



Notice of Annual General Meeting 2014

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by taking care of
every detail*

NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the Annual General Meeting ("Meeting") of Bonmarché Holdings plc ("Company") will be held at Jubilee Way, Grange Moor, Wakefield, West Yorkshire WF4 4SJ on 31 July 2014 at 12 noon to consider and, if thought fit, to pass the resolutions set out below. Resolutions 1 to 14 will be proposed as Ordinary Resolutions and Resolutions 15 and 16 will be proposed as Special Resolutions.

Ordinary resolutions

Reports and Accounts

1. To receive the annual accounts of the Company for the financial year ended 29 March 2014 together with the Strategic Report and Directors' and Auditors' Reports.

Dividend

2. THAT, a final dividend of 2.1p per ordinary share in the capital of the Company, be declared for the year ended 29 March 2014, to be paid to shareholders on 5 August 2014 whose names appear on the register at the close of business on 27 June 2014.

Directors

3. THAT, Mr Tim Mason be reappointed as a Director of the Company, who has been appointed by the Board since incorporation of the Company.

4. THAT, Mrs Beth Butterwick be reappointed as a Director of the Company, who was appointed to the Board on incorporation of the Company.

5. THAT, Mr Stephen Alldridge be reappointed as a Director of the Company, who was appointed to the Board on incorporation of the Company.

6. THAT, Mr John Coleman be reappointed as a Director of the Company, who has been appointed by the Board since incorporation of the Company.

7. THAT, Ms Ishbel Macpherson be reappointed as a Director of the Company, who has been appointed by the Board since incorporation of the Company.

Directors' Remuneration Report

8. To approve the Directors' Remuneration Report for the year ended 29 March 2014.

Auditors

9. THAT, PricewaterhouseCoopers LLP be reappointed as auditors of the Company (the '**Auditors**') to hold office until the conclusion of the next general meeting of the Company at which the accounts are laid before the Company.

10. THAT, the Directors of the Company be authorised to agree the remuneration of the Auditors.

Directors' authority to allot shares

11. THAT, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the '**Act**') to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £166,727 such authority to apply in substitution for all previous authorities pursuant to section 551 of the Act (which to the extent unused at the date of the

resolution, are revoked with immediate effect) and provided that this authority shall expire at the conclusion of the next annual general meeting of the Company or on 31st October 2015, whichever is the earlier, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted or rights to subscribe for or to convert securities into shares and the Directors may allot shares and grant such rights pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

Political donations and political expenditure

12. THAT, pursuant to section 366 of the Act, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution is effective be and are authorised, in aggregate:

(a) to make political donations to political parties and/or to independent election candidates not exceeding £50,000 in total;

(b) to make political donations to political organisations other than political parties not exceeding £50,000 in total; and

(c) to incur political expenditure not exceeding £50,000 in total,

in each case, during the period beginning with the date on which this resolution is passed and ending at the conclusion of the next annual general meeting of the Company held after such date, provided that (i) the aggregate amount of political donations made and political expenditure incurred by the Company and its subsidiaries pursuant to this authority shall not exceed £50,000; and (ii) each of the amounts referred to in this resolution may comprise one or more sums in different currencies which, for the purposes of calculating any such amount, shall be converted at such rate as the Directors may, in their absolute discretion, determine to be appropriate.

In this resolution, the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Act.

Bonmarché Save As You Earn Scheme

13. THAT the Bonmarché Save As You Earn ('SAYE') Scheme, the main terms of which are summarised at Appendix 1 to this Notice, be approved and adopted AND THAT the Directors of the Company be and are hereby authorised to do all things necessary or desirable to carry the SAYE Scheme into effect, including making any changes that may be necessary for it to comply with Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003.

Bonmarché Share Incentive Plan

14. THAT the Bonmarché Share Incentive Plan ('SIP'), the main terms of which are summarised at Appendix 2 to this Notice, be approved and adopted AND THAT the Directors of the Company be and are hereby authorised to do all things necessary or desirable to carry the SIP into effect, including making any changes that may be necessary for it to comply with Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003.

