

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about this Offer, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.**

IF YOU SELL, OR HAVE SOLD OR TRANSFERRED all of your Watchstone Shares, please send this document and the Form of Acceptance as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents, however, should not be forwarded or transmitted in or into any Restricted Jurisdiction.

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

finnCap Limited (“**finnCap**”), which is authorised by the FCA, is acting as financial adviser to Polygon and no-one else in connection with the matters set out in this document and will neither be responsible to anyone other than Polygon for providing the protections afforded to clients of finnCap nor for providing advice in connection with the subject matter of this announcement or any other matter referred to herein.

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**MANDATORY CASH OFFER**

**BY**

**POLYGON GLOBAL PARTNERS LLP**

**TO ACQUIRE THE WHOLE OF THE ISSUED SHARE CAPITAL**

**OF**

**WATCHSTONE GROUP PLC**

**other than those Watchstone Shares already owned by Polygon**

**through the Polygon Funds**

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## **IMPORTANT INFORMATION**

### **Overseas Shareholders**

Unless otherwise determined by Polygon, the Offer is not being, and will not be, made, directly or indirectly, in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and will not be capable of acceptance by any such use, means or facility or from within any Restricted Jurisdiction. Accordingly, unless otherwise determined by Polygon, copies of this Offer Document and the Form of Acceptance and any 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 any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Offer Document and all documents relating to the Offer (including custodians, nominees and trustees) must not mail, or otherwise distribute or send any such documents in, into or from any Restricted Jurisdiction 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 and read paragraph 11 of the letter from Polygon and paragraph 6 of Part B of Appendix 1 before doing so.

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 the AIM Rules.

### **Dealing disclosure requirements**

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 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 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 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](http://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.

### **Cautionary statement regarding forward-looking statements**

This Offer Document (including information incorporated by reference in this Offer Document), 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 Offer Document 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 Offer Document. All subsequent oral or written forward-looking statements attributable to Polygon or the Polygon Funds or any of their 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 the Polygon Funds disclaim any obligation to update any forward-looking or other statements contained in this Offer Document, except as required by applicable law.

### **Electronic Communications**

Please be aware that addresses, electronic addresses and certain other 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 Code to comply with Rule 2.11(c) of the Code.

### **Publication on Website**

A copy of this Offer Document, the Announcement and the documents required to be published pursuant to Rule 26.1 of the Code are available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Polygon's website at <https://www.polygoninv.com/uk-regulatory-disclosures/> and will remain there for duration of the Offer.

For the avoidance of doubt, the contents of this website and any website accessible from hyperlinks on this website are not incorporated into and do not form part of this Offer Document.

### **Date and Time**

This document is published on 16 July 2021.

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

### **Interpretation**

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## ACTION TO BE TAKEN

### **TO ACCEPT THE OFFER:**

**If your Watchstone Shares are held in certificated form (that is, not through CREST), you should:**

1. complete the Form of Acceptance in accordance with the instructions printed on it and as set out in paragraph 10 of the letter from Polygon and Part C of Appendix 1; and
2. return the completed Form of Acceptance (along with the relevant share certificate(s) and/or other appropriate documents of title) using the enclosed first class reply-paid envelope (for use within the United Kingdom only) as soon as possible and, in any event, so as to be received by 1:00 p.m. on 6 August 2021.

**If your Watchstone Shares are held in uncertificated form (that is, through CREST), you should:**

3. follow the procedures set out in paragraph 10 of the letter from Polygon and Part D of Appendix 1; and
4. ensure that your TTE Instruction(s) settles no later than 1:00 p.m. on the 6 August 2021.

### **YOU SHOULD ACCEPT THE OFFER BY NO LATER THAN 1:00 P.M. ON 6 AUGUST 2021.**

If you require assistance, please telephone the Receiving Agent on 0370 707 4040 (if calling from within the UK) or +44 370 707 4040 (if calling from outside the UK) between 9:00 a.m. to 5:00 p.m. (London time) Monday to Friday.

Calls to the Receiving Agent from within the UK are charged at your network provider's standard rates. Calls to the helpline from outside the UK will be charged at the applicable international rate. Alternatively, you may contact the Receiving Agent, Computershare, in writing at Corporate Actions Projects, Bristol, BS99 6AH. You should note that the Receiving Agent cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

**YOUR ATTENTION IS DRAWN TO THE LETTER FROM THE DESIGNATED MEMBERS OF POLYGON SET OUT ON PAGES 7 TO 15 OF THIS DOCUMENT. YOU ARE ADVISED TO READ THE WHOLE OF THIS DOCUMENT CAREFULLY. IN ADDITION, THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING FORM OF ACCEPTANCE (IF YOU HOLD WATCHSTONE SHARES IN CERTIFICATED FORM).**

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Date of publication and posting of this Offer Document to Watchstone Shareholders	16 July 2021
Last date for Watchstone to send response document	30 July 2021
Earliest date for closing date of the Offer	6 August 2021
Payment of consideration to Watchstone Shareholders in relation to acceptances received prior to the first closing date of the Offer	Within fourteen days after the closing date

## PART I

### LETTER FROM THE DESIGNATED MEMBERS OF POLYGON

# POLYGON GLOBAL PARTNERS LLP

(Incorporated in England and Wales with registered number OC343805)  
Registered office: 4 Sloane Terrace, London, SW1X 9DQ.

*Designated Members:*

Reade Griffith  
Patrick Dear

16 July 2021

To Watchstone Shareholders

Dear Sir or Madam,

#### **Mandatory cash offer for Watchstone by Polygon**

##### **1 Introduction**

On 1 July 2021, Polygon announced that it had purchased, through the Polygon Funds, 500 Watchstone Shares at a price of 34 pence per Watchstone Share. Consequently, as a result of such purchase, Polygon was interested in 13,811,500 Watchstone Shares, representing 30 per cent. of the Total Watchstone Shares (the “**Share Purchase**”). Subsequently on 1 July 2021, Polygon closed out its position in a number of cash settled contracts for difference or similar products, such that it became, through the Polygon Funds, the holder of all these 13,811,500 Watchstone Shares (representing 30 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 not already held by Polygon or persons acting in concert with Polygon at a price of 34 pence, being the highest price paid by Polygon and persons acting in concert with Polygon during the 12 months prior to the Announcement.

The Share Purchase was from a single shareholder for the purposes of Rule 5.2(a) of the Code.

This letter contains the formal Offer by Polygon. The Offer is subject to the Acceptance Condition and the further terms set out in Appendix 1.

##### **2 Background**

Immediately prior to the Share Purchase, Polygon (through the Polygon Funds) had an aggregate percentage interest in Watchstone Shares of 29.9 per cent., comprised of 167,067 Watchstone Shares and an interest in 13,644,433 Watchstone Shares through cash settled contracts for difference or similar products. Following the Share Purchase, Polygon (through the Polygon Funds) is now interested in 13,811,500 Watchstone Shares, representing 30.0 per cent. of the Total Watchstone Shares.

As a result of the Purchase, under Rule 9 of the Code, Polygon is required to make a mandatory cash offer for the entire issued and to be issued share capital of Watchstone not already owned, or agreed to be acquired, by Polygon (or persons acting in concert with Polygon), at a price no less than the highest price paid by Polygon (or persons acting in concert with it) for a Watchstone Share during the 12 months prior to the date of the Announcement.

This document contains the Offer. For the avoidance of doubt, the Offer will not extend to Watchstone Shares held by the Polygon Funds.

### **3 The Offer**

This Offer is made by way of a contractual offer under the Takeover Code and within the meaning of Part 28 of the Companies Act 2006.

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

**for each Watchstone Share**

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

The Offer will remain open for acceptance, subject to the terms of this Offer Document, until 1:00 p.m. on 6 August 2021.

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 Offer Document and before the Effective Date, Polygon reserves the right to reduce the Offer Price by the amount of any such dividend or other distribution.

### **4 Background to and reasons for 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 acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of the target company, 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.

### **5 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 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.

Polygon does not believe that the Offer will impact on its existing business in any way.

No statements in this paragraph 5 constitute post-offer undertakings for the purpose of Rule 19.5 of the Code.

## **6 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. 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 interested in the aggregate shares in the Watchstone held by the Polygon Funds for the purposes of the Takeover Code.<sup>1</sup>

## **7 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 were cancelled from trading on AIM 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 has stated 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.

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<sup>1</sup> 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 per cent.) of BentallGreenOak AUM at 31 December 2020 (\$52.7 billion).

## **8 Financing of the Offer and financial effects of the Offer**

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

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

Full acceptance of the Offer is not expected to have a material impact on the earnings, assets and liabilities of Polygon.

## **9 Taxation**

Shareholders should note that the statements below do not purport to deal with the tax consequences applicable to all categories of Shareholders arising from accepting the Offer and are only of a general nature.

Polygon has not sought UK taxation advice with regard to the Offer. We believe, however, that in the case of UK taxpayers the sale of Watchstone Shares as a result of accepting the Offer should constitute a disposal of Watchstone Shares for the purposes of UK taxation of chargeable gains. Such a disposal may, therefore, depending upon each Watchstone Shareholder's individual circumstances, give rise to a liability to UK taxation on chargeable gains or an allowable loss.

