX Listing Rules**); and

(C) obliged by ss 111AP(1) and/or 674(1) of the Corporations Act and/or ASX Listing Rule 3.1 to, once it is, or becomes aware of, any information concerning SGH that a reasonable person would expect to have a material effect on the price or value of SGH Shares, tell the ASX that information immediately (unless the exceptions in ASX Listing Rule 3.1A apply) (**SGH's Continuous Disclosure Obligations**).

B. SGH's business

B.1. SGH's Legal Services

7. At all material times, SGH carried on business providing legal services to consumers being:

(a) personal injuries law services, including in relation to motor vehicle accidents, workers' compensation and civil liability (**PI Work**); and

(b) non-personal injuries law (also called general law) services, including "Personal Legal Services" (family law, conveyancing, wills, estate planning and probate services) and "Business and Specialised Litigation Services") (business law, property law, estate, employment and professional negligence litigation, class actions and criminal defence) (**Non-PI Work**).

Particulars

Further details are contained in:

*i) SGH's Annual Report 2012 published and lodged with ASX (and published on SGH's website) on 3 October 2012 (**2012 Report**), p.10 (MHL.003.001.0001);*

*ii) SGH's Annual Report 2013 published and lodged with ASX (and published on SGH's website) on 24 September 2013 (**2013 Report**), pp.2, 7 (MHL.003.001.0002);*

*iii) SGH's Annual Report 2014 published and lodged with ASX (and published on SGH's website) on 19 September 2014 (**2014 Report**), pp.2, 9-10 (MHL.003.001.0003);*

*iv) SGH's Half Year Report for the period ending 31 December 2014, published and lodged with ASX (and published on SGH's website) on 10 February 2015 (**2015 HY Report**), p.12 (MHL.003.001.0004);*

*v) SGH's Annual Report 2015 published and lodged with ASX (and published on SGH's website) on 19 October 2015 (**2015 Report**), p.16 (MHL.003.001.0005).*

8. At all material times, most PI Work performed by SGH has been performed on a "no win no fee" (or conditional fee arrangement) basis where legal fees are paid on the successful conclusion of a client's matter (**CFA Basis**).

Particulars

i) 2012 Report, p.10;

ii) 2013 Report p.7;

iii) 2014 Report, pp.9 and 10; and

iv) 2015 Report, p.16.

9. At all material times, legal services providers who perform PI Work on a CFA Basis generally recover legal fees from:

(a) settlements of claims by a defendant, or an insurer; or

(b) awards of costs against an unsuccessful defendant or insurer.

B.2. SGH UK

10. On or about 30 January 2012, SGH announced that, after carrying out extensive due diligence, it proposed to acquire Russell Jones & Walker (**RJW**), a legal firm in the

United Kingdom (**UK**), which acquisition was completed on 30 April 2012 (**First UK Acquisition**).

Particulars

*SGH Announcement "Slater & Gordon Ltd Expansion into UK Legal Market" published and lodged with ASX (and published on SGH's website) on 30 January 2012 (**30 January 2012 Announcement**) (MHL.006.001.0001).*

11. After the First UK Acquisition, SGH considered acquiring, carried out due diligence on, and did acquire a number of other leading personal injuries legal practices providing legal services to consumers in the UK.

Particulars

i) On 7 May 2013, SGH announced the signing of term sheets by SGH to acquire Simpson Millar, Goodmans Law and Taylor Vinters (PI Practice only). The acquisition of Taylor Vinters was completed on 16 August 2013 and the acquisition of Goodmans Law was completed on or about 30 August 2013. The acquisition of Simpson Millar did not proceed (MHL.004.001.0001).

*ii) On 21 August 2013 SGH disclosed the proposed acquisition of Fentons Solicitors UK (**Fentons**). The acquisition was completed in September 2013 (MHL.004.001.0002).*

iii) On 24 October 2013 SGH announced the proposed acquisition of John Pickering & Partners LLP. The acquisition was completed on 29 November 2013 (MHL.004.001.0003).

*iv) On 28 November 2013 SGH disclosed the proposed acquisition of Pannone LLP (**Pannone**). The acquisition was completed on 14 February 2014 (MHL.006.001.0005).*

v) On 10 February 2015 SGH disclosed the proposed acquisition of Walker Smith Way and Leo Abse & Cohen. Those acquisitions were completed on 30 April 2015 and 8 May 2015 respectively (MHL.004.001.0005).

12. At all material times after the First UK Acquisition and prior to the commencement of the Relevant Period, SGH has carried on business in the UK providing legal services (by performing PI Work and Non-PI Work) to consumers in the United Kingdom (**SGH UK**).

C. PI WORK AND UK PI WORK

13. At all material times, PI Work has been the core business of, and contributed the majority of revenue to SGH (both in Australia (**SGH Australia**) and in the UK (that is, SGH UK)).

Particulars

i) In FY2012, PI Work contributed approximately 80% of SGH's revenue from the Australian business (2012 Report, p.10). As the total group revenue was $217.7m (2012 Report, p.3) and the contribution of SGH UK to this was $11.5m (2012 Report, p.8), the contribution of SGH Australia PI Work was approximately $164.96m (($217.7m - $11.5m) x 80%).

ii) In FY2013, SGH Australia PI Work contributed approximately $178.16m of SGH's consolidated revenue (there being 8% revenue growth ($164.96m x 108%): 2013 Report, p.1). As total group revenue was $297.6m (2013 Report p.1), SGH Australia PI Work contributed approximately 59.9% of that amount. The Applicant does not know with its present state of knowledge the percentage of SGH UK revenue for FY2013 ($70.5m) which was attributable to SGH UK PI Work, but believes it to be in excess of 60% on the basis that at the time of acquisition of RJW PI Work represented 60% of RJW's revenue: 30 January 2012 Announcement, p.6.

iii) In FY2014, SGH Australia PI Work contributed approximately 46% of SGH's consolidated revenue and SGH UK PI Work contributed approximately 34% of SGH's consolidated revenue, being a combined total of 80% of SGH revenue: 2014 Report, p.2.

*iv) In the half year ending 31 December 2014, SGH Australia PI Work contributed 79% of revenue of $127.7m ($100.88m) and SGH UK PI Work contributed 80% of revenue of $117.6m ($94.08m), and thus PI Work contributed total of $194.96m of revenue of $245.3m (80%): SGH's "H1 FY15 Results Presentation" published and lodged with ASX (and published on SGH's website) on 10 February 2015 (**2015 HY Presentation**), pp.6-7 (MHL.003.001.0006).*

C.1. Types of UK PI Work

14. At all material times, the Ministry of Justice (**MoJ**) has been a ministerial department of the Government of the UK (**UK Government**) with responsibility for the civil justice system of the UK.

15. At all material times, PI Work in the UK has been divided between:

(a) cases in the "**Small Claims Track**", which is the normal track for low value cases where the financial value of the claim is not more than a stipulated amount and the financial value of any claim for damages for personal injuries is not more than a stipulated amount (**Small Claims Track PI Cases**);

(b) cases in the "**Fast Track**", which is the normal track for cases with a financial value up to a stipulated amount where the trial is likely to last for no longer than one day and there are only two expert fields with each party having only one expert per expert field (**Fast Track PI Cases**); and

(c) cases in the "**Multi-Track**", for which the Small Claims Track or the Fast Track is not the normal track (**Multi-Track PI Cases**), which cases are normally of higher value or complexity.

Particulars

Civil Procedure Rules 1998, Rule 26.6.

16. At all material times:

(a) one class of claim which is the subject of PI Work in the UK has been claims for personal injury sustained as a result of a road traffic accident (**RTA Claims**); and

(b) a subset of RTA Claims has been claims for soft tissue injury also known as "whiplash claims" (**Whiplash Claims**).

C.2. Reforms relevant to UK PI Work

17. From 3 November 2008 until the dissolution of the UK Parliament on 30 March 2015 the UK Government had been engaged in a process of reform of personal injuries litigation designed to reduce the number and cost of such claims (**PI Reform Process**).

Particulars

Particulars are in Schedule A.

18. As at 30 March 2015, when UK Parliament dissolved, the UK Government had, since 2008:

(a) been engaged, as part of the PI Reform Process, in a programme of reform focussed upon:

(i) reducing the costs which legal services providers could charge for performing PI Work for RTA Claims under £25,000; and/or

(ii) reducing the number and cost of Whiplash Claims,

(**RTA Claim Reform Programme**); and

(b) considered, as part of the RTA Claim Reform Programme, but had deferred implementing, the small claims track limit of the county court for road traffic accident personal injury claims from to £1,000 to £5,000 (**Small Claims Track Threshold Reform**).

Particulars

The Applicant refers to and repeats the matters in Schedule A.

19. At all material times, the Small Claims Track Threshold Reform was a reform which would:

(a) reduce the costs which lawyers could charge for performing PI Work for RTA Claims under £25,000; and

(b) reduce the number and cost of Whiplash Claims.

Particulars

The Applicant refers to and repeats the matters in Schedule A.

20. As at 30 March 2015:

(a) the Small Claims Track Threshold Reform was a reform which remained a strong possibility, as there was broad support for this reform and it was relatively simple to implement; and

Particulars

*i) a report dated 9 February 2015 prepared by Instinctif Partners entitled "Slater and Gordon: Report on political and regulatory due diligence" and its annexures (**Instinctif Report**), p.5 (SGH.029.002.0624 at 0628; ABL.001.001.8697 at 8701);*

*ii) a document entitled Project Malta Board Information Session dated 20 March 2015 (**20 March Board Report**), p.42 (SGH.029.001.0018 at 0059; ABL.001.003.1673 at 1714).*

(b) the responses to a survey of members of Parliament on personal injuries policy indicated that:

(i) a majority of members of Parliament supported introducing change to the legislation on personal injury claims in the next Parliament;

(ii) many members of Parliament tended to agree there was a need to reform personal injuries legislation; and

(iii) whiplash injuries were the leading concern for members of Parliament in personal injuries claims policy, with 49% reporting this to be the most important of the options listed.

Particulars

i) Instinctif Report, Comres annexure, pp.6, 10, 15 (SGH.029.002.0624 at 0639, 0643, 0648).

ii) 20 March Board Report, pp.43-45 (SGH.029.001.0018 at 0060-0062; ABL.001.003.1673 at 1715-1717).

21. By reason of the matters pleaded in paragraphs 18 to 20 as at 30 March 2015 there existed a material risk that, within the term of the 56th Parliament of the UK (being a term of approximately 5 years pursuant to the *Fixed Term Parliaments Act 2011* (UK)), the UK Government would continue the RTA Claim Reform Programme, and/or implement the Small Claims Track Threshold Reform (**Reform Risk**).

C.3. Potential Impact of the RTA Claim Reform Programme as at 30 March 2015

22. Between about July 2012 and March 2015:

(a) the average Whiplash Claim was around £2,500; and

(b) the majority of Whiplash Claims were less than £5,000.

Particulars

i) 2012 MoJ Whiplash IA, p.9 [1.9] and Footnote 4 (MHL.003.001.0007);

ii) Further particulars will be provided following discovery, and the issue of subpoenas.

23. Between about July 2012 and March 2015:

(a) the average Whiplash Claim (as pleaded in paragraph 22(a)) was able to be resolved through the RTA PI Protocol or the Fast Track, in which case:

(i) successful claimants were able to recover Portal FRC or Reduced Portal FRC (depending upon when the claim was lodged), or Fast Track Costs; and

(ii) legal services providers performing UK PI Work on a CFA Basis in respect of the average successful Whiplash Claim were able to earn an income;

(b) the majority of Whiplash Claims (as pleaded in paragraph 22(b)) were able to be resolved either through:

(i) the RTA PI Protocol or the Fast Track if they were above the Small Claims Track Threshold of £1,000 (**Moderate Value Whiplash Claims**), in which case:

(A) successful claimants were able to recover stipulated fixed recoverable costs (namely, Portal FRC or Reduced Portal FRC (depending upon when the claim was lodged)) or Fast Track Costs (with any applicable credit for any Portal FRC or Reduced Portal FRC already paid before such claims left the Portal); and

(B) legal services providers performing UK PI Work on a CFA Basis in respect of that proportion of the majority of Whiplash Claims as were successfully resolved through the RTA PI Protocol or the Fast Track were able to earn an income;

(ii) the Small Claims Track if they were below the Small Claims Track Threshold of £1,000 (**Low Value Whiplash Claims**), in which case:

(A) successful claimants were only able to recover Non-Legal FRC; and

(B) legal services providers performing UK PI Work on a CFA Basis were unable to earn an income from that proportion of the majority of Whiplash Claims as were successfully resolved through the Small Claims Track.

Particulars

i) Refer to Schedule A, paragraphs A4, A7, A22 and A24. The terms "Fast Track Costs", "Non-Legal FRC", "Portal", "Portal FRC", "Reduced Portal FRC" and "RTA PI Protocol" are also defined in Schedule A;

ii) Further particulars will be provided following discovery, and the issue of subpoenas.

24. By reason of the matters pleaded in paragraph 23, at all material times after in or about July 2012, legal services providers performing UK PI Work on a CFA Basis were able to earn an income:

(a) from performing legal services in respect of the average successful Whiplash Claim;

(b) from performing legal services in respect of that proportion of the majority of Whiplash Claims which were successful Moderate Value Whiplash Claims; and

(c) without performing legal services in respect of that proportion of the majority of Whiplash Claims which were Small Claims Track Whiplash Claims.

25. By reason of the matters pleaded in paragraphs 23 to 24, at all material times after in or about July 2012, legal services providers performing UK PI Work on a CFA Basis were able to make projections of the future income they would derive, by making assumptions for the period in respect of which projections were being made (**Projection Period**) based on:

(a) the number of average Whiplash Claims and/or Moderate Value Whiplash Claims which had been brought to them by claimants but were not yet finally resolved and would be brought to them by claimants in the Projection Period (based upon historical claim generation rates) (**Claims Pipeline Assumptions**);

(b) the number of cases in the Claims Pipeline case resolved in the Projection Period (based on historical timelines for claim resolution) (**Claims Resolution Rate Assumption**);

(c) the rate of success of average Whiplash Claims and/or Moderate Value Whiplash Claims (based on historical success rates) (**Claims Success Rate Assumptions**); and

(d) the quantum of Portal Costs, Reduced Portal Costs and/or Fast Track Costs usually recoverable in respect of successful average Whiplash Claims and/or Moderate Value Whiplash Claims (**Recoverable Costs Assumptions**),

(together, **Relevant Earnings Projection Assumptions**).

26. At all material times after in or about July 2012, if the Small Claims Track Threshold Reform was implemented:

(a) all Moderate Value Whiplash Claims valued at less than £5,000 (**Reform Affected Whiplash Claims**) would fall to be determined in the Small Claims Track, including, by reason of the matters pleaded in paragraph 22:

(i) the average Whiplash Claim; and

(ii) the majority of Whiplash Claims;

(b) in respect of the Reform Affected Whiplash Claims described in sub-paragraph (a), claimants would only able to recover Non-Legal FRC, and therefore, by reason of the matters pleaded in paragraph 22:

(i) claimants would only be able to recover Non-Legal FRC in respect of the average successful Whiplash Claim; and

(ii) the majority of claimants with Whiplash Claims would only be able to recover Non-Legal FRC in respect of their Whiplash Claims.

Particulars

i) Refer to Schedule A, paragraphs A4, A7, and A24. The terms "Fast Track Costs", "Non-Legal FRC", "Portal", "Portal FRC", "Reduced Portal FRC" and "RTA PI Protocol" are also defined in Schedule A;

ii) Further particulars will be provided following discovery, and the issue of subpoenas.

27. By reason of the matters pleaded in paragraphs 25 and 26, at all material times after in or about July 2012, if the Small Claims Track Threshold Reform was implemented:

(a) legal services providers performing UK PI Work on a CFA Basis would be unable to earn an income from performing legal services in respect of:

(i) Reform Affected Whiplash Claims;

(ii) the average Whiplash Claim; and/or

(iii) the majority of Whiplash Claims;

(b) further, or alternatively, there would be an aggregate reduction in business volume for legal service providers carrying out UK PI Work in respect of Whiplash Claims due to a reduction of demand for such services.

Particulars

i) 2012 MoJ Whiplash IA (defined in Schedule A), p.20 [2.71] p.24 [2.112], p.27 [2.135].

ii) Further particulars will be provided following discovery, and the issue of subpoenas.

28. By reason of the matters pleaded in paragraph 21 and 27, if the Reform Risk eventuated:

(a) there would be a material adverse impact on the future financial performance and financial position of legal service providers who had a significant dependence on performing UK PI Work on a CFA Basis in respect of Whiplash Claims and/or Reform Affected Whiplash Claims; and/or

(b) the viability of the business model of legal service providers who had a significant dependency upon performing UK PI Work on a CFA Basis in respect of Whiplash Claims and/or Reform Affected Whiplash Claims would be uncertain or questionable,

(each a **Reform Impact**).

Particulars

i) The future financial performance of such legal service providers was adversely affected because of the reduction in revenue which was consequential upon the matters pleaded in each of sub-paragraphs 27(a) and (b).

ii) The future financial position of such legal service providers was adversely affected because of: (1) the impairment to the asset position of the company consequential upon revenue reduction and/or (2) the impairment to any goodwill which was dependent upon their business continuing to perform UK PI Work in respect of Whiplash Claims and/or Reform Affected Whiplash Claims (including the fair value of any acquired businesses which had such a dependency).

iii) Further particulars will be provided following discovery, and the issue of subpoenas.

29. By reason of the matters pleaded in paragraphs 21 and 27 to 28, as at 30 March 2015, there existed a material risk that the Reform Impacts would affect legal service providers who had a significant dependency upon performing UK PI Work on a CFA Basis in respect of Whiplash Claims and/or Reform Affected Whiplash Claims (**Reform Impact Risk**).

30. By reason of the matters pleaded in paragraphs 26 to 28, as at 30 March 2015, the reliability of projections of future income on the basis of the Relevant Earnings Projection Assumptions made by legal service providers who had a significant dependency upon performing UK PI Work on a CFA Basis in respect of Whiplash Claims and/or Reform Affected Whiplash Claims depended upon the Small Claims Track Threshold Reform not occurring in the Projection Period, or at all.

Particulars

i) The Claims Pipeline Assumptions depended upon the Small Claims Track Threshold Reform not happening because if it did happen historical claims generation rates would not be an accurate guide to future claims generation, and the "pipeline" would narrow to resolution of those average Whiplash Claims and/or Reform Affected Whiplash Claims which had already been brought, but which were not resolved;

ii) The Claims Resolution Rate Assumption depended upon the Small Claims Track Threshold Reform not happening, because: (1) the assumed rate was applied to the results of the Claims Pipeline Assumptions; and (2) if it did happen, historical resolution rates of average Whiplash Claims and/or Reform Affected Whiplash Claims through the RTA PI Scheme or the Fast Track would not be a meaningful guide to future resolution rates in the Small Claims Track;

iii) The Claim Success Rate Assumptions depended upon the Small Claims Track Threshold Reform not happening, because: (1) the assumed rate was applied to the results of the Claims Pipeline Assumptions as modified by the Claims Resolution Rate Assumption; and (2) if it did happen, historical rates of success average Whiplash Claims and/or Reform Affected Whiplash Claims through the RTA PI Scheme or the Fast Track would not be a meaningful guide to future success rates in the Small Claims Track;

iv) The Recoverable Costs Assumptions depended upon the Small Claims Track Threshold Reform not happening because if it did happen Portal Costs, Reduced Portal Costs and Fast Track Costs would not be applicable to average Whiplash Claims and/or Reform Affected Whiplash Claims, but instead only Non-Legal FRC would be recoverable.

31. By reason of the matters pleaded in paragraphs 21 and 29, as at 30 March 2015 there existed a material risk that projections of income of legal service providers performing UK PI Work which had a significant dependency upon performing UK PI Work in respect of Whiplash Claims and/or Reform Affected Whiplash Claims in and for the period from 2015 to 2020 were unreliable (**UK Income Projection Unreliability Risk**).

