

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) or, if you are taking advice in a territory outside the United Kingdom, an appropriately authorised independent financial adviser in the relevant territory.

If you have sold or otherwise transferred all of your shares in Watford Leisure PLC (“Watford Leisure” or the “Company”), please forward this letter as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such letter should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you have sold or transferred only part of your holding of shares in Watford Leisure, you should retain this letter and consult the bank, stockbroker or other agent through whom the sale or transfer was effected. Neither the United States Securities and Exchange Commission nor any state securities commission has reviewed, approved or disapproved this letter or any of the proposals referred to herein.

Strand Hanson Limited (“Strand Hanson”), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to Watford Leisure and no one else in connection with the offer and will not be responsible to anyone other than Watford Leisure for providing the protections afforded to clients of Strand Hanson or for providing advice in relation to the offer.

WATFORD LEISURE PLC

(Incorporated and registered in England under the Companies Act 1985, with registered number 03335610)



Directors:

Graham Taylor (*Non-executive Chairman*)
Julian Winter (*Chief Executive Officer*)
David Bernard Fransen (*Non-executive Director*)
Stuart Read Timperley (*Non-executive Director*)

Registered office:

Vicarage Road Stadium
Watford
Hertfordshire
WD18 0ER

11 March 2011

To the holders of ordinary shares in Watford Leisure and, for information purposes only, the holders of warrants over ordinary shares

Dear Shareholder

In accordance with Rule 2.6(b)(i) of the City Code on Takeovers and Mergers (the “Code”), you will find enclosed a copy of a press announcement released by Watford FC Limited (“WFCL”) on 10 March 2011, in relation to a cash offer for the Company to be made by WFCL.

Full details of the WFCL offer and the procedures to be followed by Watford Leisure Shareholders if they wish to accept the Offer will be set out in the Offer Document which will be sent to Watford Leisure Shareholders shortly, subject to certain restrictions relating to persons resident in any

Restricted Jurisdiction. Defined terms used in this letter have the same meanings given to them in the enclosed copy announcement.

A copy of the announcement can also be found on Watford Leisure's website at www.watfordleisureplc.com.

Please note that addresses, electronic addresses and certain other information provided by you for the receipt of communications from Watford Leisure may be provided to an offeror during the offer period as required under Section 4 of Appendix 4 to the City Code.

Yours faithfully

Graham Taylor
Non-executive Chairman

The Watford Leisure Directors accept responsibility for the information contained in this letter. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

Part 1

10 March 2011

Cash Offer
to be made by
Watford FC Limited (“WFCL”)
for
Watford Leisure PLC (“Watford Leisure”)

Summary and Highlights:

- The boards of directors of WFCL and Watford Leisure announce the terms of a cash offer to be made by WFCL to acquire the entire issued and to be issued ordinary share capital of Watford Leisure.
- The Offer will be made on the basis of 1 pence in cash for each Watford Leisure Share. The Offer values the entire existing issued ordinary share capital of Watford Leisure at approximately £0.44 million.
- WFCL has received irrevocable undertakings to accept the Offer from certain substantial Watford Leisure Shareholders in respect of, in aggregate, 23,675,233 Watford Leisure Shares, representing approximately 53.95 per cent. of the existing issued ordinary share capital of Watford Leisure. The undertakings given by such Watford Leisure Shareholders will remain binding, even if a higher competing offer for Watford Leisure is announced, unless the Offer Document is not published within 21 days from the date of this announcement or the Offer lapses or is withdrawn. Further details of these irrevocable undertakings are set out in paragraph 3 of Part 2 below.
- WFCL has entered into agreements with the Warranholders, conditional on the Offer becoming or being declared wholly unconditional, to acquire all of the issued 202,840,000 Warrants for a nominal sum.
- The Offer Document, setting out full details of the Offer and the procedures to be followed by Watford Leisure Shareholders to accept the Offer, together (where appropriate) with a Form of Acceptance, will be posted to Watford Leisure Shareholders and, for information purposes only, to Warranholders, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, as soon as practicable and in any event within 28 days from the date of this announcement, unless otherwise agreed with the Panel.

Information on WFCL

- WFCL is a private limited company, incorporated in England in January 2011, specifically for the purposes of making the Offer and is beneficially wholly owned by Laurence Bassini.
- Following the successful completion of the Offer, WFCL intends to continue to work with the existing management team of Watford Leisure to deliver its business plan and three specific proposed ground improvement projects, although the timing of the implementation and preferred funding method for such projects has yet to be confirmed or finalised.

any such use, means, instrumentality or facilities or otherwise from or within the United States, Canada, Australia, South Africa or Japan or any such other jurisdiction. Accordingly, this announcement is not being, and should not be, directly or indirectly mailed, transmitted or otherwise distributed or sent, in whole or in part, in or into or from the United States, Canada, Australia, South Africa or Japan or any such other jurisdiction.

This announcement is for information purposes only and is not intended to, and does not, constitute, or form any part of, an offer to sell or an invitation to subscribe for or purchase Watford Leisure Shares or any other securities, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offer is being made solely through the Offer Document, which will contain the full terms and conditions of the Offer. Any acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document. Watford Leisure Shareholders are advised to read the formal documentation in relation to the Offer carefully, once it has been despatched.

The distribution of this announcement and availability of the Offer to persons not resident in, nor citizens of, the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are citizens or in which they are resident. Such Overseas Shareholders should inform themselves about, and observe, any applicable legal or regulatory requirements of any such relevant jurisdiction. This announcement has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intend to, forward this announcement, the Offer Document and/or any Form of Acceptance or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before doing so.

Neither the United States Securities and Exchange Commission nor any state securities commission has reviewed, approved or disapproved this announcement or any of the proposals described in this announcement.

The Watford Leisure Directors accept responsibility for all the information contained in this announcement relating to themselves and members of their immediate families, related trusts and persons connected with them, and to Watford Leisure, other than that relating to the views and opinion of the Independent Directors on the Offer and the fair and reasonable opinions in respect of the terms of the restructured Secured Bonds set out in paragraph 7 of Part 2 of this announcement. To the best of the knowledge and belief of the Watford Leisure Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Independent Directors accept responsibility for all the information contained in this announcement relating to their views and opinion on the Offer and their fair and reasonable opinions in respect of the terms of the restructured Secured Bonds set out in paragraph 7 of Part 2 of this announcement. To the best of the knowledge and belief of the Independent Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The WFCL Director accepts responsibility for all of the information contained in this announcement other than the information for which the Watford Leisure Directors (including Mr Fransen) and the Independent Directors accept responsibility as stated above. To the best of the knowledge and belief of the WFCL Director (who has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Cautionary statement regarding forward-looking statements

This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning Watford Leisure and WFCL.

Generally, the words “anticipate”, “believe”, “continue”, “estimate”, “expect”, “forecast”, “intend”, “may”, “plan”, “project”, “should” and “will” or similar expressions identify forward-looking statements. Such statements reflect the relevant company’s current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies’ abilities to control or estimate precisely, such as changes in general economic and business conditions, changes in currency exchange rates and interest rates, lack of acceptance of new exchange rates and interest rates, introduction of competing products or services, lack of acceptance of new products or services, changes in business strategy and the behaviour of other market participants and therefore undue reliance should not be placed on such statements. Neither Watford Leisure nor WFCL nor their respective affiliates undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

DISCLOSURE REQUIREMENTS OF THE CODE

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of Watford Leisure or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Watford Leisure and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of Watford Leisure or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of Watford Leisure or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of Watford Leisure or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Watford Leisure and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

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

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

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel’s website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel’s Market Surveillance Unit on +44 (0)20 7638 0129.

Publication of this announcement

In accordance with Rule 19.11 of the Code, a copy of this announcement will be published, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on Watford Leisure’s

website at www.watfordleisureplc.com and WFCL's website at www.watfordfcltd.co.uk, by no later than 12 noon on 11 March 2011.

Rule 2.10 disclosure

In accordance with Rule 2.10 of the Code, Watford Leisure confirms that as at the date of this announcement it has 43,885,693 ordinary shares of 1 pence each in issue and admitted to trading on AIM under the ISIN reference GB0034301217, as well as 202,840,000 warrants (each to subscribe for one new ordinary share at a subscription price of 4 pence per share) which are unlisted but freely transferable.