Special resolutions

Disapplication of pre-emption rights

15. THAT, subject to the passing of Resolution 11 above, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 and sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities or sale of treasury shares:

(a) in connection with an offer of such securities (by way of rights issue, open offer or otherwise):

(i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

(ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary;

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or any legal, regulatory or practical problems arising in any laws of any territory, by virtue of the requirements of any applicable regulatory body or any stock exchange or any other matter; and

(b) (other than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £25,009,

and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 31st October 2015 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

Authority to purchase own shares

16. THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (as defined in section 693(4) of that Act) of ordinary shares of £0.01 each in the capital of the Company ('Shares'), provided that:

(a) the maximum number of Shares that may be purchased is 5,001,815;

(b) the minimum price (excluding expenses) that may be paid for a Share shall be not less than the nominal value of such Share;

(c) the maximum price (excluding expenses) that may be paid for each Share shall be the higher of (i) an amount equal to five per cent above the average of the middle market quotation for the Shares as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately prior to the day the purchase is made and (ii) an amount equal to the higher of the price of the last independent trade of a share and the highest current independent bid for a share on the trading venue where the purchase is carried out;

(d) and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 31st October 2015 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired; and

(e) the Company may enter into a contract to purchase Shares under this authority prior to its expiry, which will or may be executed wholly or partly after such expiry.

By order of the Board

Stephen Alldridge
Director and Company Secretary

30 June 2014

Registered Office:
Bonmarché Holdings plc
Jubilee Way
Grange Moor
Wakefield
West Yorkshire WF4 4SJ
United Kingdom

Company No: 8638336

NOTICE OF ANNUAL GENERAL MEETING



Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6.00pm on 29 July 2014 (or, if the meeting is adjourned, 6.00pm on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.

3. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in notes 4 to 6 below and the notes to the proxy form.

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

4. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar on 0871 664 0300 or +44 208 639 3399 if you are calling from outside the UK or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 12.00 pm on Tuesday 29 July 2014 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

5. As an alternative to completing the hard copy proxy form, a shareholder may appoint a proxy or proxies electronically by visiting www.capitalshareportal.com. Shareholders will need to enter their Investor Code as printed on the Form of Proxy and agree to certain terms and conditions. For an electronic proxy appointment to be valid, the appointment must be received by Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 12.00 pm on Tuesday 29 July 2014 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

6. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other

CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ('**CREST Proxy Instruction**') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 12.00 pm on Tuesday 29 July 2014 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

7. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

Documents on display

8. Copies of the letters of appointment between the Company and its Non-executive Directors and copies of any Executive Directors' service contracts will be available at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the date of the Meeting and also at the place of the Meeting from 15 minutes prior to the commencement of the Meeting until the conclusion thereof.

Biographical details of Directors

9. Biographical details of all those Directors who are offering themselves for reappointment at the Meeting are set out below.

Directors' biographies

Tim Mason

Non-executive Chairman (Non-Independent)

Tim Mason has over 30 years of retail experience, with 25 years spent in senior management roles (including 17 at board level). He is Managing Director of Operations at Sun European Partners LLP and was appointed Non-executive Chairman at Bonmarché in October 2013. Tim served from 1995 to 2012 as a board director at Tesco and since 2010 as Deputy CEO of Tesco PLC and Chief Marketing Officer and also as President and CEO of Fresh & Easy Neighbourhood Market Inc. since its founding in 2007. Tim also served on the boards of Capital Radio PLC and Business in the Community.

Beth Butterwick

Chief Executive

Appointed to the Group in 2011, Beth Butterwick led the turnaround of the new business strategy. This enabled the acquisition of the business and assets of Bonmarché by Bonmarché Limited, an affiliate of Sun Capital Partners, Inc., in January 2012. With over 21 years' retail experience, Beth started her career as a graduate trainee with Marks & Spencer where she progressed to Head of Buying for the Accessories Group. She joined Gap Inc. as part of the senior management team responsible for the European expansion. Following this, Beth was appointed as Commercial Director at MS Mode BV, based in the Netherlands, where she played a key part in its performance improvement, prior to its acquisition by Excellent Retail Brands Group in January 2011.

