

BY EMAIL ONLY

The Flat Owner
The Lexington Building
40-56 City Road
London
EC1Y 2AN

Our ref : MCC/MQ/L1804-1/MCC
Doc Ref : **2152409218**
Date : 22 December 2025
Email : *mchick@bishopandsewell.co.uk*
Direct Line : 020 7079 2415
Direct Fax : 020 7323 0498

Dear Flat Owner,

Purchase of Freehold: The Lexington Building, 40-56 City Road, London EC1Y 2AN

Thank you for instructing Bishop & Sewell LLP to act for you. We hope to offer a fast, personal and effective service, and will do our best to see that everything proceeds as smoothly as possible.

This letter sets out the nature and scope of your contractual relationship in brief. The full terms on which we provide our services are set out in more detail in our standard terms of business (enclosed).

What we will do for you

We will be instructed by the participating flat owners at The Lexington Building, 40-56 City Road London EC1Y 2AN to serve an Acceptance and Nomination Notice following service of an Offer Notice served under Section 5A of the Landlord and Tenant Act 1987. We will also be instructed to incorporate a company to act as nominee purchaser and deal with various ancillary matters related to the said company.

We anticipate that if the matter proceeds, it would take six to nine months to get to the point of completion.

Unless specifically agreed with you in writing, we will not advise on tax matters. Where it is agreed with us in writing that we will advise on the application of UK tax law in relation to your matter, where there is a choice of various courses of action available to you, we will seek to provide you with a clear indication as to the most tax efficient course of action available which may in our opinion be regarded as a reasonable course of action in relation to any relevant tax provisions, taking into account all the circumstances of your matter. However, we cannot advise you in relation to any course of action which could be regarded as being abusive within the meaning of section 207 of the Finance Act 2013.

We do not provide advice in relation to investment, financial or accountancy matters or on the laws of any other jurisdiction other than England and Wales unless specifically agreed by us in writing, prior to the provision of any such advice. If you do wish to receive any advice in addition to that set out above, please let us know in writing.

Who will do your work

Mark Chick is the person who has day to day conduct of this matter on your behalf and he is a partner.

If Mark Chick is not available please contact his secretary, Maria Hills on 020 7079 4136 or at mhills@bishopandsewell.co.uk or Daisy Adams, on 020 7079 2436 or at dadams@bishopandsewell.co.uk.

Harrison Devany will be assisting with the corporate and commercial aspects of the instruction and he is an associate solicitor.

If Harrison Devany is not available, please contact his secretary Anne Tompkins on 020 7079 4147.

It may be necessary to change team members or to introduce other people to your matter depending on the issues that arise.

If you would like more background information about the firm or the people dealing with your work please visit www.bishopandsewell.co.uk

Information about costs

Full details of our charging policy appear in section 5 of our standard terms of business. Please read them carefully. However, for convenience, we have set out below our information from our cost proposal for this transaction, which has been approved by your steering committee.

We anticipate these costs may break down as follows (these are estimates):-

1. Serving the Acceptance Notice would cost in the region of £95.00 plus VAT per participating leaseholder.
2. Serving the Nomination Notice and Section 8 election would cost in the region of £95.00 plus VAT per participating leaseholder.
3. Reporting on the contract papers, exchange and completion of the purchase would cost in the region of £150.00 plus VAT per participating leaseholder.

This is on the basis that the matter proceeds to a purchase of the freehold following service of the acceptance notice, nomination notice and proceeds to exchange of contracts and completion. If we are asked to serve other notices or deal with matters on a contentious basis then these quotes would need to be revised.

As the transaction progresses you will incur the following disbursements:

1. Land Registry fee (registration fee) £45.00-£400 (price dependent)
2. Land Registry searches £8.40 (per search)
3. Priority search £8.40 (each search)
4. Stamp Duty Land Tax which is payable on a scale based on the amount or value of the premium.
5. AML Individual Search (UK or overseas) £30 plus VAT per flat. If the Flat is owned by a company then we would need to carry out an AML UK Company Search (including if UBO and director checks are done) at a cost of £50 plus VAT. AML International Company Searches are £100 plus VAT .

The above searches would need to be refreshed several times during the currency of the transaction. You should budget approximately £1,200-£1,800 in respect of these costs across the project.