The Offer will extend to all Watford Leisure Shares in issue or unconditionally allotted fully paid (or credited as fully paid) on the date on which the Offer is made and to any further Watford Leisure Shares unconditionally allotted or issued fully paid (or credited as fully paid) while the Offer remains open for acceptance (or such earlier date as WFCL may, subject to the Code or with the consent of the Panel, determine).

The Offer Document containing the full terms and the conditions of the Offer will be posted to Watford Leisure Shareholders in due course.

3. Irrevocable undertakings

WFCL has received irrevocable undertakings to accept, or procure the acceptance of, the Offer from the following substantial Watford Leisure Shareholders over the following holdings in Watford Leisure Shares:

| Shareholder | Number of Watford Leisure Shares | Percentage of issued Watford Leisure Shares |
|-----------------|----------------------------------|---|
| Fordwat Limited | 16,306,437 | 37.16 |
| Graham Simpson | 3,616,917 | 8.24 |
| Yianna Simpson | 3,751,879 | 8.55 |

Accordingly, subject to such irrevocable undertakings not having lapsed in accordance with their terms and therefore ceasing to be binding, WFCL has received irrevocable undertakings to accept the Offer from holders of, in aggregate, 23,675,233 Watford Leisure Shares, representing approximately 53.95 per cent. of the existing issued share capital of Watford Leisure. These undertakings will remain binding, even if a higher competing offer for Watford Leisure is announced, unless the Offer Document is not published within 21 days from the date of this announcement or the Offer lapses or is withdrawn. Accordingly, the acceptance condition to the Offer (as set out in paragraph 1(a) of Appendix I to this announcement) is most likely to be met shortly following the date of posting of the Offer Document.

The Watford Leisure Shareholders who have given irrevocable undertakings to WFCL have additionally agreed therein, *inter alia*, not to:

- sell, transfer, dispose of or grant security over any of their shareholdings;
- accept any other offer from any third-party in respect of their shareholdings; and
- withdraw their acceptance of the Offer.

No Watford Leisure Shareholder who has entered into an irrevocable undertaking with WFCL is acting in concert with WFCL.

4. Information relating to WFCL, Panos Thomas and Laurence Bassini

WFCL, a private company incorporated in England and Wales, was formed on 12 January 2011 with registered number 07489618 and has its registered office at 85 Oxford Road, High Wycombe HP11 2DX.

WFCL was formed specifically for the purpose of making the Offer and is beneficially wholly owned by Laurence Bassini. Mr Panagiotis (“Panos”) Thomas is the sole registered shareholder of WFCL and holds the shares in WFCL on trust for Mr Bassini. WFCL has not traded since its date of incorporation, has paid no dividends and has not entered into any obligations other than in connection with the financing of the Offer.

The sole current director of WFCL is Mr Thomas. WFCL does not currently have any subsidiaries or subsidiary undertakings.

Mr Thomas, an experienced knee-surgeon, qualified from the Medical School, University of Athens, in 1984 and since 1996 has been practising as a Consultant Orthopaedic Surgeon at the Whittington Hospital NHS Trust, London.

Mr Thomas is Director of the MSc in Sports and Exercise Medicine, UCL since its launch in 1999. He has taken part in the design of the Sports and Exercise Medicine Specialty and is also a member of the Specialty Training Committee in London for this Specialty, leading the training of doctors in West London. In addition, he is the Academic Secretary of the British Orthopaedic Sports Trauma Association ("BOSTA").

Mr Thomas has been heavily involved with the treatment of elite athletes. He advises Arsenal FC, Barnet FC, MK Dons FC, Brentford FC and Wycombe Wanderers FC and provides advice to British Fencing, the British Ski Federation, the British American Football League and other sports organisations.

The funding for the Offer is being provided to WFCL by Mr Laurence Bassini. Mr Bassini, aged 40, is an entrepreneur and lifelong football fan. He has a wide range of business interests, in both trading companies and property. He grew up and continues to live in north London, close to the Club's Vicarage Road Stadium.

Further information concerning WFCL and Messrs Bassini and Thomas will be set out in the Offer Document.

5. Information relating to Watford Leisure

Incorporated on 19 March 1997, Watford Leisure is a UK public company whose principal activity is to act as the holding company of the Club in which it has a 96 per cent. majority interest. The principal activity of the Club is the operation of a professional football league club and related commercial activities. The Club's first team currently plays in the Championship and its activities are regulated by the Football League and the Football Association. Watford Leisure's shares have been admitted to trading on AIM since July 2001. The market capitalisation of Watford Leisure, based on the Closing Price of 4 pence per Watford Leisure Share on 9 March 2011 (being the last Business Day prior to the date of this announcement), was approximately £1.76 million.

The Watford Leisure Group's financial performance is largely dependent on the success of the Club's football team. For its latest financial year ended 30 June 2010, the Watford Leisure Group reported revenue of £11.26 million (2009: £23.08 million) and a loss before and after taxation of £4.06 million (2009: loss of £1.99 million). As at 30 June 2010, total assets were £18.52 million (2009: £17.76 million) with net liabilities of £0.01 million (2009: net assets of £4.05 million) and net debt of £10.74 million (2009: £5.91 million).

Current trading and prospects

Since announcing its final results for the year ended 30 June 2010, the Watford Leisure Group has continued to be loss making. The Company last raised funding in July 2010 by way of the issue of the Secured Bonds and the Warrants which were subscribed by certain substantial Watford Leisure Shareholders and a director of the Company. The subscription proceeds were used to consolidate and replace £9.207 million of the Watford Leisure Group's existing indebtedness with the balance of £0.935 million providing essential working capital. It was also announced last year that material further funds would be needed to cover the financial year ended 30 June 2011 with Watford Leisure remaining dependent on the continued financial support of certain substantial Watford Leisure Shareholders and Watford Leisure Directors and/or alternative funding sources, including media and TV income and player trading, to satisfy such funding requirement.

As the Company did not trade any player registrations in the recent transfer window in January 2011 and now cannot sell any players until the next window in the summer of 2011, there is a working capital requirement of approximately £3.5 million to cover the shortfall for the remainder of the Company's current financial year. Accordingly, WFCL has undertaken to provide £3.5 million of funds for working capital purposes subject, *inter alia*, to the Offer becoming or being declared wholly unconditional. In the event that the Offer does not become wholly unconditional, the Company would have to secure alternative financing from existing Watford Leisure Shareholders, Watford Leisure

Directors, a new strategic investor(s) or another source to cover its immediate working capital requirements.

Further financial and other information on Watford Leisure will be set out in the Offer document.

If the Offer becomes, or is declared, wholly unconditional, WFCL will become the holder of at least a majority of the Watford Leisure Shares.

6. Background to and reasons for the Offer and future plans for Watford Leisure

On 3 December 2010, Watford Leisure released an announcement referring to media speculation referencing discussions between the largest shareholder in the Company and a potential buyer of his shares, which acquisition would then require an offer to be made for the Company.

Following this announcement, discussions have been held with Messrs Bassini and Thomas, with a view to consummating a transaction which would be in the best interests of the Club and Watford Leisure Shareholders.

WFCL is confident in the overall prospects for Watford Leisure, but believes that it would be better suited to a private company environment, where management will be able to concentrate on the more efficient delivery of its business plan free from the requirement to meet the public equity market's expectations.

The Watford Leisure Directors have held extensive discussions with Mr Bassini and Mr Thomas regarding, *inter alia*, their short and longer term plans and future intentions for both Watford Leisure and the Club. In particular, the Watford Leisure Board has discussed with them three specific proposed ground improvement projects that it considers are important for the sensible development of the Club, namely (i) the fit out of the South West corner of the stadium, (ii) the re-laying of the pitch, and (iii) the redevelopment of the East Stand.

It is WFCL's current intention to support these plans, but the timing of their implementation and the preferred method of funding the improvements have yet to be confirmed or finalised.

WFCL believes that in order to make the Club a consistent competitor within the English league system, it must engender local support on multiple levels, including, *inter alia*, from traditional fans and supporters and the wider business community.

