

This document is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent adviser authorised under the Financial Services and Markets Act 2000.

A form of proxy for use by shareholders in connection with the meeting has been despatched with this notice. So that effective use may be made of the form, your attention is drawn to the notes to the notice contained in this document and to the instructions with and on the form.

If you have transferred or sold all of your Land of Leather shares please send this document and the form of proxy to the transferee or to the agent through whom you acted for forwarding to the transferee.



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Notice of an Extraordinary General Meeting and accompanying commentary and notes

Notice of the Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Land of Leather Holdings plc (**Land of Leather**) will be held at 29 Cloth Fair, London EC1A 7NN on Thursday 16th November 2006, starting at 2:00 p.m., for the following purposes.

Special business

1. To consider the Report of the Directors, the Auditors' Report and the audited Financial Statements for the 17 week period ended 30th July 2006.
2. To consider and if thought fit pass the ordinary resolution that the Remuneration Report be approved.
3. To consider and if thought fit pass the ordinary resolution that the proposed final dividend on the ordinary shares be approved.
4. To consider and if thought fit pass the ordinary resolution that, subject to the approval of HM Revenue and Customs, the Land of Leather Savings Related Share Option Scheme (**SAYE Scheme**), the main features of which are summarised in the circular to the members of the Company containing the Notice convening this meeting and to be constituted according to the Rules of the SAYE Scheme, a copy of which has been produced to this meeting marked Exhibit A, be hereby adopted subject to any amendments or modifications which may be required to obtain the final approval of HM Revenue and Customs of the SAYE Scheme and that the Directors be hereby authorised to do all acts and things which they may consider necessary or expedient for the purpose of carrying the same into effect.
5. To consider and if thought fit pass the ordinary resolution that the Land of Leather International Savings Related Share Option Scheme (**International Scheme**), the main features of which are summarised in the circular to the members of the Company containing the Notice convening this meeting and to be constituted according to the Rules of the International Scheme, a copy of which has been produced to this meeting marked Exhibit B, be hereby adopted, and that the Directors be hereby authorised to do all acts and things which they may consider necessary or expedient for the purpose of carrying the same into effect, provided that any shares issued or which might be issued under the International Scheme will be treated as counting against the overall and individual maximum limitations on the issue of new shares specified in the SAYE Scheme.
6. To consider and if thought fit pass the ordinary resolution that the trustee of the Land of Leather Employee Benefit Trust (**EBT**), the main features of which are summarised in the circular to the members of the Company containing the Notice convening this meeting and constituted according to the terms of the EBT Deed, a copy of which has been produced to this meeting marked Exhibit C, be hereby authorised to hold up to 10% of the issued ordinary shares at any time.

By order of the Board

Adrian Goodenough
Company Secretary
16th October 2006

Your attention is drawn to the following commentary on the business and notes to the notice.

Commentary on the business of the Extraordinary General Meeting

References in this document to the **Report** are to the Report & Accounts for the 17 weeks ended 30 July 2006 sent to shareholders with this document. Further copies of the Report may be obtained from Land of Leather's Registered Office or from Land of Leather's website, the details of which are set out on the front page. Copies of the Report will also be available at the meeting.

Special business

All items in the notice are special business.

Item 1 – Reports and Financial Statements

The Report of the Directors, the Auditors' Report and the audited Financial Statements are within the Report. The Directors welcome any questions or comments on the content of the reports or the Financial Statements or on any corporate governance issue during this item either at the meeting or in advance (see note 7 in the notes to the notice).

Item 2 – Remuneration Report

The Remuneration Report is within the Report.

Item 3 – Final dividend

The Directors propose that a final dividend of 3.1 pence per share be paid on 1st December 2006 to those shareholders on the register at the close of business on 6th October 2006.

Items 4 and 5 – The Land of Leather Savings Related Share Option Scheme and The Land of Leather International Savings Related Share Option Scheme

The Directors are proposing the adoption of two new share option arrangements: the Land of Leather Savings Related Share Option Scheme (**SAYE Scheme**), a HM Revenue & Customs approved scheme for the benefit of all employees based in the UK; and the Land of Leather International Savings Related Share Option Scheme (**International Scheme**), a scheme to run in parallel with the SAYE Scheme for the benefit of all employees based in the Republic of Ireland.

