

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Resolutions, the contents of this document and/or the form of proxy or as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you sell or transfer, or have sold or transferred, all of your Ordinary Shares you should send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for onward transmission to the buyer or transferee. However, the distribution of this document and/or the Form of Proxy into certain jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. If you sell or transfer, or have sold or transferred, only part of your holding of Ordinary Shares you should retain this document and consult the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take.

This document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.



LAKEHOUSE PLC

(Incorporated and registered in England and Wales with registered number 9411297)

Proposed Delisting from the Official List and Admission to AIM

and

Notice of Annual General Meeting

Financial Adviser, Proposed Nominated Adviser and Corporate Broker

Stockdale Securities Ltd



Stockdale Securities Ltd (“Stockdale”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection with the Proposals and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to therein. Stockdale makes no representation or warranty, express or implied, as to the contents of this document and, aside from the responsibilities and liabilities, if any, which may be imposed by the FSMA or the regulatory regime established thereunder, does not accept any responsibility or liability whatsoever for the accuracy of or opinions contained in (or for the omission of any material information) this document and shall not be responsible or otherwise liable for the contents of this document.

The Ordinary Shares are currently admitted to trading on the Main Market for listed securities of the London Stock Exchange. Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. Subject to, amongst other things, the passing of the Resolutions at the Annual General Meeting, it is expected that admission of the Ordinary Shares will become effective and dealings in the Ordinary Shares will commence on AIM on or around 8.00 a.m. on 2 May 2017. The Ordinary Shares will not be admitted to trading on any other investment exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority (being the FCA acting as competent authority for the purposes of Part VI of FSMA) (the “UKLA”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List of the UKLA.

This document should be read in conjunction with the accompanying Form of Proxy. The whole of this document should be read and, in particular, your attention is drawn to the letter from the Chairman which is set out on pages 4 to 11 of this document, which contains the unanimous recommendation of the Board to Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

The Annual General Meeting to consider the Resolutions will be held at the offices of Eversheds Sutherland (International) LLP at One Wood Street, London EC2V 7WS on 31 March 2017 at 10.00 a.m. The notice convening the Annual General Meeting is set out on pages 14 to 18 at the end of this document.

The action to be taken in respect of the Annual General Meeting is set out in the letter from the Chairman on pages 4 to 11 of this document. A Form of Proxy for use in connection with the Annual General Meeting is enclosed with this document. Whether or not you intend to be present at the Annual General Meeting, it is important that you complete, sign and return the Form of Proxy in accordance with the instructions printed on it so as to be received by the Registrar, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 10.00 a.m. on 29 March 2017 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). If you hold Ordinary Shares in CREST and you wish to appoint a proxy or proxies for the Annual General Meeting or any adjournment(s) thereof by using the CREST electronic proxy appointment service, you may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf. Proxies submitted via CREST (under CREST ID RA10) must be sent as soon as possible and, in any event, so as to be received by the Registrar, Capita Asset Services, by no later than 10.00 a.m. on 29 March 2017 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

If you have any questions relating to this document or the Annual General Meeting, or are in any doubt as to how to complete, sign and return the Form of Proxy, please telephone Capita Asset Services on 0871 664 0300. Calls cost 12 pence per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting in person at the Annual General Meeting, or any adjournment thereof, if you wish to do so and are so entitled.

A copy of this document will also be available from the Company's website, www.lakehouse.co.uk.

This document contains (or may contain) certain forward-looking statements with respect to the Company and certain of its goals and expectations relating to its future financial condition and performance which involve a number of risks and uncertainties. No forward-looking statement is a guarantee of future performance and actual results could differ materially from those contained in any forward-looking statements. All statements, other than statements of historical facts, contained in this document, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words such as "aim", "anticipate", "target", "expect", "estimate", "plan", "goal", "believe", "will", "may", "could", "should", "future", "intend", "opportunity", "potential", "project", "seek" and other words having a similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of changes in interest rates and foreign exchange rates, changes in legislation, changes in customer habits and other factors outside the control of the Company, that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. All forward looking statements contained in this document are based upon information available to the Directors at the date of this document and the posting or receipt of the document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. The forward-looking statements in this document are based on the relevant Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, Shareholders should not place any reliance on any forward-looking statements. Except as required by law or regulation (including, without limitation, as a consequence of the Prospectus Rules, Listing Rules and/or the Disclosure Guidance and Transparency Rules), the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Date
Publication of this document	7 March 2017
Latest time and date for receipt of completed Forms of Proxy	10.00 a.m. on 29 March 2017
Annual General Meeting	10.00 a.m. on 31 March 2017
Publication of Schedule One announcement	31 March 2017
Last day of dealings in the Ordinary Shares on the Main Market	28 April 2017
Cancellation of listing of the Ordinary Shares on the Official List	8.00 a.m. on 2 May 2017
Admission and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 2 May 2017

Notes:

1. Each of the times and dates above are indicative only and subject to change without consultation. If any of the above times and/or dates change, the revised times and/or dates will be notified by announcement on a Regulatory Information Service.
2. References in this document to time are to London time, unless specified otherwise.
3. The ISIN for the Ordinary Shares will remain GB00BSKS1M86.
4. References to the Move to AIM are conditional on, inter alia, the passing of the Cancellation and Admission Resolution at the Annual General Meeting.

Letter from the Chairman

LAKEHOUSE PLC

(Incorporated and registered in England and Wales with registered number 9411297)

Directors:

Bob Holt OBE (Executive Chairman)
Michael McMahon (Chief Operating Officer)
Jeremy Simpson (Chief Financial Officer)
Robert Legget (Senior Independent Non-Executive Director)
Andrew Harrison (Non-Executive Director)

Registered Office:

1 King George Close
Romford
Essex
RM7 7LS

7 March 2017

Dear Shareholder,

PROPOSED DELISTING FROM OFFICIAL LIST AND ADMISSION TO AIM AND NOTICE OF ANNUAL GENERAL MEETING

1. Introduction

The Company announced its preliminary results for the financial year ended 30 September 2016 on 24 January 2017. I am pleased to send you with this document notice of the Annual General Meeting, together with the annual report and accounts for the financial year ended 30 September 2016 (the "Report and Accounts").

