

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Resolutions, the contents of this document, 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 authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional adviser in the relevant jurisdiction.

If you sell, have sold or otherwise transferred all of your Lakehouse Shares you should send this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the 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 have sold or transferred only part of your holding of Lakehouse Shares you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.



LAKEHOUSE PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 9411297)

Notice of General Meeting in relation to resolutions to (i) approve and confirm the appointment of Bob Holt OBE as Executive Chairman of Lakehouse plc; (ii) approve a Revised Directors' Remuneration Policy; and (iii) approve the adoption of the Lakehouse plc Special Incentive Award Plan

Your attention is drawn to the letter from the Senior Independent Non-Executive Director and Acting Chairman of the Remuneration Committee of Lakehouse plc ("Lakehouse" or the "Company") on page 4 of this document which contains the unanimous recommendation of your Board (excluding, for these purposes, Bob Holt) that you vote in favour of the Resolutions at the General Meeting and the reasons for such recommendation.

Notice of the General Meeting to be held at 10.00 a.m. on 9 August 2016 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed with this document. Whether or not you intend to be present at the 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 Company's registrars, Capita Asset Services, at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 10.00 a.m. on 5 August 2016 (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 Lakehouse Shares in CREST and you wish to appoint a proxy or proxies for the 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 Company's registrars, Capita Asset Services, by no later than 10.00 a.m. on 5 August 2016 (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, the General Meeting and/or the completion and return of the Form of Proxy, please telephone Capita Asset Services on 0871 664 0300. Calls cost 12p 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 General Meeting, or any adjournment thereof, if you wish to do so and are so entitled.

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EXPECTED TIMETABLE OF EVENTS

<i>Event</i>	<i>Date</i>
Latest time and date for receipt of Forms of Proxy from Lakehouse Shareholders	10.00 a.m. on 5 August 2016
Voting Record Time for the General Meeting	Close of business on 5 August 2016
Time, date and location of the General Meeting	10.00 a.m. on 9 August 2016 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS

All references to time in this document (including the Notice of the General Meeting) and the accompanying Form of Proxy are to London time.

**LETTER FROM THE SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR AND ACTING CHAIRMAN
OF THE REMUNERATION COMMITTEE**



LAKEHOUSE PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 9411297)

Directors:

Bob Holt OBE (*Executive Chairman*)
Jeremy Simpson (*Chief Financial Officer*)
Michael McMahon (*Executive Director*)
Robert Legget (*Senior Independent Non-Executive Director*)
Ric Piper (*Non-Executive Director*)
Steve Rawlings (*Non-Executive Director*)
Andrew Harrison (*Alternate Director for Steve Rawlings*)

Registered Office:

1 King George Close
Romford
Essex
RM7 7LS

22 July 2016

Dear Lakehouse Shareholder,

**Proposal to approve the appointment of Robert (Bob) Holt OBE as Executive
Chairman, to adopt a Revised Directors' Remuneration Policy and to approve the
adoption of the Lakehouse plc Special Incentive Award Plan**

1. Introduction

As set out in the Company's interim results for the six months ended 31 March 2016 (the "**Interim Results**"), announced on 17 May 2016, Lakehouse has had a challenging start to 2016, brought about by market headwinds and operational challenges, combined with some disruption internally, as the composition of the Board was resolved.

Furthermore, since the resignation of Stuart Black as Chief Executive Officer on 21 April 2016, the Chairman and the Non-Executive Directors have been working closely with the Executive Directors, Jeremy Simpson and Michael McMahon, and with the Group's Executive Management Team, to drive the business recovery forward whilst the Board has undertaken a review seeking to identify a suitable long-term executive management solution for Lakehouse.

I am pleased to inform you that, as a result of this review, the Board appointed Bob Holt OBE as a Director and Executive Chairman of the Company on 21 July 2016. At the same time, it was agreed that Ric Piper would step down as Non-Executive Chairman but would continue as a Non-Executive Director as described below.

In accordance with the UK Corporate Governance Code (April 2016), Code Provision B.2.1, the outgoing Chairman, Ric Piper, has not been present when either the Nomination Committee or the Board has been dealing with the appointment of his successor.

The purpose of this letter, therefore, is to:

- explain why your Board considers the appointment of Mr Holt, on the terms (including as to his remuneration) set out in this letter, to be in the best interests of Lakehouse Shareholders, as a whole; and

- to seek Lakehouse Shareholders' approval of:
 - Mr Holt's appointment;
 - a revised remuneration policy (the "**Revised Directors' Remuneration Policy**") that will enable the proposed remuneration package for Mr Holt to be implemented; and
 - the adoption of the Lakehouse plc Special Incentive Award Plan ("**SIAP**").

Mr Holt's appointment as Executive Chairman does not require shareholder approval. However, considering the upheaval and changes to its composition over recent months, your Board (including Mr Holt) nevertheless considers that it is appropriate to ensure that the appointment of Mr Holt has the support of Lakehouse Shareholders.

In the event that Mr Holt's appointment is not confirmed by the approval of the requisite majority of Lakehouse Shareholders at the General Meeting, or the Revised Directors' Remuneration Policy or the SIAP are not approved by the requisite majorities, Bob Holt will resign as a Director and Executive Chairman without compensation and the Revised Directors' Remuneration Policy and the SIAP will not be adopted.

Bob Holt has asked for the following statement to be included in this letter on his behalf:

"I am delighted to be joining the Board of Lakehouse and believe that my experience in the areas in which the Group operates will be of benefit.

The Board is committed to return significant shareholder value and I look forward to working with the team to deliver that strategy".

Ric Piper, who was previously the Non-Executive Chairman of the Company, has agreed to remain on the Board as an independent Non-Executive Director until 30 November 2016 to facilitate an appropriate handover of responsibilities to Mr Holt, if his appointment is confirmed following the General Meeting. The Board sincerely thanks Ric Piper for his positive contribution to the Board and the business during his time as Chairman and wishes him well.

Until 30 November 2016, Ric Piper will continue to be paid at the rate of £100,000 per annum for four working days per month with each additional working day paid at the rate of £2,083 per day.

In recognition of Ric Piper's contribution to the Company, the Company will donate the sum of £40,000 to the Rainbow Trust Children's Charity which provides emotional and practical support to families who have a child with a life threatening or terminal illness. The donation is in memory of Ric's younger daughter who died in March 2016.

In order to maintain an appropriate balance of Executive and Non-Executive Directors, the Directors will seek to strengthen the Board further with the appointment of an additional independent Non-Executive Director of the Company in due course.

2. Background to, and reasons for, Mr Holt's appointment

Following the resignations of Sean Birrane, then Chief Executive Officer, on 8 March 2016 and Stuart Black, Chief Executive Officer and previously Executive Chairman, on 21 April 2016, the Group has been operating without a Chief Executive Officer with overall responsibility for the operational performance and strategic direction of the Group. As set out in the Interim Results, due to market and operational factors, this has been a challenging period for Lakehouse which has required the Executive Directors to focus on establishing an effective self-help programme to drive business improvement.

The Board believes that the Group requires experienced executive leadership to navigate the business through the current challenging market conditions whilst also setting a clear strategic direction for the Group over the medium term. For this reason, the Board has been actively seeking to identify and recruit a senior executive who it believes is capable of fulfilling this role for Lakehouse and is able to take up the position immediately.

Bob Holt is an experienced manager and developer of service businesses. He has operated in the service sector since 1981, initially in a financial capacity and later moving into general management and has an extensive track record of working with growing businesses in the service sector.

In 1996, Mr Holt purchased a controlling interest in Mears Group PLC (“**Mears**”) and floated the company on AIM with a market capitalisation at the time of its initial public offering of £3.6 million. Since that time, Mr Holt has been instrumental in growing Mears to a business with annual revenues in excess of £880 million (for the financial year ended 31 December 2015) and a market capitalisation of over £380 million (as at 21 July 2016, being the latest practicable date prior to the date of this letter). Mears moved to the Main Market of the London Stock Exchange in 2008 and Mr Holt currently serves as its non-executive chairman. Mears has won a number of industry and stock exchange awards in the years since Mr Holt has been associated with it.

As well as his continued involvement with Mears, Mr Holt also currently serves as non-executive chairman of Inspired Energy plc, Herbert T. Forrest Limited, DX (Group) plc, Inprova Group Limited and Totally plc. Mr Holt was also previously Managing Director of MITIE Maintenance Limited, a national provider of building, mechanical and electrical maintenance services, from December 1993 to January 1996 and Managing Director of Grasham Services Limited from June 1990 to December 1993. He was awarded an OBE in January 2016.

Your Board believes that Mr Holt’s expertise and background in the support services industry, in particular his knowledge, considerable experience of and reputation in the sector in which the Company’s principal business operates and his track record of turning around underperforming companies, will be invaluable to the Group going forward and makes him a highly qualified candidate for the position of Executive Chairman of the Company as your Board seeks to restore value for Lakehouse Shareholders.

Whilst Mr Holt will continue in his position as non-executive chairman of Mears and the other companies of which he is currently a director (as set out in Appendix 1 to this letter), the Board is satisfied that, should his appointment as Executive Chairman be confirmed at the General Meeting, Mr Holt will be able to dedicate the time and resources required to fulfilling this role fully.

Furthermore, your Board has given due and careful consideration to any potential conflicts of interest that may arise as a consequence of Mr Holt assuming the role of Executive Chairman of the Company whilst, at the same time, retaining his position as non-executive chairman of Mears (and as chairman of the other companies referred to above). Although the Board recognises that there may be occasions where such conflicts arise, your Board believes that the number and extent of any such conflicts is likely to be minimal as a consequence of there being limited overlap between the nature of the operations of Mears and the other companies’ operations and the operations of the Company. The Board is therefore satisfied that the existing processes and procedures it has in place will be sufficient to ensure that any such conflicts, should they arise, are appropriately managed.

