

+44 (0)371 664 0300. Please note Link Group cannot provide financial, legal or tax advice and calls may be recorded and monitored for training purposes.

Addresses may be provided to Polygon

Please note that addresses, electronic addresses and certain other information provided by you for the receipt of communications from Watchstone (e.g. elections to receive communications in a particular form) may be provided to Polygon during the offer period as required under Section 4 of Appendix 4 of the Code.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Yours faithfully

Richard Rose
Non-Executive Chairman

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

1 July 2021

MANDATORY CASH OFFER

BY

POLYGON GLOBAL PARTNERS LLP

**TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF
WATCHSTONE GROUP PLC**

SUMMARY

- Polygon Global Partners LLP ("**Polygon**") announces that it has today acquired, through the Polygon Funds, 500 Watchstone Shares at a price of 34 pence per Watchstone Share. Consequently, as a result of such purchase, Polygon is interested in 13,811,500 Watchstone Shares (representing 30.0 per cent. of the Total Watchstone Shares) (the "**Share Purchase**").
- As a result of the Share Purchase, under Rule 9 of the Takeover Code, Polygon is required to make a mandatory cash offer (the "**Offer**") for the Watchstone Shares in which either: (i) Polygon (or any persons acting in concert with it) is not already interested; or (ii) Polygon (or any persons acting in concert with it) will hold an interest once the Share Purchase settles, at a price of 34 pence per Watchstone Share (such price being no less than the highest price paid by Polygon (or any persons acting in concert with it) for any Watchstone Share during the 12 months prior to the date of this Announcement) (the "**Offer Price**").
- Polygon will make the Offer through the publication and dispatch of the Offer Document and Form of Acceptance, both of which will be posted to Watchstone Shareholders as soon as reasonably practicable and, in any event, within 28 days after the date of this Announcement, other than to Watchstone Shareholders resident in a Restricted Jurisdiction. The Offer Document will contain the formal terms of the Offer.

Capitalised terms used in this Announcement are defined in Appendix 3 to this Announcement.

SUMMARY OF THE OFFER

- The Offer will be made by way of contractual offer under the Takeover Code and within the meaning of Part 28 of the Companies Act.
- Under the terms of the Offer, further terms of which are set out in Appendix 1 of this Announcement and which will be set out in full in the Offer Document and Form of Acceptance, Watchstone Shareholders will receive:

For each Watchstone Share held

34 pence in cash

- The Offer values the entire issued and to be issued share capital of Watchstone at approximately £15.65 million.

- The Offer will extend to all issued Watchstone Shares in which either: (i) Polygon (or any persons acting in concert with it) is not already interested; or (ii) Polygon (or any persons acting in concert with it) will hold an interest once the Share Purchase settles and, for the avoidance of doubt, the Offer will also extend to those Watchstone Shares which are unconditionally allotted or issued and fully paid before the Offer closes.
- The Offer is subject to the Acceptance Condition and the further terms set out in this Announcement and to the full terms and conditions that will be set out in the Offer Document and the Form of Acceptance.
- Watchstone Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests together with all rights attaching thereto including, without limitation, the right to receive all dividends and other distributions (if any) announced, declared, made or paid thereafter.
- Polygon reserves the right to reduce the Offer Price by the amount of any dividend (or other distribution) which is paid or becomes payable by Watchstone to the holders of Watchstone Shares.
- The Offer will be financed from the existing cash resources of the Polygon Funds.

INFORMATION ON WATCHSTONE GROUP PLC

- Watchstone is incorporated in England and Wales and is a cash shell, having disposed of the last of its operating businesses, ingenie, in November 2020. Watchstone's remaining assets comprise a number of litigation assets, contingent liabilities and cash. Its business is focussed on generating value through the maximisation of its remaining assets.

INFORMATION ON POLYGON

- Polygon is a limited liability partnership incorporated in England and Wales. Polygon is a UK-based investment management firm with two designated members, Reade Griffith and Patrick Dear. Polygon was originally founded in 2002 and is an FCA authorised and regulated entity. Polygon is part of TFG Asset Management L.P. ("**TFG Asset Management**"), a diversified alternative asset management business. TFG Asset Management is registered as an investment adviser under the US Investment Advisers Act of 1940. TFG Asset Management is part of Tetragon Financial Group Limited ("**Tetragon**"), a closed-ended investment company that invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure and bank loans. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. Tetragon is traded on Euronext in Amsterdam N.V. and on the Specialist Fund Segment of the main market of the London Stock Exchange. Tetragon's net asset value as of 31 March 2021 was approximately \$2.5 billion.