We will also require copies of all of the leases in due course. If these are not supplied, we can order these from the Land Registry at a disbursement cost of £7 plus VAT (£8.40) each. This equates to an approximate disbursement cost to the project of a further £750-£800.

Land Registry fees will be payable on the purchase of the freehold (approximately £400) Any notice would be served by Courier, and we would charge to you the costs of this service, typically these costs are in the region of £30-£50 plus VAT per notice.

Corporate and commercial aspects

Participation agreement

If a Participation Agreement is required between those taking part, then our fees for this are likely to be in the region of £2,000-4,500.00 plus VAT provided each participant will receive a single share in the nominee purchaser company and all participants will contribute equally to the purchase price. These costs would be split between all those taking part.

Incorporation

Our fees for the incorporation of the nominee purchaser company are detailed below:-

| | |
|------------------------------------|--|
| Incorporation base cost: | £1,150 plus VAT ¹ (to include the incorporation application and the first board minutes, dealing with the transfer of 'subscriber shares' into joint names where necessary) |
| Companies House incorporation fee: | £78 |
| Additional shareholders: | £50 plus VAT per shareholder or group of joint shareholders (so assuming that an additional 55 shares will be allotted post-completion, the total fee will be £2,750 plus VAT) |

Again, these costs would be split between all those taking part.

We can discuss further whether one company or three companies would be required once it is clear whether all blocks will take part.

¹*Assuming that five or fewer of the most committed participants are subscribers and officers on incorporation and our standard template articles of association for 'freehold companies' are adopted. The main reason we prefer to structure things in this way is to ensure that we do not get into a situation where a prospective participant receives a share in the nominee purchaser company and then subsequently decides not to contribute their share of the purchase price.*

Loan notes

| | |
|------------------------------|--|
| Loan notes base cost: | £1,000 plus VAT (to include preparation of a simple, short form loan note instrument and a suitable set of board minutes for the instrument's adoption by the nominee purchaser company) |
| Loan notes and certificates: | £35 plus VAT per note holder or group of joint noteholders (so assuming that 60 'sets' of loan notes will be issued following completion, the total fee will be £2,100 plus VAT) |

Again, these costs would be split between all those taking part.

Commercial Finance

At this stage we have not made provision for any additional costs relating to the commercial financing elements but would anticipate that provided that the security aspects are property related only that the costs of this would be in the region of £2,500-£3,500 plus VAT.

We would not normally carry out local searches etc and it may be that the lender would require these. This could be a significant disbursement cost and the costs of this are not provided for here. we presume that in your discussion with any commercial lender that you have made clear that this is a sale by a receiver and so the due diligence on the property will be exceptionally limited.

Company secretarial and registered office

Our fees for acting as the nominee purchaser company's company secretary and permitting it to use our Central London address as its registered office are set out below:-

| | |
|---------------------------------------|--|
| Registered office: | £450 plus VAT (receipt of post and directing it as required) |
| Company secretarial: | £8.99 plus VAT per member (so assuming c. 60 participants, the annual fee will be £539.40 plus VAT) ³ |
| Director's registered office service: | £80 plus VAT per director (to avoid the need for directors' personal addresses to appear on the public register at Companies House; so assuming 5 directors, the annual fee will be £400 plus VAT) |
| Confirmation statement filing fee: | £50 |

³*This only includes maintaining electronic statutory books, preparation and filing of the confirmation statement and filing of dormant accounts.*

Building Safety Act

The Building Safety Act 2022 ('the **BSA**') imposes significant obligations on freehold owners and also a regime of compulsory registration for buildings of more than 18 metres in height, which are deemed to be 'higher risk buildings'. We have not considered this point in relation to Lexington Apartments. In addition, your building is likely to be what the BSA terms a 'relevant building' (being over 11m in height or more than 5 storeys); this regime caps the ability of the freeholder to recover certain costs from qualifying leaseholders where these works relate to safety works. If you proceed

to purchase the freehold using a purchase vehicle controlled by the residents, then the building is likely to cease being a 'relevant building'.

At this stage we have not included any costs of dealing with any additional advice relating to any BSA aspects concerning your matter. We do recall from some of our conversations since we were last formally involved that remediation work was carried out.