C.5 Significance of the RTA Claim Reform Programme to SGH prior to 30 March 2015

32. In the period after the First UK Acquisition and prior to the commencement of the Relevant Period:

(a) SGH derived an increasingly substantial proportion of its consolidated revenue from SGH UK, but no more than approximately 50% of that revenue;

Particulars

i) In FY2012, SGH Australia contributed 94.7% of revenue: 2012 Report, p.69 (Note 3 to the Financial Statements for the year ended 30 June 2012), revenue from "S&G" ($170,472,000) and from "TML" ($35,752,000) as a percentage of the total ($217,704,000);

ii) In FY2013, SGH Australia contributed 76.3% of revenue: 2014 Report, p.56 (Note 3 to the Financial Statements for the year ended 30 June 2014), revenue from "Australia" ($227,435,000) as a percentage of the total ($297,963,000);

iii) In the half year ending 31 December 2014, SGH Australia contributed 52% of revenue and 51.3% of EBITDA: 2015 HY Report, p.12 (Note 2 to the Financial Statements for the half-year ended 31 December 2014), revenue from "AUS" ($127,687,000) as a percentage of the total ($245,334,000).

(b) SGH derived an increasingly substantial proportion of its consolidated revenue from SGH UK PI Work, but no more than approximately 38.5% of that revenue;

Particulars

i) The particulars to paragraphs 13 and 32(a) are repeated;

ii) In FY2013, SGH UK contributed 23% of consolidated revenue (and SGH UK PI Work approximately 60% of that (13.8%);

iii) In FY 2014, SGH UK PI Work contributed 34% of SGH consolidated revenue;

iv) In the half-year ending 31 December 2014, SGH UK PI Work contributed 38.4% of SGH consolidated revenue (($117.6m x 80%) / ($127.7m + $117.6m)).

(c) approximately 50% of the revenue contributed by SGH UK PI Work was derived from Multi-Track PI Cases (that being a percentage which was significantly higher than the industry average);

Particulars

i) Approximately 20% of PI Work performed by SGH UK (representing about 50% of revenue derived from PI Work by SGH) were Multi-Track PI Cases, compared to the industry at large where Multi-Track PI Cases represented approximately 5-10% of PI Work.

~~*ii) Further particulars will be provided following discovery.*~~

(d) by reason of the matters pleaded in sub-paragraphs 32(a) to (c), SGH derived no more than approximately 20% of its consolidated revenue from SGH UK PI Work in respect of claims which were not Multi-Track PI Cases (which was significantly lower than the industry average).

33. By reason of the matters pleaded in paragraph 32, immediately prior to the commencement of the Relevant Period, SGH was not significantly dependent upon performing UK PI Work in respect of Whiplash Claims and/or Low Value Whiplash Claims.

34. By reason of the matters pleaded in paragraph 33, immediately prior to the commencement of the Relevant Period, SGH:

(a) was not exposed to the Reform Impacts (or any of them) and/or the Reform Impact Risks (or any of them);

(b) alternatively, was only exposed to the Reform Impacts (or any of them) and/or the Reform Impact Risks (or any of them) to a relatively insignificant degree.

Particulars

i) No more than approximately 20% of SGH's consolidated revenue was derived from Whiplash Claims and/or Low Value Whiplash Claims (being the type of claims that were exposed to the RTA Claim Reform Programme and/or the Small Claims Track Threshold Reform);

ii) Accordingly a significant majority of SGH's consolidated revenue was derived from performing legal services which were not subject to the Reform Impacts, and SGH was not exposed to the Reform Impact Risks.

35. By reason of the matters pleaded in paragraph 33, immediately prior to the commencement of the Relevant Period, SGH:

(a) was not exposed to the UK Income Projection Unreliability Risk;

(b) alternatively, was only exposed to the UK Income Projection Unreliability Risk to a relatively insignificant degree.

Particulars

The Particulars to paragraph 34 are repeated.

D. SGH'S PROPOSED ACQUISITION OF PSD

D.1. The 30 March Publications

36. On 30 March 2015, SGH published and lodged with the ASX (and published on SGH's website) (with the knowledge and authority of the board of SGH):

(a) an announcement entitled "Slater and Gordon executes agreement to acquire Quindell's Professional Services Division and launches A$890m accelerated renounceable entitlement offer" (**30 March Announcement**), which was classified "price-sensitive" and marked ("$") on ASX's website (MHL.001.001.0004);

(b) a presentation entitled "Professional Services Division Acquisition and Entitlement Offer" (**30 March Presentation**) (MHL.001.001.0005);

(c) a cleansing notice (**30 March Cleansing Notice**) under s 708AA(2)(f) of the Corporations Act as notionally modified by Class Order 08/35 issued by the Australian Securities and Investments Commission (**ASIC**) (MHL.003.001.0008); and

(d) an Appendix 3B – new issue announcement (**30 March Appendix 3B**) (MHL.003.001.0009),

(together the **30 March Publications**).

37. In the 30 March Announcement, SGH made the following statements:

(a) SGH had entered into an agreement to acquire the Professional Services Division (**PSD**) of Quindell Plc (**Quindell**); and

(b) in consideration for the acquisition of PSD, SGH had agreed to pay the following amounts (together, the **PSD Acquisition Price**):

(i) upfront consideration of £637 million ($1,225 million based on an exchange rate of AUDGBP 0.52); and

(ii) an earnout based on the performance of PSD's noise induced hearing loss (**NIHL**) cases.

D.2. The Entitlement Offer

38. In the 30 March Announcement, SGH stated that:

(a) SGH was seeking to raise approximately $890 million in new equity to fund the acquisition of PSD through a 2 for 3 pro rata renounceable entitlement offer (**Entitlement Offer**); and

(b) SGH would fund the balance of the upfront consideration for the acquisition of PSD by bank debt.

39. In the 30 March Announcement, SGH made the following statements about the Entitlement Offer:

(a) under the Entitlement Offer, eligible shareholders would be invited to subscribe for 2 (two) new SGH Shares for every 3 (three) existing SGH Shares held as at 7.00PM on 2 April 2015;

(b) the offer price under the Entitlement Offer was A$6.37 per new SGH share (**Offer Price**), representing a 15.6% discount to the closing price for SGH Shares on Friday 27 March 2015;

(c) The Entitlement Offer comprised:

(i) an institutional entitlement offer which would take place between 30 and 31 March 2015 (and be settled on 13 April 2015, with new SGH shares to be issued and quoted on 14 April 2015) (**Institutional Entitlement Offer**); and

(ii) a retail entitlement offer which would take place between 9 April 2015 and 5.00PM on 20 April 2015 (and be settled on 29 April 2015, with new SGH shares to be issued and quoted on 30 April 2015) (**Retail Entitlement Offer**);

(d) entitlements which were not taken up:

(i) by eligible institutional shareholders under the Institutional Entitlement Offer would be sold through an institutional shortfall bookbuild on 1 April 2015; or

(ii) eligible retail shareholders under the Retail Entitlement Offer would be sold through a retail shortfall bookbuild on 23 April 2015,

and in each case any amount by which the relevant shortfall bookbuild price exceeded the Offer Price in respect of entitlements not taken up would be paid (net of withholding tax) to the relevant shareholders;

(e) new SGH Shares issued under the Entitlement Offer would rank equally with existing SGH Shares from the date of allotment;

(f) a retail offer booklet and accompanying personalised entitlement and acceptance form would be sent to eligible retail shareholders on 9 April 2015 (and would be published on the ASX website and published on SGH's website on the same date); and

(g) the indicative timetable for:

(i) the Institutional Entitlement Offer was as follows:

Institutional Entitlement Offer opens	Monday, 30 March
Institutional Entitlement Offer closes	Tuesday, 31 March
Institutional shortfall bookbuild	Wednesday, 1 April
Trading halt lifted	Thursday, 2 April
Record date for eligibility in the Institutional Entitlement Offer	7:00PM (Melbourne time) Thursday, 2 April
Settlement of the Institutional Entitlement Offer	Monday, 1 April
Issue and quotation of New Shares under the Institutional Entitlement Offer	Tuesday, 14 April

(ii) the Retail Entitlement Offer was as follows:

Record date for eligibility in the Retail Entitlement Offer	7:00PM (Melbourne time) Thursday, 2 April
Retail Entitlement Offer opens	Thursday, 9 April
Retail Offer Booklet despatched	Thursday, 9 April
Retail Entitlement Offer closes	Monday, 20 April
Retail shortfall bookbuild	Thursday, 23 April
Settlement of the Retail Entitlement Offer	Tuesday, 28 April
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 29 April
New Shares under the Retail Entitlement Offer commence trading on ASX	Thursday, 30 April

on a normal settlement basis	
Retail premium (if any) despatched	From 1 May

40. The Entitlement Offer was an offer pursuant to s 708AA of the Corporations Act (as modified by ASIC Class Order CO [08/35]).

Particulars

30 March Presentation, p.2.

41. By reason of s 708AA of the Corporations Act, SGH was obliged in connexion with the Entitlement Offer to:

(a) give to ASX a notice complying with s 708AA(7) within the 24 hour period before the first offer was made under the Entitlement Offer (s 708AA(2)(f));

(b) if the notice referred to in sub-paragraph 41(a) was defective by reason that:

(i) it was false or misleading in a material particular; or

(ii) it omitted from it a matter or thing, the omission of which renders it misleading in a material respect,

to correct the defect within a reasonable time after becoming aware of the defect (if it becomes so aware within 12 months after the securities are issued) by giving ASX a notice that sets out the information necessary to correct the defect (s 708AA(10)).

D.3. Statements in the 30 March Publications

42. In the 30 March Publications, SGH made the following statements:

(a) the acquisition of PSD by SGH was anticipated to create significant value for SGH shareholders, including because it:

(i) was expected to be substantially EPS accretive (greater than 30%) to SGH from the first full year of ownership; and

(ii) had an attractive acquisition multiple of c.6.9x;

(b) the transaction was anticipated to be substantially EPS accretive (greater than 30%) to SGH from the first full year of ownership (being FY2016), assuming FY2014 volume trend core PSD EBITDA of £86 million;

(c) the transaction had an attractive acquisition multiple of c.6.9 times the pro forma adjusted volume trend core PSD EBITDA (ex NIHL contribution) (assuming FY2014 volume trend core PSD EBITDA (excluding legacy NIHL) of £86 million, based on an adjusted transaction value of £597 million (upfront cash consideration of £637 million less £40 million NPV of 50% earnout related to legacy NIHL portfolio);

(d) the key financial assumptions made by SGH included that:

(i) the acquisition multiple of 6.9x (referred to in sub-paragraphs 42(a)(ii) and 42(c) was based upon:

(A) a transaction value of £597 million, calculated by deducting from the upfront cash consideration of £637 million, £40 million (being 50% of the earnout of the legacy NIHL portfolio in FY2016 and FY2017, on a net post-tax basis at a 10% discount rate), being the same amount referred to in sub-paragraph 42(c) above; and

(B) volume trend adjusted core PSD EBITDA of £86 million for FY2014, being the PSD FY2014 Adjusted Volume Trend Core EBITDA referred to in sub-paragraph 42(b);

in that the amount referred to in (A) divided by the amount referred to in (B) equals 6.9; and

(ii) $710 million would be recognised as goodwill, being the excess of the acquisition purchase consideration over the fair value of the net assets.

(e) the key risks attaching to an investment in SGH, and risks inherent in the acquisition of PSD which would affect the future operational and financial performance of SGH and SGH Shares included:

(i) that it was a risk specific to the acquisition of PSD that PSD operated in a highly regulated environment, PSD's business operations could be adversely affected by changes in UK governments and changes in government legislation, guidelines and regulations. However, Slater and

Gordon was already exposed to this risk through its existing operations in the UK (although the acquisition will significantly increase the potential consequences of the realisation of this risk); and

(ii) that it was a general Slater and Gordon risk that Slater and Gordon operated in a highly regulated environment, Slater and Gordon's business operations could be adversely affected by changes in UK or Australian State, Territory and Commonwealth governments and changes in government legislation, guidelines and regulations. Additionally it was a requirement that a person who is disqualified from practice as a lawyer may not have any financial interest in an Incorporated Legal Practice. There are certain safeguards built into Slater and Gordon's constitution to assist Slater and Gordon to comply with this requirement,

(together, **30 March General Regulatory Risk Disclosures**).

Particulars

i) the statement in sub-paragraph 42(a)(i) was made in the 30 March Announcement at page one (see subparagraph 42(b)), and in the 30 March Presentation at pages 8, 17 and 30;

ii) the statement in sub-paragraph 42(a)(ii) was made in the 30 March Announcement at page one (see subparagraph 42(b)), and in the 30 March Presentation at pages 8 and 17;

iii) the statement in sub-paragraph 42(b) was made in the 30 March Presentation at pages 8, 17 and 30 (see subparagraph 44(d));

iv) the statement in sub-paragraph 42(c) was made in the 30 March Presentation at pages 8 and 17 (see subparagraph 44(e));

v) the statement in sub-paragraph 42(d)(i) was made in the 30 March Presentation at page 51 (see subparagraph 45(d));

vi) the statement in sub-paragraph 42(d)(ii) was made in the 30 March Presentation at page 53 (see subparagraph 45(d));

vii) the statement in sub-paragraph 42(e)(i) was made in the 30 March Presentation at page 59 (see subparagraph 45(e)); and

viii) the statement in sub-paragraph 42(e)(ii) was made in the 30 March Presentation at page 61 (see subparagraph 45(e)).

43. By the 30 March Announcement, SGH also made the following statements:

(a) SGH had carried out an extensive period of due diligence based on a bottom up, fundamental assessment of PSD;

(b) The statement referred to in paragraph 42(a), and that further details were contained in the accompanying investor presentation (being the 30 March Presentation);

(c) PSD was a leading personal injury law firm in the UK which comprised two key operating segments: (1) Legal Services, which offered a broad range of specialist personal injury claims services including road traffic accident (**RTA**), NIHL, employers' liability and public liability claims; and (2) Complementary Services, which extends PSD's reach across the personal injuries claim value chain and increases client delivery and capture opportunities;

(d) There was a clear path to optimise PSD, leveraging its unique, comprehensive platform of businesses, processes and infrastructure to focus on the process-driven, higher velocity, cash generative road traffic accident segment;

(e) SGH intended to reorient PSD to focus on fast-track RTA, employers' liability and public liability claims;

(f) SGH would implement a moratorium on new NIHL client intake and the existing NIHL file portfolio would be expedited to drive claims resolution and maximise cash generation (that portfolio being subject to a 50% profit share with Quindell being the deferred conditional cash consideration for it); and

(g) SGH confirmed its FY15 guidance for existing operations, namely total revenue of A$500 million, normalised EBITDA margin of 23-24% and cash from operations of > 70% (as a % of NPAT).

44. By the 30 March Presentation, SGH also made the following statements:

(a) SGH was to acquire PSD, which was a leading personal injury law firm in the UK, operating across the claims value chain which provided:

(i) legal services – RTA, employee liability / public liability and NIHL cases; and

(ii) complementary services – marketing, health and motor services,

(p.7);

(b) SGH was to pay upfront cash consideration of £637 million (A$1,225 million based on an exchange rate of AUDGBP 0.52) and an earnout based on the performance of PSD's NIHL cases (which would be based on a 50% sharing of after tax profits from the settlement of existing NIHL files over the next two years) (p.7);

(c) there was a compelling strategic rationale for the acquisition, including:

(i) transformational opportunity in line with SGH's growth strategy, making SGH the leading personal injury law group in the UK;

(ii) PSD built to provide and sustain competitive advantage; and

(iii) extensive period of due diligence, based on a bottom-up, fundamental assessment of PSD plus SGH's deep UK market experience, underpins confidence in opportunity,

(p.7);

(d) the statement referred to in paragraph 42(b) (pp. 8, 17, 30);

(e) the statement referred to in paragraph 42(c) (pp. 8, 17);

(f) key facts about PSD included:

(i) as to "Legal Services" "RTA", there was a significant opportunity given the size of the market (over 818,000 claims p.a. and 657,000 settlements p.a. (in each case based on the 2012-13 year)) as well as fragmentation and lack of scale of competitors;

(ii) as to "Legal Services," "Other Practices" comprised ELPL (being cases arising from workplace accidents and accidents in public places), Multi-Track (being higher value cases with expected damages above £25,000) and Compass Costs (one of the UK's largest legal costs drafting practices); and

(iii) as to "Legal Services," "NIHL" involved claims relating to hearing loss caused by exposure to excessive noise levels during employment (but SGH would initially place a moratorium on NIHL new case intake in PSD and focus operations on settling existing portfolios of NIHL cases),

(p.9);

(g) the acquisition would give SGH an increased market share from c. 5% to c.12% in the UK and position SGH at the forefront of the £2.5 billion UK personal injury market (which was 5 to 6 times the size of the Australian personal injury market) (p.13);

(h) SGH's vision included to become the leading Fast Track personal injury claim service provider in the UK (p.15);

(i) execution of SGH's vision included pivoting PSD to entrench its market leading position in the RTA segment, in circumstances where PSD currently only intakes c.80% of possible RTA volume from pool, with clear path to increase client intake (pp.15, 41);

(j) SGH had undertaken significant due diligence on PSD involving:

(i) exclusivity granted on 1 January 2015 and business assessment conducted on the ground in the UK;

(ii) case file due diligence conducted by SGH involving a review of 8,000 cases by 70 lawyers of six weeks;

(iii) financial / commercial due diligence conducted by SGH and an accounting advisor, involving a bottom-up review of quality of earnings, revenue and acquisition cost recognition policies aligned with SGH's more conservative approach, and a comprehensive review of Quindell's statutory and management accounts which confirmed an aggressive approach to reporting performance, resulting in over-investment in NIHL;

(iv) legal due diligence conducted by a legal advisor;

(v) legislative risk due diligence conducted by an industry advisor, involving assessment of regulatory landscape, parliamentary sentiment and appetite for reform;

(vi) key management personnel due diligence conducted by SGH; and

(vii) other due diligence, on IT systems, property and professional standards and indemnity insurance,

(p.19);

(k) SGH had undertaken a comprehensive review of Quindell's statutory and management accounts, and:

(i) Quindell's historical approach had involved:

(A) recognising revenue on a time lapsed basis for all cases regardless of individual case progression;

(B) more aggressive estimates of effort required to reach each milestone and potential case success rates;

(C) attributing significant value in absence of resolution track record;

(D) deferring case acquisition costs to match revenue profile; and

(E) accruing internal costs required to settle cases,

which resulted in headline profits materially benefitting from the acquisition of NIHL cases, which had made a significant NIHL contribution in FY2014, although there was minimal settlement experience and cash generation;

(ii) SGH's approach was to:

(A) recognise revenue case by case based on performance;

(B) make more measured estimates of effort required to reach each evidence-based milestone and potential case failure rates;

(C) expense case acquisition costs in the period incurred;

(D) expense internal costs required to settle cases,

which would drive higher velocity, cash generative Fast Track segment, place NIHL intake on moratorium while reviewing future profitability of NIHL business,

(p.20);

(l) SGH had developed pro forma adjusted FY2014 financial statements for PSD from internal accounts based on Quindell's accounting policies (which recorded

FY2014 (December y/e) revenue at £645 million (**PSD Baseline Revenue**) and EBITDA at £289 million (**PSD Baseline EBITDA**), but had:

(i) removed all revenue and expenses related to NIHL in their entirety (resulting in a £278 million reduction to PSD Baseline Revenue, a £210 million reduction to gross profit, and a £201 million reduction to PSD Baseline EBITDA); and

(ii) had better aligned non-NIHL Legal Services revenue recognition with SGH's approach of using evidence based milestones and other accounting adjustments (which resulted in a £1 million increase to PSD Baseline Revenue, a £18 million reduction to gross profit, and a £18 million reduction to PSD Baseline EBITDA,

(p.21);

(m) SGH's adjustments to the FY2014 (December y/e) internal accounts of Quindell for PSD (calculated by undertaking the processes described in sub-paragraph (l) above) resulted in:

(i) revenue (ex NIHL) (**PSD FY2014 Core Revenue**) of £368 million, as compared to Quindell's internal accounts which showed £645 million including NIHL (i.e. PSD Baseline Revenue);

(ii) gross profit of £99 million (ex NIHL), as compared to Quindell's internal accounts which showed £328 million including NIHL;

(iii) EBITDA (ex NIHL) (**PSD FY2014 Core EBITDA**) of £70 million, as compared to Quindell's internal accounts which showed £289 million including NIHL (i.e. PSD Baseline EBITDA),

(p.21);

(n) SGH's further adjustments to the PSD FY2014 Core EBITDA of £70 million to reflect the impact of annualised actual Sep-Nov 2014 quarter RTA intake (93,660) with settlements (77,381)) resulted in a "Pro forma adjusted volume trend" EBITDA (**PSD FY2014 Volume Trend Core EBITDA**) of £86 million (p.23);

(o) PSD's guidance for FY2016 EBITDA, inclusive of legacy NIHL portfolio run-off was £95 million, of which legal services was expected to contribute £55 million (based, inter alia, upon continued momentum in RTA case intake, forecast to grow more than 20% year-on-year, and growth in RTA settlement rates) (p.24);

(p) The key outlook drivers for PSD included:

(i) the monthly case intake volumes for RTA claims, of which recent observations had been a total of ~8,400 (of which ~70% were Portal claims) and the outlook was increasing;

(ii) the success rate through the RTA Portal, of which recent observations had been ~90%, and the outlook was steady;

(iii) the typical settlement period through the RTA Portal, of which recent observations had been 6 – 9 months, and the outlook was steady;

(iv) the acquisition cost per case for RTA claims, of which recent observations had been - £810, and the outlook was decreasing,

(p.25);

(q) Following the acquisition of PSD, the Pro forma combined balance sheet would increase the amount of intangible assets (including goodwill) by approximately $851 million to $996 million (p.28);

(r) the expected financial impact and FY2015 guidance of the acquisition of PSD was confirmation of FY2015 guidance for the existing Slater and Gordon business, with group revenue target of $500 million, a normalised EBITDA margin of 23% to 24%, and cash flow from operations as a % of NPAT > 70% (p.31).

