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LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE OF THE CLAPHAM HOUSE GROUP PLC

(Registered in England & Wales No. 4918500)
1 Lindsey Street, Suite D, 2nd Floor, London, EC1A 9HP

12 September 2007

To the holders of Ordinary Shares of 10p each in the Company

Dear Shareholder,

Extraordinary General Meeting ("EGM"):-

Resolutions to adopt the Rules of The Clapham House Group PLC 2007 Long-Term Incentive Plan (the "LTIP") and to approve electronic communications with shareholders

Enclosed with this letter is a notice convening an extraordinary general meeting of the Company at which your approval will be sought for the Company's proposed new LTIP¹ and for the Company to communicate with shareholders electronically and via its website.

Details of the new LTIP are set out in Appendix 1 to this letter. The Board's Remuneration Committee, in conjunction with its retained independent remuneration advisers, Halliwell Consulting, have designed the LTIP described in this letter under which the Committee wishes to grant awards as soon as possible.

It is the opinion of the Remuneration Committee that the need to implement the LTIP, taking into account (1) the requirement to incentivise and retain a rapidly increasing number of key executives and senior employees of the Company needed to deliver the Company's growth strategy and thereby enhance shareholder value and (2) the Committee's desire to operate the LTIP as an integral part of a new executive remuneration policy, justifies bringing these matters before shareholders as soon as possible through an EGM.

In addition, the Remuneration Committee wished to have an appropriate period to consult with certain of the Company's shareholders on the design of the LTIP. This would not have been possible given the time constraints if the LTIP had been included as Special Business at the Annual General Meeting of the Company.

During the design process the Remuneration Committee consulted with the Company's principal shareholders on the detailed terms of the new LTIP. The Remuneration Committee would like to thank shareholders who took part in the consultation process. The majority of shareholders consulted were supportive of the new LTIP.

We would, therefore, invite shareholders to approve the new LTIP by approving Resolution 1, to be proposed at an Extraordinary General Meeting of the Company to be held at 10:15am on 28th September 2007 or if later immediately following the Annual General Meeting of the Company on that date.

Copies of the rules of The Clapham House Group PLC 2007 Long-Term Incentive Plan will be available for inspection at the Company's registered office, 1 Lindsey Street, Suite D, 2nd Floor, London, EC1A 9HP, during normal business hours on any business day from the date of despatch of this letter up to and including the date of the EGM and at the place of the EGM for at least fifteen minutes prior to and including the EGM.

Footnote

1 Long-Term Incentive Plan ("LTIP") - a share plan under which conditional awards (or nil-cost options) of shares with performance conditions attached are made at no cost to participants.

Resolution 2 is being proposed at the EGM in order to enable the Company to take advantage of the provisions of the Companies Act 2006 which permit electronic communications with shareholders. A separate letter from the Chairman of the Company, David Page, concerning that resolution is enclosed.

Your Board believes that these resolutions are in the best interests of the Company and its shareholders and therefore recommend that you vote in favour of the resolutions as set out in the accompanying Notice of Extraordinary General Meeting, as they intend to do in respect of their beneficial holdings of Ordinary Shares (and to procure in respect of the beneficial holdings of their connected persons) amounting to, in aggregate, 1,498,991 Ordinary Shares, representing 4.02 per cent of the current issued share capital of the Company.

Yours sincerely,

Nicholas Donaldson
Chairman of the Remuneration Committee

APPENDIX 1 - DETAILS OF THE LTIP

Definitions

Term	Meaning
"Award"	the grant of a conditional right to Shares or a nil cost option over Shares in accordance with the Rules.
"Close Period"	such time as employees of the Company are prohibited from dealing in Shares, for whatever reason, in accordance with such code as the Company may have established from time to time or such other statutory, regulatory or other prohibition from dealing in Shares or rights over Shares.
"Committee"	the Remuneration Committee of the Company.
"Company"	The Clapham House Group PLC.
"Control"	the meaning of control set out in Section 840 of the Income and Corporation Taxes Act 1988
"Participant"	an eligible employee approved by the Committee and granted an Award.
"Rules"	the rules of The Clapham House Group PLC 2007 Long-Term Incentive Plan ("LTIP") setting out the terms and conditions relating to participation.
"Shares"	Ordinary shares of 10 pence each of the Company.

