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 6% per cent corporate bonds 2022 issued by Polygon Group Limited, please send this document 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.

POLYGON GROUP LIMITED

(the **Company**, *a non-cellular company incorporated under the laws of Guernsey with registered number 33173)*

£5,000,000 6% 2022 CORPORATE BONDS LISTED ON TISE

SUPPLEMENTAL CIRCULAR

in relation to the Recommended Proposals dated 20 May 2025

This supplemental circular should be read together with the circular of the Company dated 20 May 2025 and relates to the meeting of the Bondholders of 6 per cent corporate bonds 2022 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.

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.

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 Supplemental Circular have the meanings ascribed to them in the section headed "Definitions" on page 3.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of issue of the First Circular	20 May 2025
Date of issue of Supplemental Circular	6 June 2025
Bondholder Meeting	9 June 2025

PART I: DEFINITIONS

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

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 the First Circular;
Bond Instrument	the bond instrument relating to the Bonds entered into on 12 May 2022;
Bonds	the 6 per cent bonds 2022 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;
Companies Law	means the Companies (Guernsey) Law, 2008, as amended;
First Circular	means the first circular issued by the Company on 20 May 2025;
Proposals	means the proposals set out in the Letter from the Chairman in Part II of the First Circular;
Resolutions	the resolutions set out in the Bondholder Meeting notice at the end of the First Circular; and
Supplemental Circular	means this Circular.

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, Guernsey, GY1 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

6 June 2025

To: the holders of the 6% per cent 2022 corporate bonds issued by Polygon Group Limited

Dear Bondholder

SUPPLEMENTAL INFORMATION RELATING TO THE PROPOSALS TO AMEND THE EXISTING BOND INSTRUMENT

INTRODUCTION

On 20 May 2025, the Company sent out the First Circular to Bondholders setting out proposals for amendments to the Bond Instrument to: (1) to defer the interest due on the Bonds of the Interest Payment Dates of 12 November 2025, 12 May 2026 and 12 November 2026 until 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 12 May 2027 (**Proposals**). The First Circular also sets out the notices and proxies in relation to the Bondholder Meeting.

As referred to in paragraph 5 of the First Circular, the Board, was at the time of its issue, in discussions with, among others, financial restructuring practitioners.

The Company also sent an e-mail to Bondholders on the evening of 30 May 2025, confirming that, on 23 May 2025, it had appointed Interpath Advisory (**Interpath**), the UK's largest independent turnaround and restructuring advisory business, to assist the Company in producing (1) a report outlining the business plan for an orderly restructuring and realisation of assets over the medium term (**Solvent Recovery Plan**); and (2) strategic advice in relation to the implementation of the Solvent Recovery Plan.

The purpose of this Supplemental Circular is to provide additional information regarding the Company's current financial situation, the Solvent Recovery Plan and the holding of the Bondholder Meeting on 9 June 2025.

The Board continues to strongly believe that the Proposals stated in the First Circular will assist the Company in mitigating liquidity issues that would otherwise affect its trading and solvency position under Guernsey law and its obligations in relation to the Bonds. The Board also strongly views that the appointment of Interpath Advisory and the implementation of the Solvent Recovery Plan are in the best interests of all stakeholders, including Bondholders, should the proposed resolutions be adopted by Bondholders at the Bondholder Meeting.

BONDHOLDER QUESTIONS

The Company has also received a number of questions from Bondholders regarding the current financial situation of the Company and its future plans. Many of these questions will be answered by reference to the Solvent Recovery Plan and while the Board cannot respond to every Bondholder individually, responses (**Q & As**) to some of the common questions are included in Part III of this Supplemental Circular.

SOLVENT RECOVERY PLAN

As stated above, Interpath were appointed by the Company on 23 May 2025 and have been working with the Board to develop a business plan for an orderly restructuring and realisation of the assets of the Company over the medium term. Details of the Solvent Recovery Plan will be presented at the Bondholder Meeting by the Board, supported by representatives from Interpath, who will be present.

In the meantime, an executive summary of the Solvent Recovery Plan is contained in Part IV of this Supplemental Circular.

Interpath are finalising the Solvent Recovery Plan to be presented at the Bondholder Meeting, where copies will be made available.

Bondholders will be given an opportunity to raise questions relating to the Solvent Recovery Plan presented and the Q & As at the Bondholder Meeting.

