

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

**All words and expressions defined in the circular to Tarsus Shareholders dated 18 June 2019 (the “Scheme Document”) have the same meanings in this letter. Please read the terms and conditions of the Scheme, as set out in the Scheme Document, the terms of which are incorporated into and form part of this letter.**

**In the event of a conflict between this letter and the rules of the Tarsus 2008 SAYE (as defined below) or any relevant legislation, the rules of the Tarsus 2008 SAYE or the legislation will prevail.**

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

[name]  
[email address]

18 June 2019

To: Participants in the Tarsus Savings Related Share Option Plan 2008 (the “**Tarsus 2008 SAYE**”)

Dear [ ]

**Charterhouse’s acquisition of Tarsus Group plc – effect on your options under the Tarsus 2008 SAYE**

As you may know, Tarsus Group plc (“**Tarsus**”) and Tiger Acquisitions UK Limited (“**Bidco**”) have announced that they have reached agreement on the terms of a recommended acquisition by Bidco (a wholly-owned indirect subsidiary of funds advised by Charterhouse Capital Partners LLP (“**Charterhouse**”)) of the entire issued and to be issued share capital of Tarsus (the “**Acquisition**”).

**1 Why am I receiving this letter?**

As you hold options under the Tarsus 2008 SAYE over Tarsus Shares (the “**Options**”), as shown below, this letter is to explain to you what will happen to your Options in connection with the Acquisition.

The Options you hold are set out in the table below, and the expected tax treatment of exercise of the Options is explained in the Tax Appendix.

**Once you have read this letter, you will need to take action to make sure you do not lose your Options.**

Date of Grant	Exercise Price	Number of Tarsus Shares under Option
9 May 2016	£2.12 per share	[ ]

**2 How does the Acquisition work?**

The Acquisition will be implemented by way of a Court-sanctioned “scheme of arrangement” (the “**Scheme**”). The Scheme has to be approved by the Tarsus Shareholders and sanctioned by the Court. The Court will only be asked to sanction the Scheme if it is approved by Tarsus Shareholders and if a number of other conditions (as set out in the Scheme Document) have been fulfilled.

The Acquisition will take effect shortly after the date the Scheme is sanctioned by the Court, which is expected to be on 12 August 2019.

More information about the Acquisition is set out in the Scheme Document, which is available (subject to certain restrictions), free of charge, on Tarsus’ website (<https://www.tarsus.com/offer-for-tarsus>). You will also find a copy of this letter on that website.

3 **What will Tarsus Shareholders receive?**

If the Acquisition goes ahead, Tarsus Shareholders will be entitled to receive 425 pence in cash for each Tarsus Share they hold.

4 **What will happen to my Options?**

As your Options vested on 1 June 2019, you have three choices as detailed in the communication sent to you by Link on 13 May 2019. This letter sets out the detail of the effect of electing the first choice in that communication, being to exercise the Options at the Exercise Price of £2.12 per Tarsus Share and receive Tarsus Shares, and how to do so.

Please refer to the communication mentioned above for details of the other two choices available to you.

You can submit your choice now through the Link Share Portal at [www.signalshares.com](http://www.signalshares.com).

5 **When do I make my choice?**

Note that your Options remain exercisable for a period of six months following the date they became exercisable (i.e. until, and including, 30 November 2019), unless they lapse earlier in accordance with the rules of the Tarsus 2008 SAYE.

If you want to exercise and receive Tarsus Shares, it is important that you consider the effect that the timing of making your election will have:

