

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document, before taking any action, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the UK or another appropriately authorised independent financial adviser who specialises in advising in connection with dealing in shares and other securities if you are in a territory outside the UK.

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

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# Watchstone Group plc

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

## Notice of Annual General Meeting

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Notice of the Annual General Meeting (“AGM”) of Watchstone Group plc (“Company”) to be held at 10.00 a.m. on 29 May 2024 at WH Ireland, 24 Martin Lane, London EC4R 0DR is set out at the end of this document.

You will not receive a hard copy form of proxy for the AGM in the post. Instead, you are requested to complete the Form of Proxy electronically using the Link Investor Centre app or by accessing the web browser at <https://investorcentre.linkgroup.co.uk/Login/Login>, in accordance with the procedures set out below by no later than 10.00 a.m. on 24 May 2024. Alternatively, you can vote via CREST or Proximity (refer to the notes to the Notice of Annual General Meeting). You may request a hard copy proxy form directly from the registrars, **Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL (email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk), telephone number: 0371 664 0300).**

# Watchstone Group plc

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

*Directors:*

Richard Rose (*Non-Executive Chairman*)  
Stefan Borson (*Chief Executive Officer*)

*Registered Office:*

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

3 May 2024

Dear Shareholder

## Notice of Annual General Meeting

### 1. Annual General Meeting

A notice convening the AGM to be held at 10.00 a.m. on 29 May 2024 at WH Ireland, 24 Martin Lane, London EC4R 0DR is set out at the end of this document. At the AGM the following resolutions will be proposed, of which Resolutions 1 to 4 (inclusive) will be proposed as Ordinary Resolutions and Resolution 5 as a Special Resolution.

#### Ordinary Resolutions

*Resolution 1*

Resolution 1 proposes that the Company's annual accounts for the year ended 31 December 2023 together with the Directors' Report and Auditor's Report on these accounts be received, considered and adopted.

*Resolution 2*

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

*Resolution 3*

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

*Resolution 4*

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

#### Special Resolution

*Resolution 5*

Resolution 5 proposes the reduction of the share premium account by the sum of £3.7 million ("Share Premium Reduction") and the subsequent return of cash to shareholders pro rata to their shareholding ("Return of Cash"). As described in further detail below, the Company proposes to return excess capital to its shareholders as the opportunities to re-invest its cash deposits are limited and earn little or no

interest. The Company believes that the working capital to be retained by the Company following the Return of Cash will be sufficient to fund future expenditure.

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

The Company proposes to return excess capital to shareholders as the opportunities to re-invest its cash deposits are limited. In addition to the ordinary business of this year's AGM, a Share Premium Reduction and Return of Cash is now proposed.

The effect of the proposed Share Premium Reduction and Return of Cash will be that for every fully paid Ordinary Share held at the Record Date, a shareholder will receive 8 pence in cash. The Share Premium Reduction and the Return of Cash is conditional upon, amongst other things, shareholder approval being obtained at the AGM. Resolution 5, which proposes the Share Premium Reduction and Return of Cash, is a special resolution, meaning that for it to be passed 75% or more of the votes must be cast in favour.

The Company believes that the working capital to be retained by the Company following the Return of Cash will be sufficient to fund future expenditure. The proposed Share Premium Reduction will enable the Company to make a Return of Cash to shareholders of approximately £3.7 million in aggregate. As at 31 March 2024, the Company had cash and term deposits of £6.5 million. Following the Return of Cash, the Company will continue to hold its remaining cash in major UK regulated banks.

Under the Companies Act 2006, a company may, with the sanction of a special resolution and the confirmation of the Court, reduce or cancel its existing share premium. It may apply the sums resulting from such reduction in repaying holders of the relevant shares the amount which is reduced or cancelled. This is the mechanism by which shareholders holding fully paid Ordinary Shares will receive 8 pence for each Ordinary Share which they hold upon the Return of Cash taking place.