RISKS ASSOCIATED WITH THE PROPOSAL

We remind the Bondholders of the risks associated with the Proposals as set out in the First Circular. Neither the First Circular nor this Supplemental Circular 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, but not limited to, the following.

- The risk factors included in the Listing Document issued on or around 12 May 2022 in respect of the Bonds, attaching the Bond Instrument, and those set out in the First Circular are incorporated by reference in this Supplemental Circular.

- The implementation of the Proposals to the benefit of Bondholders is conditional upon and 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 2023 Corporate Bonds issued by the Company approving by special resolutions the amendments to the interest payment dates of the 2023 Corporate Bonds, as cited in their respective bond instruments as having a similar effect as the Proposals. There is no guarantee that the bondholders of the 2022 Corporate Bonds and 2023 Corporate Bonds will approve these amendments.

- 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.

BONDHOLDER MEETING ARRANGEMENTS

Bondholders should note the following arrangements for the Bondholder Meeting to be held at 5:30 p.m. on 9 June 2025 at The Victor Hugo Suite, St Pierre Park Hotel, Rohais, St Peter Port, Guernsey GY1 1FD, which have also been confirmed in an e-mail to Bondholders sent on 2 June 2025.

Attendance

As stated in the e-mail of 2 June 2025:

- Due to the sensitivity and confidentiality of the information disclosed, which may affect the Company's ability in its proposed solvency restructuring plans, only registered Bondholders (or in the case of a corporate Bondholder, their duly authorised representatives) or their authorised proxies may attend the Bondholder Meeting.

- Registered Bondholders are those whose names are recorded in the Register of Bondholders for £5,000,000 6% 2022 Corporate Bonds.

- The Bondholder Meeting requires physical attendance by a Bondholder or their proxy. If a Bondholder cannot attend the Bondholder Meeting in person but wishes to vote, the Bondholder should return the Proxy Appointment, which accompanied the First Circular to the Company by 8 June 2025, as explained in more detail in the First Circular.

Registration and ID Requirements

- Registration of Bondholders and Bondholder Proxies will **commence at 4.30 pm and close at 5.30 pm** so that the Bondholder Meeting shall start promptly at 5.30pm.

- Any Bondholder arriving after 5.30 pm will not be admitted to the Bondholder Meeting.

- All Bondholder and proxies appointed by Bondholders will be required to verify their identity at Registration by providing the following:

  - ***Individuals:***
    - Photo ID (passport or driving license), the original, valid, in date version (not a copy).

  - ***Individuals appointed by a Bondholder by proxy:***
    - Photo ID (passport or driving license), the original, valid, in date version (not a copy).
    - the proxy appointing them.

  - ***Corporates/Legal Entities:***
    - certified verification of how the individual is representing the corporation - in the form of the corporation's directors' register or authorised signatory list.
    - Photo ID (passport or driving license), the individual's original, valid, in date version (not a copy).

WHO FROM THE COMPANY WILL ATTEND THE BONDHOLDER MEETING

All Board members will be present at the Bondholder Meeting, with the exception of Mr Martin Belcher, who is unable to attend due to personal and health circumstances and he has given his apologies. As Deputy Chairman, Mr. Alexander Belcher has been nominated as Chairman for the Bondholder Meeting.

There will also be in attendance representatives from Interpath, Savills who are property valuers to the Company, and Ferbrache and Farrell, as legal advisors, to the Company.

ACTION TO BE TAKEN

1. We remind Bondholders of the action to be taken in relation to the Bondholder Meeting and in particular the return of the Proxy Appointment which accompanied the First Circular.

2. Whether or not you intend to attend the Bondholder Meeting, you should ensure that your Proxy Appointment is returned to the Company.

3. The Proxy Appointment must be deposited with the Company at its registered office before the time appointed for holding the Bondholder 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 the First Circular and this Supplemental 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 First Circular and this Supplemental Circular,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 Bondholder Meeting as the members of the Board who are Bondholders intend to do in respect of their beneficial holding in their Bonds.

As of the date of this Supplemental Circular Bondholders holding a beneficial interest in 84% of the Bonds in issue have also notified the Board of their intention to vote in favour of the Proposals.