7. Proposed restructuring of the Secured Bonds

The Secured Bonds, which in aggregate represent total indebtedness of £10.142 million (exclusive of accrued interest payable), currently fall due for repayment on 12 July 2011. The Company does not presently have sufficient funds to satisfy such a repayment obligation.

Accordingly, as part of its discussions with WFCL and Messrs Bassini and Thomas, the Watford Leisure Board has reached agreement with WFCL and the Bondholders to restructure the Secured Bonds, conditional upon the Offer becoming or being declared wholly unconditional.

It is intended that following the Offer becoming or being declared wholly unconditional, the repayment date for the principal amount of the Secured Bonds is to be varied such that the principal amount will be repaid in fixed instalments over a five year period as follows:

| <i>Repayment date</i> | <i>Amount of principal to be repaid</i> |
|---|---|
| Date the Offer becomes wholly unconditional | £1,000,000 |
| First anniversary thereof | £1,500,000 |
| Second anniversary thereof | £2,500,000 |
| Third anniversary thereof | £3,182,000* |
| Fourth anniversary thereof | £1,055,000** |
| Fifth anniversary thereof | £1,025,000 |

TOTAL: £10,262,000

* - includes £90,000 of accrued interest due to Fordwat Limited and Graham Simpson which is to be capitalised. The remaining accrued interest due to such Bondholders has been waived.

** - includes £30,000 of accrued interest due to David Fransen which is to be capitalised. The remaining accrued interest due to such Bondholder has been waived.

The rate of interest, which is currently 4.5 per cent. above the base rate of Barclays Bank plc, is to be changed to a fixed rate of 5 per cent. for the first year and 3 per cent. thereafter, although one Bondholder, David Fransen, has agreed to accept a flat rate of interest of 3 per cent. throughout.

The Secured Bonds can be repaid early at Watford Leisure's election and must be repaid if Watford Leisure is promoted to the FA Premier League or there is a subsequent change of control of Watford Leisure.

The security granted to the Bondholders will remain unchanged, but there will be certain changes to the covenants contained in the terms and conditions of the Secured Bonds including restrictions on the funding of player purchases, certain asset disposals, loans from and to shareholders and the Club's ability to declare dividends and make distributions. Further details of the covenant changes and the full terms of the restructured Secured Bonds will be set out in the Offer Document which, following publication, will be made available, subject to certain restrictions relating to persons in any Restricted Jurisdiction, on Watford Leisure's website at www.watfordleisureplc.com and WFCL's website at www.watfordfcld.co.uk.

For the purposes of the AIM Rules, the restructuring of the Secured Bonds is considered to be a "Related Party Transaction" in light of the interests in the Secured Bonds of Fordwat Limited and Graham Simpson, who are substantial shareholders in the Company, and David Fransen who is a Watford Leisure Director. The Independent Directors consider, having consulted with Strand Hanson, that the terms of the restructured Secured Bonds are fair and reasonable insofar as Watford Leisure Shareholders are concerned.

For the purposes of Rule 16 of the Code, the Independent Directors also consider having consulted with, and been so advised by, Strand Hanson, that the terms of the restructured Secured Bonds are fair and reasonable.

8. Working capital facility

WFCL has agreed, conditional, *inter alia*, on the Offer becoming or being declared wholly unconditional, to provide Watford Leisure with a £3.5 million working capital facility.

WFCL is being funded with respect to the facility out of Mr Bassini's existing resources.

9. Views and opinion of the Independent Directors on the Offer

The board of Watford Leisure is cognisant of the fact that WFCL has secured irrevocable undertakings to accept the Offer from certain substantial Watford Leisure Shareholders holding, in aggregate, 23,675,233 Watford Leisure Shares representing approximately 53.95 per cent. of the Company's existing issued share capital. In addition, WFCL has entered into agreements with Warrantholders holding, in aggregate, 202,840,000 Warrants, representing all of the issued Warrants, to sell their Warrants to WFCL for a nominal sum, conditional upon the Offer becoming or being declared unconditional in all respects.

Mr Fransen, a non-executive director of Watford Leisure, owns approximately 20.21 per cent. of the outstanding Secured Bonds and Warrants. In light of Mr Fransen's substantial interests in the Secured Bonds and Warrants, it is deemed to be inappropriate for Mr Fransen to give his opinion to Watford Leisure Shareholders with regards to the Offer. The board of Watford Leisure has therefore appointed Graham Taylor, Julian Winter and Stuart Timperley as a committee of Independent Directors to take responsibility for considering the Offer on behalf of Watford Leisure Shareholders and for reaching conclusions on the appropriate opinion to be provided to them.

The Offer Price of 1 pence per Watford Leisure Share represents a 75 per cent. discount to the Closing Price of a Watford Leisure Share of 4 pence on 9 March 2011 (the last Business Day prior to the announcement of the Offer by WFCL) and approximately an 85.7 per cent. discount to the Closing Price of 7 pence per Watford Leisure Share on 2 December 2010 (being the last Business Day prior to the Company's announcement that it was aware of media speculation referencing discussions between the Company's largest shareholder and a potential purchaser of his shares, which acquisition would require an offer to be made for the Company).

In light of the value of the Offer representing a substantial discount of 75 per cent. and 85.7 per cent. to the Company's prevailing Closing Price on 9 March 2011 and 2 December 2010 respectively, the Independent Directors do not recommend acceptance of the Offer. However, the Independent Directors believe that Watford Leisure Shareholders may choose to consider accepting the Offer, after taking into account the following important factors:

1. The Secured Bonds, which in aggregate represent total indebtedness of £10.142 million (exclusive of accrued interest payable), fall due for repayment on 12 July 2011. The Company does not presently have sufficient funds to satisfy such a repayment obligation and, in all likelihood, would only be in a position to do so in the short term if the Club was to achieve promotion to the FA Premier League or a suitable longer term financing partner was identified. To date, WFCL is the only party that has offered new terms acceptable to the Bondholders to provide certainty to the Company that it will be able to remain a going concern into its new financial year commencing on 1 July 2011. The Bondholders have agreed new terms for the Secured Bonds with WFCL, including a new repayment schedule over the next 5 years, the material commercial points of which are set out in paragraph 7 of this announcement above, and which are conditional on the Offer becoming or being declared wholly unconditional. In the event that the Offer does not become or is not declared wholly unconditional, the Company will have to obtain alternative financing to repay the Bondholders or re-negotiate terms with the Bondholders. Whilst the Bondholders have demonstrated in the past that they are supportive of Watford Leisure, there can be no guarantee that they will continue to be so and that any such negotiations would be successful;
2. WFCL has undertaken to provide a £3.5 million facility to Watford Leisure for working capital purposes subject, *inter alia*, to the Offer becoming or being declared wholly unconditional. In the event that the Offer does not become or is not declared wholly unconditional, the Company would have to secure alternative financing to cover its immediate working capital requirements. As the Club is loss making and cannot sell any of its players until the summer transfer window, the Company remains dependent on the continued support of Watford Leisure Shareholders and Bondholders. Whilst Watford Leisure Shareholders and Bondholders have shown in the past that they are supportive of Watford Leisure there can be no guarantee that they will continue to be so and that any such sufficient alternative financing can be obtained;
3. The Watford Leisure Directors have held extensive discussions with Messrs Bassini and Thomas regarding, *inter alia*, their short and longer term plans and future intentions for both Watford Leisure and the Club. In particular, the Watford Leisure Board has discussed with them three specific proposed ground improvement projects that it considers are important for the sensible development of the Club, namely (i) the fit out of the South West corner of the stadium, (ii) the re-laying of the pitch, and (iii) the redevelopment of the East Stand. Messrs Bassini and Thomas have stated that it is their and WFCL's current intention to support such development projects, but the timing of their implementation and the preferred method of funding the improvements to the Vicarage Road Stadium have yet to be confirmed or finalised. As such, there is no guarantee as to the timing of these improvements or that they will be made at all, and limited visibility as to WFCL's development plans for the Watford Leisure Group as a whole;
4. The Company is a small AIM quoted company with little market interest or liquidity in its shares;
5. WFCL has secured irrevocable undertakings to accept the Offer from Watford Leisure Shareholders holding in aggregate 53.95 per cent. of the Company's existing issued share capital. Accordingly, in light of the level of the acceptance condition to the Offer (being more than 50 per cent. of the issued Watford Leisure Shares inclusive of Watford Leisure Shares otherwise acquired by WFCL or its concert parties), Watford Leisure Shareholders can reasonably expect WFCL to declare its Offer wholly unconditional and succeed in achieving at least a 53.95 per cent. interest in the Company shortly following publication of the Offer Document. As a

consequence, Watford Leisure Shareholders who elect not to accept the Offer are likely to, together, retain only a minority interest in the Company and WFCL will be able to exercise its resultant majority shareholding position to, *inter alia*, control the composition of the Watford Leisure Board and determine Watford Leisure's future strategy. In addition, as WFCL would hold more than 50 per cent. of the Watford Leisure Shares, it would have the ability, under the Code, to acquire further Watford Leisure Shares and to increase its percentage interest in Watford Leisure's issued ordinary share capital without having to make any further offer to Watford Leisure Shareholders and subject only to limited restrictions under the Code.