45. By the appendices to the 30 March Presentation, SGH also made the following statements:

(a) following the acquisition of PSD, SGH's pro forma FY2014 EBITDA by geography would change from 50% (SGH Australia) and 50% (SGH UK) to 21% (SGH Australia), 21% (SGH UK) and 58% (PSD) (p.43);

(b) SGH's analysis of PSD to construct its view of future performance had been based upon certain selected drivers, which in relation to the "Legal Services" Division of PSD were:

(i) RTA monthly case intake, where SGH considered the glide path (recent performance to outlook) was on an upward trajectory, such that there would be continued growth in case intake volume;

(ii) RTA success rates, where SGH considered the glide path (recent performance to outlook) was on a downward trajectory, such that there would be incrementally higher dilution as intake volumes increase;

(iii) RTA settlement period, where SGH considered the glide path (recent performance to outlook) was on a flat trajectory, such that the time to resolve was consistent with historical PSD trends and SGH UK experience;

(iv) RTA average fee per file, where SGH considered the glide path (recent performance to outlook) was on a flat trajectory, such that fees per successful case were consistent with historical trends and SGH UK experience;

(v) RTA case acquisition cost, where SGH considered the glide path (recent performance to outlook) was on a downward trajectory, such that acquisition costs per case were reduced through optimising origination mix, moving towards SGH UK experience; and

(vi) ELPL monthly case intake, where SGH considered the glide path (recent performance to outlook) was on a flat trajectory, such that ELPL case volume was consistent with recent PSD levels;

(p.45).

46. By the 30 March Cleansing Notice, SGH made the following statements:

(a) it was a notice under s 708AA(2) of the Corporations Act (**SGH's s 708AA Notice**); and

(b) SGH had complied with s 674 of the Corporations Act (being SGH's Continuous Disclosure Obligations) (**Section 708AA Notice Statement**).

D.4. Representations conveyed by the 30 March Publications

47. By the 30 March Publications, SGH represented to the Affected Market, including persons to whom the Entitlement Offer was addressed (either originally as eligible shareholders, or through the institutional shortfall bookbuild and retail shortfall bookbuild) (**Potential Entitlement Offer Participants**), that:

(a) there were no specific key regulatory risks to which, upon acquisition of PSD, SGH would become specifically exposed, or to which SGH's exposure would significantly increase; and/or

(b) SGH was not aware of any specific key regulatory risks to which upon acquisition of PSD, it would become significantly exposed, or to which its exposure would significantly increase,

each being a **Risk Profile Representation**).

Particulars

i) The representations were partly express and partly implied;

ii) To the extent they were express, the Applicant refers to the 30 March General Regulatory Risk Disclosures (and each of them);

iii) To the extent they were implied, the Applicant refers to the 30 March Publications and the absence from them of any disclosure of the Small Claims Track Threshold Reform, the Reform Risks or the Reform Impacts;

iv) The representations were representations as to future matters and s 12BB of the ASIC Act, s 769C of the Corporations Act and/or s 4 of the ACL are relied upon.

48. By the 30 March Publications SGH represented to the Affected Market, including Potential Entitlement Offer Participants, that there was no information concerning SGH that a reasonable person would expect to have a material effect on the price or value of SGH Shares which SGH had not disclosed to the Affected Market prior to releasing to the ASX the 30 March Publications (**Continuous Disclosure Compliance Representation**).

Particulars

i) The representations were express and are contained in the 30 March Cleansing Notice, paragraph (d)(ii), and the Section 708AA Notice Statement in particular;

ii) Alternatively, the representations are to be implied from the publication by SGH of the 30 March Publications and the making of the Entitlement Offer under s 708AA of the Corporations Act.

E. ABL'S ROLES AND RESPONSIBILITIES

E.1. Australian legal adviser to Slater & Gordon

49. On a date unknown to the Applicant prior to 24 March 2015 (**ABL Retainer Date**) ABL was retained as the "Australian legal adviser to Slater & Gordon" for the purposes of the proposed Entitlement Offer (**ABL Retainer**).

Particulars

*i) Slater & Gordon Limited Due Diligence Planning Memorandum (**DDPM**): SGH.029.001.0331_2 at 0785; ABL.001.016.3722 at 3734. The DDPM was drafted by ABL, bearing document stamp ABL/4129829v3, and was finally adopted on 29 March 2015: SGH.001.001.6750 at 6751; see also copy signed by Wenig and dated 29 March 2015 bearing document stamp ABL/4129829v4: ABL.001.001.4311.*

ii) Slater & Gordon Legal Due Diligence Report: ABL.001.0001.1341. This document sets out the Due Diligence Processes ABL undertook in accordance with the DDPM.

iii) The DDPM attached as Annexure A to the Due Diligence Committee Report: ABL.001.016.3931 at 3951 records ABL's role and responsibilities pursuant to the retainer as including:

A) Recommending and providing advice on an appropriate due diligence system;

B) Providing Australian legal advices on the AREO, Offer Documents (as defined in paragraph 53 below) and legal matters arising in connection with the due diligence process;

C) Undertaking due diligence in relation to legal matters in accordance with the work program agreed with the Due Diligence Committee (as defined in paragraph 52 below), the Underwriters and Greenhill, and report to Slater & Gordon and the Due Diligence Committee (including the Underwriters and Greenhill as observers) on that review;

D) Maintaining a register of material issues;

E) Conducting a review of Slater & Gordon's continuous disclosure system, and conducting a review of Slater & Gordon's Board minutes since 5 February 2014 in conjunction with a review of ASX disclosures and all correspondence between Slater & Gordon and ASIC and ASX during that time, and, where necessary, highlighting matters and receiving confirmation from Slater & Gordon that those matters were not of a nature that Slater & Gordon was relying on any carve-outs to the ASX Listing Rule 3.1 that would

require disclosure under section 708AA of the Corporations Act, and report to the Due Diligence Committee (as defined in paragraph 52 below) on that review;

F) Reviewing responses from Slater & Gordon management to the Due Diligence Questionnaire;

G) Reviewing and commencing on successive drafts of the Offer Documents (as defined in paragraph 53 below) including the final drafts;

H) Coordinating the verification process;

I) Providing a written Legal Due Diligence Report and a written opinion/sign-off on the Offer Documents (as defined in paragraph 53 below) and the due diligence process relating to the AREO (which was also to be provided to and may be relied on by the Underwriters);

iv) Participating as a member of and chairing the Due Diligence Committee (as defined in paragraph 52 below) established in relation to the Entitlement Offer and attending all meetings of the Due Diligence Committee: ABL.001.001.4352;

v) Recommending and providing advice on the design of an appropriate due diligence program and assisting in the implementation of that due diligence program: ABL.001.001.4352;

vi) Making inquiries and investigations in relation to legal matters relevant to the implementation of the due diligence program (as set out in the DDPM) and reporting on those inquiries and investigations to the Due Diligence Committee (as defined in paragraph 52 below) and the Underwriters: ABL.001.001.4352;

vii) Providing a legal opinion to the Due Diligence Committee (as defined in paragraph 52 below) and the Underwriters in respect of the content of the Offer Documents and the due diligence program: ABL.001.001.4352;

viii) Reviewing drafts and final forms of questionnaires and certificates by management of Slater & Gordon and other reports and sign-offs: ABL.001.001.4352;

ix) Conducting an audit of the verification materials and reporting to the Due Diligence Committee (as defined in paragraph 52 below) on the results of the audit and preparing a verification report, as provided in the DDPM, and verifying certain provisions of the Offer Documents (as defined in paragraph 53 below) and accompanying materials: ABL.001.001.4352;

x) Advising on and coordinating obtaining any necessary ASIC and ASX relief: ABL.001.001.4352; and

xi) Coordinating obtaining foreign legal advice: ABL.001.001.4352.

50. At all material times, ABL was obliged to use reasonable skill and care in providing services to SGH pursuant to the ABL Retainer.

Particulars

i) The term was implied in fact to give business efficacy to the relationship between SGH and ABL pursuant to the ABL Retainer.

*ii) Further, at all times ABL and Wenig had the skills and experience to undertake a capital raising of the kind and complexity of that undertaken by SGH: report of Bruce Cowley filed 11 May 2021 (**Cowley Report**) at [5.1] and [6.1].*

51. Further, at all material times, each partner of ABL (including Wenig) and each legal practitioner employed by ABL (**ABL Lawyers**) was obliged not to engage in conduct in connection with the practice of law that falls short of the standard of competence and diligence that a member of the public is entitled to expect of a reasonably competent Australian legal practitioner.

Particulars

LPA, s 4.4.2

E.2. Member and Chair of the Due Diligence Committee

52. On a date unknown to the Applicant no later than on or about 24 March 2015 (**DDC Establishment Date**) SGH established a due diligence committee (**DDC**) to oversee and co-ordinate the due diligence process for the Entitlement Offer.

Particulars

i) Agenda for Project Malta Due Diligence Committee Meeting to be held on 24 March 2015 (SGH.001.030.2883);

ii) DDPM, Section 5.2 (SGH.029.001.0331_2 at 0784; ABL.001.016.3722 at 3733).

53. At all material times, the due diligence process which the DDC was to oversee and coordinate was directed to the potential liability under Australian and New Zealand law for the Entitlement Offer and the issuing of the following documents:

(a) a notice prepared in compliance with section 708AA(7) of the CA to be lodged with ASX at the outset of the Entitlement Offer (called the "Cleansing Notice") (that is, the 30 March Cleansing Notice as defined in paragraph 36(c) above);

(b) an offer booklet (including an entitlement and acceptance form) setting out the terms of the Entitlement Offer to be sent to SGH's eligible retail shareholders (called the "Booklet");

(c) an ASX announcement in respect of the Entitlement Offer and the Acquisition and a presentation pack for institutional shareholders and other "exempt investors", which was also to be sent to retail investors as part of the Booklet (called the "Investor Presentation") (that is, the 30 March Announcement and the 30 March Presentation each as defined in paragraph 36(a) and 36(b)),

(together, the **Offer Documents**).

Particulars

DDPM, Section 1 (SGH.029.001.0331_2 at 0776; ABL.001.016.3722 at 3725).

54. The DDC was:

(a) comprised of the entities who may have liability in respect of the Offer Documents, those entities and their relevant representatives being:

(i) Slater & Gordon, represented by Andrew Grech (**Grech**) as "Director and CEO";

(ii) Slater & Gordon, represented by Wayne Brown (**Brown**) as "CFO and Joint Company Secretary"; and

(iii) ABL, as Australian legal adviser to Slater & Gordon, represented by Wenig; and

(b) chaired by Wenig as Chairman.

Particulars

i) Agenda for Project Malta Due Diligence Committee Meeting to be held on 24 March 2015 (SGH.001.030.2883).

ii) DDPM, Section 5.2 (SGH.029.001.0331_2 at 0784; ABL.001.016.3722 at 3733).

55. At all material times after the DDC Establishment Date, as a member of the DDC ABL was responsible, in respect of the Entitlement Offer, to:

(a) determine the appropriate due diligence design and processes and recommend their approval by the Board of SGH;

(b) identify key issues and risk factors on which the due diligence process would focus;

(c) allocate responsibility for investigating each relevant area (including appointment of experts);

(d) ensure that there was adequate supervision at all stages of the due diligence process so that a complete and thorough understanding of all relevant issues had been obtained prior to finalising each Due Diligence Committee Report and the Offer Documents;

(e) receive and adopt reports and sign-offs from reporting experts;

(f) maintain a register of material issues which constitutes a register of all material issues raised, identifies the nature of the issue and how it has been resolved;

(g) supervise and assist in the drafting of the Offer Documents and, in particular ensure that:

(i) the Cleansing Notice, when read together with the Investor Presentation contained all the information required to satisfy the content requirements set out in the Corporations Act;

(ii) there were no material misstatements in or omissions from the Offer Documents; and

(iii) the Offer Documents otherwise complied with the Corporations Act and are not misleading or deceptive (including by omission);

(h) consider Slater & Gordon's current and ongoing continuous disclosure systems including identifying all information which has been withheld from disclosure to ASX by Slater & Gordon in accordance with its continuous disclosure obligations;

(i) ensure that the due diligence process was documented to provide evidence of the enquiries that have been made and the basis on which opinions have been formed;

(j) review the scope of work provided by ABL in relation to the legal due diligence and ensure that the scope and conduct of the legal due diligence was adequate based on the scope of work provided;

(k) co-ordinate and supervise the verification of statements contained in the Offer Documents in accordance with the DDPM;

(l) report to the Board from time to time and provide a final Due Diligence Committee Report on the due diligence process to the Board and for the benefit of each member of the Due Diligence Committee (and their representatives) as contemplated by the DDPM;

(m) following lodgement of the Offer Documents, continue to receive and assess information about new circumstances that come to a member's attention and which may necessitate the issue of supplementary disclosure in accordance with clause 12 of the DDPM; and

(n) maintain custody of due diligence materials (including minutes, reports and verification notes) for an appropriate period of time,

(**ABL DDC Member Responsibilities**).

Particulars

DDPM, Section 5.3 (SGH.029.001.0331_2 at 0786; ABL.001.016.3722 at 3735). The particulars to paragraph 49 above are repeated.

56. At all material times after the DDC Establishment Date, Wenig (as Chair of the DDC) was responsible to:

(a) ensure that the meetings of the DDC were properly conducted;

(b) ensure that all members of the DDC were appropriately heard; and

(c) ensure that all agenda items and issues were adequately discussed,

(**ABL DDC Chair Responsibilities**).

Particulars

DDPM, Section 5.2 (SGH.029.001.0331_2 at 0785; ABL.001.016.3722 at 3734). The particulars to paragraph 49 above are repeated.

57. Further, by reason of the matters pleaded in paragraphs 49 and/or 56, ABL had responsibility for considering, and verifying, for each statement contained in the 30 March Cleansing Notice that:

(a) the statement, considered in the context in which it appeared in the Offer Documents, was neither misleading nor deceptive;

(b) there were no matters relevant to the subject to which the statement related which were omitted from the Offer Documents; and

(c) the Statement could be cross referred to independent source materials to establish the truth and accuracy or the statement or, where that was not feasible, the truth and accuracy of the statement was based on direct personal knowledge and expertise and/or an analysis demonstrating that the relevant statement had been made on reasonable grounds,

(**ABL DDC Verification Responsibility**).

Particulars

Verification Report dated 29 March 2015, pp.1, 11 (SGH.001.001.6883 at 6885, 6895; ABL.001.016.3914 at 3916 and 3926. The particulars to paragraph 49 above are repeated.

E.3. ABL Legal Opinion

58. ABL had responsibility for providing to the directors of SGH a legal opinion that:

(a) in relation to the Entitlement Offer, SGH and the Entitlement Offer satisfied the conditions in section 708AA(2) of the Corporations Act;

(b) the 30 March Cleansing Notice complied with section 708AA(7) of the Corporations Act, and was not defective within the meaning of section 708AA(11) of the *Corporations Act*;

(c) the Offer Documents did not contain any statement that was false, misleading, or deceptive, or likely to mislead or deceive) including by way of omissions from the Offer Documents, having regard to the content requirements of section 708AA(7) of the *Corporations Act*; and

(d) the due diligence process, as described in the DDPM,

(i) had been implemented, completed, and conducted, as the case may be, in accordance with the terms of the DDPM in all material respects or that there were no material deviations from it not approved by the DDC;

(ii) was appropriate to ensure that the Offer Documents met the disclosure requirements of section 708AA(7) of the Corporations Act; and

(iii) constituted the taking of reasonable steps for the purposes of sections 1308(4), 1308(5) and 1309(2) of the Corporations Act, and to ensure that the Offer Documents were true and not misleading or deceptive and that there were no omissions from the Offer Documents that were required to be included by the Corporations Act,

(together, **ABL Legal Opinion Responsibilities**).

Particulars

The particulars to paragraph 49 above are repeated.

E.4. ABL's duty of care to Group Members

59. By reason of:

(i) the ABL DDC Member Responsibilities, ABL DDC Chair Responsibilities, ABL DDC Verification Responsibility and the ABL Legal Opinion Responsibilities~~,~~; and

(ii) ABL's and/or Wenig's skill and experience as alleged in the particulars subjoined to paragraph 50 above,

a reasonable person in the position of ABL and/or Wenig would have foreseen that:

(a) the Offer Documents were to be communicated to Potential Entitlement Offer Participants for the purpose of enabling them to consider whether to acquire SGH Shares pursuant to the Entitlement Offer;

(b) in determining whether to acquire SGH Shares pursuant to the Entitlement Offer, Potential Entitlement Offer Participants would, or may:

(i) rely on the Offer Documents;

(ii) rely on the Offer Documents having been published in a manner which complied with all applicable laws, including that the 30 March Cleansing Notice was not defective by reason of being false or misleading in a material particular, or omitting a matter or thing the omission of which rendered them misleading in a material respect;

(iii) rely on the Section 708AA Notice Statement that SGH had complied with SGH's Continuous Disclosure Obligations; and

(iv) rely on SGH's representations that the Due Diligence Process had been extensive, thorough, and appropriate, taking into account the scale of the PSD acquisition;

(c) matters contained in the Offer Documents (and the omission of matters which ought to have been disclosed in the Offer Documents) were likely to lead Potential Entitlement Offer Participants to acquire SGH Shares through the Entitlement Offer and pay the Offer Price; and

(d) Potential Entitlement Offer Participants who acquired SGH Shares through the Entitlement Offer were at risk of incurring economic loss.

