

PREMIER INVESTMENTS LIMITED

(A.C.N. 006 727 966)
(A.B.N. 64 006 727 966)

18 May 2018

Dear fellow Myer shareholder,

It is with continued disappointment that I write to you again about the dismal state of the company we jointly own, Myer Holdings Limited (Myer).

On Wednesday 16th May, Mr Garry Hounsell, Myer's self-appointed Executive Chairman, announced that Myer's sales for the financial year to date were down 3.4%.

This sales decline is despite the extreme discounting program that Myer has been running for the past three months.

Myer has been on aggressive sales mode for most of this year, and it's just not working. Worse still, the heavy discounts will blow an even bigger hole in Myer's losses.

Myer has been selling dollar notes for fifty cents each, and they still can't improve their sales. We shareholders will pay the price for this incompetence- we have already lost our dividends, and we will also soon be paying higher interest charges and increased bank fees on Myer's debt.

Mr Hounsell is also trying to soften us up for another bad sales and net loss announcement ahead, saying the weather has been too warm during May. Too warm? He must not have been outside for weeks! The weather has been great for retail during May, and industry feedback is that other retailers have had a stunning Mothers' Day sales result. If only Mr Hounsell knew retail as well as he knows excuses.

We should all brace ourselves for yet another profit downgrade from Myer in coming months (the fourth downgrade over the past year!), as well as for a massive loss to be announced in September. We may never see a dividend again from Myer unless the current Board goes.

The man who has been paying himself \$83,000 per month to be Executive Chairman of this mess, Garry Hounsell, along with the other members of the failed Myer Board, should be ashamed.

Remember that as soon as Mr Hounsell was parachuted into Myer (19 September 2017), he backed the former CEO, Mr Umbers, and his "New Myer" strategy. He then allowed that strategy and its financial targets to be

changed into “New, New Myer” (1 November 2017) which rewarded management for taking the company backwards. Mr Hounsell then sacked Mr Umbers (14 February 2018) and appointed himself CEO and Chairman on a stipend of \$83,000 per month, boasting that he knew “how to make money”.

I can assure you, Mr Hounsell’s lack of money-making expertise is about to be demonstrated in embarrassing detail. He will have to announce both a downgrade and a full-year loss, all of which has occurred under his stewardship.

Mr Hounsell should at least have the decency to renounce his \$83,000 per month payment.

Premier has consistently called for the Myer Board to be replaced with experienced and talented directors who have a deep knowledge of retail and how to address Myer’s obvious issues.

Myer recently announced the appointment of a new CEO from Fort Lauderdale in Florida, however he will still be saddled with the same failed Board, none of whom can help him succeed because they are not retailers.

To take one example- Myer Director Julie-Ann Morrison, who joined the Board as their supposed “fashion retail expert”, has overseen the destruction of approximately \$200 million of Myer value due to the disastrous Sass + Bide acquisition and operational losses - the business she chaired before joining the Myer Board! What can the new CEO learn from Ms Morrison- how to burn money?

Myer is in peril.

It has already cancelled our dividends. It also faces more write-downs to its still-inflated balance sheet intangibles.

It has declining sales, despite massive discounting. It will report a very substantial net loss for the financial year. It is at risk of breaching its debt covenants. At best, this means increased interest and higher charges from its banks. At worst, it puts the company’s entire future at risk. The media recently reported that a firm of insolvency experts have already been appointed to advise Myer. Myer has not denied these media reports.

These issues are all the fault of the current Myer Board. We must hold them to account for their failures.

We are trying to bring positive change to Myer and we require the help of all of our fellow shareholders in achieving this. **We believe that history will judge very harshly those who stood by and allowed Myer to fail, which is what will surely happen under the current Board.**

Thank you for your continued support and I will keep you updated on our discussions with other significant shareholders in relation to forming a new Myer Board.

In order for us to contact you faster in the future, can you please email us on savemyer@premierinvestments.com.au and provide us with your preferred email address together with your registered shareholder name.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'S Lew.', is positioned below the closing text.

Solomon Lew
Chairman, Premier Investments Limited