For the purposes of the conditionality of the Proposals being subject to the bondholders of the 2020 Corporate Bonds and 2023 Corporate Bonds approving similar amendments with regard to interest payments, as of the date of this Supplemental Circular:

- In respect of the Corporate Bonds 2020, bondholders holding a beneficial interest in 83% of the Corporate Bonds 2020 in issue have notified the Board of their intention to vote in favour of their proposals.

- In respect of the Corporate Bonds 2023, bondholders holding a beneficial interest in 84% of the Corporate Bonds 2023 in issue have notified the Board of their intention to vote in favour of their proposals.

Yours faithfully

Mr Alexander Belcher
Deputy Chairman

PART III: ANSWERS TO COMMON QUESTIONS RAISED BY BONDHOLDERS

Q1 **How the Current Situation has been reached**

A1 Polygon Group Limited (**PGL**) is currently solvent in terms of both balance sheet and cash flow. However, to maintain this solvency in the short and medium term, PGL must request its bondholders to restructure its interest obligations and debt repayments. Many companies worldwide are currently restructuring their debts.

(a) **Funding**

PGL relies on two main funding sources for its business activities: bank debt and bondholder debt.

PGL's bank debt is supported by a five-year term credit facility initially set for renewal in June 2025, involving standard independent valuation processes. This facility has now been extended to December 2025. PGL sought renewal terms from its current bank, with two other banks offering competitive indicative terms. PGL's freehold commercial office properties are in a sector significantly impacted by post-Covid lender sentiment due to high vacancies in the London commercial office market and the shift towards home working. This negative sentiment led to a general impairment of lending terms, reducing loan-to-value ratios for all commercial office assets. Although PGL secured renewed funding terms, they were less favourable than before, causing adverse pressure on PGL's overall liquidity.

The cost of PGL's bondholder debt increased from 6% in the 2022 bond issue to 8.75% in the 2023 bond issue. These macroeconomic pressures are beyond the control of PGL and its bondholders, but this added cost has worsened the pressure on PGL's liquidity.

(b) **PGL’s start-ups and other incubator subsidiary operating businesses are not generating expected revenue yet**

PGL has invested in several start-up subsidiary businesses, whilst initially loss-making, are gradually moving towards profitability. These include the insurance brokerage businesses. The cost of maintaining incubator subsidiary overheads and trading losses has further strained PGL’s liquidity.

PGL has historically made several angel investments that, in the recent economic period, have not achieved the planned liquidity and growth. Although significant in cash terms, these investments accounted for less than 10% of PGL’s balance sheet.

In 2023, PGL wrote off a £3.9m loss from the liquidation of an AIM-listed investment in MJ Hudson. PGL has notified MJ Hudson's liquidator to inform MJ Hudson's D&O insurer of PGL's intent to claim a portion of that loss. This claim will require time and legal expenses. In 2024, PGL wrote off an additional £4m loss, with £2.5m from the reduced consideration for the Advisa sale and £1.5m from other angel investments, further worsening PGL's liquidity issues.

(c) **Adverse Economic environment**

The UK inflation rate hit a 41-year high of 11.1% in October 2022, then gradually decreased to 2.6% by March 2025.

The Bank of England (**BoE**) base rate reached a 16-year high of 5.25% in August 2023 to control inflation, which exceeded its target.

In May 2025, the BoE reduced the rate to 4.25%, the second cut of the year. Despite the drop in inflation, it remains above the BoE's 2% target, and the BoE is prepared to raise rates if inflation rises again.

The BoE previously lowered rates to 0.1% in March 2020 due to the Covid-19 pandemic, maintaining this record low until December 2021.

The challenging economic climate of high inflation and rising interest rates has negatively impacted PGL's debt costs, liquidity, and overall performance, particularly affecting its angel investment portfolio.

(d) **Property Valuations**

PGL's freehold property investments have been impacted by declining yields in the commercial office sector. In the mandatory three-year cycle of independent valuations, PGL's property values decreased by £4m, from £33.97m in 2022 to £30.4m in December 2024.

The reduction in asset valuations does not indicate a material change in PGL's property assets. Except for Mill Place in Guernsey, which is under redevelopment and will be a headlease rather than freehold, PGL's portfolio consists of high-quality, fully leased buildings with a total gross passing rent of £2.8m. The only change is market sentiment towards this asset class, with yields adversely affected. Yields are expected to recover if interest and inflation rates decrease further. Financial advisors predict two more 0.25% BoE base rate cuts by the end of 2025. There is some evidence of improving yields in the market and a trend towards returning to office work instead of home working.