Details of Mr Holt’s current directorships and partnerships and details of the companies and/or partnerships where Mr Holt has been a director or partner or member of the administrative, management or supervisory bodies during the five years immediately prior to the date of this document are set out in Appendix 1 to this letter.

3. Summary of the principal terms of Mr Holt’s proposed remuneration package

Subject to his appointment being confirmed at the General Meeting, the Board has approved in principle a remuneration package for Mr Holt that it considers to be appropriate in order to secure and retain the services of a candidate of the calibre of Mr Holt. Your Board is confident that Mr Holt’s proposed remuneration package is appropriately aligned with the interests of Lakehouse Shareholders.

Mr Holt has been appointed in order that he can deliver a proactive strategy to restore value to Lakehouse Shareholders in the short term as well as establishing a clear framework to deliver sustainable growth over the longer term.

The Company's existing share incentive schemes, which were introduced at the time of its IPO, were not designed, and the Board does not consider them appropriate, for the purpose of aligning the interests of Mr Holt to those of Lakehouse Shareholders as regards the restoration of value to Lakehouse Shareholders, given the impact of the Company's previously announced operational and market challenges.

The SIAP has therefore been designed, and is proposed, for the sole purpose of incentivising Mr Holt and selected Executive Directors of the Company to deliver value to Lakehouse Shareholders over the short term.

A summary of the principal terms of the SIAP is set out in Appendix 3.

It should be noted, however, that under the terms of the SIAP, Mr Holt and any other Executive Director of the Company who is made an award under the SIAP:

- will not receive any value from their award unless, at the end of the performance period (described below) the total shareholder return (being the aggregate of the closing middle market price of a Lakehouse Share for the last Dealing Day of such performance period and all dividends paid per Lakehouse Share during the two consecutive financial years of the Company commencing on 1 October 2016) equals or exceeds 58.57 pence; and
- will only receive full value from their award if at the end of such performance period the total shareholder return (measured on the basis described above) is 98.40 pence or more.

For these purposes, the performance period mentioned above is the period starting with the date of Mr Holt's appointment to the Board (if such appointment is confirmed by Lakehouse Shareholders) and ending on the first to occur of 31 January 2019 or the date of publication of the audited results of the Company for the financial year ending 30 September 2018.

Should Mr Holt's appointment as a Director and Executive Chairman of the Company be confirmed at the General Meeting and the SIAP be approved by Lakehouse Shareholders, it is proposed that Mr Holt would be made a single one-off award under the SIAP in respect of 2,307,692 Lakehouse Shares (the "**Proposed Award**"). No consideration would be payable by Mr Holt for the grant of the Proposed Award or in respect of its exercise. The number of Lakehouse Shares ultimately capable of being acquired by Mr Holt pursuant to such award shall be determined in accordance with the terms of the Performance Condition summarised in detail in Appendix 3. In the event that the Proposed Award is granted to Mr Holt and it transpires that at the end of the performance period referred to above the total shareholder return is 98.40 pence or more, Mr Holt should be able to acquire 4,615,384 Lakehouse Shares pursuant to the exercise of the Proposed Award. (Please refer to the section headed "Performance condition" in Appendix 3 for an explanation of how this number of Lakehouse Shares is determined).

It is also proposed that other Executive Directors of the Company who are key to assisting Mr Holt deliver a restoration of shareholder value over the short term may, at the discretion of the Remuneration Committee, also be made a single one-off award under the SIAP following its adoption. It is proposed that doing so will ensure that the individuals who are critical to delivering value to Lakehouse Shareholders will all be aligned to that goal.

The quantum of the Proposed Award and the terms of the SIAP which govern it do not fall within the scope of the Company's current remuneration policy (the "**Current Directors' Remuneration Policy**") which was approved at the AGM. It is also the case that other elements of the proposed structure of Mr Holt's proposed remuneration package are outside the scope of the Current Directors' Remuneration Policy. Accordingly, in order to provide the proposed remuneration package to Mr Holt, to adopt and operate the SIAP, to grant the Proposed Award to Mr Holt and to grant an award under the SIAP to other Executive Directors of the Company to be selected by the Remuneration Committee, it will be necessary for the Company to adopt the Revised Directors' Remuneration Policy.

Other than the Proposed Award referred to above, the key elements of Mr Holt's remuneration package are as follows:

- Mr Holt will enter into a service agreement under which he will be employed as a Director and Executive Chairman. He will be employed full-time for an initial period of one month and thereafter three days per week and will receive an annual salary of £75,000 gross.

- Mr Holt will not receive any pension or other benefits under his service agreement and he will not be eligible for any annual incentive award.
- Mr Holt will also be available to provide consultancy services to the Company and other Group Companies in relation to advice about the turnaround management strategy of the Group. These services will be provided by a consultancy company of which he is a shareholder. The daily fee payable for such consultancy services is £1,595 plus VAT. The Company intends that such services will be provided for two days per week over 47 weeks per year at a total cost of £150,000 per annum (plus VAT).

In addition, Mr Holt's proposed service and consultancy arrangements will have the following key terms:

- Mr Holt's service agreement may be terminated by either party giving to the other six months' notice. His service agreement may be terminated immediately if he commits any material or continued breach or gross misconduct.
- The Company may, at its discretion, terminate Mr Holt's service agreement by paying him six months' salary in lieu of notice ("PILON"). The payment may, at the Company's discretion, be paid in equal monthly instalments. Where it elects to pay in instalments, the Company may reduce any instalment by the amount that Mr Holt has earned or is expected to earn in the six month period following termination. As Mr Holt already has a number of other outside interests, only replacement income that he earns from his employment with the Company may be offset against PILON instalments and not income he would have received in any other event.
- The consultancy agreement under which Mr Holt's consultancy services will be provided may be terminated by either party giving to the other six months' notice. The Company may terminate the consultancy agreement immediately in the event of a serious or continuing breach.
- The Company may, at its discretion, terminate the consultancy agreement under which Mr Holt's consultancy services will be provided by paying his consultancy company an amount equal to the maximum daily fees that would be received by the consultancy company during the notice period. The payments may, at the Company's discretion, be paid in equal monthly instalments and may be reduced by other replacement fees earned by the consultancy company during the six months following termination.
- Both the service agreement and the consultancy agreement allow the Company to exclude Mr Holt from providing services during any notice period. Under his service agreement, Mr Holt is restricted from soliciting or dealing with certain customers of the Company or soliciting certain employees of the Company for a period of 12 months following termination.

The Board believes that the proposed remuneration package for Mr Holt:

- provides appropriate alignment with the interests of Lakehouse Shareholders in relation to restoring value to Lakehouse Shareholders over the next two years; and
- is appropriate to secure the appointment of an Executive Chairman with the extensive experience and expertise which Mr Holt has demonstrated throughout his career.

4. Requirement for Lakehouse Shareholder approval

As stated above, Mr Holt's appointment as Executive Chairman does not require shareholder approval but your Board nevertheless considers that it is appropriate to ensure that the appointment of Mr Holt has the support of Lakehouse Shareholders.

In addition, whilst for the reasons set out above your Board considers that the proposed remuneration package for Mr Holt is appropriate to incentivise him to achieve the objectives that will be set for him, certain elements of it are outside the Current Directors' Remuneration Policy and therefore require the approval of Lakehouse Shareholders. In particular, the Current Directors' Remuneration Policy does not permit the Company to:

- make the Proposed Award; and
- make a payment in lieu of notice or a damages payment on early termination of the consultancy agreement under which Mr Holt's consultancy services will be provided to the Company.

Accordingly, the approval of Lakehouse Shareholders is being sought as follows:

Resolution 1 – Appointment of Bob Holt OBE as a Director and Executive Chairman of the Company

It is proposed that, subject to and conditional on the passing of Resolutions 2 and 3 relating to the approval of the Revised Directors' Remuneration Policy and the SIAP through which Mr Holt will be incentivised, Bob Holt's appointment as Executive Chairman of the Company be approved and confirmed. Mr Holt has significant relevant business knowledge and the Board believes that his appointment will bring valuable skills and experience to the Company and the Board as a whole. His relevant expertise and experience is set out in paragraph 2 of this letter.

Accordingly, it is proposed that Mr Holt's appointment as Executive Chairman be approved and confirmed.

Resolution 2 – Approval of Revised Directors' Remuneration Policy

The Current Directors' Remuneration Policy was approved at the AGM. It has been revised to:

- enable the SIAP to be operated in accordance with its terms and the Proposed Award to be granted to Mr Holt and an award under the SIAP to be granted to other Executive Directors at the discretion of the Remuneration Committee; and
- permit the Company, on early termination of the consultancy agreement under which Mr Holt's consultancy services are provided, to make: (i) a payment in lieu of notice to the consultancy company up to the maximum fees otherwise payable during the notice period and, at the Company's discretion, to pay in monthly instalments reduced by replacement income earned or to be received during the notice period; or (ii) a damages payment.

One of Mr Holt's responsibilities if he is appointed as Executive Chairman will be to review all aspects of the Group's business and its current strategy and how it is being implemented with a view to restoring within the next two years the shareholder value that has been eroded since the IPO. As part of this review, Mr Holt may seek to recruit additional members of the Company's Executive Management Team, including additional Executive Directors, where appropriate, and the revisions to the Current Directors' Remuneration Policy described above are designed to provide the flexibility to reward not only Mr Holt but also the Company's other Executive Directors from time to time (including those in place as at the date of this letter) appropriately within the terms of the Revised Directors' Remuneration Policy and reflecting the results of the Executive Chairman's review.

