**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

When considering what action you should take, you are recommended to seek your own personal advice from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser. If you have sold or otherwise transferred all of your registered holding of 8.75% per cent corporate bonds 2023 issued by Polygon Group Limited, please send this document and the accompanying form of proxy and reply paid envelope to the purchaser or other transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that this document / such documents should not be sent into any jurisdiction where so to send them would constitute a violation of local securities laws or regulations. If you have sold or otherwise transferred only part of your holding, you should retain this document and the accompanying documents.

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| **POLYGON GROUP LIMITED**  (the **Company**, *a non-cellular company incorporated under the laws of Guernsey with registered number 33173)*  **£5,000,000 8.75% 2023 CORPORATE BONDS LISTED ON TISE**  **Recommended Proposals to amend the Bond Instrument to allow for the Deferment of the June 2025, December 2025 and June 2026 Interest Payment Dates** |

Notice of a meeting of the holders (the **Bondholders**) of 8.75 per cent corporate bonds 2023 issued by Polygon Group Limited convened for 5.30 p.m. on 9 June 2025 to be held at The Victor Hugo Suite, St Pierre Park Hotel, Rohais, St Peter Port, Guernsey GY1 1FD.

A form of proxy for use in connection with such meeting is enclosed with this document. For the appointment of a proxy to be valid, the form of proxy should be completed and returned to The Company Secretary, Polygon Group Limited, Hadsley House, Lefebvre Street St. Peter Port, Guernsey, GY1 2JP as soon as possible and in any event so as to be deposited with the Company at its registered office before the time appointed for holding the meeting.

The appointment of a proxy will not preclude a holder of Bonds from attending and voting in person at the meeting should such noteholder so wish (albeit where a noteholder so elects to attend in person, only the noteholder or the proxy (but not both) shall be entitled to vote).

**Important Information**

This announcement contains statements about Polygon Group Limited that are or may be deemed to be forward looking statements. Without limitation, any statements preceded or followed by or that includes the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance of the negative thereof, may be forward looking statements.

Any forward looking statements contained in this Circular including but not limited to statements as to the future financial position or performance of the Company 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 statement. Due to such uncertainties and risks, readers should not rely on such forward looking statements, which speak only as of the date of this announcement, except as required by applicable law.

The proposals in this Circular involves certain risks. Bondholders should have regard to the factors described under the heading "Risk Factors" on pages 9 and 10.

Neither the Guernsey Financial Services Commission nor the States of Guernsey take any responsibility for the financial soundness of Polygon Group Limited or for the correctness of any of the statements made or opinions expressed with regard to them.

Defined terms used in this Circular have the meanings ascribed to them in the section headed "Definitions" on page 2.

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

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| --- | --- |
| Date of issue of this document | 20 May 2025 |
| Last time for date for receipt of Forms of Proxy from Bondholders | 8 June 2025 |
| Meeting of Bondholders | 9 June 2025 |
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**PART I: DEFINITIONS**

Defined terms used in this Circular shall have the following meanings:

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| **Board** | means the board of directors of the Company; |
| **Bondholder** | a holder of Bonds; |
| |  |  | | --- | --- | | **Bondholder Meeting** |  | | means the meeting of the Bondholders to be convened on 9 June 2025 (or any adjournment thereof) notice of which is set out at the end of this Circular; |
| **Bond Instrument** | the bond instrument relating to the Bonds entered into on 19 December 2023; |
| **Bonds** | the 8.75 per cent bonds 2023 of the Company constituted pursuant to the Bond Instrument; |
| **Business Day** | means any day on which the banks are normally open for full banking business in Guernsey; |
| **Circular** | means this document; |
| **Companies Law** | means the Companies (Guernsey) Law, 2008, as amended; |
| **Proposals** | means the proposals set out in the Letter from the Chairman in Part II of this Circular; |
| **Proxy Appointment** | means the form for appointment of a proxy/proxies on behalf of a Bondholder in accordance with the procedures described in this Circular; and |
| **Resolutions** | the resolutions set out in the Bondholder Meeting notice at the end of this Circular. |
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**PART II: LETTER FROM THE CHAIRMAN**

**POLYGON GROUP LIMITED**

*(a company incorporated under the laws of Guernsey with registered number 33173 and having its registered office at Hadsley House, Lefebrve Street, St. Peter Port, GuernseyGY1 2JP)*

*Directors of the Company*

Mr Martin Belcher

Mr Edmund Daubeney

Mr Hiren Patel

Mr Alexander Belcher

Miss Verienne Belcher

Mr Simon Livesey

Mrs Joanna Leese

20 May 2025

To: the holders of the 8.75% per cent 2023 corporate bonds issued by Polygon Group Limited

Dear Bondholder

**PROPOSALS TO AMEND THE EXISTING BOND INSTRUMENT**

**& NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this letter is to set out proposals for amendments to the Bond Instrument to (1) defer the interest due on the Bonds of the Interest Payment Dates of 19 June 2025, 19 December 2025 and 19 June 2026 until payable on 12 December 2026 and (2) to accrue a new increased interest rate of 9.75% on the Bonds for the period of 13 June 2025 until payable on the Principal Repayment Date of 19 December 2028 (the **Proposals**).