Q2 **How PGL will fix the situation**

A2 (a) PGL has developed a Solvent Recovery Plan (**Solvent Recovery Plan**) in collaboration with Interpath Advisory (**Interpath**). Interpath, which became independent from KPMG UK in 2021, is supported by its partners and HIG Capital. It assists clients globally with deals, advisory, and restructuring, aiming to guide them through challenges. The PGL / Interpath report (**Report**) is being prepared and will be presented to bondholders at the EGM meetings.

In summary, the report indicates that PGL will remain solvent and meet its obligations to bondholders if it gains time and support from them to execute its Solvent Recovery Plan:

(i) all existing bondholders agree to an 18-month deferment on interest and for the 2020 bonds an 18-month deferment of the principal repayment due on 12 June 2025; and

(ii) reducing bank and bondholder debt by using asset sale proceeds involves first repaying all priority (secured) bank debt. Subsequently, all additional proceeds from property or business asset sales will be allocated to bondholder debt repayments on a strict pro-rata basis, ensuring equal treatment for all bondholders.

(b) PGL, via its Solvent Recovery Plan, conducts an orderly asset disposal at market price, avoiding the forced or impaired valuations typical of a formal administration or liquidation process.

(i) PGL, as the sole entity managing its subsidiaries' operating costs, must continue supporting these costs using its rental and trading income to ensure the subsidiaries remain viable. This will enable their sale at market price within the 18-month Solvent Recovery Plan or allow the full resumption of interest and principal within the same period, whichever comes first.

(ii) Some PGL trading subsidiaries are regulated entities and must operate in compliance with applicable laws and regulations.

<u>Polygon Insurance Brokers Limited (Jersey) (**PIBLJ**)</u>

The sale of this Jersey regulated insurance broker to a large UK-based insurance company is advancing. It is currently in the due diligence phase, with a Letter of Intent expected in June 2025, alongside the PIBLG sale. To secure a market value sale, it must remain a solvent going concern, covering operating costs and maintaining a regulatory solvency margin of £25,000 in net assets or 5% of annual brokerage income, whichever is greater.

<u>Polygon Insurance Brokers Limited (Guernsey) (**PIBLG**)</u>

The sale of this Guernsey regulated insurance broker to a large UK-based insurance company is progressing. It is currently at the due diligence stage, with a Letter of Intent anticipated to be issued in June 2025, alongside the PIBLJ sale. To achieve a market value sale, it must remain a solvent going concern, covering its operating costs and maintaining the regulatory requirement of £25,000 in net assets.

<u>Polygon Pension Trustees Limited (Jersey)</u>

The marketing of this Jersey regulated entity will proceed pending regulatory approval, along with legal and Interpath advice. Until a sale occurs, it must continue servicing its clients as a going concern and maintain the regulatory requirement of 25% of relevant annual expenditure in adjusted liquid net assets.

Polygon Collective Insurance Company Limited (Guernsey) (**PCICL**)

This is a Guernsey regulated entity. PGL is the majority shareholder. PGL does not provide working capital to PCICL, which operates independently with its own capital, separate from PGL. PCICL will maintain normal operations, manage existing aviation liabilities, and pursue new run-off acquisitions. It depends on PGL's employees for operations, paying PGL management fees, and for the £2.9m loan from PGL to support claim exposures. PCICL's shareholders have been informed of current trading challenges. A run-off acquisition is nearing completion. PCICL directors believe proceeding with this acquisition is in PCICL shareholders' (including PGL) interests, pending PGL Bondholders' EGM on 9 June 2025 and GFSC approval.

(c) Reduction in operating costs and expenditure

As advised by the PGL/Interpath Solvent Recovery Plan, only essential costs will be incurred.

PGL will significantly reduce costs by covering only essential expenses. All Belcher family salaries and benefits from PGL will stop immediately. However, Alex Belcher's salary in PSO and Verienne Belcher's salary in PMX will continue, to maintain PSO and PMX viability, secure optimal sales valuations, and sustain PGL's cash flow for the Solvent Recovery Plan. Interpath will review these salaries and benefits to ensure they are necessary. PGL's overheads and operating costs will be cut by over £1m.