A Watchstone Shareholder which is subject to Corporation Tax, and which receives cash proceeds under the Offer, will generally be treated for Corporation Tax on chargeable gains purposes as having disposed of its Watchstone Shares and may, depending on its circumstances, be liable to UK Corporation Tax on chargeable gains. Depending on the length of time for which the Watchstone Shareholder has held the Watchstone Shares, an indexation allowance may be available to reduce the gain which would otherwise be chargeable to Corporation Tax.

An individual Watchstone Shareholder who receives cash proceeds under the Offer will generally be treated for capital gains purposes as having disposed of his Watchstone Shares and may, depending on his personal circumstances (including the availability of exemptions, reliefs and allowable losses), be liable to UK Capital Gains Tax.

No Stamp Duty or Stamp Duty Reserve Tax will be payable by Watchstone Shareholders as a result of accepting the Offer. This will not necessarily be the case for persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

If you are in any doubt about your tax position you should consult an appropriate independent professional adviser to determine the correct tax treatment of the sale of Watchstone Shares as a result of accepting the Offer and ensure that it is correctly reported in your tax return.

## **10 Procedure for acceptance**

**If your Watchstone Shares are held in certificated form (that is, not through CREST), you should:**

- complete the Form of Acceptance in accordance with the instructions printed on it and as set out in paragraphs 10(a), 10(b) and 10(c) below and Part C of Appendix 1; and
- return the completed Form of Acceptance (along with the relevant share certificate(s) and/or other appropriate documents of title) using the enclosed first class reply-paid envelope (for use within the United Kingdom only) as soon as possible and, in any event, so as to be received by 1:00 p.m. on 6 August 2021.

**If your Watchstone Shares are held in uncertificated form (that is, through CREST), you should:**

- follow the procedures set out in paragraphs 10(d) and 10(e) below and Part D of Appendix 1; and
- ensure that your TTE Instruction(s) settles no later than 1:00 p.m. on the First Closing Date.

(a) ***Acceptance of the Offer where your Watchstone Shares are in certificated form, that is, not in CREST***

To accept the Offer, the Form of Acceptance must be completed in accordance with the instructions on it and returned by post or by hand to the Receiving Agent as soon as possible but in any event so as to be received no later than 1:00 p.m. on the First Closing Date. You should include with the Form of Acceptance your share certificate(s) and/or other document(s) of title. No acknowledgement of receipt of documents will be given. The instructions printed on the Form of Acceptance are deemed to form part of the Offer.

You should complete a separate Form of Acceptance for Watchstone Shares held in certificated form but under different designations.

Additional Forms of Acceptance are available from the Receiving Agent at the address set out above. The instructions for completing a Form of Acceptance in the paragraph below apply, where relevant, to each separate Form of Acceptance to be completed by you.

To accept the Offer in respect of all your Watchstone Shares held in certificated form, you must complete Boxes 1 and 3 on the Form of Acceptance. If appropriate, you should also complete Boxes 4 and/or 5. In all cases, you must sign Box 2 of the enclosed Form of Acceptance in accordance with the instructions printed on it. If you are an individual you must sign in the presence of a witness, who should also sign in accordance with the instructions printed on the Form of Acceptance. Any Watchstone Shareholder which is a company should execute the Form of Acceptance in accordance with the instructions printed on it.

To accept the Offer in respect of less than all of your Watchstone Shares, you must insert in Box 1 of the Form of Acceptance such lesser number of certificated Watchstone Shares in respect of which you accept the Offer.

If you do not insert a number in Box 1 or insert a number greater than your entire registered certificated holding, and you have signed Box 2, your acceptance will be deemed to be in respect of all Watchstone Shares in certificated form held by you. In addition, you must be able to make the representations and warranties set out in Part C of Appendix 1.

Neither Polygon nor the Receiving Agent accepts any liability for any instructions which do not comply with the conditions set out in this document, the Form of Acceptance and accompanying materials.

(b) ***Share certificates not readily available or lost***

If your Watchstone Shares are in certificated form but your share certificate(s) and/or other document(s) of title are not readily available or are lost, the Form of Acceptance should nevertheless be completed, signed and returned as stated above so as to arrive not later than 1:00 p.m. on the First Closing Date and the certificate(s) and/or other document(s) of title forwarded as soon as possible after that.

The completed Form of Acceptance, together with any share certificates that you may have available, should be sent to, or lodged by hand with, the Receiving Agent at Computershare, Corporate Actions Projects, Bristol, BS99 6AH, accompanied by a letter stating that you have lost one or more of your share certificates or that they are not readily available. If you have lost your share certificates, you should then also write to the registrar of Watchstone, Link Asset Services, in its capacity as Watchstone's registrar, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU requesting a letter of indemnity for lost certificate(s) which, when completed in accordance with the instructions given, should be returned to the Receiving Agent, at the above address.

(c) ***Validity of acceptances in respect of certificated holdings***

Without prejudice to Part B and Part C of Appendix 1, Polygon reserves the right, subject to the Code, to treat as valid any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificates and/or other documents of title. In that event, the cash consideration will not be despatched in the manner described in paragraph 12 until after share certificates and/or other documents of title or indemnities satisfactory to Polygon have been received.

(d) ***Acceptance of the Offer where your Watchstone Shares are in uncertificated form, that is, in CREST***

*General*

Holders of Watchstone Shares in uncertificated form (that is, in CREST) may only accept the Offer in respect of such Watchstone Shares by TTE Instruction in accordance with this paragraph 10(d) and, if those Watchstone Shares are held under different member account IDs, such holders should send a separate TTE Instruction for each member account ID.

If your Watchstone Shares are held in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Watchstone Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s) (that is, send a TTE Instruction), specifying the Receiving Agent (in its capacity as a CREST participant under the receiving agent's relevant participant ID referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE Instruction settles not later than 1:00 p.m. on the First Closing Date. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is not operational) so you should ensure you time the input of any TTE Instructions accordingly.

The input and settlement of a TTE Instruction in accordance with this paragraph 10 will (subject to satisfying the requirements set out in this paragraph 10 and Part D of Appendix 1) constitute an acceptance of the Offer in respect of the number of Watchstone Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE Instruction(s) to Euroclear in relation to your Watchstone Shares.

By submitting a TTE Instruction, the Watchstone Shareholder for whom the acceptance is made represents that he has read and understood Part D of Appendix 1 and agrees to be bound by the terms therein.

After settlement of a TTE Instruction, you will not be able to access the Watchstone Shares concerned in CREST for any transaction or charging purposes. The Escrow Agent will transfer the Watchstone Shares concerned to itself in accordance with paragraph (e) of Part D of Appendix 1.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Watchstone Shares to settle prior to 1:00 p.m. on the First Closing Date. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

*To accept the Offer*

To accept the Offer in respect of Watchstone Shares held in uncertificated form, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE Instruction in relation to such shares. A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to any other information that is required for a TTE Instruction to settle in CREST, the following details:

- (i) the ISIN number for the Watchstone Shares (this is GB00BYNBFN51);
- (ii) the number of Watchstone Shares in respect of which you wish to accept the Offer (i.e. the number of Watchstone Shares to be transferred to escrow);
- (iii) your member account ID;
- (iv) your participant ID; the participant ID of the Escrow Agent in its capacity as CREST receiving agent (this is 3RA28);

- (v) the member account of the Escrow Agent for the Offer on its basic terms (this is POLWAT01);
- (vi) the intended settlement date. This should be as soon as possible and, in any event, not later than 1:00 p.m. on the First Closing Date;
- (vii) the corporate action number of the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- (viii) input with a standard delivery instruction priority of 80; and
- (ix) the contact name and telephone number inserted in the shared note field.

(e) ***Validity of acceptances in respect of uncertificated holdings***

A Form of Acceptance which is received in respect of Watchstone Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded. Holders of Watchstone Shares in uncertificated form who wish to accept the Offer should note that a TTE Instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before 1:00 p.m. on that date. Without prejudice to Part A and Part C of Appendix 1 and subject to the provisions of the Code, Polygon reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant TTE Instruction. In that event, no payment of cash under the Offer will be made until after the TTE Instruction or indemnities satisfactory to Polygon have been received.

## 11 Overseas shareholders

The attention of Watchstone Shareholders who are citizens or residents of jurisdictions outside the United Kingdom is drawn to paragraph 6 of Part B of Appendix 1 and to the relevant provisions of the Form of Acceptance.

Any Form of Acceptance received in an envelope postmarked in a Restricted Jurisdiction, or otherwise appearing to Polygon or any of its agents to have been sent from any of these jurisdictions, may be rejected as an invalid acceptance of the Offer.

## 12 Settlement

Except as provided in paragraph 6 of Part B of Appendix 1 in the case of certain overseas persons, settlement of the consideration to which any Watchstone Shareholder is entitled under the Offer will be effected by the despatch of cheques or by crediting CREST accounts (as applicable) in respect of acceptances received, complete in all respects, within 14 days of the end of the Offer Period, in the following manner:

(a) ***Watchstone Shares in certificated form***

Where an acceptance relates to Watchstone Shares in certificated form (that is, not in CREST), the cash consideration to which the accepting Watchstone Shareholder is entitled will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting Watchstone Shareholders or their appointing agents (but not into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction). All such cash payments will be made in sterling by cheque drawn on a branch of a UK clearing bank.

