

Nell Gwynn House Freehold Limited
c/o Rokeby-Johnson Baars LLP
22 Gilbert Street
London, W1K 5HD
29th April 2008

Dear Participating Leaseholder

FREEHOLD PURCHASE UPDATE

This is my first report to you as chairman of Nell Gwynn Freehold Limited. Incredibly a year has passed since we first lodged our application to purchase the freehold so it seems a particularly opportune moment to bring you up to date with developments.

You may have attended the RALA AGM last November or received the minutes of that meeting, (posted on website), in which case you will recall that we had failed to reach any satisfactory conclusion to the desultory negotiations, and had become aware that it was increasingly likely that the matter would have to be determined by the LVT. This belief was reinforced last December when Haruna Trading confirmed they would be separately represented.

In February Rokeby-Johnson made the necessary application to the tribunal requesting a hearing date. The LVT has now given directions regarding meetings of experts, which are due to take place by the end of April with Fairbriar having appointed a Mr. Shapiro and Haruna, Mr. Perry. Our interests will be in the capable hands of Mr. Maunder Taylor.

As advised at the RALA AGM, negotiations had been hampered by the difficulty in resolving issues that had come to the fore since the application was first made in relation to various leases granted to Haruna Trading. Amongst the most important of those issues was Haruna's alterations to the basement area designed to fulfill their intention of creating a commercial gymnasium /health club including relocating the old bin area in the basement and blocking off service corridors. The demise of the air space above the building it was felt might impede essential access. The demise of the ground floor toilet would put the management in breach of Health and Safety rules regarding the provision of staff toilets. We felt that these and other issues were sufficiently important to justify taking legal advice whether our initial claim could be extended to include other common parts and areas necessary to the effective management of our building.

It took some little time for the advice to be received but it was favourable, so instructions were given to Rokeby-Johnson Baars to proceed with an application to the county court to amend the claim to include the roof space; the ground floor toilet; the relevant

basement access corridors and the old bin area as being essential to ensure proper and safe management of the building. If these applications are successful and the amended claim upheld by the LVT, we will be able to restore the bin area to its proper place as well as satisfy health and safety issues in relation to the provision of toilets and have ensured proper access for the maintenance of plant and machinery.

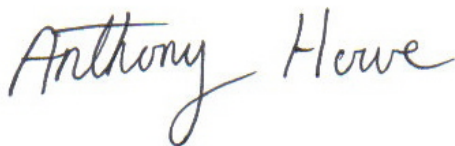
Unless the application to amend is consented to, and the experts come to some agreement, it will be a number of months before the result of these initiatives are known.

The acquisition becomes ever more imminent. Accordingly much thought has been given to the future management. As reported at the AGM, RALA took expert advice in relation to the 2006 service charge accounts: with the sale of Moretons to Crabtree and the partial retirement of Mr. Hurst, potential alternatives to Moretons have been identified. After examining the options it has been concluded by the freehold board, that our interests are best served by maintaining competent in house management and accounting under the supervision of a professional Maintenance Trustee.

We will of course keep you updated on material developments. In the meantime, whilst, as yet, no participant is a Member of the Company, I am nonetheless happy to extend to you an invitation to The Freehold AGM to be held at St Luke's Parish Hall at 6PM on the 23rd July 2008 so that, as prospective member, you can be advised on the state of the fund and the general progress towards the acquisition. I very much hope you can attend and I look forward to seeing you there.

Lastly could I remind you that if you have sold or are minded to sell any flat in respect of which you have signed the participation agreement, it is advisable to ensure that your purchaser is substituted for you in the participation agreement by entering into a deed of adherence. It would be helpful if any such is notified to us as well as any change in your address or other contact details. May I thank you in advance for your cooperation?

Yours sincerely

A handwritten signature in cursive script that reads "Anthony Howe". The signature is written in dark ink and is positioned above the printed name.

Anthony Howe