6. WFCL has stated its intention that should it achieve sufficient acceptances from Watford Leisure Shareholders and/or otherwise acquire sufficient Watford Leisure Shares to take its shareholding to 75 per cent. or more of the Watford Leisure Shares, it will procure the cancellation of the admission of Watford Leisure Shares to trading on AIM. Whilst there is no guarantee that WFCL will secure over 75 per cent. of the Watford Leisure Shares under the Offer, WFCL has agreed with Warrantholders, holding in aggregate all of the issued Warrants, to purchase all of their 202,840,000 Warrants for a nominal sum conditional upon the Offer becoming or being declared wholly unconditional. The Warrants are exercisable at a price of 4 pence per Watford Leisure Share and will enable WFCL, even if no further acceptances of the Offer are received beyond the Watford Leisure Shares the subject of the irrevocable undertakings, to hold up to approximately 91.81 per cent of the Company's fully diluted share capital should the Warrants be exercised in full at any time up to 13 July 2015. If the Company's admission to trading on AIM is cancelled, WFCL also intends to procure that Watford Leisure will be re-registered as a private limited company under the relevant provisions of the Companies Act 2006.
7. If cancellation of the admission of Watford Leisure Shares to trading on AIM was to be procured by WFCL and Watford Leisure re-registered as a private company, Watford Leisure Shareholders who do not accept the Offer may find it difficult to trade their shares and opportunities for realising their shareholdings in the future will be uncertain. As minority shareholders in a private and unquoted company, although retaining the protections of the Code, non-accepting Watford Leisure Shareholders may not be afforded the same level of protection as was afforded to them whilst the Watford Leisure Shares were admitted to trading on AIM and the Company would no longer be subject to the constraints of the AIM Rules. Watford Leisure Shareholders may therefore decide that the certainty of the Offer Price is preferable to the uncertainty of retaining a minority shareholding in a potentially unquoted company. The Offer represents an opportunity for Watford Leisure Shareholders to realise their investment in Watford Leisure without incurring trading costs.

The Independent Directors believe that Watford Leisure Shareholders should carefully consider the abovementioned factors and their own personal circumstances in assessing the Offer and making a decision as to whether to accept it. The Independent Directors further consider that the exit opportunity and certainty of the cash amount represented by the Offer could be preferable to the uncertainty of maintaining a minority shareholding in an unquoted company and the Offer therefore merits consideration by Watford Leisure Shareholders.

The Independent Directors, having been so advised by Strand Hanson, do not recommend acceptance of the Offer as the value of the Offer represents a substantial discount of 75 per cent. and 85.7 per cent. to the Company's prevailing Closing Price on 9 March 2011 and 2 December 2010 respectively. However, they recognise that given the likely cancellation of the admission to trading on AIM of the Watford Leisure Shares (particularly if WFCL exercises sufficient of the Warrants to take its resultant holding above 75 per cent.), Watford Leisure Shareholders may choose to take advantage of the Offer to exit from their investment in the Company. In providing its advice, Strand Hanson has taken into account the Independent Directors' commercial assessments.

10. Financing of the Offer

The cash consideration payable under the Offer will be funded from the existing cash resources of Laurence Bassini, who has committed to provide the requisite funds to WFCL.

Seymour Pierce, financial adviser to WFCL, is satisfied that sufficient financial resources are available to WFCL to implement the Offer in full. Full acceptance of the Offer would require a maximum cash

payment of approximately £0.44 million by WFCL, which it is currently intended will be funded by way of a loan facility being made available to it by Mr Bassini in respect of the Offer.

Further details of the financing arrangements will be set out in the Offer Document.

11. Watford Leisure's Directors, management, employees and locations

The WFCL Director has given assurances to the Watford Leisure Board that, following the Offer becoming or being declared wholly unconditional, the existing employment rights, including pension rights, of the directors, management and employees of the Watford Leisure Group will be fully safeguarded. There are currently no plans to significantly change any pre-existing incentivisation arrangements with the management of Watford Leisure.

WFCL intends to continue to run the Club as a football business, with operations remaining at the current principal locations. WFCL believes that as part of its strategy going forward, there is scope to enhance the Watford Leisure Group's current commercial operations.

WFCL does not have any immediate intentions to dispose of, redeploy or otherwise change the use of any fixed assets of the Watford Leisure Group to an extent that would have a material impact on the business of Watford Leisure.

WFCL intends to work closely with the existing executive management team of Watford Leisure and expects that existing members of senior management will continue to be involved in the ongoing business of Watford Leisure. No proposals currently exist to materially change the terms and conditions of employment of any of the Watford Leisure Group's employees.

Following the Offer becoming or being declared wholly unconditional, Julian Winter and David Fransen have agreed to step down from the Board of Watford Leisure. They will remain on the board of the Club. Graham Taylor will remain as Chairman of the Company and Stuart Timperley as a non-executive director of the Company.

Upon the Offer becoming or being declared wholly unconditional, Panos Thomas, Anthony Samuels and Sandra Parnell will be appointed to the board of Watford Leisure. Mr Samuels is a solicitor and is currently a business development consultant at Howard Kennedy. Mrs Parnell is a member of Hertsmere Borough Council, where she is a former mayor, and is the deputy mayor of Elstree and Borehamwood.

12. Watford Leisure share options and Warrants

There are no share options outstanding to subscribe for new Watford Leisure Shares.

There are 202,840,000 Warrants outstanding and WFCL has agreed with the Warrantheolders, conditional on the Offer becoming or being declared wholly unconditional, to purchase all of the outstanding Warrants for the aggregate sum of £1. Each Warrant is exercisable at a price of 4 pence per Watford Leisure Share at any time up to 12 July 2015.

13. Opening Position Disclosure and disclosure of interests in Watford Leisure

WFCL did not have an opening position in Watford Leisure Shares pursuant to Rule 8.1(a) of the Code and accordingly has already disclosed the details required to be disclosed by Rule 8.1(a) of the Code.

Save as disclosed herein, neither WFCL, nor its director, nor to the best of WFCL's knowledge and belief, any person acting in concert with WFCL has any interest in, or right to subscribe for, any relevant securities of Watford Leisure or has borrowed or lent any relevant securities of Watford Leisure (save for any borrowed shares which have been either on-lent or sold), nor does any such person have any short positions (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative or any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery. Save as set out in paragraph 3 above, neither WFCL nor any of its associates has procured any irrevocable commitment or letter of

intent in respect of any relevant securities of Watford Leisure. There are no arrangements of the kind referred to in Note 6(b) to Rule 8 of the Code which exist between WFCL or any associate of WFCL and any other person in relation to any relevant securities of Watford Leisure.

For the purposes of this paragraph 13, the terms “acting in concert”, “associate”, “interest” and “relevant securities” have the same meanings as defined in the Code.

