Further written evidence from Darren Topp, 23 June 2016

1. You mention that Michael Hitchcock first mooted the CVA in autumn 2015:
   a. Can you be more specific as to when? - circa August 2015
   b. Was this the first time that the idea of a CVA was raised with RAL? - Discussed over the summer when it became clear we were not getting the traction on rent reductions and store exits
   c. At the time of the sale of BHS to RAL had the management team got a preferred timetable for the CVA? – No, our plan with RAL was to negotiate rent reductions and store exits

2. You mention that the CVA was entirely run by BHS Management. However, we have heard that at least one RAL board member (Aidan Treacy) sought a success fee for completion of the CVA:
   Regarding the CVA, It was indeed predominantly run by the BHS Management Team with Aiden Treacy supporting the compilation of profit and loss accounts, and Mark Sherwood with the landlords. Michael Hitchcock managed the interface with KPMG and met landlords alongside Mark Sherwood. Michael and I also met a number of landlords on our own. The production of the turnaround projections and the CVA document was driven by myself and Michael Hitchcock. I produced the ‘BHS vision pack’ of Re-set, Re-focus and Re-build. On the day, I presented the vision, and Dominic Chandler presented other parts of the pack
   a. Is it true that Aidan Treacy sought a success fee / bonus in relation to the successful completion of the CVA? - Yes
   b. How much did he seek? - £250k
   c. On what grounds? – Successful delivery of CVA post challenge period
   d. Was it paid? - No
   e. Did any other board members seek bonuses in relation to the CVA? If so, please can you again outline how much, on what grounds, and whether it was paid. – No, a RAL proposal on 2nd March 2015 sought a fee of £250k on approval at the CVA meeting + £250k on expiry of the challenge period. This was not approved

3. You mention a few names that I’m less familiar with: Michael Morris, Paul Wareham and Russell Strashun. It would be very helpful if you could outline their roles in slightly more detail, including when they were recruited. You mention that they were part of Chappell’s “home team” of “friends and family” – do you know how he was connected to these individuals?
   Michael Morris is a friend of Dominic Chappell who was responsible for raising corporate finance
   Paul Wareham is a friend of Dominic Chappell who managed the insurance area and acted as project manager
   Russell Strashun is a supplier of apparel and also a personal friend of Dominic Chappell. He advised BHS/ RAL on the BHS offer, and looked at alternative sources of supply
Additional Services Material Benefit

To BHS Ltd
From RAL

Date 02 March 2016

Subject Additional services – Material benefit

Background

This record is made pursuant to the management services agreement between, inter alia, BHS Group Limited ("BHSG") and Retail Acquisitions Limited ("RAL") dated 11 March 2015, as amended ("MSA").

Terms defined in the MSA are also used in this record.

Additional Services

Pursuant to clause 3 of the MSA, RAL has agreed to provide the following additional services to the relevant member (above) of the Target Group:

Services

Restructuring Services to secure a favourable outcome to a Company Voluntary Arrangement (CVA) including, for example, negotiation of the Engagement Letter with KPMG in the name of RAL, management of KPMG throughout the planning process, review and input to cost reduction and business plan.

Deliverables

A vote in favour of the CVA at the Creditors Meeting.

No successful challenge post CVA meeting.

Fees

£250,000 payable immediately following the CVA Meeting.

£250,000 payable upon expiry of the challenge period.

Assumptions

1. No substantive issues or legal difficulties arise which are not anticipated.

2. RAL will not advise on tax or provide legal advice.