

# Chairman's Letter and Notice of Annual General Meeting (AGM)

Thursday 28<sup>th</sup> April 2016 at 4.30pm to be held at LSL's offices,  
1 Sun Street, London, EC2A 2EP

Registered in England and Wales with Company Number: 5114014

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



**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 document and the accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

#### **Electronic communications**

In accordance with its articles of association and unless a Shareholder requests otherwise, LSL communicates with its Shareholders by publishing information (including statutory documents, such as the Annual Reports and Accounts) (**Shareholder Communications**) on its website ([www.lslps.co.uk](http://www.lslps.co.uk)) (**Website**).

In accordance with this policy, LSL has published the Annual Report and Accounts 2015 on the Website and for those Shareholders who elected to receive paper copies of any Shareholder Communications, a copy of the Annual Report and Accounts 2015 is enclosed with this Notice.

Any Shareholders wishing to receive paper copies of Shareholder Communications should advise Capita Asset Services on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

31<sup>st</sup> March 2016

## To LSL Property Services plc (LSL) Shareholders

Dear Shareholder

### 2016 Annual General Meeting (AGM)

I am pleased to give you notice of the 2016 AGM which will be held at 4.30pm on Thursday 28th April 2016 at our offices, 1 Sun Street, London EC2A 2EP.

The Notice of AGM is set out on pages 4 to 6 of this document, with Explanatory Notes to the resolutions set out on pages 7 to 14. There will be an opportunity for Shareholders to ask questions at the AGM.

### Election of Directors

I would like to take this opportunity to make particular reference to resolutions 4 to 11 (inclusive) which relate to the election and re-election of the Directors. During 2015, Kumsal Bayazit Besson and David Stewart joined the Board as independent Non Executive Directors and Adam Castleton was appointed as Group Chief Financial Officer. Further, in December 2015 we announced that Mark Morris will retire from the Board at the 2016 AGM and that David Stewart will, subject to his election at the 2016 AGM, be appointed as Chairman of the Audit Committee.

The Board is committed to high levels of corporate governance in accordance with the principles of the UK Corporate Governance Code and in line with best practice, all of the Directors excluding Mark Morris, will be standing for election or re-election at the AGM. The biographical details of the Directors standing for election or re-election are set out on pages 34 and 35 of the Annual Report and Accounts 2015 and on pages 7 and 8 of the Explanatory Notes to the resolutions.

### Final Dividend

I am delighted to report that as a result of the growth in underlying Group profitability and the Board's positive view on future prospects for the business, an increase of 3.6% in our proposed final dividend to 8.6 pence per share (2014: 8.3 pence per share). This will result in the total dividend for the year increasing by 2.4% to 12.6 pence per share (2014: 12.3 pence per share), recognising our confidence in the future earnings prospects of the business.

### Special Business - Employee Share Plans

LSL's current employee share plans will expire during 2016. The Directors are keen to retain the ability to incentivise executives and the wider workforce using share awards, including granting tax efficient awards to employees at the levels permitted by relevant tax legislation. The new plans will continue to operate within recommended dilution limits and the terms remain broadly the same as those of the existing plans that they will replace. Further, where Directors are participants in the plans, the terms of their participation will be consistent with LSL's Directors' Remuneration Policy. The principal features of the new plans are summarised in the Explanatory Notes and copies of the proposed plans are available for inspection as noted at paragraph 11 of the Administrative Notes accompanying the Notice of the AGM.

### Recommendation

The Board considers each of the proposed resolutions to be in the best interests of LSL and its Shareholders as a whole and to be most likely to promote the success of LSL for the benefit of its members as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all 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 6,144,755 Ordinary Shares representing approximately 5.9% of the issued share capital of LSL.

Yours sincerely

**Simon Embley**

Chairman

LSL Property Services plc.

## Voting Arrangements – Action to be taken

Shareholders 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 copy thereof, to Capita Asset Services: PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 4.30pm on 26<sup>th</sup> April 2016; 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 3 of the Administrative Notes to the Notice of AGM set out on pages 15 and 16.

To appoint more than one proxy you will need to complete a separate Form of Proxy in relation to each appointment. You may photocopy the enclosed Form of Proxy, indicating on each copy the name of the proxy you wish to appoint and the number of Shares in respect of which the proxy is appointed. All forms must be signed and should be returned together in the same envelope.

The Form of Proxy 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 attending and voting in person.

**Capita Asset Services maintain LSL's share register. If you have any queries about voting or about your shareholding, please contact Capita Asset Services on:**

- Post:** Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU  
**Email:** [shareholderenquires@capita.co.uk](mailto:shareholderenquires@capita.co.uk)  
**Telephone:** 0871 664 0300 (calls cost 12p a minute plus your phone company's access charge. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales).  
**Online:** [www.capitashareportal.com](http://www.capitashareportal.com) – if you have internet access, you can amongst other things, view details of your shareholding, set up or amend a dividend mandate and update your address details.

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of LSL Property Services plc (LSL) will be held at its offices, 1 Sun Street, London EC2A 2EP on Thursday 28<sup>th</sup> April 2016 at 4.30 pm for the transaction of the following business.

At the AGM, Shareholders will be asked to consider and vote on the resolutions below. Resolutions 1 to 14 (inclusive) together with resolutions 17 and 19 to 23 (inclusive) will be proposed as Ordinary Resolutions and resolutions 15, 16 and 18 will be proposed as Special Resolutions.

### Resolution 1 – Annual Report and Accounts (ordinary resolution)

1. To receive, consider and adopt LSL's Annual Accounts for the year ended 31<sup>st</sup> December 2015, together with the Directors' Report and the Auditors' Report on those accounts.

### Resolution 2 – Directors' Remuneration Report (ordinary resolution)

2. To approve the Directors' Remuneration Report contained within the LSL's Annual Report and Accounts 2015 for the year ended 31<sup>st</sup> December 2015.

### Resolution 3 – Final Dividend (ordinary resolution)

3. To declare a final dividend, recommended by the directors of LSL (**Directors**), of 8.6 pence per Ordinary Share in respect of the year ended 31<sup>st</sup> December 2015 to be paid on 6<sup>th</sup> May 2016 to Shareholders whose names appear on the register at the close of business on 30<sup>th</sup> March 2016.

