

This document is important and requires your immediate attention. If you have any doubts about what action you need to take, you should immediately contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your registered holding of ordinary shares in LSL you should pass this letter and the accompanying documents to the person whom the sale or transfer was effected, for transmission to the purchaser or transferee.



(Incorporate in England and Wales with registered no. 5114014)

CHAIRMAN'S LETTER & NOTICE OF ANNUAL GENERAL MEETING

To LSL Property Services plc ("LSL") ordinary shareholders

Dear Shareholder

2007 Annual General Meeting ("AGM")

I am pleased to give you notice of the AGM of LSL and enclose a copy of LSL's Annual Report and Accounts 2006. The AGM will be held at 2.30pm on Wednesday 23 May 2007 at the offices of Buchanan Communications, 45 Moorfields, London, EC2Y 9AE.

The Notice of the AGM is set out on page 3 and 4 of this document, with explanatory notes to the resolutions set out on pages 5 to 7. There will be an opportunity for shareholders to ask questions, at the meeting.

Election of Directors

I would like to take this opportunity to make particular reference to resolution 3 to 9 which relate to the election of Directors.

LSL's articles of association permit any Director appointed by the Board since the date of the last AGM to hold office only until the date of the next AGM following their appointment. The Director is then eligible for election by shareholders. As LSL has not held an AGM at which the Directors have been subject to election since the articles of association were adopted and all the Directors have been appointed by the Board, all of the Directors will stand for election at the AGM.

Each of the Directors, whose biographical details are set out on pages 16 and 17 of the Annual Report and Accounts 2006, are proposed for election through the separate resolutions numbered 3 to 9.

Electronic Communications

Enclosed with this letter is a letter setting out details of how you can continue to receive information in hard copy. The new Companies Act 2006 allows us to change the way we communicate with our shareholders electronically. Subject to resolution 15 to adopt new articles association being approved by the AGM, LSL intends to take advantage of these changes so that shareholders who do not request to receive information in hard copy will be deemed to have agreed to receive information electronically. Further details of the proposed changes to the articles of association are set out on page 5 of this document.

Voting Arrangements – Action to be taken

You are asked to either:

1. complete the enclosed Form of Proxy and return it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof to Capita Registrars, at the Proxy Processing Centre, Telford Road, Bicester, OX26, 4LD, or by hand to The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 2.30pm on 21 May 2007; or

2. if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service details of which are set out in Note 2 of the administrative notes to the Notice of AGM set out on pages 8 and 9.

This letter includes a Form of Proxy card, which includes a 'vote' withheld option in order for shareholders to abstain on any particular resolution. However, an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the relevant resolution.

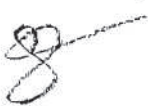
Completion of the Form of Proxy or appointment of a proxy through CREST does not prevent you from voting and attending in person.

Capita Registrars maintain LSL's share register. They also provide a telephone helpline service (telephone number 0870 162 3131). If you have any queries about voting or about your shareholding, please contact Capita Registrars.

Recommendation

Your Board considers each of the proposed resolutions to be in the best interests of LSL and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions, as they intend to do in respect of their beneficial holdings of ordinary shares (in respect of which they have the power to exercise or direct the exercise of voting rights) which, in aggregate, amount to 20,476,720 ordinary shares representing approximately 19.66% of the issue share capital of the Company.

Yours sincerely



Roger Matthews
Chairman

5 April 2007

LSL Property Services Plc

Newcastle House,
Albany Court,
Newcastle Business Park,
NE4 7YB
Newcastle Upon Tyne

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of LSL Property Services plc (“**LSL**”) will be held at the offices of **Buchanan Communications, 45 Moorfields, London, EC2Y 9AE on 23 May 2007 at 2.30 pm** for the transaction of the following business:

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, to pass the following resolutions, which numbers 1 – 12 will be proposed as ordinary resolutions and resolution 13 will be proposed as a special resolution:

