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avisonyoung.co.uk

Our Ref: JB27

03 March 2021

Guild Living
Metal Box Factory
Unit GG, 122-4
30 Great Guildford Street
London
SE1 0HS

Dear Sirs,

Harefield Road, Uxbridge, UB8 1JS

We are writing to you in response to the confirmation provided by Carter Jonas (CJ) (dated 28/01/21) that the financial offer of £3,000,000 represents the maximum off-site premium that the (original) scheme can afford. This was provided in response to our addendum from January 2021, where we presented an offer of £3,000,000. This represented a 50% increase from the £2,000,000 we offered in our original FVA. It is worth noting that whilst agreement was reached as to the maximum sum that the scheme can afford, there is still not a consensus on the inputs within the development appraisal. Since this agreement was reached, our client has re-evaluated the scheme and is now proposing a total of 182 new residential units and ancillary commercial space. The scheme provides the following net internal areas:

Unit Type	Unit No	Total NIA
Guild Living Residences	153	115,386
Guild Care Suites	24	6,473

Avison Young is the trading name of GVA Grimley Limited registered in England and Wales number 6382509. Registered office, 3 Brindleyplace, Birmingham B1 2JB

Regulated by RICS

Guild Care Residences	5	2,502
Nursery		3,058
Total	**182**	**127,419**

The scheme provides a total GIA of 202,146 sq ft which is inclusive of amenity space, 76 parking spaces as well as circulation space. We have incorporated this revised scheme into our new appraisal and have retained our core assumptions.

We understand that the London Borough of Hillingdon (LBH) have since appointed an alternative consultant (BPS) to review our viability position and the progress made to date. In order to expedite discussions, we have presented our revised position as an addendum setting out areas of agreement and progress made to date. We are also cognisant of the fact that LBH has all relevant documentation between AY and CJ and can provide this to BPS. We also appreciate that BPS are not duty bound to confirm their acceptance to any areas of agreement reached between ourselves and CJ. As a result, we confirm our commitment to acting in a transparent manner with BPS in resolving any queries that they may have as part of their commission.

The following 4 areas remained unresolved from our last addendum:

1. Build Costs
2. Benchmark Land Value
3. Developer's Profit
4. Fees

Within this document we will confirm our revised position on each of these areas.

1. Build Costs

Due to the re-configuration of the scheme we have re-evaluated our cost position. Attached in Appendix 1 is a revised cost summary which confirms our revised total of £56,980,000 which equates to circa £282 per sq ft. It is worth noting that this revised estimate is in line with our

previous position of £281 per sq ft which was a reduced figure from our initial cost profile submitted within the Financial Viability Assessment. This reduction occurred after a review undertaken by an independent cost consultant on behalf of LBH. The attached assessment reflects the following:

- A reduction in substructure costs of circa £200,000 to reflect reduced loadings
- A reduction of £100,000 for the 'Upper Floors' to reflect the removal of one floor
- A reduction of £280,000 for the 'Façade' which reflects the reduction in storey height
- MEP cost per unit is in line with our previous assessment
- The introduction of a Hydrotherapy pool at a cost of £200,000 in 'FF&E'
- Adjustment in costs to reflect the reduced number of units for the following elements;
    - Kitchens
    - Pods
    - Internal Walls
    - Internal Doors
    - Wall Finishes
    - Floor Finishes
    - Ceiling Finishes

Our projected costs are also a reflection of the proposed specification as set out within our projected sales values.

2. Benchmark Land Value

Within our previous addendum we reduced our Benchmark Land Value (BLV) to circa £10,400,000 from our original position of circa £11,500,000. We have provided detailed evidence in both our submitted Financial Viability Assessment and addendum to substantiate our position. We appreciate that within their addendum, CJ increased their BLV from circa £8,200,000 to £9,852,000. However, for the purposes of our assessment we have retained our reduced BLV of £10,400,000. For clarity, this figure was based on a blended rent of £16.50 per sq ft being attributed in accordance with the below table.

Unit	NIA (Sq Ft)	£ Per Sq Ft	Rent
Unit 1	25,880	£16.50	£427,020
Unit 2	10,359	£16.50	£170,924
TOTAL	**36,112**		**£597,908**

We applied a yield of 6.5% to this income stream which produces an EUV of circa £8,660,000, which represents a reduction of circa £900,000 from our previous position. We have applied a premium of 20% to our revised EUV which results in a revised benchmark land value of circa £10,400,000.

