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If you have sold or transferred all of your ordinary shares of 10 pence each in the capital of Watchstone Group plc (“Ordinary Shares”), please send this document immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of relevant laws. If you have sold or transferred part only of your holding of Ordinary Shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

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# Watchstone Group plc

*(Incorporated and registered in England and Wales with registered number 05542221)*

## Notice of Annual General Meeting

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Notice of the Annual General Meeting (“AGM”) of Watchstone Group plc (“Company”) to be held at 1.00 p.m. on 24 June 2020 at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG is set out at the end of this document.

In view of the UK Government placing restrictions on travel and other matters because of the COVID-19 situation (“Stay at Home Measures”), shareholders will not be permitted to attend the AGM in person. Details of how shareholders can access the AGM by electronic means may be obtained by emailing [info@watchstonegroup.com](mailto:info@watchstonegroup.com), however please note that remote participation will be for information purposes only and will not be a formal part of the meeting.

You will not receive a hard copy form of proxy for the AGM in the post. Instead, you are requested to complete the Form of Proxy electronically using [www.signalshares.com](http://www.signalshares.com), in accordance with the procedures set out below by no later than 1.00 p.m. on 22 June 2020. You may request a hard copy proxy form directly from the registrars, **Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU (telephone number: 0371 664 0300)**.

# Watchstone Group plc

*(Incorporated and registered in England and Wales with registered number 05542221)*

*Directors:*

Richard Rose (*Non-Executive Chairman*)  
Stefan Borson (*Group Chief Executive Officer*)  
Lord Howard of Lympne (*Senior Non-Executive Director*)  
David Young (*Non-Executive Director*)

*Registered Office:*

Highfield Court Tollgate, Chandler's Ford,  
Eastleigh, Hampshire, SO53 3TY

29 May 2020

Dear Shareholder

## **Notice of Annual General Meeting**

### **1. Annual General Meeting**

A notice convening the AGM to be held at 1.00 p.m. on 24 June 2020 at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG is set out at the end of this document. At the AGM the following resolutions will be proposed, of which Resolutions 1 to 5 (inclusive) will be proposed as Ordinary Resolutions and Resolutions 6 to 8 (inclusive) as Special Resolutions.

### **Ordinary Resolutions**

*Resolution 1*

Resolution 1 proposes that the Company's annual accounts for the year ended 31 December 2019 together with the Directors' Report and Auditor's Report on these accounts be received, considered and adopted.

*Resolution 2*

Resolution 2 proposes that BDO LLP be re-appointed as auditors of the Company from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company and authorises the Directors to determine their remuneration.

*Resolution 3*

Resolution 3 proposes the re-appointment of Richard Rose as a Director who is retiring by rotation in accordance with article 15.1 of the Articles of Association and who, being eligible, is offering himself for re-election.

*Resolution 4*

Resolution 4 proposes the re-appointment of Stefan Borson as a Director who is retiring in accordance with article 15.1 of the Articles of Association and who, being eligible, is offering himself for re-election.

*Resolution 5*

Resolution 5 renews the authority of the Directors to allot shares in the capital of the Company (or to grant rights to subscribe for or convert any securities into shares in the capital of the Company) up to a maximum nominal amount of £1,534,611 (representing approximately 33.33 per cent. of the current

issued share capital which is in line with current Guidelines of the Investment Association). This authority will expire 18 months after the passing of the resolution or, if earlier, at the conclusion of the next AGM of the Company to be held after the passing of the resolution.

## **Special Resolutions**

### *Resolution 6*

Resolution 6 renews the disapplication of pre-emption rights in relation to the allotment of shares having a nominal value equal to £460,383 (representing approximately 10 per cent. of the current issued share capital), in each case under the authorities conferred by Resolution 5. This authority will expire 18 months after the passing of the resolution, or if earlier, at the conclusion of the next AGM of the Company to be held after the passing of the resolution.