In addition to the normal business to be conducted at the Annual General Meeting (which is described in more detail below), the Board is also seeking Shareholder approval to cancel the listing of the Ordinary Shares on the premium segment of the Official List and to cancel trading of the Ordinary Shares on the Main Market. In addition, the Company will apply for admission of its entire issued share capital to trading on AIM, to take effect simultaneously with the Delisting. In conjunction with the Delisting, it is also proposed to make minor, non-material administrative and definitional changes to the articles of association appropriate for a company whose shares are admitted to AIM.

Under the Listing Rules, the Delisting requires the Company to obtain the prior approval for such cancellation of not less than 75 per cent. of all Shareholders voting in person or by proxy at a general meeting. Accordingly, the Cancellation and Admission Resolution is being proposed at the Annual General Meeting, to be held at the offices of Eversheds Sutherland (International) LLP at One Wood Street, London EC2V 7WS at 10.00 a.m. on 31 March 2017, as a special resolution. If the Cancellation and Admission Resolution is passed, the Board proposes to make an application to the UKLA for the Cancellation to be effected and an application to the London Stock Exchange for Admission.

In addition, resolutions are proposed to approve the adoption of the New Articles in connection with the Cancellation and to effect the ordinary and special business to be proposed at the Annual General Meeting.

The Resolutions to be proposed at the Annual General Meeting are discussed in more detail below.

Subject to the Cancellation and Admission Resolution being passed at the Annual General Meeting and any other relevant conditions being satisfied (or, if applicable, waived), it is expected that the Ordinary Shares will be admitted to trading on AIM on or around 8.00 a.m. on 2 May 2017.

The purpose of this document is to outline the reasons for, and provide further information on, the proposed Resolutions and to explain why the Board believes the Resolutions to be in the best interests of the Company and its Shareholders as a whole.

You will find definitions for capitalised terms used in this letter and the rest of this document on pages 12 and 13 of this document.

The following documentation is also enclosed with this letter:

- the Report and Accounts; and
- the Form of Proxy (and prepaid envelope).

Shareholders' attention is drawn to the trading update issued by the Company on 7 March 2017 which is available on the Company's website at www.lakehouse.co.uk

2. Reasons for the proposed Cancellation and Admission

The Company has reviewed the structure of its businesses and operations with a view to identifying the most effective strategy to enable the Group to continue to deliver a quality service to its customers, whilst building a platform for more consistent performance and sustainable growth. This review has also involved consideration of the most appropriate trading platform for the Company's Ordinary Shares on an ongoing basis. The Board has considered carefully the proposed Move to AIM and believes that it is in the best interests of the Company and its Shareholders as a whole for the following reasons:

- AIM is a market that is more appropriate for a company of Lakehouse's current size and is a market which should enable the Company to attract new investors, providing a platform to promote the Company and trading in its shares;
- in delivering its strategy, the Board will continue to evaluate the Group's portfolio of services to ensure they remain focussed on markets where Lakehouse can operate effectively. AIM offers Lakehouse greater flexibility and certainty with regard to taking strategic actions, including potential future corporate transactions, which the Company may be able to agree and execute more quickly and cost effectively than a company on the Official List; and
- once on AIM, the Company would have the ability to raise equity finance from institutional investors without the need to produce a prospectus as there is no requirement for AIM companies to publish a prospectus or an admission document in relation to a further issuance of AIM-quoted securities provided that the issuance is an exempt offer to the public and those securities will not otherwise be admitted to trading on a regulated market in the European Economic Area. This will enable the Company to raise equity finance, should it need or wish to do so in the future, more efficiently, cost-effectively and on shorter timescales.

Given the Company's size and strategy, the Board believes that these significant benefits of the proposed Move to AIM will enable it to more effectively deliver value to all of its stakeholders, including Shareholders.

3. Implications of the Move to AIM

AIM is the UK's leading stock market for smaller companies. Since AIM was established in 1995, more than 3,600 companies have been admitted to AIM and over £98 billion has been raised collectively. Liquidity on AIM is in part provided by market makers, who are member firms of the London Stock Exchange and are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on Business Days.

Admission to trading on AIM will not affect the way in which Shareholders buy or sell the Company's shares. Ordinary Shares that are held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Ordinary Shares held in certificated form will continue to be valid and no new share certificates will be issued.

Following Admission, the Company will be subject to the AIM Rules for Companies. Shareholders should note that AIM is self-regulated and that the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies listed on the premium segment of the Official List. Under the AIM Rules, a Nominated Adviser and broker is required to be engaged by the Company at all times and a Nominated Adviser has ongoing responsibilities to both the Company and to the London Stock Exchange. Conditional on Admission, the Company intends to appoint Stockdale as its Nominated Adviser and corporate broker.

Whilst, for the most part, the obligations of a company whose shares are traded on AIM are similar to those of companies whose shares are listed on the premium segment of the Official List, there are certain exceptions, including those referred to below:

- (a) Under the Listing Rules, a company is required to appoint a 'sponsor' for the purposes of certain corporate transactions, such as when undertaking a large corporate transaction or capital raising. The responsibilities of the sponsor include providing assurance to the FCA, when required, that the responsibilities of the listed company have been complied with. Corporate transactions for companies whose shares are listed on the premium segment of the Official List often require shareholder approval and the engagement of a sponsor to oversee the process and liaise with the UKLA. In particular, on a proposed acquisition, disposal or similar transaction, where the size of the target represents 25 per cent. or more of the listed company on the basis of certain comparative tests (for example, consideration for the acquisition as a percentage of market capitalisation of the listed company) a circular to shareholders is required explaining the transaction and seeking the approval of shareholders. For the Company, particularly given its current size and market capitalisation, such transactions may result in significant additional complexity and greater transaction costs to meet the requirements of the Listing Rules and, therefore, prove prohibitive.
- (b) Under the AIM Rules for Companies, prior shareholder approval is required only for transactions with a much larger size threshold than applies to companies whose shares are listed on the premium segment of the Official List. These larger transactions include, for example, reverse takeovers (being an acquisition or acquisitions in a 12 month period which either exceed 100 per cent. in various size tests or which result in a fundamental change in the Company's business, board or voting control) or a disposal, which when aggregated with any other disposals over the previous 12 months, results in a fundamental change of business (being disposals that exceed 75 per cent. in various size tests). Under the Listing Rules, a broader range of transactions require prior shareholder approval, including material related party transactions.