Stephen Alldridge

Finance Director

Stephen Alldridge joined the Group in 2003 and has an in-depth knowledge of Bonmarché. With Beth Butterwick, he led the acquisition of the business in January 2012 and has since been closely involved in the development of strategy, as well as overseeing Bonmarché's logistics and IT operations, and leading the successful IPO in November 2013. Before joining Bonmarché, he was a financial controller at The Peacock Group plc, which he joined in 1996. He qualified as a Chartered Accountant with Ernst & Young, following which he spent two further years with the firm working as a corporate recovery manager.

Ishbel Macpherson

Senior Independent

Non-executive Director Ishbel Macpherson has eight years of experience acting as a non-executive director on the boards of various companies in different sectors, including pharmaceuticals, retail and support services. Prior to acting as a non-executive director, Ishbel worked in the finance sector, as Head of UK Emerging Companies Corporate Finance at Dresdner Kleinwort Wasserstein between 1999 and 2005, Head of Smaller Companies, Corporate Finance at Hoare Govett between 1994 and 1999, and as Director of Corporate Finance at BZW between 1989 and 1994. Ishbel is Chairman of the Audit Committee and a member of the Remuneration Committee.

John Coleman

Independent

Non-executive Director John Coleman has 14 years of experience acting as a non-executive director on the boards of various companies in different sectors, including builders merchants, travel/leisure and retail, including the value fashion retail segment. As well as acting as a non-executive director, John worked as CEO of House of Fraser between 1996 and 2006 and as CEO of Texas Homecare and Ladbrokes plc between 1993 and 1995. Before that he was Managing Director of Dorothy Perkins from 1991 to 1993, Managing Director of Top Man and Top Shop from 1990 to 1991 and Managing Director of Top Shop from 1986 to 1990, all at the Burton Group. John is a qualified accountant. John is Chairman of the Remuneration Committee and a member of the Audit Committee.

Explanatory notes on resolutions

Reports and Accounts (Resolution 1)

The first resolution is to receive the Company's annual accounts, Strategic Report and Directors' and Auditors' Reports for the year ended 29 March 2014.

Declaration of dividend (Resolution 2)

The second resolution approves the final dividend for the year ended 29 March 2014 of 2.1 pence per ordinary share, such dividend to be paid on 5 August 2014 to those shareholders on the register at the close of business on 27 June 2014.

Reappointment of current Directors (Resolutions 3 to 7)

All Directors currently in office were appointed since the Company's incorporation and will therefore, in accordance with the articles of association of the Company, seek election at the Meeting. Separate resolutions are proposed for each of these elections. The Board has reviewed the role of each of the Directors and remains satisfied that each of the Directors continues to be fully competent to carry out their responsibilities as a member of the board of Directors. Biographical details of the Directors are provided above.

Directors' Remuneration Report (Resolution 8)

The Company is seeking shareholder approval of the Directors' Remuneration Report which describes how the Company's Directors' remuneration policy has been implemented during the previous financial year. This vote is advisory only, therefore it does not affect the historical remuneration paid to any individual Director.

Re-appointment of Auditors (Resolution 9)

The ninth resolution approves the reappointment of PricewaterhouseCoopers LLP as auditors of the Company.

Remuneration of Auditors (Resolution 10)

The tenth resolution authorises the Directors to determine the remuneration of the auditors.