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

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

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

## **3. Taxation**

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

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

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

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

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

## **5. Action to be taken**

You will not receive a hard copy form of proxy for the AGM in the post. Instead, you are requested to complete the Form of Proxy electronically using the Link Investor Centre app or by accessing the web browser at <https://investorcentre.linkgroup.co.uk/Login/Login>, in accordance with the procedures set out below. The Form of Proxy should be completed and submitted electronically by no later than 10.00 a.m. on 24 May 2024. Alternatively, you can vote via CREST or Proxymity (refer to the notes to the Notice of Annual General Meeting).

You may request a hard copy proxy form directly from the registrars, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL (email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk), telephone number: 0371 664 0300). The return of the form of proxy will not, however, prevent you from attending the Meeting and voting, in person, should you wish to do so.

## **6. Recommendation**

**Your Directors believe that the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of each of the resolutions, as those Directors who are shareholders intend to do in respect of their beneficial shareholdings representing, in aggregate, approximately 1.2 per cent of the issued share capital of the Company.**

Yours faithfully

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

## PART 2

### DEFINITIONS

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

<b>“Aquis”</b>	The market segments operated by the Aquis Stock Exchange Limited, a company incorporated in England with registered company number 4309969 whose registered office is located at Palladium House, 1-4 Argyll Street, London, United Kingdom, W1F 7LD;
<b>“Annual General Meeting” or “AGM”</b>	the annual general meeting of the Company to be held at WH Ireland, 24 Martin Lane, London EC4R 0DR, at 10.00 a.m. on 29 May 2024;
<b>“Board” or “Directors”</b>	the board of directors of the Company;
<b>“CGT”</b>	taxation of chargeable gains;
<b>“Chapter 1 ITA 2007”</b>	Chapter 1 of Part 13 of the Income Tax Act 2007;
<b>“Court”</b>	the High Court of England and Wales;
<b>“Court Hearing”</b>	the hearing of the Company’s claim for the confirmation by the Court of the Share Premium Reduction and the Return of Cash;
<b>“CTA 2010”</b>	the Corporation Tax Act 2010;
<b>“Form of Proxy”</b>	the form of proxy available via the Link Investor Centre;
<b>“Group”</b>	the Company and its subsidiaries and subsidiary undertakings;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“Notice”</b>	the notice set out at the end of this document convening the AGM;
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the capital of the Company;
<b>“Record Date”</b>	record date in relation to the Share Premium Reduction, being 6.00p.m. on the 3 July 2024;
<b>“Return of Cash”</b>	the proposed payment to shareholders pro rata to their shareholding following the proposed Share Premium Reduction;
<b>“Share Premium Reduction”</b>	the proposed reduction of the Company’s share premium account by £3.7 million; and
<b>“Watchstone” or “Company”</b>	Watchstone Group plc.

## PART 3

### FURTHER DETAILS OF THE PROPOSED RETURN OF CASH

#### The Share Premium Reduction

As discussed in paragraph 2 of the Chairman's Letter, in seeking the Court's approval for the Share Premium Reduction, the Court is required to consider the protection of creditors (including contingent creditors) of the Company, whose debts (or contingent debts) remain outstanding on the date that the Share Premium Reduction becomes effective, to ensure that they are protected. Any such creditor protection may include seeking the consent of the Company's creditors to the Share Premium Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company.