1. To receive and adopt LSL’s Annual Accounts for the year ended 31 December 2006, together with the Directors’ Report and the Auditor’s Report on those accounts and on the auditable part of the Directors’ Remuneration Report.
2. To approve the Directors’ Remuneration Report contained within the Annual Report and Accounts 2006 for the year ended 31 December 2006.
3. To elect Simon Embley as a Director of LSL.
4. To elect Dean Fielding as a Director of LSL.
5. To elect Peter Hales as a Director of LSL.
6. To elect Paul Latham as a Director of LSL.
7. To elect Mark Morris as a Director of LSL.
8. To elect Mark Warburton as a Director of LSL.
9. To elect Roger Matthews as a Director of LSL.
10. To re-appoint Ernst & Young LLP as auditors of LSL until the conclusion of the next Annual General Meeting.
11. To authorise the Directors to determine the auditors’ remuneration.
12. That for the purposes of section 80 Companies Act 1985 (the “**Act**”) (and so that expressions used in this resolution shall bear the same meanings as in the said section 80):
 - 12.1 the Directors be and are generally and unconditionally authorised to exercise all powers of LSL to allot relevant securities up to a maximum nominal amount of £74,311.86 to such persons and at such times and on such terms as they think proper during the period expiring on the earlier of the next Annual General Meeting of LSL and the date which is 18 months from the date of the passing of this resolution (unless previously revoked or varied by LSL in general meeting); and
 - 12.2 LSL be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolutionso that all previous authorities of the Directors pursuant to the said section 80 be and are hereby revoked.
13. That the Directors be and are empowered in accordance with section 95 of the Act to sell treasury shares (as defined in section 162 of the Act) and, subject to the passing of resolution 12 set out in the Notice convening this Meeting, to make other allotments of equity securities (and the expression ‘allotment of equity securities’ and like expressions used in this resolution shall have the meaning given to them by virtue of section 94 of the Act) for cash, pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) by that resolution, in each case as if section 89(1) and sub-sections (1) – (6) of section 90 of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:
 - 13.1 the allotment of equity securities in connection with issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering (other than LSL itself in respect of any shares held by it as treasury shares) where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities

held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

13.2 the allotment (otherwise than pursuant to paragraph 13.1 above) of equity securities up to an aggregate nominal value not exceeding £10,415.89;

and this power, unless renewed, shall expire on the earlier of the next Annual General Meeting of LSL and the date which is 18 months from the date of the passing of this resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require an allotment of equity securities to be made after such expiry and the Directors may make an allotment of equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL BUSINESS

As special business to consider and, if thought fit, to pass the following resolutions, which will be proposed as special resolutions:

14. That LSL be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make market purchases (as defined in section 163 of the Act) of ordinary shares of 0.2p each in the capital of LSL ("**ordinary shares**") provided that:
 - 14.1 the maximum number of ordinary shares hereby authorised to be purchased is 10,415,895;
 - 14.2 the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 0.2p per share, being the nominal amount thereof;
 - 14.3 the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to 5% above the average of the middle market quotations for such shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made;
 - 14.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next Annual General Meeting of LSL and the date which is 18 months after the date on which this resolution is passed; and
 - 14.5 LSL may make contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and LSL may make a purchase of its own ordinary shares in pursuance of any such contract.
15. That pursuant to section 9 of the Act, the Article of Association of LSL be deleted in their entirety and the regulations contained in this document submitted to the Meeting and for the purposes of identification signed by the Chairman, be approved and adopted as the Articles of Association of LSL in substitution for, and to the exclusion of, the existing Articles of Association of LSL.

BY ORDER OF THE BOARD

Sapna Bedi
Company Secretary

Date 5 April 2007

Registered Office: Newcastle House, Albany Court, Newcastle Business Park, NE4 7YB

EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING:

Resolution 1 – To receive and adopt LSL’s Annual Report and Accounts 2006

The Directors are required to present to the AGM the Annual Accounts, the Directors’ Report, and the Auditors’ reports on those accounts and on the auditable part of the Director’s Remuneration Report. This is a standard form of resolution, common to AGMs.

Resolution 2 – To approve the Directors’ Remuneration Report

In accordance with section 241A of the Companies Act 1985 (the “Act”), shareholders are required to approve the Directors’ Remuneration Report. The Directors’ Remuneration Report for the financial year ended 31 December 2006 is set out on pages 25 to 27 of the Annual Report and Accounts 2006.

Resolutions 3 to 9 – To elect the Directors

LSL’s articles of association permit any Director appointed by the Board since the date of the last AGM to hold office only until the date of the next AGM following their appointment. The Director is then eligible for election by shareholders. As LSL has not previously held an AGM at which the Directors have been subject to election since the articles of association were adopted, and all the Directors have been appointed by the Board, all of the Directors will stand for election.