BACKGROUND TO THE OFFER

- Immediately prior to the Share Purchase, Polygon (through the Polygon Funds) was Watchstone's largest shareholder with an aggregate percentage interest in Watchstone Shares of 29.9%. Following the Share Purchase, which is expected to settle shortly, Polygon (through the Polygon Funds) is now interested in 13,811,500 Watchstone Shares, representing 30.0% of the Total Watchstone Shares.

- Polygon wishes to increase its financial interest in Watchstone and recognises that the Offer is a consequence of increasing its interest in Watchstone Shares. Polygon believes that Watchstone Shareholders would welcome a liquidity opportunity in view of the relatively low level of trading in Watchstone Shares.
- As a result of the Share Purchase, and pursuant to Rule 9 of the Takeover Code, Polygon is required to make a mandatory offer for the Watchstone Shares not already held by it or by persons acting in concert with it.

GENERAL

- The Offer will remain open for acceptance, subject to the terms of the Offer Document, until 1:00 p.m. on the 21st day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding business day.
- The Offer Document and the Form of Acceptance will be posted to Watchstone Shareholders as soon as reasonably practicable and, in any event within 28 days after the date of this Announcement, other than to Watchstone Shareholders resident in any Restricted Jurisdiction.
- The Offer Document and the Form of Acceptance will also be made available to all Watchstone Shareholders, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at no charge to them on Polygon's website at <https://www.polygoninv.com/uk-regulatory-disclosures/>.
- The full terms of and conditions to the Offer will be set out in the Offer Document and the Form of Acceptance. In deciding whether or not to accept the Offer, Watchstone Shareholders should rely solely on the information contained in, and follow the procedures set out in, the Offer Document and Form of Acceptance.

This summary should be read in conjunction with, and is subject to, the full text of this Announcement. The Offer will be subject to the Acceptance Condition and the further terms set out in Appendix 1 to this Announcement and to the full terms and conditions which will be set out in the Offer Document. Appendix 2 to this Announcement contains the sources of information and bases of calculations of certain information contained in this Offer.

Enquiries:

finnCap (Financial Adviser to Polygon)

Henrik Persson, Kate Bannatyne and Tim Harper

Tel: (+44) 020 7220 0500

Important notices about financial advisers

finnCap, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to Polygon and for no one else in connection with the Offer and will not be responsible to anyone other than Polygon for providing the protections afforded to its clients nor for providing advice in relation to the Offer or any other matters referred to in this Announcement.

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or a solicitation of an offer to buy, otherwise acquire, subscribe for, sell or otherwise dispose of any securities pursuant to the Offer or otherwise, nor shall there be any purchase, sale, issuance or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation, sale issuance or exchange is unlawful. The Offer will be made solely by means of the Offer Document, which will contain the full terms of the Offer. Any decision or acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document and such Form of Acceptance (if applicable). Watchstone Shareholders are advised to read the Offer Document and Form of Acceptance (if applicable) carefully, once they have been dispatched, which Polygon expects to do shortly.

Overseas jurisdictions

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Announcement comes should inform themselves about and observe such restrictions. Further details in relation to the Overseas Shareholders will be contained in the Offer Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Polygon or required by the Takeover Code, and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Offer to Watchstone Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The Offer shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority, the AQSE Growth Market and AIM Rules.

Forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Offer, and other information published by Polygon contains statements about Polygon, the Polygon Funds and Watchstone that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Polygon’s, the Polygon Fund’s, or Watchstone’s operations resulting from the Offer; and (iii) the effects of government regulation on Polygon’s, the Polygon Fund’s or Watchstone’s business.

These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Offer, as well as additional factors, such as changes in political and economic conditions, changes in the level of capital investment, retention of key employees, success of business and operating initiatives, impact of any acquisitions or similar transactions, changes in the regulatory environment, fluctuations of interest and exchange rates. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. All subsequent oral or written forward-looking statements attributable to Polygon or the Polygon Funds or any of its respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Polygon and Polygon Funds disclaim any obligation to update any forward-looking or other statements contained in this Announcement, except as required by applicable law.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for Watchstone for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Watchstone.