3. Developer's Profit

As stated in both our FVA and the subsequent addendum, we are of the opinion that this scheme warrants a developer's profit equating to 20% of GDV. Whereas CJs adopted a 17.5% margin on the residential element and 15% on the commercial.

We consider a margin of 20% is appropriate due to the unique nature of the development, the fact that the sales values are above current market aspirations, and that we are currently within an unprecedented market climate where greater funding conditions are in place. We fully appreciate that developments which deliver on-site policy compliant affordable housing achieve a blended margin between 17.5%-18.5% on GDV. This is typically a consequence of an allowance of 20% on the private residential, 15% on commercial uses and 6% on the affordable units. However, as demonstrated throughout, this is not a typical scheme and the risk profile of this development is greater. In our opinion such an argument is indisputable and for the purposes of this assessment we have retained a developer's profit of 20% on GDV.

4. Fees

For the purposes of this assessment we have adopted a professional fee allowance of 10% and a finance rate of 6.5%. These are the figures adopted by CJ. Further, we have also removed the developer's contingency. We consider these amendments to not be reflective of the nature of the development, and we wish to reserve the right to amend these should agreement not be reached.

AY Appraisal

As part of this assessment, our client has advised that they are willing to make an off-site affordable housing contribution of £500,000. This is reflected in our appraisal, which is attached in Appendix 2.

The scheme shows a development cost inclusive of finance and land of circa £84,178,000. When deducted from the GDV of circa £98,685,000, this option produces a profit of circa £14,427,000 that equates to 14.62% on GDV and 17.14% on costs, which is below the expectations for a scheme of this scale. Further, this is also beneath our targeted threshold of 20% on GDV and therefore, our current proposal represents the maximum amount that the scheme is able to provide.

In addition to this exercise we also attach in Appendix 3 a commercially sensitive description of the proposed apportionment of the Deferred Management Fee (DMF) prepared by the applicant. We understand that this is a concept that LBH require greater clarity in. It is also worth noting that at no stage has this area been brought up in correspondence with ourselves during the viability process. Notwithstanding this, the attached document is designed to provide greater clarity to both LBH and BPS on the subject and reflects the transparent manner in which we are committed to working to. We require this document to be treated as strictly confidential.

We look forward to discussing the contents of this document as well as any other issues in greater detail in due course.

Yours Sincerely



Jonathan Bernstein MRICS
Director
07917 764 097
jonathan.bernstein@avisonyoung.com
For and on behalf of Avison Young

Appendix 1

Cost Assessment

Guild Living | Uxbridge

Stage 2 Cost Plan
Revision 8
Elemental Summary



2nd March 2021

CAST REAL ESTATE & CONSTRUCTION CONSULTANCY
24-28 Hatton Wall, Black Bull Yard, London, EC1N 8JH
cast-consultancy.com

Guild Living | Uxbridge
Stage 2 Cost Plan
March 2020

EXCLUSIONS

General Exclusions	Status
VAT	Client appraisal
Financing costs.	Client appraisal
Out of hours working.	Assumed not req'd
Latent defects insurance.	Client appraisal
Professional fees (non-novated fee)	Client appraisal
Works outside of the site boundary unless specified.	S. 278 where req'd
Client risk allowance.	Client appraisal
Marketing costs (show flats, brochures, etc.).	Client appraisal
Public artwork contribution/ expenditure.	Client appraisal
Site acquisition.	Client appraisal
Rights of light.	Client appraisal
Party wall surveys/ awards.	Client appraisal
Maintenance post defect's liability period.	Operation cost
Capital allowances.	Business plan item
White goods to landlord / BoH	Client appraisal
Site, architectural, building condition/monitoring surveys.	Client appraisal
Archaeological survey and associated costs.	Client appraisal
Protected species survey and associated costs (except where specified)	Client appraisal
Local authority charges.	Client appraisal
Pre-Contract Costs associated with BIM.	Client appraisal
Oversailing rights and associated costs.	Client appraisal
Service diversions - assumed by Hospital	Assumed not req'd
Wireless Internet Routers; Wiring included	By occupier

