

Public Tender Offer

by

Sempione Retail Ltd., Zurich, Switzerland

for all publicly held bearer shares with a nominal value of CHF 3.00 each

of

Charles Vögele Holding Ltd., Freienbach (Schwyz), Switzerland

Offer Price:	<p>Sempione Retail Ltd. ("Offeror" or "Sempione Retail") offers CHF 6.38 net in cash for each bearer share of Charles Vögele Holding Ltd. ("Company" or "Charles Vögele") with a nominal value of CHF 3.00 each ("Charles Vögele Shares", each a "Charles Vögele Share").</p> <p>The Offer Price will be reduced by the gross amount of any dilutive effects caused by the Company or one of its Subsidiaries in respect of the Charles Vögele Shares prior to the consummation of the Offer ("Settlement"). Dilutive effects include, but are not limited to, dividend payments, demergers, capital increases or the sale of treasury shares at an issuance or sales price per Charles Vögele Share below the Offer Price, the purchase of own Charles Vögele Shares at a price above the Offer Price, the issuance of more than 78'624 Charles Vögele Shares under the Stock Option Plan, the issuance of options or other rights for the acquisition of Charles Vögele Shares and repayments of capital.</p>
Offer Period:	From 20 October 2016 until 16 November 2016, 4:00 p.m. Central European Time (CET) (subject to any extension of the Offer Period).
Financial Advisor and Offer Manager:	UBS AG

Bearer shares of Charles Vögele Holding Ltd.

Charles Vögele bearer shares not tendered (first trading line)	Securities No.: 693.777	ISIN: CH0006937772	Ticker Symbol: VCH
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Charles Vögele bearer shares tendered (second trading line)	Securities No.: 34.205.575	ISIN: CH0342055750	Ticker Symbol: VCHE
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Offer prospectus dated 19 October 2016 ("**Offer Prospectus**")

Offer Restrictions

General

The public tender offer described in this Offer Prospectus ("**Offer**") is not being and will not be made, directly or indirectly, in any country or jurisdiction in which such Offer would be considered unlawful or otherwise violate any applicable laws or regulations, or which would require the Offeror or one of its shareholders to change or amend the terms or conditions of the Offer in any way, to make an additional filing with any governmental, regulatory or other authority or take additional action in relation to the Offer. It is not intended to extend the Offer to any such country or jurisdiction. Documents relating to the Offer must neither be distributed in any such countries or jurisdictions nor be sent to such countries or jurisdictions and such documents must not be used by any natural or legal person resident or incorporated in any such country or jurisdiction for the purpose of soliciting the purchase of any securities of the Company in such countries or jurisdictions.

Each acceptance of the Offer based on active promotion in, or based on another, violation of the above restrictions will not be accepted.

The acceptance of the Offer by persons who are resident in a country other than Switzerland may be subject to specific obligations and restrictions. It is the sole responsibility of the addressees of the Offer to comply with these rules and to verify such rules and their application before accepting the Offer according to the recommendation of their own advisors.

Notice to U.S. Holders

The Offer described in this Offer Prospectus is being made for the bearer shares of Charles Vögele, which are listed on the SIX Swiss Exchange ("**SIX**"), and is subject to Swiss disclosure and procedural requirements, which are different from those in the United States ("**U.S.**"). The Offer is being made in the U.S. pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act of 1934, as amended ("**U.S. Exchange Act**"), subject to the exemptions provided by Rule 14d-1(d) under the U.S. Exchange Act, and otherwise in accordance with the requirements of Swiss law. Accordingly, the Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws. U.S. holders of publicly held shares of Charles Vögele are encouraged to consult with their own Swiss advisors regarding the Offer.

According to the laws of Switzerland, Charles Vögele Shares tendered into the Offer may generally not be withdrawn after they are tendered except under cer-

tain circumstances, in particular in case a competing offer for the Charles Vögele Shares is launched.

In accordance with the laws of Switzerland and subject to applicable regulatory requirements, the Offeror and its Subsidiaries or their nominees or brokers (acting as agents for the Offeror) may from time to time after the date of the pre-announcement, and other than pursuant to the Offer, directly or indirectly purchase, or arrange to purchase, Charles Vögele Shares. These purchases, or arrangements to purchase, may occur either in the open market at prevailing prices or in private transactions at negotiated prices and shall comply with applicable laws and regulations in Switzerland and applicable U.S. securities laws. Any such purchases will not be made at prices higher than the Offer Price or on terms more favorable than those offered pursuant to the Offer unless the Offer Price is increased accordingly. Any information about such purchases or arrangements to purchase will be publicly disclosed in the U.S. on the website of the Swiss Takeover Board (<<http://takeover.ch/transactions/detail/nr/0638>>) to the extent that such information is made public in accordance with the applicable laws and regulations of Switzerland. In addition, the financial advisors to the Offeror and Charles Vögele may also engage in ordinary course trading activities in securities of Charles Vögele, which may include purchases or arrangements to purchase such securities.

It may be difficult for U.S. holders to enforce their rights and any claim arising out of U.S. securities laws, since each of the Offeror and Charles Vögele is located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction. U.S. holders may not be able to sue a non-U.S. company or its officers or directors in a U.S. or non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

The receipt of cash pursuant to the Offer by a U.S. holder of Charles Vögele Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local laws, as well as foreign and other tax laws. Each shareholder of Charles Vögele is urged to consult his or her independent professional advisor immediately regarding the tax consequences of an acceptance of the Offer.

Neither the U.S. Securities and Exchange Commission nor any securities commission of any State of the U.S. has (a) approved or disapproved of the Offer; (b) passed upon the merits or fairness of the Offer; or (c) passed upon the adequacy or accuracy of the disclosure in the Pre-Announcement and this Offer Prospectus. Any representation to the contrary is a criminal offence in the U.S.

United Kingdom

This Offer Prospectus is being distributed only to and directed only at persons in the United Kingdom (i) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**Order**"), or (ii) who fall within article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations, etc.), or (iii) who are persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Offer Prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offer Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons. Persons distributing this Offer Prospectus must satisfy themselves that it is lawful to do so.

Australia, Canada and Japan

The Offer described in this Offer Prospectus is not addressed to shareholders of Charles Vögele whose place of residence, seat or habitual abode is in Australia, Canada or Japan, and such shareholders may not accept the Offer.

Public tender offer by the Offeror for Charles Vögele ("Offer" or "Public Tender Offer")

Involved Companies and Parties, Background and Purpose of the Offer

Sempione Retail is a Swiss stock corporation (*Aktiengesellschaft*) incorporated (and entered into the commercial register) on 28 July 2016 with a share capital of CHF 100'000, divided into 100'000 registered shares with a nominal value of CHF 1.00 each.

At the time of the pre-announcement, the participations in the Offeror are as follows:

- OVS S.p.A., Venezia–Mestre, Italy ("**OVS**"): Participation of 35% in the share capital and the voting rights of Sempione Retail;
- Retails Investment S.R.L., Signa, Italy ("**Retails Investment**"): Participation of 44.5% in the share capital and the voting rights of Sempione Retail;
- Aspen Trust Services Limited as Trustee of Elarof Trust, Auckland, New Zealand ("**Elarof Trust**"): Participation of 20.5% in the share capital and the voting rights of Sempione Retail.

These participations will not change due to the capital increase of the Offeror which will be carried out in connection with the Settlement of the Offer.

As shareholders of Sempione Retail, OVS and Retails Investment concluded a Term Sheet for a Shareholders' Agreement (see Sections B.1 [*Name, Domicile, Share Capital, Shareholders and Business Activity*] and B.2 [*Persons acting in concert with the Offeror*]).

In a Commitment Letter, Elarof Trust agreed vis-à-vis Sempione Retail on the one hand and OVS and Retails Investment on the other hand to undertake certain obligations vis-à-vis Sempione Retail and/or OVS and Retails Investment (see Section B.2 [*Persons acting in concert with the Offeror*]).

Charles Vögele is a stock corporation (*Aktiengesellschaft*) according to the laws of Switzerland with its registered seat in Freienbach, Switzerland. The Charles Vögele Shares have been traded on SIX Swiss Exchange ("**SIX**") (Ticker Symbol: VCH) since 1999. Charles Vögele is active in the fields of design, product development, production, procurement and logistics, as well as in the sale and trade of goods of any kind, in particular in the clothing sector, as well as in related services such as quality control and marketing.

On 18 September 2016, the Offeror and Charles Vögele concluded a Transaction Agreement, in which the Offeror agreed to submit the present Offer. In return,

the board of directors of Charles Vögele agreed under the Transaction Agreement to recommend to the Charles Vögele shareholders to accept the Offer. By means of the Offer, the Offeror intends to obtain full control over Charles Vögele and its direct and indirect subsidiaries (each subsidiary of the Offeror or the Company, whether a direct or indirect subsidiary, a "**Subsidiary**") (see Section D.3.1 [*Agreements in connection with the Offer between the Offeror and its Shareholders and Charles Vögele*]).

In connection with the Offer, Charles Vögele Mode Ltd. on 16 September 2016 concluded an asset transfer contract with an independent third party. According to this agreement, Charles Vögele Mode Ltd. will sell its real estate portfolio – with the exception of the properties in Galgenen and Sigmaringen – for CHF 169 million, provided that the Offer will be settled ("**Real Estate Transaction**"). More specifically, properties at the following locations are part of the Real Estate Transaction:

- Via Quinta/Via Ai Noci 3, Biasca
- Bahnhofstrasse 1/3, Brugg
- Wolleraustrasse 9 und 11, Freienbach
- Rue St. Laurent 27/Rue St. Laurent 23/25/Rue William-Haldimann 16, Lausanne
- Largo Zorzi 1, Locarno
- Place Saint-Etienne 1, Moudon
- Hurdnerwäldli 5, Pfäffikon
- Neugasse 10/Ankerstrasse 3, Rorschach
- Hauptgasse 21, Solothurn
- Fürtistrasse 15, Wollerau
- Rue de Lac Nos 28, 30, 32/Rue des Remparts No 19, Yverdon
- Sihlstrasse 3-7, Zurich
- Avenue de la Gare 49, Delémont (among others condominium [*Stockwerkeigentum*] and building right)
- Viehmarkt/Kirchgasse 2, Langnau im Emmental (condominium [*Stockwerkeigentum*] and co-ownership shares [*Miteigentumsanteile*])
- Zentralstrasse 23 und 52a, Wohlen (condominium [*Stockwerkeigentum*] and co-ownership share [*Miteigentumsanteil*])

Charles Vögele Mode Ltd. has the right to exclude the properties in Delémont, Langnau im Emmental and Wohlen from the transfer. In that case, the sales price is reduced accordingly.

The consummation of this asset transfer is subject to the condition precedent that the Offer will be settled. The Real Estate Transaction was made against the background that the Offeror is only interested in the operative business of Charles Vögele. However, Charles Vögele will lease back most of the sold real estate. If the Offer is not successful, the asset transfer contract becomes void.