Dealing disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3:30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication of this Announcement on website

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions on the Polygon website at <https://www.polygoninv.com/uk-regulatory-disclosures/> by no later than 12:00 p.m. on the Business Day following this Announcement.

For the avoidance of doubt, the contents of these websites and any websites accessible from hyperlinks on these websites are not incorporated into and do not form part of this Announcement.

Information relating to Watchstone Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Watchstone Shareholders, persons with information rights and other relevant persons for the receipt of communications from Target may be provided to Polygon during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Right to receive documents in hard copy form

Any person entitled to receive a copy of documents, announcements and information relating to the Offer is entitled to receive such documents in hard copy form free of charge. A person may also request that all future documents, announcements and information in relation to the Offer are sent to them in hard copy form.

A hard copy of this Announcement may be requested by contacting finnCap Ltd at (+44) 020 7220 0500.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

1 July 2021

MANDATORY CASH OFFER

BY

POLYGON GLOBAL PARTNERS LLP

**TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF
WATCHSTONE GROUP PLC**

1. INTRODUCTION

Polygon Global Partners LLP announces that it has today acquired, through the Polygon Funds, 500 Watchstone Shares at a price of 34 pence per Watchstone Share and consequently, as a result of such purchase, Polygon is interested in 13,811,500 Watchstone Shares (representing 30.0 per cent. of the Total Watchstone Shares).

As a result of the Share Purchase, under Rule 9 of the Takeover Code, Polygon is required to make a mandatory cash offer for the Watchstone Shares in which either: (i) Polygon (or any persons acting in concert with it) is not already interested; or (ii) Polygon (or any persons acting in concert with it) will hold an interest once the Share Purchase settles, at a price of 34 pence per Watchstone Share (such price being no less than the highest price paid by Polygon (or any persons acting in concert with it) for any Watchstone Share during the 12 months prior to the date of this Announcement).

Immediately prior to the Share Purchase, Polygon (through the Polygon Funds) had an aggregate percentage interest in Watchstone Shares of 29.9%. Following the Share Purchase, which is expected to settle shortly, Polygon (through the Polygon Funds) is now interested in 13,811,500 Watchstone Shares, representing 30.0% of the Total Watchstone Shares. Polygon (through Polygon Funds) holds 167,067 Watchstone Shares and has an interest in 13,644,433 Watchstone Shares through cash settled contracts for difference or similar products. As required by the Takeover Code, prior to the date upon which the Offer becomes unconditional, Polygon will hold its entire interest in Watchstone in Watchstone Shares.

Polygon will make the Offer through the publication and dispatch of the Offer Document and Form of Acceptance, both of which will be posted to Watchstone Shareholders as soon as reasonably practicable and, in any event, within 28 days after the date of this Announcement, other than to Watchstone Shareholders resident in a Restricted Jurisdiction. The Offer Document will contain the formal terms of the Offer.

2. THE OFFER

The Offer will be made by way of a contractual offer under the Takeover Code and within the meaning of Part 28 of the Companies Act.

Under the terms of the Offer, which will be subject to the Acceptance Condition and the further terms set out in Appendix 1 to this Announcement and to be set out in the Offer Document, Watchstone Shareholders will be entitled to receive:

for each Watchstone Share	34 pence in cash
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The Offer values the entire issued and to be issued share capital of Watchstone, at approximately £15.65 million.

The Offer will extend to all issued Watchstone Shares in which either: (i) Polygon (or any persons acting in concert with it) is not already interested; or (ii) Polygon (or any persons acting in concert with it) will hold an interest once the Share Purchase settles and, for the avoidance of doubt, the Offer will also extend to those Watchstone Shares which are unconditionally allotted or issued and fully paid before the Offer closes.

The Offer is subject to the Acceptance Condition and the further terms set out in this Announcement and to the full terms and conditions that will be set out in the Offer Document and the Form of Acceptance.

It is expected that the Offer Document will be published as soon as practicable and, in any event, within 28 days of this Announcement. The Offer will remain open for acceptance, subject to the terms of the Offer Document, until 1:00 p.m. on the 21st day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding Business Day.

