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References to taxation are for guidance only and assume that you are and were domiciled and resident for tax purposes only in the United Kingdom at all relevant times.

Spectre Holdings Limited
P.O. Box 34002,
Dubai,
United Arab Emirates

13 May 2019

To: [REDACTED] recipient of the grant of an award over shares in Bonmarché Holdings plc.

Dear [REDACTED]

Mandatory unconditional cash offer by Spectre Holdings Limited (Spectre) to acquire the entire issued and to be issued ordinary share capital of Bonmarché Holdings plc (Bonmarché) not already held by Spectre.

This proposal letter explains the effect of Spectre's mandatory unconditional offer for Bonmarché on your option awards (your **Awards**) under the agreement between you and Bonmarché dated 30 January 2019 (the **Agreement**).

IF YOU DO NOTHING, YOUR AWARDS UNDER THE AGREEMENT WILL LAPSE 90 DAYS AFTER THERE HAS BEEN A CHANGE OF CONTROL OF BONMARCHE, SO PLEASE REVIEW THIS DOCUMENT WITHOUT DELAY.

On 2 April 2019, Spectre unconditionally acquired 26,213,390 Bonmarché Shares from BM Holdings S.A.R.L. ("**BM Holdings**"), at a price of 11.445 pence per Bonmarché Share (the "**Acquisition**").

Following completion of the Acquisition, Spectre holds 26,213,390 Bonmarché Shares, representing 52.4 per cent. of the existing issued share capital, and voting rights, of Bonmarché.

As a result of the Acquisition, under Rule 9 of the Takeover Code, Spectre was required to make a mandatory cash offer (the "**Offer**") for the Bonmarché Shares not already held by Spectre at a price of 11.445 pence per Bonmarché Share (such price being no less than the highest price paid by Spectre (or any persons acting in concert with it) for any Bonmarché Share during the 12 months prior to the date of the announcement of the Offer).

Pursuant to Rule 2.7 of the Takeover Code, on 2 April 2019 Spectre announced that it would make the Offer, and the Offer was subsequently made by the publication and posting of the Offer Document on 25 April 2019.

You should read this letter in conjunction with the Offer Document. Unless otherwise defined in this letter, words and expressions defined in the Offer Document and the Agreement apply to this letter. We enclose a copy of the Offer Document.

1 Will your Awards vest and be exercisable in full?

Under the terms of the Agreement, your Tranche 1 options (over 134,112 Bonmarché Shares) vested on 1 March 2019 and your Tranche 2 options (over 41,203 Bonmarché Shares) will vest on 1 March 2020. Your Tranche 2 options will have an accelerated vesting on a change of control of Bonmarché. We have been advised by Bonmarché that its Remuneration Committee does not believe that there has yet been a change of control of Bonmarché under the relevant definition in your Agreement. As such, we understand from Bonmarché that your Tranche 2 options have not yet vested, and are not presently exercisable.

There are no performance conditions placed on your Awards so they are exercisable to the extent that they have vested. You can therefore currently exercise an option over up to 134,112 Bonmarché Shares for nil consideration (subject to paragraph 3 below).

2 What will you receive for the Bonmarché Shares you acquire by exercising your vested Awards if you also accept the Offer?

The Offer being made for a Bonmarché Share is:

11.445 pence in cash (the **Offer Consideration**).

Therefore, for each Bonmarché Share that you acquire on exercise of your vested Awards and that you sell under the Offer, you will receive the Offer Consideration in cash (subject to deductions as detailed in paragraph 4 below).

3 What are the implications of the Acquisition and Offer for your vested Awards?

Under the Agreement, your Tranche 1 Awards vested on 1 March 2019. If you choose to exercise some or all of your vested Awards, in respect of the Bonmarché Shares that you acquire on the exercise of your vested Awards, you will be able to accept the Offer at the Offer Consideration. The Offer does not extend to your Awards which have not yet vested, as you are not able to exercise these options presently.

The terms of the Agreement remain valid despite the Offer being made. You remain under an obligation to inform Bonmarché if you are permitted to retain any part of the 2016 Award and 2017 Award (both defined in the Agreement). If you are permitted to retain any part of the 2016 Award and/or 2017 Award, the Committee (as defined in the Agreement) may reduce or eliminate the number of shares subject to Tranche 1 or Tranche 2 (both as defined in the Agreement).

Under the terms of your Agreement, if you do not exercise your Awards within 90 days of there being a change of control of Bonmarché, they will lapse.

4 Proposal – Exercise your vested Awards and sell all of your Bonmarché Shares acquired

In order to facilitate the exercise of your vested Awards and for you to sell all of your Bonmarché Shares to Spectre for the Offer Consideration under the Offer, the proposal (the **Proposal**) to you is that you exercise all of your vested Awards and accept the Offer in respect of all of the Bonmarché Shares acquired on exercise of your vested Awards by completing the enclosed Instruction Form and returning it as detailed on the Instruction Form.

If you exercise your vested Awards by accepting the Proposal, you will be entitled to the Offer Consideration per Bonmarché Share acquired minus any income tax and

employee National Insurance contributions (or equivalent taxes and social security contributions payable in any jurisdiction) that are due, and any other associated costs.

This net amount will be paid to you as soon as practicable following you returning a completed Instruction Form, through your employer's payroll and otherwise in accordance with the Takeover Code.