Letter from the Chairman continued

- (c) The AIM Rules for Companies contain less stringent obligations with regard to a company's purchase of its own securities compared with the Listing Rules.
- (d) There is no requirement under the AIM Rules for Companies for a prospectus or an admission document to be published for further issuances of securities to institutional investors, except when seeking admission for a new class of securities or as otherwise required by law (see paragraph 2 above).
- (e) Unlike the Listing Rules, the AIM Rules for Companies do not specify any required structures or discount limits in relation to further issuances of securities.
- (f) Certain securities laws will no longer apply to the Company if Admission occurs, for example, the Disclosure Guidance and Transparency Rules (save that DTR Chapter 5 in respect of significant shareholder notifications and the EU Market Abuse Regulation (EU No 596/2014) (relating to, *inter alia*, market abuse and insider dealing) will continue to apply to the Company). This is because AIM is not a regulated market for the purposes of the European Union's directives relating to securities.
- (g) The Company is currently required to comply with the UK Corporate Governance Code, or to explain any area of non-compliance. AIM companies are not required to comply with this code. If Admission occurs, the Board proposes to comply with the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance.
- (h) Institutional investor guidelines (such as those issued by the Investment Association, the Pensions and Lifetime Savings Association and the Pre-Emption Group), which give guidance on issues such as executive compensation and share-based remuneration, corporate governance, share capital management and the allotment and issue of shares on a pre-emptive or non pre-emptive basis, do not apply to companies whose shares are admitted to trading on AIM.
- (i) The requirement under section 439A of the 2006 Act to submit a remuneration report for a binding vote by shareholders is only applicable to quoted companies listed on the Main Market. A company whose shares are traded on AIM is not subject to the same obligation to submit its remuneration policy to a binding vote of shareholders.
- (j) There is no specified requirement for a minimum number of shares in an AIM company to be held in public hands, whereas a company listed on the Official List has to maintain a minimum of 25 per cent. of its issued ordinary share capital in public hands.
- (k) Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following the Move to AIM, individuals who hold Ordinary Shares may, in certain circumstances, therefore be eligible for certain tax benefits. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether a tax benefit referred to above may be available to them.

The Board will maintain standards of reporting and governance consistent with the requirements of AIM-quoted entities. The Company does not currently envisage making any changes to its Board composition or to the constitution and membership of its Audit, Nomination and Remuneration Committees as a consequence of the Move to AIM.

It is emphasised that the Move to AIM will have no impact on the existing assets and liabilities of the Company and it will continue to have the same businesses and operations following Admission, subject to the ongoing review of its businesses and operations referred to above. In addition, as a public limited company incorporated and registered in England and Wales, after Admission, the Company will remain subject to the applicable provisions of the 2006 Act, FSMA, the Prospectus Rules and the City Code on Takeovers and Mergers.

4. Risk factors associated with admission to trading on AIM

Although the Company intends to apply for the Ordinary Shares to be admitted to trading on AIM with effect from the Cancellation, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained following Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies, and may not provide the liquidity normally associated with the Main Market or on some other stock exchanges. Although it is possible that, as a consequence of the Ordinary Shares not being admitted to the Official List following the Cancellation, the Ordinary Shares may be more difficult to sell compared to the shares of companies listed on the Official List, the Board does anticipate that the Company may attract a higher profile and exposure on AIM than it currently enjoys on the Official List, which could in turn improve liquidity.

In addition, as a consequence of the Ordinary Shares not being admitted to the Official List, the market price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case as a consequence of a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. Liquidity on AIM is in part provided by market makers who are member firms of the London Stock Exchange and who are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on each Business Day.

Following Admission, the Company will be subject to the regulatory and disciplinary controls of the AIM Rules for Companies. While, for the most part, the obligations of a company whose shares are admitted to trading on AIM are similar to those of companies whose shares are listed on the premium segment of the Official List, Shareholders should note that the protections afforded to investors in AIM companies are in

some respects less rigorous than those afforded to investors in companies whose shares are listed on the Official List, including the differences set out in paragraph 3 above.

5. Details of the Cancellation and Admission

In order to effect the Move to AIM, the Company will require, inter alia, Shareholder approval of the Cancellation and Admission Resolution at the Annual General Meeting to be held at the offices of Eversheds Sutherland (International) LLP at One Wood Street, London EC2V 7WS at 10.00 a.m. on 31 March 2017. The Notice of Annual General Meeting sets out the terms of the Cancellation and Admission Resolution, which is to be proposed as a special resolution. In accordance with the Listing Rules, the Cancellation and Admission Resolution is subject to approval being obtained from not less than 75 per cent. of all Shareholders voting in person or by proxy. If the requisite percentage of Shareholders does not approve the Cancellation and Admission Resolution, the Ordinary Shares will continue to be admitted to the premium segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange.

As the Ordinary Shares have been listed on the Official List for more than 18 months, the AIM Rules do not require an admission document to be published by the Company in connection with Admission. However, subject to the passing of the Cancellation and Admission Resolution at the Annual General Meeting, the Company will publish an announcement which complies with the requirements of Schedule One to the AIM Rules for Companies, comprising information required to be disclosed by companies transferring their securities from the Official List, as an AIM Designated Market, to AIM.

Assuming the Cancellation and Admission Resolution is passed, the Company will apply to cancel the listing of the Ordinary Shares on the Official List and to trading on the Main Market. It is intended that the transfer to AIM will take place simultaneously with the Cancellation.