### Resolution 4 – Election of Director (ordinary resolution)

4. To elect Kumsal Bayazit Besson as a Director of LSL.

### Resolution 5 – Re-election of Director (ordinary resolution)

5. To re-elect Helen Buck as a Director of LSL.

### Resolution 6 – Re-election of Director (ordinary resolution)

6. To re-elect Ian Crabb as a Director of LSL.

### Resolution 7 – Election of Director (ordinary resolution)

7. To elect Adam Castleton as a Director of LSL.

### Resolution 8 – Re-election of Director (ordinary resolution)

8. To re-elect Simon Embley as a Director of LSL.

### Resolution 9 – Re-election of Director (ordinary resolution)

9. To re-elect Adrian Gill as a Director of LSL.

### Resolution 10 – Re-election of Director (ordinary resolution)

10. To re-elect Bill Shannon as a Director of LSL.

### Resolution 11 – Election of Director (ordinary resolution)

11. To elect David Stewart as a Director of LSL.

### Resolution 12 – Appointment of Auditors (ordinary resolution)

12. To re-appoint Ernst & Young LLP as auditors of LSL to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid.

### Resolution 13 – Auditors' Remuneration (ordinary resolution)

13. To authorise the Directors to determine the auditors' remuneration.

### Resolution 14 – Authority to Allot Shares (ordinary resolution)

14. That:

- 14.1. the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (**the Act**) to allot shares in LSL and to grant rights to subscribe for, or to convert any security into, shares in LSL (**Rights**) up to an aggregate nominal amount of £69,439.30, provided that this authority shall expire in 15 months or at the conclusion of the next AGM (whichever occurs first and unless previously renewed, revoked or varied by LSL in general meeting) save that LSL may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;
- 14.2. the Directors be and are hereby generally and unconditionally authorised to exercise all powers of LSL to allot equity securities (within the meaning of section 560 of the Act) in connection with an offer by way of a rights issue in favour of Ordinary Shareholders where the new equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £138,878.60 (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under paragraph 14.1 above), provided that this authority shall expire in 15 months or at the conclusion of the next AGM (whichever occurs first and unless previously renewed, revoked or varied by LSL in general meeting) save that LSL may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and

- 14.3. all previous unutilised authorities given to the Directors pursuant to section 551 of the Act shall be revoked (save to the extent that the same are exercisable pursuant to section 551(7) of the Act by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or Rights to be granted on or after that date).

#### Resolution 15 – Disapplication of Pre-emption Rights (special resolution)

15. That, subject to the passing of Resolution 14 (**Authority to Allot Shares**), the Directors be and are hereby generally empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 14 as if section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited:
- 15.1. to the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to ordinary shareholders in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them and to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- 15.2. to the allotment (otherwise than pursuant to paragraph 15.1 above) of equity securities up to an aggregate nominal value of £20,831.79 in the case of issuances in connection with an acquisition or specified capital investment. In all other cases, the non pre-emptive issue shall not exceed £10,415.89,

provided that this authority shall expire in 15 months or at the conclusion of the next AGM (whichever occurs first and unless previously renewed, revoked or varied by LSL in general meeting) save that LSL may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

#### Resolution 16 – Authority for Market Purchase of Shares (special resolution)

16. That, LSL be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of Ordinary Shares of 0.2 pence each in the capital of LSL (**Ordinary Shares**) on such terms and in such manner as the Directors may from time to time determine provided that:
- 16.1. the maximum number of Ordinary Shares hereby authorised to be purchased is 10,415,895;
- 16.2. the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 0.2 pence (being the nominal value thereof);
- 16.3. the maximum price (exclusive of expenses) which may be paid for each Ordinary Share shall be an amount equal to the highest of:
- 5% above the average of the middle market quotations for the Ordinary Shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the relevant share is contracted to be purchased; and
  - the higher of the price quoted for the last independent trade and the highest current independent bid for an Ordinary Share in LSL on the trading venue where the market purchase is carried out;
- 16.4. the authority hereby conferred shall (unless previously renewed or revoked) expire in 15 months or at the conclusion of the next AGM (whichever occurs first and unless previously renewed, revoked or varied by LSL in general meeting); and
- 16.5. LSL may make a contract to purchase 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 Ordinary Shares in pursuance of any such contract.

#### Resolution 17 – Political Donations (ordinary resolution)

17. That, in accordance with sections 366 and 367 of the Act, LSL and all companies that are subsidiaries of LSL at any time during the period for which this resolution is effective are authorised to:
- make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;
  - make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
  - incur political expenditure not exceeding £50,000 in total;

and in each case the authority hereby conferred shall (unless previously renewed or revoked) expire in 15 months or at the conclusion of the next AGM (whichever occurs first and unless previously renewed, revoked or varied by LSL in general meeting) and provided further that the aggregate amount of any such donations and expenditure shall not exceed £50,000 during the period from the date of this AGM and the expiry of the authority. For the purpose of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' shall have the meanings set out in sections 363 to 365 (inclusive) of the Act.

#### Resolution 18 – General Meeting Notice Period (special resolution)

18. That a general meeting (other than an AGM) may be called on not less than 14 clear days' notice.

#### Special Business – Employee Share Plans:

To consider and, if thought fit, to pass the following resolutions, to be proposed as ordinary resolutions:-

##### Resolution 19 – Sharesave Plan (SAYE Plan) (ordinary resolution)

19. That the establishment of the LSL Sharesave Plan (**SAYE Plan**) (a copy of the draft rules of which are provided to the meeting and a summary of the main provisions of which are included in the Explanatory Notes and Appendix 1 of this Notice of AGM) be approved and that the Directors be authorised to do all such acts and things as may be necessary or expedient to give effect to the SAYE Plan.

##### Resolution 20 – Long Term Incentive Plan (LTIP) (ordinary resolution)

20. That the establishment of the LSL Long Term Incentive Plan (**LTIP**), (a copy of the draft rules of which are provided to the meeting and a summary of the main provisions of which are included in the Explanatory Notes and Appendix 2 of this Notice of AGM) be approved and that the Directors be authorised to do all such acts and things as may be necessary or expedient to give effect to the LTIP.

##### Resolution 21 – Company Share Option Plan (CSOP) (ordinary resolution)

21. That the establishment of the LSL Company Share Option Plan (**CSOP**), (a copy of the draft rules of which are provided to the meeting and a summary of the main provisions of which are included in the Explanatory Notes and Appendix 3 of this Notice of AGM) be approved and that the Directors be authorised to do all such acts and things as may be necessary or expedient to give effect to the CSOP.

##### Resolution 22 – Deferred Share Bonus Plan (DSP) (ordinary resolution)

22. That the establishment of the LSL Deferred Share Bonus Plan (**DSP**), (a copy of the draft rules of which are provided to the meeting and a summary of the main provisions of which are included in the Explanatory Notes and Appendix 4 of this Notice of AGM) be approved and that Directors be authorised to do all such acts and things as may be necessary or expedient to give effect to the DSP.

##### Resolution 23 – Share Plans (ordinary resolution)

23. That the Directors be authorised to establish further plans (or schedules) based on the SAYE Plan, the LTIP, the CSOP or the DSP (**corresponding plan**), but modified to take account of local tax, exchange control or securities laws in overseas territories provided any shares made available under any such further plans or schedules are treated as counting against the limits on participation in the relevant corresponding plan.

#### BY ORDER OF THE BOARD

Sapna Bedi FitzGerald  
Company Secretary

Date: 31<sup>st</sup> March 2016

## Explanatory Notes to the Notice of the Annual General Meeting:

### Resolution 1 – Annual Report and Accounts 2015 (ordinary resolution)

The Directors are required to present to the meeting LSL's audited annual accounts and related Directors' and Auditor's reports for the financial year ended 31<sup>st</sup> December 2015.