Directors' authority to allot shares (Resolution 11)

The eleventh resolution authorises the Directors to allot shares up to an aggregate nominal amount of £166,727. In line with current institutional shareholder guidelines, this represents approximately one third of the Company's current issued ordinary share capital. The authority will expire on the conclusion of the next annual general meeting or on 31 October 2015, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING



Explanatory notes on resolutions continued

Political donations and political expenditure (Resolution 12)

It is not the Company's policy to make donations to political parties, or to make other political donations within the normal meaning of that expression, and the Directors have no intention of changing that policy. However, as a result of the wide definitions of political expenditure, political donations and political organisations in the Act, normal business activities and expenditure which might not be thought to be political expenditure or a political donation to a political organisation in the usual sense may fall within the restrictions of the Act. For example, sponsorship of industry forums, funding of seminars and other functions to which politicians are invited, matching employees' donations to certain charities, expenditure on organisations concerned with matters of public policy, law reform and representation of the business community, and communicating with the Government and political parties at local, national and European level might be construed as political expenditure or as a political donation to a political organisation. The twelfth resolution does not purport to authorise any particular donation or expenditure, but is expressed in general terms, as required by the Act, and is intended to authorise normal donations and expenditure while avoiding inadvertent infringement of the Act. If passed, resolution 12 would allow the Company and its subsidiaries to make political donations to political parties, other political organisations and independent election candidates and to incur political expenditure up to an aggregate limit of £50,000 in the period beginning with the date on which resolution 12 is passed and ending at the conclusion of the next AGM of the Company. The authority will not be used to make political donations within the normal meaning of that expression. If the Company uses the authority given under resolution 12, then separate authorisation will be sought at the next AGM of the Company. It is the Directors' intention to renew this authority each year.

Save As You Earn ('SAYE') Scheme and Share Incentive Plan ('SIP') (Resolutions 13 and 14)

The Company would like to introduce two all-employee share schemes in order to align the interests of its employees with those of Shareholders and to encourage employee share ownership. It proposes to introduce an SAYE Scheme and a SIP, which allow employees to acquire the Company's shares taking advantage of the tax reliefs which are available for these schemes.

The Company's shares do not currently qualify for tax relief under these schemes because BM Holdings S.A.R.L. has a majority holding in the Company. The schemes are being introduced in anticipation that this holding may be reduced below 50% in due course.

The number of new shares which will be issuable under the two schemes, together with all other share plans operated by the Company, will be restricted to 10% of the Company's issued ordinary share capital in any 10-year period (excluding any shares issued as a result of awards granted before the Company's admission to AIM on 20 November 2013).

Further details of the SAYE Scheme and the SIP can be found at Appendices 1 and 2 respectively to this Notice.

Disapplication of pre-emption rights (Resolution 15)

The fifteenth resolution empowers the Directors to allot shares for cash without first offering them to existing shareholders on a pro rata basis. In line with current institutional shareholder guidelines, the power is limited to a nominal amount of £25,009, which represents approximately five per cent of the Company's current issued ordinary share capital. The resolution also empowers the Directors to deal with technical problems arising in relation to offers such as rights issues and open offers (for example, in relation to fractional entitlements and overseas shareholders). The resolution will expire at the next annual general meeting of the Company or on 31 October 2015, whichever is the earlier.

Authority to purchase own shares (Resolution 16)

The sixteenth resolution authorises the Company to make market purchases of its own shares, should the Directors consider this to be appropriate and in the best interests of shareholders generally. In line with current institutional shareholder guidelines, the maximum number of shares which may be purchased is 5,001,815, representing approximately 10 per cent of the current issued ordinary share capital of the Company. This authority will expire at the next annual general meeting of the Company or on 31 October 2015, whichever is the earlier.

Appendix 1

Summary of the main terms of the Bonmarché Save As You Earn ('SAYE') Scheme

Introduction

The SAYE Scheme is a broad-based share option scheme which is intended to comply with the statutory requirements in Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003, as amended. It provides eligible employees with the opportunity to enter into savings arrangements over a three or five-year period, following which the savings may be used to acquire the Company's ordinary shares ('Shares') by exercising options granted at the time when the employees started saving.

Operation of the SAYE Scheme

The SAYE Scheme will be administered by the board of directors of the Company ('Board'). The Board may invite eligible employees to apply for options within a period of four weeks starting on the date on which the SAYE Scheme is approved by Shareholders or starting on the day after the Company's annual results are published or its half-yearly report is announced or at any other time, except during a proscribed period, when the Board considers circumstances justify the issue of an invitation.

