

We called an EGM in order to remove all of the Non-Executive directors of Lakehouse, including the Chairman, and replace them with three stronger candidates. This was necessary because engagement with the Chairman and CEO was unproductive. Immediately before the EGM we were contacted by the company to be told that we had won sufficient shareholder support to carry six of our seven resolutions and that the board wished to seek a compromise to which we agreed - the Chairman would step down, to be replaced by one of our candidates, and our other two candidates would also be appointed to the board.

Within a short period, the CEO and the two original Non-Executives directors left the company. We were able to introduce to Lakehouse a highly experienced candidate to lead the company - Bob Holt, the founder of Mears PLC - who was ultimately appointed as Executive Chairman.

It became abundantly clear both during the EGM process and in the aftermath that the managerial and governance issues facing the company were every bit as bad as we had feared. Coupled with a difficult business environment, Lakehouse's previous direction of travel was perilous.