14. Compulsory acquisition, cancellation of AIM admission and re-registration

If WFCL receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in value of the Watford Leisure Shares to which the Offer relates (and not less than 90 per cent. of the voting rights carried by Watford Leisure Shares), WFCL currently intends to exercise its rights pursuant to the provisions of sections 979 to 982 (inclusive) of the Companies Act 2006 to compulsorily acquire any remaining Watford Leisure Shares to which the Offer relates on the same terms as the Offer.

Furthermore, if the Offer becomes, or is declared, wholly unconditional, and WFCL receives sufficient acceptances from Watford Leisure Shareholders, and/or otherwise acquires sufficient Watford Leisure Shares, to take its shareholding to 75 per cent. or more of the Watford Leisure Shares, WFCL intends to procure the making of an application by Watford Leisure to the London Stock Exchange for the cancellation of the admission of the Watford Leisure Shares to trading on AIM. It is anticipated that, subject to any applicable requirements of the London Stock Exchange, such cancellation will take effect no earlier than 20 Business Days after the date on which the Offer becomes, or is declared, wholly unconditional and WFCL receives sufficient acceptances from Watford Leisure Shareholders, and/or otherwise acquires sufficient Watford Leisure Shares, to take its shareholding to over 75 per cent.

It is further proposed that following the Offer becoming, or being declared, wholly unconditional and after the Watford Leisure Shares are no longer admitted to trading on AIM, Watford Leisure will be re-registered as a private limited company under the relevant provisions of the Companies Act 2006.

Cancellation of the admission of Watford Leisure Shares to trading on AIM and re-registration as a private limited company will significantly reduce the liquidity and marketability of any Watford Leisure Shares not assented to the Offer at that time and the value of any such Watford Leisure Shares may be affected as a consequence.

15. General

The Offer Document, containing the full terms of the Offer and the procedures to be followed by Watford Leisure Shareholders to accept the Offer, will be posted to Watford Leisure Shareholders, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, as soon as practicable and in any event within 28 days of the date of this announcement, unless otherwise agreed with the Panel.

The terms and conditions to the Offer are set out in Appendix I and, together with certain further terms of the Offer, will also be set out in full in the Offer Document and, in the case of certificated Watford Leisure Shares, in the Form of Acceptance. Appendix II sets out the bases and sources of certain financial information used in this announcement. Appendix III contains the definitions of certain terms used in this announcement.

The availability of the Offer to Watford Leisure Shareholders not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are citizens or in which they are resident. Such persons should inform themselves about and observe any applicable legal or regulatory requirements of any such relevant jurisdiction. In particular, the Offer is not being made, directly or indirectly, in, into or from or by the use of the mails of or any means or instrumentality (including, without limitation, by means of facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or by any facility of a national, state or other securities exchange of, the United States, or in, into or from Canada, Australia, South Africa or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction, and the Offer will not be capable of acceptance by

any such use, means, instrumentality or facility from or within the United States, Canada, Australia, South Africa or Japan or any other jurisdiction where to do so would constitute a breach of any relevant securities laws of that jurisdiction. Accordingly, copies of this announcement are not being, and must not be, mailed or otherwise distributed or sent in or into or from the United States, Canada, Australia, South Africa or Japan. Persons receiving this announcement (including without limitation, custodians, nominees and trustees) must not distribute or send it in, into or from the United States, Canada, Australia, South Africa or Japan.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. Further information in relation to Overseas Shareholders will be set out in the Offer Document.

Enquiries:

Seymour Pierce Limited (Financial Adviser to WFCL)

| | |
|-----------------|---------------------------|
| Jonathan Wright | Tel: +44 (0) 20 7107 8000 |
| Tom Sheldon | Tel: +44 (0) 20 7107 8000 |

Maitland (PR Adviser to WFCL)

| | |
|--------------|---------------------------|
| Neil Bennett | Tel: +44 (0) 20 7379 5151 |
| Daniel Yea | Tel: +44 (0) 20 7379 5151 |

Watford Leisure PLC

| | |
|--|---------------------------|
| Julian Winter, Chief Executive Officer | Tel: +44 (0) 1923 496 000 |
|--|---------------------------|

Strand Hanson Limited (Financial Adviser to Watford Leisure)

| | |
|------------------|---------------------------|
| Rory Murphy | Tel: +44 (0) 20 7409 3494 |
| Matthew Chandler | Tel: +44 (0) 20 7409 3494 |

This announcement is for information purposes only and is not intended to, and does not, constitute, or form any part of, an offer to sell or an invitation to subscribe for or purchase Watford Leisure Shares or any other securities, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offer is being made solely through the Offer Document and, where appropriate, the related Form of Acceptance which will contain the full terms and conditions of the Offer. Any acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document. Watford Leisure Shareholders are advised to read the formal documentation in relation to the Offer carefully, once it has been dispatched.

The full terms and conditions of the Offer (including details of how the Offer may be accepted) will be set out in the Offer Document and, where appropriate, the related Form of Acceptance. Watford Leisure Shareholders who accept the Offer may only rely on the Offer Document and, where appropriate, the related Form of Acceptance for all the terms and conditions of the Offer. In deciding whether or not to accept the Offer in relation to their Watford Leisure Shares, Watford Leisure Shareholders should rely only on the information contained, and procedures described, in the Offer Document and, where appropriate, the related Form of Acceptance. Watford Leisure Shareholders and, for information purposes only, Warranholders, are strongly advised to read the Offer Document which will be posted to them in due course, which contains important information.

Seymour Pierce, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to WFCL and no-one else in connection with the Offer and will not be responsible to anyone other than WFCL for providing the protections afforded to clients of Seymour Pierce or for providing advice in relation to the Offer, the contents of this announcement or any other matter referred to herein. Neither Seymour Pierce nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in

contract, in tort, under statute or otherwise) to any person who is not a client of Seymour Pierce in connection with this announcement, any statement contained herein or otherwise.

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to Watford Leisure and no-one else in connection with the Offer and will not be responsible to anyone other than Watford Leisure for providing the protections afforded to clients of Strand Hanson or for providing advice in relation to the Offer, the contents of this announcement or any other matter referred to herein. Neither Strand Hanson nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Strand Hanson in connection with this announcement, any statement contained herein or otherwise.

The Offer will not be made, directly or indirectly, in, into, or from the United States, Canada, Australia, South Africa or Japan, or by the use of the mails of, or by any means of instrumentality (including, without limitation, by means of facsimile transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or by any facility of a national, state or other securities exchange of the United States, or in, into or from Canada, Australia, South Africa or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. This announcement does not constitute an offer in the United States, Canada, Australia, South Africa or Japan or any such other jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or otherwise from or within the United States, Canada, Australia, South Africa or Japan or any such other jurisdiction. Accordingly, this announcement is not being, and should not be, directly or indirectly mailed, transmitted or otherwise distributed or sent, in whole or in part, in or into or from the United States, Canada, Australia, South Africa or Japan or any such other jurisdiction.

This announcement is for information purposes only and is not intended to, and does not, constitute, or form any part of, an offer to sell or an invitation to subscribe for or purchase Watford Leisure Shares or any other securities, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law. The Offer is being made solely through the Offer Document, which will contain the full terms and conditions of the Offer. Any acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document. Watford Leisure Shareholders are advised to read the formal documentation in relation to the Offer carefully, once it has been despatched.

The distribution of this announcement and availability of the Offer to persons not resident in, nor citizens of, the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are citizens or in which they are resident. Such Overseas Shareholders should inform themselves about, and observe, any applicable legal or regulatory requirements of any such relevant jurisdiction. This announcement has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intend to, forward this announcement, the Offer Document and/or any Form of Acceptance or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before doing so.

Neither the United States Securities and Exchange Commission nor any state securities commission has reviewed, approved or disapproved this announcement or any of the proposals described in this announcement.

Appendix I sets out the conditions and further terms of the Offer.

Appendix II sets out the bases and sources of information from which the financial calculations used in this announcement have been derived.

Appendix III contains the definitions of terms used in this announcement.