(b) ***Watchstone Shares in uncertificated form, that is, in CREST***

Where an acceptance relates to Watchstone Shares in uncertificated form (that is, in CREST), the cash consideration to which the accepting Watchstone Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Watchstone Shareholder's payment bank in respect of the cash consideration due in accordance with the CREST payment arrangements.

Polygon reserves the right to settle all or any part of the consideration referred to in the paragraph above, for all or any accepting Watchstone Shareholder(s), in the manner referred to in paragraph (a) above, if for any reason it wishes to do so.

(c) **General**

If the Offer lapses for any reason, the share certificate(s) and/or other documents of title will be returned by post within 14 days of the Offer lapsing to the person or agent whose name and address is set out in Box 5 on the Form of Acceptance or, if none is set out, to the first named holder at his or her registered address. The Receiving Agent will immediately after the lapse of the Offer, or within such longer period not exceeding 14 days of the lapse of the Offer, give instructions to CREST to transfer all Watchstone Shares held in escrow balances, and in relation to which it is the escrow agent for the purposes of the Offer, to the original available balances of the Watchstone Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from Watchstone Shareholders or their appointed agents will be sent at their own risk.

Except with the consent of the Panel, settlement of the consideration to which any Watchstone Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Polygon may otherwise be, or claim to be, entitled against such Watchstone Shareholder.

**13 Further information**

Your attention is drawn to Part I (*Letter from Polygon*), Part A and Part B of Appendix 1 (*Conditions to the Offer and Further Terms of the Offer*) and Appendix 2 (*Additional Information*) which forms part of this document.

In addition, the attention of Watchstone Shareholders who hold Watchstone Shares in certificated form is drawn to the Form of Acceptance. The Form of Acceptance contains material information relevant to those Watchstone Shareholders who hold Watchstone Shares in certificated form which may not be summarized elsewhere in this document.

**You are advised to read the whole of this document and not just to rely on the summary information in this letter.**

**14 Action to be taken**

**To accept the Offer in respect of Watchstone Shares held in certificated form you must complete the Form of Acceptance in accordance with the instructions printed on it and return it together with your share certificate(s) or other document(s) of title to the Receiving Agent by post at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or, by hand (during normal business hours only) at the Receiving Agent as soon as possible, but in any event so as to arrive by no later than 1:00 p.m. on the First Closing Date. The procedure for acceptance is set out in paragraph 10 of this letter and in the Form of Acceptance.**

**Acceptances in respect of Watchstone Shares held in uncertificated form should be made electronically through CREST so that the TTE Instruction settles not later than 1:00 p.m. on the First Closing Date in accordance with the procedure set out above in paragraph 10(d) of this letter.**

Yours faithfully

**Reade Griffith/Patrick Dear**  
Designated Members

For and on behalf of

**POLYGON GLOBAL PARTNERS LLP**

## **Appendix 1**

### **Further terms of the Offer, Forms of Acceptance and Electronic Acceptances**

#### **Part A – 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 Offer (or such later time(s) and/or date(s) as Polygon may, in accordance with the 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.

The Offer is subject to the following further terms:

1. The Offer will extend to all issued Watchstone Shares in which Polygon (or any persons acting in concert with it) is not already interested 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 First Closing Date (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 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.

## **Part B – Further terms of the Offer**

The following further terms apply to the Offer. Except where the context otherwise requires, any reference in this Appendix 1 and in the Form of Acceptance:

- (i) to the “**Offer**” means the Offer and any revision of it or extension to it;
- (ii) to the “**Offer Document**” means any document containing the Offer;
- (iii) to the “**Offer becoming unconditional**” means the Acceptance Condition becoming or being declared satisfied, and references to the Offer having become or not becoming unconditional shall be construed accordingly;
- (iv) “**acceptances**” of the Offer includes deemed acceptances of the Offer;
- (v) “**First Closing Date**” means 6 August 2021;
- (vi) “**Day 39**” means 24 August 2021 (or such other date as Polygon may decide with the agreement of the Panel);
- (vii) “**Day 46**” means 31 August 2021 (or such other date as Polygon may decide with the agreement of the Panel); and
- (viii) “**Day 60**” means 14 September 2021 (or such other date as Polygon may decide with the agreement of the Panel).

### **1. Acceptance period**

- (a) The Offer will be open for acceptance until 1:00 p.m. on the First Closing Date. Polygon reserves the right (but will not be obliged, other than as required by the Panel) at any time and from time to time to extend the Offer after such time and, in such event, it will make an announcement of such extension in the manner described in paragraph 2 of this Part B and give oral and written notice of extension to the Receiving Agent.
- (b) If the Offer is revised it will remain open for acceptance for a period of at least 14 days from the date on which Polygon published the revised offer documentation. Except with the Panel’s consent, no revision of the Offer may be made or revised offer documentation published after Day 46 or, if later, the date which is 14 days before the last date on which the Offer can become unconditional.
- (c) The Offer, whether revised or not, shall not (except with the consent of the Panel or as otherwise permitted by the Code) be capable of becoming unconditional after midnight on Day 60 (or any other time and/or date beyond which Polygon has stated that the Offer will not be extended and in respect of which it has not, where permitted, withdrawn that statement), nor of being kept open for acceptance after that time and/or date unless it has previously become unconditional. Unless the Panel agrees otherwise, if the Offer has not become unconditional at such time (taking account of any permitted extension of the Offer), the Offer will lapse. If the Offer lapses for any reason, the Offer will cease to be capable of further acceptance and Polygon and Watchstone Shareholders will cease to be bound by prior acceptances. Polygon reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional to any later time(s) and/or date(s).
- (d) Except with the consent of the Panel, for the purpose of determining at any particular time whether the Condition is satisfied, Polygon may only take into account acceptances received, or purchases of Watchstone Shares made, in respect of which relevant documents and/or TTE Instructions are received by the Receiving Agent:
  - (i) by 1:00 p.m. on Day 60 (or any other time and/or date beyond which Polygon has stated that the Offer will not be extended and in respect of which it has not, where permitted, withdrawn that statement); or
  - (ii) if the Offer is extended with the consent of the Panel, such later time(s) and/or date(s) as Polygon may, with the permission of the Panel, determine.

- (e) If the latest time at which the Offer may become unconditional is extended beyond midnight on Day 60, acceptances received and purchases made in respect of which the relevant documents have been received by the Receiving Agent after 1:00 p.m. (London time) on the relevant date may (except where the Code otherwise permits) only be taken into account with the agreement of the Panel.
- (f) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer had become unconditional and it is stated by or on behalf of Polygon that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given by or on behalf of Polygon prior to the closing of the Offer to those Watchstone Shareholders who have not accepted the Offer.
- (g) If Polygon makes a statement that the value or type of consideration of the Offer will not be increased (a "no increase" statement) then only in exceptional circumstances will it be allowed subsequently to amend the terms of its Offer in any way, except where the right to do so has been specifically reserved. If a competitive situation arises after a "no increase" and/or a "no extension" statement has been made in relation to the Offer, Polygon may, if it specifically reserved the right to do so at the time such statement was made, withdraw the statement if it announces the withdrawal within four Business Days of the announcement of the competing offer and notifies Watchstone Shareholders to that effect in writing, or, in the case of Watchstone Shareholders with registered addresses outside the UK, by an announcement in the UK, at the earliest opportunity after that. Polygon may choose not to be bound by the terms of a "no increase" or "no extension" statement if, having reserved the right to do so, it posts an increased or improved offer which is recommended for acceptance by the board of directors of Watchstone.
- (h) If a competitive situation arises and is continuing on Day 60, Polygon will enable holders of Watchstone Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on Day 60 (or such later date to which the Offer may be extended with the consent of the Panel). It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that:
  - (i) It is received by the Receiving Agent on or before Day 60 (or such later date as may be agreed by the Panel);
  - (ii) the relevant Watchstone Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Watchstone Shares to which such withdrawal relates shall not have been released from the escrow before Day 60 by the escrow agent to the competing offer; and
  - (iii) the Watchstone Shares to which the special form of acceptance relates are not transferred on or before Day 60 (or such later date as may be agreed by the Panel) but an undertaking is given that they will be so transferred as soon as possible thereafter.

Shareholders wishing to use such forms of acceptance should apply to the Receiving Agent, Computershare, on 0370 707 4040 from within the UK or +44 370 707 4040 if calling from outside the UK in order that such forms can be despatched.

The Receiving Agent cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice. Notwithstanding the right to use such special form of acceptance, holders of Watchstone Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such Watchstone Shares.