It is expected that the last day of dealings in the Ordinary Shares on the Main Market will be 28 April 2017 and that the Cancellation will take effect at 8.00 a.m. on 2 May 2017, being not less than 20 Business Days from the passing of the Cancellation and Admission Resolution.

6. Taxation

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following Admission, the Ordinary Shares in the Company should constitute 'relevant business property' in the event that they qualify for UK inheritance tax business property relief. Accordingly, following the Move to AIM, individuals who hold Ordinary Shares and who meet the two year ownership condition may therefore be eligible for UK inheritance tax business property relief. As to the extent of the relief and whether such UK inheritance tax benefit may be available to them, Shareholders and prospective investors should seek advice from their own professional advisers. Shareholders and prospective investors should also note that, since 5 August 2013, shares traded on AIM can be held in Individual Saving Accounts (in the same way as shares traded on the Main Market).

AIM qualifies as a recognised growth market for the purpose of the stamp duty and stamp duty reserve tax ("SDRT") legislation and so, therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to stamp duty or SDRT will arise on their subsequent transfer. If the Ordinary Shares do not qualify for this exemption their transfer on sale will be subject to ad valorem stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given) save in respect of shares held in a clearance service or in a depository receipt arrangement in respect of which other provisions may apply.

*The comments on the tax implications described in this document are based on the Directors' current understanding of tax law and practice, are not tailored to any individual circumstances and are primarily directed at individuals who are UK resident and domiciled. Tax rules can change and the precise tax implications for you will depend on your particular circumstances. **If you are in any doubt as to your tax position, you should consult your own independent professional adviser.***

7. Adoption of New Articles

The Board is asking Shareholders to approve the adoption by the Company of the New Articles with effect from (immediately prior to) Admission primarily for the purposes of effecting minor, non-material administrative, definitional and other updating changes appropriate for a company whose shares are admitted to trading on AIM.

8. Corporate governance and employee share schemes

The Board has reviewed its internal corporate governance procedures, financial controls and reporting procedures and consider these to be appropriate given the size and structure of the Company and its anticipated Move to AIM.

Compliance with the UK Corporate Governance Code is not mandatory for companies whose shares are admitted to trading on AIM. Following Admission, the Directors propose to follow the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance.

Letter from the Chairman continued

The Company intends to continue to hold timely board meetings as issues arise which require the attention of the Board. The Board will continue to be responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It will continue to be the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company.

The Company does not currently envisage making any material changes to its Board composition or to the constitution and membership of its Audit, Nomination and Remuneration Committees as a consequence of the Move to AIM.

The Company will adopt a new Share Dealing Code of Directors' dealings, compliant with Rule 21 of the AIM Rules for Companies, and will take all reasonable steps to ensure compliance by the Directors and any other relevant individuals. The Share Dealing Code will prevent the Directors and certain other relevant individuals from dealing in Ordinary Shares during close periods.

The Company operates a number of employee share schemes. The rules of such schemes contain provisions which are solely designed to comply with requirements appropriate for a company listed on the Official List. It is therefore intended that in connection with the Move to AIM, amendments shall be made to the rules of the Company's existing employee share schemes so as to comply with the rules applying to companies traded on AIM and to take account of other requirements which are pertinent to a company admitted to AIM. Such amendments shall include, but shall not be limited to, prohibiting the grant of options at a time which would be in breach of the AIM Rules and imposing an obligation on the Company to make an application to the London Stock Exchange for Ordinary Shares issued pursuant to options or awards to be admitted to trading on AIM, to replace an existing obligation on the Company to make an application for such Ordinary Shares to be admitted to the Official List by the UKLA.

9. Annual General Meeting

Set out at the end of this document is a Notice of Annual General Meeting convening the Annual General Meeting of the Company to be held at 10.00 a.m. on 31 March 2017 at the offices of Eversheds Sutherland (International) LLP at One Wood Street, London EC2V 7WS at which the following Resolutions will be proposed:

Resolution 1 – The Directors must present the report of the Report and Accounts for the financial year ended 30 September 2016 to Shareholders at the Annual General Meeting. The report of the Directors, the accounts, and the report of the Company's auditors on the accounts and on those parts of the Directors' remuneration report that are capable of being audited are contained within the Report and Accounts. Pursuant to Resolution 1, which will be proposed as an ordinary resolution, Shareholders are being asked to receive the Report and Accounts.

Resolution 2 – In line with section 439 of the 2006 Act, this Resolution seeks to approve the Directors' Remuneration Report, which may be found on pages 52 to 69 of the Report and Accounts and which gives details of your Directors' remuneration for the financial year ended 30 September 2016. The vote on this Resolution, which will be proposed as an ordinary resolution, is advisory.

Resolution 3 – A final dividend can only be paid after the Shareholders at a general meeting have approved it. Pursuant to Resolution 3, which will be proposed as an ordinary resolution, Shareholders are being asked to approve a final dividend of 0.5 pence per Ordinary Share in respect of the financial year ended 30 September 2016. If you approve the recommended final dividend, it will be paid on 6 April 2017 to all Shareholders on the register at the close of business on the record date, which will be 10 March 2017.

Resolutions 4 to 8 – In line with the UK Corporate Governance Code, all of the Directors of the Company will retire and will be proposed for re-election at the Annual General Meeting. Resolutions 4 to 8, which will be proposed as ordinary resolutions, seek your approval to re-elect the relevant individuals as Directors of the Company.

Shareholders' attention is drawn to the Directors' biographies on pages 40 and 41 of the Report and Accounts and the corporate governance report on pages 40 to 46 of the Report and Accounts.

Resolution 9 – The auditors of a company must be re-appointed at each general meeting at which accounts are laid.

This Resolution, which will be proposed as an ordinary resolution, seeks your approval to re-appoint Deloitte LLP as auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company at which accounts are laid.