Accordingly, it is proposed that the Revised Directors' Remuneration Policy, as set out in Appendix 2, be approved.

The vote is binding, which means that once the Revised Directors' Remuneration Policy, as approved by Lakehouse Shareholders, comes into effect, all remuneration payments and payments for loss of office to Directors must be in accordance with it. If approved, the Revised Directors' Remuneration Policy will come into effect immediately following the General Meeting. The Companies Act 2006 requires the Company to seek approval for its remuneration policy at least once every three years.

Resolution 3 – Approval of SIAP

It is proposed that the Company adopt the SIAP. The rationale for its adoption is set out in paragraph 3 above and a summary of the principal terms of the SIAP is set out in Appendix 3.

If the SIAP is adopted, it is intended that the Executive Chairman will be the initial participant in the SIAP by being granted the Proposed Award although the Remuneration Committee may (as indicated in paragraph 3 above) extend its use to other Executive Directors of the Company at a later date.

Voting at the General Meeting

You will find, set out at the end of this document, a Notice convening the General Meeting, to be held at 10.00 a.m. on 9 August 2016 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, at which the Resolutions will be considered. The full text of the Resolutions is set out in the Notice.

Voting on all Resolutions will be conducted on a poll rather than a show of hands. This reflects current best practice and ensures that Lakehouse Shareholders who are not able to attend the 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 General Meeting.

You will find enclosed with this document a Form of Proxy for use at the General Meeting or any adjournment thereof. Whether or not you intend to be present at the 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 Company's registrars, Capita Asset Services, at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 10.00 a.m. on 5 August 2016 (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).

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If you have any questions relating to this document, the General Meeting and/or the completion and return of the Form of Proxy, please telephone Capita Asset Services on 0871 664 0300. Calls cost 12p 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 General Meeting, or any adjournment thereof, if you wish to do so and are so entitled.

Documents available for inspection

A copy of the draft form of the rules of the SIAP and Mr Holt's service agreement and consultancy agreement will be available for inspection at the registered office of the Company and at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of the Notice until the close of the General Meeting and will also be available for inspection at the location of the General Meeting from fifteen minutes before the General Meeting until it ends.

Irrevocable undertakings

Each of Jeremy Simpson (Chief Financial Officer), Michael McMahon (Executive Director) and Steve Rawlings (Non-Executive Director) (and certain members of his immediate family) have irrevocably undertaken to vote, or procure the vote, in favour of the Resolutions at the General Meeting in respect of 42,244,152 Lakehouse Shares, in aggregate, representing 26.82 per cent. of the current issued share capital of the Company as at 21 July 2016, being the latest practicable date prior to the publication of this document.

In addition, certain other Lakehouse Shareholders (including Slater Investments Limited), have each irrevocably undertaken to vote, or procure the vote, in favour of the Resolutions at the General Meeting in respect of 25,187,558 Lakehouse Shares, in aggregate, representing 15.99 per cent. of the current issued share capital of the Company as at 21 July 2016, being the latest practicable date prior to the publication of this document.

Accordingly, therefore, the Company has procured irrevocable undertakings to vote, or procure the vote, in favour of the Resolutions at the General Meeting in respect of 67,431,710 Lakehouse Shares, in aggregate, representing 42.81 per cent. of the current issued share capital of the Company as at 21 July 2016, being the latest practicable date prior to the publication of this document.

Recommendation

For the reasons set out in this letter, the Directors (excluding, for these purposes, Bob Holt) are of the opinion that the Resolutions are in the best interests of the Company and Lakehouse Shareholders as a whole and unanimously recommend that Lakehouse Shareholders vote in favour of the Resolutions.

Yours sincerely

Robert Legget

Senior Independent Non-Executive Director and Acting Chairman of the Remuneration Committee

APPENDIX 1

Details of Mr Holt's Current and Previous Appointments

Mr Holt is, or has been during the five years immediately prior to the date of this document, a director or partner or member of the administrative, management or supervisory bodies of the companies or partnerships listed below:

Current directorships/partnerships

Business Strategy LLP
Coal Hole Limited
DX (Group) PLC
EnSCO 996 Limited
Inprova Group Ltd
Inspired Energy PLC
Mears Group PLC
Seneca Partners Limited
Senone LLP
The Mears Foundation
Totally PLC

Former directorships/partnerships

Electra-net Holdings Limited
Green Compliance Limited
Nektan UK Limited
Precision Midstream Limited

Mr Holt has not:

- had any convictions in relation to indictable offences;
- been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any of his assets or any assets of a partnership of which he was a partner at any time during the preceding 12 months;
- been an executive director of any company which, while he was a director, had a receiver appointed or entered into compulsory liquidation, creditors' voluntary liquidation, administration or a company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors at any time during the preceding 12 months;
- been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or a partnership voluntary arrangement, or had a receiver appointed to any partnership asset at any time during the preceding 12 months;
- received any public criticism and/or been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies); or
- been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

APPENDIX 2

Revised Directors' Remuneration Policy

This section sets out the proposed Revised Directors' Remuneration Policy of the Company. If approved by Lakehouse Shareholders, the Revised Directors' Remuneration Policy will take effect immediately. It is proposed that the Revised Directors' Remuneration Policy will apply for a three year period following approval.

If approved, this Revised Directors' Remuneration Policy replaces the Current Directors' Remuneration Policy which was approved by Lakehouse Shareholders at the 2016 Annual General Meeting. The Revised Directors' Remuneration Policy has been revised to:

- enable Executive Directors to participate in a new long-term incentive scheme, the Lakehouse plc Special Incentive Award Plan (the "SIAP"), which is designed to reward Directors for increasing shareholder returns;
- change the policy on termination for new Executive Directors to increase the notice period required from new Executive Directors to up to 12 months (subject to a minimum of six months), to permit the Company to make a payment in lieu of notice in monthly instalments and to pay statutory claims; and
- permit the Company to pay fees to a consultancy company which will provide Mr Holt's consultancy services and, on early termination of the consultancy agreement, to make: (i) a payment in lieu of notice to the consultancy company equal to the maximum fees otherwise payable during the notice period and, at the Company's discretion, to pay monthly instalments reduced by replacement income earned or to be received during the notice period; or (ii) a damages payment.

Objectives of the Revised Directors' Remuneration Policy

The Remuneration Committee's objective is to ensure remuneration encourages, reinforces and rewards the growth of shareholder value and promotes the long term success of the Company. The Revised Directors' Remuneration Policy for Executive Directors is designed to support the business needs of the Company, to ensure it has the ability to attract, motivate and retain senior leaders of a high calibre, remains competitive and provides appropriate incentives for performance. The Committee has agreed that Executive Directors' remuneration should also:

- align executives with the best interests of the Company's shareholders and other relevant stakeholders to restore value through a significant weighting on performance-related pay;
- be consistent with regulatory and corporate governance requirements;
- be straightforward and transparent and support the delivery of strategic objectives; and
- be consistent with the Group's risk policies and systems to guard against inappropriate risk taking.