(d) Tight control of cash flow

As part of the Solvent Recovery Plan advised by Interpath, PGL will continuously monitor and track all cash for the benefit of all bondholders and creditors.

Polygon Services Offices Limited (**PSO**)

This subsidiary will continue trading as usual, collecting rents, and managing the serviced office premises. This entity generates working capital, enabling PGL to maintain solvency and achieve the Solvent Recovery Plan. PSO is expected to be one of the last PGL subsidiaries sold as part of the Solvent Recovery Plan.

Polymetrix Limited (Jersey) (**PMX**)

This subsidiary will continue normal operations with its three employees, maintaining a lean business model to collect fees during the annual renewal period from April to June, thereby generating short to medium-term working capital. It is currently on the market for sale; an NDA has been signed with an interested party who has completed due diligence. A meeting was held on 27 May 2025, and feedback is expected by 13 June 2025.

(e) The Report recommends that the Solvent Recovery Plan segregate the surplus proceeds from asset sales (primarily the properties, with balance of proceeds after repaying secured funding on these properties) to ensure that:

(i) PGL remains solvent, enabling it to meet all obligations to bondholders and creditors;

(ii) PGL operates and supports its subsidiaries following the Solvent Recovery Plan to maximise exit proceeds from its unsecured business and assets, strictly adhering to the Solvent Recovery Plan; and

(iii) accumulates the necessary funds (in an interest-bearing and secure arrangement) to meet all creditor obligations under the Solvent Recovery Plan, primarily the bondholders' principal and interest, by the end of the 18-month recovery period, and thereafter for the term of the 2022 Bonds and the 2023 Bonds.

Action Being Taken

Q3 What other mitigating actions will be taken?

A3 (a) Cancellation of Mr. Martin Belcher's pension held bonds (£1.6m) immediately following the bondholder's EGM meetings on 9 June 2025.

(b) Gifting the net proceeds, estimated at £1.5m, from the sale of two residential properties owned by Mr. Martin and Mrs. Cathy Belcher to PGL, after mortgage repayments.

(c) Sale of all company cars, with net proceeds to be repaid to PGL.

(d) All PGL directors have agreed to defer their directors' fees, prioritising bondholder repayment and interest.

(e) Directors with executive roles in PGL's subsidiaries will continue receiving their fees (if directors) or salaries (if employees) in those roles. Interpath will review these fees or salaries to ensure they are appropriate and essential.

(f) Other actions are being taken to restructure the Group, and advisers are assisting to ensure compliance with employment laws and regulations, optimise negotiations and mitigate liabilities.

(g) The following shareholder loans have been cancelled:

Martin Belcher	£1,745,000
Alex Belcher	£50,000
Verienne Belcher	£72,500
	£1,867,500

(h) In May 2025, executive and non-executive directors' emoluments, totalling £73k, were either unpaid or returned.

(i) Summary of future annual savings:

Annual Savings from Exec and NED Pay	£876,247.35
Annual Savings from Resignations	£293,891.94
Annual Savings from Restructuring	£354,282.42
Annual Savings from Other Expenses	£97,995.90
	£1,622,417.61

(j) Negotiations are underway with Field Day (the owner) about the remaining capital expenditure for Mill Place in Guernsey. Field Day is contemplating taking over phase two's capital expenditure, with PSO solely offering property management services.

Why is a Solvent Recovery Plan preferable to a formal Administration ordered by the Court

Q4 Appointment of Interpath and explanation for the Solvent Recovery Plan as an alternative to administration.

A4 The Solvent Recovery Plan benefits all creditors, including bondholders, by safeguarding the equity (estimated at 35%) in the property portfolio and maintaining the subsidiaries' operating businesses as going concerns to maximise their sales price. A solvent, orderly and managed exit plan ensures asset sales at market price (a willing buyer to a willing seller at arm's length), rather than in a flooded market (all assets for sale simultaneously), which creates a buyer's market and results in impaired sales prices through a 'fire sale'.

(a) Interpath are turnaround and restructuring advisors.

(b) Their scope of engagement is to:

(i) assist with validation of the Solvent Recovery Plan;

(ii) negotiate with creditors for a standstill, optimised credit terms, and discounted principal and interest repayments; and

(iii) assist and advise the PGL Solvent Recovery Plan board of directors on executing the Solvent Recovery Plan through their extended engagement.