### Resolutions 2 – Directors' Remuneration Report (ordinary resolutions)

The Directors are required to present to the meeting the Directors' Remuneration Report. This is an advisory vote, as the Directors' entitlement to remuneration is not conditional upon the resolution being passed. The Directors Remuneration Policy (Policy) which is summarised in the Directors Remuneration Report is not being presented for approval as the Policy was approved by Shareholders at the 2014 AGM.

### Resolution 3 – Final Dividend (ordinary resolution)

Final dividends are approved by Shareholders but cannot exceed the amount recommended by the Directors. The Directors are recommending a final dividend for the year ended 31<sup>st</sup> December 2015 of 8.6 pence per Ordinary Share payable on 6<sup>th</sup> May 2016 (the ex dividend date is 24<sup>th</sup> March 2016 and the record date is 29<sup>th</sup> March 2016). The resolution seeks Shareholder approval of the proposed final dividend.

### Resolutions 4 to 11 (inclusive) – Election and Re-election of Directors (ordinary resolutions)

LSL's articles of association require that each Director retires at the third AGM after the meeting at which he/she was previously elected. In addition, best practice under the UK Corporate Governance Code (September 2014) (**the Code**) is for Directors to submit themselves for re-election annually and accordingly all of the current Directors will retire and each (excluding Mark Morris) will offer themselves for election and re-election at the AGM.

During the 2015 annual Board effectiveness review, the performance of all the Directors was specifically evaluated and the Board confirms that it values the experience and commitment to the business demonstrated by each of the Directors and that each Director's performance continues to be effective. In addition the Board and the Nominations Committee have evaluated the Board composition at length and considered the balance of skills and experience required to optimise Shareholder value and reviewed this in light of the Board's policy on diversity (including relevant skills, experience, gender and race). The Directors recognise the benefits of diversity and the current Board composition includes two female Directors, Helen Buck and Kumsal Bayazit Besson (both independent Non Executive Directors).

The Directors appointed to the Board since the 2015 AGM are David Stewart, Kumsal Bayazit Besson (both as independent Non Executive Directors and members of the Nominations, Remuneration and Audit Committees in May and September respectively) and Adam Castleton (as Group Chief Financial Officer in November).

In accordance with the requirements of the Code (see section B.7.2) the Directors consider that David Stewart brings to the Board significant experience in strategy, operations, sales and marketing, finance and governance, particularly in the financial services sector. This includes his current appointments as a Non Executive Director on the boards of M&S Bank and Unum Limited. In addition, Kumsal Bayazit Besson brings to the Board significant experience in strategy, technology, operations and sales and marketing, particularly in the professional information solutions sector. This includes her current appointment as Regional President, Europe at Reed Exhibitions which is part of RELX Group plc.

In December 2015, we announced that Mark Morris, who has been a Non Executive Director and member of the Nominations, Remuneration and Audit Committees since November 2006, will retire from the Board and its Committees and that David Stewart will, subject to his election at the 2016 AGM, take on the role of Chairman of the Audit Committee with effect from the 2016 AGM, in addition to his existing appointments as a member of the Remuneration and Nominations Committees.

Following the above appointments, amongst LSL's independent Non Executive Directors, the Board has experience in strategy, technology, estate agency, surveying, financial services, the residential housing sector, retail and marketing, operations, business services, entrepreneurial private and public companies, finance, customer and employee matters and governance.

The biographical details for all the Directors are set out on pages 34 and 35 of the Annual Report and Accounts 2015. Also set out below are the biographical details for those Directors who are standing for election and re-election at the 2016 AGM.

### Director Biographies:

#### **Kumsal Bayazit Besson, Non Executive Director**

Kumsal was appointed as an independent Non Executive Director on 1<sup>st</sup> September 2015 and is also a member of LSL's Nominations, Remuneration and Audit Committees. Kumsal has significant experience in strategy, technology, operations and sales and marketing, particularly in the professional information solutions sector. This includes her current appointment as a Regional President, Europe at Reeds Exhibitions which is part of the RELX Group plc (formerly the Reed Elsevier Group plc). Kumsal has previously held a number of executive technology and digital strategic roles including appointments as Chief Strategy Officer for RELX Group, as the Executive Vice President of Global Strategy and Business Development for LexisNexis (part of RELX Group plc) and as a consultant for Bain & Co in New York, Johannesburg, Sydney, San Francisco and Los Angeles. Kumsal holds an MBA from Harvard Business School and a BA in Economics from the University of California at Berkeley.

#### **Helen Buck, Non Executive Director**

Helen was appointed as an independent Non Executive Director on 1<sup>st</sup> December 2011 and is also a member of LSL's Nominations and Remuneration Committees. She is also Chief Operating Officer at Palmer Harvey and prior to this was a member of the operating board of Sainsbury's Supermarkets Ltd (Sainsbury's) having been appointed as Retail Director in March 2012 and became Business Development Director in May 2014. Helen joined Sainsbury's in 2005 and, after spending four years running Brand Communications, moved to the Trading Division as Business Unit Director, in 2009. Before joining Sainsbury's, Helen held a number of senior positions at Marks & Spencer Group plc, Woolworths and Safeway and was a senior manager at McKinsey & Co.

#### **Ian Crabb, Executive Director, Group Chief Executive Officer**

Ian was appointed Group Chief Executive Officer on 9<sup>th</sup> September 2013 and he has primary responsibility for the performance, strategy and development of LSL. Previously Ian was Executive Chairman of Learndirect, where he worked closely with Lloyds Development Capital on Learndirect's

growth strategy and before that was Chief Executive of Quadriga Worldwide, Europe's market leader in digital IP communication and entertainment services for hotels, where he was responsible for expanding the business into 50 countries. Over the seven year period of his stewardship, which included the 2007 sale of the company by Terra Firma, the business consistently over-achieved against demanding financial targets. Earlier, Ian was a member of the Industrial Advisory Board at Permira Advisers LLP and worked on major transactions including the €640m buy out of Hogg Robinson. Prior to this he was Chief Executive of IKON Office Solutions, the document management and office products provider for six years, delivering significant growth both organically and through several acquisitions.

#### **Adam Castleton, Executive Director, Group Chief Financial Officer**

Adam was appointed as Group Chief Financial Officer on 2<sup>nd</sup> November 2015. Adam has a breadth of financial skills and experience in the retail and services sectors. Adam joined LSL from French Connection Group PLC where he was the Group Finance Director. He previously held leadership roles at a number of market leading companies including O2 UK, eBay and The Walt Disney Company. Adam has over 25 years' experience in finance, having started his career with Price Waterhouse where he qualified as a Chartered Accountant in 1989.

#### **Simon Embley, Non Executive Director and Chairman**

Simon was appointed Non Executive Chairman on 1<sup>st</sup> January 2015, having previously held the positions of Deputy Chairman and Group Chief Executive Officer. He became the Group Chief Executive Officer of LSL at the time of the management buy-out of e.surv and Your Move from Aviva (formerly Norwich Union Life) in 2004. Prior to the management buy-out, Simon was responsible for the strategic direction of these companies, and subsequent to the management buy-out Simon has overseen and been responsible for the turnaround of the initial Group from a heavily loss-making business to the successful business it is today. Simon's other directorships are limited to a small estate management company and Road to Health, a healthcare provider.