## **2. Announcements**

- (a) By 8:00 a.m. on the Business Day following the day on which the Offer is due to expire or (if relevant) is revised or extended, as the case may be, or such later time(s) and/or date(s) as the Panel may agree (the "**relevant day**"), Polygon will make an appropriate announcement through a Regulatory Information Service. The announcement will also state (unless otherwise permitted by the Panel) the total number of Watchstone Shares and rights over Watchstone Shares, as nearly as practicable:
  - (i) the number of Watchstone Shares and rights over Watchstone (as nearly as practicable) for which acceptances of the Offer have been received (showing the extent, if any, to which such acceptances have been received from persons acting in concert with Polygon);

- (ii) details of any relevant securities of Watchstone in which Polygon or any other person acting in concert with it has an interest or in respect of which he has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation held by or on behalf of Polygon or any persons acting in concert with it for the purpose of the Offer, prior to the Offer Period;
  - (iii) for which acceptances of the Offer have been received from any person acting in concert with Polygon or any person who has given such irrevocable undertaking, or letter of intent, to accept the Offer procured by Polygon or any of its associates; and
  - (iv) details of any relevant securities of Watchstone which Polygon or any person acting in concert with it has borrowed or lent, except for any borrowed shares which have been either on-lent or sold, and will specify the percentage of the relevant class of share capital represented by each of these figures.
- (b) In calculating the number of Watchstone Shares represented by acceptances and purchases, there may be included or excluded for announcement purposes, subject to paragraph 6 below of this Part B, acceptances and purchases not in all respects in order or subject to verification, provided that such acceptances or purchases shall not be included unless they could be counted towards the fulfilling the Acceptance Condition in accordance with paragraph 6(d) of this Part B.
- (c) In this Appendix 1, references to making of an announcement by Polygon include the release of an announcement by public relations consultants or by Polygon to the press and the delivery by hand or telephone, email or facsimile or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service will be notified simultaneously to a Regulatory Information Service (unless the Panel otherwise permits).
- (d) A copy of any announcement made by Polygon in accordance with this paragraph 2 will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Polygon's website at <https://www.polygoninv.com/uk-regulatory-disclosures/> by no later than 12.00 noon on the Business Day following such announcement.

### **3. Rights of withdrawal**

- (a) If Polygon, having announced the Offer to be unconditional, fails to comply by 3:30 p.m. on the relevant day, or such later time or date as the Panel may agree, with any of the other relevant requirements specified in paragraph 2(a) above of this Part B, an accepting Watchstone Shareholder may, immediately after that, withdraw his acceptance of the Offer by written notice signed by such shareholder (or his agent duly appointed in writing and evidence of whose appointment is produced with the notice) given by post or by hand to the Receiving Agent on behalf of Polygon at Computershare, Corporate Actions Projects, Bristol, BS99 6AH. Alternatively, in the case of Watchstone Shares held in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 3(e) of this Part B below.
- (b) If by 1:00 p.m. on 27 August 2021 (or such later time and date as the Panel may agree) the Offer has not become unconditional, an accepting Watchstone Shareholder may withdraw his acceptance at any time thereafter in the manner referred to in paragraph 3(a) of this Part B above or in the case of Watchstone Shares held in uncertificated form, in the manner set out in paragraph 3(e) of this Part B below, before the earlier of:
  - (i) the time that the Offer becomes unconditional; and
  - (ii) the final time for lodgment of acceptances of the Offer which can be taken into account in accordance with paragraph 1(c) of this Part B.
- (c) A Watchstone Shareholder may also withdraw his acceptance if the Panel so determines.
- (d) Except as provided in this paragraph 3, acceptances will be irrevocable. In this paragraph 3, written notice, including any letter of appointment, direction or authority, means notice in writing bearing the original signature(s) of the accepting Watchstone Shareholder(s) or his/their agent duly appointed in writing, evidence of whose appointment is produced with the notice. Facsimile, email or other electronic transmissions or copies will not be sufficient. No notice which is postmarked in, or otherwise appears to Polygon or its agents to have been sent from, a Restricted Jurisdiction will be treated as valid.

- (e) In the case of Watchstone Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(a), 3(b) or 3(c) of this Part B, an accepting Watchstone Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
  - (i) the number of Watchstone Shares to be withdrawn, together with their ISIN number (this is GB00BYNBNF51);
  - (ii) the member account ID of the accepting shareholder, together with his participant ID;
  - (iii) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance, together with Escrow Agent's participant ID;
  - (iv) the CREST transaction ID of the Electronic Acceptance to be withdrawn;
  - (v) the standard delivery instruction with priority 80;
  - (vi) the intended settlement date for the withdrawal; and
  - (vii) the corporate action number for the Offer.
- (f) Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly the Receiving Agent will on behalf of Polygon reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.
- (g) Except as provided for in this paragraph 3 or otherwise permitted by Polygon, acceptances under the Offer are irrevocable.
- (h) If a Watchstone Shareholder withdraws his acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned within 14 days of receipt of the withdrawal and the Receiving Agent will immediately give instructions for the release of securities held in escrow.

#### **4. Revised offer**

- (a) Although no such revision is envisaged, if the Offer, in its original or any previously revised form is revised, and such revision represents on the date on which it is announced, on such basis as Polygon may consider appropriate, an improvement or no diminution in the value of the Offer as so revised compared with the consideration previously offered, the benefit of the revised offer will, subject to paragraphs 4(b) and 6 of this Part B below, be made available to Watchstone Shareholders who have accepted the Offer in its original or previously revised form(s) (“**Previous Acceptors**”). The acceptance by or on behalf of a Previous Acceptor of the Offer in its original or any previously revised form will, subject to paragraphs 4(b) and 6 of this Part B below, be treated as an acceptance of the Offer as revised and will constitute the appointment of any member of Polygon as the Previous Acceptor’s attorney with authority to accept any such revised offer on his behalf. If such revised offer includes alternative forms of consideration the attorney may make such election and/or accept such alternative forms of consideration, on the Previous Acceptor’s behalf, as the attorney in his absolute discretion thinks fit, and may execute on behalf of and in the name of the Previous Acceptor all such further documents, if any, as may be required to give full effect to the acceptance and/or election.
- (b) Subject to paragraphs 4(c) and 4(d) of this Part B below, the power of attorney referred to in this paragraph 4 and any acceptance of a revised offer will be irrevocable unless and until the Previous Acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part B above and duly does so.
- (c) The deemed acceptances and elections referred to in paragraph 4(a) above shall not apply and the power of attorney and authorities conferred by that paragraph shall not be exercised if as a result the Previous Acceptor would (on such basis as Polygon may consider appropriate) receive less in aggregate in consideration than they would have received in aggregate in consideration as a result of their acceptance of the Offer in the form in which it was originally accepted and/or elected by them or on their behalf having regard to any election or previous acceptance(s) originally made by them. The authorities conferred by paragraph 4(a) above shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph 4.

- (d) The deemed acceptances or elections referred to in paragraph 4(a) of this Part B will not apply, and the exercise of powers of attorney and authorities conferred by that paragraph shall be ineffective, to the extent that a Previous Acceptor:
- in respect of Watchstone Shares in certificated form, lodges with the Receiving Agent, within 14 days of the posting of the document containing the revised Offer and/or any revised or other alternative, a Form of Acceptance in which he validly elects to receive the consideration receivable by him under such revised Offer in some other manner than that set out in his original or any other previous acceptance; or
  - in respect of Watchstone Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied.

Each ESA instruction must, in order for it to be valid and settle, include the following details:

- (i) the number of Watchstone Shares in respect of which the changed election is made, together with their ISIN number (this is GB00BYNBFN51);
- (ii) the member account ID of the Previous Acceptor, together with his participant ID;
- (iii) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance, together with the Escrow Agent's participant ID;
- (iv) the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed;
- (v) the intended settlement date for the changed election;
- (vi) the standard delivery instruction with priority 80;
- (vii) the corporate action number for the Offer; and
- (viii) in order that the desired change of election can be effected, must include the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly the Receiving Agent will on behalf of Polygon accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

- (e) Polygon reserves the right to treat a valid acceptance of the Offer or a TTE Instruction, in its original or any previously revised form(s), that is received after the announcement or issue of the Offer in any revised form, as a valid acceptance of the revised Offer, and such acceptance will constitute an authority and request in the terms of paragraph 4(a) above, with the necessary adaptation, on behalf of the relevant Watchstone Shareholder.
- (f) If a competitive situation continues to exist in the later stages of the Offer Period, the Panel will normally require revised offers to be announced in accordance with an auction procedure, the terms of which will be determined by the Panel. That procedure will normally require final revisions to competing offers to be announced by the 46<sup>th</sup> day following the publication of the competing offer document but enable an offeror to revise its offer within a set period in response to any revision announced by a competing offeror on or after the 46<sup>th</sup> day.

## **5. Form of Acceptance and Electronic Acceptances**

- (a) Further terms relating to the use of the Form of Acceptance are set out in Part C of Appendix 1.
- (b) Further terms relating to the use of Electronic Acceptances are set out in Part D of Appendix 1.

## **6. Overseas Shareholders**

- (a) The making of the Offer in, into or from jurisdictions outside the United Kingdom, or to persons resident in jurisdictions outside of the United Kingdom or their nominees, custodians or trustees may be prohibited or affected by the laws of the relevant jurisdiction. Overseas Shareholders should inform

themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholders wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with such acceptance or acquisition, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and Polygon (and any person acting on behalf of Polygon) will be fully indemnified and held harmless by any such Overseas Shareholder for any such issue, transfer or other taxes, duties or payments as Polygon may be required to pay in respect of the Offer insofar as it relates to such Overseas Shareholder.