### *Resolution 7*

Resolution 7 proposes the authority of the Directors, to make market purchases of up to a maximum aggregate amount of £690,575 (representing 15 per cent. of the current issued share capital) at a price no greater than 105 per cent. of the average market value of the Ordinary Shares over the five business day period prior to the date of purchase. This authority will expire 18 months after the passing of the resolution or, if earlier, at the conclusion of the next AGM of the Company. Ordinary Shares purchased pursuant to this authority may be held as treasury shares for re-issue.

The Directors will only exercise the authority to purchase shares where they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per share.

### *Resolution 8*

Resolution 8 proposes the reduction of the share premium account by the sum of £18,370,268.40 ("Share Premium Reduction") and the subsequent return of cash to shareholders pro rata to their shareholding ("Return of Cash"). As described in further detail below, the Company proposes to return excess capital to its shareholders as the opportunities to re-invest its cash deposits are limited and earn little or no interest. The Company believes that the working capital to be retained by the Company following the Return of Cash will be sufficient to fund future expenditure.

## **2. Impact of COVID-19 on the Annual General Meeting**

In view of the UK Government placing restrictions on travel and other matters because of the COVID-19 situation, shareholders will not be permitted to attend the AGM in person. Details of how shareholders can access the AGM by electronic means may be obtained by emailing [info@watchstonegroup.com](mailto:info@watchstonegroup.com), however please note that remote participation will be for information purposes only and will not be a formal part of the meeting.

The evolving COVID-19 situation and the related Government restrictions will clearly impact the ability of shareholders to attend the AGM in person. In normal circumstances, the Board greatly values the opportunity to meet shareholders in person. However, it fully supports the recent Stay at Home Measures, and takes seriously the Company's responsibility to slow the spread of COVID-19. The Stay at Home Measures prohibit public gatherings of more than two people. The only exceptions to this are where the gathering is of people who live together or where the gathering is 'essential for work purposes' (noting that workers should try to minimise all gatherings). Attendance at a general meeting by a shareholder (other than as specifically required to form the quorum for that meeting) is not 'essential for work purposes'.

On this basis, the Board intends to conduct the AGM in a reasonable manner with the fewest possible participants. The AGM will be convened with the minimum necessary quorum of two shareholders (as arranged by the Company) in order to conduct the business of the meeting.

Therefore, in view of the Stay at Home Measures, the Board has concluded that shareholders will not be permitted to attend the AGM in person. To do so would be inconsistent with current Government guidance in relation to COVID-19 and the Stay at Home Measures. Our advisers and other guests have also been asked not to attend.

Instead of attending the AGM, shareholders are please asked to exercise their votes by submitting their proxy electronically using [www.signalshares.com](http://www.signalshares.com), in accordance with the procedures set out in the notes to the Notice of the AGM.

Shareholders should appoint the Chair of the meeting as their proxy. As a result of the Stay at Home Measures, if a shareholder appoints someone else as its proxy, that proxy will not be able to attend the meeting in order to cast the shareholder's vote.

The AGM will be purely functional in format to comply with the relevant legal requirements. There will be no presentations.

It is our current intention to live-stream the AGM so that shareholders will be able to follow the meeting remotely. However, this will be kept under review and subject to the Government guidance in place at the time of the AGM. For further details of how to access the AGM remotely, please email [info@watchstonegroup.com](mailto:info@watchstonegroup.com). As mentioned above, the web facility will be provided for information purposes only and shareholders will not be able to actively participate in the meeting.

In addition, should a shareholder have a question that they wish to raise at the AGM, we ask that they send it by email to [info@watchstonegroup.com](mailto:info@watchstonegroup.com), to be received no later than 10.00 a.m. on 24 June 2020. We will endeavour to answer questions received in advance, either by publishing responses on our website following the AGM or at the AGM itself.

### **3. Proposed Reduction of Share Premium Account and Return of Cash**

The Company proposes to return excess capital to shareholders as the opportunities to re-invest its cash deposits are limited and earn little or no interest. In addition to the ordinary business of this year's AGM, and following the general meeting on 27 April 2020 in which shareholders' approved a resolution to reduce the share premium account by approximately £50.6 million ("First Return"), a further Share Premium Reduction and Return of Cash is now proposed.