All eligible UK employees of the Group will be able to participate in the SAYE Scheme; this will encourage ownership of shares among a wider employee base and operate as an employee retention tool. Under the SAYE Scheme, each participant enters into a savings plan with an approved institution to save a pre-agreed amount every month. At the same time the participant is granted an option by the Company to buy Land of Leather shares with the proceeds of the savings plan at the expiry of the savings period. Application will be made to HM Revenue & Customs to approve the SAYE Scheme as this will provide participants with their benefits in a tax efficient manner.

The International Scheme is substantially the same as the SAYE Scheme except that it has been structured to give tax benefits to employees in the Republic of Ireland. The International Scheme will be subject to the same limitations on the grant of options to subscribe for shares as the SAYE Scheme.

Further details on the SAYE Scheme are set out in Appendix 1.

Item 6 – The Land of Leather Employee Benefit Trust

The Directors have established the Land of Leather Employee Benefit Trust (**EBT**) for the purpose of acquiring and holding Land of Leather shares if deemed appropriate to satisfy options granted under any discretionary share option scheme or long term incentive arrangement approved by shareholders.

The trustee of the EBT is Rathbone Trustees Jersey Limited. It is the intention of the Directors that the EBT will not hold more shares than is necessary to satisfy options under relevant scheme(s) or arrangement(s). The Directors have decided to seek shareholder approval to increase the limit on the number of shares which may be purchased by the EBT from 5% to 10% of the Company's issued shares at any time; as at 2nd October 2006 this is equivalent to 5,082,521 shares. This authority will only be used where it is believed that it is in the best interests of Land of Leather to utilise issued shares to satisfy options or awards, rather than issuing new shares.

Further details on the EBT are set out in Appendix 2.

Recommendation

The Directors consider that all of the proposals are in the best interests of Land of Leather and its shareholders and unanimously recommend shareholders to vote in favour of the proposals, as they intend to do in respect of their own beneficial holdings which total 8,435,737 shares and represent 16.60% of the total issued number of shares as at 2nd October 2006.

Notes to the notice of the Extraordinary General Meeting

Land of Leather shareholders have the right to attend, speak and vote at the Land of Leather Extraordinary General Meeting or at any adjournment(s) thereof. These notes are designed to help shareholders exercise all or any of these rights.

1. Record date

Only shareholders registered at 6:00 p.m. on Tuesday 14th November 2006 will 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 the shareholder register after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Corporate shareholder

A shareholder which is a corporation may by resolution of its directors authorise a person to represent it at the meeting. The representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual shareholder. The representative may be required to produce a certified copy of the resolution appointing them.

3. Joint shareholders

The vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which their names are registered in respect of the joint holding.

4. Nominees

An individual who holds his/her shares through a nominee should contact his/her nominee who will be able to take the appropriate action on his/her behalf.

5. Proxies

A shareholder entitled to attend and vote at the meeting may appoint a proxy or proxies to vote in a poll instead of him/her/it. A proxy need not be a shareholder of Land of Leather and the appointment of a proxy will not preclude the shareholder from attending and voting at the meeting. A proxy may be appointed using one of the following methods.

5.1 Form of proxy

A proxy may be appointed using the form of proxy despatched to shareholders with this document. So that effective use may be made of the form, attention is drawn to these notes and to the instructions with and on the form.

To be valid the signed form of proxy must be deposited with Capita Registrars at Proxy Department, PO Box 25, Beckenham, Kent BR3 4TU by 2:00 p.m. on Tuesday 14th November 2006. An authorised officer or attorney may sign the form of proxy on behalf of a corporation. Any of the named shareholders may sign the form of proxy on behalf of joint shareholders, see note 3.

To appoint a proxy other than the chairman of the meeting his/her full name must be written in BLOCK CAPITALS in the space under Appointment on the form of proxy. If the space is left blank, the chairman of the meeting will be appointed the proxy.

If the proxy is to be instructed to vote in a certain way or not to vote at all on any of the items in the notice, the relevant box on the form of proxy must be marked. If none of the boxes relating to a particular item are marked, the proxy can choose which way to vote or can decide not to vote at all; the proxy can also do this on any other proposal that is put to the meeting. If the proxy is instructed to abstain, this is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the item.