#### **Adrian Gill, Executive Director, Estate Agency**

Adrian was appointed as the Executive Director responsible for Estate Agency on 24<sup>th</sup> November 2014 having served as an independent Non Executive Director since September 2012. Adrian has overall responsibility for the performance, strategy and development of the Estate Agency Division across LSL. He was previously an Executive Director at Connells Limited (Connells), the national estate agency business of the Skipton Building Society, for over 10 years. Prior to his role at Connells, Adrian was Managing Director of Lush Retail. Adrian is a Chartered Accountant and is currently also a Director at Lifetime Legal Limited.

#### **Bill Shannon, Non Executive Director, Deputy Chairman, Senior Independent Director, and Chairman of the Remuneration Committee and Nominations Committee**

Bill was appointed as an independent Non Executive Director and the Chairman of the Remuneration Committee on 7<sup>th</sup> January 2014 and on 1<sup>st</sup> January 2015, he took on the roles of Deputy Chairman, Senior Independent Director and Chairman of the Nominations Committee. He is also a member of LSL's Audit Committee. Bill has significant PLC board experience in strategy, operations, finance and governance in the consumer, financial services, residential and commercial property sectors. He is currently Non Executive Chairman of St Modwen Properties plc and Non Executive Director of Johnson Service Group plc. He was previously at Whitbread Group plc from 1974 and between 1994 and 2004, he was the Divisional Managing Director. He has also served as Non Executive Chairman of Aegon UK plc and Non Executive Director of Rank Group plc, Barratt Developments plc, and Matalan plc.

#### **David Stewart, Non Executive Director**

David was appointed as an independent Non Executive Director on 1<sup>st</sup> May 2015 and he is also a member of LSL's Nominations, Remuneration and Audit Committees. Subject to David's election at the AGM, David will also take on the role of Chairman of LSL's Audit Committee with effect from AGM. David has significant experience in strategy, operations, sales and marketing, finance and governance, particularly in the financial services sector. David's other appointments include being a Non Executive Director on the boards of M&S Bank and Unum Limited. He was previously Chief Executive of Coventry Building Society (July 2006 to March 2014). Before that, he held the positions of Finance Director and Operations Director. Prior to joining Coventry Building Society, David served on the board of DBS Management plc, undertaking at various times the roles of Group Chief Executive, Group Managing Director and Group Finance Director during a ten year career with the business. David, originally from Manchester, studied economics and politics at Warwick University and qualified as a chartered accountant with Peat Marwick (KPMG).

#### **Resolutions 12 and 13 – Appointment of Auditors and Auditors' Remuneration (ordinary resolutions)**

LSL is required to 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 Directors, who now propose their reappointment as auditors of LSL (Resolution 12). Ernst & Young has advised of its willingness to stand for reappointment as the auditor of LSL. Resolution 13 authorises the Directors, in accordance with standard practice, to agree the auditors' remuneration.

#### **Resolution 14 – Authority to Allot Shares (ordinary resolution)**

Resolution 14, which will be proposed as an ordinary resolution will (at paragraph 1), if passed, authorise the Directors to allot shares up to a maximum nominal amount of £69,439.30, which represents 33.33% of the total Ordinary Share capital (excluding treasury shares) in issue as at 30<sup>th</sup> March 2016 (being the latest practicable date prior to the publication of this document). In line with institutional investor guidelines, at the second paragraph of Resolution 14 the Directors have also sought authority to allot Ordinary Shares in connection only with a pre-emptive rights issue up to an amount representing two thirds of the issued Ordinary Share capital (excluding treasury shares). This maximum is reduced by the nominal amount of any shares allotted under the first paragraph of Resolution 14.

At close of business on 30<sup>th</sup> March 2016, LSL did not hold any treasury shares. This authority will expire in 15 months or at the conclusion of the next AGM (whichever occurs first). Other than in relation to LSL's employee share schemes, the Directors have no present intention of allotting, or agreeing to allot, any Ordinary Shares.

#### **Resolution 15 – Disapplication of Pre-emption Rights (special resolution)**

Resolution 15, which will be proposed as a special resolution, seeks authority to issue equity securities of LSL (or to sell any shares which LSL holds in treasury following a purchase of its own shares) for cash without application of the pre-emption rights provided by section 570 of the Act. The authority contained in this Resolution will be limited to non pre-emptive offers of an aggregate nominal value of up to a maximum of £20,831.78 (which represents 10% of the issued Ordinary Share capital of LSL as at 30<sup>th</sup> March 2016, being the latest practicable date prior to the publication of this document), where the exercise of the authority relates to an acquisition or specified capital investment.



The authorities sought are in line with the principles issued by the Pre-Emption Group (PEG Principles) and provides LSL with greater flexibility to undertake no pre-emptive issuance in connection with acquisitions and specified capital investments. The Directors do not intend to allot shares within a nominal value over £10,415.89 (being 5% of the issued Ordinary Share capital of LSL) for cash unless such allotment is in connection with an acquisition or specified capital investment, in line with the PEG Principles, which will be announced at the same time as the allotment or will have taken place in the preceding six month period and will be disclosed in the announcement of the allotment.

The resolution also disapplies the statutory pre-emption provisions in connection with pre-emptive offerings (for example, rights issues) and allows the Directors, in the case of such offerings, to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise. In accordance with the PEG Principles, the Directors do not intend, other than in relation to a rights issue, to allot more than 7.5% of the issued Ordinary Share capital (excluding treasury shares) for cash on a non pre-emptive basis over a rolling three year period unless the Shareholders have been notified and consulted in advance. This authority will expire in 15 months or at the conclusion of next AGM (whichever occurs first).

#### **Resolution 16 – Authority for Market Purchase of Shares (special resolution)**

Resolution 16, 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 Ordinary Share capital (excluding treasury shares) as at 30<sup>th</sup> March 2016 (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 0.2 pence per share (being the amount equal to the nominal value of an Ordinary Share). The maximum price payable will be limited to the highest of (a) an amount equal 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 five business days prior to the day on which the relevant share is contracted to be purchased; or (b) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share in LSL on the London Stock Exchange. This authority will expire in 15 months or at the conclusion of the next AGM (whichever occurs first).

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. 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 3,078,979 Ordinary Shares have been granted and are outstanding as at 30<sup>th</sup> March 2016 (being the latest practicable date prior to publication of this document) representing 2.96% 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 16 the options outstanding at 30<sup>th</sup> March 2016 would represent 3.28% of the Ordinary Share capital in issue following such exercise.

#### **Resolution 17– Political Donations (special resolution)**

It is the policy of LSL not to make donations to political parties or incur political expenditure and it has no present intention of making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate. However, the Act contains wide definitions of 'political donation', 'political organisation' and 'political party' and, as a result, it is possible that LSL and its subsidiaries may be prohibited from supporting bodies which is in the Shareholders' interest for LSL to support; for example, bodies concerned with policy review or law reform, with the representation of the business community (or sections of it) or special interest groups. Sponsorship, subscriptions, payment of expenses and paid leave for employees fulfilling public duties may even fall under the definitions. If this resolution is passed, LSL and its subsidiaries will be authorised to make donations and incur expenditure which might otherwise be prohibited by legislation up to a limit of, in aggregate, £50,000. The Directors consider that the authority is necessary to provide LSL with comfort that it will not, because of uncertainties as to the scope and interpretation of the legislation, unintentionally commit a technical breach of it. In common with other listed companies, the Directors are therefore seeking Shareholders' approval in the terms outlined in this resolution.