The Board may determine a maximum number of Shares over which applications for options may be made and if applications are received in excess of this maximum the applications will be scaled down.

No invitations may be issued more than 10 years after the adoption date of the SAYE Scheme.

Eligibility

All employees (including full-time directors) of the Company or a participating subsidiary who are UK resident and meet any length of service requirement (not exceeding five years) will be eligible to participate. The Board may also invite any other employee or director of the Company or a participating subsidiary to participate.

Savings contracts

An eligible employee who applies for an option must enter into a certified SAYE savings contract. Under this contract, the employee agrees to make monthly savings contributions of a fixed amount (currently not less than £5 or more than £500). Shares may only be acquired on the exercise of the option using the repayment of accrued savings and any interest under the contract. The Board may decide that the repayment will be taken to include any bonus payable under the savings contract.

Exercise price

The price payable for each Share under option will be determined by the Board at grant and may not be less than 80 per cent of the market value of the Company's Shares at that time.

Limit on issue of Shares

Options may be satisfied by the issue of new Shares, the reissue of treasury Shares or the purchase of existing Shares on the market.

An option may not be granted if this would cause the number of new Shares to be issued or issuable pursuant to the option and any other option or share award granted under the SAYE Scheme or any other employee share scheme operated by the Company or a subsidiary in the previous 10 years (excluding any granted before the Shares were admitted to trading on AIM on 20 November 2013) to exceed 10 per cent of the Company's ordinary share capital then in issue.

Exercise of options

Options are normally exercisable during a six-month period after the option holder has completed the three or five-year savings contract.

Leaving employment

Options normally lapse if the option holder leaves the employment of the Group. However, if an option holder ceases employment by reason of injury, disability, redundancy, retirement or a transfer of the employing company or business outside the group the option can be exercised to the extent of accrued savings and any interest to the date of exercise.

An option holder who leaves employment for any other reason (except dismissal for gross misconduct) more than three years after the date of grant may also exercise the option to the extent of accrued savings and any interest to the date of exercise.

If an option holder dies, his or her legal personal representatives may exercise the option until 12 months after the earlier of the date of death or the bonus date under the savings contract.

Corporate events

Options may be exercised, to the extent of accrued savings and interest, if any person obtains control of the Company as a result of making a general offer, the court sanctions a compromise or arrangement of the Company or if there is a voluntary winding up of the Company. In the event of a change of control of the Company, an acquiring company may offer to exchange existing options for replacement options over shares in the acquiring company.

Variation of share capital

If there is a variation in the ordinary share capital of the Company, the Board will make such adjustments to the number of Shares subject to options and the exercise price as it considers appropriate.

Rights of participants

Options are not transferable (other than to the option holder's personal representatives in the event of his or her death) and do not form part of pensionable earnings.

Options do not confer any voting or other Shareholder rights on option holders until the options have been exercised and the option holders have received their Shares.

Shares allotted under the SAYE Scheme will rank equally with all other Shares of the same class then in issue but will not qualify for dividends other rights arising by reference to a prior record date.

Amendments to the SAYE Scheme

The Board may amend the SAYE Scheme at any time. Prior approval of Shareholders in general meeting must be obtained for any amendment to the material advantage of existing or future option holders relating to:

- (a) the persons to whom options may be granted;
- (b) the limit on the aggregate number of Shares over which options may be granted;
- (c) the maximum aggregate monthly savings contribution by any eligible employee;
- (d) the basis for determining an option holder's entitlement to, and the terms of, Shares to be acquired pursuant to an Option

except for an amendment which is of a minor nature to benefit the administration of the SAYE Scheme or which is made to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or for any participating company of other group company.