60. Further, a reasonable person in the position of ABL and/or Wenig would have foreseen that:

(a) the price or value of SGH Shares on the financial market operated by the ASX would be informed or affected by information disclosed in accordance with sections 674(2) of the Corporations Act and ASX Listing Rule 3.1;

(b) if:

(i) material information had not been disclosed to ASX (or to the market of investors or potential investors in SGH Share), which a reasonable person would expect, had it been disclosed, would have had a material adverse effect on the price or value of SGH Shares; and/or

(ii) misleading or deceptive statements had been made to ASX (or to the market of investors or potential investors in SGH Shares), which statements a reasonable person would expect to have a material effect on the price or value of SGH Shares, in that if they had not been made no investors or potential investors in SGH Shares would have been in a position to read or rely upon them,

then the market price of SGH Shares on the financial market operated by ASX may be substantially greater than their true value and/or the market price that would have prevailed had such information been disclosed, and/or such misleading or deceptive statements not been made, or having been made had been qualified or contradicted (**Uninflated Price**);

(c) if the Offer Documents (including the Cleansing Statement) disclosed:

(i) material information which a reasonable person would expect, had it been disclosed, would have had a material adverse effect on the price or value of SGH Shares; and/or

(ii) information which contradicted or qualified statements made to ASX (or to the market of investors or potential investors in SGH Shares),

then the market price of SGH Shares on the financial market operated by ASX was likely to decline; and

(d) if the Entitlement Offer proceeded in the circumstance pleaded in paragraph 60(c), Potential Entitlement Offer Participants who acquired SGH Shares through the Entitlement Offer at the Offer Price (or a price which was higher than the Uninflated Price) were at risk of incurring economic loss.

61. Further, a reasonable person in the position of ABL and/or Wenig would have foreseen that:

(a) in the absence of a legal opinion from ABL which set out the matters pleaded in paragraph 58(a) to (e):

(i) the Offer Documents would not be published in the same form, or at all;

(ii) the Potential Entitlement Offer Participants would not acquire SGH Shares through the Entitlement Offer at the same price or at all;

(b) if performance of the ABL DDC Member Responsibilities, ABL DDC Chair Responsibilities, ABL DDC Verification Responsibility and ABL Legal Opinion Responsibilities resulted in ABL issuing a legal opinion from ABL which set out the matters pleaded in paragraph 58(a) to (d), in circumstances where:

(i) in relation to the Entitlement Offer, SGH and the Entitlement Offer did not satisfy the conditions in section 708AA(2) of the Corporations Act;

(ii) the 30 March Cleansing Notice did not comply with section 708AA(7) of the Corporations Act;

(iii) the 30 March Cleansing Notice was defective within the meaning of section 708AA(11) of the Corporations Act;

(iv) the Offer Documents did contain a statement that was false, misleading, or deceptive, or likely to mislead or deceive (including by way of omissions from the Offer Documents), having regard to the content requirements of section 708AA(7) of the Corporations Act; or

(v) the due diligence process, as described in the DDPM:

(A) had not been implemented, completed, and conducted, as the case may be, in accordance with the terms of the DDPM in all material respects or that there were no material deviations from it not approved by the DDC;

(B) was not appropriate to ensure that the Offer Documents met the disclosure requirements of section 708AA(7) of the Corporations Act; or

(C) did not constitute the taking of reasonable steps for the purposes of sections 1308(4), 1308(5) and 1309(2) of the Corporations Act, to ensure that the Offer Documents were true and not misleading or deceptive and that there were no omissions from the Offer Documents that were required to be included by the Corporations Act,

this was likely to result in the Offer Documents being published by SGH in a form in which Potential Entitlement Offer Participants were invited to acquire SGH Shares and pay the Offer Price on the basis of Offer Documents which would not otherwise have been published in the same form, or at all, and acquiring SGH Shares through the Entitlement Offer at the same price or at all.

62. At all material times, Potential Entitlement Offer Participants had substantially less capacity to determine whether the Offer Documents were inaccurate and/or misleading and/or incomplete by reason of the existence and non-inclusion within the Offer Documents of information of which SGH was aware, or which ought reasonably to have come into the possession of SGH Officers in the course of the performance of their respective duties, than did ABL (as a member of the DDC) and Wenig (as Chairman of the DDC).

63. At all material times, by reason of the matters pleaded in paragraphs 59 to 62, Potential Entitlement Offer Participants (including the Applicant and those Group Members who acquired SGH Shares through the Entitlement Offer) were in a position of vulnerability.

64. By reason of the matters pleaded in paragraphs 59 to 63, a reasonable person in the position of ABL and/or Wenig would have foreseen a not insignificant risk of harm to Potential Entitlement Offer Participants if ABL's and/or Wenig's performance of the ABL DDC Member Responsibilities, ABL DDC Chair Responsibilities, ABL DDC Verification Responsibility and ABL Legal Opinion Responsibilities resulted in ABL issuing a legal opinion which set out the matters pleaded in paragraph 58(a) to (d), in circumstances where:

(a) the Entitlement Offer did not satisfy the conditions in section 708AA(2) of the Corporations Act;

(b) the 30 March Cleansing Notice did not comply with section 708AA(7) of the Corporations Act, or was defective within the meaning of section 708AA(11) of the Corporations Act;

(c) the Offer Documents did contain a statement that was false, misleading, or deceptive, or likely to mislead or deceive) including by way of omissions from the Offer Documents, having regard to the content requirements of section 708AA(7) of the Corporations Act; or

(d) the due diligence process, as described in the DDPM:

(i) was not appropriate to ensure that the Offer Documents met the disclosure requirements of section 708AA(7) of the Corporations Act; or

(ii) did not constitute the taking of reasonable steps for the purposes of sections 1308(4), 1308(5) and 1309(2) of the Corporations Act, to ensure that the Offer Documents were true and not misleading or deceptive and that there were no omissions from the Offer Documents that were required to be included by the Corporations Act,

65. By reason of the matters in paragraph 59 to 64 above, ABL had a duty to Potential Entitlement Offer Participants to exercise reasonable care and skill in the performance of the ABL DDC Member Responsibilities, ABL DDC Chair Responsibilities, ABL DDC

Verification Responsibility, and the ABL Legal Opinion Responsibilities (**ABL Duty of Care**).

F. ABL'S CONDUCT

F.1. Materials to which ABL had access and reviewed

66. After the DDC Establishment Date, Wenig (together with other ABL Lawyers) attended, or participated by telephone in, a number of meetings of the DDC, at which information was presented for consideration by the DDC.

Particulars

i) To the best of the Applicant's knowledge, the DDC met on:

A) 24 March 2015 (agenda: SGH.001.030.2883);

B) 26 March 2015 (two meetings) (minutes: SGH.001.001.6736);

C) 27 March 2015 (minutes: SGH.001.001.6674);

D) 29 March 2015 (minutes: SGH.002.009.3475);

*ii) The other ABL Lawyers present were Jason van Grieken (**van Grieken**) and Benjamin Reisner (**Reisner**);*

iii) ABL attended, or participated by telephone, in meetings with individual members or observers of the DDC, and/or their representatives, including:

*A) A call between van Grieken and Kirsten Morrison, SGH's general counsel and company secretary (**Morrison**), on 23 February 2015 regarding the various work streams needed for the equity raising, and the parties involved in those steps (ABL.001.001.1806);*

*B) A call between Wenig, Brown and Kara Sheehan, SGH's corporate counsel and assistant company secretary (**Sheehan**) on 9 March 2015 regarding the equity raising process and the work and timeframes associated with this, such as due diligence and verification (ABL.001.001.1988 at 1988);*

C) A call between Wenig and Brown on 17 March 2015 regarding a note from Merrill Lynch and the proposed ASX Announcement release (ABL.001.001.4206);

D) A call between Wenig, van Grieken and Sheehan on 26 March 2015 regarding the verification process for the Investor Presentation, Retail Booklet and ASX Announcement (ABL.001.001.8691 and ABL.001.001.9092);

*F) A call between van Grieken and representatives of Macquarie Capital (Australia) Ltd (ACN 123 199 548) (**Macquarie**) representatives on 26*

March 2015 regarding Macquarie's concerns about due diligence (ABL.001.002.0800);

G) *A call between Wenig, van Grieken, and Sheehan on 27 March 2015 regarding the anticipated late verification of the Investor Presentation and timing (ABL.001.002.0424); and*

H) *Two meetings between Reisner and Sheehan on 29 March 2015 regarding the random audit of verification material (ABL.001.016.3929).*

~~*iii) Further particulars will be provided following discovery and inspection.*~~

67. At all material times after the DDC Establishment Date, ABL and/or Wenig had access to and was provided with:

(a) all advices, reports and other materials provided by each of ABL, executives and management of Slater & Gordon, Baker & McKenzie, Macfarlanes and Mutual Trust (as "Reporting Persons" for the purposes of the DDPM); and

(b) all materials provided to and produced by the DDC (including all minutes of meetings, expert reports, verification questions and answers)

Particulars

i) DDPM, Section 5.4 (SGH.029.001.0331_2 at 0788; ABL.001.016.3722 at 3737).

i) DDPM, Section 5.5(h) (SGH.029.001.0331_2 at ~~0788~~ 0789; ABL.001.016.3722 at 3738);

iii) As to the specific documents to which ABL had access to, the Applicant refers to the particulars to paragraphs 68 and 69 below.

68. On a date unknown to the Applicant after the ABL Retainer Date and prior to 11:30AM on 29 March 2015, ABL and/or Wenig accessed and reviewed the following documents:

(a) drafts and final forms of questionnaires and certificates by management of Slater & Gordon and other reports and sign-offs;

(b) all documents released to ASX by Slater & Gordon from 5 February 2015;

(c) Slater & Gordon's continuous disclosure policy;

(d) all minutes of Slater & Gordon's board meetings from 5 February 201~~5~~4;

(e) all correspondence between Slater & Gordon and ASIC and ASX in relation to continuous disclosure matters from 5 February 2015; and

(f) successive drafts of the Offer Documents.

Particulars

*i) ABL's Letter to the Board of Directors of SGH (copied to other members of the DDC, Citigroup Global Markets Australia Pty Ltd, Macquarie ~~Capital (Australia) Ltd~~ and Greenhill & Co Australia Pty Ltd dated 23 March 2015 and unsigned (**ABL Unsigned Legal Opinion Letter**), and 29 March 2015 and signed by Wenig (**ABL Signed Legal Opinion Letter**), Section 1(i)-(k) (SGH.001.001.6750 at 6751-2, ABL.001.016.3931 at 4129-4130). A draft of this letter was provided to the Board of Directors of SGH on 23 March 2015 (SGH.029.001.0331_2 at 0871).*

ii) In relation to (d) above, there are various examples showing that ABL in fact received and reviewed the minutes of Slater & Gordon's board meetings from 5 February 2014, including:

A) Emails from Sheehan to, inter alia, Wenig and van Grieken between 13 and 16 March 2015, attaching minutes of the SGH Board and its sub-committees between February 2014 and February 2015, the 'Board Pack' circulated to SGH's Directors ahead of its 20 March 2015 meeting (ABL.001.001.2058, ABL.001.001.0435, ABL.001.001.2380 and ABL.001.001.6154);

B) Scanned documents enclosing handwritten notes of 21 March 2015 regarding review of various board packs and minutes (ABL.001.005.0841); and

C) An email from van Grieken to Sheehan, Wenig and Morrison of 25 March 2015 attaching draft board minutes, in relation to the Entitlement Offer (ABL.001.001.7851 attaching ABL.001.001.7852).

~~ii) Further particulars of the documents reviewed by ABL will be provided following discovery and inspection.~~

69. The documents to which ABL had access to and reviewed, by reason of the matters pleaded in paragraphs 66 to 68, included:

(a) the Instinctif Report;

(b) the **EY Report**;

(c) the **FRP Report**;

(d) the **Underwriters' Questionnaire**; and

(e) the 20 March Board Report.

Particulars

i) *The Instinctif Report is SGH.029.002.0624 (ABL.001.001.8697), and its annexures included a ComRes survey entitled Personal Injury Claims Policy: MP Survey for Instinctif dated 6 March 2015. The Instinctif Report is one of the "expert reports" referred to in paragraph 67(b) above, and is identified as Report 4, and described as "Final Report provided" in Appendix 1 to Annexure C to ABL's Legal Due Diligence Report ~~which is undated, but was provided to SGH prior to 27 March 2015~~ (**ABL's DD Report**) (ABL.001.016.3931 at 3997–4026 ~~(SGH.029.001.0331_2, 0801 at 0858)~~. ABL and/or Wenig knew of the existence and content of the Instinctif Report and, in particular, the Instinctif Report was:*

   A) *Summarised in the 20 March Board Report with a link to the report included in the board papers (ABL.001.003.1673 at 1677, 1714 and 1717);*

   B) *Referenced in ABL's comments on the Underwriters' Questionnaire of 24 March 2015 (ABL.001.001.7170 at 7181);*

   C) *Provided to ABL by SGH on 26 March 2015 (ABL.001.001.8692 attaching ABL.001.001.8697, being the Instinctif Report);*

   D) *Referenced by ABL in a number of places in its draft of the Verification Report circulated on 26 March 2015 (ABL.001.001.9222 at 9231 and 9234, attachment to ABL.001.001.9221);*

   E) *Referenced at the DDC meeting held on 29 March 2015 (ABL.001.002.6069 at 6072); and*

   F) *Referred to twice in the final version of the Underwriters' Questionnaire annexed to ABL's DD Report (ABL.001.016.3931 at 4094 and 4113);*

   The Applicant otherwise refers to paragraph [12.28] of the Cowley Report;

ii) *The EY Report is SGH.029.002.0001 and is one of the "expert reports" referred to in paragraph 67(b) above~~, and is identified as Report 1, and described as "Draft Report provided" in Appendix 1 to Annexure C to ABL's DD Report (SGH.029.001.0331_2 at 0858)~~; ABL knew of the existence and content of the EY Report. In particular, the EY Report:*

   A) *Was provided by Citi to Wenig by email on 25 March 2015 (ABL.001.001.8354 attaching ABL.001.001.8356, being a draft of the EY Report); and*

   B) *Is identified as Report 1, and described as "Draft Report provided" in Appendix 1 to Annexure C to ABL's DD Report (SGH.029.001.0331_2 at 0858, ABL.001.016.3931 at 4113);*

iii) *The FRP Report is SGH.029.002.0690-0702, and is one of the "expert reports" referred to in paragraph 67(b) above. ~~and~~ It is identified as Report 6.2, and described in Appendix 1 to Annexure C to ABL's DD Report*

(SGH.029.001.0331_2 at 0858, ABL.001.016.3931 at 4113); ~~as "Draft Report provided" in ABL's DD Report (SGH.029.001.0331_2 at 0858);~~

iv) *The Underwriters' Questionnaire is one of the "verification questions and answers" referred to in paragraph 68(a) above~~, and is Annexure C to ABL's DD Report (SGH.029.001.0331_2 at 0827);~~. ABL knew of the existence and content of the Underwriters' Questionnaire, which was:*

A) *Sent (in draft form) by Citi to Wenig on 20 March 2015 (ABL.001.001.4912 attaching ABL.001.001.4913);*

B) *Referred to by Wenig in an email sent to Citi and SGH dated 22 March 2015 (ABL.001.001.5133);*

C) *Discussed at the DDC meeting held on 24 March 2015 (ABL.001.016.3931 at 4031);*

D) *Annotated (in various forms) by ABL on about 25 March 2015 (ABL.001.001.7170 and ABL.001.005.0575);*

E) *Discussed at the DDC meeting held on 26 March 2015 (ABL.001.016.3931 at 4036);*

F) *Discussed at the DDC meeting held on 29 March 2015 (ABL.001.002.6069 at 6072);*

G) *Attached to an email from ABL sent on 29 March 2015 (ABL.001.002.6926, attaching ABL.001.002.6927); and*

H) *Annexure C to ABL's DD Report (SGH.029.001.0331_2 at 0827, ABL.001.016.3931 at 4081 to 4125);*

v) *The 20 March Board Report is SGH.029.001.0018 (ABL.001.003.1673). ABL knew of the existence of the 20 March Board Report. In particular, the 20 March Board Report:*

A) *Was sent to Wenig by SGH on 23 March 2015, which was then forwarded by van Grieken to Reisner on the same date (ABL.001.003.1670, attaching ABL.001.003.1673); and*

B) *Is a document referred to in ~~the MDDQ~~ Appendix 6 ~~(Additional Question 2)~~ to the Underwriters' Questionnaire, (Additional Question 2) (ABL.001.016.3931 at 4124) ~~(SGH.029.001.0331_2 at 0867).~~*

F.2. Work done by ABL

70. On a date unknown to the Applicant prior to 30 March 2015, ABL assisted SGH in preparing and/or settling the 30 March Announcement and the 30 March Presentation, including by amending the section of the 30 March Presentation entitled "Key Risks".

Particulars

i) Minutes of DDC meeting on 26 March 2015, Item 5.1 (~~SGH.002.009.6736~~ SGH.001.001.6736 at 6738; ABL.001.002.5264 at 5266);

ii) Email from Wenig on 24 March 2015 (ABL.001.001.8590 at 8591), email from van Grieken on 25 March 2015 (ABL.001.001.8590) and email from Sheehan on 9 February (ABL.001.001.8692);

iii) Letter from Wenig dated 29 March 2015 (ABL.001.001.4352);

iv) The Applicant refers to paragraphs [14.1] to [14.8] of the Cowley Report.

71. On a date unknown to the Applicant prior to 30 March 2015, ABL reviewed and/or finalised the 30 March Cleansing Notice (including the Section 708AA Notice Statement).

Particulars

i) Minutes of DDC meeting on 29 March 2015, Item 1.4 (SGH.002.009.3475 at 3479; ABL.001.002.8537 at 8541);

ii) Letter from Wenig dated 29 March 2015 (ABL.001.001.4352).

72. On a date unknown to the Applicant prior to 30 March 2015, ABL undertook work to review and consider whether:

(a) the Section 708AA Statement, considered in the context in which it appeared in the Offer Documents, was misleading or deceptive;

(b) there were no matters relevant to the subject to which the Section 708AA Statement related which were omitted from the Offer Documents; and

(c) the Section 708AA Statement could be cross referred to independent source materials to establish the truth and accuracy or the statement or, where that was not feasible, the truth and accuracy of the statement was based on direct personal knowledge and expertise and/or an analysis demonstrating that the relevant statement had been made on reasonable grounds,

Particulars

*i) Drafting and revising and issuing ABL's questionnaire (ABL.001.001.6939 and ABL.001.001.7008) (**ABL Questionnaire**): paragraph [7.45], [7.48] of the Cowley Report;*

ii) Reviewing SGH Board papers: paragraph [7.46] of the Cowley Report;

iii) Preparing the ABL DD Report;

iv) ABL, in accordance with the DDPM, had the responsibility for coordinating the verification process, conducting a random audit and preparing a verification report (ABL.001.016.3722 at 3745 and 3746); and

v) The letter from Wenig dated 29 March 2015 outlines the work said to be undertaken by ABL and Wenig (ABL.001.001.4352).

~~*i) The Applicant does not with its present state of knowledge know the extent of the work done, save that the work resulted in preparation of the ABL Signed Legal Opinion Letter and ABL's DD Report;*~~

~~*i) Further particulars will be provided following discovery.*~~

F.3. ABL's Legal Opinions

73. On a date unknown to the Applicant prior to 27 March 2015, ABL issued:

(a) ABL's DD Report to the Directors of SGH and the members of the DDC; and

(b) the Unsigned ABL Legal Opinion Letter to the Directors of SGH;

Particulars

i) ABL's DD Report is undated, but was provided to SGH prior to 27 March 2015, as it was included in the board pack made available to directors of SGH to be held that date and is stamped "Board – 27 Mar 2015 (Transaction Pack) (Video Conference) – Equity Raising" (SGH.029.001.0331_2 at 0801);

ii) The Unsigned ABL Legal Opinion Letter is dated 23 March 2015 and was provided to SGH prior to 27 March 2015, as it was included in the board pack made available to directors of SGH to be held that date and is stamped "Board – 27 Mar 2015 (Transaction Pack) (Video Conference) – Equity Raising" (SGH.029.001.0331_2 at 0871).

74. On 29 March 2015, ABL (through Wenig) issued the ABL Signed Legal Opinion Letter, to the Board of Directors of SGH (copied to other members of the DDC), which was in substantially the same terms as the ABL Unsigned Legal Opinion Letter.