(c) The Solvent Recovery Plan is a 'self-managed administration', as advised by Interpath.

A new composition of the board of directors will be implemented, as advised by Interpath, to assist in meeting regulatory requirements for the regulated entities and to possess the necessary skills and experience to implement the Solvent Recovery Plan. It is not anticipated that the entire current board will remain. The goal is to manage the exit from PGL's illiquid assets over 18 months to secure the best market prices, avoiding forced or fire sale prices.

The proceeds from these asset sales will be used to repay PGL's creditors, including bondholders' principal and accrued interest.

(d) An administration is a court-appointed intervention that establishes a moratorium, halting creditors from seeking enforcement:

(i) with an expectation of greater costs than a 'self-managed administration'; and

(ii) with an estimated 30% impairment in the asset sale price, worse than a 'self-managed administration'; and

(e) Liquidation involves ceasing trading and selling all assets by a liquidator, with asset sale prices impaired by about 40%, which is worse than a 'self-managed administration'.

Regarding the property (land and buildings) portfolio with a Loan to Value ratio of 65% (repaid through secured funding), the 35% equity available from a market price sale would nearly vanish in an administration (30% impairment) and be entirely lost in a liquidation (40% impairment). Implementing the Solvent Recovery Plan is in the best interests of all creditors, including bondholders, as it ensures an optimal return for them.

Q5 Business plan / path to repayments.

A5 An executive summary of the Report from Interpath is attached to this update, with the Report to be presented at the EGM Meetings.

Q6 Angel Investments - Exits.

A6 PGL has four active 'Angel Investments.' All these companies have been contacted regarding PGL's intention to exit its shareholdings.

Company A. This company's shares are not currently tradable. If they were, their value would be significantly below the last raise valuation of £10m. This company is awaiting a potential order, which, if received, could enable a secondary sale of shares in over 3 months.

Company B. This company operates two businesses: one generating sales of approximately €3.5m and is EBITDA positive, and the other with sales of €0.5m but is loss-making. This company's management is considering selling the larger business in the coming months. If a suitable exit level is achieved, PGL’s shareholding could be valued around £200k, though this is not guaranteed.

Company C. This company's business is performing in line with its management's projections. A secondary exit is challenging but actively being explored. Any sale is unlikely to be swift and will probably occur at a discount to PGL's current £140k equity valuation.

Company D. This company's sales are stable, but recent financial restructuring has significantly devalued its equity. PGL's equity holds minimal value and is unlikely to be sold in a secondary market.

Q7 The circular specifies £740,000 for which directors have provided assistance. Please explain the reason for this?

A7 This relates to 2023 bonds that were oversubscribed, above the approved bond issuance threshold in the bond instrument and the JFSC £5m Control of Borrowing Order (**COBO**) approval limit (specifically for Jersey subscribers).

The over-subscribers could not be issued the bonds they subscribed for, so the subscription proceeds, which are held under a constructive trust, had to be returned to them. The current and past directors of PGL agreed to provide a non-interest-bearing bridging loan facility of £740k between themselves (10 in total, who each contributed £74k). The net proceeds of the sale of Mr. Martin Belcher's Jersey property of approximately £850k was gifted by him to PGL, and PGL has utilised this, in part, to repay this bridging loan. This is a constructive trust arrangement, which required settlement.

PGL's lawyers have advised both the GFSC and the JFSC of this constructive trust and remediation. JFSC (in respect of the Jersey COBO) has advised PGL that it has noted that reasonable steps have been taken and are taking place in rectifying the position and protecting those over-subscribers' subscription funds held in constructive trust.

The £740k received from oversubscribed 2023 bond applications (which were never issued or registered) has been returned. This was a legal obligation.

Q8 Why is there a variance between the 2020, 2022 and 2023 Bondholder EGM resolutions?

A8 (a) 2020 Bond, is for a five year term, to be redeemed on 12 June 2025:

(i) as to principal; and

(ii) as to accrued interest,

the resolutions are seeking a deferment of principal and accrued interest to 12 December 2026 (as both principal and interest will have fallen due by that date).