Paragraph 16.1 of Schedule 3 of the Bond Instrument provides that a meeting of the Bondholders may, by special resolution, sanction amendments to the Bond.

These proposals therefore require the sanction of the Bondholders given by way of special resolutions to defer the interest due on the Bonds of the Interest Payment Dates of 19 June 2025, 19 December 2025 and 19 June 2026 until 12 December 2026 and to increase the Interest on the Bonds from 8.75% to 9.75% for the period from 13 June 2025 until payable on the Principal Repayment Date of 19 December 2028. Accordingly, you will find set out at the end of this document notice of a Bondholder Meeting of the Bondholders to be held at The Victor Hugo Suite, St Pierre Park Hotel, Rohais, St Peter Port, , Guernsey GY1 1FD on 9 June 2025 at 5.30 p.m. The necessary special resolutions will be proposed at such meeting. The proposed amendments to the Bond Instrument are conditional upon the passing of such resolutions.

Further details of the proposed amendments to the Bond Instrument are contained at Section 5 on page 8.

1. **INFORMATION ABOUT THE BONDS**
   1. The Bonds were issued by the Company as the Bond Issuer on 19 December 2023 to raise up to £5,000,000 and were constituted by the Bond Instrument.
   2. The Company issued £4930,000 of Bonds.
   3. Under the terms of the Bond Instrument the principal amount of the Bonds are due to be redeemed and repaid on and the Bonds earn interest payable at the rate and times specified in the Bond Instrument.
   4. The Bonds are unsecured obligations of the Company. Bondholders would rank as unsecured creditors of the Company in the event of the Company’s insolvency.
2. **BACKGROUND TO THE PROPOSALS AND REASONS FOR THE PROPOSED AMENDMENTS TO THE BOND INSTRUMENT**

Due to the current macro-economic situation generally and in the Channel Islands in particular affecting trade and returns of the Company, and due to high interest rates and related costs suffered by the Company, and due to the previous realisation of certain assets by the Company at a lower than the anticipated value and consideration, the Company is presently facing a liquidity issue due to a reduced value in its assets and lower than expected returns on its investments. Furthermore, in light of certain financial obligations placed on the Company in the near future, including on the Bonds, the Company is considering disposals of assets which in its current financial position may need to be precipitated with a realisation, for a consideration which would likely be below their value should these be realised immediately.

With regard to the property portfolio of the Company, the property valuers as appointed by the Board have impaired the valuation of such assets due to the current macro economic situation in the Channel Islands’ property market, the interest rate fluctuation in the Channel Islands and the difficult market conditions in banks providing finance. Furthermore, certain property assets have had their development and operating costs increased and some property assets are still at their development stage without currently generating any rental income. The Board however remains confident that the property portfolio contributes positively to its balance sheet and provides the assets to cover outstanding liabilities in the future and has identified a number of initiatives which will assist the Company’s financial and liquidity position in the mid term.

By way of further background, the Company has faced additional increased liquidity constraints due to a number of the Company’s early stage investments having not provided the returns anticipated at the time of their investment. The Company has also invested in other early stage assets, such as in the insurance business sector, which will only materialise or provide returns in the mid to long term period.

In order to address both the prevailing macro-economic and the Company’s financial situations, the Board has actively engaged to mitigate the situation with cost reductions where possible and have sought independent valuers’ advice on the valuations of the Company’s assets for their disposal. Additionally, the Board has also engaged with solvent restructuring advisers to consider their appointment to assist in a solvent restructuring of the Company’s affairs through the sale of various assets and negotiations with some of its creditors and to consider and advise on the Company’s current and future financial plans.

As part of its activities to date the Board has also recently proceeded with the disposal of the interest it held in a leading Jersey-based financial planning business. Pursuant to the terms of the sale, the Company is to receive the deferred consideration the last of which is due to be paid February 2028. The receipt of such proceeds will assist the Company with its cash flow restrictions then.

To avoid the Company being placed in a situation where it is forced to sell assets at a loss in order to satisfy its obligations, the Company is also engaging with its creditors, including the Bondholders and certain lenders, to restructure its liabilities and debt, including those contained in the Bond Instrument.

In summary, the current disappointing returns on a number of early stage investments made, the long term returns on other investments made, the reduction in valuation of the property portfolio and the increasing costs of development of certain property assets together with the increase in interest rates, the banks’ restrictions on their lending activities and the general economic situation in the Channel Islands have created the liquidity issue for the Company in satisfying the payment of interest on the Bonds in 2025 and 2026.

