

**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 2011 LTIP (as defined below) or any relevant legislation, the rules of the Tarsus 2011 LTIP 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 2011 Long Term Incentive Plan (the “Tarsus 2011 LTIP”)

Dear [ ]

**Charterhouse’s acquisition of Tarsus Group plc – effect on your options under the Tarsus 2011 LTIP**

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 2011 LTIP over Tarsus Shares (the “Options”), as shown below, this letter is to explain to you what will happen to your Options if the Acquisition goes ahead.

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	Number of Tarsus Shares under Option
[ ] 2016	[ ]

**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?

If the Acquisition goes ahead, you will be given the opportunity to exercise your Options over Tarsus Shares and will ultimately receive the cash consideration from the sale of those Tarsus Shares to Bidco.

The detail is as follows:

- **Options which will have vested in full before the date of Court sanction**

You can exercise any Options you hold which will have already vested in full before the date of Court sanction by completing and submitting the enclosed exercise form (the “**Exercise Form**”, as to which please see section 8 below) **by no later than 5pm on 26 July 2019** and you will be entitled to receive Tarsus Shares.

- **Options which will remain unvested on the date of Court sanction**

To the extent you hold Options which will not have vested by the date of Court sanction, your Options will vest in full (as described in section 5 below) on the date the Scheme is sanctioned by the Court (expected to be on 12 August 2019).

If you would like to exercise these Options with effect from the date of Court sanction, you can do so by completing and submitting the enclosed Exercise Form **by no later than 5pm on 26 July 2019** and you will be entitled to receive Tarsus Shares.

Whether your Options vest on or before the date of Court sanction:

- The Tarsus Shares to which you become entitled will be automatically transferred to Bidco pursuant to the Scheme for 425 pence in cash for each Tarsus Share.
- The cash consideration will be paid to you through payroll after any required deductions for income tax and employee’s National Insurance contributions have been made (see the Tax Appendix below).

Note that if you do not submit the enclosed Exercise Form to exercise your Options by the date the Scheme is sanctioned by the Court, you may exercise them for a very limited period once the Scheme has become Effective. If you exercise your Options during this limited period, you will become entitled to receive Tarsus Shares, each of which will be automatically transferred to Bidco for 425 pence in cash for each Tarsus Share. However, exercising your Options after the Scheme is sanctioned means that you will receive the cash consideration later than if you exercise them using the enclosed Exercise Form.

If you choose not to exercise your Options using the Exercise Form by **5pm on 26 July 2019**, we strongly advise that you make a diary note once the Scheme is sanctioned by the Court to ensure that you do not forget this deadline. **Your Options will lapse six months after the Scheme is sanctioned by the Court if you do not exercise them, in which case 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 vest or lapse in accordance with the rules of the Tarsus 2011 LTIP.

#### 5 Will my Options vest in full?

In accordance with the rules of the Tarsus 2011 LTIP, to the extent they have not already vested by the date of Court sanction, your Options will vest in full on the date of the Court’s sanction of the Scheme.

#### 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.

Please note that, as described in the Tax Appendix, any income tax and employee’s National Insurance contributions due will be withheld from the cash consideration you are entitled to receive on the transfer of the Tarsus Shares to Bidco pursuant to the Scheme, or otherwise, following the exercise of your Options.

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?

No. Share plan participants cannot vote in respect of the Tarsus Shares subject to the Options unless they already hold Tarsus Shares. Only Tarsus Shareholders can vote in relation to Tarsus Shares held at the time of the Extraordinary General Meeting (the “**EGM**”). Therefore, to the extent that you hold Tarsus Shares as a Tarsus Shareholder, you will be able to vote on such shares if you continue to hold them at the time of the EGM.

8 **What do I have to do?**

If you would like to exercise your Options with effect from the Court's sanction of the Scheme so that you participate in the Scheme and receive the cash consideration at the earliest opportunity, you should complete, sign and return the enclosed Exercise Form so that it is received **by no later than 5pm on 26 July 2019.**

If the Scheme is sanctioned by the Court and you have submitted your Exercise Form, your Options will:

- if they had not vested prior to the date of Court sanction, vest in full on the Court sanction of the Scheme; and
- whether they vested on or before the date of Court sanction, be exercised with effect from that date and you will be entitled to receive Tarsus Shares.

Your Tarsus Shares will be automatically sold to Bidco for 425 pence in cash for each Tarsus Share, which will be paid to you through payroll after deductions for income tax and employee's National Insurance contributions within 14 days of the Effective Date.

Alternatively, you may elect to exercise your vested Options after the Scheme has become Effective but prior to the last business day of the period ending six months after the date the Scheme is sanctioned by the Court. 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.

**If you do not take any action, your Options will lapse six months after the Court sanctions the Scheme and you will not be entitled to any Tarsus Shares or the cash consideration under the Acquisition.**

The date of Court sanction is expected to be 12 August 2019.

9 **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 your completed Exercise Form as a request to deal and will let you know if it is not approved.

10 **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.

11 **What are the next steps?**

Once you have submitted the Exercise Form, subject to the Scheme being sanctioned by the Court, we will contact you again after the Scheme has become Effective to confirm the exercise of your Options and the cash consideration to be paid to you. We anticipate that this will be in late August 2019.

12 **Recommendation by the Independent Tarsus Directors**

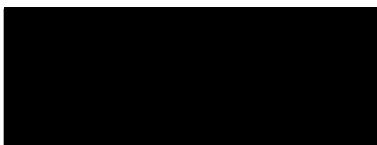
The Independent Tarsus Directors, who have been so advised by Deutsche Bank, consider the proposal set out in this letter to be fair and reasonable in the context of the Acquisition. In providing advice to the Independent Tarsus Directors, Deutsche Bank has taken account of the commercial assessments 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.

13 **General**

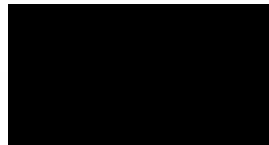
Nothing in this letter or the Scheme Document extends the exercise period for any Option. Any Options that have already lapsed or would otherwise lapse prior to the Scheme being sanctioned (for example, on leaving employment) will not be or become exercisable as a result of the Scheme.

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?**

Yes. You will have to pay income tax and NICs on the market value of the Tarsus Shares that you receive on the exercise of your Options. Income tax and NICs are calculated by reference to the market value of the Tarsus Shares on the date you become entitled to them (i.e. the date of the Court sanction, assuming you elect to exercise your Options at the earliest possible opportunity).

Payroll will deduct any income tax and NICs due from the cash consideration that you will be entitled to receive on the transfer of the Tarsus Shares to Bidco under the Scheme, or otherwise. The tax and NICs will be paid on your behalf through the PAYE system.

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

When your Tarsus Shares are transferred to Bidco for 425 pence each, 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 cash consideration received exceeds any amount on which you have paid income tax and NICs.

However, as you are required to pay income tax and NICs on the exercise of your Options, it is likely that you will have no liability (or only a very small liability) to pay CGT on the disposal of the Tarsus Shares you receive. In addition 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).

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.