#### **Resolution 18– General Meeting Notice Period (special resolution)**

The Act requires all listed companies, subject to any restrictions in their articles of association, to hold all general meetings, including AGMs on 21 days' notice. For general meetings other than AGMs, a company quoted on the Official List of the UK Listing Authority is allowed to hold such general meetings on 14 days' clear notice provided that it offers electronic voting facilities and Shareholders have approved the shorter notice period. This resolution seeks such approval.

LSL will only call a general meeting on 14 days' clear notice in limited circumstances when, in the opinion of the Directors, it would be to the advantage of Shareholders as a whole for the meeting in question to be called on short notice. However, the Directors believe it would be advantageous to LSL to be able to take advantage of the additional flexibility permitted by the Act in these and other circumstances. Please note that AGMs will always be called on 21 days' notice.

#### **Resolutions 19 to 23 (inclusive) – Special Business: LSL's employee share plans (ordinary resolutions)**

LSL's current employee share plans will expire during 2016. The Directors are keen to retain the ability to incentivise executives and the wider workforce using share awards, including granting tax efficient awards to employees at the levels permitted by relevant tax legislation. The plans will continue to operate within the 10% dilution limit which currently applies to LSL's existing employees' share plans, and the 5% dilution limit applying to discretionary plans, and LSL will manage its remaining capacity within these limits carefully and may use new issue shares, treasury shares and shares purchased in the market to satisfy awards. The terms of the new employee share plans will remain broadly the same as those of the existing plans they will replace. Where Directors are participants in the plans, the terms of their participation will be consistent with the shareholder approved Directors' Remuneration Policy.

#### **Resolution 19 – SAYE Plan**

This approves the establishment of LSL's Sharesave Plan (**SAYE Plan**). The SAYE Plan is intended to be a tax advantaged plan under which all qualifying employees are eligible to participate on the same basis. Under the SAYE Plan, an eligible employee who enters into an approved savings contract for a

period of three or five years will be granted an option to acquire Ordinary Shares using the proceeds of the savings contract. The exercise price of an option is fixed at the time the invitation to apply for an option is issued and will not be less than 80% of the market value of a share at that time. The main provisions of the SAYE Plan are summarised in Appendix 1 to this Notice of Annual General Meeting.

#### Resolution 20 – LTIP

This approves the establishment of LSL's Long Term Incentive Plan (**LTIP**). LSL's Remuneration Committee considers that the LTIP remains effective in aligning Executives Director and senior managers' interests with those of Shareholders, and it is a key component of Executive Directors' pay, as outlined in the Directors Remuneration Policy. Under the LTIP, awards may be granted in the form of options to acquire shares; or contingent rights to receive shares, in either case, at nil cost. Awards will vest after a specified performance period of at least three years, subject to attaining appropriately stretching performance targets. The main provisions of the LTIP are summarised in Appendix 2 to this Notice of Annual General Meeting.

#### Resolution 21 – CSOP

This approves the establishment of LSL's Company Share Option Plan (the **CSOP**). The CSOP is intended to be a tax advantaged plan under which employees are granted options to acquire shares at a price equal to market value of the shares at the time of grant, where that value does not exceed £30,000. Options generally vest after a period of at least three years. The main provisions of the CSOP are summarised in Appendix 3 to this Notice of Annual General Meeting.

#### Resolution 22 – DSP

This approves the establishment of LSL's Deferred Share Bonus Plan (the **DSP**). LSL does not currently operate arrangements to defer annual bonus, but wishes to maintain the flexibility to do so, should this be considered appropriate in the context of its remuneration arrangements in future. Under the DSP awards will have a value linked to a percentage of bonus outcome under LSL's annual cash bonus arrangements for any financial year. Awards may be granted in the form of nil cost options to acquire shares; or contingent rights to receive shares, in either case, at nil-cost. Awards will vest after a specified deferral period of at least three years. The main provisions of the DSP are summarised in Appendix 4 to this Notice of Annual General Meeting.

#### Resolution 23 – Share plans for employees outside the UK

This enables the Directors to establish separate but commercially similar share plans based on the SAYE Plan, the LTIP, the CSOP or the DSP to enable the grant of options and awards to employees outside of the UK, taking account of local tax, exchange control and securities laws issues in the relevant jurisdiction. Any shares available under such separate plans will count towards the overall participation limits in, and individual limits will not materially exceed, the limits in LSL's corresponding main share plans.

## Appendix 1 – Summary of the main provisions of the SAYE plan

### 1. The SAYE Plan

The SAYE Plan is intended to be a tax-advantaged Schedule 3 SAYE option scheme for the purposes of UK tax legislation. All eligible employees must be invited to participate in the SAYE Plan. Employees who agree to join and to make monthly savings will be granted options to acquire Ordinary Shares on the terms summarised below. Options are not transferable (except on death) and are not pensionable benefits. Options may be satisfied by newly issued shares, shares purchased in the market by an employees' trust or by the transfer of treasury shares. Operation of the SAYE Plan will be overseen by the Directors.

### 2. Eligibility

Any UK based employee (including any full-time Executive Director) of LSL or other participating subsidiary who has been employed for a qualifying period of such length as the Directors may determine from time to time (but not exceeding five years) and any other employee who is nominated by the Directors is eligible to participate in the SAYE Plan.

### 3. Issue of Invitations

Invitations to apply for options will normally be issued within a period of 42 days after the dealing day following the announcement of LSL's results for any period. Invitations may be issued at other times if the Directors see fit in exceptional circumstances. No invitations may be issued more than 10 years after approval of the SAYE Plan by Shareholders.

### 4. Exercise Price

The price per share at which shares may be acquired upon exercise of an option is determined by the Directors before options are granted on any occasion. It must not be less than the higher of:

- a) 80% of the market value of a share when invitations are issued to participants; and
- b) in the case of options to subscribe for shares, the nominal value of a share.

### 5. Monthly Savings

Any employee who applies for an option under the SAYE Plan must enter into a HMRC approved "save as you earn" contract (the Savings Contract). The employee agrees to enter into a Savings Contract for a period of three or five years and make monthly savings contributions of a fixed amount, currently of not less than £5 or more than £500, over three or five years. The employee may elect to apply the proceeds of the Savings Contract to exercise the option and acquire Ordinary Shares. Alternatively, the employee may choose to withdraw the proceeds of the Savings Contract. For the initial invitation under the SAYE Plan, it is envisaged that only three year savings contracts will be offered and the maximum savings contribution shall be £250.

### 6. Exercise of Options

Options under the SAYE Plan will normally be exercisable only during the period of six months from the maturity of the Savings Contract.