The table below and accompanying notes summarises the key elements of the Revised Directors' Remuneration Policy.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base Salary			
<p>A competitive base salary is essential to recruit and retain Executives.</p> <p>Reflects an individual's experience, role, competency and performance.</p>	<p>Salaries are paid monthly. They are normally reviewed annually and fixed for 12 months commencing 1 October.</p> <p>Decisions on changes to salaries are influenced by a variety of factors including:</p> <ul style="list-style-type: none"> • the commercial need to do so • the role, experience, responsibility and performance (of both the individual and Company) • increases applied to the broader workforce • periodic benchmarking of similar roles in broadly similar UK listed companies and companies of a similar size <p>Bob Holt is permitted to provide consultancy services to the Company and other Group Companies in relation to advice about the turnaround management strategy of the Group.</p>	<p>The general policy is to pay around mid-market levels with annual increases typically in line with the wider workforce. There is no obligation on the Company to award an annual salary increase and any base salary increases awarded will be at the Company's discretion.</p> <p>Increases beyond those granted to the workforce may be awarded in certain circumstances, such as where there is a change in the individual's responsibility or where the salary set at initial appointment was below the level expected once the individual gains further experience. An above market positioning may be appropriate in exceptional circumstances to reflect the criticality of the role and experience and performance of the individual.</p>	<p>No formal metrics apply although individual and Company performance is taken into account when determining any annual increase.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
<p>The Company offers competitive and cost-effective benefits to help recruit and retain Executives.</p> <p>Certain benefits such as medical cover are provided to minimise disruption to the day-to-day operation of the business.</p>	<p>Benefits include but are not limited to the provision of company car (or cash allowance in lieu), fuel, life assurance and family private medical cover.</p> <p>Relocation or other related expenses may be offered, as required.</p> <p>Executive Directors may participate in the all-employee HMRC-approved Sharesave (SAYE scheme), Share Incentive Plan (SIP) and Company Share Option Scheme (CSOP) plans.</p>	<p>The cost of providing market competitive benefits may vary from year to year depending on the cost to the Company from third-party providers.</p> <p>Participation in HMRC-approved plans will be subject to the individual limits as prescribed by HMRC at the time of grant.</p>	<p>No performance metrics apply.</p>
Retirement Benefits			
<p>To provide a market-competitive, cost-effective contribution towards post-retirement benefits.</p>	<p>The Company may provide a contribution to a personal or company-operated defined contribution pension plan or a cash allowance in lieu of pension.</p>	<p>The Company's contribution to defined contribution plans or salary supplement in lieu of pension may be made up to the value of 15 per cent. of salary.</p>	<p>No performance metrics apply.</p>
Annual Bonus			
<p>To motivate executives and incentivise the achievement of annual financial and/or strategic targets.</p> <p>Bonus deferral in shares provides a retention element and extra alignment with shareholders.</p>	<p>Bonus payments are determined by the Remuneration Committee after the year end, based on performance against the targets set. Targets are reviewed annually at the start of the financial year.</p> <p>At least half of any bonus is payable in cash and the remainder is deferred into shares for up to three years under the Deferred Share Bonus Plan. Deferred Share Bonus Plan awards are not subject to any further performance criteria.</p>	<p>The maximum opportunity under the annual bonus scheme is 100 per cent. of salary.</p>	<p>The bonus may be based on the achievement of an appropriate mix of challenging financial, strategic or individual targets.</p> <p>Financial measures which will typically account for the majority of the bonus opportunity may include measures such as (Group or business unit) profit or cash flow taking into account the strategic objectives of the business from time to time.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
	<p>Bonus payments in respect of the financial year 2015/16 onwards and Deferred Share Bonus Plan awards granted from 2015/16 can be clawed back or reduced if the Remuneration Committee determines within three years of the payment or grant date that there has been a material misstatement of financial results, a miscalculation in the grant or assessment of performance conditions or where serious misconduct has been discovered.</p> <p>An additional payment (in the form of cash or shares) may be made in respect of shares that vest to reflect the value of dividends that would have been paid on those shares during the vesting period.</p>		<p>For financial metrics, a range of targets is set by the Committee, taking into account factors such as the business outlook for the year.</p> <p>The level of payment for achieving threshold performance may vary depending on the financial measure chosen, with payouts from zero per cent. Full vesting requires outperformance of objectives.</p> <p>Individual measures may include Health & Safety performance, Order Book and strategic initiatives or any other appropriate objective aligned with the key short term priorities of the Group. Where possible a performance range will be set although this will depend on the measure chosen.</p> <p>The detail of the measures, targets and weightings may be varied by the Committee year on year based on the Company's strategic goals¹. The specific performance metrics to be used are commercially sensitive and disclosure of actual performance metrics will be made retrospectively (year on year) when bonuses are awarded.</p>

¹ Annual bonus performance metrics

The annual bonus measures are reviewed annually and reflect the key financial, strategic and operational priorities of the Group. Stretching financial targets are set by the Remuneration Committee by taking account of the Company's business plan and external expectations for the next 12 months.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Performance Share Plan			
<p>The PSP incentivises the Executive Directors and selected employees to achieve demanding financial and superior long term shareholder returns.</p> <p>Retains key Executives over the medium term.</p> <p>Aligns the interests of the Executives and shareholders through the requirement to build up a substantial shareholding.</p>	<p>Awards are granted annually in the form of either nominal or nil-cost options under the Performance Share Plan and vest after three years.</p> <p>Stretching performance conditions measured over a period of three years determine the extent to which awards vest.</p> <p>Quantum is reviewed annually (subject to the PSP individual limit) taking into account matters such as market practice, overall remuneration, the performance of the Company and the Executive being made the award.</p> <p>Vested awards may be clawed back and subsisting awards may be reduced if within three years of vesting there has been a material misstatement of financial results, a miscalculation in the grant or assessment of performance conditions or where serious misconduct has been discovered.</p> <p>Dividends payable during the vesting period may accrue on vested shares.</p>	<p>The maximum annual award under the PSP that may be granted to an individual in any financial year is 150 per cent. of salary.</p>	<p>The exercise of awards is conditional upon the achievement of one or more challenging performance targets set by the Remuneration Committee at the time of grant and measured over a three year period. Measures may include:</p> <ul style="list-style-type: none"> • The Company’s total shareholder return (TSR) performance over a three year performance period compared to a comparator group determined at grant. For a ranking below median, none of this part of the award will vest; for a median ranking, 25 per cent. vests; and 100 per cent. vesting for upper quartile performance or better. For performance between median and upper quartile, the award vests on a straight line basis. For this part of the award, no vesting can occur unless the Remuneration Committee considers that the underlying financial performance of the Company has been satisfactory • A sliding scale of earnings per share (EPS) growth targets. None of this part of the award shall vest if growth is below a threshold level of growth; 25 per cent.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
			<p>vests for achieving the threshold level; and full vesting for achieving the maximum performance target or better. For performance between these points, vesting is on a straight line basis</p> <p>In determining the target range for any financial measures that may apply, the Remuneration Committee ensures they are challenging by taking into account current and anticipated trading conditions, the long term business plan and external expectations while remaining motivational for management.</p> <p>TSR and EPS or financial metric performance periods will usually commence from the start of the financial year in which the award is made.</p> <p>The Remuneration Committee retains the flexibility to vary the mix of metrics for each year's award in light of the business priorities at the time. The Remuneration Committee may introduce other measures either to support or in place of TSR and EPS which support the long term business strategy².</p>

² Performance Share Plan metrics

Relative TSR provides a measure of the long term success of the Company relative to appropriate peer comparators. EPS growth is a measure of the overall profitability of the business for investors over the long term and therefore helps align the interests of management with shareholders. If the Remuneration Committee decides to choose alternative measures, they will be selected to ensure that they incentivise Executive Directors to deliver long term sustainable returns for shareholders.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Special Incentive Award Plan			
<p>To provide alignment with the short-term interests of shareholders in relation to restoring value over the period to January 2019.</p> <p>To secure the appointment of an Executive Chairman with extensive experience and expertise and to incentivise other Executive Directors, if appropriate, selected at the discretion of the Remuneration Committee.</p>	<p>Only Directors of the Company may be granted awards under the SIAP and no individual may be granted more than one award under the SIAP. Awards will take the form of nil-cost options and no award may be granted on or after the first anniversary of the date of adoption of the SIAP.</p> <p>Awards will vest subject to performance and may only be exercised after the day immediately following the end of the performance period. The performance period ends on the earlier of 31 January 2019 or the date of publication of the results announcement for the FY2018/19 financial year.</p> <p>Dividends will not accrue on vested shares but will be taken into account when assessing the performance condition.</p>	<p>Bob Holt may not be granted an award in excess of 2,307,692 Lakehouse shares under the SIAP.</p> <p>Any other Director may not be granted an award which has an aggregate market value in excess of £675,000 (measured at the date of grant of the award concerned).</p> <p>The number of shares in respect of which an award may be exercised shall be determined by a multiplier based on absolute TSR performance. The multiplier is capped at 2.</p>	<p>The performance condition is measured over a performance period beginning on the date on which Bob Holt is appointed as Executive Chairman on the Company and ending on the earlier of 31 January 2019 or the date of announcement of the results for the financial year ending 30 September 2018.</p> <p>Performance is based on absolute total shareholder return (Absolute TSR) (calculated as aggregate of the share price on the last dealing day of the performance period plus the value of any dividends paid during the two consecutive financial years of the Company commencing on 1 October 2016). The same performance target shall apply to all awards made under the SIAP. The multiplier applying to the award shall be as follows:</p> <ul style="list-style-type: none"> • If Absolute TSR is less than 58.57 pence, the multiplier shall be zero • If Absolute TSR is equal to 58.57 pence, the multiplier shall be 0.6 • If Absolute TSR is equal to 78.48 pence, the multiplier shall be 1.3 • If Absolute TSR is greater than 58.57 pence but less than 78.48 pence, the multiplier shall be determined on a straight line basis between 0.6 and 1.3

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
			<ul style="list-style-type: none"> • If Absolute TSR is equal to or greater than 98.4 pence, the multiplier shall be 2 • If Absolute TSR is greater than 78.48 pence but less than 98.4 pence, the multiplier shall be determined on a straight line basis between 1.3 and 2 <p>Notwithstanding the determination of the multiplier, in the event that the Company undertakes a variation of share capital at any time during the performance period, which in the opinion of the Remuneration Committee materially affects the share price, the Remuneration Committee may, in its sole discretion, reduce the multiplier to such level (including to zero) as it deems appropriate.</p> <p>If any event occurs which causes the Remuneration Committee reasonably to consider that a different or an amended condition would be a fairer measure of performance, the Remuneration Committee may, acting fairly and reasonably, amend the Performance Condition in such manner as it deems appropriate provided that any such amended condition is not materially less challenging to achieve than the original Performance Condition would have been to achieve prior to such amendment.³</p>

3 Special Incentive Plan metrics

Absolute TSR provides direct alignment with shareholders' interests through share price growth and return of cash through dividends.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Non-Executive Directors' Fees			
<p>To attract and retain high-quality and experienced Non-Executive Directors.</p>	<p>The fees of the Non-Executive Directors are determined by a Sub-Committee of the Board comprising the Executive Chairman and other Executive Directors. Fees are reviewed periodically.</p> <p>Non-Executive Directors receive a fee for carrying out their duties, together with additional fees for those who chair the primary Board Committees, the Senior Independent Director and, the Deputy Chairman.</p> <p>The level of fees of the Non-Executive Directors reflects the time commitment and responsibility of their respective roles. Their fees are reviewed from time to time against broadly similar UK listed companies and companies of a similar size.</p> <p>Non-Executive Directors do not participate in any incentive arrangements and they do not receive a pension contribution. Non-Executives do not receive any benefits but they may be reimbursed for the grossed-up cost of travel, overnight accommodation or other reasonable expenses incurred in carrying out their duties which are deemed taxable by HMRC.</p>	<p>The Company's Articles of Association set an aggregate fee level of £500,000 per annum.</p>	<p>No performance metrics apply.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Share ownership policy			
To align interests of management and shareholders and promote a long term approach to performance and risk management.	<p>Executive Directors are expected to build up a shareholding in the Company equal to at least 200 per cent. of salary.</p> <p>Only shares owned outright by Executive Directors (or connected persons) are included in the guideline.</p> <p>The Remuneration Committee will review progress annually with an expectation that Executive Directors will make progress towards the achievement of the shareholding policy guideline each year. At its discretion and where appropriate the Remuneration Committee may permit the sale of shares by an Executive Director with a shareholding in the Company of less than 200 per cent. of salary.</p>	Not applicable.	No performance metrics apply.