Watchstone Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests together with all rights attaching thereto including, without limitation, the right to receive all dividends and other distributions (if any) announced, declared, made or paid thereafter.

If any dividend or other distribution is authorised, declared, made or paid in respect of the Watchstone Shares on or after the date of this Announcement and before the Effective Date, Polygon reserves the right to reduce the Offer Price by the amount of any such dividend or other distribution.

3. BACKGROUND TO THE OFFER

Watchstone is a “cash shell” and does not have an operating business and is focused on resolving legacy issues and returning cash to shareholders. Polygon wishes to increase its financial interest in Watchstone and recognises that the Offer is a consequence of increasing its interest in Watchstone Shares. Polygon believes that Watchstone Shareholders would welcome a liquidity opportunity in view of the relatively low level of trading in Watchstone Shares.

Pursuant to Rule 9 of the Takeover Code, where an offeror interested in shares which carry 30 per cent. or more but less than 50 per cent. of the voting rights in a target company acquires an interest in shares in that company which increases the percentage of its voting rights, then that offeror is required to make a mandatory offer for all of the ordinary shares in the target company not already owned by it.

As a result of the Share Purchase, and pursuant to Rule 9 of the Takeover Code, Polygon is required to make a mandatory offer for the Watchstone Shares not already held by it or by persons acting in concert with it.

4. INFORMATION ON POLYGON AND POLYGON FUNDS

Polygon is a limited liability partnership incorporated in England and Wales. Polygon is a UK-based investment management firm with two designated members, Reade Griffith and Patrick Dear. Polygon was originally founded in 2002 and is an FCA authorised and regulated entity. Polygon is part of TFG Asset Management, a diversified alternative asset management business. TFG Asset Management is registered as an investment adviser under the US Investment Advisers Act of 1940. TFG Asset Management is part of Tetragon, a closed-ended investment company that invests in a broad range of assets, including public and private equities and credit (including distressed securities and structured credit), convertible bonds, real estate, venture capital, infrastructure and bank loans. Where appropriate, through TFG Asset Management, Tetragon seeks to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital. Tetragon's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. Tetragon is traded on Euronext in Amsterdam N.V. and on the Specialist Fund Segment of the main market of the London Stock Exchange. Tetragon's net asset value as of 31 March 2021 was approximately \$2.5 billion.

TFG Asset Management comprises:

- LCM Asset Management – a specialist in below-investment grade U.S. broadly-syndicated leveraged loans.
- BentallGreenOak – a real estate-focused principal investing, lending and advisory firm.
- Polygon Global Partners – a manager of open-ended hedge fund and private equity vehicles across a number of strategies.
- Equitix – an integrated core infrastructure asset management and primary project platform.
- Hawke's Point – an asset management company focused on mining finance that provides capital to companies in the mining and resource sectors.
- Tetragon Credit Partners – TFG Asset Management's structured credit investing business.
- Banyan Square Partners – a private equity firm focused on non-control structured and common equity investment opportunities.
- Contingency Capital – an asset management business that sponsors and manages litigation finance related investment funds.

As at December 2020, Polygon had c. £ 1.4 billion of assets under management, including the Polygon Funds. Assets under management for TFG Asset Management as of 31 March 2021 totaled c. \$30.7 billion.¹ As at 31 March 2021, TFG Asset Management had approximately 410 employees globally (excluding BentallGreenOak).

Polygon is deemed to be acting in concert with any discretionary investment funds discretionary managed by it or TFG Asset Management (including each of the Polygon Funds). As such Polygon is deemed to be

¹ Includes the assets under management of LCM Asset Management, BentallGreenOak, Polygon, Equitix, Hawke's Point, Tetragon Credit Partners, Banyan Square Partners and Contingency Capital, as calculated by the applicable fund administrators at 31 March 2021. Includes, where relevant, investments by Tetragon. The assets under management for BentallGreenOak represent Tetragon's pro rata share (12.86%) of BentallGreenOak AUM at 31 December 2020 (\$52.7 billion).

interested in the aggregate shares in the Watchstone held by the Polygon Funds for the purposes of the Takeover Code.

