

NELL GWYNN HOUSE FREEHOLD LIMITED

Nell Gwynn House, Sloane Avenue, LONDON, SW3 3AX

28 Aug, 2007

Dear Leaseholder (and member of NGH Freehold Limited)

FREEHOLD PURCHASE

You will recall that we last wrote to you on 12th May to tell you that on April 27th, with the formal support of 324 Leaseholders, our solicitors served Notice on the Freeholder of our intention to purchase the freehold of Nell Gwynn House by 'Collective Enfranchisement'.

The Freeholder (NGH Properties Limited, a wholly owned subsidiary of Fairbriar Limited) subsequently approached us to see if it might be possible to agree terms for a 'voluntary' sale. If such an agreement could be reached, it would save both parties significant legal and other costs. We have therefore agreed that our advisers should enter into 'without prejudice' negotiations with the Freeholder's agents. In order to facilitate these negotiations, we have agreed to an extension of the deadline for the Freeholder to serve their Counter Notice.

The revised deadline is now approaching and, if we do not think that sufficient progress is being made in the negotiations, we shall require the Freeholder to serve their Counter Notice without further delay. We are fully prepared to continue with the CE process all the way to the *Leasehold Valuation Tribunal* in order to complete the purchase of the freehold.

We will continue to keep you advised of developments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Davie', written over a light grey rectangular background.

Simon Davie
Chairman, NGH Freehold Limited