- If you would like to exercise your Options as soon as possible and receive Tarsus Shares issued to you in your name before the date of Court sanction, you should submit your exercise request via the Link Share Portal **by no later than 5pm on 19 July 2019**. If the Scheme is sanctioned by the Court and you continue to hold the Tarsus Shares you receive, they will become subject to the Scheme and you will receive 425 pence in cash for each Tarsus Share in the same way as the other Tarsus Shareholders.
- If you submit your exercise request **after 5pm on 19 July 2019 but before 5pm on 26 July 2019**, your Options will be exercised with effect from the Court's sanction of the Scheme. However, the Tarsus Shares will not be issued to you in your name. Instead they will be issued to a nominee on your behalf and will be automatically transferred to Bidco under the Scheme for 425 pence in cash for each Tarsus Share. The consideration will be paid to you through payroll within 14 days of the Effective Date.
- Alternatively, you may elect to exercise your Options after **5pm on 26 July 2019** (but **by no later than 30 November 2019**). However, this will mean that you may not receive the cash proceeds under the Scheme at the earliest opportunity after the Scheme is sanctioned by the Court.
- In each case, if the Scheme is sanctioned by the Court and you have elected to exercise and receive Tarsus Shares by the relevant deadline, the proceeds of your savings in your savings account will automatically be used to exercise your Options.

**If you do not elect to exercise your Options by the latest deadline set out above, your Options will lapse immediately after 30 November 2019 and you will not be entitled to any Tarsus Shares or to the cash consideration under the Acquisition.**

If the Acquisition does not go ahead for any reason, your Options will continue in the normal course until they lapse in accordance with the rules of the Tarsus 2008 SAYE.

6 **What about tax?**

A high-level summary of the UK tax implications of the Acquisition in relation to your Options is set out in the Tax Appendix below. This summary is provided for guidance only and is based on assumptions that you should review carefully.

If you have any doubt about the tax treatment of your Options or your tax position, or if you are subject to tax in a jurisdiction outside the UK, you should obtain your own independent tax advice.

7 **Can I vote on the Acquisition in respect of the Tarsus Shares subject to my Options?**

This depends on when you exercise your Options. If you exercise your Options and become a Tarsus Shareholder prior to 11 July 2019 (being the date of the Extraordinary General Meeting (the "EGM")), then you can vote in respect of the Tarsus Shares you acquire on exercise.

If you exercise your Options after this date, you can only vote if you hold other Tarsus Shares as a Tarsus Shareholder at the time of the EGM.

8 **What happens if I do nothing?**

If you do nothing your Options will lapse, at the latest, at the end of the six month period from 1 June 2019 and will be of no value. The latest day you can exercise your Options is therefore 30 November 2019.

If no instruction has been received, then your Options will lapse, your savings account will be closed and you will receive your accumulated savings (without any interest) by cheque.

9 **Will I be eligible for further awards under the Tarsus 2008 SAYE?**

No. If the Acquisition goes ahead, the Tarsus 2008 SAYE will be closed for future invitations. Assuming that, once the Scheme is sanctioned by the Court, you continue to be employed with the Tarsus Group, you will be contacted about future remuneration in due course.

10 **What happens if I leave the Tarsus Group?**

If you leave the Tarsus Group due to retirement, redundancy, injury or disability, then you will still be able to exercise your Options in the manner set out in section 5 by the relevant deadline.

If you leave for any other reason before your Options are exercised (other than death, when special rules apply), your Options will lapse on the date you leave employment and you will receive your accumulated savings (without interest) by cheque.

11 **Do I need to get share dealing clearance to exercise my Options?**

If you are subject to the Tarsus Share Dealing Code, we will take the submission of a request to exercise your Options through the Link Share Portal as a request to deal and will let you know if it is not approved.

12 **What if I hold options under any other Tarsus Share Plan?**

If you also participate in any of the other Tarsus Share Plans, a separate communication will be sent to you in respect of those plans.

13 **What are the next steps?**

These depend on which choice you submit and when you submit it.

If you have elected to exercise your Options as set out in section 5, then we will contact you again to confirm the effect of your choice given the time and date of its submission (i.e. whether you will receive Tarsus Shares or the cash consideration).

14 **Recommendation by the Independent Tarsus Directors**

The Independent Tarsus Directors, who have been so advised by Deutsche Bank, consider the proposal set out in this letter to be fair and reasonable in the context of the Acquisition. In providing advice to the Independent Tarsus Directors, Deutsche Bank has taken account of the commercial assessments of the Independent Tarsus Directors. Accordingly, the Independent Tarsus Directors recommend that, if you wish to realise the full value of your Options, you should exercise your Options in connection with the Acquisition. You should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising your Options.