### 7. Leaving Employment

Early exercise is permitted following death or cessation of employment by reason of injury, disability, redundancy, retirement, a TUPE business transfer, his employer company ceasing to be an "associated company", cessation of employment more than three years from grant of an option, or where the business or part of the business which employs the participant is transferred to a company outside the Group. In such cases, options may be exercised within six months of leaving to the extent that the funds then available in the employee's Savings Contract permit. In the case of death, personal representatives may normally exercise at any time within twelve months of the date of death. Otherwise options will lapse on cessation of employment.

### 8. Corporate Events

Early exercise of options is permitted in the event of a takeover, reconstruction or voluntary winding-up of the Company. Alternatively, option holders may be offered the opportunity to release their options in consideration of the grant of options over shares in the acquiring company or its parent company.

### 9. Dilution Limit

Awards may be granted over unissued or existing shares. The number of new shares issued or remaining capable of being issued pursuant to awards under the SAYE Plan and LSL's other executive and employee share schemes in any period of ten years, will not exceed 10% of the Ordinary Share capital in issue from time to time. If awards are to be satisfied by a transfer of existing shares, this percentage limit will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by the Investment Association, the percentage limit will apply to awards satisfied by the transfer of treasury shares.

### 10. Rights attaching to Shares

Shares allotted or transferred under the SAYE Plan will rank alongside shares of the same class then in issue. LSL will apply to the FCA for the listing of any newly issued shares.

### 11. Variation of Share Capital

If there is a variation in the Ordinary Share capital of the Company, the Directors may make such adjustments as they consider appropriate to; the number, amount or description of shares subject to any option; the exercise price payable upon the exercise of any option; and/or the acquisition cost of shares that have not been allotted or transferred following exercise of an option, provided that the market value and exercise price must be substantially the same before and after the variation in capital.

### 12. Alteration of the SAYE Plan

The Directors may amend the SAYE Plan in any respect. However, the provisions governing eligibility requirements, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire shares and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of existing or new participants, without the prior approval of LSL's Shareholders in general meeting. There is an exception for amendments which are necessary to comply with the requirements of the tax legislation governing the SAYE Plan, minor amendments to benefit the administration of the SAYE Plan, to take account of a change in legislation or developments in the law affecting the SAYE Plan or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the SAYE Plan or for any member of the Group or associated companies.

Please note: This summary does not form part of the rules of the SAYE Plan and should not be taken as affecting the interpretation of their detailed terms and conditions. The Directors reserve the right to make such amendments and additions to the rules of the SAYE Plan as they consider appropriate, provided that such amendments do not conflict in any material respect with this summary.

## Appendix 2 – Summary of the main provisions of the LTIP

### 1. The LTIP

The LTIP will enable selected employees to be granted awards in respect of Ordinary Shares in the capital of LSL. Awards may be granted in the form of:-

- a) nil cost options to acquire shares; or
- b) contingent rights to receive shares.

Awards will not normally vest until after the end of the period of three years beginning with the award date (the Vesting Period) and then only if and insofar as targets relating to the performance of LSL over a specified period (the Performance Period) have been met. Awards (or shares received pursuant to awards) may be subject to an additional holding period following the Vesting Period. Awards are not transferable (except on death) and are not pensionable benefits. Awards may be satisfied by newly issued shares, shares purchased in the market by an employees' trust or by the transfer of treasury shares. The operation of the LTIP will be overseen by LSL's Remuneration Committee.

### 2. Eligibility

Employees (including Executive Directors) of LSL or of any of its subsidiaries will be eligible to participate in the LTIP, at the discretion of LSL's Remuneration Committee.

### 3. Individual Limits

The maximum number of shares that may be awarded to a participant in any 12 month period will be limited so that the market value of such shares on the date of the award will not normally exceed 100% of basic salary. If the Remuneration Committee considers that exceptional circumstances exist that justify a higher amount, shares with a value of up to 200% of basic salary may be awarded.

### 4. Grant of Share Awards

Awards may only be granted during the period of 42 days beginning with the dealing day following the announcement of LSL's results for any period, or within 42 days of a person first joining the Group or, subject to relevant restrictions on dealings in shares, on any other day on which the Remuneration Committee determines that exceptional circumstances exist. No awards may be made more than ten years after the approval of the LTIP by Shareholders. No payment will be required for the grant of an award.

### 5. Dilution Limit

Awards may be granted over unissued or existing shares. The number of new shares issued or remaining capable of being issued pursuant to awards under the LTIP and LSL's other executive and employee share schemes in any period of 10 years, will not exceed 10% of the Ordinary Share capital in issue from time to time. The number of new shares issued or remaining capable of being issued pursuant to awards under the LTIP and LSL's other executive share incentive plans in any period of 10 years, will not exceed 5% of the Ordinary Share capital in issue from time to time. If awards are to be satisfied by a transfer of existing shares, the percentage limit stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by the Investment Association, the percentage limits will apply to awards satisfied by the transfer of treasury shares.

### 6. Vesting of Awards

The vesting of awards will normally be subject to the attainment of certain targets, relating to the performance of LSL over the Performance Period, set by the Remuneration Committee at the time the awards are made. Once set, performance targets may be varied by the Remuneration Committee, but only if the Remuneration Committee reasonably considers it to be necessary to ensure that the effectiveness of the award as an incentive is not undermined. Performance targets for the initial grant of awards under the LTIP will be as outlined in the Directors' Remuneration Policy – see page 57 of the Annual Report and Accounts 2015. Future awards to Directors will be subject to performance targets which are consistent with the Remuneration Policy in force from time to time.

### 7. Leaving Employment

If a participant leaves the Group his award will normally lapse. If the reason for leaving is death, injury, disability, redundancy, retirement, the sale of the employing business or company, or otherwise at the discretion of the Remuneration Committee, a time-apportioned proportion of the award shares may be retained and vest, if at all, at the end of the Vesting Period, or (if the Remuneration Committee determines, in exceptional circumstances) a time-apportioned proportion of the award shares (determined having regard to the extent to which the performance target is likely to be satisfied) may vest immediately, unless the Remuneration Committee determines that the award shall lapse. If the participant leaves for any other reason other than those set out above, an award will lapse.

### 8. Malus and Clawback

Awards may be subject to adjustment at any time prior to or within six years from the date of vesting if the Remuneration Committee determines that the relevant circumstances apply, including but not limited to where there has been a material misstatement of LSL's financial results, an error in assessing any applicable performance conditions, a material breach of FCA regulations or in the case of a participant's action or omission causing material and significant detriment to a customer or justifying summary dismissal. The Remuneration Committee may implement any such adjustment by reducing the number of shares subject to that award or imposing further conditions, or adjusting other incentives including, but not limited to, the amount of any unpaid bonus, the number of shares under a vested LTIP award and/or a requirement to make a cash payment.

### 9. Corporate Events

In the event of a takeover of LSL, awards shall vest early but normally only in respect of a time-apportioned proportion of such of the award shares as the Remuneration Committee shall determine, having regard to the extent to which the performance target is likely to be satisfied. In the event of a scheme of arrangement, demerger or voluntary winding-up of LSL, awards may, if LSL so determines, vest early but normally only in respect of a time-apportioned proportion of such of the award shares as the Remuneration Committee may determine, having regard to the extent to which the performance target is likely to be satisfied. On an internal reorganisation, replacement awards may be offered.