Particulars

i) The only differences between the ABL Signed Legal Opinion Letter and the ABL Unsigned Legal Opinion Letter were that the ABL Unsigned Legal Opinion Letter:

A) used the word "institutional tradeable retail" instead of the word "renounceable", on p.1, paragraph 1;

B) did not refer to Macquarie ~~Capital (Australia) Ltd (ACN 123 199 548)~~ as an underwriter, on p.2, paragraph 2, and generally used the term "Underwriter" instead of "Underwriters");

C) contained an extraneous word ("the") on p.2, paragraph 1(c), line 2;

D) did not contain the date of the DDPM ("on 29 March 2015") on p.2, paragraph 1(d)

E) did not contain the date of the Underwriting Agreement ("on or about 30 March") on p.6, paragraph 12(a);

F) contained sub-paragraph 12(a)(ii)(C) in terms which permitted disclosure if "filed with a government or other agency or quoted or referred to in a public document"; and

G) did not contain the words "(including the Underwriters)" after the word "observer" on p.6, paragraph 12(a)(ii)(E), which became 12(a)(ii)(D) in the ABL Signed Legal Opinion Letter.

75. The Unsigned ABL Legal Opinion Letter and the ABL Legal Opinion Letter stated the following:

(a) that:

(i) we believe that SGH and the Entitlement Offer satisfied the conditions in section 708AA(2) of the Corporations Act;

(ii) there is no matter known to us that would cause us to believe, and we do not believe that the 30 March Cleansing Notice does not comply with section 708AA(7) of the Corporations Act or was defective within the meaning of section 708AA(11) of the *Corporations Act*;

(iii) nothing had come to our attention that causes us to believe, and we do not believe, that the Offer Documents contain any statement that is false, misleading, or deceptive, or likely to mislead or deceive (including by way of statements included in or omissions from the Offer Documents), having regard to the content requirements of section 708AA(7) of the *Corporations Act*,

(together, **Offer Documents Legal Opinion**);

(b) nothing has come to our attention which causes us to believe, and we do not believe, that the Due Diligence Process, and the scope of the due diligence inquiries as described in the DDPM,

(i) has not been implemented, completed, and conducted, as the case may be, in accordance with the terms of the DDPM in all material respects (or that there were any material deviations from it not approved by the DDC);

(ii) would not be appropriate to ensure that the Offer Documents met the disclosure requirements of section 708AA(7) of the Corporations Act;

(iii) should constitute the taking of reasonable steps for the purposes of sections 1308(4), 1308(5) and 1309(2) of the Corporations Act, and to ensure that the Offer Documents are true and not misleading or deceptive and that there are no omissions from the Offer Documents that were required to be included by the Corporations Act,

(together, **Due Diligence Legal Opinion**),

(together, **ABL Legal Opinions**).

76. By the ABL Legal Opinions, ABL and Wenig represented to the Board of Directors of SGH (and other members of the DDC) that the ABL Legal Opinions were based upon reasonable grounds and were the product of an exercise of reasonable skill and care (**ABL Legal Opinions Basis Representation**).

Particulars

The ABL Legal Opinions Basis Representation was implied from the conduct of ABL and/or Wenig in giving the ABL Legal Opinions, coupled with the absence of any or any adequate reservation or qualification to that opinion.

77. ABL and Wenig engaged in the conduct pleaded in paragraphs 70 to 76 for the purpose of carrying out the ABL Retainer, ABL DDC Member Responsibilities, ABL DDC Chair Responsibilities, ABL DDC Verification Responsibilities, and/or ABL Legal Opinion Responsibilities.

G. THE TRUE POSITION AS AT 30 MARCH 2015

G.1. SGH's true risk profile

78. As at 30 March 2015, PSD was significantly dependent upon performing UK PI Work in respect of Whiplash Claims and/or Reform Affected Whiplash Claims.

Particulars

i) Sub-paragraphs 44(f), (h), (i), (p) and 45(b) are repeated;

*ii) RTA claims were PSD's largest product line, and 99% of the work was below the multi-track threshold of £25,000 in expected damages, and about 95% of PSD's resolved RTA cases had a damage value of less than £5,000: SGH Board Report prepared by Grech and Kenneth Fowlie dated 29 January 2015 (**29 January Board Paper**), Item 3.3; SGH.029.001.0248 ~~SGH.019.001.0248~~ at 0252; SGH.605.036.8299 at 8303.*

~~*iii) Further particulars will be provided following discovery, and the issue of subpoenas.*~~

79. As at 30 March 2015, PSD:

(a) was exposed to the Reform Impacts (and each of them) and/or the Reform Impact Risks (and each of them);

(b) alternatively, was exposed to the Reform Impacts (and each of them) and/or the Reform Impact Risks (or any of them) to a significant degree.

Particulars

i) Whiplash Claims and/or Reform Affected Whiplash Claims (being the type of claims that were exposed to the Reform Risks and/or the Reform Impacts) comprised the substantial majority of the UK PI Work performed by PSD (namely 95% of that work, and the particulars to paragraph 78 are repeated);

ii) Further Particulars will be provided following discovery, and the issue of subpoenas.

80. As at 30 March 2015, if the acquisition by SGH of PSD proceeded:

(a) SGH would derive the substantial majority of its consolidated revenue (in excess of 75%) from SGH UK (including PSD);

Particulars

Sub-paragraph 45(a) is repeated. Approximately 79% of SGH's consolidated revenue would be derived from SGH UK and PSD.

(b) SGH would derive the majority of its consolidated revenue from SGH UK PI Work (performed by SGH UK and PSD);

Particulars

The particulars to paragraphs 13, 78 and 80(a) are repeated.

(c) the majority of SGH's consolidated revenue would be derived from SGH UK PI Work in respect of claims which were not Multi-Track PI Cases (but which were Whiplash Claims and/or Reform Affected Whiplash Claims).

Particulars

i) PSD would contribute approximately 58% of SGH's consolidated revenue, and sub-paragraph 45(a) is repeated;

ii) Over 90% of PI Work performed by PSD was in respect of Whiplash Claims and/or Reform Affected Whiplash Claims, and sub-paragraphs 44(f), (h), (i) and 45(b) and paragraph 78 are repeated;

*iii) The Applicant refers to paragraph [68] of the Report of Rowan Johnston dated 1 May 2021 (**Johnston Report**) insofar as the new and concentrated PSD business was shown to be some 58% of SGH's total business (MHL.001.001.0005_0043). This meant it would be almost four times as big as SGH's pre-acquisition UK PIL business, which would be around 16% of SGH's pro forma business (being 34/44 x 21%), and a greater contributor to profit than all of SGH's Australian businesses on the pro-forma material presented.*

~~*iii) Further particulars will be provided following discovery, and the issue of subpoenas.*~~

81. By reason of the matters pleaded in paragraphs 78 and 80, as at 30 March 2015, if the acquisition by SGH of PSD proceeded, SGH would be significantly dependent upon performing UK PI Work in respect of Whiplash Claims and/or Reform Affected Whiplash Claims.

82. By reason of the matters pleaded in paragraphs 78 to 81, as at 30 March 2015, if the acquisition by SGH of PSD proceeded, SGH would be:

(a) exposed to the Reform Impacts (and each of them) and/or the Reform Impact Risks (and each of them);

(b) alternatively, exposed to the Reform Impacts (and each of them) and/or the Reform Impact Risks (or any of them) to a significant degree.

Particulars

i) In excess of 50% of SGH's consolidated revenue would be derived from PSD, and Whiplash Claims and/or Reform Affected Whiplash Claims (being the type of claims that were exposed to the Reform Risks and/or the Reform Impacts) would comprise the substantial majority of the UK PI Work performed by PSD;

ii) Accordingly a significant majority of SGH's consolidated revenue would be derived from performing legal services which were subject to the Reform Impacts;

iii) The Applicant refers to paragraph [68] of the Johnston Report insofar as the new and concentrated PSD business was shown to be some 58% of SGH's total business (MHL.001.001.0005_0043). This meant it would be almost four times as big as SGH's pre-acquisition UK PIL business, which would be around 16% of SGH's pro forma business (being 34/44 x 21%), and a greater contributor to profit than all of SGH's Australian businesses on the pro-forma material presented.

~~*iii) Further particulars will be provided following discovery, and the issue of subpoenas.*~~

83. By reason of the matters pleaded in paragraphs 22 to 35 and 78 to 82:

(a) it was, or was likely to be, materially misleading to publish the 30 March Publications, containing the 30 March General Regulatory Risk Disclosures without disclosure of:

(i) the Small Claims Track Threshold Reform (and the Reform Risk in respect of the Small Claims Track Threshold Reform) (**Reform Information**);

(ii) the Reform Impacts, Reform Impact Risks and that if the acquisition by SGH of PSD proceeded, SGH:

(A) would be exposed to the Reform Impacts (and each of them) and/or the Reform Impact Risks (and each of them);

(B) alternatively, would be exposed to the Reform Impacts (and each of them) and/or the Reform Impact Risks (or any of them) to a significant degree;

(**Reform Impacts Exposure Information**); and/or

(b) there were no reasonable grounds to make the Risk Profile Representations; and

(c) in the absence of disclosure of the Reform Information and the Reform Impacts Exposure Information, at the time of publishing the 30 March Publications, there was information concerning SGH that a reasonable person would expect to have a material effect on the price or value of SGH Shares which SGH had not disclosed to the Affected Market.

84. The 30 March Publications did not disclose to the Affected Market (including Potential Entitlement Offer Participants):

(a) the Reform Information (or any of it);

(b) the Reform Impacts Exposure Information (or any of it);

G.2. The true state of ABL's (and the DDC's) knowledge of SGH's true risk profile

85. By no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware of; and

(b) alternatively, ABL and/or Wenig became actually aware of,

the Reform Information.

Particulars

i) These matters were set out in the Instinctif Report, pp.5, 6, 10, 15 (SGH.029.002.0624 at 0628, 0623~~9~~, 0634~~3~~ and 0648; ABL.001.001.8697 at 8701, 8702 and 8706, noting that this document does not contain the annexure at p.15), and sub-paragraph 69(a) is repeated. The Instinctif Report is one of the "expert reports" referred to in paragraph 67(b) above, and is identified as Report 4, and described as "Final Report provided" in Appendix 1 to Annexure C to ABL's Legal Due Diligence Report (SGH.029.001.0331_2 at 0858). ABL and Wenig knew of the existence and content of the Instinctif Report. The Applicant repeats the particulars subjoined to paragraph 69 above; and

ii) These matters were set out in the 20 March Board Report, p.42 (SGH.029.001.0018 at 0059; ABL.001.003.1673 at 1714), and sub-paragraph 69(e) is repeated.

iii) ABL and Wenig knew of the existence and content of the 29 January Board Paper (and the Applicant repeats the particulars subjoined to paragraph 78 above) because a draft version of the 29 January Board Paper was attached to an email sent by Morrison to Wenig on 4 February 2015 (SGH.605.036.8297, attaching SGH.605.036.8299).

86. By no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that SGH had a particular interest in the likelihood of future changes in the small claims threshold, and had commissioned a due diligence report in respect of the Entitlement Offer to address its particular interest.

Particulars

i) Instinctif Report, p.3 ~~5~~ (SGH.029.002.0624 at 0626; ABL.001.001.8697 at 8699), and sub-paragraph 69(a) is repeated. The Instinctif Report is one of the "expert reports" referred to in paragraph 67(b) above, and is identified as Report 4, and described as "Final Report provided" in Appendix 1 to

Annexure C to ABL's Legal Due Diligence Report (SGH.029.001.0331_2 at 0858). ABL and Wenig knew of the existence and content of the Instinctif Report. The Applicant repeats the particulars subjoined to paragraph 69 above.

87. Further, or alternatively, by no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that:

(i) Quindell occupied a different market space to SGH, with a large volume of relatively low value claims;

Particulars

20 March Board Report, p. 21 (SGH.029.001.0018 at 0038; ABL.001.003.1673 at 1693), and sub-paragraph 69(e) is repeated.

(ii) Following acquisition of PSD, SGH would have a much higher exposure to low margin high volume cases (which may not be SGH's operational strength);

Particulars

Underwriters' Questionnaire, Item 116 and Appendix 6 (Additional Question 2) (SGH.029.001.0331_2 at 0848-0849, 0867; ABL.001.016.3931 at 3987-3988, 4006), and sub-paragraph 69(d) *is repeated.*

(iii) The purchase of PSD was a "transformational" transaction for SGH, which would more than double SGH's earnings, and significantly increase SGH's exposure to the UK, as SGH would derive approximately 75% of its consolidated revenue (from its UK business (including PSD)

Particulars

Underwriters' Questionnaire, Items 6, 114, 123, 124 (SGH.029.001.0331_2 at 0835, 0848, 0852, 0853; ABL.001.016.3931 at 3974, 3987, 3991, 3992), and sub-paragraph 69(d) *is repeated.*

(iv) SGH's plan upon acquisition of PSD was to refocus it on RTA cases by increasing file intake volumes and settlement levels (and place a moratorium on NIHL claims);

Particulars

i) Underwriters' Questionnaire, Items 19, 20, 132 (SGH.029.001.0331_2 at 0837-0838, 0855; ABL.001.016.3931 at 3976-3977, 3994) and sub-paragraph 69(d) *is repeated.*

ii) EY Report, p.11-13 (SGH.029.001.0001 at 0011-0013), and sub-paragraph 69(b) is repeated.

(v) the majority of PSD's revenue was derived from its legal services business unit, and (leaving aside NIHL cases) from low value RTA cases.

Particulars

i) EY Report:

A) pp.7, 37-38 (SGH.029.001.0001 at 0007, 0037-0038). "MOJ/PIFT" cases represented £42.9M of the £57.8M non-NIHL/IDC revenue earned in FY14 YTD;

B) p.53 (SGH.029.001.0001 at 0053). The average historical settlement value of PSD's RTA cases within the Portal was £2,510,

and sub-paragraph 69(b) is repeated.

ii) FRP Report, Annexure C, p.10 (SGH.029.002.0690 at 0694, 0699), and sub-paragraph 69(c) is repeated. The majority of PSD's fast track cases reviewed by SGH as part of the due diligence had a low claim value below £5,000.

iii) 20 March Board Report, p. 21 (SGH.029.001.0018 at 0038; ABL.001.003.1673 at 1693), and sub-paragraph 69(e) is repeated.

88. By reason of the matters pleaded in paragraphs 86 and 87, by no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that if the acquisition by SGH of PSD proceeded, SGH would be significantly dependent upon performing personal injuries law services in respect of claims with a value of below £5,000 (that is, Reform Affected Whiplash Claims).

Particulars

The particulars to paragraphs 86 and 87 are repeated.

89. By reason of the matters pleaded in paragraphs 66 to 69 and 86 to 88, by no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that if the acquisition by SGH of PSD proceeded:

(i) if the Reform Risk relating to the Small Claims Track Threshold Reform eventuated, SGH would be exposed to a material adverse impact on its future financial performance and financial position (that is, the Reform Impact), or exposed to such an impact to a material degree;

(ii) there existed a material risk that SGH would be exposed to a material adverse impact on its future financial performance and financial position (that is, a Reform Impact Risk), or exposed to such a risk to a material degree,

(that is, the Reform Impacts Exposure Information).

Particulars

The particulars to paragraphs 66 to 69 and 86 to 88 are repeated.

90. Further, or alternatively, by reason of the matters pleaded in paragraphs 66 to 69 and 86 to 88, by no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that if the acquisition by SGH of PSD proceeded:

(i) the Reform Risk relating to the Small Claims Track Threshold Reform was a specific key risk to which SGH would have significantly increased exposure;

(ii) SGH would be exposed to potential consequences of the realisation of a regulatory risk (being the Reform Risk relating to the Small Claims Track Threshold Reform) of a kind or magnitude to which SGH was not already exposed.

Particulars

The particulars to paragraphs 66 to 69 and 86 to 88 are repeated.

G.3. The true state of ABL's (and the DDC's) knowledge of what the 30 March Publications disclosed about SGH's true risk profile

91. By no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that the disclosure of regulatory risks in the 30 March Presentation would be and was in the form of the 30 March General Regulatory Risk Disclosures.

Particulars

Paragraph 70 is repeated. By preparing and settling the 30 March Investor Presentation, ABL and/or Wenig was aware of the form of the 30 March General Regulatory Risk Disclosures.

92. By reason of the matters pleaded in paragraph 91, by no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that the 30 March Investor Presentation would and did convey the Risk Profile Representations.

93. By no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that the 30 March ASX Announcement and the 30 March Investor Presentation would not contain any description of:

(i) the Reform Information (or any of it); and/or

(ii) the Reform Impacts Exposure Information (or any of it);

Particulars

Paragraph 70 is repeated. By preparing and settling the 30 March ASX Announcement and the 30 March Investor Presentation, ABL and/or Wenig was aware that there was no disclosure of specific risks of UK regulatory reforms potentially affecting PSD or SGH.

94. By no later than 29 March 2015:

(a) a reasonable person in the position of ABL and/or Wenig who had access to the material to which they had access (as pleaded in paragraphs 66 to 69) ought to have become aware; and

(b) alternatively, ABL and/or Wenig became actually aware,

that the Reform Information and/or the Reform Impacts Exposure Information had not been otherwise disclosed to the ASX, and were not generally available.

Particulars

These matters had not been disclosed to investors buying securities in SGH on the ASX

G.4. The true state of the due diligence process preceding the Entitlement Offer

95. The DDC met for the first time on 24 March 2015, only 5 days before signing and delivering the ABL Legal Opinion Letter to the SGH Board.

Particulars

i) A period of up to 17 to 19 days was initially proposed for the completion of the due diligence and verification which ABL proposed to undertake. This

'execution phase' is separate to the planning phase where the due diligence planning memorandum and questionnaires are drafted: paragraphs [7.27], [7.30] [7.32] and [7.34] of the Cowley Report;

ii) The DDC did not begin its activities until the first meeting was held on 24 March 2015 and therefore the execution phase of the due diligence did not commence until around 24 March 2015: see minutes of meeting of the DDC dated 24 March 2015 (ABL.001.016.3931 at 4029) and paragraph [7.34] of the Cowley Report;

iii) ABL did not circulate its version of the ABL Questionnaire until 24 March 2015: paragraph [7.34] of the Cowley Report;

iv) The time allowed for verification was reduced from an originally estimated 3 to 5 days (and potentially more if SGH management had limited availability) down to a day or so: paragraph [7.35] of the Cowley Report;

v) It is able to be inferred from the fact that the first DDC meeting was held on Sunday, 24 March 2015, that due diligence and verification were completed on Saturday, 28 March 2015, and this suggests that all or nearly all of the due diligence and verification was completed in 4 or 5 days (of which one or two were weekend days) rather than 17 to 19 days which was proposed under the original timetable: paragraph [7.36] of the Cowley Report;

vi) It should have been evident to ABL and Wenig by 24 March 2015 at the latest that there was no longer sufficient time to complete due diligence with the required rigour: paragraph [7.37] of the Cowley Report. ABL and Wenig did not seek additional time to complete due diligence and the severe truncation of time severely compromised the ability of the DDC to do the work required and for ABL and Wenig and SGH to obtain a comprehensive understanding of the risks involved and ensure they were addressed in Offer Documents: paragraph [7.38] of the Cowley Report.

96. The DDC did not obtain final or complete due diligence reports from all due diligence advisers and SGH, including the ABL Legal Due Diligence Report.

Particulars

i) The ABL Questionnaire focused principally on SGH's historic disclosures to the market and did not address what additional disclosures needed to be made by reason of the acquisition of PSD: paragraphs [7.45], [7.48] and [7.68] of the Cowley Report;

ii) ABL excluded any review of the PSD acquisition due diligence, including the PSD Acquisition Agreement and the finance contracts: paragraphs [7.50], [7.53] to [7.59] of the Cowley Report. It does not appear that ABL and Wenig made enquiries about other material contracts that should have been reviewed and reported on to the DDC or any material disputes to which the acquired entities were parties or regulatory issues which they faced: paragraphs [7.50] to [7.52] of the Cowley Report. There were matters disclosed in the PSD acquisition due diligence requiring disclosure to investors, in particular concerning the regulatory environment in the UK, the risk of further adverse regulations in relation to the raising of the small claims threshold: paragraph [7.57] of the Cowley Report;

iii) The role of undertaking commercial and financial (and to an extent, accounting) due diligence was taken up by Citi which prepared and circulated the Underwriters' Questionnaire: paragraph [7.63] of the Cowley Report;

iv) ABL's request to Citi to abandon or substantially truncate the Underwriters' Questionnaire and ABL's acceptance without query of Citi drafting answers to the Underwriters' Questionnaire: paragraphs [10.1] to [10.21] of the Cowley Report;

v) ABL did not provide clarity about the need for substantive commercial due diligence to be undertaken which reflected the poor design of the due diligence process and its inadequacy to meet the needs of the capital raising: paragraphs [7.67], [7.71] of the Cowley Report; and

vi) ABL drafted the answers to the ABL Questionnaire: Chapter 11 of the Cowley Report.

