

NELL GWYNN HOUSE FREEHOLD LIMITED
Nell Gwynn House, Sloane Avenue, LONDON, SW3 3AX

22.5.07

Dear Leaseholder

FREEHOLD PURCHASE - by way of Collective Enfranchisement (CE)

I am delighted to inform you that, with the support of the owners of 324 flats, *Rokeby Johnson Baars* served the initial Notice upon *NGH Properties Limited* on Friday, 27th April 2007. The level of support achieved is certainly very much in the top range of our expectations last August, when we started the process.

The respondent has until the 4th July 2007 to serve a Counter Notice, so not a great deal is expected to happen before that date.

The costs that we have incurred to date are roughly in line with the amounts budgeted for, and at present it is not anticipated that the overall cost is likely to exceed the cap contained in the *Participation Agreement*. This is so notwithstanding that inevitably more costs will be incurred particularly if we have to go all the way to the *Leasehold Valuation Tribunal* in order to complete the purchase.

The legal effect of the Notice is that any attempted further dispositions on the part of *NGH Properties Limited* of anything that they regard as a commercial space will be taken subject to the Notice. Hence, while it will not protect a fool from his folly, the service of the Notice should impede any further commercially based deprecations of the building.

It is obviously important to monitor legal costs, and we would respectfully ask all participants not to trouble *Rokeby Johnson Baars* on general enquiries, which should initially be routed through the Freehold Sub-Committee.

The doors will now be closed to any would be participants until after completion. After that time commercial terms will be sought from anyone seeking to extend their lease or to become a member of the new freehold company.

Finally please do not forget that if you are selling your flat there are certain formalities that need to be gone through to ensure that the buyer takes over your place in the freehold purchase. In such circumstances please ensure your solicitors liaise with *Rokeby-Johnson Baars*.

We will keep you closely advised of developments.

Yours sincerely



Simon Davie
Chairman, NGHF Limited