Initial advice received from the solvent restructuring advisers and the property valuers with regards to an orderly sale of assets have indicated that a period of 18 months would reasonably be required to proceeds with such divestments on better commercial terms than disposals within the near future.

For those purposes the Board is putting before Bondholders the Proposals to enable the Company to defer (and accrue) its obligations to Bondholders for a period of 18 months so it may proceed with its divestment programme in an orderly method to achieve the best possible results for Bondholders. The Board remains of the view that to proceed with such disposals now to satisfy its obligations to pay interest to Bondholders would lead to realisations at a discount and may possibly have material adverse impact on the liquidity and solvency of the Company to the detriment of Bondholders as creditors of the Company. The Board may then be further placed to consider an application for an administration order or a voluntary winding up which would adversely affect the Bondholders as creditors of the Company.

Should the Proposals be approved by the Bondholders and the interest on the Bonds due to be paid on 19 June 2025, 19 December 2025 and 19 June 2026 be deferred until 12 December 2026, then the Company will not be forced to sell assets at a discounted value due to the immediacy of its financial position. The Board believes that with such deferment under the Proposals the conditions would be more favourable to the Company, would avoid any liquidity issues and enable it to realise in an orderly fashion such assets at a greater value than upon a forced sale within the immediate future.

The Board further believes that the Proposals will assist the Company in mitigating liquidity issues which would otherwise affect its trading and solvency position under Guernsey law. In particular such deferment would enable the Company to orderly engage in the proper marketing of assets for sale with the aim of achieving greater returns for the Company and enabling it to satisfy all its debts and obligations including those under the Bonds.

The Board has carefully considered the Company’s balance sheet and taken the view that whilst its assets exceed its liabilities, should the Proposals not be approved then the Company may be unable to pay its liabilities under the Bonds to Bondholders as they fall due on 19 June 2025 thereby causing the Company to fail the solvency requirements under Guernsey law with the unavoidable consequence of considering administration or liquidation under the Companies Law. Should the Proposals be approved and such obligations and liabilities be deferred for 18 months then the Board believes that it may assist the Company in complying with such solvency requirements.

1. **BENEFITS OF THE PROPOSALS**

The Proposals will assist the Company in complying with its solvency requirements and in assisting in its ability to pay interest on the Bonds and to repay the Bonds. In addition, the Proposals will provide the Board with more time to proceed with an orderly realisation of assets and avoid any forced sale at a discount to their value thereby with the aim of protecting the value of the Bondholders’ investment in the Company.

1. **FURTHER PROPOSALS OF THE BOARD OF THE COMPANY**

As stated in this Circular, the Board continues to engage with a solvency practitioner, external lawyers, valuers and asset managers to consider their appointments in order to effect an orderly realisations of the Company’s assets and achieve the solvent status of the Company by adopting a proposed solvent structured ‘self-administration’ in order to satisfy all creditors such as the Bondholders in a timely manner.

Additionally, the solvency practitioner has also been requested to provide upon appointment an independent view and report of the current financial and other situation, prospects and merits of the proposed solvent structured plan. The Board proposes to share with all creditors the report upon receipt.

All members of the Board have also agreed to provide financial assistance to the Company towards an aggregate amount of up to £740,000 to enable it to pay certain of its potential and contingent liabilities.

Additionally, one of the members of the Board has also agreed to provide further personal financial support to the Company to assist it in satisfying its liabilities in the near future.

1. **PROPOSED AMENDMENTS TO THE BOND INSTRUMENT**

To effect the Proposals set out above changes are required to be made to the Bond Instrument. The changes to the Bond Instrument are as follows:

1. To amend the definition of “Interest Payment Date“ to enable Bondholders by Special Resolution to defer and accrue the interest due on 19 June 2025, 19 December 2025 and 19 June 2026 to 12 December 2026; and
2. To amend the Bond Instrument so that the deferment of the Interest Payment Date shall not constitute an Event of Default; and
3. To amend the Bond Instrument to increase the interest rate due on the Bonds from 8.75% to 9.75% from the period starting on 13 June 2025 until payable on the Principal Repayment Date of 19 December 2028.
4. **CONDITIONS TO THE PROPOSALS**

As explained above a meeting of the Bondholders is to be held on 9 June 2025, for approval of amendments to the Bond Instrument in order for the proposals as set out in this Circular to be approved.

Implementation of the Proposals is also subject to the bondholders of the 2020 Corporate Bonds issued by the Company approving, by special resolutions, amendments, to the principal repayment date and interest payment dates of the 2020 Corporate Bonds and the bondholders of the 2022 Corporate Bonds issued by the Company approving by special resolutions the amendments to the interest payment dates of the 2022 Corporate Bonds, as cited in their respective bond instruments as having a similar effect as these Proposals (the Condition).

