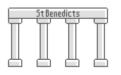


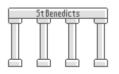
Selection of Managing Agents

Annual General Meeting 23 May 2007



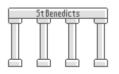
Background

- Current Managing Agent in position for around 10 years
- No agreed contract nor service levels
- Failed process for periodic maintenance & window replacement led to refund of fees
- Wrong contributions to maintenance funds
- Accounts repeatedly late and failed to meet terms of legal agreements for properties
- Resident / shareholder dissatisfaction



Objectives

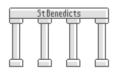
- Competitive re-tendering
- Specify work and requirements clearly:
 - Developed from schedule of work used in 1990s
- Given shareholder reluctance to stand as directors, Managing Agent:
 - To be more pro-active
 - To seek value for money in services managed
- Introduce service levels for first time
- Increase performance by making proportion of fees subject to performance, if possible



Method and Timetable

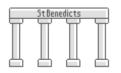
- Suggested at AGM Mar 2006
- Developed Specification of Work and agreed with Director – Sep 2006
- Identified candidate Managing Agents
- Developed and issued *Invitation to Tender* – Oct 2006
- Showed tenderers around Estate and answered queries – Nov 2006

- Evaluated tenders Dec 2006 – None met minimum criteria
- Sought clarification and complete information from tenderers – Feb 2007
- Final tender evaluation Apr 2007
- Short-listed Managing
 Agents presenting to AGM
 – May 2007
- New Managing Agent / contract – 1 Jul 2007



Candidate Managing Agents

- No residents suggested candidates
- All candidate Managing Agents are members of ARMA, identified from their listings
- Candidate Managing Agents (random order):
 - Rendall and Rittner Ltd
 - HML-Shaw
 - Countrywide Property Management
 - JJ Homes (Properties) Ltd
 - County Estate Management
 - Rayners Property Management

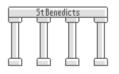


Tender Areas

- 1. Response to Specification of Work Service areas
- Competence, qualifications
 experience
- 3. Management & escalation
- 4. Fee for basic services
- 5. Performance regime
- Additional services
- 7. Property transfer
- 8. Contract
- Membership of professional bodies & codes of conduct
- 10. References

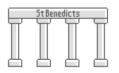
Service Areas

- 1. Guidance and principles
- 2. Basic services, including:
 - Financial, eg, service charges
 - Accounting
 - Contact & correspondence
 - Managing contracts
 - Insurance
 - Company secretarial work
- 3. Additional services
 - Eg, periodic maintenance
- 4. Property transfer
- 5. Fees and performance targets



Evaluation of Tenders

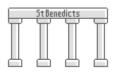
- Overall, quality of responses was disappointing
- Declined to accept terms of tender:
 - Rayners Property Management
- Eliminated at initial evaluation:
 - Countrywide Property Management Too expensive, would not provide company secretarial
- Eliminated at final evaluation:
 - JJ Homes (Properties) Did not meet minimum criteria
 - County Estate Management Too expensive with handover fee, requested 3 year contract (would need S20 process)
- Short-listed:
 - Rendall and Rittner
 - HML-Shaw



Short Listed Tenders Rendall & Rittner HML-Shaw

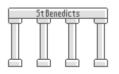
- Weakest areas:
 - Poor cross-referencing to Specification of Work
 - Partial information on supervision
 - Issues with performance regime & parking control
- £27,000 with:
 - Guarantee of insurance saving, so estimated £23,500 - £27,000
- 10% on performance
- Accept our contract

- Weakest areas:
 - Charge additional services as percentage, so no incentive to limit
 - During clarification when invited to show improvement (Feb 2007), performance was very poor – can they deliver?
- £25,424 plus:
 - Printing at cost
 - £4,725 per S20 notice
- 7.5% on performance
- Accept our contract



Access to Information

- Records will be passed to Director and later held by Managing Agent at registered office
- For one month, electronic PDF documents will be available by email from [deleted]:
 - This presentation
 - Invitation to Tender
 - Specification of Work
 - Tender questions & responses
 - Not company confidential information including tenders
 - This address cannot be used for other correspondence
- Unfortunately, paper copies cannot be provided



Presentations by Short Listed Managing Agents

- In random order of original tenderer numbering:
 - 1. Rendall and Rittner
 - 2. HML-Shaw
- Limited to 10 minutes each
- Followed by shareholder vote to guide Director(s)