5. INFORMATION ON WATCHSTONE

Watchstone is incorporated in England and Wales and is a cash shell, having disposed of the last of its operating businesses, ingenie, in November 2020 for a cash consideration of up to £5.5 million. The disposal of ingenie constituted a fundamental change of business for the purposes of Rule 15 of the AIM Rules resulting in Watchstone becoming an AIM Rule 15 cash shell and as such was required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of the disposal (being 1 May 2021) or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, Watchstone's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Accordingly, on 23 April 2021, Watchstone announced its intention to apply for admission of its shares to trading on the Access segment of the AQSE Growth Market operated by the Aquis Stock Exchange, with trading commencing on 30 April 2021. Watchstone's ordinary shares have been suspended from trading on AIM and it is intended that cancellation of trading of Watchstone's ordinary shares on AIM will occur on 7 July 2021.

Watchstone is now a group with a number of litigation assets, contingent liabilities and cash. Litigation in relation to the historic activities of the Group is being pursued. These include claims against PricewaterhouseCoopers LLP, Aviva Canada Inc, HMRC as well as other potential claims currently in contemplation. Watchstone expects to initiate a claim against its former auditor, KPMG LLP, in respect of its audit of the Group's accounts for the year ended 31 December 2013. For this reason, Watchstone has large administrative costs relating to the legal costs incurred pursuing these claims.

Watchstone states that it intends to make further cash returns to shareholders as appropriate as its litigation assets are resolved and will continue to consider other commercial opportunities that present themselves in areas where its board have commercial and/or legal experience.

For the year ended 31 December 2020, Watchstone had returned £68.9 million of cash to shareholders. In this period Watchstone achieved profit before tax of £7.7 million, had group net assets of £17.1 million a cash balance of £16.66 million and incurred administrative expenses of £2.46 million.

6. MANAGEMENT, EMPLOYEES, PENSIONS, RESEARCH AND DEVELOPMENT AND LOCATIONS

Polygon intends to support management on its existing objective of generating value through the maximisation of its remaining assets.

Following completion of the Offer, Polygon does not intend to change the location of Watchstone's place of business (including its headquarters) or the functions of its headquarters. Given Watchstone does not have any material fixed assets, there is no intention to redeploy any of Watchstone's fixed assets.

Polygon does not intend to change the conditions of employment or in the balance of skills and functions of the employees and management of Watchstone and, following completion of the Offer, Polygon intends to ensure that the existing contractual and statutory employment rights of the management and employees of Watchstone will be fully safeguarded.

Polygon intends that Watchstone will (i) comply with its pension obligations and (ii) safeguard the pension rights of the management and employees of Watchstone in accordance with contractual and statutory requirements. Polygon does not intend that Watchstone will make any changes to the current employer pension contributions arrangements, the accrual of benefits for existing members or the rights of admission of new members under the pension scheme.

Watchstone does not have a research and development function and Polygon does not intend to have Watchstone establish one following the Offer.

Polygon is not intending to seek any change in the general nature of Watchstone's business.

To the extent that Polygon controls Watchstone Shares carrying 75 per cent. or more of the voting rights attaching to the Watchstone Shares by virtue of valid acceptances of the Offer or otherwise, Polygon intends that an application will be made to the AQSE Growth Market to cancel trading in Watchstone Shares on the AQSE Growth Market.

If Polygon receives acceptances under the Offer, or otherwise acquires, 90 per cent. or more of the Watchstone Shares to which the Offer relates, Polygon reserves its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Watchstone Shares in respect of which the Offer has not been accepted. Holders of Watchstone Shares in those circumstances would have a corresponding right to have their Watchstone Shares acquired which Polygon would honour.

Polygon does not intend to cause Watchstone to effect any material change with regard to: (i) the continued employment of its employees and managers and (ii) the conditions of employment or balance of skills and functions of the management of Watchstone, in each case as a result of the Offer. Polygon does not intend there to be any effect on Watchstone's broader strategic plans or places of business (including its headquarters and headquarters functions) as a result of the Offer.

No statements in this paragraph 6 constitute post-offer undertakings for the purpose of Rule 19.5 of the Code.

7. FINANCING

The Offer will be financed from the existing cash resources of the Polygon Funds.

finnCap, in its capacity as the financial adviser to Polygon, is satisfied that sufficient resources are available to Polygon to enable it to satisfy in full the cash consideration payable to Watchstone Shareholders under the terms of the Offer.