The Watford Leisure Directors accept responsibility for all the information contained in this announcement relating to themselves and members of their immediate families, related trusts and

persons connected with them, and to Watford Leisure, other than that relating to the views and opinion of the Independent Directors on the Offer and the fair and reasonable opinions in respect of the terms of the restructured Secured Bonds set out in paragraph 7 of Part 2 of this announcement. To the best of the knowledge and belief of the Watford Leisure Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Independent Directors accept responsibility for all the information contained in this announcement relating to their views and opinion on the Offer and their fair and reasonable opinions in respect of the terms of the restructured Secured Bonds set out in paragraph 7 of Part 2 of this announcement. To the best of the knowledge and belief of the Independent Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The WFCL Director accepts responsibility for all of the information contained in this announcement other than the information for which the Watford Leisure Directors (including Mr Fransen) and the Independent Directors accept responsibility as stated above. To the best of the knowledge and belief of the WFCL Director (who has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Cautionary statement regarding forward-looking statements

This announcement, including information included or incorporated by reference in this announcement, may contain “forward-looking statements” concerning Watford Leisure and WFCL. Generally, the words “anticipate”, “believe”, “continue”, “estimate”, “expect”, “forecast”, “intend”, “may”, “plan”, “project”, “should” and “will” or similar expressions identify forward-looking statements. Such statements reflect the relevant company’s current views with respect to future events and are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies’ abilities to control or estimate precisely, such as changes in general economic and business conditions, changes in currency exchange rates and interest rates, lack of acceptance of new exchange rates and interest rates, introduction of competing products or services, lack of acceptance of new products or services, changes in business strategy and the behaviour of other market participants and therefore undue reliance should not be placed on such statements. Neither Watford Leisure nor WFCL nor their respective affiliates undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

The attention of Watford Leisure Shareholders is drawn to the fact that under the Code there are certain UK dealing disclosure requirements in respect of relevant securities during an offer period.

DISCLOSURE REQUIREMENTS OF THE CODE

The disclosure requirements are set out in more details in Rule 8 of the Code. Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of Watford Leisure or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Watford Leisure and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in

the relevant securities of Watford Leisure or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of Watford Leisure or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of Watford Leisure or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Watford Leisure and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

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

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

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Publication of this announcement

In accordance with Rule 19.11 of the Code, a copy of this announcement will be published, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on Watford Leisure's website at www.watfordleisureplc.com and WFCL's website at www.watfordfcltd.co.uk, by no later than 12 noon on 11 March 2011.

Rule 2.10 disclosure

In accordance with Rule 2.10 of the Code, Watford Leisure confirms that as at the date of this announcement it has 43,885,693 ordinary shares of 1 pence each in issue and admitted to trading on AIM under the ISIN reference GB0034301217, as well as 202,840,000 warrants (each to subscribe for one new ordinary share at a subscription price of 4 pence per share) which are unlisted but freely transferable.

APPENDIX I

CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

The Offer, which will be made by WFCL, will comply with the Code and any other applicable legal or regulatory requirements. The Offer will be governed by English law and will be subject to the jurisdiction of the courts of England. In addition, the Offer will be subject to the terms and conditions to be set out in full in the Offer Document and, where appropriate, the Form of Acceptance, including the following conditions and terms:

1. CONDITIONS OF THE OFFER

The Offer will be subject to the following conditions:

Minimum acceptance condition

- a) valid acceptances being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on the first closing date of the Offer (or, subject to the Code, such later time(s) and/or date(s) as WFCL may, subject to the rules of the Code, or with the consent of the Panel, decide) in respect of such number of Watford Leisure Shares which, together with Watford Leisure Shares acquired or agreed to be acquired by WFCL or parties acting in concert with it before or during the Offer Period, will result in WFCL, and any persons acting in concert with it, holding Watford Leisure Shares which together carry more than 50 per cent. of the voting rights then normally exercisable at general meetings of Watford Leisure, including for this purpose, to the extent (if any) required by the Code or the Panel, any such voting rights attaching to any Watford Leisure Shares that may be unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding conversion or subscription rights or otherwise, and for this purpose:
 - i) the expression "Watford Leisure Shares to which the Offer relates" shall be construed in accordance with sections 974 to 991 (inclusive) of the Companies Act 2006;
 - ii) Watford Leisure Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry on being entered into the register of members of Watford Leisure; and
 - iii) valid acceptances shall be deemed to have been received in respect of any Watford Leisure Shares which are treated for the purposes of section 978(8) and, if applicable, section 979(9) of the Companies Act 2006 as having been acquired or contracted to be acquired by WFCL by virtue of acceptances of the Offer;

General conditions

- b) no Third Party (as defined below) having intervened and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which would or might reasonably be expected, to an extent which is material to the Wider Watford Leisure Group taken as a whole, to:
 - i) make the Offer, its implementation or the acquisition or proposed acquisition by WFCL of any shares or other securities in, or control or management of, Watford Leisure or any member of the Wider Watford Leisure Group void, illegal or unenforceable in any relevant jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit or restrict the same or impose additional material conditions or obligations with respect to the Offer or such acquisition, or otherwise impede, challenge or interfere with the Offer or such acquisition, or require amendment to the terms of the Offer or the acquisition or proposed acquisition of any Watford Leisure Shares or the acquisition of control or management of Watford Leisure or the Wider Watford Leisure Group by WFCL;

- ii) limit or impose any material limitations on, the ability of WFCL or any member of the Wider Watford Leisure Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Watford Leisure Group;
 - iii) require or prevent the divestiture by WFCL of any shares or other securities in Watford Leisure;
 - iv) require or prevent the divestiture either by WFCL or by any member of the Wider Watford Leisure Group of all or any material portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control their respective assets or properties or any part thereof;
 - v) require WFCL or any member of the Wider Watford Leisure Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in WFCL or any member of the Wider Watford Leisure Group owned by any third party; or
 - vi) materially limit the ability of WFCL or any member of the Wider Watford Leisure Group to conduct or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Watford Leisure Group.
- c) all authorisations which are necessary in any relevant jurisdiction for or in respect of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Watford Leisure or any other member of the Wider Watford Leisure Group by WFCL or the carrying on by any member of the Wider Watford Leisure Group of its business having been obtained, in terms and in a form reasonably satisfactory to WFCL, from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider Watford Leisure Group has entered into contractual arrangements in each case where the absence of such Authorisation would have a material adverse effect on the Wider Watford Leisure Group taken as a whole and all such Authorisations remaining in full force and effect and no notice of any intention to revoke, suspend, restrict, modify or not to renew any of the same having been received by Watford Leisure;
- d) except as publicly disclosed in the annual report and financial statements of Watford Leisure for the financial year ended 30 June 2010 or as publicly announced by Watford Leisure prior to the date of this announcement by the delivery of an announcement to a Regulatory Information Service or as fairly disclosed prior to the date of this announcement to WFCL by or on behalf of Watford Leisure, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Watford Leisure Group is a party, or by or to which any such material member or any of its assets is or are bound, entitled or subject or any circumstance which, in each case as a consequence of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control of, Watford Leisure or any other member of the Wider Watford Leisure Group by WFCL could or might reasonably be expected (to an extent which is material to the Wider Watford Leisure Group taken as a whole) to result in:
- i) any material monies borrowed by or any other material indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Watford Leisure Group being or becoming repayable immediately or prior to its stated repayment date or the ability of any member of the Wider Watford Leisure Group to borrow monies or incur any indebtedness being withdrawn or inhibited;
 - ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the

Wider Watford Leisure Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;

- iii) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Watford Leisure Group thereunder, being terminated or adversely modified or any adverse action being taken or any obligation or liability arising thereunder;
 - iv) any material asset or interest of any member of the Wider Watford Leisure Group being or falling to be disposed of or ceasing to be available to any member of the Wider Watford Leisure Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Watford Leisure Group otherwise than in the ordinary course of business;
 - v) the creation of any material liabilities (actual or contingent) by any member of the Wider Watford Leisure Group other than in the ordinary course of business;
 - vi) the rights, liabilities, obligations or interests of any member of the Wider Watford Leisure Group under any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified;
 - vii) the financial or trading position of any member of the Wider Watford Leisure Group being materially adversely affected; and
 - viii) no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would, or might reasonably be expected to, result in any of the events or circumstances which are referred to in paragraphs (i) to (vii) of this condition (d);
- e) since 30 June 2010 and except as disclosed in Watford Leisure's or the Club's annual report and financial statements for the year then ended or as otherwise publicly announced by Watford Leisure prior to the date of this announcement by the delivery of an announcement to a Regulatory Information Service or as otherwise disclosed prior to the date of this announcement to WFCL by or on behalf of Watford Leisure, no member of the Wider Watford Leisure Group having (to an extent which is material to the Wider Watford Leisure Group taken as a whole):
- i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, other than as between Watford Leisure, the Club and wholly-owned subsidiaries of Watford Leisure and other than any shares issued or shares transferred from treasury upon the exercise of any options granted under any share scheme;
 - ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
 - iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Watford Leisure, the Club or a wholly-owned subsidiary of Watford Leisure);
 - iv) except as agreed by WFCL or as between Watford Leisure, the Club and its wholly-owned subsidiaries or between the Club and such wholly-owned subsidiaries, made, committed to make, authorised or announced any change in its loan capital;