NOTICE OF ANNUAL GENERAL MEETING



Appendix 2

Summary of the main terms of the Bonmarché Share Incentive Plan ('SIP')

Introduction

The SIP is a broad-based share scheme which is intended to comply with the statutory requirements in Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003, as amended. It provides eligible employees with the opportunity to acquire the Company's ordinary shares ('Shares') in four different ways at the discretion of the board of directors ('Board'):

Partnership Shares: Shares acquired using contributions deducted from employees' salaries. Contributions may be used each month to acquire Shares at their market value on the acquisition date. Alternatively, the Board may determine that the Shares will be acquired at the end of an accumulation period of between two and 12 months, in which case the price paid may be the market value at the start of the period, the market value at the end of the period or the lower of the two prices.

Matching Shares: Shares which are awarded to employees in proportion to the number of Partnership Shares acquired, paid for by the employing companies.

Free Shares: Shares which are awarded to employees, on the same terms and/or on the basis of business unit performance, paid for by the employing companies.

Dividend Shares: Shares acquired by reinvestment of cash dividends paid on Shares held in the SIP.

Operation of the SIP

The SIP will be administered by the Board. The Board will determine which parts of the SIP will be operated from time to time and will arrange for eligible employees to be invited to participate.

Eligibility

All employees (including Executive Directors) of the Company or a participating subsidiary who are UK resident and meet any length of service requirement (not exceeding 18 months – six months for Partnership Shares if there is an accumulation period) will be eligible to participate. The Board may also invite any other employee of the Company or a participating subsidiary to participate.

Individual limits

The limits to the participation in the SIP by an individual employee are set out in Schedule 2 and are currently as follows.

- (a) Each participant may contribute up to £1,800 (or 10% of PAYE Earnings, if less) by salary deduction in any tax year.
- (b) Up to two Matching Shares may be awarded to a participant for each Partnership Share acquired by the participant.
- (c) The maximum value of Free Shares awarded to a participant is £3,600 in any tax year.

Limit on issue of Shares

The Shares acquired through the SIP may be new Shares, treasury Shares or the existing Shares purchased on the market.

The maximum number of new Shares (or treasury Shares) which may be issued or issuable pursuant to the SIP and any option or share award granted under any other employee share scheme operated by the Company or a subsidiary in any 10-year period (excluding any granted before the Shares were admitted to trading on AIM on 20 November 2013) is 10 per cent of the Company's ordinary share capital in issue.

Rights of participants and leaving employment

Employees become the beneficial owners of Shares acquired through the SIP immediately. However, the Shares are held initially by trustees. Participants may instruct the trustees as to how their voting rights will be exercised.

Participants may take their Partnership Shares out of the SIP at any time. Matching and Free Shares must normally be left in the SIP for a holding period of between three and five years. The holding period for Dividend Shares is three years. Participants may instruct the trustees to accept a takeover over for the Company during the holding period and the holding period ends if a participant ceases to be an employee of the group.

Participants who leave the employment of the Group must withdraw their Shares from the SIP.

The Board may determine that Matching Shares or Free Shares will be forfeitable if a participant leaves the employment of the group during a period of up to three years after the award date, except in certain circumstances specified in Schedule 2 (including death, injury, disability, redundancy, retirement or a transfer of the employing company or business outside the Group). Matching Shares may also be forfeitable if the corresponding Partnership Shares are taken out of the SIP during a period of up to three years after the award date.

Shares allotted under the SIP will rank equally with all other Shares of the same class then in issue but will not qualify for dividends other rights arising by reference to a prior record date.

Awards do not form part of pensionable earnings.

Amendments to the SIP

The Board may amend the SIP at any time. Prior approval of Shareholders in general meeting must be obtained for any amendment to the material advantage of existing or future participants relating to:

- (a) the persons eligible to participate;
- (b) the limit on the aggregate number of Shares which may be issued or reissued from treasury;
- (c) the maximum entitlement of any individual participant;
- (d) the basis for determining participant's entitlement to, and the terms of, Shares to be acquired pursuant to the SIP

except for an amendment which is of a minor nature to benefit the administration of the SIP or which is made to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any group company.