Incentive plan discretions

The Remuneration Committee will operate the Annual Bonus Plan, the Deferred Share Bonus Plan, the Performance Share Plan, the Special Incentive Award Plan and the HMRC approved share schemes according to their respective rules and the policy set out above. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include, but are not limited to, the following:

- who participates in the plan;
- the timing of grant and/or payment;
- the size of an award and/or a payment;
- the choice of performance measures and targets for each incentive plan in accordance with the policy set out above and the rules of each plan (including, for example, the treatment of delisted companies for the purpose of the TSR comparator group and any adjustments required to EPS to make it a fairer measure of performance);
- the ability to vary any performance conditions if circumstances occur which cause the Remuneration Committee to determine that the original conditions have ceased to be appropriate provided that any

change is fair and reasonable and in the Remuneration Committee's opinion, not materially less difficult to satisfy than the original condition;

- discretion relating to the measurement of performance in the event of a change of control or reconstruction; and
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

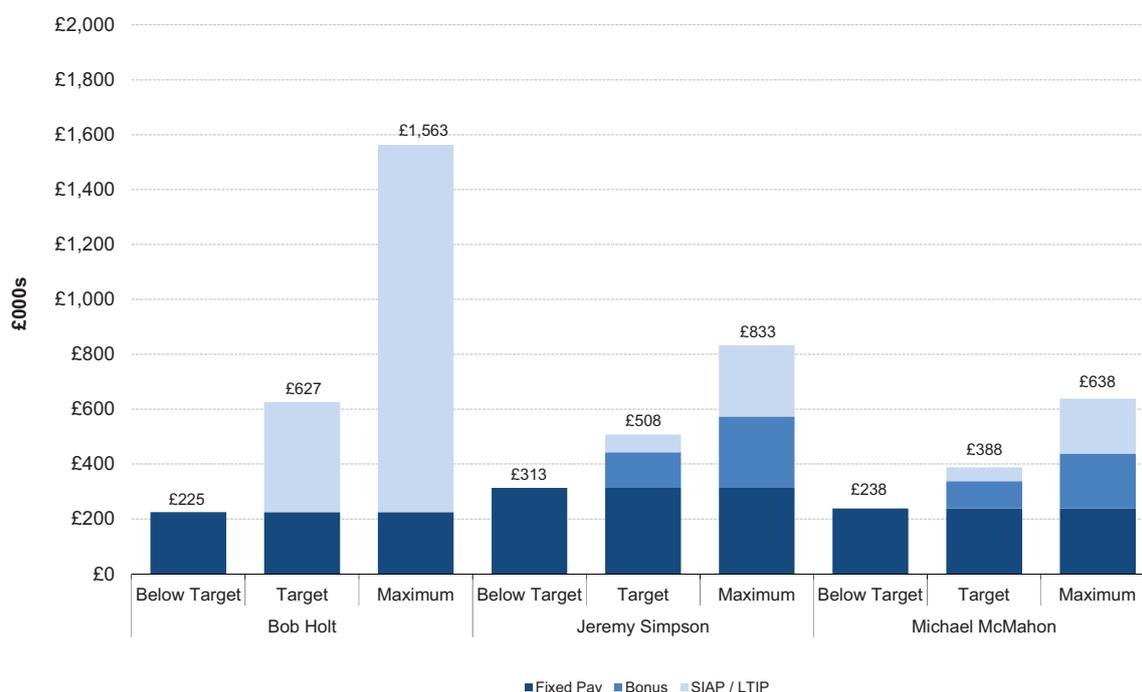
Legacy arrangements

For the avoidance of doubt, any remuneration or for loss of office payments that are not in line with this policy may be made if the terms were agreed before the approval of this policy. In addition, authority is given to the Company to honour any commitments entered into at a time when the relevant employee was not a Director of the Company.

Illustrations of application of remuneration policy

The Lakehouse remuneration arrangements have been designed to ensure that a significant proportion of pay is dependent on the delivery of short term and long term goals that are aligned with the Company's key strategic objectives and the creation of sustainable returns to shareholders.

The Committee has considered the potential amount payable to Executive Directors in different performance scenarios and is satisfied that the amounts payable are appropriate in the context of the performance delivered and the value added for shareholders.



Notes

The chart above assumes Jeremy Simpson and Michael McMahon participate in the PSP and Bob Holt participates in the SIAP.

Below Target: Values are for fixed pay only. We have assumed £225,000 for Bob Holt (with no pension or benefits) and salaries of £260,000 for Jeremy Simpson and £200,000 for Michael McMahon (plus 15 per cent. pension and the value of benefits for Jeremy Simpson and Michael McMahon).

Target: For Jeremy Simpson and Michael McMahon, we have assumed fixed pay as above, bonus based on 50 per cent. of salary payout and PSP vesting at 25 per cent.. For Bob Holt, we have assumed participation in the SIAP only, being an award over 2,307,692 Lakehouse Shares with a multiplier of 0.6 times.

Maximum: For Jeremy Simpson and Michael McMahon, we have assumed fixed pay as above, full bonus and 100 per cent. PSP vesting. For Bob Holt, we have assumed participation in the SIAP only, being an award over 2,307,692 Lakehouse Shares with a multiplier of 2 times.

Note, the above does not take into account any increase in the price of Lakehouse Shares.

Approach to recruitment remuneration

The section below sets out the Remuneration Committee's approach to the recruitment remuneration of Executive Directors.

In setting the remuneration for a new Executive Director, the Remuneration Committee will take into account the calibre of the individual, market data and the remuneration arrangements for current Directors. The remuneration package for a new Director will be set in accordance with the Company's approved policy.

Fixed pay

Salary levels for Executive Directors will be set in accordance with the Company's policy, taking into account the experience and calibre of the individual and his or her existing remuneration package. Where it is appropriate to offer a lower salary initially (for either an internal or external recruit), a series of increases to the desired salary positioning may be made over subsequent years subject to individual performance and development in the role. Benefits will generally be provided in line with those offered to other Executive Directors, with relocation or other expenses provided for if necessary.

Variable pay

The structure of variable pay – the annual bonus, PSP and SIAP participation – will be in accordance with the Company's approved policy detailed above. The maximum opportunities are 100 per cent. of salary bonus, performance shares with a face value of 150 per cent. of salary and a SIAP award over 2,307,692 Lakehouse Shares for Bob Holt and a SIAP Award over £675,000 worth of Lakehouse Shares for Executive Directors of the Company other than Bob Holt (in each case, with a potential multiplier of up to two times). Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that he or she joined the Board.

Buy-out awards

In the case of an external hire, if it is necessary to buy-out incentive pay or benefit arrangements which would be forfeited on leaving the previous employer, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The principle will be that any replacement awards will be of broadly comparable value to what the executive has left behind. Replacement share awards, if used, may be granted using the Company's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules (LR9.4.2).

In the case of an internal hire/promotion, any legacy variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant. Similarly, if an Executive Director is appointed following a merger or acquisition of another company, any legacy pay arrangements may be honoured.

Fees for Non-Executive Directors will be set in line with the approved policy.

Service contracts and letters of appointment

The table below summarises the service contracts of the Executive Directors and terms of appointment of the Non-Executive Directors.

Name	Date of contract/letter of appointment	Notice period by Company	Notice period by Director
Executive Director			
Bob Holt (OBE)	21 July 2016	6 months	6 months
Michael McMahon	17 February 2015	12 months	6 months
Jeremy Simpson	17 February 2015	12 months	6 months
Non-Executive Director			
Ric Piper	–	1 month	1 month
Robert Legget	19 April 2016	1 month	1 month
Steve Rawlings	19 April 2016	1 month	1 month

The section below sets out the Remuneration Committee's approach to service contracts and policy on termination payments.

Bob Holt

It is proposed that Bob Holt will enter into a service agreement under which he will be employed as a Director and Executive Chairman. Mr Holt will not receive any pension or other benefits under his service agreement and he will not be eligible for any annual incentive award. Mr Holt will also be available to provide consultancy services to the Company and other Group Companies. These services will be provided by a consultancy company of which he is a shareholder.

Mr Holt's service agreement may be terminated by either party giving to each other six months' notice. His service agreement may be terminated immediately if he commits any material or continued breach or gross misconduct. The Company may, at its discretion, terminate Mr Holt's service agreement by paying him six months' salary in lieu of notice. The payment may, at the Company's discretion, be paid in equal monthly instalments. Where it elects to pay in instalments, the Company may reduce any instalment by the amount that Mr Holt has earned or is expected to earn in the six month period following termination. As Mr Holt already has a number of other outside interests, only replacement income that he earns from his employment with the Company may be offset against instalments and not income he would have received in any other event.

