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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

31 August 2021

**MANDATORY CASH OFFER**

**BY**

**POLYGON GLOBAL PARTNERS LLP**

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

**OFFER UPDATE - INCREASED FINAL<sup>[1]</sup> OFFER**

**INCREASED FINAL OFFER**

Polygon Global Partners LLP ("**Polygon**") is pleased to announce the terms of an increased and final<sup>[1]</sup> mandatory cash offer (the "**Increased Offer**") for the Watchstone Shares in which Polygon (or any persons acting in concert with it) is not already interested, at a price of 38 pence per Watchstone Share (the "**Increased Offer Price**") representing an increase in offer price of 11.76%.

Polygon will make the Increased Offer through the publication and dispatch of the Offer Document and revised Form of Acceptance which will be posted to Watchstone Shareholders today, other than to Watchstone Shareholders resident in a Restricted Jurisdiction. The Offer Document and revised Form of Acceptance will contain the formal terms of the Increased Offer.

Capitalised terms defined in the Offer Document have the same meanings given in this announcement, a copy of which is available on Polygon's website at: <https://www.polygoninv.com/uk-regulatory-disclosures/>

**[1] The Increased Offer is final and will not be increased, except that Polygon reserves the right to amend the Increased Offer if on or after the date of this Announcement, there is an announcement of a possible offer or firm intention to make an offer for Watchstone by a third party.**

**TERMS OF THE OFFER**

Save as disclosed in this announcement, the Increased Offer is subject to the same terms and conditions set out in the offer document published on 16 July 2021 containing the full terms and conditions of the offer (the "**July Offer Document**").

Under the terms of the Increased Offer, further terms of which are set out in Appendix 1 of the July Offer Document and which will be set out in full in the Offer Document, Watchstone Shareholders will receive:

**For each Watchstone Share held**

**38 pence in cash**

The Increased Offer values the entire issued and to be issued share capital of Watchstone at approximately £17.49 million.

The Increased Offer does not change Polygon's intentions as regards the business of Watchstone including: locations of its operation, the management and employees of Watchstone as set out in the Rule 2.7 Announcement and in the July Offer Document.

The Increased 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 Increased Offer will also extend to those Watchstone Shares which are unconditionally allotted or issued and fully paid before the Increased Offer closes.

The full terms of and conditions to the Increased Offer, along with an expected timetable of principal events, are set out in the Offer Document and revised Form of Acceptance. In deciding whether or not to accept the Increased Offer, Watchstone Shareholders should rely solely on the information contained in, and follow the procedures set out in, the Offer Document, the July Offer Document and the revised Form of Acceptance.

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

#### **BACKGROUND TO THE INCREASED OFFER**

On 1 July 2021 Polygon announced the terms of a mandatory cash offer (the "**Offer**") to be made by Polygon for the Watchstone Shares in which Polygon (or any persons acting in concert with it) is not already interested at a price of 34 pence per Watchstone Share.

On 16 July 2021 Polygon announced that the July Offer Document was published and sent to Watchstone Shareholders.

On 9 August 2021 Polygon announced that the Offer, which remained subject to the terms and conditions set out in the July Offer Document, was being extended and would remain open for acceptance until 1:00 p.m. (London time) on 20 August 2021 (the "**Second Closing Date**"). It was further announced that as at 1:00 p.m. (London time) on 6 August 2021, being the First Closing Date of the Offer, Polygon had received valid acceptances in respect of a total of 474,309 Watchstone Shares, representing approximately 1.03 per cent. of the issued share capital of Watchstone. So far as Polygon is aware, none of these acceptances were received from persons acting in concert with Polygon.

On 23 August Polygon further announced that the Offer was to be further extended and would remain open for acceptance until 1:00 p.m. (London time) on 31 August 2021 (the "**Third Closing Date**"). It was further announced that as at 1:00 p.m. (London time) on 20 August 2021, being the Second Closing Date of the Offer, Polygon had received valid acceptances in respect of a total of 560,550 Watchstone Shares, representing approximately 1.21 per cent. of the issued share capital of Watchstone.