In addition, on 21 July 2016, the Offeror, in connection with the Offer, concluded an agreement with a European retailer which obliges the parties to sell respectively purchase most of Charles Vögele's distribution organization Germany, provided that the Offer will be settled. The purchase price has not yet been determined and depends on the number of locations and the quantity of goods the purchaser will actually acquire in the end, as well as on their valuation. Hence, the consummation of this agreement is subject to the condition precedent that the Offer will be settled and the Offeror will gain control over the administrative bodies of Charles Vögele and its German Subsidiary. This transaction was made against the background that the Offeror wants to minimize the risk of operating in Germany by focusing on a limited number of stores. If the Offer is not successful, the respective agreement becomes void.

The proceeds from the Real Estate Transaction and the sale of the distribution organization Germany will be used to repay a considerable part of the existing syndicated loan of the Charles Vögele group.

A The Offer

1 Pre-Announcement

A pre-announcement ("**Pre-Announcement**") of the Offer has been made in accordance with articles 5 et seqq. of the Swiss Takeover Board's Ordinance on Tender Offers (*Verordnung der Übernahmekommission über öffentliche Kaufangebote*; "**Takeover Ordinance**" or "**TOO**"). In its decisions (*Verfügungen*) dated 9 and 16 September 2016, the Swiss Takeover Board ("**TOB**") confirmed, *inter alia*, that the Pre-Announcement complies with the legal provisions on public tender offers. The statement of grounds for these decisions was reproduced in the Pre-Announcement and the decisions were published on the same day as the Pre-Announcement. No objection or appeal has been filed against these decisions, which is why in the meantime, they became legally binding. In addition no shareholder has filed a request for party status.

The Pre-Announcement was published on 19 September 2016 before the opening of trading at SIX in English, German and French on Sempione Retail's website and on the website of the TOB and was furthermore disseminated in accordance with the Takeover Ordinance.

2 Object of the Offer

Except as set forth in the Offer Restrictions, the Offer extends to all Charles Vögele Shares outstanding and issued until the end of the Additional Acceptance Period which are neither held by the Offeror nor by a person acting in concert with the Offeror.

Hence, the Offer extends to the following number of Charles Vögele Shares, which as of 14 October 2016 is calculated as follows:

	Charles Vögele Shares
Number of listed Charles Vögele Shares (according to the number of shares registered with the commercial register as of 14 October 2016)	8'800'000
Minus the shares which, as of 14 October 2016, are held by persons acting in concert with the Offeror, namely:	
- Shares which are held by Charles Vögele and/or its Subsidiaries	263'399
- Shares which are held by the Offeror or a shareholder of the Offeror	1'334'102
Charles Vögele Shares subject to the Offer	7'202'499

In addition to the total of 7'202'499 Charles Vögele Shares, a maximum of 78'624 additional Charles Vögele Shares are subject to the Offer, which may be issued from the conditional share capital of the Company based on the possible exercise of options under the Company's stock option plan (*Aktienoptionsplan*) ("**Stock Option Plan**") outstanding as of 19 September 2016, if board members, officers or employees of the Company or one of its Subsidiaries exercise the options.

In addition, if the Offer is successful, a total of a maximum of 34'163 additional Charles Vögele Shares will be subject to the Offer. These shares will be delivered based on restricted stock units which were allocated to the members of the board of directors of Charles Vögele in 2016 based on the Board of Directors Remuneration Regulation 2015. Charles Vögele intends to deliver treasury shares to satisfy the respective claims of the members of the board of directors.

3 Offer Price

The offer price for each Charles Vögele Share subject to the Offer amounts to CHF 6.38 net in cash ("**Offer Price**").

The Offer Price will be reduced by the gross amount of any dilutive effects caused by the Company or one of its Subsidiaries in respect of the Charles Vögele Shares prior to the Settlement of the Offer. Dilutive effects include, but are not limited to, dividend payments, demergers, capital increases or the sale of treasury shares at an issuance or sales price per Charles Vögele Share below the Offer Price, the purchase of own Charles Vögele Shares at a price above the Offer Price, the issuance of more than 78'624 Charles Vögele Shares under the Stock Option Plan, the issuance of options or other rights for the acquisition of Charles Vögele Shares and repayments of capital.

The issuance of not more than 78'624 Charles Vögele Shares from the conditional share capital of the Company based on the possible exercise of options under the Stock Option Plan outstanding as of 19 September 2016 by board members, officers or employees of the Company or one of its Subsidiaries and obligations and costs of the Company or one of its Subsidiaries in connection with cash settlements of outstanding options under the Stock Option Plan (in compliance with the Best Price Rule) are hence no dilutive effects for the purposes of this Offer.

The Offer Price corresponds to the volume-weighted average price of all on-exchange transactions in Charles Vögele Shares executed on SIX during the last sixty (60) trading days for Charles Vögele Shares on SIX (each a "**Trading Day**") prior to the publication of the Pre-Announcement. Hence the Offer Price corresponds to the minimum price in the sense of article 135 para. 2 lit. a of the Financial Markets Infrastructure Act ("**FMIA**") in connection with article 42 para. 2 of the FINMA-Financial Market Infrastructure Ordinance ("**FMIO-FINMA**").

The Charles Vögele Share is considered to be a liquid security for the purposes of the application of the minimum price rules stipulated in stock exchange laws (i.e. *no* valuation of the Charles Vögele Share by the review body is required).

The performance of the Charles Vögele Share on the SIX since 2012 is as follows (prices in CHF refer to the lowest and highest closing price):

Charles Vögele Share	2012	2013	2014	2015	2016**
Low*	13.75	7.54	10.30	7.38	4.85
High*	23.15	19.20	18.90	14.60	9.00

* Daily closing price in CHF

** 3 January 2016 to 16 September 2016 (last Trading Day prior to the publication of the Pre-Announcement)

Closing price on 16 September 2016 (last Trading Day prior to the publication of the Pre-Announcement): CHF 6.25

Source: SIX, Bloomberg

4 Offer Period

Upon approval of the Swiss Takeover Board, no cooling-off period applies (see Section G [*Decision of the Swiss Takeover Board*]).

With the publication of this Offer Prospectus on 19 October 2016, the Offer will remain open for acceptance for a period of twenty (20) Trading Days. Consequently, the Offer is expected to be open for acceptance from 20 October 2016 to 16 November 2016, 4:00 p.m. CET ("**Offer Period**").

The Offeror reserves the right to extend the Offer Period once or several times to a maximum of forty (40) Trading Days. An extension of the Offer Period beyond forty (40) Trading Days would require the prior consent of the Swiss Takeover Board.

5 Additional Acceptance Period

After the expiration of the (possibly extended) Offer Period and if the Offer is declared successful (*zustande gekommen*), there will be an additional acceptance period of ten (10) Trading Days for the subsequent acceptance of the Offer.

If the Offer Period is not extended, the additional acceptance period is expected to run from 23 November 2016 to 6 December 2016, 4:00 p.m. CET ("**Additional Acceptance Period**").

6 Offer Conditions, Waiver of Offer Conditions, Period for which the Offer Conditions are in Force and Effect and Postponement

6.1 Offer Conditions

The Offer is subject to each of the following conditions ("**Offer Conditions**"):

- (a) *Minimum Acceptance Rate*: By the end of the (possibly extended) Offer Period, the Offeror shall have received valid acceptances for such number of Charles Vögele Shares representing, when combined with the Charles Vögele Shares held by Retails Investment, OVS and Elarof Trust and the Charles Vögele Shares that the Offeror and the persons acting in concert with the Offeror (including Charles Vögele) will directly or indirectly own or control at the end of the (possibly extended) Offer Period, at least 70% of all Charles Vögele Shares that will be issued and outstanding at the end of the (possibly extended) Offer Period.
- (b) *Merger Clearances and Other Approvals*: All waiting periods applicable to the acquisition of the Company by the Offeror shall have expired or been terminated and all competent merger control and other authorities shall have approved the acquisition of the Company by the Offeror, without imposing any condition or undertaking on the Offeror and/or the Company and/or any of their respective Subsidiaries and/or any shareholder of Offeror that, in the opinion of an independent accounting firm or investment bank of international repute to be appointed by the Offeror, would reasonably be expected to cause a Regulatory Material Adverse Effect on the Offeror and/or the Company and/or any of their respective Subsidiaries and/or any shareholder of Offeror. A **Regulatory Material Adverse Effect** shall mean a reduction of the consolidated net sales of the Charles Vögele group of one year of CHF 120 million – corresponding to approx. 15% of the consolidated net sales of the Charles Vögele group in the financial year 2015 as per the Company's annual report 2015 – or more.
- (c) *No Injunction*: No judgment, decision, order or other authoritative measure shall have been issued preventing, prohibiting or declaring illegal the Offer or its consummation.
- (d) *No Company Material Adverse Effect*: After the date of the Pre-Announcement until the end of the (possibly extended) Offer Period, no unforeseeable circumstances or events shall have occurred or been disclosed which would reasonably be expected to have a Company Material Adverse Effect on the Charles Vögele group; provided, that the negative trend in the consolidated net sales of the Charles Vögele group shall not be deemed unforeseeable. A **Company Material Adverse Effect** shall mean a reduction of the consolidated net sales of the Charles Vögele group of one year of CHF 80 million – corresponding to approx. 10% of the consolidated net sales of the Charles Vögele group in the financial year 2015 as per the Company's annual report 2015 – or more.

For purposes of determining whether a Company Material Adverse Effect has occurred, (1) changes resulting from general economic, financial or market conditions, (2) changes generally affecting the industries in which the Company and its respective Subsidiaries operate and (3) any effects of the Permissible Transactions (as defined below) or of the Offer or its Settlement shall not be taken into account.

- (e) Election of three (3) New Members designated by the Offeror and Resignation of current Members of the Board of Directors of the Company: An extraordinary shareholders' meeting of the Company to be held in the Additional Acceptance Period shall have elected three (3) members to the board of directors of the Company (designated by the Offeror) conditional upon, and with effect as of, the Settlement and all current members of the board of directors of the Company shall have resigned from their functions on the boards of directors of the Company and of its Subsidiaries with effect as of the Settlement.
- (f) No Obligation to Acquire or Sell Material Assets or to Incur or Repay Material Indebtedness: With the exception of the obligations that have been made public prior to or on the date of the Pre-Announcement or that arise from or are related to the Permissible Transactions, the existing credit facility agreement between, *inter alia*, the Company and a syndicate of banks, the existing bilateral facilities with certain lenders or the Offer or its Settlement, between 1 July 2016 and the transfer of control to the Offeror, the Company and its Subsidiaries shall not have undertaken to acquire or sell any assets or incur or repay any indebtedness in the aggregate amount or value of more than CHF 39 million (corresponding to approx. 10% of the consolidated assets of Charles Vögele group as of 31 December 2015, as per the Company's annual report 2015).
- (g) No Adverse Resolutions of the General Meeting of Shareholders of the Company: The general meeting of shareholders of the Company shall not have:
 - (i) resolved or approved any dividend, other distribution or capital reduction or any acquisition, spin-off (*Abspaltung*), transfer of assets and liabilities (*Vermögensübertragung*) or other disposal of assets other than the Permissible Transactions with an aggregate value or for an aggregate consideration of more than CHF 39 million (corresponding to approx. 10% of the consolidated total assets of the Charles Vögele group as of December 31, 2015, as per the Company's annual report 2015);
 - (ii) resolved or approved any merger, demerger (*Aufspaltung*) or ordinary, authorized or conditional increase of the share capital of the Company; or
 - (iii) adopted an amendment of the articles of association of the Company to introduce any voting limitations (*Stimmrechtsbeschränkungen*).