5 **What tax do you have to pay?**

Please see the Appendix with regard to the expected tax position for a United Kingdom tax payer. If you have any doubt about the tax treatment of your Awards, you should obtain your own independent tax advice. If you are based outside of the United Kingdom, or have a liability to tax outside of the United Kingdom, you should obtain independent tax advice as regards the tax treatment of your Awards.

6 **What if you leave or have left employment with any member of Bonmarché's Group?**

If you cease to hold office or employment with a member of the Bonmarché group, this may effect your ability to exercise Awards despite your Awards having vested.

If you cease to hold office or employment with a member of the Bonmarché group, or give or receive notice of termination of such office or employment for any reason, any Awards in relation to Tranche 2 (as defined in the Agreement) which have not been exercised will lapse at that time (if they have not already lapsed).

If you cease to hold office or employment with a member of the Bonmarché group as a result of dismissal for Cause (as defined in the Agreement), any Awards in relation to Tranche 1 and Tranche 2 (as defined in the Agreement) which have not been exercised will lapse at that time (if they have not already lapsed).

7 **What if you do not wish to accept the Proposal?**

If you do not wish to take advantage of the Proposal, you may in any event exercise your vested Awards in the normal manner in accordance with the Agreement up until the day preceeding 90 days following a change of control, when your Awards will lapse to the extent not exercised. If you do choose to exercise your vested Awards without accepting the Proposal you should note:

- (a) you will need to make suitable arrangements for the payment of any taxation (in accordance with Clause 5 of the Agreement) arising on exercise of your vested Awards; and
- (b) depending on when you exercise your Awards, the Bonmarché Shares that you acquire may not be acquired under the Offer (we refer you to paragraph 9 (De-listing, Compulsory acquisition and Re-registration) of Part 1 of the Offer Document for further details).

If you do not wish to accept the Proposal, but still wish to exercise your vested Awards then please contact Caroline Farbridge on caroline.farbridge@bonmarche.co.uk or 01924 700 100 Ext: 1144 as soon as possible.

8 **What do you have to do next?**

If you want to accept the Proposal, exercise your vested Awards and sell all of the Bonmarché Shares you acquire on exercise, to Spectre for the Offer Consideration you should complete and return the enclosed Instruction Form to Caroline Farbridge at Bonmarché by scanning and emailing using the subject heading "Signed Instruction Form" to caroline.farbridge@bonmarche.co.uk, or by post or by hand (during normal

business hours) to Caroline Farbridge (Bonmarché Company Secretary), Bonmarché Holdings plc, Jubilee Way, Grange Moor, Wakefield, West Yorkshire, WF4 4SJ.

Your Instruction Form must be received by email, post or by hand no later than 5.00pm on 15 May 2019 or it may be deemed invalid and you may not be able to accept the Proposal in respect of your vested Awards. Please note, no acknowledgement of receipt of documents will be given.

9 Other information

We bring your attention to the responses published by the Board of Bonmarché in relation to the Offer. The response announcement published on 12 April 2019 is available at <http://bonmarcheplc.co.uk/investors/latest-news-and-alerts/>. The response circular published on 7 May 2019 is available at <http://bonmarcheplc.co.uk/investors/latest-news-and-alerts/>. Copies of both documents are enclosed with this letter. Please note Spectre is not responsible for the content of the website referred to in this paragraph and the content of such website is not incorporated into and does not form part of this letter.

Yours sincerely



Alex Watson

Director
For and on behalf of Spectre Holdings Limited

Notes

1. The Directors of Spectre, whose names are set out in the Offer Document and Philip Day 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 (other than any information relating to Bonmarché, Bonmarché's directors or their immediate families, related trusts and connected persons) for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. The accidental omission to despatch this letter, or the accompanying Instruction Form to, or any failure to receive the same by, any person to whom the proposals contained in this letter are made, or should be made, shall not invalidate the proposals contained in this letter in any way.

APPENDIX

United Kingdom Tax Treatment

This Appendix contains a summary of the main tax implications of accepting the Proposal to exercise your vested Awards and sell the Bonmarché Shares acquired to Spectre for the Offer Consideration. The summary is based on existing United Kingdom law and what is understood to be current HMRC practice. The summary is intended as a general guide only and applies only to participants who are resident for tax purposes in the United Kingdom, both at the time the Awards were granted and the time they are exercised. It does not constitute tax advice to any individual participant. If you are in any doubt about your taxation position, or you are resident or otherwise subject to taxation in a jurisdiction other than the United Kingdom, you should consult your tax adviser immediately.

Will you have to pay income tax on the exercise of your vested Awards?

Yes. The exercise of the Awards, and the acquisition of the Bonmarché Shares, will give rise to an income tax liability. In this case, income tax and NICs (both employees' and employers') will be due on exercise on the market value of the shares on the day of exercise.

The income tax and NICs will be collected and remitted to HMRC under Pay As You Earn. You are required, as per the terms of the Agreement to meet the cost of all income tax and employee NICs. Such amounts will be deducted from your aggregate Offer Consideration as set out in paragraph 4 of the letter.

Will you have to pay capital gains tax (CGT)?

When your Bonmarché Shares are acquired by Spectre you will be treated as having made a disposal for CGT purposes.

In relation to any Bonmarché Shares that you acquire from the exercise of your vested Awards, we do not anticipate that the disposal of those Shares will attract a capital gains tax liability on the basis that you will have been subject to income tax on exercise of your vested Awards and acquisition of the Shares. If however, the proceeds from the sale of your Bonmarché Shares exceed the market value of your shares on the date of exercise of the Awards, this excess will be treated as a capital gain, and taxed accordingly.