- v) (other than any acquisition or disposal in the ordinary course of business or a transaction between Watford Leisure and the Club or a wholly-owned subsidiary of Watford Leisure or between the Club and such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any material security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
- vi) except as agreed by WFCL, issued, authorised or approved the issue of, or authorisation of or made any change in or to any debentures;
- vii) except as agreed by WFCL entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
 - (1) is of an unusually long term or unusually onerous nature or could involve an obligation of such nature or magnitude; or
 - (2) would or might reasonably be expected to prevent any member of the Wider Watford Leisure Group from conducting its business in the ordinary course; or
 - (3) is other than in the ordinary course of business and on an arm's length basis;
- viii) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider Watford Leisure Group otherwise than in the ordinary course of business;
- ix) entered into or materially varied the terms of, any contract, agreement or arrangement with any of the directors or senior executives of Watford Leisure or (to the extent it is material in the context of the Wider Watford Leisure Group taken as a whole) any director or senior executive of any other member of the Watford Leisure Group;
- x) taken any corporate action or had any legal proceedings instituted against it or petition presented or order made for its winding-up (voluntarily or otherwise) or dissolution or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of or over all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
- xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business save for debts in respect of which a bona fide dispute exists;
- xii) knowingly waived or compromised any claim, otherwise than in the ordinary course of business which is material in the context of the Wider Watford Leisure Group taken as a whole;
- xiii) made any material alteration to its memorandum or articles of association;
- xiv) made or agreed or consented to:
 - (1) any material change:
 - (a) to the terms of any trust deeds constituting any pension scheme(s) established for its directors, employees or their dependants; or

- (b) to any benefits which accrue or to any pensions which are payable thereunder; or
 - (c) to the basis on which qualification for, or accrual or entitlement to any such benefits or pensions are calculated or determined; or
 - (d) to the basis upon which the liabilities (including pensions) of any such pension schemes are funded or made; or
- (2) any change to the trustees including the appointment of a trust corporation but excluding any appointment of a member nominated trustee in accordance with existing nomination arrangements or one company appointment to fill a trustee vacancy;
- xv) proposed, agreed to provide or modified the terms of any share option scheme or incentive scheme of the Wider Watford Leisure Group;
 - xvi) save as between Watford Leisure, the Club and its wholly-owned subsidiaries, granted any material lease in respect of any of the leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property; or
 - xvii) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition (e);
- f) except as disclosed in the annual report and financial statements for the financial year ended 30 June 2010 or as publicly announced by Watford Leisure prior to the date of this announcement by the delivery of an announcement to a Regulatory Information Service or as otherwise disclosed prior to the date of this announcement to WFCL by or on behalf of Watford Leisure:
- i) there having been no material adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider Watford Leisure Group which in any case is material in the context of the Wider Watford Leisure Group taken as a whole;
 - ii) no contingent or other liability of any member of the Wider Watford Leisure Group having arisen or materially increased which in any case is material in the context of the Wider Watford Leisure Group taken as a whole;
 - iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Watford Leisure Group is or is reasonably likely to become a party (whether as plaintiff, defendant or otherwise) having been instituted by or against or remaining outstanding against or in respect of any member of the Wider Watford Leisure Group which in any case is material in the context of the Wider Watford Leisure Group taken as a whole; and
 - iv) (other than as a result of the Offer) no enquiry or investigation by, or complaint or reference to, any Third Party having been instituted by or against or remaining outstanding against or in respect of any member of the Wider Watford Leisure Group which in any case is material in the context of the Wider Watford Leisure Group taken as a whole;
- g) except as disclosed prior to the date of this announcement to WFCL by or on behalf of Watford Leisure, WFCL not having discovered after the date of this announcement:

- i) that any financial or business or other information concerning the Wider Watford Leisure Group disclosed at any time by or on behalf of any member of the Wider Watford Leisure Group, whether publicly, to WFCL or otherwise, is materially misleading or contains any misrepresentation of fact or omits to state a material fact necessary to make any information contained therein not materially misleading and which was not subsequently corrected before the date of this announcement by disclosure either publicly or otherwise to WFCL to an extent which in any case is material in the context of the Wider Watford Leisure Group taken as a whole; or
 - ii) that any member of the Wider Watford Leisure Group is subject to any liability (actual or contingent) which is not disclosed in Watford Leisure's annual report and financial statements for the financial year ended 30 June 2010 or has not otherwise been publicly announced and which in any case is material in the context of the Wider Watford Leisure Group taken as a whole.
- h) except to the extent disclosed in the annual report and financial statements of Watford Leisure for the financial year ended 30 June 2010 or as publicly announced by Watford Leisure prior to the date of this announcement by the delivery of an announcement to a Regulatory Information Service or as fairly disclosed to WFCL by or on behalf of Watford Leisure before the date of this announcement, WFCL not having discovered after the date of this announcement:
- i) that any past or present member of the Wider Watford Leisure Group has not complied with any material applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider Watford Leisure Group which is material in relation to the Wider Watford Leisure Group taken as a whole; or
 - ii) that there is any liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Watford Leisure Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise which is material in relation to the Wider Watford Leisure Group taken as a whole.

For the purpose of these conditions:

- (a) "Third Party" means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority, court, trade agency, association, institution or professional or environmental body or any other similar person or body whatsoever in any relevant jurisdiction;
- (b) a Third Party shall be regarded as having "intervened" if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided and "intervene" shall be construed accordingly; and

- (c) "Authorisations" means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals.

2. FURTHER TERMS OF THE OFFER

- (a) WFCL reserves the right to waive, in whole or in part, all or any of conditions (b) to (h) above inclusive. WFCL also reserves the right, subject to the consent of the Panel, to extend the time allowed under the Code for satisfaction of condition (a) until such time as conditions (b) to (h) have been satisfied, fulfilled or, to the extent permitted, waived. If WFCL is required by the Panel to make an offer for Watford Leisure Shares under the provisions of Rule 9 of the Code, WFCL may make such alterations to the above conditions, including condition (a) above, as are necessary to comply with the provisions of that Rule.
- (b) The Offer will lapse unless the conditions set out above (other than condition (a) to the Offer) are fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by WFCL in its reasonable opinion to be or to remain satisfied by no later than 21 days after the later of the first closing date of the Offer or the date on which the Offer becomes or is declared unconditional as to acceptances, or such later date as WFCL may, with the consent of the Panel, decide. WFCL shall be under no obligation to waive or treat as satisfied any of conditions (b) to (h) inclusive by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled or satisfied and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment or satisfaction.
- (c) The Offer will extend to all Watford Leisure Shares unconditionally allotted or issued on the date on which the Offer is made, and any further Watford Leisure Shares unconditionally allotted or issued, and any treasury shares unconditionally sold or transferred by Watford Leisure, in each case, while the Offer remains open for acceptance (or such earlier date or dates as WFCL may decide), except that the Offer will not be made, directly or indirectly, in or into, or by the use of the mails or any means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of Canada, Australia or Japan, or any other jurisdiction where it would be unlawful to do so and the Watford Leisure Shares will not be accepted for purchase from or on behalf of any shareholder, in the United States, Canada, Australia, Japan, or any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this announcement.
- (d) The Watford Leisure Shares are to be acquired by WFCL fully paid and free from all liens, charges and encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights attaching thereto, including the right to all dividends or other distributions declared, paid or made after the date hereof.