General Exclusions	Status
Public address systems.	Assumed not req'd
Fire rated ductwork.	Assumed not req'd
Advanced payment bonds	Assumed not req'd
Excavation and disposal of contaminated material	More Information req'd
Upgrades to existing incoming services	Assumed not req'd
Watching brief, post UXO survey	Assumed not req'd
Loose FF&E generally	Client appraisal
Curtains and Blinds to apartments	Client appraisal
Blind Boxes	Client appraisal
Internal artwork across the scheme	Client appraisal
Specific site investigations or surveys of the site	Client appraisal
BREEAM Requirements (currently unknown)	Assumed not req'd
Section 278 works	Client appraisal
Abnormal issues resulting from demolition of Existing Building	More Information req'd
Fund monitoring / third party advisor costs.	Client appraisal
Refuse bins and associated items.	Operation cost
Section 106 works	Client appraisal
Fit out to Retail Units, (Cat A provision only).	By tenant
No allowance for loose FF&E to communal / amenity spaces / apartments	Client appraisal
All Brexit related impact - including but not limited to uncertainty, supply chain impact, delay, etc	
Any Covid 19 related matters	Client appraisal
EU: Extraordinary fluctuation associated with exchange rate changes/tariffs	Client appraisal

Project Exclusions	Status
Vinyl wall coverings to apartments	Client appraisal
Hygienic Paint to areas other than GCS	Client appraisal
IR heating panel to bathroom pod	Market testing
Hoist to bathroom pod	Market testing
Low level lighting to bathroom pod	Market testing
180kg pull out fixtures to bathroom pods	Market testing
Led Lit recess to shower area	Market testing
180kg pull out fixtures to Kitchens	Market testing
High level glazed cabinets to Kitchens	Market testing
Integrated grab rails in bathroom kitchen surfaces	Market testing
Bar to GCS living area (2 nr kitchens included)	Client appraisal
Air conditioning to medical store - medical fridge assumed	Client appraisal
FF&E and joinery to GCS corridor (Joinery to Kitchen / Lounge included)	Client appraisal
Pocket doors to M43 bathroom pods	Client appraisal
Doors shown in red are excluded - assumed purchaser option	Client appraisal
Fitout to external Nursery Play areas	By tenant
Standard Juliette Balconies Included	

Project Exclusions	Status

Guild Living | Uxbridge
Stage 2 Cost Plan
March 2020

Assumptions

GENERAL ASSUMPTIONS

- Base date: 1Q2021
- Details and measurement assumes a design commensurate with RIBA Stage 2
- Assumes competitive tendering to all sub-contractors / trades - no allowance for single source sub-contract negotiation.
- Spec based on Guild Living brand standards
- Finish to Stair Cores are included within rate where not excluded
- Preliminaries are included at 17.5% of construction; Includes PCSA fee of £450,000
- OH&P percentage included at 5%
- Design development contingency is included at 5%
- Assumes temporary works design by main contractor.
- Diversion of services under the site have not been included - no details.
- Assumed no Blinds in construction cost - purchaser item
- Assumed no refuse chute.
- Sanitaryware as Guild Living brand standards.
- No allowance has been included for post contract change - these are assumed to be funded by developers contingency
- Assumes that scheme will be delivered in one phase under single contract with negotiated single stage D&B to full extent of scheme.
- Wall types assumed
- Block walls assumed to Ground floor, all other walls assumed plasterboard stud.
- Roof works to include insulation and rainwater goods
- Kitchen cost to include all appliances and cabinets as listed in the apartment fit out
- Wardrobes to be painted and to include all ironmongery
- Assumes standard bricks at 212.5x102.5x75mm (inc 10mm mortar). Target cost , £600/1000
- Stainless Steel Cavity trays assumed @ £55 per l/m
- Flat 250mm slabs to all upper floors

DESIGN INFORMATION USED

Architect - Marchese Partners Stage 2 Design Pack

- UXB001-MPI-XX-ZZ-SA-A-800001 Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200100 - LEVEL 00 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200100_02 - MEZZANINE LEVEL GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200101 - LEVEL 01 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200102 - LEVEL 02 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200103 - LEVEL 03 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200106 - LEVEL 04 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200105 - LEVEL 05 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200106 - LEVEL 06 GA Rev 3
- UXB001-MPI-ZZ-ZZ-M3-A-000001_Amended Massing_updated - Sheet - 200107 - ROOF LEVEL Rev 3