5.2 Electronic proxy appointment through CREST

CREST members may appoint a proxy through the CREST electronic proxy appointment service 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.

To be valid, the message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by Capita Registrars (ID RA10) by 2:00 p.m. on Tuesday 14th November 2006. Land of Leather may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Voting

Each proposal will be decided by a show of hands unless a poll is demanded in accordance with the provisions of the Articles of Association and will be decided by a simple majority of the votes cast.

7. Questions and comments

Any question or comment relevant to the business of the Extraordinary General Meeting may be voiced at the meeting by anyone permitted to speak. Alternatively, questions or comments may be submitted in advance by letter, facsimile or e-mail addressed to the Company Secretary at Land of Leather's Registered Office, the details of which are set out on the front page.

8. The venue

The venue of the Extraordinary General Meeting is within the offices of GCG Hudson Sandler at 29 Cloth Fair, London EC1A 7NN. The nearest Underground stations are Barbican and St. Paul's. Presentation of the attendance card despatched to shareholders with this document will speed up admittance to the meeting.

9. Directors' interests

The interests of the current Directors in the ordinary shares of Land of Leather as at 26th September 2006 are set out in the Report of the Directors within the Report. A copy of the register of directors' interests in the ordinary shares of Land of Leather, a copy of each of the executive Director's service agreement and a copy of each of the non-executive Director's letter of appointment are available for inspection at Land of Leather's Registered Office, the details of which are set out on the front page, and will be available for inspection at the venue of the Extraordinary General Meeting between 1:45 p.m. and the conclusion of the meeting.

10. Appendices and inspection

The appendices to this document summarise the main features of the Land of Leather Savings Related Share Option Scheme (**SAYE Scheme**) and the Land of Leather Employee Benefit Trust (**EBT**) but do not form part of them and are not to be taken as affecting the interpretation of the detailed terms and conditions constituting the Rules of the SAYE Scheme, the Rules of the Land of Leather International Savings Related Share Option Scheme (**International Scheme**) and the EBT Deed.

The Rules of the SAYE Scheme, the Rules of the International Scheme and the EBT Deed are available for inspection at Land of Leather's Registered Office, the details of which are set out on the front page, and will be available for inspection at the venue of the Extraordinary General Meeting between 1:45 p.m. and the conclusion of the meeting. The Directors reserve the right up to the time of the meeting to make such amendments and additions to the Rules of the SAYE Scheme, the Rules of the International Scheme and the EBT Deed as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summaries set out in the appendices.

Appendix 1

The Land of Leather Savings Related Share Option Scheme (SAYE Scheme)

The SAYE Scheme will be submitted for formal HM Revenue & Customs (HMRC) approval under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003.

Operation

The SAYE Scheme is administered by the Directors.

Eligible employees

All employees (including full time Directors) of the Company or any participating company in the Group who are UK resident taxpayers and who have the requisite minimum period of continuous employment (determined by the Directors but not exceeding five years) are eligible to participate. The Directors have discretion to include other employees.

Exercise price

The price payable on the exercise of an option shall be fixed by the Directors but shall not be less than the higher of:

- (i) 80 per cent of the middle market quotation of a share as derived from the Official List for the three dealing days immediately prior to the date on which invitations to apply for options are dispatched provided that, in relation to an option granted at any time at which there are no dealings, the exercise price shall be not less than 80 per cent of such sum as is agreed by HMRC to be the market value of a share; and
- (ii) in the case of options to subscribe for Shares, the nominal value of an ordinary share.

The exercise price may be adjusted by the Directors (with both the confirmation in writing of the auditors of the Company that, in their opinion, the calculation of such adjustment is fair and reasonable, and the agreement of HMRC) to take account of any rights issue, capitalisation issue, sub-division, consolidation of shares or other variation of the capital of the Company.

Grant of options

Invitations to apply for options may be issued by the Directors within 28 days of the announcement of the Company's interim or preliminary results. Options shall be granted within 30 days of the date by reference to which the exercise price is determined, unless scaling down is necessary, in which case options shall be granted within 42 days of such date. The intention is for the first invitation to be issued as soon as possible after HMRC approval.