Resolution 10 – Pursuant to Resolution 10, which will be proposed as an ordinary resolution, Shareholders are being asked to authorise the Directors to determine Deloitte LLP's remuneration as auditors.

Resolutions 11 and 12 – The 2006 Act provides that Directors shall only allot shares with the authority of Shareholders in general meeting. The authority given to the Directors at the last annual general meeting held on 5 February 2016 to allot (or issue) shares pursuant to section 551 of the Act expires on the date of this year's Annual General Meeting.

Resolution 11 will be proposed as an ordinary resolution for the renewal of the Directors' general authority to issue shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £5,245,600, representing approximately one third of the current issued share capital of the Company (excluding treasury shares). In addition, paragraph (ii) of the Resolution seeks authority for the Directors to allot shares by way of a pre-emptive offering up to an aggregate nominal amount of

£10,491,300 (including any shares issued or rights granted under paragraph (i) of the Resolution) representing a further third of the current issued share capital of the Company (excluding treasury shares). The Directors have no present intention of exercising either of these authorities.

The Company held no shares in treasury as at 6 March 2017, being the last practicable date prior to publication of this document.

The 2006 Act also provides that any allotment of new shares for cash must be made pro rata to individual Shareholders' holdings, unless such provisions are dis-applied under section 570 of the 2006 Act.

Resolution 12 will be proposed as a special resolution to grant the Directors' authority to allot equity securities for cash without first offering them to Shareholders pro rata to their holdings. This authority facilitates issues made by way of rights to Shareholders which are not strictly in accordance with section 561(1) of the 2006 Act and authorises other allotments of up to a maximum aggregate nominal amount of £787,600 of Ordinary Shares, representing approximately 5 per cent. of the current issued Ordinary Share capital of the Company. This authority also allows the Directors, within the same aggregate limit, to sell for cash shares that may be held by the Company in treasury. The Directors have no present intention of exercising this authority.

This dis-application authority is in line with institutional shareholder guidance and, in particular, with the Pre-emption Group's Statement of Principles (the "Pre-emption Principles"). The Pre-emption Principles were revised in 2015 to allow the authority for an issue of shares otherwise than in connection with a pre-emptive offer to be increased from 5 per cent. to 10 per cent. of the Company's issued Ordinary Share capital, provided that the Company confirms that it intends to use the additional 5 per cent. authority only in connection with an acquisition or specified capital investment. The Board therefore confirms in accordance with the Pre-emption Principles that, to the extent that the authority in paragraph (iii) of Resolution 11 is used for an issuance of Ordinary Shares with a nominal value in excess of £787,600 (that is, 5 per cent. of the Company's issued Ordinary Share capital as at 6 March 2017, being the last practicable date prior to publication of this document), it intends that it will only be used in connection with an acquisition or specified capital investment which is announced contemporaneously with the issuance, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issuance.

The Board also confirms, in accordance with the Pre-emption Principles, that it does not intend to issue Ordinary Shares for cash representing more than 7.5 per cent. of the Company's issued Ordinary Share capital in any rolling three-year period other than to existing Shareholders, save as permitted in connection with an acquisition or specified capital investment as described above, without prior consultation with Shareholders.

The authorities granted under Resolutions 11 and 12 will expire at the next annual general meeting.

Resolution 13 – Resolution 13 will be proposed as a special resolution to grant the Company authority to purchase its own shares in the market during the period until the next annual general meeting of the Company for up to 15,752,700 Ordinary Shares, representing approximately 10 per cent. of the issued Ordinary Share capital of the Company. The price payable shall not be more than 5 per cent. above the average price of the middle market quotation as derived from the Daily Official List of London Stock Exchange for the Ordinary Shares for the five Business Days before the purchase is made and, in any event, not more than the higher of the price of the last independent trade and current independent bid as derived from the London Stock Exchange Trading system and not less than 10 pence per Ordinary Share, being the nominal value of the Ordinary Shares.

It is the Directors' intention only to exercise the authority to purchase the Company's Ordinary Shares where it would increase the earnings per share of those Ordinary Shares that are not re-purchased. This power will only be used if the Directors consider that to do so would be in the best interests of Shareholders generally. Save to the extent purchased pursuant to the regulations concerning treasury shares, any Ordinary Shares purchased in this way will be cancelled and the number of shares in issue will be accordingly reduced. The Company may hold in treasury any of its own Ordinary Shares that it purchases pursuant to the relevant regulations and the authority conferred by this Resolution. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with greater flexibility in the management of its capital base. As at 6 March 2017, being the last practicable date prior to publication of this document, options to subscribe for a total of 11,231,465 Ordinary Shares were outstanding under the Company's employee share schemes representing 7.13 per cent. of the issued share capital of the Company (excluding treasury shares) at that date and 7.92 per cent of the issued share capital of the Company (excluding treasury shares) if the authority sought by this Resolution were to be exercised in full.

Resolution 14 – Resolution 14 will be proposed as an ordinary resolution to authorise the making of political donations and political expenditure. Part 14 of the 2006 Act requires companies to obtain the approval of Shareholders before such political donations or expenditure can be made.

Letter from the Chairman continued

Although the Company does not make what were usually regarded as political donations, it may incur expenditure on such items as sponsorship or attendance at political discussions and business liaison events organised by political parties within the EU on a non-partisan basis in order to make them aware of industry trends and key arguments affecting our industry, as well as supporting the work of think tanks. Some of our activities may be caught by the extended definitions of the 2006 Act and this Resolution is being proposed on a precautionary basis to allow the Company to continue its current activities. The policy of not giving any cash contribution to political parties or independent election candidates will continue.

Resolution 15 – Section 307A of the 2006 Act provides that a general meeting of a “traded company” must be called by at least 21 days’ notice but may be called by at least 14 days’ notice if three conditions are met.

The three conditions are that:

- (a) the meeting is not an annual general meeting;
- (b) the company offers “the facility for shareholders to vote by electronic means accessible to all shareholders”. This condition is met if there is a facility to appoint a proxy by means of a website; and
- (c) shareholders have approved the holding of general meetings on 14 clear days’ notice by passing a special resolution at the previous annual general meeting or at a general meeting held since then.