For purposes of this Offer Prospectus, **Permissible Transactions** shall mean the following transactions:

- (a) the sale, transfer or other disposal of all or part of the shares in, or all or part of the assets of, Charles Vögele (Netherlands) B.V. to any person or the winding-up of Charles Vögele (Netherlands) B.V. through voluntary dissolution or liquidation or through bankruptcy or similar proceedings, or a combination thereof;
- (b) the sale, transfer or other disposal of all or part of the shares in, or all or part of the assets of, Charles Vögele (Belgium) N.V. to any person or the winding-up of Charles Vögele (Belgium) N.V. through voluntary dissolution or liquidation or through bankruptcy or similar proceedings, or a combination thereof;
- (c) the sale, transfer or other disposal of all or part of certain real estate of Charles Vögele or its Subsidiaries in: Galgenen, Sigmaringen, Wohlen Zentralstrasse 23, Wohlen Zentralstrasse 52a, Langnau im Emmental and Delémont.

6.2 Waiver of Offer Conditions

The Offeror reserves the right to waive, in whole or in part, one or more of the Offer Conditions.

6.3 Period for which the Offer Conditions are in Force and Effect and Postponement

As regards the temporal application of the Offer Conditions, the following applies:

- (a) Conditions (a) and (d) shall be in force and in effect with respect to the period until the expiration of the (possibly extended) Offer Period.
- (b) Conditions (b), (c), (e), (f) and (g) shall be in force and effect with respect to the period until the Settlement, conditions (f) and (g), however, the latest until the next shareholders' meeting of the Company.
- (c) If any of the conditions (a) or (d) have not been satisfied or waived by the end of the (possibly extended) Offer Period, the Offeror has the right to declare the Offer as being unsuccessful.
- (d) If any of the conditions (b), (c), (e) and, if still in force and effect (see lit. (b) above), the conditions (f) or (g) have not been satisfied or waived by the Settlement, the Offeror shall be entitled to declare the Offer unsuccessful or to postpone the Settlement for a period of up to four (4) months after the expiration of the Additional Acceptance Period ("**Postponement**"). During the Postponement, the Offer shall continue to be subject to the conditions (b), (c), (e) and, if still in force and effect (see lit. (b) above), the

conditions (f) and (g), as long as, and to the extent, such conditions have not been satisfied or waived. Unless the Offeror applies for, and the TOB approves, an additional postponement of the Settlement, the Offeror will declare the Offer unsuccessful if such conditions have not been satisfied or waived during the Postponement.

B Information on Sempione Retail Ltd. (Offeror)

1 Name, Domicile, Share Capital, Shareholders and Business Activity

Sempione Retail Ltd. is Swiss stock corporation (*Aktiengesellschaft*) incorporated (and entered into the commercial register) on 28 July 2016 with a share capital of CHF 100'000, divided into 100'000 registered shares with a nominal value of CHF 1.00 each. The company has its registered seat in Zurich. The purpose of the company is as follows:

"The purpose of the company is the acquisition and ongoing administration of participations, in particular in retail companies, and their financing. The company is empowered to open domestic and foreign branches and subsidiaries, to participate in other domestic or foreign companies, to take over representations as well as to engage in any business and enter into agreements of any kind which seem appropriate to promote the purpose of the company or which is directly or indirectly connected to this purpose. It may acquire, hold, encumber and sell domestic and foreign real estate. The company may grant direct or indirect loans or other funding to its direct or indirect subsidiaries as well as to third parties, including their direct or indirect shareholders as well as to such shareholders' direct or indirect subsidiaries, direct or indirect loans and grant security for obligations of such companies, including by means of pledges or fiduciary transfers of assets of the company, or by means of guarantees of any kind, whether or not remunerated."

The shareholder base of the Offeror is as follows:

Shareholder	Participation in the share capital and voting rights of the Offeror
OVS	35.0%
Retails Investment	44.5%
Elarof Trust	20.5%

The Shareholders of the Offeror can be described as follows:

- OVS is a stock corporation listed on the Milan Stock Exchange and incorporated under Italian law. The share capital amounts to EUR 227 million and is divided into 227 million shares without a nominal value. Gruppo Coin S.P.A. holds 42.12% in OVS. 57.88% are publicly held. OVS is a fashion value retailer and leader in the Italian apparel market with a vertically-integrated business model. There is no beneficial owner which controls Gruppo Coin S.P.A. or OVS.

- Retails Investment is a limited liability company incorporated under Italian law. It is a finance company and the beneficial owners of this company are Mr. Jonathan Kafri, Florence (Italy) and Mr. Luigi Enzo De Gaspari, Borgoricco Padova (Italy).
- Elarof Trust is a trust according to the law of New Zealand. Sole beneficiary of the Elarof Trust is Ms. Pascale Héloïse Spadone-de Meuron, Geneva.

OVS and Retails Investment jointly control the Offeror due to a Term Sheet for a Shareholders' Agreement agreed on 18 September 2016, in which on the one hand, the joint submission of the Public Tender Offer, and on the other hand, the management of both companies (the Offeror and Charles Vögele) as well as other mutual rights and obligations (in particular exit rules) are regulated ("**Shareholders' Agreement**"). In the Shareholders' Agreement, OVS and Retails Investment essentially agreed on the following (the following is a summary of the essential provisions):

- In case of a Settlement of the Offer, Retails Investment and OVS will, based on the Shareholders' Agreement, agree on a detailed shareholders' agreement according to the rights and obligations in the Shareholders' Agreement.
- Obligations of the parties in connection with the Public Tender Offer
 - The Offeror shall submit a Public Tender Offer for all publicly held shares of Charles Vögele, whereby OVS shall be primarily responsible for the planning and implementation of the Offer. If the Offer is successful, the Charles Vögele Shares shall be de-listed.
 - OVS and Retails Investment agree to provide the Offeror with the required financial means for the Settlement of the Offer in the form of equity and shareholder loans, taking into account the bank loan of the Offeror.
- The essential Corporate Governance provisions are as follows:
 - The general meeting of shareholders of the Offeror needs special quorums for the important resolutions: Important resolutions are:
 - o Restriction or abolition of subscription rights;
 - o Dissolution or liquidation of the Offeror or Charles Vögele.
 - Composition of the board of directors: The board of directors of each the Offeror and Charles Vögele shall perform the statutory tasks and have the corresponding powers. The board of directors of each the Offeror and Charles Vögele shall consist of a total of three (3) persons:

one representative of each OVS and Retails Investment and a member independent of both shareholders (and independent of Elarof Trust).

- The members of the board of directors pass their resolutions according to the ordinary quorum according to the organizational rules, except for the following resolutions, which require the approval of at least one representative of each party:
 - o acquisition of treasury shares, provided that such acquisitions are not made on a *pro rata* basis corresponding to the participation;
 - o all expenditures in connection with employees posted by OVS which are charged to Charles Vögele.
- The authorized types of transfer for shares of the Offeror are regulated exhaustively. Share transfers may only be made after the expiration of two (2) years following the Settlement of the Offer and only if the selling party ensures that the purchaser assumes the rights and obligations of the Shareholders' Agreement regarding the sold shares. The following rights and obligations of the parties regarding the shares of the Offeror respectively the following transfer modes are explicitly regulated:
 - Right of first refusal: If one party intends to sell shares, the other party has the right, in proportion to its existing participation, to acquire the shares on the same conditions on which a third party could acquire the shares.
 - Co-sale right: Provided that no right of first refusal is exercised, each party has the right to require the party entitled to sell to sell its shares to the respective third party on the same terms as the party itself may sell.
- At the earliest three (3) years after the Settlement of the Public Tender Offer, OVS may, under certain conditions, exercise a call option and thereby acquire all shares of the Offeror held by Retails Investment at a purchase price to be calculated according to a specified formula. According to the parties, the formula for the calculation of the purchase price in case of an exercise of the option shall reflect a reasonable market value of Charles Vögele.
- OVS and Retails Investment, in the annex of the Shareholders' Agreement, agreed on the fundamentals of a Cooperation Agreement (Term Sheet for a Cooperation Agreement) between OVS and Charles Vögele, which shall be concluded between OVS and Charles Vögele in case the Offer will be settled.

2 Persons acting in concert with the Offeror

OVS and Retails Investment as shareholders of Sempione Retail act in concert with Sempione Retail with a view to taking over Charles Vögele in the sense of article 33 FMIO-FINMA, this based on the Shareholders' Agreement. All group companies controlled by OVS as well as Mr. Kafri and Mr. De Gaspari as beneficial owners of Retails Investment hence act in concert with the Offeror.

As a consequence of the conclusion of the Commitment Letter, Elarof Trust, with a view to making the Offer, acts in concert in the sense of article 11 para. 1 TOO with Sempione Retail on the one hand and OVS and Retails Investment on the other hand.

Finally, Charles Vögele and all companies (directly or indirectly) controlled by Charles Vögele, for the time period after 18 September 2016, the date on which Sempione Retail and Charles Vögele signed the Transaction Agreement described in Section D.3.1 (*Agreements in connection with the Offer between the Offeror and its Shareholders and Charles Vögele*), are deemed to be acting in concert with the Offeror in the sense of article 11 para. 1 TOO.

3 Annual Reports

The Offeror is a privately held stock corporation and does not publish annual reports.

4 Purchases and Sales in Shares and Securities of Charles Vögele

During the twelve (12) months period preceding the date of the Pre-Announcement, the Offeror and the persons acting in concert with the Offeror (except Charles Vögele and its Subsidiaries as well as Elarof Trust) did not purchase or sell any Charles Vögele Shares. During the same period, the Offeror and the persons acting in concert with the Offeror (except Charles Vögele and its Subsidiaries as well as Elarof Trust) did not purchase or sell any equity derivatives with respect to Charles Vögele Shares.

Following the date of the Pre-Announcement until 14 October 2016, the Offeror and its Subsidiaries and the persons acting in concert with it did not purchase or sell any Charles Vögele Shares and did not purchase or sell any equity derivatives with respect to Charles Vögele Shares.

Since 16 March 2016, the earliest date from which Elarof Trust acts in concert with the Offeror in the sense of article 11 TOO, Elarof Trust has not sold or purchased any Charles Vögele Shares and has not purchased or sold any equity derivatives with respect to Charles Vögele Shares.

According to Charles Vögele, since 18 September 2016, the date on which the Offeror and Charles Vögele signed the Transaction Agreement described in Sec-

tion D.3.1 (*Agreements in connection with the Offer between the Offeror and its Shareholders and Charles Vögele*), until 14 October 2016, neither Charles Vögele nor its Subsidiaries sold or purchased any Charles Vögele Shares or equity derivatives with respect to Charles Vögele Shares.

5 Participations in Charles Vögele

As of 14 October 2016, according to the entry in the commercial register, a total of 8'800'000 Charles Vögele Shares are issued. The Offeror and the persons acting in concert with the Offeror with a view to making the Offer, as of 14 October 2016 hold a total of 1'597'501 Charles Vögele Shares, corresponding to 18.15% of the share capital and voting rights of Charles Vögele (of which Charles Vögele and/or its Subsidiaries, as of 14 October 2016, hold a total of 263'399 treasury shares, corresponding to 2.99% of the share capital and the voting rights of Charles Vögele).