97. If an appropriate due diligence exercise had been conducted prior to SGH undertaking the Entitlement Offer, then the 30 March Publications would not have been published in a form which:

(a) contained the 30 March General Regulatory Risk Disclosures without disclosure of:

(i) the Reform Information (or any of it);

(ii) the Reform Impacts Exposure Information (or any of it);

(b) conveyed the Risk Profile Representations.

Particulars

i) A reasonable person conducting due diligence appropriately would have had the awareness pleaded in paragraphs 85 to 94, and would have ensured that this was the case.

ii) If ABL had conducted due diligence appropriately, their awareness as pleaded in paragraphs 85 to 94, and would have ensured that this was the case.

iii) If ABL and/or Wenig had conducted due diligence appropriately, the Signed Legal Opinion Letter would not, as is pleaded in paragraph 74, have been substantially identical to the Unsigned Legal Opinion Letter dated 23 March 2015, a date prior to the first meeting of the DDC Committee.

iv) By the DDPM, ABL was required to:

(A) Recommend and provide advice on an appropriate due diligence system: cl 5.4(a)(i);

(B) Keep a Material Risks Register: cl 5.4(a)(iv); and

(C) Conduct the verification process in accordance with the DDPM: cl 10.

v) ABL was also required to:

(A) Ensure that a complete and thorough understanding of all relevant issues was obtained before finalising the Offer Documents: cl 5.3(d);

(B) Ensure that all potential material issues were addressed in the Offer Documents or resolved as not being material: cl 5.1(k);

(C) Ensure that, to the best of the collective knowledge of the DDC, the statements included in the Offer Documents were accurate and not misleading or deceptive and that the Offer Documents did not omit any material required by the Corporations Act: cl 5.1(l);

(D) Decide whether the material provided to the Due Diligence Committee was adequate for its members to rely upon and to raise with other members any matter that they believed required further investigation as part of the Due Diligence Process: cl 5.5(d); and

(E) Apply an independent and inquiring mind to the Offer Documents and due diligence enquiries: cl 5.5(f);

vi) An appropriate due diligence process (including planning, execution and verification/audit) would not have had the following features, characteristics or design flaws:

Flaws in design of the due diligence and inadequacies to meet the needs of the capital raising

(A) The design of the due diligence process did not reflect the size and complexity of the capital raising, including making additional disclosures to investors so they could gain an understanding of the large business their capital was being used to acquire in the UK and what the future prospects of the combined business would be: paragraphs [7.12] – [7.23], [7.73], [18.4] and [19.2(b)] of the Cowley Report;

(B) A severely truncated time frame did not allow for the planning and execution of the due diligence, and verification process: paragraphs [7.25] – [7.41], [18.4] and [19.2(b)] of the Cowley Report;

(C) A narrow focus for the due diligence process focused on historical disclosures and not the PSD acquisition: paragraphs [7.42] – [7.52], [18.4] and [19.2] of the Cowley Report;

(D) ABL and Wenig not undertaking a substantive review of any due diligence reports or materials in relation to the PSD acquisition: paragraphs [7.53] to [7.59] and [18.4] of the Cowley Report;

(E) No provision being made for the undertaking of commercial due diligence by the Underwriters: paragraphs [7.60] to [7.67] and [18.4] of the Cowley Report; and

(D) The particulars subjoined to paragraphs 95 and 96 above are repeated;

Flaws in implementation and execution of the due diligence process

(F) A failure to conduct a substantive review of the due diligence process and materials related to the PSD Acquisition: paragraphs [7.53] – [7.59], [18.4] and [19.2(b)] of the Cowley Report;

(G) A failure to ensure the undertaking of commercial due diligence: paragraphs [7.60] – [7.67], [18.4] and [19.2(b)] of the Cowley Report;

(H) Discouraging the completion of the Underwriters' Questionnaire and permitting the Underwriters to prepare draft answers to the questionnaire and thus depriving the DDC of the benefit of answers provided by SGH management after reasoned analysis: paragraphs [10.1] to [10.21] of the Cowley Report;

(I) ABL drafting answers to the ABL Questionnaire: paragraphs [11.1] – [11.4], [18.5] and [19.2(c)] of the Cowley Report;

(J) A failure to identify the importance of the Instinctif Report and to review it: paragraphs [12.1] – [12.33], [18.5] and [19.2(c)];

(K) A failure to substantially implement the verification process in accordance with the DDPM, including by not separating out each risk for separate consideration and verification and ensuring each could be sourced back to different independent source materials (which were readily available) and a failure at the audit phase to consider the perfunctory way verification had been undertaken: paragraphs [13.1] – [13.34], [18.5] and [19.2(c)] of the Cowley Report;

(L) A failure to adequately review and redraft the Key Risks section of the 30 March Presentation: paragraphs [14.1] – [14.8], [18.5] and [19.2(c)] of the Cowley Report;

(M) A failure to review the board pack for the SGH Board Information session immediately following the board meeting on 20 March 2015: paragraphs [15.1] – [15.14], [18.5] and [19.2(c)] of the Cowley Report;

(N) A failure to keep and maintain a material risks register as required by the DDPM: paragraphs [16.1] – [16.14], [18.5] and [19.2(c)] of the Cowley Report;

(O) A failure to ensure significant issues raised in the response to the Underwriters' Questionnaire were properly considered: paragraphs [17.2] and [18.5] and [19.2(c)] of the Cowley Report;

(P) A failure of the DDC to not adequately consider regulatory issues or the Instinctif Report: paragraphs [17.3] – [17.4] and [18.5] and [19.2(c)] of the Cowley Report;

(Q) A failure to properly consider and respond to questions raised by Mr Emmanuel Peros from Macquarie regarding the mitigant to the risk of regulatory change recorded in the Key Risks section of the 30 March

Presentation: paragraphs [17.5] – [17.7] and [18.5] and [19.2(c)] of the Cowley Report; and

(R) A failure to annex the Instinctive Report to the Underwriters' Questionnaire: paragraph [17.8] – [17.9] and [18.5] and [19.2(c)] of the Cowley Report.

(S) The particulars subjoined to paragraphs 95 and 96 above are repeated.

~~*iv) Further particulars will be provided after discovery.*~~

98. Further, or in the alternative to paragraph 97, by reason of the matters pleaded at paragraphs 66 to 69, 74, 85 to 90, 95 to 96 and 100 the due diligence process:

(a) was not appropriate to ensure that the Offer Documents met the disclosure requirements of section 708AA(7) of the Corporations Act, and/or

(b) did not constitute the taking of reasonable steps for the purposes of sections 1308(4), 1308(5) and 1309(2) of the Corporations Act, and/or to ensure that the Offer Documents were true and not misleading or deceptive, and/or that there were no omissions from the Offer Documents that were required to be included by the Corporations Act.

G.5. The ABL Legal Opinions lacked reasonable grounds

99. By reason of the matters pleaded in paragraphs 78 to 83 and/or 84:

(a) there were no reasonable grounds for the Offer Document Legal Opinions; and

(b) the Offer Document Legal Opinions were misleading or deceptive, or likely to mislead or deceive.

100. By reason of the matters pleaded in paragraphs 85 to 94 and/or 95 to 98:

(a) there were not reasonable grounds for the Due Diligence Legal Opinions; and

(b) the Due Diligence Legal Opinions were misleading or deceptive, or likely to mislead or deceive.

101. By reason of the matters pleaded in paragraphs 99 and/or 100, the ABL Legal Opinions Basis Representation was misleading or deceptive, or likely to mislead or deceive.

H. THE CONSEQUENCES OF ABL'S CONDUCT

H.1. Reliance by SGH on the ABL Legal Opinions

102. The members of the DDC other than ABL relied upon the ABL Legal Opinions and ABL Legal Opinions Basis Representation in issuing the DDC Report to the directors of SGH.

Particulars

i) DDC Report, section 4(a)-(b), and the execution page on Section 7. The DDC had, at least, the ABL Unsigned Legal Opinion Letter

103. On or about 29 March 2015, the board of SGH relied upon the ABL Legal Opinions and ABL Legal Opinions Basis Representation in resolving to:

(a) publish the 30 March Publications in the form in which they were published.

(b) proceed with the Entitlement Offer for the purpose of funding the acquisition of PSD; and

(c) enter into the documents pursuant to which SGH agreed to acquire PSD.

Particulars

i) Minutes of the board of SGH held on 27 March 2015, 5:00PM, adjourned at 6:30PM and reconvened on 29 March 2015, 11:30AM (SGH.029.001.0982), Item 5 (and separate minute in Annexure A).

104. Were it not for the ABL Legal Opinions and ABL Legal Opinions Basis Representation, SGH would not have published the 30 March Publications in the form in which they were published:

(a) containing the statements pleaded in paragraphs 42 to 46;

(b) conveying the representations pleaded in paragraphs 47 to 48 (that is, the Risk Profile Representations and the Continuous Disclosure Compliance Representation); and

(c) not containing any disclosure of the Reform Information or the Reform Impacts Exposure Information.

105. By reason of the matters pleaded in paragraph 104, were it not for the ABL Legal Opinions and ABL Legal Opinions Basis Representation, the Affected Market

(including Potential Entitlement Offer Participants would not have received the 30 March Publications in the form in which they were published:

(a) containing the statements pleaded in paragraphs 42 to 46;

(b) conveying the representations pleaded in paragraphs 47 to 48 (that is, the Risk Profile Representations and the Continuous Disclosure Compliance Representation); and

(c) not containing any disclosure of the Reform Information or the Reform Impacts Exposure Information.

H.2. The Affected Market is misled by the 30 March Publications

106. By reason of the matters pleaded in paragraphs 78 to 83 and/or 84, the 30 March General Regulatory Risk Disclosures and/or the Risk Profile Representations by SGH were misleading or deceptive, or likely to mislead or deceive the Affected Market.

107. Further, or alternatively, by reason of the matters pleaded in paragraphs 78 to 83 and/or 84, the s 708AA Notice Statement and the Continuous Disclosure Compliance Representation was misleading or deceptive, or likely to mislead or deceive the Affected Market.

108. Each of the matters pleaded in paragraphs 106 to 107 was continuing in nature, and continued to be uncorrected in the Affected Market from and after 30 March 2015 during the Relevant Period.

Particulars

Each of the matters in paragraphs 106 to 107 continued from and after 30 March 2015 until 26 November 2015.

H.3. Completion of the Entitlement Offer, and the acquisition of PSD

109. On or about 2 April 2015, SGH completed the Institutional Entitlement Offer and Institutional Shortfall Bookbuild, raising A$608 million through the issue of approximately 95.5 million new SGH Shares.

Particulars

*SGH announcement published and lodged with ASX (and published on SGH's website) on 2 April 2015, entitled "Slater & Gordon Limited successfully completes institutional component of accelerated Entitlement Offer" (**2 April Announcement**) (MHL.003.001.0010).*

110. On or about 14 April 2015, 94,253,906 SGH Shares issued as part of the Institutional Entitlement Offer at a price of A$6.37 per SGH Share commenced trading on the ASX.

Particulars

SGH Appendix 3B (New Issue announcement) published and lodged with ASX on 14 April 2015 (MHL.003.001.0011).

111. On or about 23 April 2015, SGH completed the Retail Entitlement Offer and Retail Shortfall Bookbuild, raising A$120 million through the issue of approximately 18.8 million new SGH Shares.

Particulars

SGH announcement published and lodged with ASX (and published on SGH's website) on 23 April 2015, entitled "Slater & Gordon Limited successfully completes retail component of accelerated Entitlement Offer" (MHL.003.001.0012).

112. On or about 29 April 2015, 45,568,943 SGH Shares issued as part of the Retail Entitlement Offer and Retail Shortfall Bookbuild at a price of A$6.37 per SGH Share (in respect of the 18,836,677 SGH Shares issued as part of the Retail Entitlement Offer) or at a price of A$6.38 per SGH Share (in respect of the 26,732,266 SGH Shares issued as part of the Retail Shortfall Bookbuild) commenced trading on the ASX.

Particulars

SGH Appendix 3B (New Issue announcement) published and lodged with ASX on 29 April 2015 (MHL.003.001.0013).

113. On or about 29 May 2015, SGH completed the acquisition of PSD.

Particulars

*SGH announcement entitled "Slater and Gordon Limited successfully completes acquisition of PSD" published and lodged with ASX on 1 June 2015 (**1 June Announcement**) (MHL.003.001.0014).*

114. By no later than early June 2015, SGH (itself or through a subsidiary) entered into a multicurrency syndicated bank facility with NAB and Westpac (and additional banks) with an overall limit of £375 million and A$90 million, comprising:

(a) a £157.5 million revolving loan facility with an expiry date in June 2018;

(b) a £157.5 million revolving loan facility with an expiry date in June 2020;

(c) a £60 million revolving loan facility, bank guarantee facility and/or letter of credit with an expiry date in June 2018;

(d) an A$45 million revolving loan facility with an expiry date in June 2018; and

(e) an A$45 million revolving loan facility with an expiry date in June 2020,

(**Acquisition Debt Facilities**) which facilities were partly drawn down to settle the acquisition of PSD.

Particulars

i) SGH announcement entitled "Chairman's Address to Shareholders", p.3 (MHL.003.001.0015);

ii) 2015 Report, p.127.

I. ABL'S LIABILITY

I.1. Misleading or deceptive conduct

115. The conduct pleaded at paragraphs 70 to 77 was conduct engaged in by ABL and Wenig:

(a) in relation to financial products (being SGH Shares), within the meaning of subsections 1041H(1) and 1041H(2)(b) of the Corporations Act;

(b) in trade or commerce, in relation to financial services within the meaning of section 12DA(1) of the ASIC Act; and/or

(c) in trade or commerce, within the meaning of section 2 of the ACL

116. By reason of the matters pleaded in each of paragraph 99, 100 and 101, as at 29 March 2015, ABL and Wenig contravened s 1041H of the *Corporations Act*, s 12DA of the ASIC Act, and/or s 18 of the ACL (**ABL Misleading Conduct Contraventions**).

117. Further, or alternatively, the conduct of Wenig in giving the ABL Legal Opinions, and making the ABL Legal Opinions Basis Representation (and in failing to correct or qualify those opinions and representations):

(a) was conduct which was, as pleaded in each of paragraphs 99, 100 and 101, misleading or deceptive or likely to mislead or deceive;

(b) was conduct engaged in on behalf of, and as agent of, every other partner of ABL and the firm ABL, within the meaning of s 769B(4) of the Corporations Act, and so is taken to have been conduct engaged in also by each partner of ABL and the firm ABL;

(c) by reason of sub-paragraphs (a) and (b), gave rise to a contravention of s 1041H(1) of the Corporations Act on the part of ABL, which is taken by reason of s 761F(b) of the Corporations Act to be a contravention by Wenig, being a partner of ABL who was party to the act of expressing the ABL Legal Opinions (and the ABL Legal Opinions Basis Representation) (and the omission of failing to correct or qualify that opinion), within the meaning of s 761F(1)(b) of the Corporations Act, as pleaded in paragraph 4(e); and

(d) by reason of sub-paragraphs (a) and (b), gave rise to a contravention of s 1041H(1) of the Corporations Act by every other partner of ABL (each such contravention of such provisions being an ABL Misleading Conduct Contravention).

I.2. Negligence

118. By reason of the matters pleaded in paragraphs 85 to ~~94~~ 98, a reasonable person in the position of ABL who had access to the material to which ABL and/or Wenig had access (as pleaded in paragraphs 66 to 69), and the knowledge which they ought to have had, or had would:

(a) not have provided the ABL Legal Opinions (and particularly Offer Documents Legal Opinions) in respect of the 30 March Publications without disclosure in the Offer Documents of the Reform Information and/or the Reform Impacts Exposure Information;

(b) not have provided the ABL Legal Opinions (and particularly the Offer Documents Legal Opinions) in respect of the 30 March Publications to the extent they contained the Risk Profile Representation;

(c) not have provided the ABL Legal Opinions in respect of the 30 March Cleansing Notice unless SGH had disclosed to the Affected Market prior to, or with the 30 March Publications the Reform Information and/or the Reform Impacts Exposure Information;

(d) not have provided the ABL Legal Opinions (and particularly the Due Diligence Legal Opinions) unless the due diligence process had identified and resulted in (a) to (c) above; and

(e) not have provided the ABL Legal Opinions (and particularly the Due Diligence Legal Opinions) because the Due Diligence Process:

(i) was not extensive, thorough and appropriate, taking into account the scale of the PSD acquisition;

(ii) had not been implemented, completed, or conducted, as the case may be, in accordance with the terms of the DDPM in all material respects;

(iii) was not appropriate to ensure that the Offer Documents met the disclosure requirements of section 708AA(7) of the *Corporations Act*; and/or

(iv) did not constitute the taking of reasonable steps for the purposes of sections 1308(4), 1308(5) and 1309(2) of the *Corporations Act*, and/or to ensure that the Offer Documents were true and not misleading or deceptive, and/or that there were no omissions from the Offer Documents that were required to be included by the Corporations Act.

119. By reason of the matters pleaded in paragraph 118 above individually, and in any combination, ABL breached the ABL Duty of Care (**ABL Duty Breaches**).

J. THE 26 NOVEMBER ANNOUNCEMENT AND ITS IMPACT

J.1. The 26 November Announcement

120. On 25 November 2015 (UK time, being a time after the close of the ASX on 25 November 2015) the following matters were published:

(a) the UK Government (HM Treasury) published the "Spending Review and Autumn Statement 2015" (Cm 9162), which stated:

(i) the UK Government was determined to crack down on the fraud and claims culture in motor insurance. Whiplash claims cost the country £2 billion a year, an average of £90 per motor insurance policy, which is out of all proportion to any genuine injury suffered; and

(ii) the UK Government intended to introduce measures to end the right to cash compensation for minor whiplash injuries, and would consult on the details in the New Year.

Particulars

Cm 9162, at [1.143]. p.40 (MHL.003.001.0016).

(b) the UK Government (HM Treasury) published a document entitled "Spending Review and Autumn Statement 2015: key announcements", which stated more injuries will also be able to go to the small claims court as the upper limit for these claims will be increased from £1,000 to £5,000.

Particulars

https://www.gov.uk/government/news/spending-review-and-autumn-statement-2015-key-announcements (MHL.003.001.0016).

(c) the Chancellor of the Exchequer (the Rt Hon George Osborne) publicly stated in remarks published by the international financial press that the UK Government intended to cut legal costs by transferring personal injury claims of up to £5,000 to the small claims court.

Particulars

Bloomberg article published on 26 November 2015, 3:02AM AEDT (http://www.bloomberg.com/news/articles/2015-11-25/u-k-insurers-welcome-osborne-pledge-to-tackle-whiplash-fraud) (MHL.002.001.0005).

121. On 26 November 2015, at about 11:43AM, following the announcements pleaded in paragraph 268, SGH published and lodged with the ASX an announcement entitled "UK Government Announcement" (**26 November Announcement**) (MHL.003.001.0017).

122. By the 26 November Announcement, SGH stated:

(a) the UK Government had overnight announced proposals, which if implemented, would impact on the rights of people injured in road traffic accidents;

(b) SGH did not expect there to be any impact on its FY2016 performance, or the guidance recently confirmed at the 2015 AGM, from the UK Government's announcement;

(c) the UK Government's proposal if implemented would restrict the right of people injured in road traffic accidents to obtain compensation for pain and suffering in minor soft tissue injury claims;

(d) the UK Government had proposed to increase the limit of the Small Claims Court from £1,000 to £5,000;

(e) SGH would participate in the foreshadowed consultation process with MoJ and provide further information on the impact (if any) on its financial performance in FY2017 and beyond; and

(f) the UK Government's announcement was unexpected by SGH.