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

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

#### Expected Timetable of Events

Latest time and date for completion of Forms of Proxy	10.00 a.m. on 24 May 2024
Annual General Meeting	10.00 a.m. on 29 May 2024
Court Hearing to confirm the Share Premium Reduction	2 July 2024
Record Date	3 July 2024
Ordinary Shares commence trading ex-entitlement to Return of Cash	8.00 a.m. on 4 July 2024
Registration of Court Order and Effective Date of Return of Cash	4 July 2024
Dispatch of cheques to Shareholders or Shareholders' CREST accounts credited (as appropriate) in respect of Return of Cash entitlements	On or around 12 July 2024

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

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

**PART 4**  
**TAXATION**

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

**Return of Cash**

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

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

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

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

# Watchstone Group plc

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

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE is hereby given** that the Annual General Meeting of Watchstone Group plc (“Company”) will be held at 10.00 a.m. on 29 May 2024 at WH Ireland, 24 Martin Lane, London EC4R 0DR for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution:

### Ordinary Resolutions

1. **THAT**, the Company’s annual accounts for the year ended 31 December 2023 together with the Directors’ Report and Auditor’s Report on those accounts be received, considered and adopted.
2. **THAT**, BDO LLP be re-appointed as auditors of the Company from the conclusion of this meeting until the earlier of the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the Directors to determine their remuneration.
3. **THAT**, Richard Rose who is retiring in accordance with article 15.1 of the Company’s Articles of Association and who, being eligible, is offering himself for re-election, be re-appointed as a Director of the Company.
4. **THAT**, Stefan Borson who is retiring in accordance with article 15.1 of the Company’s Articles of Association and who, being eligible, is offering himself for re-election, be re-appointed as a Director of the Company.

### Special Resolution

5. **THAT**, the share premium account of the Company be reduced by £3.7 million on terms that an amount equal to the share premium reduction be paid to the holders of the fully paid up Ordinary Shares pro rata to their shareholding.

Dated: 3 May 2024

By order of the Board

*Registered office:*

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

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



## Notes:

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

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 24 May 2024. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 30 minutes prior to the commencement of the Meeting at 10.00 a.m. (UK time) on 29 May 2024 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders should appoint the Chairman of the meeting as their proxy who must exercise all or any of their rights to attend and vote on a poll on their behalf at the meeting and at any adjournment of it. Your proxy must vote as you instruct. Please indicate the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Ordinary Shares held by you). If a Shareholder appoints someone who is not the Chairman as their proxy, that proxy will not be able to attend the meeting in person in order to cast the Shareholder's vote.
4. You can vote either:
  - via the Link Investor Centre app or by logging on to <https://investorcentre.linkgroup.co.uk/Login/Login> and following the instructions (see below);
  - by requesting a hard copy form of proxy directly from the registrars, Link Group, via email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or on Tel: 0371 664 0300 if calling from the United Kingdom, or +44(0)371 664 0391 if calling from outside the United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;
  - if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform (see below).

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by 10.00 a.m. (UK time) on 24 May 2024.

5. Link Investor Centre is a free app for smartphone and tablet provided by Link Group (the company's registrar). It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below. Alternatively, you may access the Link Investor Centre via a web browser at: <https://investorcentre.linkgroup.co.uk/Login/Login>.



6. The return of a completed Form of Proxy or other such instrument will not however prevent you from attending the Meeting and voting, in person, should you wish to do so.
7. If a Shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions.
8. In the case of joint holders, the signature of only one of the joint holders is required but, if more than one votes, the vote of the first named on the register of members will be accepted to the exclusion of other joint holders.
9. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. If it is returned without an indication as to how your proxy shall vote on any particular matter, your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the Annual General Meeting.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at close of business on 24 May 2024 (or, in the event of any adjournment, at close of business on the date which is two days before the time of the adjourned meeting) shall be entitled to vote at the Annual General Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend electronically and vote at the meeting.

11. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00 a.m. (UK time) on 24 May 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Proximity Voting - if you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 10.00 a.m. on 24 May 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
16. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Annual General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
17. Voting on all of the substantive resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held.
18. As at 30 April 2024 (being the latest practicable date before publication of this document), the issued share capital of the Company comprised 46,038,333 Ordinary Shares of 10 pence each and the total number of voting rights was 46,038,333. There are no Ordinary Shares held by the Company in treasury.
19. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
20. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
21. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.watchstonegroup.com](http://www.watchstonegroup.com).