If you require further advice on this aspect, please let us know and we can discuss.

SDLT

SDLT is taxed by reference to various 'bands' of value as shown below:-

Residential properties

| Purchase price of property | Rate of SDLT (percentage of portion of purchase price) |
|---|---|
| Up to £125,000 | 0% |
| The next £125,000 (the portion from £125,001 to £250,000) | 2% |
| The next £675,000 (the portion from £250,001 to £925,000) | 5% |
| The next £575,000 (the portion from £925,001 to £1.5 million) | 10% |
| The remaining amount (the portion above £1.5 million) | 12% |

Second Homes

Anyone purchasing a property in addition to their main home will pay an additional 5% SDLT at each band. If you are extending a lease on a property which is not your only property and the agreed premium is £40,000 or over, then the 5% stamp duty surcharge may apply.

Rates if you're not a UK resident

If you are not present in the UK for at least 183 days (6 months) during the 12 months before your purchase, you are 'not a UK resident' for the purposes of SDLT.

You will usually pay a 2% surcharge if you are buying a residential property in England or Northern Ireland.

Corporate bodies

Companies must pay the higher rates (so an additional 5% at each band) for any residential property they buy if the premium is £40,000 or more.

SDLT is charged at 15% on residential dwellings costing more than £500,000 bought by bodies like:

- Companies; and
- collective investment schemes.

Non-UK companies pay an additional 2% at each band. Corporate buyers are non-UK resident if they are not UK resident for Corporation Tax purposes at the effective date of the transaction.

For a more accurate calculation of SDLT, please refer to the HMRC website <https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>

Relief

Given that you are proposing to accept a section 5A offer notice served by the landlord under the provisions of the Landlord and Tenant Act 1987 ('the 1897 Act') you should be able to use the relief available see: <https://www.gov.uk/hmrc-internal-manuals/stamp-duty-land-tax-manual/sdltm28510>

Other Costs

Post Completion Lease Extensions

We have found that the best way to do this is by way of an overriding lease to cancel the ground rent obligation. The costs of this would be around £650 plus VAT per flat. There would also be disbursements of around £48.00 per flat.

We may also charge an administrative fee for certain activities in relation to your matter. For instance, where we send funds by telegraphic transfer on your behalf, we will charge a handling fee of £30 plus VAT for this service. Similarly, where we retrieve your previous file from storage, our file retrieval fees are £25 plus VAT for standard retrieval and £70 plus VAT for same day file retrieval.

Mark Chick's hourly rate is currently £475.00 plus VAT. Harrison Devany's hourly rate is currently £325 plus VAT. A document with our range of current rates is enclosed.

The above figures are estimates and are subject to a review of your title information. They do not include the cost of taking the matter to the First-tier Tribunal (formerly the 'LVT') or making a tribunal application.

Please be aware that sometimes, due to the way a matter progresses, costs may increase (sometimes dramatically). Please refer to section 5 of our standard terms of business for further information.

Statutory right to cancel

If you are instructing us as a consumer (that is, as an individual for purposes that are wholly or mainly outside your trade, business, craft or profession) then you may have a statutory right to cancel your instructions within 14 days of signing the Confirmation of Instructions sheet enclosed with this letter, without giving us any reason.

To exercise a statutory right to cancel you must inform us of your decision by letter, fax or e-mail. You may use the attached Cancellation Form, but you do not have to do so. Our contact details, to inform us of a decision to cancel, are as provided at the beginning of this letter.

If you cancel this contract within the 14-day cancellation period, we will reimburse to you all payments we received from you unless you asked us to start work during the cancellation period (see below). Any reimbursement:

- will be made no later than 14 days after the day on which we are informed about your decision to cancel; and
- will use the same means of payment as you used to make the initial payment, unless you have expressly agreed otherwise and you will not incur any fees as a result of the reimbursement.

Asking us to start work during the cancellation period

We will not start work during the cancellation period unless you expressly request us to. The Confirmation of Instructions form includes a request for us to start work during the cancellation period.

If you have asked us to start work during the cancellation period, you do not lose your right to cancel, but if you subsequently cancel during the cancellation period we can charge you for the work we have done on a pro-rata basis. This will be an amount which

is in proportion to the work that has been undertaken up to the date you notified us you wished to cancel, in comparison with the work required for full extent of your instructions.