The Directors consider it desirable that they have the option to call general meetings of the Company, other than an annual general meeting, on at least 14 clear days’ notice if there are circumstances where that is appropriate. The Directors will only use such authority when to do so would clearly be advantageous to Shareholders as a whole and the matter to be considered is time sensitive. Resolution 15, which will be proposed as a special resolution, will implement this proposal and the authority of this resolution will expire at the conclusion of the next annual general meeting.

Resolution 16 – Resolution 16 will be proposed as a special resolution to: (i) cancel the admission of the Ordinary Shares to the premium segment of the Official List and to trading on the Main Market; and (ii) to apply for admission of the Ordinary Shares to trading on AIM.

Resolution 17 – Resolution 17 will be proposed as a special resolution to approve and adopt the New Articles as the articles of association of the Company with effect from the admission of the Ordinary Shares to trading on AIM. This Resolution is conditional on the passing of Resolution 16.

Resolutions 1 to 15 broadly reflect market practice and corporate governance standards applicable to companies whose shares are listed on the Official List and admitted to trading on the Main Market. The Company has chosen to apply that practice and those standards to the Resolutions, rather than applying the less stringent market practice and corporate governance standards, particularly in relation to share capital dis-application authorities (Resolution 12) and market share repurchase authorities (Resolution 13), applicable to companies whose shares are admitted to trading on AIM, on the assumption that Resolution 16, which relates to the proposal for Cancellation and Admission, may not be passed by the requisite majority at the Annual General Meeting. In the event that Resolution 16 is passed by the requisite majority, then the Company may propose to apply the less stringent market practice and corporate governance standards applicable to AIM companies to the resolutions to be proposed at its next annual general meeting.

10. Action to be taken

You will find set out at the end of this document a Notice of Annual General Meeting convening the Annual General Meeting to be held at the offices of Eversheds Sutherland (International) LLP at One Wood Street, London EC2V 7WS at 10.00 a.m. on 31 March 2017, at which the Resolutions will be considered. The full text of the Resolutions is set out in the Notice of Annual General Meeting.

Voting on all Resolutions will be conducted on a poll rather than a show of hands. This reflects current best practice and ensures that Shareholders who are not able to attend the Annual General Meeting, but who have appointed proxies, have their votes fully taken into account. The poll results will be published via a Regulatory Information Service and on the Company’s website as soon as possible after the conclusion of the Annual General Meeting.

You will find enclosed with document, inter alia, a Form of Proxy for use in connection with the Annual General Meeting or any adjournment thereof. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it so as to be received by the Registrar, Capita Assets Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 10.00 a.m. on 29 March 2017 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

If you hold Ordinary Shares in CREST and you wish to appoint a proxy or proxies for the Annual General Meeting or any adjournment(s) thereof by using the CREST electronic proxy appointment service, you may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Proxies submitted via CREST (under CREST ID RA10) must be sent as soon as possible and, in any event, so as to be received by the Registrar, Capita Asset Services, by no later than 10.00 a.m. on 29 March 2017 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

If you have any questions relating to this document or the Annual General Meeting, or are in any doubt as to how to complete, sign and return the Form of Proxy, please telephone Capita Asset Services on 0871 664 0300. Calls cost 12 pence per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting in person at the Annual General Meeting, or any adjournment thereof, if you wish to do so and are so entitled. Stockdale has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

11. Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website at www.lakehouse.co.uk and at the offices of the Company, 1 King George Close, Romford RM7 7LS, during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays in England and Wales) up to and including 31 March 2017 and at the Annual General Meeting to be held on that day:

- (a) the Report and Accounts;
- (b) the Articles of Association of the Company;
- (c) the New Articles;
- (d) this document and the Form of Proxy; and
- (e) the consent letter referred to in paragraph 10 of the Chairman's letter above.

12. Recommendation

For the reasons set out in this letter, the Board believes that the Proposals are in the best interests of the Company and of Shareholders, as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions set out in the Notice of Annual General Meeting.

Shareholders should note that, if Resolution 16 is not passed by the requisite majority of Shareholders at the Annual General Meeting, the Company will remain trading on the Main Market which would mean that the Company would not be able to benefit from, inter alia, the greater flexibility available on AIM with regard to effecting potential future corporate transactions. In the light of this, the Directors believe that it is important that Shareholders vote in favour of the Resolutions, so that the Proposals can be implemented.

Yours faithfully

Bob Holt OBE
Executive Chairman

Definitions

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

“2006 Act” or “Companies Act”	the Companies Act 2006
“Admission”	the admission of the entire issued ordinary share capital of the Company to trading on AIM in accordance with the AIM Rules for Companies
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Designated Market”	a market whose name appears on the latest publication by the London Stock Exchange of the document entitled “The AIM Designated Market Route” and which includes the Official List
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to trading on AIM, as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
“Announcement”	means the announcement by the Company dated 7 March 2017 in respect of the proposed Delisting and Admission
“Annual General Meeting”	the annual general meeting of the Company convened for 10.00 a.m. on 31 March 2017 to be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS by the Notice of Annual General Meeting
“Business Day”	any day on which the London Stock Exchange is open for the transaction of business
“Cancellation” or “Delisting”	the proposed cancellation of the listing of the Ordinary Shares on the Official List and from trading on the Main Market
“Cancellation and Admission Resolution”	Resolution 16 set out in the Notice of Annual General Meeting to approve the Cancellation and Admission
“Capita Asset Services”	a trading name of Capita Registrars Limited
“Company” or “Lakehouse”	Lakehouse plc, a company registered in England and Wales with registered number 9411297
“CREST”	the relevant system, as defined in the CREST Regulations, and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended
“Directors” or “Board”	the directors of the Company, whose names are set out on page 4 of this document
“Disclosure Guidance and Transparency Rules”	(a) the disclosure guidance made by the UKLA in accordance with section 73A(3) of Part VI of FSMA relating to the disclosure of information in respect of financial instruments (and, where the context requires, the disclosure rules made by the UKLA in accordance with section 73A(3) of Part VI of FSMA relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such market has been made); and (b) the transparency rules made by the UKLA under section 73A(6) of Part VI of FSMA in relation to major shareholdings and the notification and dissemination of information by issuers of transferable securities (and, in each case, as that guidance and those rules may be amended from time to time)
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Articles”	the articles of association of the Company as at the date of this document
“FCA”	the Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document for use at the Annual General Meeting
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“Group”	the Company and its subsidiaries
“Listing Rules”	the listing rules and regulations published by the UKLA acting under Part VI of FSMA, as amended from time to time
“London Stock Exchange”	London Stock Exchange plc