The Proposals will only proceed if the Condition is met.

1. **RISKS ASSOCIATED WITH THE PROPOSAL**

This Circular does not purport to identify, and does not necessarily identify, all of the risk factors associated with the Proposals. Accordingly, all Bondholders must rely on their own examination of the legal, taxation, financial and other consequences of the proposals including the merits of the proposals and the risks involved. The proposals will involve significant risk for a number of reasons including the following.

The risk factors as included in the Listing Document as issued on or around 19 December 2023 in respect of the Bonds and attaching the Bond Instrument are included by reference in this Circular.

Additionally:

* There is no guarantee that the Company will meet all solvency requirements under the Companies Law notwithstanding the Proposals having been approved by Bondholders.
* The Company’s assets may not be realised at their net asset value and it is possible that the Company may not be able to realise any assets at any value.
* The assets of the Company are concentrated and if and when they are realised, the assets of the Company may become more concentrated and more illiquid.
* There may be other matters or factors which affect the availability, amount or timing of receipt of the proceeds of realisation of some of the Company’ assets.
* The implementation of the Proposals to the benefit of Bondholders is conditional upon and subject to the bondholders of the 2020 Corporate Bonds approving similar amendments with regard to interest payments and repayment of their principal amount and the bondholders of the 2022 Corporate Bonds approving similar amendments with regard to interest payments.
* In the event the Proposals are not approved by Bondholders the Company may not be able to satisfy the solvency test requirements under the Companies Law and may be subject to administration or insolvency proceedings.

1. **EXPENSES**

The expenses of making the amendments to the Bond Instrument as explained in this Circular are to be met by the Company.

1. **BONDHOLDER MEETING**

You will find set out at the end of this Circular, a notice convening the Bondholder Meeting to be held on 9 June 2025. The resolutions to be proposed at the Bondholder Meeting will be proposed as special resolutions of the Bondholders and are to (A) amend the definition of Interest Payment Date in the Bond Instrument; (B) amend clause 11(a) of the Bond Instrument; (C) Authorise the Company’s entry into an amended loan note instrument (in the form or substantially the form made available for inspection at the Bondholders Meeting for the purposes of effecting such amendments cited in Special Resolutions and to enter into all other deeds and instruments and authorise the Company to do all such other acts and things as may be necessary, desirable or expedient to carry out and give effect to the Special Resolutions and (D) subject to and conditional upon Special Resolutions A to C being approved by Bondholders and conditional upon the bondholders of the 2020 Corporate Bonds issued by the Company approving by special resolution amendments with regard to interest payments and repayment of their principal amount and the bondholders of the 2022 Corporate Bonds issued by the Company approving by special resolutions the amendments to the interest payment dates, as cited in their respective bond instruments as having a similar effect as these Special Resolutions, to approve the deferment of the Interest Payment Dates of 19 June 2025, 19 December 2025 and 19 June 2026 to 12 December 2026 (“**2025 and 2026 Interest Deferments**”) and to approve and assent that the 2025 and 2026 Interest Deferments shall not constitute an Event of Default for the purposes of the Bond Instrument.

1. **ACTION TO BE TAKEN**

1. Notice of the Bondholders’ meeting is set out in Part III of this Circular. Accompanying this Circular is a Proxy Appointment for use in connection with the meeting.

2. Whether or not you intend to attend the meeting, you should ensure that your Proxy Appointment is returned, in hard copy form by post, by courier or by hand, to the Company.

3. The Proxy Appointment must be deposited with the Company at its registered office before the time appointed for holding the meeting To be valid, a Proxy Appointment should be completed in accordance with the instructions accompanying it and lodged with the Company by the relevant time.

4. The quorum required for a meeting of holders of bonds for the purposes of passing a Special Resolution is persons (at least two (2) in number) holding or representing by proxy a clear majority in nominal value of the Bonds for the time being outstanding.

5. If you have however sold or otherwise transferred all of your Bonds please send this Circular together with the accompanying proxy appointment, at once, to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

RESPONSIBILITY STATEMENT

The directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Instrument, whether of facts or of opinion. All the directors accept responsibility accordingly.

RECOMMENDATION

The Board recommends that the Proposals be approved as being in the best interests of the Company and the Bondholders as a whole and unanimously recommends that Bondholders vote in favour of the proposals at the meeting of Bondholders as the members of the Board who are Bondholders intend to do in respect of their beneficial holding in their Bonds.

Bondholders holding a beneficial interest in 63.29% of the Bonds in issue have also notified the Board of their intention to vote in favour of the Proposals.

Yours faithfully

Mr Martin Belcher

**Chairman**

**PART III: NOTICE OF MEETING, FORM OF PROXY AND AMENDED BOND INSTRUMENT**

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