C Financing

The Offer will be financed through (i) a bank loan of the Offeror (in the amount of CHF 15 million) and through (ii) financial means (in the form of equity and shareholder loans) which are made available to the Offeror by its shareholders.

D Information on Charles Vögele Holding Ltd. (Target Company)

1 Name, Domicile, Share Capital, Business Activity and Annual Report

Charles Vögele Holding Ltd. is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Switzerland for an indefinite period with its registered seat in Freienbach, Switzerland. Its main corporate purpose is to acquire, administer and sell participations in companies of all kinds at home and abroad, to take over representations, to engage in financing for own and third-party accounts, to conclude guarantees and sureties for affiliated companies and third parties as well as to acquire, administer and sell real estate.

As of 14 October 2016, Charles Vögele has a share capital of CHF 26'400'000, divided into 8'800'000 bearer shares with a nominal value of CHF 3.00 each.

Charles Vögele has a conditional share capital in the aggregate amount of CHF 6'072'000. The share capital of Charles Vögele may be increased as follows: (i) With the exclusion of the preemptive rights of the shareholders in an amount not to exceed CHF 792'000, corresponding to a maximum of 264'000 fully paid-up bearer shares with a nominal value of CHF 3.00 each, through the exercise of options, which are granted to members of the board of directors and employees of the Company or its group companies according to one or several participation plans, and (ii) in an amount not to exceed CHF 5'280'000, corresponding to a maximum of 1'760'000 fully paid-up bearer shares with a nominal value of

CHF 3.00 each, through the exercise of conversion and/or option rights granted in connection with convertible debentures, debentures with option rights, bonds or similar obligations or other financial market instruments of the Company or its group companies.

The Charles Vögele Shares are listed pursuant to the Swiss Reporting Standard of SIX under the Swiss Security Number 693.777 (ISIN CH0006937772; Ticker Symbol: VCH).

The annual report of Charles Vögele (including the financial report, the corporate governance report and the compensation report) for the business year ended 31 December 2015 and the half-year report for the first half year 2016 were published on 26 April 2016 respectively on 24 August 2016 and are available at <<https://corporate.charles-voegele.com/en-GB/l/annual-reports-&-publications>>.

2 Intentions of the Offeror with respect to Charles Vögele, its Board of Directors and its Management

By the Offer, the Offeror intends to obtain full (100%) control of Charles Vögele.

In the Transaction Agreement, it was agreed that the members of the board of directors of Charles Vögele shall be replaced as per the Settlement. Charles Vögele procured in the Transaction Agreement that all incumbent members of Charles Vögele's board of directors shall resign from their functions on the board of directors of Charles Vögele with effect from the Settlement. In addition, Charles Vögele agreed to convene an extraordinary shareholders' meeting of Charles Vögele, and, provided that the Offer is successful, to propose the election of the persons to Charles Vögele's board of directors designated by the Offeror with effect from the Settlement.

As shareholders of the Offeror, OVS and Retails Investment intend to run Charles Vögele according to the Shareholders' Agreement. With a view to the continuation of business of Charles Vögele after completion of the public takeover procedure, OVS and Retails Investment agreed on a Term Sheet for a Cooperation Agreement, which shall be concluded between OVS and Charles Vögele in case the Offer will be settled. OVS will, among other things, make its know-how in the field of fashion retail trade available to Charles Vögele and also license the brands "OVS" and "upim". In addition, OVS will provide access to its vendor platform for Charles Vögele in order that Charles Vögele can place orders for, and directly buy, apparel items. It is intended that OVS and Charles Vögele will enter into an actual franchise agreement. The fee to be paid by Charles Vögele has been negotiated and is in line with prevailing market terms.

In the event that after the Settlement, the Offeror holds more than 98% of the voting rights in Charles Vögele, the Offeror intends to apply for the cancellation of the remaining Charles Vögele Shares in accordance with article 137 FMIA.

In the event that the Offeror, as a consequence of the Offer, holds between 90% and 98% of the voting rights in Charles Vögele after the Settlement, the Offeror intends to merge Charles Vögele with the Offeror respectively a direct or indirect Swiss Subsidiary of the Offeror, whereby the remaining public shareholders of Charles Vögele would be compensated (in cash) and not receive any shares in the surviving company. The Swiss tax consequences resulting from a squeeze-out merger with a cash-only consideration may be considerably worse than the tax consequences of an acceptance of the Offer for individuals who are resident in Switzerland for tax purposes and hold the Charles Vögele Shares as their private assets (*Privatvermögen*) and for foreign investors (see also Section H.7 [*Possible Tax Consequences*]).

Furthermore, after the Settlement of the Offer, the Offeror intends to have Charles Vögele apply with SIX for the de-listing of the Charles Vögele Shares in accordance with the regulations of SIX.

3 Agreements between the Offeror and its Shareholders and Charles Vögele, its Corporate Bodies and Shareholders

3.1 Agreements in connection with the Offer between the Offeror and its Shareholders and Charles Vögele

Confidentiality Agreement

On 1 December 2015 respectively on 17 February 2016, Charles Vögele and OVS respectively Charles Vögele and Elarof Trust entered into confidentiality agreements customary for this type of transaction, pursuant to which the parties essentially agreed to treat any non-public information which may be exchanged between them as confidential. In addition, a corresponding confidentiality agreement customary for this type of transaction is in place between OVS and the beneficial owners of Retails Investment.

Based on the above mentioned confidentiality agreements, Charles Vögele allowed each OVS, Elarof Trust and the beneficial owners of Retails Investment to carry out a limited due diligence.

Transaction Agreement

On 18 September 2016, the Offeror and Charles Vögele entered into a Transaction Agreement, which was unanimously approved by Charles Vögele's board of directors (without the participation of Christophe Spadone) and which provides for the following main terms (the following is a summary of the main terms):

- The Offeror agreed to submit the Offer and Charles Vögele and its board of directors, respectively, agreed to support the Offer and to recommend to the shareholders the acceptance of the Offer, among other things, by way of the

recommendation contained in the board report included in Section F (*Report of the Board of Directors of Charles Vögele pursuant to Article 132 FMIA*).

- During the term of the Transaction Agreement, Charles Vögele may not solicit any third party proposal or transaction which may compete with the Offer. However, Charles Vögele may, as a reaction to an unsolicited indicative offer for a transaction which Charles Vögele's board of directors determines in good faith and in accordance with its statutory fiduciary duties to be more favorable to the holders of Charles Vögele Shares than the Offer ("**Superior Offer**"), furnish such third party with information and participate in discussions and negotiations with such third party. The board of directors of Charles Vögele is not permitted to change its recommendation of the Offer to the disadvantage of the Offeror, to recommend a third party transaction or to enter into an agreement related thereto, except in connection with a Superior Offer after providing the Offeror at least five (5) Trading Days to submit an offer for an improved Offer such that the Offeror's improved Offer is at least as favorable to the holders of Charles Vögele Shares as such Superior Offer.
- Charles Vögele agreed, at all times from the date of execution of the Transaction Agreement until the earlier of (i) the day falling six (6) months after the end of the Additional Acceptance Period (as defined in Section A.5 [*Additional Acceptance Period*]) and (ii) the termination of the Transaction Agreement, to comply, and to procure that all of its Subsidiaries comply, with the obligations set forth in article 12 para. 1 TOO, including without limitation to refrain, and to procure that all of its Subsidiaries refrain, from doing anything that would trigger the Best Price Rule.
- The parties have entered into customary undertakings to pursue the satisfaction of the Offer Conditions.
- Charles Vögele agreed to operate its business in the ordinary course of business and to execute or enter into certain transactions only with the consent of Offeror, to the extent permissible under applicable laws and regulatory requirements.
- During the term of the Offer and the Transaction Agreement, Charles Vögele remains entitled (i) to sell or liquidate a part or all of the shares or assets of its Subsidiaries Charles Vögele (Netherlands) B.V. and Charles Vögele (Belgium) N.V. and (ii) to sell certain properties held by Charles Vögele and/or one of its Subsidiaries (see Section F [*Report of the Board of Directors of Charles Vögele pursuant to Article 132 FMIA*], subsection 4.2).
- Charles Vögele agreed not to adopt any new employee stock option plans.
- With regard to existing employee stock option plans regarding shares and equity derivatives of Charles Vögele, the parties agreed that (i) Charles Vögele will offer to cancel outstanding options against a cash compensation;

(ii) in case the Offer is successful, applicable blocking periods (*Sperrfristen*) for share transactions will be lifted so that the shares can be tendered in the Offer during the Additional Acceptance Period; and (iii) with regard to restricted stock units for the benefit of members of Charles Vögele's board of directors, in case the Offer is successful, the applicable blocking period will be waived so that the restricted stock units will immediately vest and be converted into a *pro rata temporis* right to Charles Vögele Shares (corresponding to the proportional share of the relevant board member's term of office until the anticipated Settlement when compared with his or her full term), so that the shares can be tendered in the Offer during the Additional Acceptance Period (see Section F [*Report of the Board of Directors of Charles Vögele pursuant to Article 132 FMIA*] subsection 3.3(b)). Apart from that, Charles Vögele agreed not to alter the existing employee stock option plans.

- The parties made certain representations and warranties which are not unusual for a Transaction Agreement.
- The Offeror agreed (i) to only assert claims against members of the board of directors of Charles Vögele and its Subsidiaries and the management in case of willful intent and gross negligence and to grant discharge to the persons mentioned above; (ii) to indemnify the members of the board of directors and the management of Charles Vögele and its Subsidiaries from claims with regard to the Real Estate Transaction; and (iii) to procure that corporate bodies and senior employees of Charles Vögele and its Subsidiaries continue to be insured under a so-called D&O insurance.
- The Transaction Agreement may be terminated in specified circumstances, including (i) by both parties, if the Offeror publicly declares that the Offer will not be further pursued or has not been successful or if the Offeror otherwise withdraws from launching, continuing or settling the Offer, provided that this is permitted by the applicable laws and the decision of the Swiss Takeover Board, but only if the party which declares the termination did not set the reason for the termination itself by violating a provision of the Transaction Agreement; (ii) by one party, if the other party substantially violated its obligations under the Transaction Agreement, except if the violation is cured expeditiously and completely; (iii) by the Offeror, provided that Charles Vögele concludes a binding agreement with a third party regarding a competing offer; (iv) by the Offeror, provided that the board of directors of Charles Vögele (x) fails to meet its obligations to unconditionally recommend the Offer to the shareholders of Charles Vögele; (y) withdraws or modifies its recommendation of the Offer to the shareholders of Charles Vögele to the disadvantage of the Offeror or makes an announcement to that effect; or (z) recommends a third party offer or makes an announcement to that effect; (v) by Charles Vögele, provided that the board of directors of Charles Vögele, in connection with a Superior Offer and after the Offeror was given at least five (5) Trading Days to submit an offer for an improved Offer, permissibly withdraws or changes its recommendation of the Offer, recommends a competing transac-

tion or enters into an agreement related thereto; or (vi) by Charles Vögele, provided that the Offeror would not have published the Pre-Announcement or this Offer Prospectus in accordance with the Transaction Agreement.