15 **General**

Nothing in this letter or the Scheme Document extends the exercise period for any Option. Any Options that have already lapsed or would otherwise lapse prior to the Scheme being sanctioned (for example, on leaving employment) will not be or become exercisable as a result of the Scheme.

Please contact Simon Smith at [cosec@tarsus.co.uk](mailto:cosec@tarsus.co.uk) if you have any queries regarding this letter. However, please note that we cannot give any legal or financial advice in respect of your choices set out in this letter.

Yours sincerely



Simon Smith  
Group Company Secretary & Head of Corporate Affairs  
On behalf of Tarsus Group plc



Thomas Patrick  
Director  
On behalf of Tiger Acquisitions UK Limited

The Tarsus Directors (whose names are set out in paragraph 2.1 of Part 6 (Additional Information) of the Scheme Document) accept responsibility for the information contained in this document other than information relating to Charterhouse, Bidco, the Charterhouse Group, the Charterhouse Responsible Persons, the Bidco Directors and members of their immediate families, related trusts and persons connected with them for which the Charterhouse Responsible Persons and the Bidco Directors accept responsibility. To the best of the knowledge and belief of the Tarsus Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document 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 Charterhouse Responsible Persons and the Bidco Directors (whose names are set out in paragraphs 2.4 and 2.3 respectively of Part 6 (Additional Information) of the Scheme Document) accept responsibility for the information contained in this document relating to Charterhouse, Bidco, the Charterhouse Group, the Charterhouse Responsible Persons, the Bidco Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the Charterhouse Responsible Persons and the Bidco Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

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Deutsche Bank 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 are included.

Peel Hunt, which is authorised and regulated in the UK by the FCA, is acting exclusively for Tarsus and for no one else in connection with the Acquisition and will not regard any other person as its client in relation to the matters referred to in this document and will not be responsible to anyone other than Tarsus for providing the protections afforded to clients of Peel Hunt nor for providing advice in relation to the Acquisition or any other matter referred to in this document.

Moelis & Company, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Charterhouse and Bidco and for no one else in connection with the Acquisition and will not be responsible to anyone other than Charterhouse or Bidco for providing the protections afforded to clients of Moelis & Company nor for providing advice in connection with the matters referred to in this document. Neither Moelis & Company 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 Moelis & Company in connection with the Acquisition, any statement contained in this document or otherwise.

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## **Tax Appendix**

### **Tax information**

This guidance assumes that you are and were domiciled and resident for tax purposes only in the UK at all relevant times. The information in this Tax Appendix is for guidance only and applies only in respect of your Options. If you are in any doubt about the tax treatment of your Options, or if you are subject to tax in a jurisdiction outside the UK, you should obtain your own independent tax advice from an appropriate adviser.

#### **Will I have to pay income tax and NICs on the exercise of my Options?**

No, you will not be liable to pay income tax and employee's National Insurance contributions ("NICs") on exercise of your Options.

#### **Will I have to pay capital gains tax ("CGT")?**

When your Tarsus Shares are transferred, the transfer will be a disposal for CGT purposes and may give rise to a CGT liability. The amount of any gain which is chargeable to CGT on disposal of your Tarsus Shares will be the amount (if any) by which the consideration received exceeds the Exercise Price paid.

However, you will only have to pay CGT to the extent that your gains from the disposal of your Tarsus Shares and any other chargeable gains you make in that tax year exceed your personal CGT allowance for the tax year in which the disposal takes place (which is £12,000 for the 2019/20 tax year).

Note that special rules on calculating CGT gains apply where you hold other Tarsus Shares, whether or not from the Tarsus Share Plans, or you buy and sell portions of shareholdings at different times.

If you have to pay any CGT, you will have to pay it through self-assessment. It will not be deducted for you through PAYE. This means that you will have to complete a self-assessment tax return (in hard copy or online).

CGT is payable by 31 January of the tax year following the tax year in which the gain arises. So, if your Tarsus Shares were sold under the Scheme in, for example only, August 2019, you would have to pay any CGT due by 31 January 2021.