Each of the Directors, whose biographical details are set out on pages 16 and 17 of the Annual Report and Accounts 2006, are proposed for election through the separate resolutions numbered 3 to 9.

Resolutions 10 & 11 – Reappointment of auditors and determination of their remuneration

LSL is required appoint or reappoint auditors at each AGM at which its accounts are presented to hold office until the conclusion of the next AGM. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, Ernst & Young LLP (“Ernst & Young”), on behalf of the Board, who now propose their reappointment as auditors of LSL. Ernst & Young has advised of its willingness to stand for reappointment as the auditor of LSL (see Resolution 10).

Resolution 11 authorises the Directors, in accordance with standard practice and acting through the Audit Committee, to agree the auditor’s remuneration.

Resolutions 12 – Authority to Allot Shares

Resolution 12, which will be proposed as an ordinary resolution will, if passed, authorise the Directors to allot shares up to a maximum nominal amount of £74,311.86, which represents 35.67% of the total ordinary share capital in issue as at 3 April 2007 (being the latest practicable date prior to the publication of this document). This is the maximum permitted amount under best practice corporate governance guidelines being the lesser of the amount of: (i) the authorised but unissued ordinary share capital; and (ii) an amount equal to (a) one-third of the issued ordinary share capital of LSL, plus (b) the amount of share capital which has been reserved for the issue of shares upon the exercise of options granted by LSL.

This authority will expire no later than 18 months after the date of the AGM. Other than in relation to LSL’s employee share schemes, the Directors have no present intention of exercising this authority.

Resolution 13 – Disapplication of Pre-Emption Rights (Special Resolution)

Resolution 13, which will be proposed as a special resolution, seeks authority to issue equity securities of LSL for cash or to sell any shares which LSL holds in treasury following a purchase of its own shares pursuant to the authority in resolution 14 below for cash without application of the pre-emption rights provided by section 89 of the Act.

The authority contained in this resolution will be limited to an aggregate nominal value of £10,415.89 which represents 5% of the issued ordinary share capital of LSL as at 3 April 2005 (being the latest practicable date prior to the publication of this document).

The resolution also disapplies the statutory re-emption provisions in connection with pre-emptive offerings, for example, rights issue and allows the Directors, in the case of a rights issue, to make

appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise.

This authority will expire no later than 18 months after the date of the AGM.

Resolution 14 – To Authorise LSL to Purchase its Own Shares (Special Resolution)

Resolution 14, which will be proposed as a special resolution, gives LSL authority to buy back its own ordinary shares in the market as permitted by the Act. The authority limits the number of shares that could be purchased to a maximum of 10,415,895 representing 10% of the issued share capital of LSL as at 3 April 2007 (being the latest practicable date prior to publication of this document).

The minimum price payable by LSL for the purchase of its own ordinary shares will be 0.2p per share (being the amount equal to the nominal value of an ordinary share). The maximum price payable will be limited to 5% above the average of the middle market quotations of LSL's ordinary shares, as derived from the Daily Official List of the London Stock Exchange, for the 5 business days prior to the purchase.

This authority will expire no later than 18 months after the date of the AGM.

The directors have no present intention of exercising the authority to purchase LSL's ordinary shares but will keep the matter under review. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

Company law allows LSL to hold in treasury any shares purchased by it using its distributable profits. Such shares will remain in issue and capable of being re-sold by LSL or used in connection with certain of its share schemes. LSL intends to take advantage of these provisions to the extent that it exercises the authority to buy back its shares, so as to hold the purchased shares in treasury.

Options to subscribe for up to 2,436,282 ordinary shares have been granted and are outstanding as at 3 April 2007 (being the latest practicable date prior to publication of this document) representing 2.34% of the issued ordinary share capital at that date. If the Directors were to exercise in full the power for which they are seeking authority under resolution 14 the options outstanding at 3 April 2007 would represent 2.6% of the ordinary share capital in issue following such exercise.

Resolution 15 –Adoption of New Articles of Association (Special Resolution)

On 8 November 2006, the Companies Act 2006 (the “**2006 Act**”) received Royal Assent. All of the provisions of the 2006 Act, which overhauls the existing Companies Act 1985 (the “**1985 Act**”), will be in force by October 2008. Certain provisions of the 2006 Act have already come into force and, consequently, a number of changes are required to LSL's existing articles of association (the “**Existing Articles**”) to reflect these developments.