- No break-fee was agreed, i.e. a possible termination of the Transaction Agreement may only lead to a liability for damages if there has been a prior breach of contract.
- Charles Vögele agreed to procure that, effective as of the Settlement, all members of the board of directors of Charles Vögele shall resign as members thereof and the Offeror agreed to procure that Christophe Spadone, with effect from the Settlement, will tender his resignation from the board of directors of Charles Vögele.
- Charles Vögele agreed to invite for an extraordinary shareholders' meeting to be held during the Additional Acceptance Period and – under the condition that the Offer is successful – to schedule and propose to the shareholders the election to the board of directors of Charles Vögele as chairman and/or members of the board of directors the individuals proposed by the Offeror with effect from the Settlement.

Mandate Agreement concerning the Real Estate Transaction

Charles Vögele, its Subsidiary Charles Vögele Mode Ltd., OVS and UBS Switzerland AG, Real Estate Advisory, concluded a non-exclusive mandate agreement with regard to a possible sale of the real estate portfolio of Charles Vögele Mode Ltd. to interested third parties (see also Section *Public tender offer by the Offeror for Charles Vögele ["Offer" or "Public Tender Offer"]*, *Involved Companies and Parties, Background and Purpose of the Offer* above).

3.2 Commitment Letter of Elarof Trust

On 18 September 2016, Elarof Trust in a Commitment Letter in connection with the Offer agreed vis-à-vis Sempione Retail on the one hand and OVS and Retails Investment on the other hand to undertake certain obligations. The essential rights and obligations under the Commitment Letter are as follows:

- Elarof Trust will provide the Offeror with financial means in the form of equity and shareholder loans for the Settlement of the Offer on the same terms as the other two shareholders of the Offeror.
- Elarof Trust agreed (i) not to tender the shares hold by it into the Offer and (ii) not to enter into an agreement with a third party with regard to the shares of Charles Vögele from the signing of the Commitment Letter (y) until six (6) months after the Offer has been withdrawn or declared unsuccessful if the Offer is not successful, unless such agreement is in compliance with the

Best Price Rule, or (z) if the Offer is successful, until six (6) months after the Settlement of the Offer.

- From the signing of the Commitment Letter until six (6) months after the Settlement of the Offer, Elarof Trust may not directly or indirectly purchase Charles Vögele Shares or equity derivatives with respect to Charles Vögele Shares.
- OVS, Retails Investment and Elarof Trust agreed on mutual rights of first refusal for the shares of the Offeror and the Charles Vögele Shares held by Elarof Trust.

3.3 No other Agreements

Except for the agreements summarized above, no agreements in relation to the Offer exist between the Offeror, its shareholders and Subsidiaries on the one hand and Charles Vögele, its Subsidiaries, directors, officers and shareholders on the other hand.

3.4 Confidential Information

The Offeror confirms in the sense of article 23 para. 2 TOO that neither the Offeror nor any person acting in concert with the Offeror has received, directly or indirectly, from Charles Vögele and its Subsidiaries, except as publicly disclosed in this Offer Prospectus, the report of the board of directors of Charles Vögele or otherwise, any confidential information regarding Charles Vögele which could significantly influence the decisions of the recipients of the Offer.

E Report of the Review Body according to Article 128 FMIA dated 17 October 2016

Report of the Review Body pursuant to article 128 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA)

As a review body recognized according to the FMIA to review public takeover offers, we have reviewed the offer prospectus of Sempione Retail AG (the "Offeror"). The report of the board of directors of the target company and the Fairness Opinion of Ernst & Young AG were not subject to our review.

The preparation of the offer prospectus is the responsibility of the Offeror. Our responsibility is to express an opinion on the offer prospectus based on our review. We confirm that we comply with the independence requirements provided by takeover law.

Our review was conducted in accordance with the Swiss Auditing Standard on the examination of Public Takeover Offers (AS 880), which requires that a review pursuant to article 128 FMIA be planned and performed to verify the formal completeness of the offer prospectus pursuant to the FMIA and its ordinances and to obtain reasonable assurance about whether the offer prospectus is free from any material misstatements in consequence of violations or errors. It has to be noted that ciphers 4 to 7 below cannot be verified with the same assurance as ciphers 1 to 3. We have reviewed the information in the offer prospectus by means of analyses and ascertainties on a test basis. Furthermore, we have verified the compliance with the FMIA and its ordinances. We believe that our review provides a reasonable basis for our opinion.

In our opinion:

1. the Offeror has taken the necessary measures in order for the required funds to be available on the settlement date;
2. the provisions governing change of control offers, in particular those governing the minimum price, have been observed;
3. the Best Price Rule has been observed until the publication of the offer prospectus.

Moreover, we have not encountered any facts from which we had to infer that:

4. the recipients of the Offer are not treated equally;
5. the offer prospectus is not complete and accurate;
6. the offer prospectus is not in accordance with the FMIA and its ordinances;
7. the provisions regarding the effects of the pre-announcement have not been observed.

This report is neither a recommendation for the acceptance or rejection of the offer nor a confirmation (Fairness Opinion) regarding the financial appropriateness of the offer price.

Zurich, 17 October 2016

BDO Ltd

Edgar Wohlhauser
Partner

Marcel Jans
Partner

F Report of the Board of Directors of Charles Vögele pursuant to Article 132 FMIA

Report of the board of directors of Charles Vögele Holding Ltd. on the Public Tender Offer by Sempione Retail Ltd.

The Board of Directors of Charles Vögele Holding AG (the **Board of Directors**) with registered office in Freienbach, Switzerland (**Charles Vögele**), hereby takes position pursuant to article 132 para. 1 FMIA and articles 30-32 of the Takeover Ordinance on the public tender offer (the **Offer**) of Sempione Retail Ltd., a company with registered office in Zurich, Switzerland (the **Offeror**), that is held by Retails Investment S.R.L. (**Retails Investment**), OVS S.p.A. (**OVS**) and Aspen Trust Services Ltd. (**Aspen**) as trustee and on behalf of the Elarof Trust (**ET**; and the Offeror together with its shareholders and their affiliates, the **Offeror Group**), for all publicly held bearer shares of Charles Vögele with a nominal value of CHF 3.00 each (each a **CV Share**).

1 Recommendation

Based on an in-depth review of the Offer and taking into account the fairness opinion of Ernst & Young AG, Zurich, which forms an integral part of this report (see Section 2.1), the Board of Directors, composed of the members set out in Section 3.3(e), unanimously resolved to recommend to the shareholders of Charles Vögele to accept the Offer submitted by the Offeror.

2 Rationale

2.1 Offer Price and Fairness Opinion

The price offered by the Offeror in the Offer is CHF 6.38 net in cash for each CV Share (the **Offer Price**). The Board of Directors mandated Ernst & Young AG, Zurich, as independent expert, to prepare and issue a fairness opinion on the financial fairness of the Offer Price. Based on and subject to the assumptions set out therein, in its fairness opinion dated October 17, 2016, Ernst & Young AG, Zurich, determined a value range from CHF 4.40 to CHF 7.60, with the DCF analysis as the core valuation method resulting in a point estimate of CHF 5.90, and concluded that the Offer Price is fair from a financial perspective. The fairness opinion can be ordered in German, French and English at no cost from Charles Vögele Holding AG at Gwattstrasse 15, 8808 Pfäffikon SZ, Switzerland (phone: +41 55 416 72 00, fax: +41 55 410 12 82, email: nicole.borel@charles-voegele.com) and is also available on <https://corporate.charles-voegele.com/en-GB/s/sempline-kaufangebot>.

2.2 Business Rationale

The Board of Directors has after consultation with the Charles Vögele Group Management and external advisors made a detailed assessment of the short- and

long-term prospects of Charles Vögele as an independent company and as a partner in combination with the Offeror Group. Based on this assessment, the Board of Directors believes that there is significant potential that a combination with the Offeror Group will result in strategic, operational and financial benefits for Charles Vögele and its stakeholders compared to other alternatives.

Given the fundamental changes in the European retail apparel industry and the beginning consolidation process, an acquisition of Charles Vögele by the Offeror entails a significant first-mover advantage for the combined group. The abolition of the minimum euro exchange rate by the Swiss National Bank in January 2015 severely affected the industry in Charles Vögele's most profitable market Switzerland and accelerated market consolidation. The removal of the minimum euro exchange rate greatly intensified price pressure in Switzerland and also led to a significant increase in transborder shopping tourism. Furthermore, the currency conversion effects in the other sales regions had a negative impact on the consolidated group results.

Strategic benefits: The Board of Directors believes that a combination between Charles Vögele and the Offeror Group would strengthen the combined group's market position, leveraging on the Offeror Group's industrial know-how in the areas of purchasing, marketing, visual merchandising and a go-to-market approach with new and attractive brands. This would offer the business the opportunity to appeal to and win new target groups as customers.

OVS is a well-positioned retail apparel company with financial strength and together with its shareholder Gruppo Coin S.P.A., which holds 42.12% of OVS's share capital, the Offeror Group has extensive turnaround expertise. The additional industrial expertise and management capabilities are expected to allow Charles Vögele to increase its sales performance, to improve profitability and to return to a sustainable business model.

Operational benefits: OVS has a renowned brand which stands for a fashionable product assortment in an attractive price range. Furthermore, OVS has average store size and store locations which are similar to Charles Vögele, which would facilitate a smooth integration. Both companies' key procurement markets are in Asia and bundling purchasing volumes would lead to further improved sourcing conditions, thereby allowing the combined group to become more competitive in terms of pricing with a positive impact on sales.

Financial benefits: The joint utilization of the Offeror Group's European central services would offer Charles Vögele the opportunity to benefit from the Offeror Group's network and to further decrease its cost base.

Given the current market situation and the prospects in the apparel industry, the Board of Directors believes that a combination with the Offeror Group offers the opportunity for Charles Vögele to continue operations in the long term more successfully, protecting the interests of all stakeholders.

2.3 Squeeze-out and Delisting

In the event that the Offeror holds more than 98% of the voting rights of Charles Vögele after the consummation of the Offer (the **Settlement**), the Offeror intends to request the cancellation of the remaining CV Shares in accordance with article 137 FMIA.

In the event that the Offeror holds between 90% and 98% of the voting rights of Charles Vögele after the Settlement, the Offeror intends to effect a squeeze-out merger pursuant to article 8 para. 2 and article 18 para. 5 of the Swiss Merger Act, as a result of which remaining minority shareholders of Charles Vögele would be compensated in cash or otherwise for their CV Shares, but not receive shares of the surviving company. In the context of a squeeze-out merger, the tax consequences may be worse for certain shareholders compared to the tax consequences of an acceptance of the Offer (see Sections D.2 and H.7 of the Offer Prospectus).

Following the Settlement, the Offeror intends to have Charles Vögele submit a request for the delisting of the CV Shares from the SIX. The delisting may significantly impair the ability to trade in CV Shares.

2.4 Conclusion

Based on the considerations summarized above, the Board of Directors came to the conclusion that the Offer is in the interest of Charles Vögele and its stakeholders. The Board of Directors therefore recommends to the shareholders of Charles Vögele to accept the Offer.

