

GLASSHOUSE

Our Ref: DN.2482

31 October 1994

Chris Chandler
The British Film Institute
Cinema Services & Development
21 Stephen Street
London W1P 1PL

BY FAX & POST

Dear Chris,

2 - 4 Hoxton Square, London N1

I am extremely disappointed to come back from my holiday to find a letter dated 31 October 1994 from Nicholson Graham & Jones, effectively seeking to withdraw from the terms previously agreed.

It will come as no surprise to you to hear that we are simply not able to accept the two proposed changes.

As you know, we have an agreement in principal from our bankers to provide finance for the scheme. Danny has a meeting with them arranged for next Monday, which, because of previous cancellations, cannot be changed. Clearly, he will have to inform them of the abovementioned problems if they are not resolved by then. We are in no doubt that the bank will not wish to proceed in such circumstances.

Consequently, unless we have confirmation before the end of the week that you will execute the Agreement in its engrossed form it is very unlikely that this project will happen at all.

We are in the meantime instructing all our consultants to cease work until further notice.

Yours sincerely,



David Nicholson

c.c. Steve McIntyre - LfVDA
Richard Reuben - MacFarlanes