

25 June 2009

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Our Ref: JG/mh09

Dear Sirs

The Council Offices, The Causeway, Bishops Stortford, CM23 2EN

Lambert Smith Hampton have been providing advice in connection with the proposed transaction between the Council and Henderson Global Investors regarding the above property.

Our initial report dated 21 January 2009 set out the detail of the proposed transaction as well as an analysis of different options that were open to the Council. Our concluding advice was that the Council should proceed with the transaction that had been proposed by Henderson.

Since that date, Heads of Terms were finalised with Henderson and significant due diligence has taken place on the various elements of the transaction.

One point that has arisen is a potential liability falling on the Council for VAT that may not be recoverable. An opinion has been obtained from Counsel, which contains advice on steps that should be taken by the Council to mitigate their position; and agreement has been reached with Henderson to share the burden of the risk.

Notwithstanding the potential additional cost to the Council relating to non-recoverable VAT on the transaction, it continues to be our recommendation that the Council proceed with the transaction that has been agreed with Henderson.

We must make it clear that this letter provides confirmation of the advice that has been given to the Council and is not to be read as providing the advice in isolation.

We hope this provides satisfactory confirmation of the position.

Yours faithfully



Lambert Smith Hampton

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