#### **LEVEL OF ACCEPTANCES AND INTERESTS IN WATCHSTONE SHARES**

As at 1:00 p.m. (London time) on 27 August 2021, Polygon had received valid acceptances in respect of a total of 631,902 Watchstone Shares, representing approximately 1.37 per cent. of the issued share capital of Watchstone. So far as Polygon is aware, none of these acceptances have been received from persons acting in concert with Polygon.

As at the close of business in London on 27 August 2021 (being the latest practicable time and date prior to the date of this Announcement), neither Polygon nor, so far as Polygon is aware, any person acting in concert with Polygon:

- [ ] has any interest in, or right to subscribe in respect of, or any short position in relation to Watchstone relevant securities, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of Watchstone relevant securities;
- [ ] has any outstanding irrevocable commitment or letter of intent with respect to Watchstone relevant securities;
- [ ] as borrowed or lent any Watchstone relevant securities (including any financial collateral arrangements), save for any borrowed shares which have been either on-lent or sold,

save for the following Watchstone relevant securities held by Polygon and persons acting in concert with Polygon:

<i>Name</i>	<i>Watchstone Shares</i>	<i>Percentage of 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>	<b>13,819,121</b>	<b>30.02%</b>

Accordingly, as at 1.00 p.m. on 27 August 2021, Polygon had received acceptances in respect of Watchstone Shares which, together with Watchstone Shares acquired before or during the Offer, result in Polygon and any person acting in concert with it holding 14,451,023 Watchstone Shares, representing 31.39 per cent. of Watchstone's issued share capital, all of which may count towards satisfaction of the Acceptance Condition to the Offer.

The percentages of Watchstone Shares referred to in this section are based upon a figure of 46,038,333 Watchstone Shares in issue as at the close of business in London on 27 August 2021 (being the latest practicable time and date prior to the date of this Announcement).

#### **FINANCING THE INCREASED OFFER**

The Increased 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 Increased Offer.

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

#### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

An expected timetable of principal events will be set out in the Offer Document.

## **FURTHER EXTENSION OF THE OFFER AND ACTION TO BE TAKEN**

The Increased Offer will remain open for acceptance, subject to the terms of the Offer Document, until 1:00 p.m. on 14 September 2021. If you have not already accepted the Offer, to accept the Increased Offer, it is important that you follow the instructions set out in Parts C and D of Appendix 1 of the Offer Document, and in respect of certificated Watchstone Shares, the revised Form of Acceptance.

**ANY FORMS OF ACCEPTANCE ALREADY RETURNED WILL CONSTITUTE A VALID AND BINDING ACCEPTANCE OF THE INCREASED OFFER AND YOU NEED TAKE NO FURTHER ACTION.**

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.

Polygon reminds Watchstone Shareholders that the Increased Offer is final and will not be increased, except that Polygon reserves the right to amend the Increased Offer if on or after the date of this Announcement, there is an announcement of a possible offer or firm intention to make an offer for Watchstone by a third party.

### **Enquiries:**

#### **finnCap (Financial Adviser to Polygon)**

Henrik Persson, Kate Bannatyne and Tim Harper

Tel: (+44) 020 7220 0500

### ***Important notices about financial advisers***

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

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

### ***Overseas jurisdictions***

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Announcement comes should inform themselves about and observe such restrictions. Further details in relation to the Overseas Shareholders will be contained in the Offer Document. Any failure to comply with any such restrictions may constitute a violation of the securities*

laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Increased Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

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

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

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

### **Forward-looking statements**

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

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

### **No profit forecasts or estimates**

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

### **Dealing disclosure requirements of the Takeover Code**

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

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

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

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

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](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.*

### **Publication of this Announcement on website**

*A copy of this Announcement and the Offer Document will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions on the Polygon website*

at <https://www.polygoninv.com/uk-regulatory-disclosures/> by no later than 12:00 p.m. on the Business Day following this Announcement.

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

#### **Information relating to Watchstone Shareholders**

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

#### **Right to receive documents in hard copy form**

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

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

#### **Rounding**

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