The consultancy agreement under which Mr Holt's consultancy services will be provided may be terminated by either party giving to each other six months' notice. The Company may terminate the consultancy agreement immediately in the event of a serious or continuing breach. The Company may, at its discretion, terminate the consultancy agreement under which Mr Holt's consultancy services will be provided by paying his consultancy company an amount equal to the minimum daily fees that would be received by the consultancy company during the notice period. The payments may, at the Company's discretion, be paid in equal monthly instalments and may be reduced by other replacement fees earned by the consultancy company during the six months following termination.

Other Executive Directors

Under their service agreements, 12 months' notice of termination of employment is required by the Company and six months by the Executive Director. The Company's policy for any new Executive Directors

is that 12 months' notice of termination of employment is required by the Company and at least up to 12 months (but no less than six months) is required by the Executive Director.

The Company may terminate an Executive Directors' employment immediately by paying an amount in lieu of notice equal to base salary, employer pension contributions and the cost of benefits for the unexpired period of notice. The Company may pay statutory claims. Reasonable costs of legal expenses incurred by the Director may be reimbursed by the Company by making direct payment to the professional adviser.

For existing Executive Directors, the payment at the Company's discretion may be paid in two equal instalments, the first within 28 days of written notice and the second after six months. In the case of new Executive Directors the Company's policy is that such payments may be in equal monthly instalments over the unexpired period of notice. If the payment is paid in instalments, the remaining payment(s) may at the discretion of the Company be reduced by the amount the executive has earned or is expected to receive in the 12 months following termination.

Service agreements will be terminable with immediate effect without notice in certain circumstances, including where the Executive Director commits any material or continued breach of the service agreement or in the case of gross misconduct.

Treatment of bonus and PSP awards

There is no entitlement to cash bonus paid (or associated deferred shares) following notice of termination by either the employee or Company on cessation of employment and 'bad leavers' will not receive any bonus in such circumstances. However, where the individual is considered a 'good leaver' (in the event of death, injury, ill health, or disability, or retirement with the agreement of his employer, or sale of employing company or business out of the Group or for any other reason at the discretion of the Committee), the Company's normal policy is that a performance-related bonus will be payable at the normal time on the proportion of the bonus year for which the individual was employed. Any bonus earned in the year of cessation shall be paid in cash.

Any outstanding share awards held by a departing Director will be treated in accordance with the relevant plan rules. The default treatment under the Deferred Share Bonus Plan and Performance Share Plan is that any outstanding awards will lapse on cessation of employment.

However, in certain prescribed 'good leaver' circumstances (as set out earlier) and in any other circumstances at the discretion of the Remuneration Committee:

- deferred share bonus plan awards will become exercisable at cessation or such later date (up to the original vesting date). Awards will be pro-rated for time unless, at the Remuneration Committee's discretion, it decides to pro rate to a lesser extent or not at all; and
- PSP awards will continue to be held post cessation and will vest at the normal vesting date unless the Remuneration Committee determines that they may vest earlier, from the date of cessation. In either case, the number of awards capable of being exercised will be determined by reference to the satisfaction of performance criteria and reduced pro rata for time (unless the Remuneration Committee determines that pro-rating should apply to a lesser extent or not at all).

Treatment of SIAP awards

If an award holder ceases to be employed within the Group prior to the vesting date by reason of his death, injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or upon the sale or transfer out of the Group of the company or undertaking employing him or in any other circumstances determined to be good leaver circumstances at the discretion of the Remuneration Committee ("**Good Leaver Circumstances**"), then the SIAP award holder will be entitled to retain his award following the cessation of his employment. In these circumstances, the retained award will ordinarily be capable of exercise at any time during the period of 12 months following the Vesting Date, and to the extent not exercised by the end of this period will lapse. In such a case, the number of Lakehouse Shares over which the award may ultimately be exercised shall be determined by reference to the extent to which the Performance Condition is satisfied at the end of the Performance Period; and by pro-rating down the number of Lakehouse Shares in respect of which the award is capable of exercise (determined in accordance with the

Performance Condition) to reflect the part of the vesting period (being the period commencing on the date of grant of the award and ending on the Vesting Date relating to such award (“**Vesting Period**”)) which has elapsed up to and including the date of the cessation of employment, unless the Remuneration Committee exercises its discretion so that no such pro-rating should apply to the award in question or that pro-rating should be applied to some lesser extent.

If an award holder ceases to be employed within the Group before the Vesting Date, in any circumstances other than those described as Good Leaver Circumstances above, his award shall lapse immediately and in full on the date of cessation of employment.

If an award holder ceases to be employed within the Group on or after the Vesting Date of the award for any reason, his award will normally be capable of exercise for a period of 12 months following the cessation of employment, unless it lapses earlier under some other provision of the SIAP.

Awards shall become capable of exercise earlier than the Vesting Date in the event of a takeover of the Company, a scheme of arrangement under Part 26 of the Companies Act 2006 relating to the Company being sanctioned by the court or the voluntary winding up of the Company (each a “**Corporate Event**”). In any such case, the number of Lakehouse Shares over which an award may be exercised will normally also be pro-rated down to reflect the amount of the Vesting Period that has elapsed prior to the relevant Corporate Event. However, the Remuneration Committee has a discretion to ignore such prescribed pro-rating of the Lakehouse Shares over which an award may be exercised, or to pro-rate to such lesser extent as it may decide.

Non-Executive Directors

Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointments are terminable by either party on one month’s written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses. Ric Piper’s appointment as a Non-Executive Director will terminate on 30 November 2016.

All Executive Directors’ service agreements and Non-Executive Directors’ letters of appointment are available for inspection at the Company’s registered office at 1 King George Close, Romford, Essex RM7 7LS.

Remuneration in the wider Group

Throughout the Group, base salary and benefit levels are set taking into account prevailing market conditions. Differences between Executive Director Pay policy and other employee terms reflect the seniority of the individuals, and the nature of responsibilities. The key difference in policy is that for Executive Directors a greater proportion of total remuneration is based on performance-related incentives. The Remuneration Committee has oversight of incentive plans operated throughout the Group. The long term incentive arrangements for the senior management immediately below Board level align with the long term interests of the business and where appropriate objectives may be tailored to individual business areas.

When setting the policy for the remuneration of the Executive Directors, the Remuneration Committee has regard to the pay and employment conditions of employees within the Group. However, the Remuneration Committee does not use comparison metrics or consult directly with employees when formulating the remuneration policy for Executive Directors. The Remuneration Committee reviews salary increases and pay conditions within the business as a whole, to provide context for decisions in respect of Executive Directors.

Shareholder engagement

We are committed to active engagement with our shareholders. We have also recently sought feedback from our major shareholders in advance of the appointment of Bob Holt to explain the reasons for Mr Holt’s proposed appointment and why the revised remuneration arrangements are appropriate in the current circumstances. As and when necessary, the Remuneration Committee will consult with leading shareholders prior to any material change in the way we operate the Revised Directors’ Remuneration Policy or when a new policy is being proposed.

APPENDIX 3

The Lakehouse plc Special Incentive Award Plan (“SIAP”)

Status of the SIAP

Awards granted under the SIAP will take the form of options to acquire Lakehouse Shares for nil consideration. The awards will have no beneficial tax status.

Eligibility

Only employees who are also directors of the Company may be granted an award under the SIAP.

Grant

The Remuneration Committee will have absolute discretion to select the persons to whom awards may be granted and, subject to the limits set out below, in determining the number of Lakehouse Shares to be subject to each award.

Awards may be granted during the period of 42 days commencing on: (a) the date the SIAP is adopted by the Company; (b) the date of the preliminary announcement of the Company’s annual results or the announcement of its half-yearly results in any year (provided that if the Lakehouse Shares continue to be admitted to the Official List at the time in question, no award shall be granted during the first three Dealing Days following the date of any such announcement); (c) the appointment of a new Executive Director of the Company; or (d) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of awards.

If the grant of an award on any of the above days would be prohibited by virtue of the Market Abuse Regulation, the Listing Rules, any relevant share dealing code of the Company, the City Code, or any other relevant regulation or enactment, then such award may be granted during the period of 39 days commencing immediately after the third Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an award.

No award shall be granted on or after the first anniversary of the date of adoption of the SIAP by the Company.

Plan limit

On any date, no award may be granted under the SIAP if, as a result, the aggregate nominal value of Lakehouse Shares issued or issuable pursuant to awards granted during the previous 10 years under the SIAP or any other employees’ share scheme adopted by the Company would exceed ten per cent. of the nominal value of the ordinary share capital of the Company in issue on that date.

For the purposes of the limit set out above:

- any Lakehouse Shares which were subject to an award or other right (whether granted under the SIAP or any other employees’ share scheme adopted by the Company) which has lapsed or been surrendered will not count towards the limit set out above;
- any Lakehouse Shares issued or then capable of being issued pursuant to any awards or rights obtained on or prior to Admission (whether under the SIAP or any other employees’ share scheme adopted by the Company) shall not count towards the limit set out above;
- where an award (or other right granted under any other employees’ share scheme operated by the Company) takes the form of a right to acquire Lakehouse Shares from an employee benefit trust established by the Company, such Lakehouse Shares will only be counted as “issued or issuable” to the extent to which they have been issued (or there is an intention for them to be issued) by the

Company to the trust for the purposes of the SIAP or any other employees' share scheme operated by the Company; and

- Lakehouse Shares held in treasury which are used to satisfy awards or other rights (whether under the SIAP or any other employees' share scheme adopted by the Company) shall be taken into account unless and until treasury shares are no longer required by the Investment Association to be so included for the purposes of such limit.