- (b) In particular, the Offer is not being and will not be made, directly or indirectly, in, into, from or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or otherwise from or within a Restricted Jurisdiction.
- (c) Accordingly, copies of this document, the Form of Acceptance and any related offering documents are not being mailed, transmitted, or otherwise distributed or sent in, into or from a Restricted Jurisdiction including to Watchstone Shareholders with registered addresses in a Restricted Jurisdiction or to persons whom Polygon knows to be custodians, trustees or nominees holding Watchstone Shares for such shareholders. Persons receiving such documents (including, without limitation, custodians nominees and trustees) must not distribute or send them in, into or from a Restricted Jurisdiction or use such mails of a Restricted Jurisdiction or any such means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national security exchange of, a Restricted Jurisdiction for any purpose, directly or indirectly, in connection with the Offer. Persons wishing to accept the Offer must not use the mails of a Restricted Jurisdiction or any such means, instrumentality or facilities for any purpose, directly or indirectly, relating to acceptance of the Offer. Envelopes containing a Form of Acceptance should not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction, and all acceptors must provide addresses outside a Restricted Jurisdiction for the receipt of the remittances of cash or the return of Form of Acceptance, share certificate(s) and/or other document(s) of title.
- (d) A Watchstone Shareholder will be deemed not to have accepted the Offer if:
  - (i) (in respect of certificated Watchstone Shares) he does not give the representations and warranties set out in paragraph (c) of Part C to this Appendix 1;
  - (ii) (in respect of certificated Watchstone Shares) the address in Section A of the Form of Acceptance or his registered address is in a Restricted Jurisdiction and in either case he does not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
  - (iii) (in respect of certificated Watchstone Shares) he inserts in Box 5 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent or a telephone number in a Restricted Jurisdiction in the event of queries;
  - (iv) (in respect of certificated Watchstone Shares) the Form of Acceptance received from him is received in an envelope postmarked in, or which otherwise appears to Polygon or its agents to have been sent from, a Restricted Jurisdiction;
  - (v) (in respect of certificated Watchstone Shares) he inserts "No" in Box 4 of the Form of Acceptance; or
  - (vi) (in respect of uncertificated Watchstone Shares) he does not make the representations and warranties set out in paragraph (c) of Part D below.

Polygon reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the relevant representations and warranties set out in paragraph (c) of Part C (in respect of certificated Watchstone Shares) or (as the case may be) paragraph (c) of Part D (in respect of uncertified Watchstone Shares) below could have been truthfully given by the relevant Watchstone Shareholder

and, if such investigation is made and as a result Polygon determines that such representation and warranty could not have been so given or is not correct, such acceptance shall not, save as provided in the remainder of this paragraph 6, be valid.

- (e) If a Watchstone Shareholder holding Watchstone Shares in uncertificated form is unable to give the warranties and representations set out in paragraph (c) of Part D below, but nevertheless can provide satisfactory evidence to Polygon that they are able to accept the Offer in compliance with all relevant legal and regulatory requirements, they may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that their CREST sponsor sends) a TTE Instruction to a designated escrow balance detailed below (a "**Restricted Escrow Transfer**"). Such purported acceptance will not be treated as a valid acceptance unless the Restricted Escrow Transfer instruction settles in CREST and Polygon decides, in its absolute discretion, to exercise its right described in paragraph 6(g) below to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1 above. If Polygon accordingly decides to permit such acceptance to be made, the Receiving Agent will on behalf of Polygon accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will on behalf of Polygon reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:
- (i) the ISIN number for the Watchstone Shares. This is GB00BYNBFN51;
  - (ii) the number of Watchstone Shares in uncertificated form in respect of which the Offer is to be accepted;
  - (iii) the Member Account ID and participant ID of the Watchstone Shareholder;
  - (iv) the participant ID of the Escrow Agent (this is 3RA28) and its Member Account ID specific to the Restricted Escrow Transfer (this is RESTRICT);
  - (v) the intended settlement date;
  - (vi) the corporate action number for the Offer allocated by Euroclear;
  - (vii) input with a standard delivery instruction priority of 80; and
  - (viii) the contact name and telephone number inserted in the shared note field.
- (f) If, notwithstanding the restrictions described above, any person, including, without limitation, nominees and trustees, whether pursuant to a contractual or legal obligation or otherwise forwards this document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction or uses the mails or any means or instrumentality, including without limitation, telephonically or electronically, of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should: (i) inform the recipient of such fact, (ii) explain to the recipient that such action will invalidate any purported acceptance by the recipient and (iii) draw the attention of the recipient to this paragraph 6.
- (g) The provisions and any other terms of the Offer relating to Overseas Shareholders may (with the consent of the Panel, if required) be waived, varied or modified as regards specific Watchstone Shareholders or on a general basis by Polygon in its absolute discretion. The terms of this paragraph 6 override any terms of the Offer inconsistent with it. References in this paragraph 6 to a Watchstone Shareholder include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this paragraph 6 apply to them jointly and to each of them.

## 7. General

- (a) Except with the consent of the Panel, settlement of the consideration to which any Watchstone Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Polygon may otherwise be, or claim to be, entitled as against them and will (subject to paragraph 6 above) be effected in the manner described in paragraph 12 of Part I (*Letter from Polygon Global Partners LLP*)

of this Offer Document promptly, and in any case within 14 days, following the later of (i) the First Closing Date; or (ii) receipt of a valid and complete acceptance, whichever is the later.

- (b) The Offer is made on 16 July 2021 to all Watchstone Shareholders and is capable of acceptance from and after that time. Copies of this document and the Form of Acceptance are available from the Receiving Agent whose contact details are set out in paragraph 3(a) of this Part B to this document.
- (c) The First Closing Date of the Offer for the purposes of the Code is 1:00 p.m. on 6 August 2021. Polygon may close the Offer without further notice at 1:00 p.m. on the First Closing Date or any subsequent closing date.
- (d) If the Offer lapses for any reason, then it shall cease to be capable of further acceptance and Polygon and Watchstone Shareholders will cease to be bound by acceptances received on or before the date on which the Offer lapses.
- (e) The Offer will lapse if it is referred to a Competition Commission before 1:00 p.m. on 6 August 2021. If the Offer so lapses, the Offer will cease to be capable of further acceptance and accepting Watchstone Shareholders and Polygon will cease to be bound by Forms of Acceptance submitted before the time when the Offer so lapses. Except with the consent of the Panel, settlement of the consideration to which any Watchstone Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Polygon may otherwise be or claim to be entitled as against him. No consideration will be sent to an address in a Restricted Jurisdiction.
- (f) Notwithstanding the right reserved by Polygon to treat a Form of Acceptance as valid even though not entirely in order or not accompanied by the relevant share certificate and/or other document(s) of title or not accompanied by the relevant transfer to escrow, except with the consent of the Panel, an acceptance of the Offer will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 to Rule 10 of the Code are satisfied in respect of it.
- (g) All powers of attorney and authorities on the terms conferred by or referred to in Appendix 1 or in the Form of Acceptance are given by way of security for the performance of the obligations of the Watchstone Shareholders concerned and are irrevocable (in accordance with section 4 of the Powers of Attorney Act 1971), except in the circumstances where the donor of such power of attorney or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B and duly does so.
- (h) The Offer extends to any Watchstone Shareholders not resident in the United Kingdom to whom this document, the Form of Acceptance and any related documents may not have been despatched or by whom such documents may not have been received and such Watchstone Shareholders may collect copies of those documents from the Receiving Agent. Polygon reserves the right to notify any matter, including the making of the Offer, to all or any Watchstone Shareholders with a registered address outside the United Kingdom, or whom Polygon knows to be nominees, trustees or custodians for such persons, by announcement in the United Kingdom or paid advertisement in a daily newspaper published and circulated in the United Kingdom, in which event such notice will be deemed to have been sufficiently given notwithstanding any failure by a Watchstone Shareholder to receive such notice. All references in this document to notice, or the provision of information in writing, by Polygon and/or its agents and/or public relations consultants will be construed accordingly.
- (i) The instructions, authorities and provisions contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance.
- (j) All references in this document and in the Form of Acceptance to the First Closing Date (or 6 August 2021) will be deemed, except where the context otherwise requires, if the expiry date of the Offer is extended, to refer to the expiry date of the Offer as so extended.
- (k) Any omission to despatch this document, or any notice required to be despatched under the terms of the Offer to, or any failure to receive it by, any person to whom the Offer is made, or should be made, will not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person, except as provided in paragraph 6 above.

- (l) Polygon reserves the right to treat acceptances as valid if received by it or on its behalf at any place or places determined by Polygon otherwise than as set out in this document or in the Form of Acceptance.
- (m) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Watchstone Shareholders will be delivered by or sent to or from them, or their designated agents, at their risk. No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, share certificate or other document will be given by or on behalf of Polygon.
- (n) Polygon reserves the right to notify any matter, including the making of the Offer, to Watchstone Shareholders with registered addresses outside the United Kingdom by announcement in the United Kingdom, in which case such notice will be deemed to have been sufficiently given notwithstanding any failure by and such shareholders to receive such notice. All references in this document to notice or informing in writing will be construed accordingly.
- (o) A response from Watchstone to the Offer is to be made by 30 July 2021. This is to be available on Watchstone's website.
- (p) In relation to any acceptance of the Offer in respect of a holding of Watchstone Shares which are in uncertificated form, Polygon reserves the right to make such alterations, additions or modifications as may be necessary or desirable to comply with the facilities or requirements of CREST or to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided that such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (q) Polygon reserves the right to reduce the Offer consideration by the amount of any dividend (or other distribution) which is paid or becomes payable by Watchstone to the holders of Watchstone Shares.
- (r) If Polygon exercises the right to reduce the offer consideration by all or part of the amount of a dividend (or other distribution) that has not been paid, Watchstone Shareholders will be entitled to receive and retain that dividend (or other distribution).
- (s) Notwithstanding the right reserved by Polygon to treat an acceptance of the Offer as valid even though (in case of Watchstone Shares held in certificated form) the relevant Form of Acceptance is not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title, except with the consent of the Panel:
  - (i) an acceptance of the Offer will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 of Rule 10 of the Takeover Code are satisfied in respect of it;
  - (ii) a purchase of Watchstone Shares by Polygon or its nominee(s) or a person acting in concert with Polygon will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 of Rule 10 of the Takeover Code are satisfied in respect of it; and
  - (iii) Watchstone Shares which have been borrowed by Polygon will not be counted towards fulfilling the Acceptance Condition.
- (t) Except with consent of the Panel the Offer will not become unconditional unless the Receiving Agent has issued a certificate to Polygon which states the number of Watchstone Shares in respect of which acceptances have been received and the number (if any) of Watchstone Shares otherwise acquired, whether before or during the Offer Period.
- (u) If the Offer lapses:
  - (i) in respect of Watchstone Shares held in certificated form, Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other methods as the Panel may approve) within 14 calendar days of the Offer lapsing, at the risk of the Watchstone Shareholders concerned, to the person or agent whose name and address is set out in the relevant box of the Form of Acceptance or, if none is set out, to the first named holder at his registered address; and