“Main Market”	the London Stock Exchange’s main market for listed securities
“Move to AIM”	the Cancellation and Admission
“New Articles”	the new articles of association proposed to be adopted by the Company pursuant to Resolution 17, further details of which are contained in paragraph 7 of the letter from the Chairman
“Nominated Adviser”	a nominated adviser, as required by the AIM Rules
“Notice of Annual General Meeting”	the notice of Annual General Meeting set out at the end of this document
“Official List”	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“Stockdale”	Stockdale Securities Ltd, the Company’s financial adviser and corporate broker and the proposed nominated adviser and corporate broker to the Company from Admission
“Proposals”	the Move to AIM
“Prospectus Rules”	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
“Registrar”	Capita Asset Services
“Report and Accounts”	has the meaning given thereto in paragraph 1 of the letter from the Chairman
“Resolutions”	the resolutions set out in the Notice of Annual General Meeting
“Shareholder”	a holder of Ordinary Shares from time to time
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as in force from time to time

Notice of Annual General Meeting

LAKEHOUSE PLC

(a public limited company incorporated and registered in England and Wales under number 9411297)

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company (the "Annual General Meeting") will be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS on 31 March 2017 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions in the case of Resolutions 1 to 10, 11 and 14 and as special resolutions in the case of Resolutions 12, 13, 15, 16 and 17:

RESOLUTIONS

Ordinary Business

1. **THAT**, the Company's annual report and accounts for the year ended 30 September 2016 (the "Report and Accounts"), together with the Reports of the Directors and of the Auditors thereon, be received and adopted.
2. **THAT**, the Directors' Remuneration Report (excluding the Director's Remuneration Policy set out on pages 61 to 69 of the report) contained within the Report and Accounts be approved.
3. **THAT**, a final dividend for the financial year ended 30 September 2016 of 0.5 pence per ordinary share of 10 pence each in the capital of the Company (an "Ordinary Share"), to be paid on 6 April 2017 to members whose names appear on the register of members at the close of business on 10 March 2017 be declared.
4. **THAT**, Bob Holt be re-elected as a Director.
5. **THAT**, Michael McMahon be re-elected as a Director.
6. **THAT**, Jeremy Simpson be re-elected as a Director.
7. **THAT**, Andrew Harrison be re-elected as a Director.
8. **THAT**, Robert Legget be re-elected as a Director.
9. **THAT**, Deloitte LLP be re-appointed as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
10. **THAT**, the Directors be authorised to determine the remuneration of the auditors of the Company.

Special Business

11. (i) **THAT**, subject to and in accordance with Article 11 of the Articles of Association of the Company, the board be and it is hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") (in substitution for any existing authority to allot shares) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £5,245,600; and
(ii) **THAT**, the Board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue or other pre-emptive offering in favour of Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them up to an aggregate nominal amount of £10,491,300 (including within such limit any shares allotted or rights granted under paragraph (i) above),

provided that the authorities above shall expire on the conclusion of the annual general meeting of the Company to be held in 2018 or 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the Board may allot equity securities and grant rights to subscribe or convert securities into shares in pursuance of such an offer or agreement as if the authorities conferred hereby had not expired.

12. **THAT**, subject to the passing of Resolution 11 (as set out in the notice of this meeting) and in accordance with Article 12 of the Articles of Association of the Company, the Board be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the general authority conferred by Resolution 11 (as set out in the notice of this meeting) and be empowered pursuant to section 573 of the Act to sell ordinary shares (as defined in section 560 of the Act) held by the Company as treasury shares (as defined in section 724 of the Act) for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares:

- (i) in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory;
- (i) up to an aggregate nominal amount of £787,600; and
- (iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, up to an aggregate nominal amount of £1,575,270 (including within such limit any equity securities allotted under paragraph (ii) above),

and such power shall expire on the conclusion of the next annual general meeting of the Company to be held in 2018 or 15 months from the date of this Resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Board may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if the power conferred by this Resolution had not expired.

13. **THAT**, the Company be generally and unconditionally authorised pursuant to section 701 of the Act, to make market purchases (as defined in section 693(4) of the Act) of up to 15,752,210 Ordinary Shares (being approximately 10 per cent. of the current issued Ordinary Share capital of the Company) on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:
- (i) the amount paid for each share (exclusive of expenses) shall not be more than the higher of (1) 5 per cent. above the average middle market quotation for Ordinary Shares as derived from the Daily Official List of London Stock Exchange plc for the five business days before the date on which the contract for the purchase is made, and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the trading venue where the purchase was carried out/the London Stock Exchange Trading system or less than 10 pence per share; and
 - (i) the authority herein contained shall expire at the conclusion of the annual general meeting of the Company to be held in 2018 or 15 months from the passing of this Resolution, whichever is earlier, provided that the Company may, before such expiry, make a contract to purchase its own shares which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contract as if the authority hereby conferred had not expired.
14. **THAT**, the Company be authorised to make donations to political parties, to independent election candidates and to political organisations and to incur political expenditure (in each case as defined in Part 14 of the Act) not exceeding £100,000 in total during the period of one year beginning with the date of this meeting.
15. **THAT**, as permitted by section 307A of the Act, any general meeting of the Company (other than the annual general meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority granted pursuant to this Resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2018.
16. **THAT** the listing of the Ordinary Shares on the premium segment of the Official List of the UK Listing Authority and the admission to trading of the Ordinary Shares on London Stock Exchange plc's Main Market for listed securities be cancelled and application be made for admission of the Ordinary Shares to trading on AIM, a market operated by London Stock Exchange plc, and the Directors of the Company be and are hereby authorised to do, and/or procure to be done, all such acts and/or things as they may consider necessary or desirable in connection therewith.
17. **THAT**, subject to and conditional on the passing of Resolution 16 and with effect from immediately prior to Admission (as defined in the circular to the Company's shareholders dated 7 March 2017 of which this notice forms part), the new articles of association produced to the meeting be and are hereby adopted as the articles of association of the Company with effect from immediately prior to Admission, to the exclusion of, and in substitution for, the existing articles of association of the Company.

