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Bonmarché Holdings plc
Jubilee Way
Grange Moor
Wakefield
West Yorkshire
JWF4 4SJ

20 May 2019

*To the holder of a non-qualifying option granted over shares in Bonmarché Holdings plc under an option agreement dated 30 January 2019 ("**Option**")*

Dear Optionholder,

Views of the Board of Bonmarché Holdings plc ("Bonmarché" or the "Company") on proposals to the holder of the Option in connection with the unconditional mandatory cash offer by Spectre Holdings Limited ("Spectre") for Bonmarché

BACKGROUND

On 2 April 2019, Spectre, an entity wholly-owned by Mr. Philip Day, announced that it had unconditionally agreed to acquire 26,213,390 ordinary shares of 1 pence each in the capital of Bonmarché ("**Bonmarché Shares**") from BM Holdings S.A.R.L. (an affiliate of Sun European Partners, LLP) at a price of 11.445 pence per Bonmarché Share (the "**Acquisition**"). The Acquisition completed on 2 April 2019, as a result of which Spectre now holds 52.4 per cent. of Bonmarché Shares carrying voting rights.

In accordance with Rule 9 of the City Code on Takeovers and Mergers (the "**Code**"), on 2 April 2019, Spectre announced a mandatory cash offer to acquire all of the Bonmarché Shares not already held by Spectre (the "**Offer**"). Since Spectre holds more than 50 per cent. of the existing issued share capital of Bonmarché, the Offer is wholly unconditional. Details of the Offer were set out in the offer document sent to Bonmarché shareholders on 25 April 2019.

By now you should have received a letter from Spectre containing details of Spectre's proposals in relation to the Option (the "**Letter**").

The board of directors of Bonmarché (the "**Board**") has considered the proposal set out in the Letter in respect of your Option (the "**Proposal**"), and I am now writing to you on behalf of the Board to set out the view of the Board in relation to the Proposal.

THE BOARD'S VIEWS IN RELATION TO THE PROPOSAL

The Board provided its views on the Offer in its circular to Bonmarché shareholders in response to the Offer published on 7 May 2019 (the "**Response Document**"). The Board, who have been so advised by Investec Bank plc as to the financial terms of the Offer, consider that the Offer materially undervalues Bonmarché and its prospects and, in light of this, have unanimously recommended that Bonmarché shareholders reject the Offer.

Investec Bank plc is providing independent financial advice to the Board for the purposes of Rule 3 of the Code and, in doing so, has taken into account the commercial assessments of the Board.

ACCORDINGLY, THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU SHOULD TAKE NO ACTION IN RELATION TO THE PROPOSAL AND THAT YOU SHOULD NOT SIGN ANY DOCUMENT WHICH SPECTRE OR ITS ADVISERS SEND TO YOU.

You should consider your own personal circumstances, including your tax position, when deciding what action to take in connection with the Proposals.

If you have any questions please contact Caroline Farbridge, Company Secretary at Bonmarché on 01924 700 100 or caroline.farbridge@bonmarche.co.uk as soon as possible.

Yours faithfully,

John Coleman
Non-Executive Chairman of the Board of Bonmarché Holdings plc

Further information:

1. The directors of the Company, whose names are set out in paragraph 2 of Part IV of the Response Document accept responsibility for the information contained in this document (including expressions of belief) and, to the best of the knowledge and belief of those directors of the Company (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. Investec Bank plc, which is authorised by the Prudential Regulatory Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the matters referred to herein and will not regard any other person as its client in relation to the matters referred to herein and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Investec Bank plc or its affiliates, or for providing advice in relation to such matters.
3. Investec Bank plc has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they appear.
4. In accordance with Rule 26.1 of the Code, a copy of this document is available at <http://bonmarcheplc.co.uk/mandatory-cash-offer/> from the date of this document. The contents of that website are not incorporated into, and do not form part of, this document.