Individual limits

No individual may be granted more than one award under the SIAP.

Bob Holt may not be granted an award in excess of 2,307,692 Lakehouse Shares.

Any individual (other than Bob Holt) may not be granted an award over Lakehouse Shares which have an aggregate market value in excess of £675,000 (measured at the date of grant of the award concerned).

Performance condition

Any award granted under the SIAP shall be subject to the performance condition summarised below (the "**Performance Condition**").

The Performance Condition shall be measured over a performance period (the "**Performance Period**") beginning on the date on which Bob Holt is appointed as the Executive Chairman of the Company and ending on the earlier of either 31 January 2019 or the date of publication of the financial results of the Company for the financial year ending 30 September 2018.

Pursuant to the Performance Condition, the number of Lakehouse Shares in respect of which an award may be exercised (rounded down to the nearest whole number of Lakehouse Shares) shall be determined by multiplying the number of Lakehouse Shares subject to the award by a multiplier (the "**Multiplier**").

The Multiplier will be calculated by reference to the Company's total shareholder return ("**TSR**") measured over the Performance Period.

- If the TSR measured over the Performance Period is less than 58.57 pence, the Multiplier shall be zero.
- If the TSR measured over the Performance Period is equal to 58.57 pence, the Multiplier shall be 0.6.
- If the TSR measured over the Performance Period is equal to 78.48 pence, the Multiplier shall be 1.3.
- If the TSR measured over the Performance Period is greater than 58.57 pence but less than 78.48 pence, the Multiplier shall be determined on a straight line basis between 0.6 and 1.3.
- If the TSR measured over the Performance Period is equal to or greater than 98.4 pence, the Multiplier shall be 2.
- If the TSR measured over the Performance Period is greater than 78.48 pence but less than 98.4 pence, the Multiplier shall be determined on a straight line basis between 1.3 and 2.

For these purposes, TSR shall be the aggregate of the closing middle market price of a Lakehouse Share for the last Dealing Day of the Performance Period and all dividends paid per Lakehouse Share during the two consecutive financial years of the Company commencing on 1 October 2016.

Notwithstanding the determination of the Multiplier in accordance with the provisions summarised above, in the event that the Company undertakes any variation of share capital at any time during the Performance Period, which in the opinion of the Remuneration Committee materially affects the price of a Lakehouse Share, the Remuneration Committee may, in its sole discretion, reduce the Multiplier so determined (including to zero) to such level as it deems appropriate.

If any event occurs which causes the Remuneration Committee reasonably to consider that a different or an amended condition would be a fairer measure of performance, the Remuneration Committee may, acting fairly and reasonably, amend the Performance Condition in such manner as it deems appropriate provided that any such amended condition is not materially less challenging to achieve than the original Performance Condition would have been to achieve prior to such amendment.

It should also be noted that on the occurrence of certain corporate events (such as a change of control of the Company) before the end of the Performance Period, the Performance Condition applying to an award shall be assessed on such modified basis, measured over the abbreviated period beginning at the start of the Performance Period and ending on the date of the relevant corporate event, as the Remuneration Committee thinks fit. The Performance Condition shall only be modified in such way as is, in the reasonable opinion of the Remuneration Committee, fair and reasonable having regard to the abbreviated Performance Period in question.

Exercise and lapse of awards

Normally, an award may only be exercised after the day immediately following the end of the Performance Period (the “**Vesting Date**”) to the extent that the Performance Condition has been satisfied.

After an award has become capable of exercise it may normally be exercised at any time up until the day immediately prior to the second anniversary of the Vesting Date. However, awards may not be exercised at any time when such exercise is prohibited by the Market Abuse Regulation, the Listing Rules, any relevant share dealing code of the Company, the City Code, or any other relevant regulation or enactment.

An award will normally lapse on the day immediately prior to the second anniversary of the Vesting Date unless it lapses sooner pursuant to any relevant provision of the SIAP.

If an award holder ceases to be employed within the Group prior to the Vesting Date by reason of his death, injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or upon the sale or transfer out of the Group of the company or undertaking employing him or in any other circumstances determined to be good leaver circumstances at the discretion of the Remuneration Committee (“**Good Leaver Circumstances**”), then the award holder will be entitled to retain his award following the cessation of his employment. In these circumstances, the retained award will ordinarily be capable of exercise at any time during the period of 12 months following the Vesting Date, and to the extent not exercised by the end of this period will lapse. In such a case, the number of Lakehouse Shares over which the award may ultimately be exercised shall be determined:

- by reference to the extent to which the Performance Condition is satisfied at the end of the Performance Period; and
- by pro-rating down the number of Lakehouse Shares in respect of which the award is capable of exercise (determined in accordance with the Performance Condition) to reflect the part of the vesting period (being the period commencing on the date of grant of the award and ending on the Vesting Date relating to such award (“**Vesting Period**”)) which has elapsed up to and including the date of the cessation of employment, unless the Remuneration Committee exercises its discretion so that no such pro-rating should apply to the award in question or that pro-rating should be applied to some lesser extent.

If an award holder ceases to be employed within the Group before the Vesting Date, in any circumstances other than those described as Good Leaver Circumstances above, his award shall lapse immediately and in full on the date of cessation of employment.

If an award holder ceases to be employed within the Group on or after the Vesting Date of the award for any reason, his award will normally be capable of exercise for a period of 12 months following the cessation of employment, unless it lapses earlier under some other provision of the SIAP.

Awards shall become capable of exercise earlier than the Vesting Date in the event of a takeover of the Company, a scheme of arrangement under Part 26 of the Companies Act 2006 relating to the Company being

sanctioned by the court or the voluntary winding up of the Company (each a “**Corporate Event**”). In any such case, the number of Lakehouse Shares over which an award may be exercised will normally also be pro-rated down to reflect the amount of the Vesting Period that has elapsed prior to the relevant Corporate Event. However, the Remuneration Committee has a discretion to ignore such prescribed pro-rating of the Lakehouse Shares over which an award may be exercised, or to pro-rate to such lesser extent as it may decide.

An internal reorganisation relating to the Company will not normally trigger the ability to exercise any awards for which the Vesting Date has not occurred at the time of such internal reorganisation. Instead, in the event of such an internal reorganisation, all award holders will be given the opportunity to exchange their award (irrespective of whether or not the Vesting Date for any award in question has occurred) for an award in the new holding company (subject to such new holding company’s consent), unless the Remuneration Committee determines otherwise, in which case all such awards shall become capable of exercise in accordance with the provisions described above for a Corporate Event, as if the internal reorganisation was a takeover of the Company. Any award will lapse if the ability to exchange that award is offered to the award holder but the award holder declines to exchange his award for an award in the new holding company prior to the expiry of the period permitted by the Remuneration Committee for the exchange to take place.

Other award terms

An award may be satisfied by either the issue of Lakehouse Shares, the transfer of Lakehouse Shares (which may have been acquired by subscription or by purchase in the market) held by an existing Lakehouse Shareholder who has agreed to satisfy the exercise of the award or by the transfer of Lakehouse Shares held in treasury.

Awards are not capable of transfer or assignment.

Until an award is exercised, the award holder shall have no voting rights or other rights in relation to the Lakehouse Shares subject to the award.

Lakehouse Shares allotted to satisfy the exercise of an award will rank *pari passu* in all respects with the Lakehouse Shares already in issue. Lakehouse Shares transferred on the exercise of an award shall be transferred without the benefit of any rights attaching to the Lakehouse Shares by reference to a record date preceding the date of that exercise. For so long as the Lakehouse Shares are listed on the Official List, the Company shall (if applicable) make an application to the UK Listing Authority so that, upon issue of Lakehouse Shares to satisfy the exercise of an award (or as soon as reasonably practicable thereafter), such Lakehouse Shares shall be admitted to trading on the Official List.

Benefits obtained under the SIAP are not pensionable.

Adjustment of awards

The number of Lakehouse Shares under award and/or their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Lakehouse Shares pursuant to the exercise of an option given to Lakehouse Shareholders to receive Lakehouse Shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

Administration and amendment

The SIAP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the SIAP. The rules of the SIAP which relate to:

- the persons to whom Lakehouse Shares are provided under the SIAP;
- the number or amount of Lakehouse Shares which are subject to the SIAP;
- the maximum entitlement of any award holder;

- the basis for determining an award holder's entitlement to Lakehouse Shares or awards; and
- the basis for determining the adjustment of any award granted under the SIAP following any capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any award holder or potential award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the SIAP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders or any Group company.