8. OFFER-RELATED ARRANGEMENTS

There are no offer-related arrangements to disclose.

9. OFFER DOCUMENT

The Offer will be subject to further terms set out in Appendix 1 to this Announcement and to the full terms to be set out in the Offer Document and, in respect of Watchstone Shares held in certificated form, the Form of Acceptance.

Overseas jurisdictions

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Announcement comes should inform themselves about and observe such restrictions. Further details in relation to the Overseas Shareholders will be contained in the Offer Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Polygon or required by the Takeover Code, and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Offer to Watchstone Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The Offer shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority, the AQSE Growth Market and AIM Rules.

Forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Offer, and other information published by Polygon contains statements about Polygon, the Polygon Funds and Watchstone that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Polygon, the Polygon Funds’, or Watchstone’s operations resulting from the Offer; and (iii) the effects of government regulation on Polygon, the Polygon Funds’ or Watchstone’s business.

These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Offer, as well as additional factors, such as changes in political and economic conditions, changes in the level of capital investment, retention of key employees, success of business and operating initiatives, impact of any acquisitions or similar transactions, changes in the regulatory environment, fluctuations of interest and exchange rates. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. All subsequent oral or written forward-looking statements attributable to Polygon or the Polygon Funds or any of its respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Polygon disclaims any obligation to update any forward-looking or other statements contained in this Announcement, except as required by applicable law.

Information relating to Watchstone Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Watchstone Shareholders, persons with information rights and other relevant persons for the receipt of communications from Watchstone may be provided to Polygon during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Right to receive documents in hard copy form

Any person entitled to receive a copy of documents, announcements and information relating to the Offer is entitled to receive such documents in hard copy form free of charge. A person may also request that all future documents, announcements and information in relation to the Offer are sent to them in hard copy form.

A hard copy of this Announcement may be requested by contacting finnCap Ltd at (+44) 020 7220 0500.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

APPENDIX 1
THE ACCEPTANCE CONDITION AND FURTHER TERMS OF THE OFFER

Part I The Acceptance Condition

The Offer will be conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by no later than 1:00 p.m. (London time) on the First Closing Date of the date of the Offer (or such later time(s) and/or date(s) as Polygon may, in accordance with the Takeover Code or with the consent of the Panel, decide) in respect of such number of Watchstone Shares which, together with the Watchstone Shares acquired, or agreed to be acquired, by Polygon (or any person acting in concert with Polygon) before or during the Offer Period (whether pursuant to the Offer or otherwise) will result in Polygon (and any person acting in concert with it) beneficially holding Watchstone Shares carrying, in aggregate, 50 per cent. of the voting rights then normally exercisable at a general meeting of Watchstone.

For the purposes of this Acceptance Condition Watchstone Shares which have been unconditionally allotted but not issued before the Offer becomes, or is declared, unconditional, whether pursuant to the exercises of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on issue.

Part II Further terms of the Offer

1. The Offer will extend to all issued Watchstone Shares in which either: (i) Polygon (or any persons acting in concert with it) is not already interested; or (ii) Polygon (or any persons acting in concert with it) will hold an interest once the Share Purchase settles and, for the avoidance of doubt, the Offer will also extend to those Watchstone Shares which are unconditionally allotted or issued and fully paid before the Offer closes.
2. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. The Offer is not being made, directly or indirectly, in or into, any Restricted Jurisdiction.
3. The Offer will remain open for acceptance until 1:00 p.m. on the 21st day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding Business Day.
4. Watchstone Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests together with all rights attaching thereto, including without limitation the right to receive all dividends and other distributions (if any) announced, declared, made or paid thereafter.
5. Polygon reserves the right to reduce the Offer Price by the amount of any dividend (or other distribution) which is paid or becomes payable by Watchstone to the holders of Watchstone Shares.

6. The Acceptance Condition is not subject to Rule 13.5 of the Code, under which an offeror may not invoke a condition to an offer so as to cause the offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to the offeror in the context of the offer.

7. The Offer is subject to the applicable requirements of the Takeover Code. The Offer and any acceptances under the Offer will be governed by English law and will be subject to the jurisdiction of the courts of England.