Background to the proposed introduction of the LTIP

The Remuneration Committee of the Company believes that the LTIP is appropriate because it helps to address the following:-

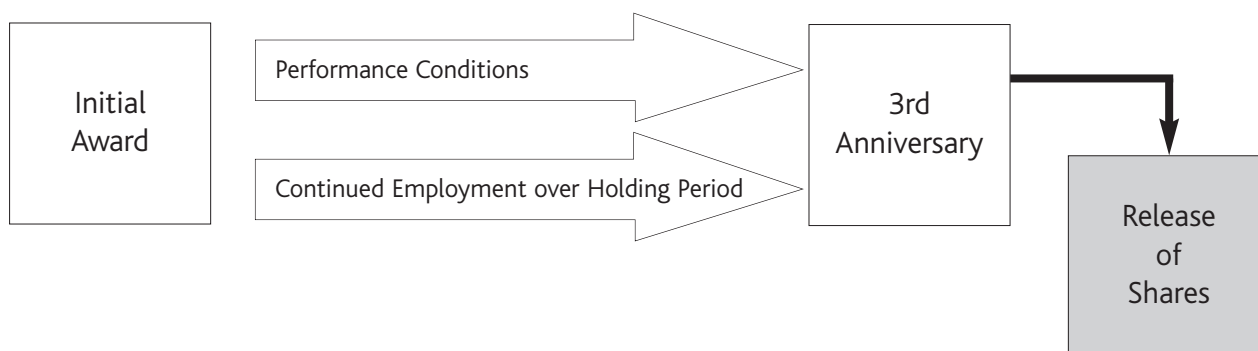
- the need to continue to focus the equity elements of the compensation package on incentivising participants to maximise absolute shareholder value; and
- the requirement to incentivise and retain a rapidly increasing number of key executives and senior employees of the Company needed to deliver the Company's growth strategy and thereby enhance shareholder value.

In addition, the Committee believes that the LTIP is more appropriate for the Company than the existing option programmes because:-

- an LTIP has a better cost vs. benefit profile than previous market priced option schemes;
- it is significantly less dilutive for a given benefit profile than previous market priced option schemes; and
- it is in line with trends in current market practice.

Design of the proposed LTIP

The following schematic, paragraphs and table set out the structure of the LTIP and its main terms and conditions:-



The following paragraphs describe the operation of the LTIP:-

- The Remuneration Committee, the members of which are currently the two non-executive directors and one executive director of the Company, will supervise the operation of the LTIP in respect of the Executive Directors and senior employees of the Company.
- **Grant of Awards** – it is proposed that the Participants will receive rolling annual Awards. No Awards will be granted during a Close Period.
- **Nature of the Awards** – it is proposed that the Awards be made in the form of nil cost options. Awards will be capable of being exercised from the date of release to the tenth anniversary of the date of grant.

- **Release of Awards** – the Shares subject to Awards will be released at the end of the holding period, subject to the satisfaction of the performance conditions and continued employment of the participant by the Company.

Main features of the proposed LTIP

Frequency of Award – it is proposed that the Company will make annual Awards under the LTIP. The release of Shares subject to each Award will be conditional on the Participant remaining an employee of the Company during the holding period for that Award and also on the satisfaction of the related performance conditions. The Committee will consider each year whether to make Awards under the LTIP, the level of that Award and whether the performance conditions continue to remain appropriate to the stage of development of the Company and market conditions generally.

Eligibility – Any employee of the Company selected by the Committee. Non-executive directors are not eligible to participate in the LTIP. The Company is intending to make Awards to a larger number of employees than is normal for this type of plan to reflect the importance placed on focusing all key employees on enhancing shareholder value and aligning their interests with those of the Company's shareholders at this important time in the Company's development. The following additional point should be noted:-

- David Page and Paul Campbell will not be granted Awards in respect of the first grant under the LTIP although they will be eligible to be granted Awards in subsequent years;

Dilution – Shares potentially releasable on outstanding Awards and Shares released on exercised Awards in ten years shall not exceed 10% of the Company's issued share capital. The Committee will monitor the issue of Shares during the ten year period. It should be noted that where the Company uses Treasury Shares to satisfy its obligations under the LTIP they shall be added to the number of Shares issued for the purposes of these limits.

