



North End House Limited

31a North End House
Fitzjames Avenue
London, W14 0RT

9th March 2017

Dear Shareholders/Leaseholders,

Following my last Newsletter there appears to be some confusion as to how we are proposing to raise funds to undertake essential works in the Estate, namely the high-level redecoration of the three square blocks, the fire escape stairs and other essential works.

At the recent Residents Association's AGM on the 2nd of March 2017, we presented the board's proposal which was clearly understood by everyone present. The attendees felt that it was a rational, fair and sound proposal and wished that we send out this newsletter to all shareholders/leaseholders explaining it in detail. We hope that with this communication the plan will become clear to all but if there is still any doubt it would be appreciated if you could write to me and set up a meeting to explain it further.

As promised, and driven by its concern for transparency, the new board feels strongly that they would like to make their case as clear as possible to all shareholders/leaseholders and seek as large a consensus of approval as possible, bearing in mind that according to the company's Articles of Association the board does not require permission from the leaseholders to borrow money up to a sum of £1.5 million.

The Proposal:

As mentioned earlier there are essential works that need to be done and others that potentially will need to be carried out in accordance with the Asset Management's Report. The immediate works that need to be carried out are the following

1. Removal and replacement of the two condemned fire stairs as soon as possible and maintenance to the other four in the square blocks over a period of time.
2. The High-level redecoration works in the square blocks that are long overdue and in breach of the lease.

The cost of these two projects alone is in the region of £793,000 (including VAT).

The Budget:

As you will see from the budget of 2017/2018 both these projects are planned for this financial year. Some of their funding will be raised from the surplus funds carried over from the last three years, but there will still be a deficit of approximately £253,000.

The plan is therefore to offset this deficit with a mortgage taken by North End House Limited on one of the company flats amounting to £500,000, repayable over a 10 year period by North End House Limited. The rest of the money to be used for other works and possibly some of the company related works. We have approached Barclays and they have agreed to lend us this amount at 2.95% inclusive of the base rate over the said period (10 years).

Impact on the leaseholders:

How would this impact the leaseholder? North End House Limited will advance the Service Charge Account the money it requires to complete the planned works, in this case £253,000 to clear the redecoration works and the deficit as well. To service this advance there will be a 5% increase in the service charge, which in effect will mean that each shareholder/leaseholder would be paying an extra sum of £35 per quarter for a small flat and £62 for a large flat.

WE CURRENTLY DO NOT ANTICIPATE IN THE FORSEEABLE FUTURE ANY FURTHER INCREASE NOR ANY EXTRA DEMAND IN THE SERVICE CHARGE.

The rest of the mortgage will be paid off through the company surplus and would not affect the leaseholder in any way.

We trust we have made our case clear but as mentioned above if there are any unanswered questions please make an appointment with me and I would be more than happy to clarify and answer any query.

Regards,

Kishore Reddy
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On behalf of the Board
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