Please note: The below drawings do not reflect the updated planning drawings reducing the unit number from 194 to 182 but have been used for reference when updating costs

Tier Structures

- 913-TSY-Z3-00-DR-S-0300_P2_OPTION 3 - LEVEL 0 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-01-DR-S-0302_P2_OPTION 3 - LEVEL 1 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-02-DR-S-0303_P2_OPTION 3 - LEVEL 2 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-03-DR-S-0304_P2_OPTION 3 - LEVEL 3 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-04-DR-S-0305_P2_OPTION 3 - LEVEL 4 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-05-DR-S-0306_P2_OPTION 3 - LEVEL 5 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-06-DR-S-0307_P2_OPTION 3 - LEVEL 6 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-07-DR-S-0308_P2_OPTION 3 - LEVEL 7 GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-FN-DR-S-0315_P2_OPTION 3 - FOUNDATION GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-MZ-DR-S-0301_P2_OPTION 3 - LEVEL M GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-RF-DR-S-0309_P2_OPTION 3 - LEVEL ROOF GA IN SITU CONCRETE FRAME Rev 2
- 913-TSY-Z3-XX-DR-S-0325_P1_OPTION 3 - BUILDNG LONG SECTIONS - SHEET 1 Rev 1
- 913-TSY-ZZ-XX-RP-C-1001 DRAINAGE STRATGEY REPORT V003
- 913-TSY-ZZ-XX-RP-S-1007-BASIS OF DESIGN REPORT_STAGE 2 002

Andy Sturgeon Landscaping

- 596_P_00_100
- 596_P_02_101
- 596_P_02_102
- 624-RP-001- DAS DRAFT

Chapmans MEP

- 55319 - MEP Overview Rev01 Rev 0
- 55319-CBD-XX-00-C-6002 Rev 0
- 55319-CBD-XX-RF-C-6003 Rev 0
- 55319-CBD-XX-XX-C-6004 Rev 0
- 55319-CBD-XX-XX-C-6004 Rev 0
- 55319-CBD-XX-XX-E-2000 Rev 0
- 55319-CBD-XX-XX-E-2001 Rev 0
- 55319-CBD-XX-XX-E-6000 Rev 0
- 55319-CBD-XX-XX-M-1000 Rev 0
- 55319-CBD-XX-XX-M-1001 Rev 0
- 55319-CBD-XX-XX-M-1002 Rev 0
- 55319-CBD-XX-XX-M-6000 Rev 0
- 55319-CBD-XX-XX-P-3000 Rev 0
- 55319-CBD-XX-XX-P-3001 Rev 0
- 55319-CBD-XX-XX-P-3002 Rev 0
- 55319-CBD-XX-XX-P-3003 Rev 0
- 55319-CBD-XX-XX-P-3004 Rev 0
- 55319-CBD-XX-XX-P-6000 Rev 0
- 55319_Guild Living Uxbridge - Energy Strategy_R01
- 55328-GLU-CBD-RP-75000-Lighting-Ver02
- 55329-GLU-AQC-RP-J4170-AQ-RevF1
- 55319-GLU-CBD-RP-6002-Fire-Rev00
- 55319-GLU-CBD-RP-6003-VT-Rev00