### 10. Dividends on Award Shares

An award may be made on terms that, if and when the award vests or is exercised, the participant will be entitled to receive an amount equal to the dividends which would have been paid to the participant on such vested shares during the period from grant until vesting had the participant been the legal owner of such shares during that time. This amount may be delivered in shares or in cash.

### 11. Adjustment of Share Awards

If there is a rights or capitalisation issue, sub-division, consolidation, reduction or other variation of LSL's Ordinary Share capital, or demerger or payment of a special dividend which would otherwise materially affect the value of a share award, the Remuneration Committee may adjust the number of shares subject to share awards.

### 12. Rights Attaching to Shares

Shares allotted or transferred under the LTIP will rank alongside shares of the same class then in issue. LSL will apply to the FCA for the listing of any newly issued shares.

**13. Amendment**

LSL may amend the LTIP in any respect. However, the provisions governing eligibility requirements, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire shares and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of LSL's Shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or developments in the law affecting the LTIP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the LTIP or for any member of the Group.

**Please note: This summary does not form part of the rules of the LTIP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right up to the time of the Annual General Meeting to make such amendments and additions to the rules of the LTIP as it may consider appropriate and otherwise provided that such amendments do not conflict in any material respect with this summary.**

### Appendix 3 – Summary of the main provisions of the CSOP

#### 1. **The CSOP**

The CSOP will enable selected employees to be granted options to acquire Ordinary Shares in the capital of LSL. Options will not normally vest until after the end of the period of three years beginning with the option date (the Vesting Period). Options are not transferable (except on death) and are not pensionable benefits. Options may be satisfied by newly issued shares, shares purchased in the market by an employees' trust or by the transfer of treasury Shares. Operation of the CSOP will be overseen by LSL's Remuneration Committee.

#### 2. **Eligibility**

Employees (including Executive Directors) of LSL or of any of its subsidiaries will be eligible to participate in the CSOP, at the discretion of the Remuneration Committee.

#### 3. **Individual Limits**

The aggregate market value of Shares (as at the date of grant) over which unexercised options may be held under the CSOP by an individual at any time is limited to £30,000.

#### 4. **Grant of Share Options**

Options may only be granted during the period of 42 days beginning with the dealing day following the announcement of LSL's results for any period, or, if later, 42 days after the date on which the CSOP is approved by the Shareholders. In addition, options may be granted within 42 days of a person first joining the Group or, subject to relevant restrictions on dealings in shares, on any other day on which the Remuneration Committee determines that exceptional circumstances exist. No options may be made more than ten years after the approval of the CSOP by shareholders. No payment will be required for the grant of an option.

#### 5. **The Exercise Price**

The price per share at which shares may be acquired upon the exercise of an option shall be determined at the time of grant but shall be not less than the average of the middle market quotations of a share for the three dealing days immediately preceding the date of grant as derived from the London Stock Exchange Daily Official List.

#### 6. **Dilution Limit**

Options may be granted over unissued or existing shares. The number of new shares issued or remaining capable of being issued pursuant to options under the CSOP and LSL's other executive and employee share schemes in any period of 10 years, will not exceed 10% of the Ordinary Share capital in issue from time to time. The number of new shares issued or remaining capable of being issued pursuant to options under the CSOP and LSL's other executive share incentive plans in any period of 10 years, will not exceed 5% of the Ordinary Share capital in issue from time to time. If options are to be satisfied by a transfer of existing shares, the percentage limit stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by the Investment Association, the percentage limits will apply to options satisfied by the transfer of treasury shares.

#### 7. **Vesting of Options**

The vesting of options may be subject to the attainment of certain targets, relating to the performance of LSL over the Performance Period, set by the Remuneration Committee at the time the options are made. Once set, performance targets may be varied by the Remuneration Committee, but only if the Remuneration Committee reasonably considers it to be necessary to ensure that the effectiveness of the option as an incentive is not undermined. It is not currently intended to grant option subject to performance targets.

#### 8. **Leaving Employment**

If a participant leaves the Group his option will normally lapse. If the reason for leaving is death, injury, disability, redundancy, retirement, the sale of the employing business or company, or otherwise at the discretion of the Remuneration Committee, a time-apportioned proportion of the option shares may be retained and vest, if at all, at the end of the Vesting Period, or (if the Remuneration Committee determines in exceptional circumstances) a time-apportioned proportion of the option shares (determined having regard to the extent to which the performance target is likely to be satisfied) may vest immediately, unless the Remuneration Committee determines that the option shall lapse. If the participant leaves for any reason other than those set out above, an option will lapse.

#### 9. **Corporate Events**

In the event of a takeover of LSL, options shall vest early but normally only in respect of a time-apportioned proportion of such of the option shares as the Remuneration Committee shall determine, having regard to the extent to which the performance target is likely to be satisfied. In the event of a scheme of arrangement, demerger or voluntary winding-up of LSL, options may, if the Remuneration Committee so determines, vest early but normally only in respect of a time-apportioned proportion of such of the option shares as the Remuneration Committee may determine, having regard to the extent to which the performance target is likely to be satisfied. On an internal reorganisation, replacement options may be offered.

#### 10. **Adjustment of Share Options**

If there is a rights or capitalisation issue, sub-division, consolidation, reduction or other variation of LSL's Ordinary Share capital, or demerger or payment of a special dividend which would otherwise materially affect the value of a share option, the Remuneration Committee may adjust the number of Shares subject to share options.

#### 11. **Rights Attaching to Shares**

Shares allotted or transferred under the CSOP will rank alongside shares of the same class then in issue. LSL will apply to the FCA for the listing of any newly issued shares.

#### 12. **Amendment**

The Remuneration Committee may amend the CSOP in any respect. However, the provisions governing eligibility requirements, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire shares and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of LSL's Shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the CSOP, to take account of a change in legislation or developments in the law affecting the CSOP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the CSOP or for any member of the Group.

**Please note: this summary does not form part of the rules of the CSOP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right up to the time of the Annual General Meeting to make such amendments and additions to the rules of the CSOP as it may consider appropriate and otherwise provided that such amendments do not conflict in any material respect with this summary.**

## Appendix 4 – Summary of the main provisions of the DSP

### 1. The DSP

The DSP offers a mechanism whereby selected employees may defer a proportion of their bonus opportunity into awards over Ordinary Shares in the capital of LSL. Awards may be granted in the form of nil cost options to acquire shares or contingent rights to receive shares. Awards will not normally vest until after the end of the period of three years beginning with the award date (the Vesting Period). Awards are not transferable (except on death) and are not pensionable benefits. Awards may be satisfied by newly issued shares, shares purchased in the market by an employees' trust or by the transfer of treasury shares. Operation of the DSP will be overseen by LSL's Remuneration Committee.

### 2. Eligibility

Employees of LSL and its subsidiaries will be eligible to participate in the DSP, at the discretion of the Remuneration Committee. Executive Directors will not participate unless envisaged by the Director's Remuneration Policy in force from time to time. The DSP will operate in conjunction with LSL's annual cash bonus arrangements.