3 Additional Information Required by Swiss Takeover Law

3.1 Board of Directors and Charles Vögele Group Management

The Board of Directors of Charles Vögele is currently composed of Max E. Katz (Chairman), Dr. Ulla Ertelt, Prof. Dr. Matthias Freise, Remo Masala and Christophe Spadone (for resignations, see Section 3.2(a)).

The Charles Vögele Group Management is currently composed of Markus Voegeli (CEO and CFO), Beatrice Grünwald (Chief Purchasing Officer) and Meinrad Fleischmann (Chief Sales Officer).

3.2 Potential Conflicts of Interest of the Members of the Board of Directors and the Charles Vögele Group Management

(a) Board of Directors

The family of Christophe Spadone is the beneficiary of ET. Aspen as trustee and on behalf of ET is the main shareholder of Charles Vögele (see Section 5). Fur-

thermore, Aspen as trustee and on behalf of ET is a shareholder of, and investor in, the Offeror and a signatory of the Commitment Letter (as defined below). Consequently, Christophe Spadone has been in a potential conflict of interest in his function as a member of the Board of Directors, and did not take part in or contribute to the deliberations or resolutions of the Board of Directors, and abstained from voting, in matters relating to the Offer.

Christophe Spadone resigned as a member of the Board of Directors with effect as of the Settlement. The remaining members of the Board of Directors will also resign from their functions on the Board of Directors with effect as of the Settlement, in accordance with the Transaction Agreement (as defined below). Charles Vögele agreed with the Offeror in the Transaction Agreement (as defined below) to invite its shareholders to an extraordinary general meeting of shareholders to be held in the additional acceptance period of the Offer and, subject to the Offer being declared successful by the Offeror after the main offer period, to propose to its shareholders the election of the individuals designated by the Offeror as chairman and members of the Board of Directors conditional upon, and with effect as of, the Settlement.

Except as set forth above or elsewhere in this report (including in this Section 3.2(a) and in Sections 3.3(a), 4.3 and 5) , (i) no member of the Board of Directors has entered into any contractual or other relationship with any member of the Offeror Group, and there is currently no intention to enter into any such relationship, (ii) no member of the Board of Directors has been elected at the request of any member of the Offeror Group or is exercising his or her function(s) on the Board of Directors following instructions from any member of the Offeror Group, and (iii) the members of the Board of Directors are neither employees nor members of any corporate body of any member of the Offeror Group or of companies having significant business relations with any member of the Offeror Group. Notwithstanding the foregoing, the Offeror has accepted certain undertakings in favour of the members of the Board of Directors, as set out in further detail in Sections 3.3(d) and 4.2.

(b) Charles Vögele Group Management

No member of the Charles Vögele Group Management has entered into any contractual or other relationship with any member of the Offeror Group, and there is currently no intention to enter into any such relationship. The members of the Charles Vögele Group Management are neither employees nor members of any corporate bodies of any member of the Offeror Group or of companies having significant business relations with the Offeror Group.

(c) Consequences of the Offer on Employment and Similar Agreements with Members of the Board of Directors and the Charles Vögele Group Management

The agreements with the members of the Board of Directors as well as the employment agreements with the members of the Charles Vögele Group Management do not contain any change of control clauses.

3.3 Possible Financial Consequences of the Offer for Members of the Board of Directors and the Charles Vögele Group Management

(a) Charles Vögele Shares and Other Equity Awards Held by Members of the Board of Directors and the Charles Vögele Group Management

The members of the Board of Directors and of the Charles Vögele Group Management hold – or their family is the beneficiary (as further described below and elsewhere in this report) relating to – the following CV Shares and awards relating to CV Shares as of October 14, 2016:

(1) Board of Directors

Name	Unrestricted CV Shares	Restricted CV Shares	Restricted Stock Units	Options
Max E. Katz	17,487	2,000	12,574	5,000
Dr. Ulla Ertelt	3,683	2,000	5,931	5,000
Prof. Dr. Matthias Freise	3,683	2,000	5,457	5,000
Remo Masala	3,363	--	4,982	--
Christophe Spadone	1,334,102 ¹	--	5,219	--

Aspen as trustee and on behalf of ET is a shareholder of, and investor in, the Offeror, and the family of Christophe Spadone is the beneficiary of ET (see Section 3.2(a)).

(2) Charles Vögele Group Management

Name	Unrestricted CV Shares	Restricted CV Shares	Restricted Stock Units	Options
Markus Voegeli	37,100	5,000	--	11,250
Beatrice Grünwald	6,760	2,000	--	--
Meinrad Fleischmann	5,259	584	--	--

¹ Not directly held by Christophe Spadone. Held by Aspen as trustee and on behalf of ET; see Sections 3.2(a) and 5.

(b) Equity Plans, Outstanding Equity Awards and Consequences of the Offer on Outstanding Equity Awards

(1) Option Plan (Aktienoptionsplan) 2002, Tranche 2012; Options

The stock options (the **Options**) that are held by former and current members of the Board of Directors and employees of the Charles Vögele Group were issued under the Option Plan 2002 of Charles Vögele (the **Option Plan**). All Options are vested and are exercisable until August 15, 2017, and each Option entitles the holder to acquire one CV Share against payment of the exercise price. The exercise price of the Options is CHF 15.70. An aggregate of 78,624 Options are outstanding under the Option Plan.

The Board of Directors resolved that Charles Vögele shall make an offer to each relevant Option holder for a cash cancellation of his or her relevant Options. The amount of the cancellation payment for each relevant Option shall be calculated in accordance with the Black-Scholes-model or any other calculation method accepted by the Swiss Takeover Board (**TOB**) for the calculation of the value of options. The cash cancellation and cancellation payment shall be subject to the Offer becoming unconditional, and shall be paid on the date of the Settlement or as soon as practicable thereafter. Based on a recent calculation, the maximum cost Charles Vögele would incur for the cash settlement of the Options would be CHF 3,829.

(2) Bonus Share Plans (Gratisaktienpläne) 2013/2014; Restricted CV Shares

The restricted CV Shares (the **Restricted CV Shares**) that are held by former and current members of the Board of Directors and employees of the Charles Vögele Group were allocated in 2013 and 2014 based on discretionary bonus share plans (the **Bonus Share Plans 2013/2014**). The Restricted CV Shares are subject to a blocking period until November 30, 2016 (for Restricted CV Shares allocated under the Bonus Share Plan 2013) and June 30, 2017 (for Restricted CV Shares allocated under the Bonus Share Plan 2014), respectively. An aggregate of 39,776 Restricted CV Shares were allocated based on the Bonus Share Plans 2013/2014.

The Board of Directors resolved that all blocking periods (*Sperrfristen*) applicable to Restricted CV Shares allocated under the Bonus Share Plans 2013/2014 shall be waived and lifted effective as of the Offeror's confirmation in the definitive notice of the interim results of the Offer that the Offer has been successful (*zustande gekommen*), irrespective of whether or not the Offer remains subject to certain conditions during the additional acceptance period, so that the relevant holders may tender the relevant CV Shares into the Offer during the additional acceptance period.

(3) *Board of Directors Remuneration Regulation (Vergütungsreglement Verwaltungsrat) 2015; Restricted Stock Units*

The restricted stock units (the **RSUs**) that are held by members of the Board of Directors were allocated in 2016 based on the remuneration regulation for the Board of Directors 2015 (the **Board of Directors Remuneration Regulation 2015**). The RSUs are subject to a blocking period until the ordinary shareholders' meeting in 2017. Upon expiration of the blocking period, each RSU entitles the holder to receive one CV Share. Charles Vögele intends to deliver CV Shares held in treasury to satisfy the respective claims of the members of the Board of Directors. An aggregate of 34,163 RSUs were allocated in 2016 based on the Board of Directors Remuneration Regulation 2015.

The Board of Directors resolved that the blocking period applicable to the RSUs allocated to members of the Board of Directors shall be waived and the RSUs shall immediately vest and be converted into a claim for the relevant number of CV Shares *pro rata temporis* (i.e., such number of RSUs corresponding to the proportional share of the relevant member's term of office until the anticipated Settlement when compared with his or her full term), and the relevant CV Shares shall be allocated and delivered to such member of the Board of Directors, effective as of the Offeror's confirmation in the definitive notice of the interim results of the Offer that the Offer has been successful (*zustande gekommen*), irrespective of whether or not the Offer remains subject to certain conditions during the additional acceptance period, so that the relevant members of the Board of Directors may tender the relevant CV Shares into the Offer during the additional acceptance period.

(4) *Employment Agreement Addendum No. 3 Chief Executive Officer (Zusatzvereinbarung zum Arbeitsvertrag Nr. 3 Chief Executive Officer)*

The CV Shares allocated and delivered to the Chief Executive Officer under the Employment Agreement Addendum Number 3 are not subject to any blocking period and may be tendered into the Offer.

(c) Intentions to Tender

All members of the Board of Directors and of the Charles Vögele Group Management intend to tender their CV Shares into the Offer. For the avoidance of doubt, Aspen as trustee and on behalf of ET will not tender its CV Shares (Section D.3.2 of the Offer Prospectus).

(d) D&O Insurance

Charles Vögele purchased D&O insurance in favor of its Board of Directors and officers (including members of the Charles Vögele Group Management) for the period until December 31, 2016, which is, however, subject to change of control. In the Transaction Agreement (as defined below), the Offeror agreed to procure

for continued coverage both for members of the Board of Directors and officers whose directorship, mandate or employment will terminate and for members of the Board of Directors (if any) and officers whose directorship, mandate or employment will continue beyond the Settlement.

(e) Conclusion

Other than related to the fact that they are holders of CV Shares, and except as otherwise described above or elsewhere in this report, the Offer has no financial consequences for the members of the Board of Directors and the Charles Vögele Group Management, and the members of the Board of Directors and the Charles Vögele Group Management will not receive any additional benefits in connection with the Offer.

Taking into account the potential conflict of interest of Christophe Spadone (see Section 3.2(a)), the resolution to recommend the acceptance of the Offer was unanimously passed by the following members of the Board of Directors: Max E. Katz (Chairman), Dr. Ulla Ertelt, Prof. Dr. Matthias Freise and Remo Masala.

In addition and as a basis for its resolution, the Board of Directors mandated Ernst & Young AG, Zurich, as independent expert, to prepare and issue a fairness opinion on the financial fairness of the Offer Price. Based on and subject to the assumptions set out therein, in its fairness opinion dated October 17, 2016 Ernst & Young AG, Zurich, determined a value range from CHF 4.40 to CHF 7.60, with the DCF analysis as the core valuation method resulting in a point estimate of CHF 5.90, and concluded that the Offer Price is fair from a financial perspective (see Section 2.1).

4 Agreements between the Offeror Group and Charles Vögele and between the Offeror Group and the Shareholders of Charles Vögele Relevant for the Decision of the Board of Directors

4.1 Confidentiality Agreement

Each of OVS, Aspen as trustee and on behalf of ET and the ultimate beneficial shareholders of Retails Investment agreed to be bound by confidentiality undertakings which are customary for this type of transaction, upon which Charles Vögele allowed each of them to carry out a limited due diligence.