Resolution 15 proposes the adoption of new articles of association (the “**New Articles**”) in substitution for the Existing Articles which will incorporate the following changes:

- **Electronic communications**

At present companies may provide certain information via their websites to shareholders who specifically agree to website publication. The 2006 Act enables companies to deem that agreement to have been given if a shareholder does not respond to a request for agreement to receive information via LSL's website within twenty-eight days from the date of the request.

The New Articles include provisions which will allow LSL to take advantage of the new regime for electronic communications and provide that, in accordance with the 2006 Act, shareholders may be deemed to have agreed to receive information electronically.

Accompanying this notice is a letter which explains the process for electronic communications. If resolution 15 is approved, then LSL intend to apply the new process.

If you wish to continue receiving hard copies of information by post, you are required to respond to the enclosed letter. If you fail to respond, you will be deemed to have agreed to receive information electronically, however, you will still be able to request such information from LSL in hard copy at no cost to you.

- **Investigations into interests in shares**

With effect from 20 January 2007, sections 212 and 216 of the 1985 Act, which allowed public companies to investigate who holds interests in its shares, were repealed and replaced by new (but similar) provisions contained in sections 793 and 794 of the 2006 Act. References to sections 212 and 216 of the 1985 Act in the Existing Articles are now out of date. The New Articles refer to the new section numbers in the 2006 Act.

- **Maximum age of directors**

Sections 293 and 294 of the 1985 Act, which prevented a person from being appointed a director of a company if he had reached the age of 70 (subject to certain exceptions) and imposed a duty on a director to disclose his age, if over 70, have been repealed by the 2006 Act. The New Articles take advantage of the 2006 Act by removing the references to section 293 of the 1985 Act and the requirement for the Board to give notice of the age of a Director who is 70 or more in any document accompanying a notice of AGM.

- **Notice period for general meetings**

The Existing Articles reflect the provisions of the 1985 Act relating to the notice period for a general meeting at which a special resolution is to be proposed (i.e. 21 clear days' notice). Section 307 of the 2006 Act, which is expected to come into force in October 2007, permits public companies to shorten this notice period for extraordinary general meetings at which a special resolution is to be proposed to 14 clear days' notice. The New Articles enable the Company to take advantage of any such shorter period, from the time at which section 307 of the 2006 Act comes into force.

Copies of the proposed New Articles are available for inspection at LSL's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded).

The Board expects that the New Articles will also need to be updated at the 2008 AGM as additional provisions of the 2006 Act come into force.

ADMINISTRATIVE NOTES

1. Form of Proxy

A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a shareholder. A Form of Proxy is enclosed and notes for completion can be found on the form and should be read carefully before it is completed. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 2.30 pm on 21 May 2007 at the Offices of Capita at the Proxy Processing Centre, Telford Road, Bicester, OX26 4LD, or by hand to The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Completion of the Form of Proxy does not prevent you from voting at and attending the meeting in persons.

2. CREST Proxy Voting (Non-certificated shareholders)

- (a) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, LSL specifies that only those shareholders registered in the relevant Register of Members of LSL as at 2.30 pm on 21 May 2007 (or if the meeting is adjourned, 2.30 pm on the day two days prior to 21 May 2007 the day fixed for the adjourned meeting) shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries on the relevant Register of Members after the relevant time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (b) 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. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting services 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.
- (c) 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 CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this Notice of AGM. 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 CRESTCo 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 services 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. LSL may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

3. Joint Holders (certificated and uncertificated shareholders)

In the case of joint holders the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of LSL in respect of the joint holding.

4. Meeting arrangements

The doors, will open at 2.15pm and the AGM will start promptly at 2.30pm.

5. Documents available for inspection

There will be available for inspection at LSL's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the AGM and at the place of the AGM for at least 15 minutes prior to and during the meeting:

- (a) copies of the Executive Directors' service contracts and Non-executive Directors' appointment letters;
- (b) the Register of Directors' Interests in the share capital of LSL; and
- (c) copies of the current Articles of Association and the proposed Articles of Association of LSL and a version of the Articles of Association showing the proposed changes.

6. General enquiries

Capita Registrars maintain LSL's share register. They also provide a telephone helpline service (telephone number 0870 162 3131). If you have any queries about voting or about your shareholding, please contact Capita Registrars.