Guild Living | Cost Plan Elemental Summary

Rev 08

02-Mar-21

Elemental Summary

Ref	Description		Total		
			Construction Cost £	£/ ft2 (GIA)	£/ Unit
				202,146 ft2	182 Units
	Facilitating Works				
0	Facilitating Works		£670,670	£3 ft2	£3,685 / Unit
1	**Substructure**				
1.1	Substructure & Groundworks		£2,820,000	£14 ft2	£15,495 / Unit
2	**Shell & Core**				
2.1	Frame		£1,515,000	£7 ft2	£8,324 / Unit
2.2	Upper Floors		£3,078,000	£15 ft2	£16,912 / Unit
2.3	Roof		£1,861,000	£9 ft2	£10,225 / Unit
2.4	Stairs		£243,000	£1 ft2	£1,335 / Unit
2.5	External Walls, Windows & Doors		£7,263,000	£36 ft2	£39,907 / Unit
3	**Fit Out & Finishes**				
3.1	Internal Walls and Partitions		£2,353,000	£12 ft2	£12,929 / Unit
3.2	Internal Doors		£1,165,047	£6 ft2	£6,401 / Unit
3.3	Wall Finishes		£860,000	£4 ft2	£4,725 / Unit
3.4	Floor Finishes		£1,570,000	£8 ft2	£8,626 / Unit
3.5	Ceiling Finishes		£933,000	£5 ft2	£5,126 / Unit
4	**FF&E and Sanitaryware**				
4.1	Fixtures and Fittings		£2,815,000	£14 ft2	£15,467 / Unit
4.2	Sanitaryware		£115,000	£1 ft2	£632 / Unit
4.3	Bathroom Pods		£2,675,000	£13 ft2	£14,698 / Unit
5	**MEPH and Lifts**				
5.1	Shell and Core MEPH Services		£5,466,000	£27 ft2	£30,033 / Unit
5.2	Fit Out MEPH Services		£5,043,000	£25 ft2	£27,709 / Unit
5.3	Lifts		£552,000	£3 ft2	£3,033 / Unit
5.4	BWIC		£325,760	£2 ft2	£1,790 / Unit
6	**External Works**				
6.1	External Works and Landscaping		£2,215,330	£11 ft2	£12,172 / Unit
	Building Sub-Total £		**£43,539,000**	**£215 ft2**	**£239,224 / Unit**
7.1	Preliminaries/ Logistics	17.5%	£7,620,000	£33 ft2	£41,868 / Unit
7.2	Post Contract Novated Fees (RIBA Stage 5 and 6)	-	£521,530	£2 ft2	£2,866 / Unit
7.3	Design and Construction Risk	5%	£2,585,000	£11 ft2	£14,203 / Unit
7.4	Fee Percentage/ OH&P	5%	£2,714,000	£12 ft2	£14,912 / Unit
	On Costs Sub-Total £		**£13,441,000**	**£57 ft2**	**£73,849 / Unit**
	Construction Total		**£56,980,000**	**£282 ft2**	**£313,073 / Unit**

Appendix 2

AY Appraisal

Base Scheme - £500k Contribution
03.03.21

Development Appraisal
Avison Young
24 February 2021

APPRAISAL SUMMARY — AVISON YOUNG

Base Scheme - £500k Contribution
03.03.21

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Guild Living Residences	1	117,887	770.00	90,772,990	90,772,990
Guild Care Suites	1	6,475	945.00	6,118,875	6,118,875
Car Parking	76	0	0.00	7,500	570,000
Totals	**78**	**124,362**			**97,461,865**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Nursery	1	3,058	25.00	76,450	76,450	76,450
Amenities	1	15,461		0	0	
Totals	**2**	**18,519**			**76,450**	**76,450**

Investment Valuation

Nursery					
Current Rent	76,450	YP @	6.2500%	16.0000	1,223,200
Total Investment Valuation					**1,223,200**
GROSS DEVELOPMENT VALUE				**98,685,065**	
Purchaser's Costs			(80,487)		
Effective Purchaser's Costs Rate		6.58%			
				(80,487)	
NET DEVELOPMENT VALUE				**98,604,578**	
NET REALISATION				**98,604,578**	

Base Scheme - £500k Contribution
03.03.21

OUTLAY

ACQUISITION COSTS				
Fixed Price		10,398,000		
Fixed Price			10,398,000	
				10,398,000
Stamp Duty		5.00%	519,900	
Agent Fee		1.00%	103,980	
Legal Fee		0.80%	83,184	
				707,064
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Nursery	4,117	281.85	1,160,336	
Amenities	20,814	281.85	5,866,563	
Guild Living Residences	158,706	281.85	44,731,356	
Guild Care Suites	8,717	281.85	2,456,891	
Car Parking	9,787	281.85	2,758,466	
Totals	**202,142 ft²**		**56,973,611**	
CIL			985,000	
				57,958,611
Section 106 Costs				
Section 106 Costs			500,000	
				500,000
PROFESSIONAL FEES				
Professional Fees		10.00%	5,697,361	
				5,697,361
MARKETING & LETTING				
Marketing		1.50%	1,453,378	
Letting Agent Fee		10.00%	7,645	
Letting Legal Fee		5.00%	3,823	
				1,464,845