4.2 Transaction Agreement

On September 18, 2016, after the close of trading on SIX, Charles Vögele and the Offeror entered into a transaction agreement (the **Transaction Agreement**). The Transaction Agreement contains provisions regarding the submission by the Offeror of the Offer, the Board of Directors' recommendation to accept the Offer, the terms and conditions of the Offer and the parties' rights and obligations relating thereto. The Transaction Agreement provides, inter alia, for the following

main obligations of the parties (it being understood that the following is only summary of such main obligations):

- *Submission of Offer:* The Offeror agreed to submit the Offer, on the terms and subject to the conditions of the Offer set forth in the Offer Prospectus.
- *Regulatory Undertakings:* The parties agreed to take all steps reasonably necessary or desirable under applicable law and under their control to consummate the transaction. In particular, the Offeror agreed that it will take all actions that are necessary under applicable law to obtain regulatory approvals for the transaction unless such actions would result in a Regulatory Material Adverse Effect as defined in the condition (b) of the Offer set forth in Section A.6.1 of the Offer Prospectus.
- *Recommendation of the Offer:* Charles Vögele agreed that the Board of Directors shall recommend the Offer for acceptance by the shareholders of Charles Vögele and issue this report, except in case of a superior proposal under the circumstances described in further detail below.
- *Third Party Proposals:*
 - Charles Vögele may not solicit any third party proposal for a competing transaction (a **Competing Transaction**).
 - However, Charles Vögele may, in response to an unsolicited written proposal of a third party that the Board of Directors determines in good faith and in accordance with its statutory fiduciary duties to be more favorable to the holders of CV Shares than the Offer (a **Superior Proposal**), and after having informed the Offeror of such Superior Proposal and of its material terms and having given the Offeror a reasonable opportunity to provide its view and potentially propose measures within five trading days to make the Offer at least as favorable as such Superior Proposal, furnish such third party with information and participate in discussions and negotiations with such third party.
 - The Board of Directors is not permitted to change in any manner adverse to the Offeror its recommendation of the Offer or to enter into any agreement relating to, or to recommend, a Competing Transaction, except in connection with a Superior Proposal submitted by a party that is capable of making and consummating such Superior Proposal within a reasonable time frame, after having provided the Offeror at least five trading days to submit and publish an improved Offer such that the Offeror's improved Offer is at least as favorable to the holders of CV Shares as the Superior Proposal.

- *Resignation of Directors and Extraordinary General Meeting of Shareholders for the Election of new Directors designated by the Offeror:* see Section 3.2(a).
- *Conduct of Business:* Following the execution of the Transaction Agreement until the Settlement, Charles Vögele is required to operate its business in the ordinary course, and is restricted from taking certain specified actions without the prior consent of the Offeror. The following transactions (the **Permissible Transactions**) are excluded from these limitations, and Charles Vögele is at all times during the Offer and the term of the Transaction Agreement allowed to take any action regarding such Permissible Transactions (to the extent permissible under applicable laws):
 - the sale, transfer or other disposal of all or part of the shares in, or all or part of the assets of, Charles Vögele (Belgium) N.V. to any Person or the winding-up of Charles Vögele (Belgium) N.V. through voluntary dissolution or liquidation or through bankruptcy or similar proceedings, or a combination thereof;
 - the sale, transfer or other disposal of all or part of the shares in, or all or part of the assets of, Charles Vögele (Netherlands) B.V. to any Person or the winding-up of Charles Vögele (Netherlands) B.V. through voluntary dissolution or liquidation or through bankruptcy or similar proceedings, or a combination thereof;
 - the sale, transfer or other disposal of all or part of the following real estate of Charles Vögele or its subsidiaries: Galgenen, Sigmaringen, Wohlen Zentralstrasse 23, Wohlen Zentralstrasse 52a, Langnau im Emmental, Delémont.
- *Equity Plans and Outstanding Equity Awards:* The parties agreed on the treatment of outstanding equity awards as described in further detail in Section 3.3(b) of this report.
- *Waiver of Claims, Discharge and D&O Insurance:* Except in certain circumstances, the Offeror agreed to waive and not to enforce certain potential claims against (existing or former) members of the Board of Directors and members of the Charles Vögele Group Management for directors' and officers' liability, to grant discharge to such individuals at the next ordinary shareholders' meeting and to ensure that all such individuals and other officers continue to be covered by D&O insurance as described in further detail in Section 3.3(d) of this report. Furthermore, the Offeror agreed to indemnify the members of the Board of Directors and the members of the Charles Vögele Group Management and hold each of them harmless from and against certain claims, liabilities, damages, losses and reasonable costs and expenses suffered or incurred by them in connection with the Real Estate Transaction

(as defined below). The same undertakings were accepted in favor of the members of the board of directors of Charles Vögele Mode AG.

- *Termination*: The Transaction Agreement may be terminated in a limited number of circumstances, including:
 - by each party if the Offeror publicly declares in accordance with Swiss takeover laws and regulation that the Offer will not be further pursued or has failed or if the Offeror otherwise withdraws from launching, continuing or settling the Offer in accordance with Swiss takeover laws and regulation, if the TOB permits the Offer not to be launched, no longer to remain open or not to be settled, so long as the party seeking to terminate is not in breach of any provision under the Transaction Agreement that causes any such non-pursuance, failure or withdrawal of the Offer;
 - by any party if the other party materially breaches its obligations under the Transaction Agreement, unless promptly and fully remedied by the breaching party;
 - by the Offeror if Charles Vögele enters into a definitive agreement with a third party regarding a Competing Transaction;
 - by the the Offeror if the Board of Directors fails to recommend the Offer to the shareholders of Charles Vögele as contemplated in the Transaction Agreement or withdraws or adversely modifies its recommendation of the Offer or makes an announcement to that effect, or if the Board of Directors recommends a Competing Transaction or makes an announcement to that effect;
 - by Charles Vögele if the Board of Directors takes any relevant action supporting a Competing Transaction which is permissible under the Transaction Agreement, including without limitation if the Board of Directors withdraws or modifies its recommendation of the Offer, approves or enters into an agreement relating to any Competing Transaction or approves or recommends a Competing Transaction, in each case in accordance with the terms of the Transaction Agreement, provided that in such case, certain provisions and obligations under the Transaction Agreement may, depending on the circumstances, survive.

Further information on the content of the Transaction Agreement can be found under Section D.3.1 of the Offer Prospectus.

4.3 Agreements between the Offeror Group and ET²

On September 18, 2016, OVS and Retails Investment entered into a term sheet for a shareholders agreement (the **SHA**), and Aspen as trustee and on behalf of ET executed a commitment letter vis-à-vis the Offeror, OVS and Retails Investment (the **Commitment Letter**). Further information on the content of the SHA and the Commitment Letter can be found under Sections B.1, B.2 and D.3.2 of the Offer Prospectus.

4.4 Business Agreements

Charles Vögele, Charles Vögele's Subsidiary Charles Vögele Mode AG, OVS and UBS Switzerland AG, Real Estate Advisory (**UBS REA**), entered into a non-exclusive mandate agreement regarding the potential sale of all real estate of Charles Vögele Mode AG other than the real estate located in Galgenen and Sigmaringen (the **Real Estate Assets**) to interested third parties (the **Mandate Agreement**).

If all or part of the Real Estate Assets are to be sold to a buyer introduced by UBS REA, Charles Vögele Mode AG (or, in case Charles Vögele Mode AG fails to pay, Charles Vögele) (i) agreed to pay to UBS REA a success fee (0.7% of the aggregate notarized sales price for the Real Estate Assets that are being sold) (the **Success Fee**) and (ii) may pay to UBS REA an additional incentive fee (up to CHF 500,000) upon its full discretion. If all or part of the Real Estate Assets are to be sold to a buyer introduced by UBS REA within 12 months after the termination of the Mandate Agreement, Charles Vögele Mode AG (or, in case Charles Vögele Mode AG fails to pay, Charles Vögele) agreed to pay to UBS REA the Success Fee.

If the Offer is consummated and UBS REA has received at least one binding offer regarding the Real Estate Assets from a potential buyer which was introduced by UBS REA but (i) the transaction regarding the Real Estate Assets is abandoned or (ii) the Mandate Agreement is terminated, Charles Vögele Mode AG (or, in case Charles Vögele Mode AG fails to pay, Charles Vögele) agreed to pay to UBS REA a structuring fee (CHF 100,000). In addition, Charles Vögele Mode AG agreed to reimburse UBS REA for certain pre-approved costs and expenses depending on the circumstances.

On September 16, 2016, Charles Vögele Mode AG entered into an asset transfer agreement with a third party (the **Real Estate Buyer**) relating to the sale and transfer of the Real Estate Assets (the **Real Estate Transaction**). The Real Estate Buyer had been introduced by UBS REA. The Real Estate Transaction provides for an agreed purchase price of CHF 169 million (excl. VAT) and is conditional upon the Settlement; *i.e.*, the Real Estate Transaction provides that the Settlement is a condition to its consummation. If the Real Estate Transaction is

² For details as to ET's relationships and involvement, see Sections 3.2(a) and 5.

consummated, Charles Vögele Mode AG will lease back certain sold and transferred Real Estate Assets from the Real Estate Buyer at pre-agreed terms.

Further information regarding the Mandate Agreement and the Real Estate Transaction can be found under Section D.3.1 and under the title *Public tender offer by the Offeror for Charles Vögele ("Offer" or "Public Tender Offer"), Involved Companies and Parties, Background and Purpose of the Offer* of the Offer Prospectus.

4.5 Further Agreements

Except as described above and elsewhere in this report, as of the date of this report and to the knowledge of the Board of Directors, there exist no further agreements between the Offeror Group, on the one hand, and Charles Vögele and its affiliates, directors, members of the Charles Vögele Group Management and shareholders, on the other hand.

5 Intentions of Significant Shareholders of Charles Vögele

To the knowledge of the Board of Directors, on October 14, 2016 the following shareholders hold more than 3% of the share capital and voting rights of Charles Vögele:³

Shareholder	Number of CV Shares	Percentage
Group of OVS S.p.A., Luigi Enzo de Gaspari, Jonathan Kafri, Aspen Trust Services Ltd. as Trustee and on behalf of the Elarof Trust ⁴ and Charles Vögele Holding AG	1,597,501	18.15% ⁵
UBS Group AG	435,613	4.99% ⁶
Migros-Genossenschafts-Bund	418,244	4.75%
The Antares European Fund Limited	280,221	3.18%
Dimensional Holdings Inc.	264,142	3%

Aspen as trustee and on behalf of ET is a shareholder of, and investor in, the Offeror, and the family of Christophe Spadone is the beneficiary of ET (see Section 3.2(a)).

Other than the investment in the Offeror by Aspen as trustee and on behalf of ET and its undertakings under the Commitment Letter (see Section 4.3), including

³ Information based on latest notifications submitted by these shareholders to the SIX and to Charles Vögele pursuant to article 120 et seq. FMIA.

⁴ Aspen as trustee and on behalf of ET is also a lender of Charles Vögele under a bilateral credit facility agreement executed in April 2016 in parallel to the credit facility with a syndicate of banks.

⁵ Pursuant to the disclosure notice of September 24, 2016, the group also disclosed a total of 1.28% sales positions, consisting of the options and RSUs held by members of the Board of Directors and employees of the Charles Vögele Group.