APPENDIX II

BASES AND SOURCES OF INFORMATION

In this announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

1. General

Unless otherwise stated, the financial information on the Watford Leisure Group has been extracted or derived (without material adjustment) from Watford Leisure's audited consolidated statutory report and financial statements for the year ended 30 June 2010.

All information relating to WFCL has been provided by persons duly authorised by the WFCL Board.

2. Existing issued share capital and Warrants

References to the existing issued share capital of Watford Leisure are references to Watford Leisure Shares in issue on 9 March 2011 (being the last practicable Business Day prior to the release of this announcement), being 43,885,693 Watford Leisure Shares.

There are 202,840,000 Warrants in issue on 9 March 2011 (being the last practicable Business Day prior to the release of this announcement).

3. Value of the Offer

The value attributed to the Offer is based upon the 43,885,693 Watford Leisure Shares in issue on 9 March 2011 (being the latest practicable date prior to the date of this announcement). There are no outstanding options or Warrants in issue in relation to Watford Leisure Shares which are exercisable at less than 1p.

4. Share prices

The market prices of Watford Leisure Shares on a particular date are derived from the closing middle market quotation of a Watford Leisure Share, as derived from the AIM appendix to the Daily Official List for the particular date concerned.

5. Time

All the times referred to in this announcement are London times.

APPENDIX III

DEFINITIONS

The following definitions apply throughout this announcement unless otherwise stated or the context requires otherwise:

| | |
|---|--|
| “AIM” | the market known as AIM operated by the London Stock Exchange; |
| “AIM Rules” | the AIM Rules for Companies, as published by the London Stock Exchange (as amended from time to time); |
| “Australia” | the Commonwealth of Australia, its states, territories and possessions; |
| “Bondholders” | the holders of the Secured Bonds, being Fordwat Limited, Graham Simpson and David Fransen; |
| “Business Day” | a day (other than a UK public holiday, Saturday or Sunday) on which clearing banks in the City of London are open for the transaction of general commercial business; |
| “Canada” | Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof; |
| “certificated” or “in certificated form” | the description of a share or other security which is not in uncertificated form (that is, not in CREST); |
| “Championship” | the Npower Championship of the Football League; |
| “Closing Price” | the closing middle market quotation of a Watford Leisure Share as derived from the AIM appendix of the Daily Official List; |
| “Club” | The Watford Association Football Club Limited, a company incorporated in England and Wales with registered number 104194 whose registered office is at Vicarage Road Stadium, Watford, Hertfordshire WD18 0ER; |
| “Code” | The City Code on Takeovers and Mergers issued by the Panel; |
| “Companies Act 2006” | the Companies Act 2006 (as amended from time to time); |
| “CREST” | the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form; |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force; |
| “Daily Official List” | the Daily Official List published by the London Stock Exchange; |

| | |
|---|--|
| “Dealing Disclosure” | as defined in the Code; |
| “FA” | the Football Association; |
| “Financial Services Authority” | the Financial Services Authority in its capacity as the competent authority for the purposes of Part IV of FSMA; |
| “Football League” | the Football League Limited; |
| “Form of Acceptance” | the form of acceptance and authority relating to the Offer which, where appropriate, will accompany the Offer Document; |
| “FSMA” | the Financial Services and Market Act 2000 (as amended from time to time); |
| “Independent Directors” | Graham Taylor, Stuart Timperley and Julian Winter; |
| “Japan” | Japan, its cities, prefectures, territories and possessions; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Offer” | the cash offer to be made by WFCL to acquire all of the issued and to be issued Watford Leisure Shares on the terms and subject to the conditions to be set out in the Offer Document and, where appropriate, the Form of Acceptance, including, where the context requires, any subsequent revision, variation, extension or renewal of such offer; |
| “Offer Document” | the formal document setting out the full terms and conditions of the Offer to be posted to Watford Leisure Shareholders (other than certain Overseas Shareholders) shortly; |
| “Offer Period” | the period commencing on 3 December 2010 and ending on the date which is the latest of (i) the first closing date, (ii) the date on which the Offer becomes, or is declared, unconditional as to acceptances and (iii) the date on which the Offer lapses or is withdrawn; |
| “Offer Price” | 1 pence in cash per Watford Leisure Share; |
| “Official List” | the Official List of the UKLA; |
| “Opening Position Disclosure” | as defined in the Code; |
| “Overseas Shareholders” | Watford Leisure Shareholders whose registered addresses are outside the UK or who are citizens or residents of countries other than the UK; |
| “Panel” | the Panel on Takeovers and Mergers; |
| “pence” or “p” | UK pence sterling, the lawful currency of the United Kingdom; |
| “pounds” or “£” | UK pounds sterling, the lawful currency of the United Kingdom; |
| “Regulatory Information Service” | any information service authorised from time to time by the Financial Services Authority for the purpose of disseminating regulatory announcements; |

| | |
|---|---|
| “Restricted Jurisdiction” | any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Watford Leisure Shareholders in that jurisdiction; |
| “Secured Bonds” | the £10.142 million of notes issued by Watford Leisure, which are guaranteed by the Club and secured over the freehold of the Vicarage Road Stadium and all other assets of the Company and the Club and which are currently due for repayment on 12 July 2011; |
| “Seymour Pierce” | Seymour Pierce Limited, the financial adviser to WFCL; |
| “South Africa” | South Africa, its possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof; |
| “Stadium” or “Vicarage Road Stadium” | the sports stadium, land and other facilities at Vicarage Road, Watford, Hertfordshire, WD18 0ER; |
| “Strand Hanson” | Strand Hanson Limited, the financial adviser to Watford Leisure; |
| “subsidiary” or “subsidiary undertaking” | shall be construed in accordance with the Companies Act 2006; |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |
| “UKLA” | the United Kingdom Listing Authority, being the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA; |
| “uncertificated” or “in uncertificated form” | recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; |
| “United States” | the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States and the District of Columbia; |
| “Warrantholders” | the holders, from time to time, of Warrants; |
| “Warrants” | the 202,840,000 warrants constituted under a warrant instrument dated 13 July 2010 each entitling the Warrantholder to subscribe for Watford Leisure Shares for 4p per Watford Leisure Share at any time up to 13 July 2015; |
| “Watford Leisure” or the “Company” | Watford Leisure PLC, a company incorporated in England and Wales with registered number 3335610, whose registered office is at Vicarage Road Stadium, Watford, Hertfordshire WD18 0ER; |
| “Watford Leisure Directors” or “Watford Leisure Board” | the directors of Watford Leisure, being Graham Taylor, Julian Winter, David Fransen and Stuart Timperley; |
| “Watford Leisure Group” | Watford Leisure and its subsidiaries and subsidiary undertakings; |

| | |
|--|---|
| “Watford Leisure Shareholders” | the holders, from time to time, of Watford Leisure Shares; |
| “Watford Leisure Shares” | the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 1 pence each in the capital of Watford Leisure and any further such shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) on or prior to the date on which the Offer closes or, subject to the provisions of the Code or with the consent of the Panel, by such earlier date or dates as WFCL may determine, including any such shares issued or unconditionally allotted upon the exercise of the Warrants; |
| “WFCL” | Watford FC Limited, a company incorporated in England and Wales with registered number 07489618 whose registered office is at 85 Oxford Road, High Wycombe HP11 2DX; |
| “WFCL Director” or “WFCL Board” | Panos Thomas; and |
| “Wider Watford Leisure Group” | Watford Leisure and its subsidiaries, subsidiary undertakings, associated undertakings and any other undertakings in which Watford Leisure and/or such undertakings (aggregating their interests) have a substantial interest. For these purposes substantial interest means a direct or indirect interest in more than 20 per cent. of the equity share capital (as defined in the Companies Act 2006). |

In this announcement, references to the singular include the plural and vice versa, unless the context otherwise requires, and words importing the masculine gender shall include the feminine or neutral gender.

All references to legislation in this announcement are to English legislation unless the contrary is stated. Any references to any provision of any legislation shall include any amendment, re-enactment or extension thereof.