

76 Landmark Place
Churchill Way
Cardiff
CF10 2HS

Mr Andrew Brady
Crosby Homes Ltd.
Crosby House
16 Norfolk Road
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Birmingham
B15 3SN

4th February 2007

Dear Mr Brady

Re: Landmark Place, Cardiff. Notification of Increase in Management Fee

Please find attached copy correspondence sent to all Landmark Place leaseholders by your appointed managing agent, Mainstay Residential Ltd., in which they unilaterally inform us of an immediate increase in their management fee. This letter raises a number of concerns and so I am writing to you in the expectation that you or your colleagues will now address some of these concerns accordingly.

As you will doubtless know, upon purchasing a property within Landmark Place, leaseholders entered into a tripartite agreement with the Lessor and Landmark Place (Management) Ltd., the latter being the "vehicle" for, primarily, ensuring the effective management of the development. To date, leaseholders continue to be denied control of this company, as "handover" has still to be effected. Your records will show that I have on numerous occasions sought an answer to progress on this matter, but despite previous assurances - from Keith Pepperdine in particular - there is seemingly still no progress. Yet whilst yourself denying leaseholders control of the management company, your company does not in turn appear to exercise any overt involvement itself. Therefore, can you advise on how St. David / Crosby currently fulfils the management company duties.? (For your assistance, I attach a recent Companies House print-out listing the members of your company who "hold" office). I would particularly like to know on what frequency and basis liaison with the managing agent occurs. Additionally, are meetings minuted and, if so, are there copies available for inspection by members in waiting.?

(The Mainstay web-site states that "It is recommended that the Directors have regular meetings with the Managing Agent to discuss management issues and that 'meeting minutes' should be available to all Members.")

Most importantly, what mechanisms do you have in place to ensure that the managing agent is fulfilling its obligations and duties as per the management agreement.? How often does your representative/s visit the site.? Finally, can you please fully explain the reason/s for the ongoing delay in the "handover".?

With regard to the attached Mainstay letter, can you specifically inform me when this rate increase was discussed with your company (in either its capacity as Landlord or "interim" Management Company) and on what basis was the increase authorised.? Having perused a copy of the St. David / Mainstay / Landmark Place (Management) Ltd. management agreement, I can see no obvious justification for Mainstay to raise their management fee in this manner and also for the following reasons:

Firstly, the aforementioned management agreement became effective as of 1st July 2002 and yet the Commonhold & Leasehold Reform Act was enacted several months earlier as of 1st May 2002 when it received its Royal Assent. And yet, it is the "key changes" resulting from this Act that Mainstay's Mr Robert Wiffen cites by way of justification for an increase. He also self-servingly refers to ARMA's stated opinion that management costs in general would need to rise as a result of enhanced leaseholder rights. However, it would appear that ARMA's views were made known well in advance of the legislation being enacted. Given the prescient opinion of ARMA and the post-enactment signing of the management agreement, I find it hard to understand why this was not in any case factored into Mainstays original agreed fees. Any competent leasehold practitioner would have been fully aware of the impending legislation - and its future implications - and should have priced accordingly. (Irrespective of this, I note that their agreed fees are in any case index linked.)

I also note that under Part II Schedule 1 (Excluded Services) of the agreement it states "Dealing with all *non-routine* matters relating to the Landlord and Tenant Act 1985, and 1987 together with the Housing Act of 1996 and any subsequent Act, re-enactment, measure, regulations etc." I am at a loss as to how either yourselves or Mainstay can consider the required key changes as being "non-routine", given that they are prescribed processes. Perhaps you could clarify this.? Furthermore, Clause 9:1 of the agreement states that "..Mainstay shall have no obligation to provide the Services shown in Part II of Schedule 1 save to the extent that the same are an obligation of the Company pursuant to the Leases or statute.." As far as I am concerned, the cited services are indeed such an obligation, but it will be interesting to hear your own interpretation.

Despite any of the above, the reasons for Mainstay increasing their management fee seem even less justified when their actual performance is taken into account. The additional attached copy Mainstay correspondence is tangible evidence that Mainstay – as your agent - failed to fulfil statutory obligations on several recent occasions.

Yet further to this, you will doubtless recall my more recent letter and attachments sent to you concerning the poor state of the Piazza area. The managing agreement requires:-

“To inspect (without use of equipment) such of the common parts of the Estate as can be inspected safely and without undue difficulty to ascertain for the purposes of day-to-day management only its general condition, such inspection to be no less frequent than monthly.” (Part 1 Schedule 1, Item 9)

The poor state of that area attests to literally years of neglect and, given the above, would indicate even greater failure on the part of the managing agent to meet their own contracted obligations first: and be assured, that is not an isolated example. As such, I am simply not prepared to pay this unwarranted increase.

For the record, you should know that I have personally withheld the “additional” sum of £12.00+VAT when paying the most recent combined service charge and ground rent demand and I have no intention of paying any further management fee until such time as I receive full answers to the questions I have raised within this letter. I suspect that your company might not realise just how poorly managed this development has been for the past four and a quarter years – which hardly exonerates St. David's perceived own lack of involvement - but in the best interests of leaseholders and the development in general, I am prepared to discuss these issues directly with your company if you so wish. Else ways, I must ask that you instruct your managing agent not to send any “arrears” letters for the £12.00+VAT, but to proceed directly to recovery court action instead. As you will doubtless realise, I intend to fully contest the matter, which will inevitably involve a welcomed Leasehold Valuation Tribunal referral.

Yours sincerely

Graham Winter

c.c.www.landmarkplace.info