(b) 2022 Bond, is for a five year term, to be redeemed on 12 May 2027, the resolutions are seeking a deferment of accrued interest to 12 December 2026 (as only accrued interest will have fallen due by that date, principal is not due until 12 May 2027).

(c) 2023 Bond, is for a five year term, to be redeemed on 19 December 2028, the resolutions are seeking a deferment of accrued interest to 12 December 2026 (as only accrued interest will have fallen due by that date, principal is not due until 19 December 2028).

Q9 Why will the 2020 Bondholders receive their principal and interest at the end of the 18-month Solvent Recovery Plan, while the 2022 and 2023 Bondholders must wait for repayment of their principal after this period?

A9 Please refer to A8 above.

The 2020 Bonds will mature with principal and accrued interest due, while the 2022 and 2023 Bonds will not mature until after the 18-month recovery period ends.

If the Solvent Recovery Plan generates sufficient sales proceeds to repay all Bondholders by the end of the 18-month recovery period, PGL may be in a position to convene 2022 and 2023 Bondholder meetings to seek 75% majority approval for amendment and early redemption of those bonds.

PART IV: SUMMARY OF THE SOLVENT RECOVERY PLAN

Interpath were appointed by Polygon Group Limited (**PGL**) on 23 May 2025 and have been working with its Board to develop a Solvent Recovery Plan for an orderly restructuring and realisation of PGL's assets over the medium term. Details of the Solvent Recovery Plan will be presented at the Bondholder Meetings by the Board, supported by representatives from Interpath who will be present. Below is a high-level summary of the Solvent Recovery Plan, alternative scenarios, indicative Bondholder returns and Interpath's recommendation.

1. OVERVIEW OF THE SOLVENT RECOVERY PLAN

The Solvent Recovery Plan has been developed by the Board, as advised by Interpath, to return capital to creditors and ensure the solvency of PGL's Group (**Group**). In summary, the report indicates that PGL will remain solvent and meet its obligations to Bondholders, if Bondholders consent to the proposals sought for in the Bondholder Meetings (**Proposals**) and provide PGL the time and support to execute its Solvent Recovery Plan whilst avoiding liquidity, administration or insolvency issues for PGL.

The Solvent Recovery Plan involves the execution of four key pillars:

Pillar 1: Property realisations: The Solvent Recovery Plan envisages an orderly and managed open market sale of the Group's six freehold properties (three in Guernsey and three in Jersey) achieving market value (as advised by Savills). It is envisaged that the sales are completed within the 18-month extension window, which is considered achievable, with cash proceeds, held as reserves, for capital and interest payments to creditors, as they mature and fall due, which includes Bondholders' principal and interest.

Pillar 2: Organic operating company efficiency: The Group remains focused on revenue generation, cost reduction and profitability improvements in the underlying operating entities. The Group is forecast to be operating cash flow positive, achieved through close control of the cost base and liquidity preservation measures (as advised by Interpath). A cost reduction programme has commenced, and the Group's overhead costs will be managed down appropriately as the Group assets are realised.

Pillar 3: Operating company realisations: PGL through the Solvent Recovery Plan will carry out the orderly sale of several subsidiary companies: (i) Polygon Insurance Brokers Limited (JSY and GSY); (ii) Polymetrix Limited; and (iii) Polygon Pension Trustees Limited.

Pillar 4: De-gearing: The Solvent Recovery Plan will allow the Group to hold cash proceeds as reserves, for capital and interest payments to creditors, as they mature and fall due, which includes the Bondholders' principal and interest.

The Solvent Recovery Plan will ensure that:

(i) PGL remains solvent, enabling it to meet all obligations to creditors, which includes the Bondholders' principal and interest;

(ii) PGL operates and supports its subsidiaries following the Solvent Recovery Plan to maximise exit proceeds from its unsecured business and assets, strictly adhering to the Solvent Recovery Plan; and

(iii) PGL accumulates the necessary funds (in an interest-bearing and secure arrangement) to meet all creditor obligations under the Solvent Recovery Plan, which includes the Bondholders' principal and interest, by the end of the 18-month recovery period, and thereafter for the term of the 2022 Bonds and the 2023 Bonds.

Should the Solvent Recovery Plan generate sufficient sales proceeds to repay all Bondholders by the end of the 18-month recovery period (as forecast), PGL may be in a position to convene 2022 and 2023 Bondholder EGMs to seek 75% majority approval for amendment and early redemption of those bonds.