⁶ Pursuant to the disclosure notice of April 29, 2016, UBS Group holds (i) total purchase positions of 4.99%, comprising of CV Shares as stated (4.95%) and put options (0.04%) and (ii) total sale positions of 7.34%, comprising of put options (0.41%) and call options (6.93%).

its undertaking not to tender its CV Shares into the Offer (see Section 3.3(c)), and the intentions of the Offeror described in this report and in the Offer Prospectus, the Board of Directors is not aware of the intentions of the significant shareholders listed above.

6 Defensive Measures

The Board of Directors has no knowledge of defensive measures, which would have been taken against the Offer nor does it intend to take any defensive measures against the Offer or to propose any such defensive measures to a general meeting of shareholders of Charles Vögele.

7 Financial Report; Disclosure of Material Changes in the Assets and Liabilities, Financial Condition, Profits and Losses and Business Perspectives

The consolidated financial report of Charles Vögele as of June 30, 2016, and the annual reports of previous financial years are available on Charles Vögele's website (<https://corporate.charles-voegele.com/en-GB/l/annual-reports-&-publications>).

Save for the transaction to which this report relates and except as disclosed prior to or on the date of this report (including in this report), the Board of Directors is not aware of significant changes in the assets and liabilities, financial condition, profits and losses or business perspectives of Charles Vögele since July 1, 2016, which could influence the decision of the shareholders of Charles Vögele regarding the Offer.

As announced on June 13, 2016, the Board of Directors had decided to withdraw from the Belgian market. On June 20, 2016, Charles Vögele's Belgian Subsidiary Charles Vögele (Belgium) N.V. filed a petition with the Commercial Court of Antwerp, Belgium, for judicial reorganization, which may result in a sale or the winding-up of the company and/or its business. On July 5, 2016, the Commercial Court of Antwerp, Belgium, approved the correspondent petition.

The interest in, and loans to, Charles Vögele (Belgium) N.V. have been fully written down in Charles Vögele Holding AG's statutory financial statements as of December 31, 2015. On a consolidated level, as of June 30, 2016, the aggregate value of the assets of Charles Vögele (Belgium) N.V. amounted to EUR 4.8 mio (net) and EUR 8.7 mio (gross), respectively. It is expected that a liquidation of Charles Vögele (Belgium) N.V. would insignificantly improve Charles Vögele's profit and loss situation on a consolidated level. Liquidation costs would likely be in the lower CHF single-digit million range.

For the Real Estate Transaction which has been entered into conditional upon the Settlement, see the description in Section 4.4.

Prior to submitting the Offer, the Offeror entered into an agreement with a European retailer regarding the sale of most of the existing network of Charles Vögele's German business (the **German Transaction**). The German Transaction is conditional upon the Settlement. Further information regarding the German Transaction can be found under the title *Public tender offer by the Offeror for Charles Vögele ("Offer" or "Public Tender Offer"), Involved Companies and Parties, Background and Purpose of the Offer* of the Offer Prospectus.

Pfäffikon SZ, October 18, 2016

For the Board of Directors of Charles Vögele Holding AG

Max E. Katz, Chairman

Matthias Freise, Vice-Chairman

G Decision of the Swiss Takeover Board

On 18 October 2016, the Swiss Takeover Board has issued the following decision (*Verfügung*):

1. The public tender offer by Sempione Retail Ltd. to the shareholders of Charles Vögele Holding Ltd. complies with the legal provisions on public tender offers.
2. Sempione Retail Ltd. is exempt from the duty to observe a cooling-off period.
3. This decision will be published on the website of the Swiss Takeover Board on the day of the publication of the offer prospectus.
4. The fee to be borne by Sempione Retail Ltd. amounts to CHF 50'000.

H Implementation of the Offer

1 Global Information Agent/Announcement

Shareholders of Charles Vögele holding their Charles Vögele Shares in a depository account will be informed about the Offer by their depository bank and are requested to proceed in accordance with the instructions of their depository bank.

Sodali Ltd., with its registered office in 103, Wigmore Street, W1U 1QS, London, United Kingdom ("**Sodali**"), has been mandated by the Offeror to act as the Global Information Agent in order to provide assistance in connection with the Offer and additional information to all shareholders of Charles Vögele on how to accept the Offer. Shareholders of Charles Vögele can contact Sodali via e-mail at charlesvoegeleoffer@morrowsodali.com and by phone at 0800 897 664 (from Switzerland) or +41 91 601 00 34 (from outside Switzerland). These telephone numbers will be active on weekdays during the Offer Period from 9:00 a.m. to 6:00 p.m. CET.

2 Offer Manager

UBS AG has been mandated with the execution of the Offer.

3 Tendered Charles Vögele Shares

Tendered Charles Vögele Shares will receive the separate securities number 34.205.575 (Ticker Symbol: VCHE). SIX approved the opening of a second trading line for tendered Charles Vögele Shares from the beginning of the Offer Period. Charles Vögele Shares tendered into the Offer can be traded on this second trading line at SIX. In connection with purchases and sales of Charles Vögele Shares on the second trading line, customary stock exchange and commission fees are levied, which are to be borne by the purchaser respectively the seller. It is expected that trading on the second trading line will be stopped as of the end of the Additional Acceptance Period. Should the Settlement be postponed, the second trading line will be open beyond the end of the Additional Acceptance Period and close a few days before the Settlement. The Offeror will inform about this in the Definitive Notice of the Final Result.

4 Payment of the Offer Price/Date of Settlement

Payment of the Offer Price for the Charles Vögele Shares which will have been validly tendered during the Offer Period and the Additional Acceptance Period is expected to take place on or around 16 December 2016 ("**Settlement**"). In the event of an extension of the Offer Period pursuant to Section A.4 (*Offer Period*) or a Postponement of the Settlement in accordance with Section A.6.3 (*Period for which the Offer Conditions are in Force and Effect and Postponement*), the Settlement will be deferred accordingly.

5 Squeeze-out and De-listing

After the Settlement of the Offer, as set out in Section D.2 (*Intentions of Offeror with respect to Charles Vögele, its Board of Directors and its Management*), the Offeror intends to request the cancellation of the outstanding publicly held Charles Vögele Shares in accordance with article 137 FMIA, or to merge Charles Vögele with the Offeror or a Swiss company directly or indirectly controlled by the Offeror whereby the remaining public shareholders of Charles Vögele will receive a compensation (in cash), but no shares of the surviving company, if permitted by law. Furthermore, after the Settlement of the Offer, the Offeror intends to have Charles Vögele apply with SIX for the de-listing of the Charles Vögele Shares in accordance with the regulations of SIX.

6 Costs and Fees

During the Offer Period and the Additional Acceptance Period, Charles Vögele Shares deposited with banks in Switzerland may be tendered free of costs and

fiscal charges. Any Swiss transfer stamp duty (*Umsatzabgabe*) will be borne by the Offeror.

7 Possible Tax Consequences

Tax Consequences for Shareholders who tender their Charles Vögele Shares into the Offer and for non-accepting Shareholders in the Event of a Cancellation Procedure according to article 137 FMIA

In principle, the acceptance of the Offer and the sale of Charles Vögele Shares are subject to the following tax consequences:

- Shareholders of Charles Vögele who are subject to taxes in Switzerland and who hold their Charles Vögele Shares as private assets (*Privatvermögen*) realize, according to the general principles of Swiss income tax law, a tax free capital gain respectively, where applicable, a non-deductible capital loss, unless the shareholder qualifies as a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*).
- Shareholders of Charles Vögele who are subject to taxes in Switzerland and who hold their Charles Vögele Shares as business assets (*Geschäftsvermögen*) or qualify as professional securities dealers (*gewerbsmässige Wertschriftenhändler*), realize, according to the general principles of Swiss income and profit tax law, a taxable capital gain or a deductible capital loss.
- The sale of Charles Vögele Shares under this Offer will not trigger any Swiss withholding tax.

If, after completion of the Offer, the Offeror holds more than 98% of the voting rights of Charles Vögele and applies for the cancellation of the remaining publicly held Charles Vögele Shares against compensation in accordance with article 137 FMIA (see Section H.5 [*Squeeze-Out and De-listing*]), the tax consequences for those shareholders of Charles Vögele who have not accepted the Offer will in general be the same as if they had tendered their Charles Vögele Shares under the Offer.

Tax Consequences for Shareholders who do not tender their Charles Vögele Shares into the Offer in the Event of a Merger with Cash-only Consideration

In the event that, after completion of the Offer, the Offeror holds a minimum of 90% and not more than 98% of the voting rights of Charles Vögele, the Offeror intends to merge Charles Vögele with the Offeror or a Swiss company directly or indirectly controlled by the Offeror whereby the remaining public shareholders of Charles Vögele will receive a cash-only consideration. The Swiss tax consequences resulting from such a squeeze-out merger may, depending on the structuring of such squeeze-out merger, be considerably worse than the tax consequences of an acceptance of the Offer for individuals who are resident in Switzerland for tax

purposes and hold the Charles Vögele Shares as their private assets (*Privatvermögen*) and for foreign investors

All Shareholders of Charles Vögele and beneficial owners of Charles Vögele Shares are expressly advised to consult their own tax advisors with respect to the Swiss and, where applicable, foreign tax consequences of this Offer applying to them.

I Indicative Timetable

19 October 2016	Publication of Offer Prospectus
20 October 2016	Start of Offer Period Opening of the second trading line on SIX for tendered Charles Vögele Shares
16 November 2016	End of Offer Period, 4:00 p.m. CET*
17 November 2016	Publication of Provisional Notice of the Interim Result*
22 November 2016	Publication of Definitive Notice of the Interim Result*
23 November 2016	Start of Additional Acceptance Period*
2 December 2016	Extraordinary shareholders' meeting
6 December 2016	End of Additional Acceptance Period, 4:00 p.m. CET* Closing of the second trading line on SIX for tendered Charles Vögele Shares
7 December 2016	Publication of Provisional Notice of the Final Result*
12 December 2016	Publication of Definitive Notice of the Final Result*
16 December 2016	Settlement of the Offer *

* The Offeror reserves the right to extend the Offer Period pursuant to Section A.4 (*Offer Period*) once or several times, in which case the above dates will be deferred accordingly. In addition, the Offeror reserves the right to postpone the Settlement of the Offer pursuant to Section A.6.3 (*Period for which the Offer Conditions are in Force and Effect and Postponement*).

J Governing Law and Jurisdiction

The Offer, and all rights and obligations arising under or in connection with the Offer, shall be governed by, and construed in accordance with, Swiss law. The exclusive place of jurisdiction for all disputes arising out of or in connection with this Offer shall be Zurich 1, Switzerland.

K Publications

The Offer Prospectus as well as all other publications in connection with the Offer will be published on the websites of the Offeror (<<http://www.sempioneretail.com>>) and of Sodali (<<http://www.sodali-transactions.com>>) and will be disseminated in electronic form to the financial information service providers and the Swiss Takeover Board.

The Offer Prospectus can be obtained free of charge in German, French and English at UBS AG, Swiss Prospectus, P.O. Box, 8098 Zurich, Switzerland; e-mail: swiss-prospectus@ubs.com; tel.: +41 44 239 47 03; fax: +41 44 239 69 14.