The effect of the proposed Share Premium Reduction and Return of Cash will be that for every fully paid Ordinary Share held at the Record Date, a shareholder will receive 40 pence in cash. The Share Premium Reduction and the Return of Cash is conditional upon, amongst other things, shareholder approval being obtained at the AGM. Resolution 8, which proposes the Share Premium Reduction and Return of Cash, is a special resolution, meaning that for it to be passed 75 per cent. or more of the votes must be cast in favour.

The Company believes that the working capital to be retained by the Company following the Return of Cash will be sufficient to fund future expenditure. In respect of the First Return, the Company had maintained a £20 million cash 'buffer' for any penalties or fines arising from the SFO investigation. In light of the SFO informing the Company on 27 April 2020 that it would not be subject to criminal prosecution in respect of those matters which are the subject of the SFO Investigation, maintaining the £20 million cash buffer is no longer considered necessary by the Board. The Board has also considered the impact of the ongoing COVID-19 outbreak and has concluded that the COVID-19 outbreak does not materially affect the cash needs of the Company.

The proposed Share Premium Reduction will enable the Company to make a Return of Cash to shareholders of approximately £18.4 million in aggregate. As at 30 April 2020, the Company had cash of £89.0 million. Following the Return of Cash, the Company will continue to hold its remaining cash in major UK regulated banks.

Under the Companies Act 2006, a company may, with the sanction of a special resolution and the confirmation of the Court, reduce or cancel its existing share premium. It may apply the sums resulting from such reduction in repaying holders of the relevant shares the amount which is reduced or cancelled. This is the mechanism by which shareholders holding fully paid Ordinary Shares will receive 40 pence for each Ordinary Share which they hold upon the Return of Cash taking place.

In seeking the Court's approval of the Share Premium Reduction and the Return of Cash, the Court will need to be satisfied that the interests of the creditors (including contingent creditors) of the Company, whose debts remain outstanding on the date on which the Court Order is registered, will not be prejudiced by the proposed Share Premium Reduction. The Company will put in place such arrangements as the Court considers appropriate to satisfy the Court in this regard.

Shareholders should note that if, for any reason, the Court declines to approve the Share Premium Reduction, then the Return of Cash will not take place.

Further details of the proposed Share Premium Reduction can be found in Part 3 of this document.

#### **4. Taxation**

For information regarding the tax position of the Share Premium Reduction, please see Part 4 of this document.

#### **5. Non-United Kingdom Shareholders**

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or anybody or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any shareholder not resident in the United Kingdom or a citizen, resident or national of another country to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Proposal, including the obtaining of any government, exchange control or other consent which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions.

Shareholders who are not resident in the United Kingdom should note that they should satisfy themselves that they have fully observed any applicable legal requirements under the laws of their relevant jurisdiction in relation to the Share Premium Reduction or the Return of Cash.

#### **6. Action to be taken**

You will not receive a hard copy form of proxy for the AGM in the post. Instead, you are requested to complete the Form of Proxy electronically using [www.signalshares.com](http://www.signalshares.com), in accordance with the procedures set out below. The Form of Proxy should be completed and submitted electronically by no later than 1.00 p.m. on 22 June 2020.

You may request a hard copy proxy form directly from the registrars, Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU (telephone number: 0371 664 0300). The return of the form of proxy will be required to vote at the AGM.

## **7. Recommendation**

**Your Directors believe that the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of each of the resolutions, as those Directors who are shareholders intend to do in respect of their beneficial shareholdings representing, in aggregate, approximately 1.1 per cent. of the issued share capital of the Company.**

The Board would like to remind you to monitor the Company website for any further updates in relation to the arrangements for the AGM, as we are closely monitoring all developments and the UK Government's guidance relating to COVID-19. The Board would also like to take this opportunity to thank all shareholders for their continued support and understanding in these exceptional circumstances. We will return to full shareholder engagement as soon as we can.