- (ii) in respect of Watchstone Shares held in uncertificated form, the Receiving Agent will, immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the lapsing of the Offer), give TTE instructions to Euroclear to transfer all Watchstone Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Watchstone Shareholders concerned.

## **8. Law and jurisdiction**

- (a) The Offer, all acceptances of it and all elections pursuant to it, the Form of Acceptance and Electronic Acceptances, all contracts made pursuant to the Offer, all actions taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Watchstone Shareholder and Polygon, or the Receiving Agent will be governed by and interpreted in accordance with English law.
- (b) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Watchstone Shareholder will constitute his agreement that the courts of England are (subject to paragraph 8(c) below) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationship established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance, and for such purposes that he irrevocably submits to the jurisdiction of the English courts.
- (c) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Watchstone Shareholder will constitute his agreement that the agreement in paragraph 8(b) above is included for the benefit of Polygon, and accordingly, notwithstanding the exclusive agreement in paragraph 8(b) above, Polygon, will retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the accepting Watchstone Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

## **Part C – Forms of Acceptance**

Each Watchstone Shareholder by whom, or on whose behalf, any Form of Acceptance is executed and received by the Receiving Agent, so as to bind him, his heirs, successors and assigns, irrevocably undertakes, represents, warrants and agrees to and with Polygon and the Receiving Agent that:

- (a) the executed Form of Acceptance will, subject to the terms and conditions set out in this document and the Form of Acceptance, constitute:
  - (i) an acceptance of the Offer in respect of the number of Watchstone Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance;
  - (ii) an undertaking to execute any further documents and give any further assurances which may be required in connection with the Offer;
  - (iii) a representation and warranty that he is the beneficial owner of the number of Watchstone Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance or, if he is not, that he either has sole investment discretion, or has irrevocable instructions from the beneficial owner to accept the Offer with respect to such Watchstone Shares; and
  - (iv) a representation and warranty that it would be lawful for Polygon to accept the Form of Acceptance.
- (b) the Watchstone Shares in respect of which the Offer is accepted or is deemed to be accepted are sold free from all liens, charges and encumbrances and together with all rights attaching to them;
- (c) unless “No” is written in Box 4 of the Form of Acceptance, the Watchstone Shareholder:
  - (i) has not received or sent copies of this document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction;
  - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality, including, without limitation, facsimile, email and other electronic transmission and telephone, of interstate or foreign commerce of, or any facilities of a national securities exchange of a Restricted Jurisdiction;
  - (iii) was outside a Restricted Jurisdiction when the Form of Acceptance was delivered; and
  - (iv) in respect of the Watchstone Shares to which the Form of Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal unless such agent or fiduciary is an authorised employee of the principal and such principal has given any instruction with respect to the Offer from outside a Restricted Jurisdiction;
- (d) the execution of the Form of Acceptance constitutes (subject to the accepting Watchstone Shareholder not having validly withdrawn his acceptance) the irrevocable appointment of Polygon and/or any of its directors or agents (including the Receiving Agent) as such shareholder's attorney and/or agent (“Agent”) and an irrevocable instruction to the Agent, to execute all or any forms of transfer and/or renunciation and/or other documents in the Agent's discretion in relation to the Watchstone Shares referred to in paragraphs (a) and (b) of this Part C and to deliver such forms of transfer and/or renunciation and/or other documents together with any certificates and/or other documents relating to the Watchstone Shares for registration within 12 months of the date of this Offer Document and to do all such other acts and things as may in the reasonable opinion of the Agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer;
- (e) the execution and delivery of the Form of Acceptance constitutes (subject to the accepting Watchstone Shareholder not having validly withdrawn his acceptance) separate irrevocable authorities and requests to procure the registration of the transfer of the Watchstone Shares pursuant to the Offer and the delivery of the share certificates and/or other documents of title in respect of them to Polygon or as it may direct;
- (f) he will send by post or deliver by hand to the Receiving Agent on behalf of Polygon his share certificates and/or other document(s) of title in respect of the Watchstone Shares referred to in paragraph (a) of this Part C, or an acceptable indemnity in lieu of them, as soon as possible and in any event within six months of the end of the Offer Period;

- (g) the terms and conditions of the Offer are deemed to be incorporated in the Form of Acceptance, which is to be read and construed accordingly;
- (h) he agrees to ratify each and every act or thing which may be lawfully done or effected by the Agent or Polygon, as the case may be, in the proper exercise of any of his or its powers and/or authorities under this document;
- (i) he undertakes, if any provision of this Part C is in any respect unenforceable, invalid or does not operate so as to afford the Agent or Polygon the benefit of the authorities expressed to be given to them, with all practicable speed to do all such acts and things and execute all such documents as may be required to enable the Agent and/or Polygon to secure the full benefit of this Part C; and
- (j) pending receipt by the Receiving Agent of a suitably completed Form of Acceptance that:
  - (i) Polygon will be entitled to direct the exercise of any votes attaching to any Watchstone Shares in respect of which the Offer has been accepted and not validly withdrawn and any other rights and privileges attaching to such Watchstone Shares, including the rights to requisition a general meeting or separate class meeting of Watchstone;
  - (ii) the execution of a Form of Acceptance will constitute an authority to Watchstone from the relevant Watchstone Shareholder to send any notice, circular, warrant or document or other communication which may be required to be sent to him as a member of Watchstone to Polygon at its registered office, and an authority to Polygon to sign and consent to short notice of any general meeting or separate class meeting of Polygon on behalf of him and/or to execute a form of proxy in respect of such shares appointing any person determined by Polygon to attend general meetings of Watchstone or its members and to exercise the votes attaching to such shares on his behalf. Where relevant, such votes will be cast so far as possible to satisfy any outstanding condition of the Offer. This appointment applies only to Watchstone Shares in respect of which the Offer has been accepted and the appointment will cease if the acceptance is withdrawn in accordance with paragraph 3 of Part B of Appendix 1; and
  - (iii) such Watchstone Shareholder agrees not to exercise any of such rights without the consent of Polygon and the irrevocable undertaking of such shareholder not to appoint a proxy or representative for or to attend any such meetings.

References in this Part C to a Watchstone Shareholder include references to the person or persons executing a Form of Acceptance, and if more than one person executing a Form of Acceptance, the provisions of this Part C apply to them jointly and to each of them. On its execution and delivery, the Form of Acceptance will take effect as a deed.

## **Part D – Electronic Acceptance**

**This Part D applies only to Watchstone Shares held in uncertificated form. If you hold all your Watchstone Shares in certificated form, you should ignore this Part D and instead read Part C above.**

Without prejudice to the provisions of Part B and Part C of this Appendix 1, each Watchstone Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Polygon and the Receiving Agent (so as to bind him/her, his/her personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Watchstone Shares held in uncertificated form to which a TTE Instruction relates; and
  - (ii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable Polygon to obtain the full benefit of this Part D and/or to perfect any of the authorities expressed to be given in this Part D and otherwise in connection with their acceptance of the Offer,
- in each case on and subject to the terms and conditions set out or referred to in this document and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of Appendix 1, each such acceptance and undertaking shall be irrevocable;
- (b) that the Watchstone Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold free from all liens, equities, charges, encumbrances and other interests and together with all rights attaching thereto, including the right to receive all dividends and other distributions, if any, declared, made or paid after the date of this document;
- (c) that such Watchstone Shareholder:
  - (i) has not received or sent copies of this document, the Form of Acceptance or any related offer documents, in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Offer, directly or indirectly, the use of the mails or any means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of a Restricted Jurisdiction and was outside the any Restricted Jurisdiction at the time of the input and settlement of the relevant TTE Instruction(s);
  - (ii) in respect of the Watchstone Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within a Restricted Jurisdiction;
  - (iii) is not accepting the Offer from outside a Restricted Jurisdiction and no TTE Instruction has been sent from a Restricted Jurisdiction;
  - (iv) if he is a citizen, resident or national of a jurisdiction outside the United Kingdom, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in Polygon or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof or his receipt of any consideration;
- (d) that the Electronic Acceptance constitutes, subject to an accepting Watchstone Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of Polygon as such shareholder's attorney and an irrevocable instruction to the attorney to do all such acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer;
- (e) that the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as escrow agent and an irrevocable instruction and authority to the escrow agent, subject to an accepting Watchstone Shareholder not having validly withdrawn his acceptance, to transfer to Polygon (or to

such other person or persons as Polygon or its agents may direct) by means of CREST all or any of the Watchstone Shares in uncertificated form (but not exceeding the number of Watchstone Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted);