Level of Award – the maximum level of Award which can be granted under the LTIP in any one calendar year will be equivalent to 200% of the Participant's annual salary.

The following table sets out the proposed level of initial awards to employees of the Company and possible levels of future awards:-

Participant	Position	Initial 2007 Award % of salary	Ongoing Award % of salary
David Page	Chairman	No Grant	140%
Paul Campbell	Chief Executive Officer	No Grant	140%
Sarah Willingham	Development Director	140%	140%
Nicholas Wong ²	Group Finance Director	200%	140%
David Sykes	Managing Director - GBK	140%	140%
	Senior Executives – Tier 1	up to 200%	140%
	Brand Managers - Tier 2	100%	100%
	Area & Senior Managers - Tier 3	50%	50%
	Restaurant Mangers & HQ Staff - Tier 4	25%	25%

Performance Conditions – there are two performance conditions attached to the first grant of Awards under the LTIP:-

- no Award will be capable of release unless the Company's total shareholder return exceeds the return of the AIM Index over the holding period. The rationale behind this performance measure is based upon the following:-
 - it ensures that the potential benefit to the participants is based on the Company's comparative returns at least exceeding the general return of the AIM Index;
 - the value of the Company's executive team and the strategy which they are implementing will be reflected in the comparative share price performance of the Company going forward;
 - comparative total shareholder return is a measure operated in conjunction with the majority of LTIPs; and
 - the measure is generally supported by shareholders.

Footnote

2 The higher level of initial grant reflects the lower level of comparative salary paid to the individual.

- Provided that if the above condition is satisfied the release of Shares will be subject to the Company's share price performance over the holding period. The following table sets out the basis of calculation of the targets for the first grant of Awards:-

Performance Level	Average 30 calendar day share price at end of holding period for initial grant of Awards	%age of the Award released
Threshold	The target will be calculated by taking the closing price prior to the date of grant and compounding this price by 15% p.a.	20%*
Maximum	The target will be calculated by taking the closing price prior to the date of grant and compounding this price by 25% p.a.	100%*

*Straight line release between points.

The rationale behind the selection of absolute share price targets as a performance measures is based upon the following:-

- share price growth is a transparent and accurate measure of the Company's performance;
- it is a measure which is comprehensively understood by the Company's executive team and is something over which they have a direct line of sight; and
- a share price target ensures that participants only derive value from the LTIP where significant value is generated for shareholders.

Holding Period – no Shares subject to Awards will normally be released until three years after the date of grant and subject to the Participant's continued employment over this period and the satisfaction of the related performance conditions.

Release of LTIP Awards – LTIP Awards will normally be released at the end of the applicable holding period, subject to the satisfaction of the performance conditions, and any other conditions, determined at the date of grant of the relevant Award. The release of LTIP Awards is conditional upon the Participant paying any taxes due as a result of such a release. It is the current intention that the Company will pay employers' National Insurance contributions arising in connection with Awards. If the performance conditions are not satisfied or partially satisfied at the end of the holding period, the Award or the balance of the Award (as appropriate) not released shall lapse. There will be no re-testing of the performance conditions.

Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the Shares are acquired but will otherwise rank pari passu with existing Shares. Application will be made for the admission of the new Shares to be admitted to AIM following the release of an LTIP Award.

Cessation of employment – The Award will lapse if the Participant is a normal leaver. If the Participant is a good leaver the number of Shares released will be calculated as follows:-

- the maximum number of Shares capable of release will be calculated by pro-rating the number of Shares subject to the Award by the amount of the holding period completed on the date of cessation;
- of this maximum number capable of release the actual number released will be based on the proportionate level of satisfaction of the performance conditions at this point (based on the share price targets attached to that grant).

Change of control –The number of Shares released on a change of control will be calculated as follows:-

- the maximum number of Shares capable of release will be based on the proportionate level of satisfaction of the performance conditions on the date of the change of control (based on the share price targets attached to that grant);
- the Committee may then take into account the length of the holding period completed in calculating the actual number of Shares released.