Yours faithfully

**Richard Rose**

*Non-Executive Chairman*

## PART 2

### DEFINITIONS

The following definitions and technical terms apply throughout this document, unless the context otherwise requires:

<b>“AIM”</b>	the AIM market, being a market of that name and operated by the London Stock Exchange;
<b>“Annual General Meeting” or “AGM”</b>	the annual general meeting of the Company to be held at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG, at 1.00 p.m. on 24 June 2020;
<b>“Board” or “Directors”</b>	the board of directors of the Company;
<b>“CGT”</b>	taxation of chargeable gains;
<b>“Chapter 1 ITA 2007”</b>	Chapter 1 of Part 13 of the Income Tax Act 2007;
<b>“Court”</b>	the High Court of England and Wales;
<b>“Court Hearing”</b>	the hearing of the Company’s claim for the confirmation by the Court of the Share Premium Reduction and the Return of Cash;
<b>“CTA 2010”</b>	the Corporation Tax Act 2010;
<b>“First Return”</b>	the ongoing reduction of the Company’s share premium account by £50.6 million and subsequent payment to shareholders pro rata to their shareholding;
<b>“Form of Proxy”</b>	the form of proxy available on <a href="http://www.signalshares.com">www.signalshares.com</a> ;
<b>“Group”</b>	the Company and its subsidiaries and subsidiary undertakings;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“Notice”</b>	the notice set out at the end of this document convening the AGM;
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the capital of the Company;
<b>“Record Date”</b>	record date in relation to the Share Premium Reduction, being 6.00pm on the 22 July 2020;
<b>“Return of Cash”</b>	the proposed payment to shareholders pro rata to their shareholding following the proposed Share Premium Reduction;
<b>“SFO”</b>	the Serious Fraud Office;
<b>“SFO Investigation”</b>	an investigation by the SFO opened in August 2015 and closed in April 2020 relating to past business and accounting practices at the Company;

<b>“Share Premium Reduction”</b>	the proposed reduction of the Company’s share premium account by £18,370,268.40;
<b>“Stay at Home Measures”</b>	the measures passed into law in England and Wales, with immediate effect, in statutory instruments (2020/350 in England and 2020/353 in Wales) made pursuant to the Public Health (Control of Disease) Act 1984; and
<b>“Watchstone” or “Company”</b>	Watchstone Group plc.



## PART 3

### FURTHER DETAILS OF THE PROPOSED RETURN OF CASH

#### The Share Premium Reduction

As discussed in section 3 of the Chairman's Letter, in seeking the Court's approval for the Share Premium Reduction, the Court is required to consider the protection of creditors (including contingent creditors) of the Company, whose debts (or contingent debts) remain outstanding on the date that the Share Premium Reduction becomes effective, to ensure that they are protected. Any such creditor protection may include seeking the consent of the Company's creditors to the Share Premium Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company.

In view of the Court's considerations in giving its approval and in consultation with professional advisors, the Board has undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities) and the potential liabilities of the Company. The Board considers that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the Share Premium Reduction becomes effective, the Company's creditors (including contingent creditors) will be sufficiently protected.

The Company intends that an application will be made for the Court to approve the Share Premium Reduction promptly after the AGM provided that the Resolution has been passed.

#### The First Return

As discussed above, the First Return is currently on going. The directions hearing in respect of the First Return took place on 20 May 2020, at which the Court was satisfied that there was no real likelihood that the First Return would result in the Company being unable to discharge its debts or the claims of its creditors as they fell due. The final hearing in respect of the First Return is scheduled for 9 June 2020, after which, subject to approval from the Court, the Company shall return £1.10 per issued share to relevant shareholders on or around 30 June 2020.

#### SFO Update

On 28 April 2020, the Company announced that it had been informed by the SFO that it will not be prosecuted for criminal offences in respect of those matters which were the subject of the SFO's investigation into the Company. Therefore the Board no longer considers it necessary to maintain the £20 million cash buffer for any penalties or fines arising from the SFO investigation.