All eligible employees are invited to apply for options. It is a condition of such application that employees enter into a savings contract with an approved savings institution.

The number of ordinary shares subject to an option will be determined by the level of contribution to the savings contract and may be adjusted during the life of the option in the same manner and circumstances as would lead to the exercise price being adjusted as described in the paragraph headed Exercise price above.

Savings contracts

Participants may, at the absolute discretion of the Directors, be invited to apply for three year, five year or seven year options. All options must be linked to a contractual savings scheme entered into by each participant with the savings institution nominated by the Directors and approved by HMRC. Participants must save between £10 and £250 per month, such sums to be deducted from the relevant participant's pay.

After either 36 or 60 contributions have been made a bonus is payable. Options may be exercised only with an amount not exceeding the available proceeds of the related savings contract. The duration of an option is determined at the date of grant.

Limits

No option shall be granted under the SAYE Scheme on any date if the aggregate number of ordinary shares issued or issuable pursuant to options or other rights granted:

- (i) under the SAYE Scheme; and
- (ii) during the previous ten years under all other share plans/schemes established by the Company, would exceed 10 per cent of the issued ordinary share capital of the Company on that date of grant.

Exercise of options

In normal circumstances, options may be exercised during the period of six months commencing on the maturity (that is the relevant bonus date) of the savings contract. Options will be exercisable immediately on the death of a participant or on his/her ceasing to be an employee of a participating company on reaching the age of 60 or at such other age at which that employee is bound to retire in accordance with the terms of his employment or on his ceasing employment due to injury, disability or redundancy. Options will also become exercisable on an employee attaining the age of 60 if he should continue in employment, on the sale or transfer out of the Company or the Group of the subsidiary, business or part of a business to which his/her employment relates and on a change in control or reconstruction or voluntary winding-up of the Company.

On a change in control or reconstruction of the Company, options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent rights over the shares of the acquiring company or a company associated with it. Rights are equivalent if, broadly speaking, the aggregate market values of the shares under both the old and new options and the aggregate exercise price of each option are, on the day of exchange, equal.

Amendment

The rules of the SAYE Scheme may be amended by the Directors in any respect provided that:

- (i) no amendment may be made to the advantage of participants to the provisions concerning eligibility to participate, scheme limits, the basis of adjustment of options in the event of a variation in share capital or to the amendment clause itself without the approval of the Company in general meeting, except for minor amendments to benefit the administration of the SAYE Scheme and amendments to obtain and maintain favourable tax, exchange control of regulatory treatment for participants in the SAYE Scheme or for any member of the Group; and
- (ii) no amendment made by made which would alter to the disadvantage of a participant any rights already acquired by him/her under the SAYE Scheme without the participant's prior consent.

No amendment shall take effect whilst the SAYE Scheme is approved and is intended to remain approved by HMRC until such amendment has been approved by HMRC.

Termination

The SAYE Scheme may be terminated at any time by a resolution of the Directors or by the Company in general meeting and shall in any event terminate on the tenth anniversary of the date on which the SAYE Scheme commences. Termination shall not affect outstanding rights of participation.

Appendix 2

The Land of Leather Employee Benefit Trust (EBT)

General

The EBT is a Jersey resident discretionary trust and has been constituted for the benefit of employees and former employees of the Group, together with spouses and children under the age of 18. The EBT will operate in conjunction with the Company's discretionary share option and long term incentive arrangements.

Trustee

The trustee is Rathbone Trustees Jersey Limited, a professional trustee company incorporated and resident in Jersey.

Funding

The EBT will be funded by way of contributions or loans made by the Group.

Trust provisions

The trustee is empowered to hold the trust fund for any one or more of the beneficiaries as it shall in its absolute discretion think fit. The trustee is empowered to apply any shares that it holds towards the satisfaction of rights granted under the Company's discretionary share option and long term incentive arrangements. If item 6 in the Notice convening the Extraordinary General Meeting is passed, the EBT will be able to hold up to 10% of the Company's issued shares at any time.

The EBT Deed contains provisions for the administration of the EBT, including the retention of funds by the trustee to meet taxation on expenses, and provisions governing the remuneration and protection of the trustee.