Variation of share capital – On a variation of the capital of the Company, the number of Shares subject to an LTIP Award may be adjusted in such manner as the Committee determines and the advisers of the Company confirm to be fair and reasonable.

Non-Transferability of LTIP Awards - LTIP Awards are not transferable except in the case of a Participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the Participant.

Duration -The Committee may not grant awards under the LTIP more than five years after its approval unless the LTIP is extended pursuant to shareholder authority for a further period of up to five years.

Amendments - The Rules may be amended at the discretion of the Committee. However, the provisions governing eligibility requirements, equity dilution, share utilisation and individual participation limits and the adjustments that may be made following a rights issue or any other variation of capital together with the limitations on the number of Shares that may be issued cannot be altered to the advantage of Participants without prior shareholder approval, except for minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the group.

The Committee may add to, vary or amend the Rules of the LTIP by way of a separate schedule in order that the LTIP may operate to take account of local legislative and regulatory treatment for Participants or the relevant group company, provided that the parameters of these arrangements will provide no greater benefits than the rules of the LTIP as summarised above.

Note: This Appendix 1 summarises the main features of the LTIP but does not form part of it and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the Rules. Copies of the Rules of The Clapham House Group PLC 2007 Long-Term Incentive Plan will be available for inspection at the Company's registered office, 1 Lindsey Street, Suite D, 2nd Floor, London, EC1A 9HP, during normal business hours on any business day from the date of despatch of this notice up to and including the date of the EGM and at the place of the EGM for at least fifteen minutes prior to and including the EGM. The Directors reserve the right, up to the time of the meeting, to make such amendments and additions to the Rules as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix 1.

The Clapham House Group PLC

(Registered in England & Wales No. 4918500)

12 September 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE CLAPHAM HOUSE GROUP PLC

Notice Is Hereby given that an Extraordinary General Meeting ("EGM") of The Clapham House Group PLC (the "Company") will be held at The Real Greek Souvlaki & Bar, 142 St John Street, London, EC1V 4UA at 10.15 a.m. on 28 September 2007 or if later immediately following the Annual General Meeting of the Company to be held on that date for the purpose of considering and if thought fit passing the following resolutions each of which will be proposed as an ordinary resolution:-

ORDINARY RESOLUTIONS

1. THAT the rules of The Clapham House Group PLC 2007 Long-Term Incentive Plan (the "LTIP"), the principal terms of which are summarised in the letter to shareholders from the Chairman of the Remuneration Committee dated 12 September 2007 and the rules of which are produced to the Meeting and initialled by the Chairman for the purpose of identification, be and are hereby approved and that the Directors be authorised to do all acts and things which they may consider necessary or expedient to carry the LTIP into effect.
2. THAT subject to and in accordance with the provisions of the Companies Act 2006, the Company be permitted to send, convey, and/or supply, all types of notices, documents or information to the members by means of electronic equipment for the processing (including, without limitation, by means of digital compression), storage and transmission of data, using wires, radio, optical technologies, or any other electronic means, including, without limitation, by making such notices, documents or information available on a website.

By Order of the Board

Nicholas Wong

Company Secretary

1 Lindsey Street,
Suite D, 2nd Floor,
London, EC1A 9HP

12 September 2007

Notes:

1. A shareholder entitled to attend and vote at the annual general 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 of the Company.
2. A form of proxy is enclosed. To be effective, it must be deposited at the office of the company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 48 hours before the time and date appointed for holding the Extraordinary General Meeting. Completion of the proxy does not preclude a member from attending and voting at the meeting in person if he or she so wishes.
3. The time by which a person must be entered on the Company's Register of members in order to attend and vote at the meeting is 10.15a.m. on Wednesday 26th September 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time and date fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

Documents available for inspection

A copy of the rules of The Clapham House Group PLC 2007 Long-Term Incentive Plan will be available for inspection at the Company's registered office 1 Lindsey Street, Suite D, 2nd Floor, London, EC1A 9HP during normal business hours on any business day from the date of despatch of this notice up to and including the date of the EGM and at the place of the EGM for at least fifteen minutes prior to and including the EGM.