#### Expected Timetable of Events

Latest time and date for completion or receipt of Forms of Proxy	1.00 p.m. on 22 June 2020
Annual General Meeting	1.00 p.m. on 24 June 2020
Court Hearing to confirm the Share Premium Reduction	21 July 2020
Record Date	22 July 2020
Ordinary Shares commence trading ex-entitlement to Return of Cash	8.00 a.m. on 23 July 2020
Registration of Court Order and Effective Date of Return of Cash	23 July 2020
Dispatch of cheques to Shareholders or Shareholders' CREST accounts credited (as appropriate) in respect of Return of Cash entitlements	On or around 31 July 2020

These dates (except those for the completion or receipt of Forms of Proxy and of the AGM) are estimates only, being subject to agreement of hearing dates with the Court. The timetable assumes that the AGM will not be adjourned as a result of there being no quorum, or for any other reason. If there is an adjournment, all subsequent dates are likely to be later than those shown. Any changes will be notified to Shareholders by an announcement on the Regulatory News Service of the London Stock Exchange.

All references to time in this document are to London time.

**PART 4**  
**TAXATION**

The following comments are intended as a general guide only and are based on current UK legislation and HMRC practice as at the date of this document. These comments deal only with shareholders who are resident or ordinarily resident for taxation purposes in the United Kingdom, who are the absolute beneficial owners of fully paid Ordinary Shares and who hold them as an investment. They do not deal with the position of certain classes of shareholders, such as dealers in securities, persons holding unpaid Ordinary Shares, or persons regarded as having obtained their Ordinary Shares by reason of employment. Therefore, any such shareholders are advised to satisfy themselves as to the tax consequences for them of their ownership of Ordinary Shares in the Company.

**Return of Cash**

Subject to the comments below, and obtaining HMRC clearance, we would expect the Return of Cash to qualify as a repayment of capital on the Ordinary Shares under section 1000(1)(B)(a) of the CTA 2010 and therefore would not expect any part of the proceeds received by a shareholder on the Return of Cash to be an income distribution in the shareholder's hands.

Part 15 CTA 2010 and Chapter 1 ITA 2007 are anti-avoidance provisions which might be applied to the Return of Cash so as to treat all or part of the receipt as income in the hands of Shareholders within the charge to UK corporation tax and within the charge to income tax respectively. The Company would not expect Part 15 CTA 2010 or Chapter 1 ITA 2007 to apply.

The Company has applied for clearance from HMRC under the sections above.

The Return of Cash on cancellation may give rise to a liability to CGT depending on the shareholder's individual circumstances (including the availability of exemptions, reliefs or allowable losses).

# Watchstone Group plc

*(Incorporated and registered in England and Wales with registered number 05542221)*

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE is hereby given** that the Annual General Meeting of Watchstone Group plc ("Company") will be held at 1.00 p.m. on 24 June 2020 at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 inclusive will be proposed as ordinary resolutions and resolutions 6 to 8 inclusive will be proposed as special resolutions:

### Ordinary Resolutions

1. **THAT**, the Company's annual accounts for the year ended 31 December 2019 together with the Directors' Report and Auditor's Report on those accounts be received, considered and adopted.
2. **THAT**, BDO LLP be re-appointed as auditors of the Company from the conclusion of this meeting until the earlier of the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the Directors to determine their remuneration.
3. **THAT**, Richard Rose who is retiring in accordance with article 15.1 of the Company's Articles of Association and who, being eligible, is offering himself for re-election, be re-appointed as a Director of the Company.
4. **THAT**, Stefan Borson who is retiring in accordance with article 15.1 of the Company's Articles of Association and who, being eligible, is offering himself for re-election, be re-appointed as a Director of the Company.
5. **THAT**, in substitution for and to the exclusion of all existing authorities, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to allot relevant securities (within the meaning of such section) (or to grant rights to subscribe for or to convert any security into relevant securities) in the Company for all and any purposes approved by the Directors, up to an aggregate nominal value equal to the sum of £1,534,611 representing one-third of the current issued share capital (excluding treasury shares) and so that such authority shall, save to the extent that it is earlier renewed or extended by resolution passed at a general meeting, expire 18 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authorities hereby conferred had not expired.