- (f) that the Electronic Acceptance constitutes an authority to any member of Polygon and/or its respective agents within the terms of paragraph 4 of Part B of Appendix 1;
- (g) that, pending receipt by the Receiving Agent of a suitably completed Form of Acceptance that:
  - (i) Polygon shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Watchstone or of any class of its shareholders) attaching to any Watchstone Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
  - (ii) an Electronic Acceptance by a Watchstone Shareholder in respect of the Watchstone Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
    - constitutes an authority to Watchstone from such Watchstone Shareholder to send any notice, warrant, document or other communication which may be required to be sent to him/her as a member of Watchstone (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Watchstone Shares into certificated form) to the Receiving Agent;
    - constitutes an authority to Polygon or any member of Polygon to sign any consent to short notice on his behalf and/or attend and/or execute a form of proxy in respect of such Watchstone Shares appointing any person nominated by Polygon to attend general meetings and separate class meetings of Watchstone or its members (or any of them) (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
    - will also constitute the agreement of such Watchstone Shareholder not to exercise any of such rights without the consent of Polygon and the irrevocable undertaking of such Watchstone Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting;
- (h) that if, for any reason, any Watchstone Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 10 of the letter from the Polygon Designated Members contained in this document are converted to certificated form, he will (without prejudice to paragraph (g) above) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Watchstone Shares as so converted to the Receiving Agent at the address referred to in paragraph 3(a) of Part B of Appendix 1; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of Appendix 1 in relation to such Watchstone Shares;
- (i) that, if he accepts the Offer, he will do all such acts and things as shall be necessary or expedient to vest in Polygon or its nominee(s) or such other persons as it may decide the Watchstone Shares and all such acts and things as may be necessary or expedient to enable the Receiving Agent to perform its functions as escrow agent for the purposes of the Offer;
- (j) that he agrees to ratify each and every act or thing which may be done or effected by Polygon or the Receiving Agent or any member of Polygon or any director of the Receiving Agent or their respective agents or Watchstone or its agents, as the case may be, in the exercise of any of his powers and/or authorities hereunder;
- (k) that the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Electronic Acceptance, to the jurisdiction of the courts of England;
- (l) that, by virtue of the CREST Regulations, the making of an Electronic Acceptance, constitutes an irrevocable power of attorney by the relevant holder of Watchstone in the terms of all the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (h) of this Part D) Part C of Appendix 1 to Polygon, the Receiving Agent and any of their respective agents; and

- (m) that if any provision of Part B or this Part D of Appendix 1 is unenforceable or invalid or does not operate so as to afford Polygon or the Receiving Agent or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things to execute all such documents that may be required to enable Polygon and/or the Receiving Agent and/or any director of either of them to secure the full benefits of Part B and Part D of Appendix 1.
- (n) References in this Part D to a Watchstone Shareholder include references to the person or persons making an Electronic Acceptance.

## Appendix 2

### Additional information

#### **1. Responsibility**

- (a) The issue of this document has been approved by the designated members of Polygon. The designated members of Polygon, whose names appear in paragraph 2(a) below accept responsibility for the information contained in this document (except as regards information extracted from Watchstone's website, RNS announcements or annual reports and financial statements with regard to its assets, as set out in this Offer Document). To the best of the knowledge and belief of the designated members of Polygon, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) Each of the designated members of the Polygon accepts responsibility for the information contained in this document relating to each of them (including without limitation in this Appendix 2 of this document).

#### **2. Directors and members**

- (a) The members of Polygon and their respective functions are:

Reade Griffith	Designated Member
Patrick Dear	Designated Member
TFG Asset Management L.P.	LLP Member
TFG Asset Management UK Limited	LLP Member

The registered office address of each of the members of Polygon is 4 Sloane Terrace, London, SW1X 9DQ.

- (b) The directors of Watchstone and their respective functions are:

Stefan Borson	Chief Executive Officer
Richard Rose	Non-Executive Chairman
Rt. Hon. Lord Howard	Senior Non-Executive Director
David Young	Non-Executive Director

The registered office address of Watchstone is Highfield Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3TY.

#### **3. Disclosure of interests**

##### **(a) Definitions**

For the purposes of this paragraph 3:

- (i) **acting in concert** with a person means any other person acting or deemed to be acting in concert with that first person for the purposes of the Code and the Offer;
- (ii) **dealing** or **dealt** means:
  - (a) acquiring or disposing of securities, or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any securities;

- (c) subscribing or agreeing to subscribe for securities;
  - (d) exercising or converting, whether in respect of new or existing securities, any securities carrying conversion or subscription rights;
  - (e) acquiring or disposing of, entering into, closing out, exercise (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to securities;
  - (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
  - (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (iii) **derivative** means any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
  - (iv) **disclosure period** means the period commencing on 1 July 2020 (being the date 12 months prior to the commencement of the Offer Period) and ending on the Latest Practicable Date;
  - (v) a person having an **interest**, or being **interested**, in any securities includes where a person:
    - (a) owns securities;
    - (b) has the right, whether conditional or absolute, to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;
    - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
    - (d) is party to any derivative whose value is determined by reference to the price of securities and which results, or may result, in his having a long position in them; or
    - (e) has long economic exposure, whether absolute or conditional, to changes in the price of those securities (but a person who only has a short position in securities is not treated as interested in those securities);
  - (vi) **Note 11 arrangement** means any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing therein;
  - (vii) **relevant securities** means relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Watchstone including Watchstone Shares and any securities convertible into or carrying rights to subscribe for Watchstone Shares;
  - (viii) **related parties**, in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to part 22 Companies Act 2006 and related regulations;
  - (ix) **short position** means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
  - (x) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control.

(b) **Interests and dealings in relevant securities of Watchstone**

As at the Latest Practicable Date, the interests, rights to subscribe and short positions in respect of relevant securities of Watchstone held by Polygon, its members, and their close relatives and related trusts and companies, and persons acting in concert with Polygon were as follows:

Name		Percentage of Watchstone Shares	Watchstone Shares
<i>Watchstone Shares</i>			
Polygon (through the Polygon Funds)		13,811,500	30.00%
W.H. Ireland <sup>2</sup>		7,621	0.02%
<b>TOTAL</b>		13,819,121	30.02%

The following dealing in Watchstone Shares by Polygon has taken place during the disclosure period:

Completion Date	Transaction Type	Number of Watchstone Shares	Price per share
1 July 2021	Purchase	500	34 pence
1 July 2021	Purchase of CFDs	1,894,253	34 pence
1 July 2021	Close position with respect to CFDs	15,538,686	34 pence
1 July 2021	Purchase	13,644,933	34 pence

(c) **Note 11 arrangements**

Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature, whether formal or informal (including indemnity or option arrangements), relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Polygon, or any concert party of Polygon, and any other person.

(d) **General**

- (i) Except as disclosed in this paragraph 3, as at the close of business on 15 July 2021 (being the latest practicable date prior to the publication of this document), neither Polygon, nor any of the members of Polygon nor any of such members' related parties, nor any person acting in concert with Polygon has any arrangement or had any interest in or right to subscribe for any relevant securities, or any short position in respect of relevant securities or (except for any borrowed shares which have been on-lent or sold) had borrowed or lent any relevant securities (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), nor has any such person dealt in any relevant securities during the disclosure period.
- (ii) Neither Polygon nor any person acting in concert with Polygon has received any irrevocable commitment or letter of intent in relation to relevant securities of Watchstone.
- (iii) Neither Polygon nor any person acting in concert with Polygon is party to any offer-related arrangements or other agreements, arrangements, commitments permitted under or excluded from Rule 21.2 of the Code.
- (iv) There are no agreements, arrangements, understandings or compensation arrangements between Polygon and any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Watchstone, or any person interested or recently interested in Watchstone shares, having any connection with or dependence upon the Offer.

<sup>2</sup> Holding of Watchstone Shares immediately prior to date of the Announcement and as at the Latest Practicable Date in its capacity as a market-maker.

- (v) No management incentivisation arrangements, as envisaged by Rule 16.2 of the Code, are proposed in connection with the Offer.
- (vi) Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature, whether formal or informal (including indemnity or option arrangements), relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Polygon, or any concert party of Polygon, and any other person.
- (vii) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person, but Polygon reserves the right to transfer, or direct the transfer, of any such shares by or between the Polygon Funds.

**(e) Persons acting in concert**

In addition to the members of Polygon (including their close relatives), the persons who are acting in concert with Polygon for the purposes of the Offer and which are required to be disclosed are:

Name	Type of company	Registered Office	Polygon Relationship with
W.H. Ireland Group plc	Financial Services	24 Martin Lane, London, EC4R 0DR	20 per cent. or more of its shares are owned or controlled by Polygon
finnCap Ltd	Financial Services	1 Bartholomew Close, London, EC1A 7BL	Financial Adviser

**4. Market quotations**

Set out below is the Closing Prices of Watchstone Shares as derived from the Daily Official List and from the AQSE Growth Market on:

- (a) the first dealing day in each of the six months immediately before the date of this document;
- (b) 30 June 2021 (being the latest practicable date prior to the date of the Announcement); and
- (c) 15 July 2021 (being the latest practicable date prior to the date of this document).