Registered Office:

1 King George Close
Romford
Essex
RM7 7LS

By order of the Board:

Simon Howell
Company Secretary

Notice of Annual General Meeting continued

Notes:

1. Any member entitled to attend and vote at the Annual General Meeting is entitled (unless they have, pursuant to Article 87 of the Company's Articles of Association, nominated someone else to enjoy such a right, in which case only the person so nominated may exercise the right) to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.
2. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Act ("**nominated persons**"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
3. In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's Registrar, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the meeting or of any adjournment of the meeting (excluding non-working days).
4. Any member attending the Annual General Meeting unless they have, pursuant to Article 74 of the Company's Articles of Association, nominated someone else to enjoy such a right in which case only the person so nominated may exercise the right, is entitled, pursuant to section 319A of the Act to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
5. Pursuant to sections 338 and 338A, respectively, of the Act, where requested by a member or members (and/or person or persons nominated by such member or members to exercise rights under sections 338 and 338A pursuant to Article 74 of the Company's Articles of Association) having a right to vote at the Annual General Meeting and holding at least 5 per cent. of the total voting rights of the Company or at least 100 members having a right to vote at the Annual General Meeting and holding, on average, at least £100 of paid up share capital, to:
 - (i) circulate to each member of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Annual General Meeting; and
 - (ii) include in the business to be dealt with at an Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business,

the Company must:

- (i) circulate the resolution proposed pursuant to section 338 of the Act to each member entitled to receive notice of the Annual General Meeting; and
- (ii) include in the business to be dealt with at the Annual General Meeting the matter proposed pursuant to section 338A of the Act.

A resolution may be properly moved at the Annual General Meeting unless:

- it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- it is defamatory of any person; or
- it is frivolous or vexatious.

A member or members wishing to request the circulation of the resolution and/or the inclusion of a matter must send the request to the Company using one of the following methods:

- in hard copy form to Simon Howell, Group Company Secretary, at 1 King George Close, Romford RM7 7LS – the request must be signed by you;
- by e-mail to simon.howell@lakehouse.co.uk; or
- by fax to 01708 875773 marked for the attention of Simon Howell, Company Secretary.

Whichever form of communication is chosen, the request must be received by the Company not later than 7 March 2017 and (as appropriate):

- (i) identify the resolution of which notice is to be given; and/or
- (ii) identify the matter to be included in the business and be accompanied by a statement setting out the grounds for the request.

Where the Company receives requests from a member or members either to: (i) give notice of a resolution to be proposed by members at the Annual General Meeting; and/or (ii) circulate a matter proposed by members to be included within the business to be dealt with at the Annual General Meeting, the expenses of giving such notice or circulating such matter must be paid by the member or members submitting the request by depositing with the Company not later than 7 March 2017 a sum reasonably sufficient to meet these expenses.

- 6. From the date of this notice and for the following two years the following information will be available on the Company's website and can be accessed at www.lakehouse.co.uk:
 - (i) the matters set out in this notice of meeting;
 - (ii) the total numbers of shares in the Company and shares of each class, in respect of which members are entitled to exercise voting rights at the meeting; and
 - (iii) the totals of the voting rights that members are entitled to exercise at the meeting in respect of the shares of each class.

Any members' statements, members' resolutions and members' matters of business received by the Company after the date of this notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for the following two years.

- 7. A form to be used for appointing a proxy or proxies for this meeting to vote on your behalf is enclosed with this notice.
- 8. The right of members to vote at the Annual General Meeting is determined by reference to the register of members. As permitted by section 360B(3) of the Act and Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders (including those who hold shares in uncertificated form) must be entered on the Company's share register at close of business on 29 March 2017 in order to be entitled to attend and vote at the Annual General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 9. Copies of the service contracts and letters of appointment of each of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) and at the place of the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.
- 10. Biographical details of each Director who is being proposed for re-appointment or re-election by shareholders, including their membership of Board committees, are set out pages 40 and 41 of the Report and Accounts
- 11. The total number of Ordinary Shares in issue as at 6 March 2017, being the last practicable day before printing this document, was 157,527,103 Ordinary Shares and the total level of voting rights was 157,527,103, none of which were attached to shares held in treasury by the Company.

Notice of Annual General Meeting continued

Notes continued:

12. Pursuant to Chapter 5 of Part 16 of the Act (sections 527 to 531), where requested by either a member or members having a right to vote at the meeting and holding at least 5 per cent. of total voting rights of the Company or at least 100 members have a right to vote at the meeting and holding, on average, at least £100 of paid up share capital, the Company must publish on its website, a statement setting out any matter that such member or members propose to raise at the Annual General Meeting relating to either the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting.

Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website, and the statement may be dealt with as part of the business of the Annual General Meeting.

A member or members wishing to request publication of such a statement on the Company's website must send the request to the Company using one of the following methods:

- in hard copy form to Simon Howell, Group Company Secretary, at 1 King George Close, Romford RM7 7LS – the request must be signed by you;
 - by e-mail to simon.howell@lakehouse.co.uk; or
 - by fax to 01708 875773 marked for the attention of Simon Howell, Company Secretary.
- Whichever form of communication is chosen, the request must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported, and be received by the Company at least one week before the Annual General Meeting.