### Special Resolutions

6. **THAT**, subject to and conditional upon the passing of Resolution 5 above and in substitution for and to the exclusion of all existing authorities in that regard other than the authority contained in Resolution 5 above, the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560(1) of the Act) and to sell treasury shares having an aggregate nominal value of up to £460,383 (representing 10 per cent. of the current issued share capital) for cash pursuant to the authorities conferred by that resolution, as if section 561(1) of the Act did not apply to any such allotment or sale of treasury shares. Such authority, unless previously renewed, extended, varied or revoked by the Company in general meeting, shall expire 18 months after the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that

the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require equity securities in the Company to be allotted or treasury shares to be sold after the expiry thereof and the Directors may allot equity securities in the Company (or sell treasury shares) in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.

7. **THAT**, the Company is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:
- (a) the maximum aggregate nominal value of Ordinary Shares that may be purchased is £690,575;
  - (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 10 pence; and
  - (c) the maximum price (excluding expenses) which may be paid for each ordinary share is 105 per cent. of the average market value of an ordinary share for the five business days prior to the day the purchase is made.

The authority conferred by this resolution shall expire 18 months after the date of the passing of this resolution or, if earlier, at the conclusion of the Company's next Annual General Meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

8. **THAT**, the share premium account of the Company be reduced by £18,370,268.40 on terms that an amount equal to the share premium reduction be paid to the holders of the fully paid up Ordinary Shares pro rata to their shareholding.

Dated: 29 May 2020

*By order of the Board,*

*Registered office:*

Highfield Court Tollgate, Chandler's Ford,  
Eastleigh, Hampshire, SO53 3TY

**Richard Rose**  
*Non-Executive Chairman*

## Notes:

The following notes explain your general rights as a shareholder and your right to vote at this meeting or to appoint someone else to vote on your behalf.

1. In light of the COVID-19 outbreak and consequent Stay at Home Measures, shareholders will not be able to attend the Annual General Meeting in person. Instead, shareholders should appoint a proxy in accordance with the procedure set out below. Shareholders may also participate in the Annual General Meeting remotely, however remote access does not form part of the formal meeting.
2. Shareholders should appoint the Chairman of the meeting as their proxy who must exercise all or any of their rights to attend and vote on a poll on their behalf at the meeting and at any adjournment of it. Your proxy must vote as you instruct. Please indicate the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Ordinary Shares held by you). If a Shareholder appoints someone who is not the Chairman as their proxy, that proxy will not be able to attend the meeting in person in order to cast the Shareholder's vote.
3. You can vote either:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - by requesting a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0371 664 0300 if calling from the United Kingdom, or +44(0)371 664 0391 if calling from outside the United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by 1.00 p.m. on 22 June 2020.

4. The return of a completed Form of Proxy or other such instrument will not prevent a Shareholder accessing the meeting electronically if he/she wishes to do so, however this will not form part of the meeting.
5. If a Shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions.
6. In the case of joint holders, the signature of only one of the joint holders is required but, if more than one votes, the vote of the first named on the register of members will be accepted to the exclusion of other joint holders.
7. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. If it is returned without an indication as to how your proxy shall vote on any particular matter, your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the Annual General Meeting.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at close of business on 23 June 2020 (or, in the event of any adjournment, at close of business on the date which is two days before the time of the adjourned meeting) shall be entitled to vote at the Annual General Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend electronically and vote at the meeting.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 1.00 p.m. on 22 June 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Annual General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
14. Voting on all of the substantive resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held.
15. As at 28 May 2020 (being the latest practicable date before publication of this document), the issued share capital of the Company comprised 46,038,333 Ordinary Shares of 10 pence each and the total number of voting rights was 46,038,333. There are no Ordinary Shares held by the Company in treasury.
16. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
17. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
18. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.watchstonegroup.com](http://www.watchstonegroup.com).