### 3. Calculation of Awards

In each year an individual who participates in both LSL's annual cash bonus arrangements and the DSP will receive an award of deferred shares following calculation of the annual bonus outcome for that financial year. The deferred shares will represent the deferral of part of the individual's annual bonus outcome for that financial year. An award shall be made over such number of Shares as has a market value (as determined by the Remuneration Committee) equivalent to the appropriate proportion of bonus outcome expressed as a gross (pre-tax) cash value.

### 4. Grant of Share Awards

Awards may only be granted during the period of 42 days beginning with the dealing day following the announcement of LSL's results for any period or, subject to relevant restrictions on dealings in shares, on any other day on which the Remuneration Committee determines that exceptional circumstances exist. No awards may be made more than ten years after the approval of the DSP by shareholders. No payment will be required for the grant of an award.

### 5. Dilution Limit

Awards may be granted over unissued or existing Shares. The number of new shares issued or remaining capable of being issued pursuant to awards under the DSP and LSL's other executive and employee share schemes in any period of 10 years, will not exceed 10% of the Ordinary Share capital in issue from time to time. The number of new shares issued or remaining capable of being issued pursuant to awards under the DSP and LSL's other executive share incentive plans in any period of 10 years, will not exceed 5% of the Ordinary Share capital in issue from time to time. If awards are to be satisfied by a transfer of existing shares, the percentage limit stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by the Investment Association, the percentage limits will apply to awards satisfied by the transfer of treasury shares.

### 6. Malus and Clawback

Awards may be subject to adjustment at any time prior to or within a specified period following the date of vesting if the Remuneration Committee determines that the relevant circumstances apply, including but not limited to where there has been a material misstatement of LSL's financial results, an error in assessing any applicable performance conditions, a material breach of FCA regulations or in the case of a participant's action or omission causing material and significant detriment to a customer or justifying summary dismissal. The Remuneration Committee may implement any such adjustment by reducing the number of shares subject to that award or imposing further conditions, or adjusting other incentives including, but not limited to, the amount of any unpaid bonus, the number of shares under a vested DSP award and/or a requirement to make a cash payment.

### 7. Leaving of Employment

If a participant leaves the Group before the end of the Vesting Period by reason of death, injury, disability, redundancy, retirement, the sale of the employing business or employer company, or otherwise at the discretion of the Remuneration Committee, the award shall vest in full, unless the Remuneration Committee determines that the award shall lapse. If a participant leaves in any other circumstances, his award will lapse.

### 8. Corporate Events

In the event of a takeover of LSL, awards shall vest early. In the event of a scheme of arrangement, demerger or voluntary winding-up of LSL, awards may, if the Remuneration Committee so determines, vest early. On an internal reorganisation, replacement awards may be offered.

### 9. Dividends on Awards Shares

An award may be made on terms that, if and when the award vests or is exercised, the participant will be entitled to receive an amount equal to the dividends which would have been paid to the participant on such vested shares during the Vesting Period had the participant been the legal owner of such shares during that time. This amount may be delivered in shares or in cash.

### 10. Adjustment of Share Awards

If there is a rights or capitalisation issue, sub-division, consolidation, reduction or other variation of LSL's Ordinary Share capital, or demerger or payment of a special dividend which would otherwise materially affect the value of a share award, the Remuneration Committee may adjust the number of shares subject to share awards.

### 11. Rights Attaching to Shares

Shares allotted or transferred under the DSP will rank alongside shares of the same class then in issue. LSL will apply to the FCA for the listing of any newly issued shares.

### 12. Amendment

The Remuneration Committee may amend the DSP in any respect. However, the provisions governing eligibility requirements, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire shares and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of the company's shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the DSP, to take account of a change in legislation or developments in the law affecting the DSP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the DSP or for any member of the Group.

**Please note: this summary does not form part of the rules of the DSP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right up to the time of the Annual General Meeting to make such amendments and additions to the rules of the DSP as it may consider appropriate and otherwise provided that such amendments do not conflict in any material respect with this summary.**

## 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, speak and vote on a show of hands or on a poll 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 any required power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the same, must be deposited by 4.30pm on 26<sup>th</sup> April 2016 at the offices of Capita Asset Services at PXS 1, 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 person.

To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment, in which case you may photocopy the enclosed Form of Proxy, indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed. All forms must be signed and should be returned together in the same envelope.

LSL specifies that only those Shareholders registered in the relevant Register of Members of LSL as at 6.00pm on 26<sup>th</sup> April 2016 (or if the meeting is adjourned, 6.00pm on the day two days prior to 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.

To change your proxy instructions you should submit a new proxy appointment using the methods set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### 2. Website giving information regarding the AGM

Information regarding the AGM, including the information required by section 311A of the Act is available at [www.lslps.co.uk](http://www.lslps.co.uk).

### 3. CREST Proxy Voting (uncertificated shareholders)

- a) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment 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.
- b) 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 and Ireland Limited's (EUI) 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.

### 4. 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.

### 5. Corporate Representatives

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

### 6. Right to appoint proxy

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communication from LSL in accordance with section 146 of the Act (Nominated Persons). Nominated Persons may have a right under an agreement with the registered Shareholder who holds shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

### 7. Issued Share Capital and Total Voting Rights

The total number of LSL's Ordinary Shares in issue at 6.00pm on 30<sup>th</sup> March 2016 is 104,158,950 Ordinary Shares. Each Ordinary Share carries the right to one vote (on a show of hands and on a poll) and, therefore, the total number of voting rights in LSL at 6.00pm on 30<sup>th</sup> March 2016 is 104,158,950.

### 8. Meeting arrangements

The doors will open at 4.15pm and the AGM will start promptly at 4.30pm.



**9. Section 527 of the Act**

It is possible that, pursuant to requests made by members of LSL under sections 527 of the Act, LSL may be required to publish on its website a statement setting out any matter relating to the audit of LSL's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM. The business which may be dealt with at the AGM includes any statement that LSL has been required under section 527 of the Act to publish on its website.

**10. Questions at the meeting**

Any Shareholder (or a duly appointed proxy) attending the AGM has the right to ask questions. LSL must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of LSL or the good order of the AGM that the question be answered.

**11. Documents available for inspection**

There will be available for inspection at LSL's offices during usual business hours on any day (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;
- c) a copy of the Articles of Association; and
- d) the rules of the SAYE Plan, the LTIP, the CSOP and the DSP.

**12. Electronic communication**

You may not use any electronic address provided in this Notice of AGM or any related documents to communicate with LSL for any purpose other than those expressly stated.

**13. General enquiries**

Capita Asset Services maintain LSL's share register. If you have any queries about voting or about your Shareholding, please contact Capita Asset Services:

**Post:** Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

**Email:** [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)

**Telephone:** 0871 664 0300 (calls cost 12p a minute plus your phone company's access charge. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales).

**Online:** [www.capitashareportal.com](http://www.capitashareportal.com). If you have internet access, you can amongst other things, view details of your Shareholding, set up or amend a dividend mandate and update your address details