Date	Closing Price
1 February 2021	53 pence
1 March 2021	62.6 pence
1 April 2021	61.4 pence
4 May 2021	52.1 pence
1 June 2021	52.1 pence
30 June 2021	52.1 pence
1 July 2021	52.1 pence
15 July 2021	52.1 pence

**5. Financing arrangements and cash confirmation**

- (a) The maximum amount of cash consideration payable under the Offer on its current terms is approximately £15.65 million. This is based on the existing issued share capital of 46,038,333 Watchstone Shares.
- (b) The Offer will be financed from the existing cash resources of the Polygon Funds.
- (c) 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.

## **6. Fees and expenses**

Polygon estimates that it will incur aggregate fees and expenses in connection with the Offer of £300,000.00, net of VAT, and Polygon estimates that this sum will include the following fees and expenses:

Type	£
Financing arrangements	Nil
Financial and corporate broking advice	100,000.00
Legal advice	200,000.00
Accounting advice	Nil
Public relations advice	Nil
Other professional services advice	Nil
Other costs and expenses	Nil

## **7. Material contracts**

There have been no contracts entered into by Polygon during the period commencing on 2 July 2019 (being the date falling two years before the commencement of the Offer Period) and ending on the Latest Practicable Date which are outside the ordinary course of business and which are or may be considered material.

## **8. General**

- (a) No proposal exists in connection with the Offer that any payment or other benefit will be made or given by Polygon to any director of Watchstone as compensation for loss of office or as consideration for or in connection with his retirement from office.
- (b) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Watchstone Shares to be acquired pursuant to the Offer will be transferred to any person, except that Polygon reserves the right to transfer any such shares to any member of its group.
- (c) Neither Polygon nor Watchstone has any public, current credit rating or outlook from a ratings agency.
- (d) There are no agreements or arrangements to which Polygon is party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (e) finnCap has given and not withdrawn its consent to the issue of this document with the inclusion of their advice in the form and context in which it appears.

## **9. Documents published on a website**

Copies of the following documents are published on <https://www.polygoninv.com/uk-regulatory-disclosures/> while the Offer remains open for acceptance:

- (a) the published audited consolidated accounts of Polygon for the financial periods ended on 31 December 2019 and 31 December 2020 (the contents of which are incorporated in this document by reference);
- (b) the letter from finnCap consenting to the inclusion of its advice in the Offer Document in the form and the context in which it appears;
- (c) this Offer Document and the Form of Acceptance; and
- (d) the Announcement.

## **10. Right to receive copies 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, free of charge, in hard copy form. Such person may 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 such documents will not be sent to such persons unless requested by way of either written request to the Receiving Agents at Computershare, Corporate Actions Projects, Bristol, BS99 6AH,

or request by telephone on 0370 707 4040 from within the UK or +44 370 707 4040 if calling from outside the UK. If requested, copies will be provided within two Business Days of the request.

## **11. Documents incorporated by reference**

A person who has received this document may request a copy of any documents that are incorporated in it by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from the Receiving Agent in writing at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by telephone on 0370 707 4040 from within the UK or +44 370 707 4040 if calling from outside the UK. If requested, copies will be provided, free of charge, within two Business Days of the request.

## **12. Rounding**

Certain figures included in this Offer Document 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 3**

### **Source of Information and Basis of Calculation**

1. The “**Latest Practicable Date**” for the purposes of this Offer Document means 15 July 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 Offer Document have been subject to rounding adjustments.

## **Appendix 4**

### **Definitions**

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

<b>Acceptance Condition</b>	the condition to the Offer set out in Part A of Appendix 1 to this Offer Document.
<b>acting in concert</b>	a reference to a person or persons acting or deemed to be acting in concert with Polygon for the purposes of the Code.
<b>AIM or Aim Market</b>	the AIM Market operated by the London Stock Exchange.
<b>Announcement</b>	the announcement made by Polygon on 1 July 2021 announcing the Offer in accordance with Rule 2.7 of the Code.
<b>Aquis Stock Exchange</b>	Aquis Stock Exchange plc.
<b>AQSE Growth Market</b>	the AQSE Growth Market of the Aquis Stock Exchange.
<b>Business Day</b>	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London.
<b>Closing Price</b>	the closing, middle market quotation of a share as derived from the Daily Official List.
<b>Code</b>	the City Code on Takeovers and Mergers.
<b>Competition Commission</b>	either the Competition and Markets Authority or the European Commission.
<b>CREST</b>	the Crest electronic shareholding and settlement system run by Euroclear.
<b>CREST member</b>	a person who has been admitted by Euroclear as a member (as defined in the CREST Regulations).
<b>CREST participant</b>	a person who is, in relation to CREST, a participant (as defined in the CREST Regulations).
<b>CREST payment</b>	has the meaning given in the CREST manual issued by Euroclear as amended from time to time.
<b>CREST Regulations</b>	Companies Act 1996 (Uncertificated Securities) Regulations 1996 (S.I. No 68/1996) and the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755)
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor.
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member.
<b>Daily Official List</b>	the daily official list of the London Stock Exchange.
<b>Electronic Acceptance</b>	the inputting and settling of a TTE Instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this Offer Document.

<b>ESA instruction</b>	an Escrow Account Adjustment Input (AESN), transaction type "ESA" (as described in the CREST manual issued by Euroclear as amended from time to time).
<b>Escrow Agent</b>	Computershare, or such other person as appointed by Polygon.
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST.
<b>FCA or Financial Conduct Authority</b>	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.
<b>finnCap</b>	finnCap Ltd, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06198898.
<b>First Closing Date</b>	6 August 2021.
<b>Form of Acceptance</b>	the form of acceptance and authority relating to the Offer.
<b>Latest Practicable Date</b>	15 July 2021
<b>London Stock Exchange</b>	the London Stock Exchange plc.
<b>Offer</b>	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 this Offer Document and the Form of Acceptance, and, where the context permits, any subsequent revision or variation of such offer or any extension or renewal thereof.
<b>Offer Document</b>	this document.
<b>Offer Period</b>	in relation to the Offer, the period commencing on 1 July 2021, until whichever of the following dates is the latest: (i) the First Closing Date; or (ii) the date on which the Offer lapses.
<b>Offer Price</b>	34 pence in cash, being the consideration payable per Watchstone Share in connection with the Offer.
<b>Overseas Shareholders</b>	Watchstone Shareholders (or nominees of, or custodians or trustees for Watchstone Shareholders) not resident in, or nationals or citizens of the United Kingdom.
<b>Panel</b>	the Panel on Takeovers and Mergers.
<b>Polygon</b>	Polygon Global Partners LLP incorporated in England and Wales with company number OC343805, in its capacity as discretionary investment manager, acting on behalf of the Polygon Funds.
<b>Polygon Funds</b>	Polygon European Equity Opportunity Master Fund and accounts managed by Polygon.
<b>Receiving Agent</b>	Computershare Investor Services PLC or Computershare.
<b>Regulatory Information Service</b>	any regulatory information service authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies.

<b>Restricted Jurisdiction</b>	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which Polygon regards as unduly onerous.
<b>Total Watchstone Shares</b>	the 46,038,333 Watchstone shares in issue at the close of business on 15 July 2021, being the Latest Practicable Date;
<b>TTE Instruction</b>	a transfer to escrow instruction as defined by the CREST manual as issued by Euroclear.
<b>UK Listing Authority</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purpose of part VI of the Financial Services and Markets Act 2000.
<b>United States or USA</b>	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.
<b>US person</b>	a citizen or resident of the United States; any corporation, partnership or other entity organised or incorporated in or under the laws of the United States; any corporation, partnership or other entity organised or incorporated in or under the laws of any jurisdiction other than the United States created or formed by a US person principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended; an estate or trust of which any executor, administrator or trustee is a US person or the income of which is subject to United States federal Income Taxation regardless of source; any agency or branch of a foreign entity located in the United States; any non-discretionary account or similar account held by a dealer or other fiduciary for the benefit or account of a US person; any discretionary account or similar account held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States. The term US person does not include a branch or agency of a US person engaged in the banking or insurance business which is located outside of the United States and which operates for valid business reasons and which is subject to substantive banking or insurance.
<b>Watchstone</b>	Watchstone Group plc, a company incorporated in England & Wales under the Companies Act 2006 with registered number 05542221.
<b>Watchstone Shares</b>	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).
<b>Watchstone Shareholders</b>	holders of Watchstone Shares.
<b>W.H. Ireland</b>	W.H. Ireland Group plc incorporated in England and Wales with company number 04279349

In this document, "this document" or "in this Offer Document" means and includes the letter from Polygon, the appendices, and the accompanying Form of Acceptance. Unless the context requires otherwise, all references to parts and appendices are to parts or appendices of this document.

All references to legislation in this document are to English legislation unless the contrary is indicated. Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

For the purposes of this document, parent, parent undertaking, subsidiary, subsidiary undertaking, undertaking and associated undertaking have the meanings given by section 1159, section 1162 and Schedule 7 Companies Act 2006.

Perivan 261642