In addition, no amendment may be made to subsisting awards which will have an adverse effect on such awards except with the written consent of the award holders who hold awards over at least 75 per cent. of the total number of Lakehouse Shares subject to all such affected subsisting awards under the SIAP unless the amendment is a minor amendment to benefit the administration of the SIAP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any award holder or any Group company.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Admission”	the date that the Lakehouse Shares were admitted to the Official List and to trading on the Main Market of the LSE
“AGM”	the Company’s annual general meeting held on 5 February 2016
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors for the time being of the Company or the directors present at a duly convened meeting of the directors or a duly appointed committee of the board of directors at which a quorum is present
“City Code”	the City Code on Takeovers and Mergers
“Company” or “Lakehouse”	Lakehouse plc, registered in England and Wales with registered number 9411297
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
“CREST Manual”	the CREST manual consisting of the CREST reference manual; CREST international manual; CREST central counterparty service manual; CREST rules; CCSS operations manual and CREST glossary of terms available at http://www.euroclear.com
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Lakehouse Shareholder at the General Meeting and containing the information required to be contained in the CREST Manual
“Current Directors’ Remuneration Policy”	has the meaning given thereto in paragraph 3 of the Letter from the Senior Independent Non-Executive Director and Acting Chairman of the Remuneration Committee dated 22 July 2016 set out in this document
“Dealing Day”	a day on which the London Stock Exchange is open for the transaction of business
“Directors”	the directors of the Company from time to time, the names of the directors of the Company as at the date of this document being set out on page 4 of this document
“Euroclear”	Euroclear UK & Ireland Limited
“FCA”	the Financial Conduct Authority
“Form of Proxy”	the Form of Proxy enclosed with this document, for use by Lakehouse Shareholders in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held at 10.00 a.m. on 9 August 2016 (and any adjournment thereof) for the purposes of considering and, if thought fit, passing the Resolutions
“Group”	the Company and all of the Subsidiaries for the time being or, where the context so requires, any one or more of them

“IPO”	the initial public offering of the Company in March 2015
“Lakehouse Shareholders”	holders of Lakehouse Shares
“Lakehouse Shares”	the ordinary shares of 10 pence each in the capital of the Company, having the rights set out in the Company’s Articles of Association
“Listing Rules”	the rules of the FCA relating to admission to the Official List made in accordance with section 73A(2) of FSMA
“LSE” or “London Stock Exchange”	London Stock Exchange plc or any successor body thereto
“Market Abuse Regulation”	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
“Notice”	the notice of the General Meeting set out on pages 35 to 37 (inclusive) of this document
“Official List”	the Official List of the UK Listing Authority
“Performance Condition”	has the meaning given thereto in Appendix 3
“Regulations”	the Uncertificated Securities Regulations 2001 of the United Kingdom
“Remuneration Committee”	the remuneration committee of the Board
“Resolutions”	the ordinary resolutions to be proposed at the General Meeting (and set out in the Notice contained in this document): <ul style="list-style-type: none"> • to approve and confirm the appointment of Bob Holt OBE as a Director and Executive Chairman of the Company; • to approve the Revised Directors’ Remuneration Policy; and • to approve adoption of the SIAP and to authorise the Directors to do all other acts and things necessary or desirable to establish and carry the SIAP into effect and to grant options and/or awards thereunder
“Revised Directors’ Remuneration Policy”	has the meaning given thereto in paragraph 1 of the Letter from the Senior Independent Non-Executive Director and Acting Chairman of the Remuneration Committee dated 22 July 2016 set out in this document
“SIAP”	the Lakehouse plc Special Incentive Award Plan
“Subsidiary”	any subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006 over which the Company has control within the meaning of section 995 of the Income Tax Act 2007

All times referred to are London time unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

LAKEHOUSE PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 9411297)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the shareholders of Lakehouse plc (the “**Company**”) (the “**General Meeting**”) will be held at 10.00 a.m. on 9 August 2016 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, for the purpose of considering and, if thought fit, passing the following resolutions, each of which shall be proposed as an ordinary resolution:

ORDINARY RESOLUTIONS

1. **THAT**, subject to and conditional upon the passing of Resolutions 2 and 3 below, Bob Holt OBE’s appointment as a Director and Executive Chairman of the Company be and is hereby approved and confirmed.
2. **THAT** the Revised Directors’ Remuneration Policy (as defined in the Letter from the Senior Independent Non-Executive Director and Acting Chairman of the Remuneration Committee of the Company dated 22 July 2016 enclosed with this Notice (the “**Senior Independent Non-Executive Director’s Letter**”)) which is set out in Appendix 2 to the Senior Independent Non-Executive Director’s Letter, be and is hereby approved.
3. **THAT** the Directors of the Company be and are hereby authorised to adopt and establish the Lakehouse plc Special Incentive Award Plan, the principal terms of which are summarised in Appendix 3 to the Senior Independent Non-Executive Director’s Letter and the rules of which are produced to this General Meeting and, for the purpose of identification only, initialled by the chairman of the General Meeting, and to do all such acts and things which they may consider necessary or desirable to establish and carry it into effect and to grant awards thereunder.

Registered office:

1 King George Close
Romford
Essex
RM7 7LS

By order of the Board:

Simon Howell
Company Secretary

Dated: 22 July 2016

Notes:

- (a) Under Article 87 of the Company’s articles of association, a member can nominate someone else to exercise the right to appoint a proxy. A member who has nominated someone else to exercise the right to appoint a proxy should not complete a Form of Proxy. Any Forms of Proxy returned by such persons will be ineffective.
- (b) Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If you do not have a Form of Proxy and believe that you should have one, please telephone Capita Asset Services on 0871 664 0300. Calls cost 12p 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). The appointment of a proxy does not preclude a shareholder from attending and voting in person if he or she wishes to do so.
- (c) Should you wish to appoint more than one proxy, (an) additional Form(s) of Proxy may be obtained by contacting Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, on 0871 664 0300. Calls cost 12p 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). Alternatively, please photocopy the Form of Proxy indicating on each copy the name of the proxy you wish to appoint, the number of shares in respect of which the proxy is appointed and the way in which you wish them to vote on the resolution that is to be proposed. You should send all pages to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Please also indicate by ticking the

box on the Form of Proxy if you intend to appoint more than one proxy. The following principles shall apply in relation to the appointment of multiple proxies:

- (i) The Company will give effect to the intentions of shareholders and include votes wherever and to the fullest extent possible.
 - (ii) Where a proxy does not state the number of shares to which it applies (a “**blank proxy**”) then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of shares registered in the name of the appointing shareholder (the “**shareholder’s entire holding**”). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a “**specific proxy**”), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that, as far as possible, the conflicting Forms of Proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
 - (iii) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than the shareholder’s entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. That is, there is only assumed to be a conflict where the aggregate number of shares in respect of which proxies have been appointed exceeds the shareholder’s entire holding.
 - (iv) When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time, to minimise the number of conflicting proxies.
 - (v) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) an entire holding, none of them shall be treated as valid.
 - (vi) Where the aggregate number of shares in respect of which proxies are appointed exceeds a shareholder’s entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata.
 - (vii) Where the application of paragraph (vi) above gives rise to fractions of shares, such fractions will be rounded down.
 - (viii) If a shareholder appoints a proxy or proxies and then decides to attend the General Meeting in person and vote, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the shareholder’s entire holding then all proxy votes will be disregarded. If, however, the shareholder votes at the General Meeting in respect of less than the shareholder’s entire holding then if the shareholder indicates that all proxies are to be disregarded, that shall be the case; but if the shareholder does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the shareholder’s entire holding.
 - (ix) In relation to paragraph (viii) above, in the event that a shareholder does not specifically revoke proxies, it will not be possible for the Company to determine the intentions of the shareholder in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (d) To be valid at the General Meeting, any Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power or authority, must be received by post or (during normal business hours only) by hand by Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00 a.m. on 5 August 2016 (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).
 - (e) Where the appointor is a corporation, the Form of Proxy, to be valid, must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
 - (f) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names appear on the register of members of the Company in respect of the joint holding.
 - (g) Only those shareholders registered in the register of members of the Company at close of business on 5 August 2016 (or, in the event of any adjournment, close of business on the date which is two days (excluding non-working days) prior to the adjourned meeting) shall be entitled to attend and vote at the General Meeting. Changes to the register of members and CREST transactions after that time will be disregarded and will not affect entitlements to attend and vote at the General Meeting and no transfers of securities in certificated form will be registered from that time until the close of the General Meeting.
 - (h) In accordance with section 325 of the Companies Act 2006 (the “**Act**”), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act. Such rights can only be exercised by shareholders of the Company. Persons nominated to receive information rights under section 146 of the Act who have been sent a copy of this Notice are hereby informed, in accordance with section 149(2) of the Act, that they may have a right under an agreement with the registered shareholder by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for the

General Meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights. Nominated persons should contact the registered shareholder by whom they were nominated in respect of these arrangements.

- (i) Corporate shareholders may authorise a person or persons to act as representative(s) to attend, speak and vote on their behalf at the General Meeting by submitting a corporate representation letter. To assist with the registration process, a corporate representation letter should be presented to the Company's registrars, Capita Asset Services, for validation not later than 10.00 a.m. on 9 August 2016. More than one corporate representative may be appointed by a corporate shareholder, provided that each corporate representative has been appointed under a valid letter of representation. In accordance with the provisions of the Companies Act 2006, all such corporate representatives may exercise (on behalf of the corporate shareholder) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares as another representative of the same corporation.

- (j) Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Ltd's specifications and must contain the information required for such instructions, as described in the CREST Manual, which can be viewed at www.euroclear.com. 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, in order to be valid, be transmitted so as to be received by the issuer's agent, Capita Asset Services, (ID RA10) by 10.00 a.m. on 5 August 2016 (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). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Ltd does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

- (k) As at close of business on 21 July 2016 (being the latest practicable date prior to publication of this Notice), the Company's issued share capital comprised 157,527,103 ordinary shares of 10 pence each carrying one vote each. Therefore, the total number of voting rights in the Company as at 21 July 2016 is 157,527,103.
- (l) Pursuant to section 319A of the Act, the Company must cause to be answered at the General Meeting any question relating to the business being dealt with at the General Meeting which is put by a shareholder attending the General Meeting, except in certain circumstances, including if it is undesirable in the interest of the Company or the good order of the General Meeting that the question be answered, if to do so would involve the disclosure of confidential information, or if the answer has already been given on a website in the form of an answer to a question.
- (m) A copy of this Notice and other information required by section 311A of the Act will be available on the Company's website www.lakehouse.co.uk.
- (n) You may not use any electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