You will have to pay in full if we have completed your instructions even if this happens within the cancellation period.

General right to cancel

In addition to the statutory right to cancel described above, all clients may cancel their instructions at any time by informing us of your decision by letter, fax or e-mail. You may use the attached Cancellation Form, but you do not have to do so.

Upon cancellation, we will reimburse you for any payments made in advance less our fees for the work we have carried out. You will have to pay in full if we have completed the required work prior to you informing us of your decision to cancel.

Verification of your identity

We are required by law to confirm the identity of all new clients. We are also required to renew identity documents for all existing clients every three years (unless a matter is ongoing). The person with day to day conduct of your matter will advise you of the documents we will require from you to meet our obligations. Please refer to section 20 of our standard terms of business for further information.

Communications

In order to be able to provide our service to you in a cost effective and co-ordinated way, we will take day to day instructions from the Lexington Enfranchisement Group on your behalf. You may direct us to accept instructions from someone else on your behalf. Currently, the member of the Lexington Enfranchisement Group that we are taking instructions from is Chris Hughes.

Please refer to section 17 of our standard terms of business for further information on how we will communicate with you.

Feedback and complaints

At Bishop & Sewell LLP we value client feedback, and if you have any feedback about our service, we would like to hear it. At the end of your matter, we send a feedback form which we would be grateful if you could complete and return so that we can learn from your experience of instructing this firm. This is part of our ongoing commitment to excellence in the provision of client services.

We hope you will be happy with our service, but if you do wish to make a complaint at any point, please refer to sections 9 and 29 of our standard terms of business for further details.

Limitation of liability

The liability of the firm (including our members and staff) to you in respect of any breach of contract, duty, fault or negligence or otherwise arising out of or in connection with our work for you is limited in total to **£5,000,000** to cover liabilities, disputes or claims of any sort whatsoever (including interest and costs) arising out of or in connection with this matter.

Further details of this limitation of liability and our professional indemnity insurance appear at section 4 of our standard terms of business, please read them carefully. If you have any further questions or queries regarding this, please let us know.

Standard terms of business

A copy of our current standard terms of business is enclosed with this letter and should be read in conjunction with it. We may amend our standard terms of business, including the charge out rates of our fee earners and team members from time to time and we will notify you of any material changes. The standard terms of business applicable to the work we do for you will be those in place at the time the work is carried out. Your continuing instructions indicate your acceptance of these terms

Our services

If you have not yet made a will, now is a good time to do so. It is usually straightforward and can save you and your beneficiaries a great deal of money and worry in the long term. If you already have a will, you should review it to ensure it is up-to-date and reflects your current circumstances; we can help.

Apart from taking the opportunity to make or review their will, many of our conveyancing clients take advice on pre-nuptial or cohabitation agreements, or declarations of trust – all designed to protect your property interests.

In the unfortunate event of any property dispute, for example, with a landlord, management company or neighbour, we can help. We handle most other legal services from business to personal and would be happy to discuss your needs on a no obligation basis.

What to do next

Please acknowledge safe receipt of this letter and its enclosures by signing the enclosed Confirmation of Instruction sheet, signing and returning the enclosed client information and instruction sheet and sending these back to us together with a cheque in the sum of £500.00 on account of costs (per flat).

Please contact us for our bank details if you would prefer to make this payment electronically.

We would be grateful if you could let us have your signed instructions, identity documents and payment on account of costs within 2 weeks of the date of receipt of this letter and no later than 12th January 2026.

Fraud Warning

We are aware that there are many fraudsters targeting law firms and their clients. There have been attempts to infiltrate correspondence, particularly e-mails between solicitors and their clients, and alter bank details. We have no plans to change our client account details. If you receive any communications setting out different bank details, please contact your fee earner or a partner of the firm immediately and do not transfer any funds. If you are still uncertain having spoken to us, please call in to the office to discuss as we are also aware of attempts to hack or divert phone lines to solicitors' offices.

We look forward to hearing from you.

Yours sincerely



Mark Chick
For and on behalf of
BISHOP & SEWELL LLP

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