J.2. Information disclosed in the 26 November Announcement

123. By the UK Government Announcement and/or the 26 November Announcement, the Affected Market became aware of:

(a) the RTA Claim Reform Programme and/or the Small Claims Track Threshold Reform;

(b) the Reform Risk in respect of the RTA Claim Reform Programme and/or the Reform Risk in respect of the Small Claims Track Threshold Reform;

(c) the Reform Information;

(d) the Reform Impacts;

(e) the Reform Impact Risks;

(f) the Reform Impacts Exposure Information;

(g) the inaccuracy of the 30 March General Regulatory Risk Disclosures and/or the Risk Profile Representations; and/or

(h) the inaccuracy of the Section 708AA Notice Statement and/or the Continuous Disclosure Compliance Representation,

Particulars

The Applicant refers to the terms of the UK Government Announcement and/or the 26 November Announcement, and repeats paragraphs 17 to 21, 28 to 30 and says that the 26 November Announcement disclosed the substance of these pieces of information, or the Affected Market was able to become aware of these matters from what was disclosed in the 26 November Announcement.

J.3. SGH price declines

124. On and from 26 November 2015, the market price of SGH Shares declined substantially.

Particulars

i) On 25 November 2015, SGH Shares closed at a price of A$1.94 per share, and oOn 26 November 2015, SGH Shares opened at a price of $1.92 per share; and closed at a price of $0.94 per share (being a total daily decline of $1.000.98 (5152%)), on a traded volume of 77,023,160 shares.

ii) On 27 November 2015, SGH Shares opened at a price of $0.96 per share, and closed at a price of $0.69 per share (being a total daily decline of $0.25 $0.27 (2827%)) on a traded volume of 1,056,249,000 shares.

iii) Over the two days of 26 and 27 November 2015, the price of SGH Shares declined by $1.23 per share (63.76%);

*iv) Report of Torben Voetmann dated 30 June 2021 (**Voetmann Report**) paragraphs [33] to [34] and [51] to [53].*

iii Further particulars will be provided with expert evidence.

K. CONTRAVENING CONDUCT CAUSED LOSS

K.1. No transaction case

125. Were it not for the ABL Legal Opinion Misleading Conduct Contraventions, or any of them, and/or the ABL Duty Breaches, the Entitlement Offer would not have proceeded.

Particulars

The Entitlement Offer would not have proceeded because:

i) SGH and/or the board of SGH would not have received any of the ABL Legal Opinions, and would not have issued the 30 March Cleansing Notice, and therefore the Entitlement Offer would not have proceeded, and/or

ii) the Non-Executive Directors of SGH would not have voted, as pleaded in paragraph 103, to approve the acquisition of PSD and the Entitlement Offer would not have proceeded.

iii) Johnston Report: paragraphs [110] to [113], [117] and [129].

126. Further, or in the alternative to paragraph 125, had the ABL Legal Opinion Misleading Conduct Contraventions, or any of them and/or the ABL Duty Breaches not occurred, the acquisition of PSD would not have occurred as pleaded in paragraph 113, or would not have occurred in the way in which it did occur.

Particulars

SGH would not have been able to proceed with the acquisition of PSD for the PSD Acquisition Price because:

i) SGH and/or the board of SGH would not have issued the 30 March Publications in the form in which they were issued, or on the date on which they were issued, and

A) SGH would not have been able to raise sufficient funds in the Institutional Entitlement Offer to enable it to complete the acquisition of PSD; and/or

B) SGH would not have been able raise sufficient funds in the Retail Entitlement Offer to enable it to complete the acquisition of PSD;

including because the value of the rights and new SGH Shares would have been so far below A$6.37 that issuing the number of new SGH Shares to be issued under the Entitlement Offer (and auctioning off entitlements not taken up) would not have enabled sufficient funds to be raised); and/or

ii) SGH would not have been able to obtain and/or utilise the Acquisition Debt Facilities, or sufficient debt funding to enable it to complete the acquisition of PSD Acquisition Price (having regard to the matters referred to in (i) above).

iii) The Applicant further relies upon the Johnston Report at paragraphs [108] to [118], [119] to [129].

K.2. Market-based causation

127. The Applicant and Group Members (including those Group Members who were Potential Entitlement Offer Participants) acquired an interest in SGH Shares in a market of investors or potential investors in SGH Shares:

(a) operated by the ASX;

(b) regulated by, inter alia, sections 674(2) of the Corporations Act and ASX Listing Rule 3.1;

(c) where the price or value of SGH Shares would reasonably be expected to have been informed or affected by information disclosed in accordance with sections 674(2) of the Corporations Act and ASX Listing Rule 3.1;

(d) where material information had not been disclosed, which a reasonable person would expect, had it been disclosed, would have had a material adverse effect on the price or value of SGH Shares (namely the Reform Information and the Reform Impact Exposure Information);

(e) where misleading or deceptive representations had been made, namely the Risk Profile Representation and the Continuous Disclosure Compliance Representation, that a reasonable person would expect to have a material effect on the price or value of SGH Shares, in that if they had not been made no investors or potential investors in SGH Shares would have been in a position to read or rely upon them; and

(f) where the ABL Misleading Deceptive Conduct Contraventions and/or ABL Duty Breaches had been engaged in, which conduct resulted in the 30 March Publications being issued as pleaded in paragraphs 102 to 105, with the effects as pleaded in paragraphs 106 to 108, such that if the ABL Misleading Deceptive Conduct Contraventions and/or ABL Duty Breaches had not been engaged in:

(i) material information would not have remained undisclosed, as pleaded in sub-paragraph (d); and/or

(ii) misleading or deceptive representations would not have been made, as pleaded in sub-paragraph (e);

128. In the Relevant Period, the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches caused or materially contributed to:

(a) the market price of SGH Shares being substantially greater than their true value and/or the market price that would have prevailed but for those ABL Misleading Conduct Contraventions and/or ABL Duty Breaches, from 30 March 2015; and

(b) the Offer Price for SGH Shares under the Entitlement Offer being substantially higher than the Offer Price that would have pertained but for those ABL Misleading Conduct Contraventions and/or ABL Duty Breaches, in that the Offer Price, was fixed by reference to a 15.6% (or any) discount to the closing price for SGH on the ASX Shares on Friday 27 March 2015, and that Offer Price would need to have been further discounted in order to remain competitively discounted to the market price which would have prevailed, as pleaded in sub-paragraph (a) above.

Particulars

i) The extent to which the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches caused the market price for SGH Shares to be substantially greater than their true value and/or the market price that would otherwise had prevailed (that is, inflated) during the Relevant Period is a matter for evidence, particulars of which will be served immediately following the Applicant filing opinion evidence in the proceeding.

ii) Johnston Report paragraphs [99] to [106].

129. The declines in the price of SGH Shares pleaded in paragraph 124 above:

(a) were caused or materially contributed to by:

(i) the market's reaction to the information communicated to the Affected Market in the 26 November Announcement (as pleaded in paragraph 123), in the context of what had been communicated to the Affected Market prior to those announcements; and

(ii) the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches;

(b) would, to the extent they removed inflation from the price of SGH Shares, have occurred, or substantially occurred, earlier if:

(i) SGH had disclosed to the Affected Market the Reform Information and/or Reform Impacts Exposure Information; and/or

(ii) SGH had not made the Risk Profile Representation and the Continuous Disclosure Compliance Representation.

Particulars

~~*The extent to which inflation was removed from the price of SGH Shares, and would have been removed at earlier points in time during the Relevant Period is a matter for evidence, particulars of which will be served immediately following the Applicant filing expert evidence.*~~

Voetmann Report at paragraphs [54] to [60] ("Counterfactual B"); A$1.23 per share.

K.3. Reliance

130. Further, or in the alternative to paragraphs 125 to 129, in the decision to acquire an interest in SGH Shares:

(a) the Applicant and some Group Members (including some Group Members who were Potential Entitlement Offer Participants) would not have acquired interests in SGH Shares at the price they acquired them, or at all, if they had known the Reform Information and the Reform Impacts Exposure Information, which, as pleaded in 127(f)(i) would not have remained undisclosed were it not for the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches;

(b) the Applicant and some Group Members (including some Group Members who were Potential Entitlement Offer Participants) relied directly on some or all of the Risk Profile Representation and the Continuous Disclosure Compliance Representation, which, as pleaded in 127(f)(ii) would not have remained

undisclosed were it not for the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches.

Particulars

i) The Applicant would not have acquired an interest in SGH Shares had he known the Reform Information and the Reform Impacts Exposure Information and, he relied upon each of the Risk Profile Representation and the Continuous Disclosure Compliance Representation: Affidavit of Matthew Hall filed 7 May 2021 paragraphs [27] to [30].~~;~~

ii) The identities of all those Group Members which or who would not have acquired an interest in SGH Shares had they known of any or all of the Reform Information and the Reform Impacts Exposure Information and/or which or who relied directly on any or all of the Risk Profile Representation and the Continuous Disclosure Compliance Representation are not known with the current state of the Applicant's knowledge and cannot be ascertained unless and until those advising the Applicant take detailed instructions from all Group Members on individual issues relevant to the determination of those individual Group Member's claims; those instructions will be obtained (and particulars of the identity of those Group Members will be provided) following opt out, the determination of the Applicant's claim and identified common issues at an initial trial and if and when it is necessary for a determination to be made of the individual claims of those Group Members.

K.4. Loss or damage suffered by the Applicant and Group Members

131. By reason of the matters pleaded in paragraphs 125 to 126, 127 to 129 and/or 130, the Applicant and Group Members (including those Group Members who were Potential Entitlement Offer Participants) have suffered loss and damage by and resulting from the ABL Misleading Conduct Contraventions (or any one or combination of them).

Particulars

The loss suffered by the Applicant will be calculated by reference to the following:

i) In the event that paragraphs 125 and 126 are established, the Applicant refers to the Voetmann Report ("Counterfactual A"):

A) For SGH Shares acquired as part of the Entitlement Offer by the Applicant during the Relevant Period, the difference between the price at which they were acquired by the Applicant and the price at which they were disposed by the Applicant (and the Applicant refers to Voetmann Report, paragraphs [9(a)] and [36] to [53], particularly [41(a)], [46] and Figure 4;

B) For SGH Shares acquired other than through the Entitlement Offer by the Applicant during the Relevant Period, the cumulative total of any price decline which occurred between the date they were acquired by the Applicant and the date they were disposed of by the Applicant which is attributable to the PSD Acquisition and/or the Entitlement Offer (and the Applicant refers to Voetmann Report paragraphs [9(b)] and [36] to [53], particularly [41(b)] and [47] to [53]].

On this measure the Applicant's loss is quantified at $446,473.13; per the below table:

Capacity	**Loss**	
Hall	$	323,685.55
Trust	$	122,790.58
Total	**$**	**446,476.13**

ii) *In the event that paragraphs 127 to 129 are established, the Applicant refers to the Voetmann Report ("Counterfactual B"), paragraphs [54] to [60]. On this measure the Applicant's loss is quantified at $216,486.86; per the below table:*

Capacity	**Loss**	
Hall	$	154,984.91
Trust	$	61,501.95
Total	**$**	**216,486.86**

~~*i) the difference between the price at which SGH Shares were acquired by the Applicant during the Relevant Period and the true value of that interest; or*~~

~~*iii) the difference between the price at which the Applicant acquired an interest in SGH Shares and the market price that would have prevailed had the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches not occurred; or*~~

~~*iv) alternatively, the days during the Relevant Period where the traded price of SGH Shares fell as a result of the disclosure information which had not previously been disclosed because of the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches, the quantum of that fall; or*~~

~~*v) alternatively, the days after the Relevant Period when the traded price of SGH Shares fell as a result of the disclosure of information which had not previously been disclosed because of the ABL Misleading Conduct Contraventions and/or ABL Duty Breaches, the quantum of that fall.*~~

~~*Further particulars in relation to the Applicant's losses will be provided after the service of evidence in chief.*~~

Particulars of the losses of Group Members are not known with the current state of the Applicant's knowledge and cannot be ascertained unless and until those advising the Applicant take detailed instructions from all Group Members on individual issues relevant to the determination of those individual Group Member's claims; those instructions will be obtained (and particulars of the losses of those Group Members will be provided) following opt out, the determination of the Applicant's claim and identified common issues at an initial trial and if and when it is necessary for a determination to be made of the individual claims of those Group Members.

132. By reason of the matters pleaded in paragraphs 125 to 126, 127 to 129 and/or 130, the Applicant and Group Members who were Potential Entitlement Offer Participants have

suffered loss and damage by and resulting from the ABL Duty Breaches (or any one or combination of them).

Particulars

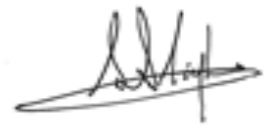
The particulars to paragraph 131 are repeated.

This pleading was prepared by W.A.D. Edwards of counsel, and settled by P. Brereton of Senior Counsel, and further amended by W.A.D Edwards and R V Howe of counsel.

Certificate of lawyer

I, Lee Taylor, certify to the Court that, in relation to the statement of claim filed on behalf of the Applicant, the factual and legal material available to me at present provides a proper basis for each allegation in the pleading.

Date: ~~13 September 2019~~ 16 July 2021



Signed by Lee Taylor
Lawyer for the Applicant

SCHEDULE A - Particulars to paragraphs 17 to 19

A1. On or about 3 November 2008, the Master of the Rolls (Sir Anthony Clarke), with the support of the MoJ appointed the Right Honourable Lord Justice (Sir Rupert) Jackson to carry out an independent review of the rules and principles governing the costs of civil litigation and to make recommendations in order to promote access to justice at proportionate cost (**Civil Justice Costs Review**).

Document reference

Terms of Reference, being Appendix to the Announcement made by Sir Anthony Clarke MR dated 3 November 2008 (MHL.003.001.0018).

A2. Between 31 January 2009 and 30 July 2009, Lord Justice Jackson conducted the Civil Justice Costs Review, during which submissions were lodged by interested parties (including RJW, Pannone and Fentons).

Document reference

*Report entitled "Review of Civil Litigation Costs" dated 21 December 2009, authored by the Right Honourable Lord Justice Jackson (**Jackson Report**), pp.473-488 (MHL.003.001.0019).*

A3. As at the time the Civil Justice Costs Review was conducted, the monetary limits applicable to contested PI Work in the UK were:

(a) Small Claims Track PI Cases – claims for personal injury damages up to £1,000 (for pain, suffering and loss of amenity) (**Small Claims PI Threshold**), and otherwise £5,000 (**Small Claims General Threshold**);

(b) Fast Track PI Cases – claims above the threshold for Small Claims Track PI Cases, up to £25,000 (**Fast Track Threshold**); and

(c) Multi-Track PI Cases – claims above the Fast Track Threshold.

A4. As at the time Civil Justice Costs Review was conducted, the following rules and practices governed the recoverability of costs by successful claimants:

(a) a successful claimant with a Small Claims Track PI Case was generally only able to recover:

(i) stipulated fixed recoverable costs (**FRC**), which did not include any costs for legal representation (**Non-Legal FRC**) – if proceedings had been commenced; or

(ii) any amount offered by an insurer (which amount was no more than about £80) – if the case resolved before proceedings had been commenced;

(b) a successful claimant with a Fast Track PI Case which was a RTA Claim with agreed damages at up to £10,000 (**Low Value RTA Agreed Damages PI Case**) was generally able to recover fixed recoverable costs which did include costs of legal representation up to a specified limit of £800 plus 20% of the damages agreed up to £5,000 plus 15% of the damages agreed up to £10,000 plus a 12.5% uplift if the claimant instructs a lawyer who practises in London and stipulated surrounding areas where the claimant lives in those areas (**Low Value RTA Agreed Damages FRC**, often called **Predictable Costs**), which costs were recoverable where proceedings had not been commenced.

Document reference

Civil Procedure Rules, Part 45, Section VI (as then in force).

(c) a successful claimant with a Fast Track PI Case (other than a Low Value RTA Agreed Damages PI Case) was generally not subject to fixed recoverable costs (except in respect of the costs of an advocate preparing for and appearing at the trial of the claim), but was generally able to recover costs according to scales and other rules of Court (including, where the claimant's lawyers were operating on a CFA Basis, fee uplifts stipulated by the *Courts and Legal Services Act 1990* (UK) (**Fast Track Costs**); and

Document reference

Civil Procedure Rules, Part 44 and Part 45, Section VI (as then in force).

(d) a successful claimant with a Multi-Track PI Case was generally not subject to fixed recoverable costs but was generally able to recover costs according to rules of Court (including, where the claimant's lawyers were operating on a CFA Basis, fee uplifts stipulated by the *Courts and Legal Services Act 1990* (UK) (**Multi-Track Costs**).

Document reference

Civil Procedure Rules, Part 44 (as then in force).

A5. On or about 21 December 2009, the Jackson Report was published by the MoJ, and stated:

(a) Lord Justice Jackson recommended that costs recoverable in all Fast Track PI Cases be fixed (i.e., FRC);

(b) Lord Justice Jackson could see considerable force in the arguments for raising the limit for Small Claims Track PI Cases from £1,000, but did not think that now was the right time to review that limit, because:

(i) In Lord Justice Jackson's view, the top priority at the moment was to (a) fix all costs on the fast track and (b) to establish an efficient and fair process for handling personal injury claims (which constitute the major part of fast track work);

(ii) if a satisfactory scheme of fixed costs is established for fast track personal injury cases (both contested and uncontested) and if the process reforms bed in satisfactorily, then all that will be required in due course will be an increase in limit for Small Claims Track PI Cases to reflect inflation since 1999; and

(iii) If a satisfactory scheme of fixed costs is not established or if the process reforms prove unsatisfactory, then the question of raising the limit for Small Claims Track PI Cases will have to be revisited at the end of 2010.

Document reference

Jackson Report at [2.9] (p.xviii), Pt 3, Chap. 15 (pp.146-163), and Recommendation 18 (p.464), Pt 4, Chap.18, [3.1]-[3.5] (p.183).

A6. On or about 30 April 2010, the UK Government introduced the Pre-Action Protocol for Low Value Personal Injury Claims in Road Traffic Accidents (**RTA PI Protocol**) which was a streamlined electronic process (**Portal**) which applied to claims arising out of a road traffic accident valued between £1,000 and £10,000 where liability was not contested (**Low Value RTA PI Cases**) (which would otherwise be Fast Track PI Cases).

Document reference

i) MoJ Report "Low Value Personal Injury Claims in Road Traffic Accidents" (October 2009) (MHL.003.001.0020);

ii) Pre-Action Protocol for Low Value Personal Injury Claims in Road Traffic Accidents; CPR Part 45, Section III and Practice Direction 8B (Pre-Action Protocol for Low Value Personal Injury Claims in Road Traffic Accidents – Stage 3 Procedure.

A7. After the introduction of the RTA PI Protocol:

(a) a successful claimant with a Small Claims Track PI Case was only able to obtain Non-Legal FRC;

(b) a successful claimant with a Low Value RTA PI Case whose claim:

(i) did not leave the Portal was generally only able to recover FRC of: £400 (at Stage 1 – completion of the claim notification form), plus £800 (at Stage 2 – obtaining medical reports), plus £250 or £500 (Stage 3 (paper or oral hearing, respectively), with success fees of 12.5% payable at each stage (**Portal FRC**); or

(ii) did leave the Portal was generally only able to recover Low Value RTA Agreed Damages FRC (with a credit for any Portal FRC already paid);

(c) a successful claimant with a Fast Track PI Case (other than a Low Value RTA PI Case) was able to recover Fast Track Costs;

(d) a successful claimant with a Multi-Track PI Case was able to recover Multi-Track Costs.

A8. On or about 6 May 2010, a general election was held in the UK, and on 12 May 2010 the Rt Honourable David Cameron was invited by Her Majesty Queen Elizabeth II to form a government in her name, as leader of a coalition between the Conservative Party and the Liberal Democrat Party (pursuant to the Conservative-Liberal Democrat coalition agreement of 11 May 2010).