Improved governance framework: To ensure the Solvent Recovery Plan is delivered, should the Proposals be approved, a new, transparent and independent governance framework will be adopted, as advised by Interpath. The composition of the Board will be revisited and individuals who possess the necessary skills and experience to implement the Solvent Recovery Plan will be appointed, and the Board will remain advised by Interpath for the duration of the plan.

2. SCENARIO ANALYSIS

In addition to supporting the Board with developing the Solvent Recovery Plan, Interpath has undertaken a scenario analysis setting out the impact to Bondholder returns under two alternative scenarios:

Scenario 1: A mathematical downside scenario in which the Proposals are approved, however, the key Solvent Recovery Plan assumptions are stress tested. The scenario applies:

(i) percentage reductions to the Solvent Recovery Plan net proceeds derived from the sale of the Group's freehold assets (**Pillar 1 Realisations**); and

(ii) percentage reductions to the Solvent Recovery Plan net proceeds from the sale of shares in the Group's operating entities (**Pillar 3 Realisations**).

Scenario 2: An estimated outcome statement showing the illustrative returns to unsecured creditors (which includes the Bondholders) under an insolvency scenario in which a liquidator is appointed over PGL, to undertake an insolvent liquidation of the Group's assets. Under this scenario Bondholder returns are set out through a high and low case, considering the individual asset and liability positions of PGL and its subsidiaries, alongside the negative impact an insolvency may have on realisations. Notably, the scenario highlights the impact of: (i) an expedited liquidator controlled wind down and asset sales at forced sale value (**FSV**); (ii) an expedited liquidator led 'forced sale' of Group operating entities; and (iii) potential officeholder fees along with associated costs.

3. INDICATIVE BONDHOLDER RETURNS

The indicative return to Bondholders is forecast to be materially higher under the Solvent Recovery Plan when compared to the alternative insolvency scenario (Scenario 2 above). Under the Solvent Recovery Plan, sufficient proceeds are generated, to be held as reserves, for capital and interest payments to creditors, as they mature and fall due, which includes Bondholders' principal and interest.

Scenario 1 above sets out the reduction in both Pillar 1 Realisations and Pillar 3 Realisations that would be needed to result in sub-par (principal and accrued interest) recovery for Bondholders. Details of the ‘margin for error’ in percentage terms will be outlined in the Solvent Recovery Plan report.

Under the insolvency scenario (Scenario 2 above), the impact of realising assets at FSVs and the dilutive impact of officeholder fees, results in a materially lower recovery (pence in the pound) when compared to the Solvent Recovery Plan.

For each of the scenarios described above, the impact on capital return to Bondholders has been highlighted in the Solvent Recovery Plan report.

4. INTERPATH ASSESSMENT AND RECOMMENDATION

Interpath believes the Proposals and delivery of the Solvent Recovery Plan is in the best interests of PGL and its creditors as a whole. Bondholder consent to the Proposals will provide PGL and its Group with a runway and a stable platform from which the Solvent Recovery Plan can be delivered.

The improved governance framework, in particular, the introduction of new Board members, is seen as an important step-change as PGL and its Group enters a new phase with a clear objective of returning capital to creditors.

The Solvent Recovery Plan shows a clear path to achieving the stated objectives, however, as with any business plan there are several key risks. Notably the ability to achieve the forecast value for the sale of the Group’s commercial real estate and operating assets within the 18-month extension window remains a key risk factor. We have taken comfort from the fact that the Solvent Recovery Plan asset sale assumptions have been independently assessed by valuation experts, Savills in respect of the real estate assets, and Interpath’s valuation team, in respect of the sale of the Group’s operating entities.

Pertinently, the Solvent Recovery Plan report highlights that the forecast Bondholder recovery under the Solvent Recovery Plan far exceeds the indicative recovery under a liquidation scenario. Under this scenario a liquidator of PGL undertakes an insolvent liquidation of the Group’s assets at FSV. This coupled with further value leakage to liquidator fees and expenses would likely result in a materially lower recovery (pence in the pound) when compared to the Solvent Recovery Plan, consequently leading to a material loss for Bondholders.

As such, Interpath recommends that the Proposals be approved as being in the best interests of PGL and the Bondholders as a whole.