APPENDIX 2
SOURCES OF INFORMATION AND BASES OF CALCULATION

1. The “**Latest Practicable Date**” for the purposes of this Announcement means 30 June 2021.
2. The value of the Offer is based upon the Offer price of 34 pence for each Watchstone Share and 46,038,333 Watchstone Shares being in issue on the Latest Practicable Date.
2. Unless otherwise stated, the financial information relating to Watchstone is extracted or derived from the audited consolidated financial statements of Watchstone for the financial year to 31 December 2020.
3. The value attributed to the existing issued Watchstone Shares is based upon the Offer Price of 34 pence for each Watchstone Share and 46,038,333 Watchstone Shares being in issue on the Latest Practicable Date.
4. Certain figures included in this Announcement have been subject to rounding adjustments.

APPENDIX 3
DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

“Acceptance Condition”	the condition set out in Appendix I to this Announcement;
“AIM” or “AIM Market”	the AIM Market of the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time;
“Announcement”	this announcement;
“Aquis Stock Exchange”	Aquis Stock Exchange plc;
“AQSE Growth Market”	the AQSE Growth Market of the Aquis Stock Exchange;
“Business Day”	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in the City of London;
“Companies Act”	the Companies Act 2006, as amended;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000, or any successor regulatory body;
“finnCap”	finnCap Limited, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06198898;
“First Closing Date”	the date which falls 21 days after the posting of the Offer Document;
“Form of Acceptance”	the form of acceptance and authority relating to the Offer which will accompany the Offer Document;
“Latest Practicable Date”	has the meaning given to it in paragraph 1 of Appendix 2 to this Announcement;
“London Stock Exchange”	London Stock Exchange plc;
“Offer”	the recommended mandatory cash offer by Polygon to acquire all of the Watchstone Shares in which Polygon is not already interested on the terms set out in Appendix 1 of this Announcement, the Offer and the Form of Acceptance, and, where the context permits, any subsequent revision or variation of such offer or any extension or renewal thereof;
“Offer Document”	the formal document to be sent to the Watchstone Shareholders setting out the full terms of the Offer;
“Offer Period”	the period commencing on the date of this Announcement and ending on the 21st day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding Business Day (or such other date as the Panel may decide);
“Offer Price”	34 pence in cash per Watchstone Share;

“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Takeover Code;
“Overseas Shareholders”	Watchstone Shareholders (or nominees of, or custodians or trustees for Watchstone Shareholders) not resident in, or nationals or citizens of the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers;
“Polygon”	Polygon LLP incorporated in England and Wales with company number OC343805, in its capacity as discretionary investment manager, acting on behalf of the Polygon Funds;
“Polygon Funds”	Polygon European Equity Opportunity Master Fund and accounts managed by Polygon;
“Recognised Investment Exchange”	a recognised investment exchange, a recognised overseas investment exchange, a designated investment exchange or a designated overseas investment exchange, in each case for the purposes of the Financial Services and Markets Act 2000;
“Restricted Jurisdiction”	any jurisdiction into which, or from which, making the Offer or this Announcement available would violate the laws of that jurisdiction;
“Share Purchase”	the acquisition by Polygon (through the Polygon Funds) of 500 Watchstone Shares;
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent., or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking;
“Takeover Code”	the City Code on Takeovers and Mergers;
“Takeover Offer”	a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act;
“Total Watchstone Shares”	the 46,038,333 Watchstone Shares in issue at the close of business on 30 June 2021, being the Latest Practicable Date;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland; and
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof.
“Watchstone”	Watchstone Holdings plc, a public limited company registered in England and Wales with company number 05542221;
“Watchstone Shares”	the existing issued or unconditionally allotted and paid (or credited as fully paid) ordinary shares of no par value each in the capital of Watchstone, and where the context so permits, any further shares which are unconditionally allotted or issued fully paid (or credited as fully paid) on or prior to the date on which the Offer closes (excluding, for the avoidance of doubt, treasury shares);

“Watchstone Shareholders” the holders of Watchstone Shares;

“W.H. Ireland” W.H. Ireland Group plc incorporated in England and Wales with company number 04279349;

For the purposes of this Announcement, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”** and **“associated undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All the times referred to in this Announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.