A9. In or about June 2010, the Right Honourable Lord Young of Graffham (**Lord Young**) was appointed as adviser to the UK Government to investigate and report back to the UK Government on the rise of the compensation culture over the last decade coupled with the current low standing that health and safety legislation now enjoys and to suggest solutions, and following the agreement of the report, to work with appropriate departments across government to bring the proposals into effect.

Document reference

*Terms of Reference, being Annex A to the Report entitled "Common Sense Common Safety" dated 15 October 2010 (**Young Report**) (MHL.003.001.0021).*

A10. On or about 15 October 2010, the UK Government published the Young Report, in which:

(a) in a Foreword, Cameron stated:

(i) a damaging compensation culture has arisen, as if people can absolve themselves from any personal responsibility for their own actions, with the spectre of lawyers only too willing to pounce with a claim for damages on the slightest pretext;

(ii) Lord Young has come forward with a wide range of far reaching proposals which this Government fully supports;

(iii) we're going to curtail the promotional activities of claims management companies and the compensation culture they help perpetuate;

(iv) we need to act on this report and Lord Young has agreed to remain as Cameron's advisor on these important issues, to work with departments and all those with an interest in seeing his recommendations put into effect;

Document reference

Young Report, Foreword by Cameron, p.5

(b) Lord Young recommended that:

(i) a simplified claims procedure for personal injury claims similar to that for road traffic accidents under £25,000 on a fixed costs basis should be introduced;

(ii) extending the upper limit for road traffic accident personal injury claims to £25,000 should be examined;

(iii) the recommendations in the Jackson Report should be introduced;

(iv) the operation of referral agencies and personal injury lawyers should be restricted.

Document reference

Young Report, Foreword by Cameron, p.15

A11. On or about 15 November 2010, MoJ published a report entitled "Proposals for Reform of Civil Litigation Funding and Costs on England and Wales: Implementation of Lord Justice Jackson's Recommendations" (**2010 MoJ Report**), which stated:

(a) the Government was considering the Jackson Report's recommendation that costs recoverable in the fast track be fixed in conjunction with the experience of the new process for low value personal injury claims in road traffic accidents (that is, the RTA PI Protocol);

(b) Lord Young had strongly recommended extending the new process (that is, the RTA PI Protocol) to all Fast Track PI Cases;

(c) the Government aimed to introduce the new extended process by April 2012, subject to consultation and as part of wider civil justice reform.

Document reference

Cm 7947 (MHL.003.001.0022).

A12. As at 31 May 2011, the business plan of the MoJ for 2011 to 2015 stated that the MoJ would take the following actions:

(a) implement the recommendations in the Jackson Report into the funding and costs of civil litigation, including by consulting on Lord Justice Jackson's proposals and analyse consultation responses; and

(b) extend the RTA PI Protocol to cover cases other personal injury accident claims, subject to consultation.

Document reference

MoJ Business Plan 2011-2015 dated 12 May 2011, p.16 (MHL.003.001.0023).

A13. On or about 14 February 2012, Cameron met with the Association of British Insurers and following the meeting Cameron's office published a "Statement on outcomes following the Downing Street Insurance Summit", which stated:

(a) the UK Government was committed to take action to tackle the compensation culture, reduce legal costs and cut health and safety red tape (and the insurance industry committed to pass savings made on to consumers);

(b) the UK Government and the insurance industry agreed to work together in future to make progress on this;

(c) the measures agreed included:

(i) industry commitment to pass savings onto customers resulting from a Government commitment to reduce the current £1,200 fee that lawyers can earn from small value personal injury claims;

(ii) industry commitment to adjust premiums to reflect any reductions in legal costs created through the Jackson reforms that will reform 'no win, no fee' and ban referral fees; and extending the road traffic accident claims process to cover employers' liability and public liability;

(iii) the UK Government and insurance industry committed to work together to identify effective ways to reduce the number and cost of whiplash claims. Options include improved medical evidence, technological breakthroughs, the threshold for claims or the speed of accidents. Progress on this will be made in the coming months.

Document reference

i) The meeting was attended by the Rt Hon David Cameron (Prime Minister), the Rt Hon Oliver Letwin (Minister of State, Cabinet Office) The Rt Hon Justine Greening (Secretary of State for Transport), Nick Herbert (Minister of State for Justice), Otto Thoresen (Director General, ABI), David Stevens (COO, Admiral), Trevor Matthews (Chief Executive, Aviva UK), Paul Evans, Group CEO (Axa UK and Ireland), David Riches (Director of Ops, British Chamber of Commerce), John Cridland (Director General, CBI), David Neave (Director of General Insurance, Co-operative Insurance), Judith Hackitt (Chair, Health and Safety Executive), Paul Geddes (Chief Executive, RBS Insurance), Ann Robinson (Uswitch), Stephen Lewis, (CEO, Zurich UK);

ii) *Prime Minister's Office, "Statement on outcomes following the Downing Street Insurance Summit", dated 14 February 2012 (MHL.003.001.0024).*

A14. In February 2012, the MoJ announced that the UK Government had determined to increase the monetary limit applicable to the Small Claims Track (for claims other than personal injury claims) to £10,000 with effect from April 2013, with the aim to increase it further to £15,000 after further evaluation.

Document reference

MoJ Report "Solving disputes in the county courts: creating a simpler, quicker and more proportionate system: A consultation on reforming civil justice in England and Wales. The Government Response, Cm 8274, February 2012, p.11 [21] (MHL.003.001.0025).

A15. As at 31 May 2012, the business plan of the MoJ for 2012 to 2015 stated that the MoJ would take the following actions:

(a) increase the Small Claims Track Threshold to £10,000 by April 2013;

(b) implement the recommendations in the Jackson Report into the funding and costs of civil litigation, including by banning referral fees in personal injury cases by April 2013;

(c) implement proposals to extend the RTA PI Protocol to cover cases up to £25,000 and to other personal injury accident claims by April 2013; and

(d) review FRC available within the RTA PI Protocol, and implement reform by April 2013.

Document reference

MoJ Business Plan 2012-2015 dated 31 May 2012, pp.12-13 (MHL.003.001.0026).

A16. As at 30 July 2012:

(a) the policy of MoJ (and the UK Government) included:

(i) to reduce the cost of contesting road traffic accident personal injury claims through court;

(ii) to discourage people from bringing less meritorious personal injury claims or from making exaggerated claims; and

(iii) overall, to lower the cost of road traffic personal injury claims to insurers, which given insurers' commitment to pass on savings to policy holders, would result in downward pressure on the cost of motor insurance;

(b) the policy options being considered (apart from doing nothing) were:

(i) to introduce independent medical panels to assess whiplash injuries (**Independent Medical Assessment Reform**);

(ii) to increase the small claims track limit of the county court for road traffic accident personal injury claims from to £1,000 to £5,000 (that is, the Small Claims Track Threshold Reform);

(iii) to implement both the Independent Medical Assessment Reform and the Small Claims Track Threshold Reform;

(c) the MoJ's (and the UK Government's) preferred option was to implement both the Independent Medical Assessment Reform and the Small Claims Track Threshold Reform.

Document reference

*MoJ Impact Assessment No MoJ163 ("Reducing the number and costs of personal injury claims") dated 30 July 2012 – impact assessment at the consultation stage, pp.1, 11-12 (**2012 MoJ Whiplash IA**).*

A17. Between about 19 November 2012 and February 2013, the MoJ undertook a consultation on the extension of the RTA PI Protocol to higher value RTA Claims, and the reduction of FRC available under it, during which submissions were lodged by interested parties (including Pannone and Fentons).

Document reference

*Report entitled "Extension of the Road Traffic Accident Personal Injury Scheme: proposals on fixed recoverable costs", published on 27 February 2013 by MoJ, pp.6-7 and Annex C (**2013 MoJ RTA Report**) (MHL.003.001.0027).*

A18. On 11 December 2012, the MoJ published a consultation paper entitled "Reducing the number and costs of whiplash claims: a consultation on arrangements concerning whiplash injuries in England and Wales": Consultation Paper 17/2012 (**2012 MoJ Whiplash Consultation Paper**), which stated:

(a) in the Foreword written by the Parliamentary Under Secretary of State for Justice (Helen Grant):

(i) between 2006 and 2012 road traffic accident claims increased by 60%;

(ii) the UK Government shared the widespread concerns over this totally disproportionate growth in claims;

(iii) Cameron has recognised the pressing need to tackle the rising cost of insurance premiums, and the effect this has on individuals, families and businesses;

(iv) insurers estimate that the cost of whiplash claims from road traffic accidents, which comprise 90% of relevant personal injury claims, to the average policy-holder is £90 per annum;

(v) The measures in this consultation look to remedy two areas where the current arrangements are imperfect: the difficulties in diagnosing the injury and the nature and cost of the court system that can work against insurers challenging suspect claims.

(vi) The 2012 MoJ Whiplash Consultation Paper looked at the small claims track threshold for personal injury claims arising from road traffic accidents, which provides a more cost effective route for straightforward claims and self-represented litigants;

Document reference

2012 MoJ Whiplash Consultation Paper, pp.3-4 (MHL.003.001.0028).

(b) in the balance of the 2012 MoJ Whiplash Consultation Paper:

(i) there was some evidence to suggest that the majority of whiplash and many other PI RTA claims are valued between £1,000 and £5,000 and therefore were highly likely to be considered under the Fast Track if they are contested [57];

(ii) The UK Government was of the view that many small value whiplash claims are relatively straight forward and that the Small Claims Track might be a more suitable venue in which to determine them than the Fast Track;

(iii) The UK Government was consulting on options that would bring more PI or whiplash claims arising from road traffic accidents into the Small Claims track. The options were to:

(A) increase the threshold for RTA whiplash claims to £5,000;

(B) increase the threshold for all RTA PI claims (including whiplash) to £5,000;

(C) retain the current threshold;

(iv) The UK Government was increasing the threshold for general Small Claims track matters to £10,000 from April 2013, but this consultation did not consider increasing the limit for PI or whiplash injury to that level.

Document reference

2012 MoJ Whiplash Consultation Paper, pp.19-20 [57]-[62].

A19. Between about 11 December 2012 and 8 March 2013, the MoJ conducted a consultation on arrangements concerning whiplash injuries in England and Wales (**2013 Whiplash Consultation**), during which submissions were lodged by interested parties (including Pannone).

Document reference

i) 2012 MoJ Whiplash Consultation Paper,

ii) Paper entitled "Reducing the number and costs of whiplash claims: A Government response to consultation on arrangements concerning whiplash injuries in England and Wales, dated October 2013; Cost of motor insurance – whiplash: A Government response to the House of Commons Transport Committee (Cm 8738) (**2013 MoJ Whiplash Report**), Annex B (MHL.003.001.0029).

A20. On or about 27 February 2013, the MoJ published the 2013 MoJ RTA Report, which stated that it was the UK Government's intention to request the Civil Procedure Rule Committee to make rules which:

(a) with effect from 30 April 2013, amended the RTA PI Protocol by reducing the quantum of fixed recoverable costs;

(b) with effect from 31 July 2013:

(i) extended the RTA PI Protocol to all RTA Claims with a value of up to £25,000, with effect from 31 July 2013;

(ii) implemented a new fixed recoverable cost regime for cases falling out of the extended RTA PI Protocol.

Document reference

2013 MoJ RTA Report, pp.3-4.

A21. On or about 15 March 2013, the Transport Select Committee of the House of Commons (**TSC**) initiated an inquiry into the cost of motor insurance: whiplash, during which submissions were lodged and evidence given by interested parties.

Document reference

*Report published by the House of Commons on 31 July 2013 entitled "Cost of Motor Insurance: whiplash" (Fourth Report of Session 2013-14) (**2013 TSC Report**), pp.33 (MHL.003.001.0030).*

A22. With effect from 1 April 2013, the UK Government increased the Small Claims Track Threshold for general matters (but not personal injury claims) to £10,000 (effective 1 April 2013).

Document reference

Civil Procedure (Amendment) Rules 2013.

A23. With effect from 30 April 2013, the UK Government reduced Portal FRC applicable to Low Value RTA PI Cases to: £200 (at Stage 1 – completion of the claim notification form), plus £300 (at Stage 2 – obtaining medical reports), plus £250 or £500 (Stage 3 (paper or oral hearing, respectively), with success fees of 12.5% payable at each stage (**Reduced Portal FRC**) (effective 30 April 2013).

Document reference

Civil Procedure (Amendment No.3) Rules 2013.

A24. With effect from 31 July 2013, the UK Government:

(a) extended the RTA PI Protocol so that it applied to claims arising out of a road traffic accident valued between £1,000 and £25,000 where liability was not

contested (**Extended Low Value RTA PI Cases**) (all of which would otherwise be Fast Track PI Cases);

(b) introduced a Pre-Action Protocol for Low Value Personal Injury (Employers' Liability And Public Liability Claims (**EL/PL Protocol**) so that it applied to many employers' liability and public liability claims valued between £1,000 and £25,000 (**Low Value EL/PL Case**).

Document reference

i) Civil Procedure (Amendment No.6) Rules 2013;

ii) Pre-Action Protocol for Low Value Personal Injury Claims in Road Traffic Accidents from 31 July 2013 (MHL.003.001.0032);

iii) Pre-Action Protocol for Low Value Personal Injury (Employers' Liability And Public Liability Claims) (MHL.003.001.0034).

A25. After the introduction of the Extended RTA PI Protocol and the EL/PL Protocol:

(a) a successful claimant with a Small Claims Track PI Case was only able to obtain Non-Legal FRC;

(b) a successful claimant with a Low Value RTA PI Case:

(i) arising out of a road traffic accident in respect of which a claim was lodged in the Portal before 30 April 2013:

(A) whose claim did not leave the Portal was generally only able to recover from a defendant Portal FRC;

(B) whose claim did leave the Portal was generally only able to recover from a defendant Low Value RTA Agreed Damages FRC (with a credit for any Portal FRC already paid);

(ii) arising out of a road traffic accident in respect of which a claim was lodged in the Portal after 30 April 2013 and before 31 July 2013:

(A) whose claim did not leave the Portal was generally only able to recover Reduced Portal FRC;

(B) whose claim did leave the Portal was generally only able to recover from the unsuccessful defendant Low Value RTA Agreed Damages FRC (with a credit for any Reduced Portal FRC already paid);

(c) a successful claimant with an Extended Low Value RTA PI Case (being all Fast Track PI Cases which were RTA Claims) in respect of which a claim was lodged in the Portal after 31 July 2013):

(i) whose claim did not leave the Portal was generally only able to recover Reduced Portal FRC;

(ii) whose claim did leave the Portal was generally only able to recover FRC assessed in accordance with CPR Part 45, Section IIIA, with a credit for any Reduced Portal FRC already paid (**Post-Portal FRC**);

(d) a successful claimant with a Fast Track PI Case (other than an Extended Low Value RTA PI Case) was able to recover Fast Track Costs;

(e) a successful claimant with a Multi-Track PI Case was able to recover Multi-Track Costs.

A26. On 31 July 2013, the 2013 TSC Report was published, which stated that:

(a) there are good arguments for and against switching whiplash claims of between £1,000 and £5,000 to the Small Claims Track, but on balance the TSC did not support that proposal at this time;

(b) the £1,000 threshold for personal injury claims using the small claims track was set in 1991 and cannot be left at that level indefinitely. However, the TSC considered that any proposal to change the threshold should be informed by a fuller understanding of the impact of the new electronic portal for claims on how claims are managed and on costs.

Document reference

2013 TSC Report, pp.20-21 [50]-[54].

A27. In October 2013, the MoJ published the 2013 MoJ Whiplash Report (in response to both the 2013 Whiplash Consultation and the 2013 TSC Report), and stated:

(a) in the foreword by the Lord Chancellor and Secretary of State for Justice (the Rt Honourable Chris Grayling):

(i) in this response the Government sets out what action we intend to take following consultation to reduce the number and costs of whiplash claims;

(ii) on the consultation options to increase the Small Claims Track Threshold, the Government believes that there are good arguments for increasing the Small Claims Track to £5,000 for all road traffic accidents;

(iii) at this stage the Government has decided to defer any increase in the Small Claims Track Threshold;

Document reference

2013 MoJ Whiplash Report, pp.6.

(b) in the balance of the report:

(i) the UK Government remains of the view that extending the Small Claims track would be beneficial in providing a low cost route to bringing a claim through the courts, with each side bearing its own costs;

(ii) the UK Government has carefully considered the full range of consultation responses from the 2013 Whiplash Consultation and the 2013 TSC Report and is persuaded that on balance it would not be appropriate to increase the Small Claims limit for RTA-related personal injury at this stage;

(iii) while the Government believes that an increase in the Small Claims Track Threshold in this sector would provide additional benefits, it regards it as sensible and pragmatic to consider the combined impact of earlier reforms before embarking on any further change now.

Document reference

2013 MoJ Whiplash Report, p.17 [38], [41], p.18 [45].

A28. Between late December 2013 and mid-2014, the TSC conducted further inquiries into the cost of motor insurance: whiplash, during which submissions were lodged and evidence given by interested parties, including SGH UK t/as Slater & Gordon LLP (which lobbied against increasing the Small Claims Track Threshold).

Document reference

*i) Report published by the House of Commons on 30 June 2014 entitled "Driving premiums down: fraud and the cost of motor insurance" (First Report of Session 2014-15) (**2014 TSC Report**) (MHL.003.001.0036).*

ii) SGH's written submission was dated December 2013 (CMI0017), and in [8]-[9] SGH lobbied against increasing the Small Claims Track Threshold).

A29. On 30 June 2014, the TSC published the 2014 TSC Report.

A30. On 20 October 2014, the UK Government and the Association of British Insurers published a response to the 2014 TSC Report, which stated, inter alia, that:

(a) the UK Government believed there was evidence to support raising the small claims limit but its main focus for now was the implementation of the reforms to medical evidence and reporting announced on 23 October 2013 (ie in the 2013 MoJ Whiplash Report); and

(b) Further consideration will be given to the issue of raising the small claims limit in due course.

Document reference

Report published by the House of Commons Transport Committee (HC716) entitled "Driving premiums down: fraud and the cost of motor insurance: Government and Association British Insurers Responses to the Committee's First Report of Session 2014-15, at p.3 (MHL.003.001.0038).

A31. As at 16 September 2014:

(a) the policy of MoJ (and the UK Government) included to ensure that road traffic accident personal injury claims, especially in relation to whiplash, were founded upon credible medical reports and to ensure that the cost of such medical reports was proportionate;

(b) the policy option being considered for immediate introduction by MoJ and the UK Government was to reform medical examination and reporting in motor accident soft tissue injury cases (namely, the Independent Medical Assessment Reform);

(c) the implementation of the policy option of increasing the Small Claims Track Threshold for personal injury claims had been deferred.

Document reference

*MoJ Impact Assessment No MoJ163 ("Reducing the number and costs of personal injury claims") dated 16 September 2014 – impact assessment at the final stage, pp.1, 3 (**2014 MoJ Whiplash IA**) (MHL.003.001.0039).*

A32. Between September 2014 and December 2014 the UK Government implemented the Independent Medical Assessment Reform (so as to take effect from 6 April 2015).

Document reference

i) Amendments to the Pre-Action Protocol for Low Value Personal Injury Claims in Road Traffic Accidents made with effect from 31 July 2013;

ii) Civil Procedure (Amendment No.8) Rules 2014.

A33. On 11 March 2015, Aviva Insurance Limited (**Aviva**) published a document entitled "Road to reform: Driving out the compensation culture", in which it stated:

(a) Aviva had commissioned a report from Frontier Economics which found that the UK should:

(i) ban or lower allowable contingency fees for lawyers;

(ii) lower the cap on legal fees from £500 to a lower amount;

(iii) increase the Small Claims Track Threshold from £1,000 to allow more whiplash/soft tissue injury claims to be settled without solicitors.

(b) Aviva had formed recommendations to address the UK's burgeoning compensation culture and outlined a roadmap of what a potential package of reforms could look like, which Aviva would urge the next UK Government to consider.

Document reference

Aviva, "Road to Reform: driving out the compensation culture", pp.7-9 (MHL.003.001.0041).

SCHEDULE B (DEFINED TERMS)