APPRAISAL SUMMARY — AVISON YOUNG

Base Scheme - £500k Contribution
03.03.21

DISPOSAL FEES			
Sales Agent Fee	1.50%	1,453,378	
Sales Legal Fee	0.50%	484,459	
			1,937,837
FINANCE			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		1,734,526	
Construction		3,623,089	
Other		156,312	
Total Finance Cost			5,513,928
TOTAL COSTS			**84,177,647**
PROFIT			
			14,426,932

Performance Measures	
Profit on Cost%	17.14%
Profit on GDV%	14.62%
Profit on NDV%	14.63%
Development Yield% (on Rent)	0.09%
Equivalent Yield% (Nominal)	6.25%
Equivalent Yield% (True)	6.50%
IRR% (without Interest)	20.02%
Rent Cover	188 yrs 9 mths
Profit Erosion (finance rate 6.500)	2 yrs 5 mths

Appendix 3

DMF Confirmation

GUILD LIVING

05 March 2021

REF: 16299/APP/2020/3313

PRIVATE & CONFIDENTIAL / WITHOUT PREJUDICE

London Borough of Hillingdon
Civic Centre, High Street,
Uxbridge,
Middlesex
UB8 1UW

Dear Sir/Madam,

GUILD LIVING - DEFERRED MANAGEMENT FEE RESPONSE

Guild Living understand that the London Borough of Hillingdon (LBH) have recently appointed an alternative consultant, BPS, to review the viability position and progress made to date on the proposed scheme at Harefield Road. We have previous experience of working with BPS on viability matters and will continue to work with LBH in an open and transparent manner. Guild trusts the level of understanding brought about by the change can expedite agreement on the viability position, notably concerning the Deferred Management Fee (DMF), which BPS has demonstrable experience in assessing.

We have continued to work with LBH on various matters, from ensuring balance is struck between design and optimisation of the site, to addressing council officer concerns regarding social care budget impacts. We believe that working closely on key areas of concern, and in providing the necessary detail, both Guild Living and LBH have driven better outcomes for the site and Hillingdon residents. This has been previously demonstrated through accommodating design amendments identified by council officers, alongside independent third-party urban design advice that was secured to support the overall design principle of the proposals. ..

To continue working in the spirit of delivering the best outcome for Hillingdon residents, Guild Living welcomes an opportunity to present further information to LBH and BPS regarding the DMF. We have appended a highly confidential and commercially sensitive document in good faith to expedite these discussions. Previously Carter Jonas (CJ) and

Avison Young (AY) reached agreement on the capital payment in lieu of on-site affordable housing maximum sum. To note, further to recent design amendments our position has been re-evaluated retaining our core assumptions.

COMMERCIALLY SENSITIVE INFORMATION

We have attached the following documentation, which is sent in confidence for consideration by LBH and BPS only. The contents of this letter and additional commercially sensitive information are not to be disclosed to any person without our express written consent.

Herewith the enclosed private and confidential documentation for your perusal:

- Guild Living Unit Valuation BPS v1 (Doc Ref: *LBH DMF Response 20210305.pdf)*
    - GDV Summary
    - DMF Valuation
    - Comparable Sales Evidence
    - Care Valuation
    - Pricing Strategy
- BPS P&C DMF Validation (Doc Ref: *BPS P_C Validation_20200305.xlsx)*
    - Guild Living GDV and DMF Summary
    - BPS DMF Valuation
    - Comparable Summary
    - Detailed Comparable Evidence Schedule

DMF VALUATION

The valuation of the Guild Living Residential units includes an allowance for a Deferred Management Fee (DMF). This is recognised in a circa 10% premium to the average sales price. The revised scheme, accommodating design officer revisions, has an Average Sales Price (ASP) of £522,000 (£692 psf) across a total number of 153 Guild Living Residences (GLRs), with the average DMF per unit £58,000, equating to an average unit value of £580,600 total GDV per unit, which equates to £770 psf blended.

We have reviewed this against the BPS DMF Valuation approach utilising our experience to date on our project in Epsom. The core assumptions using this methodology are the following:

- 11% Event Fee (Net)
- 8.2 years Cycle

- 6.0% Discount Rate
- 1.5% RPI
- Fixed Service Charge
- 60-year Cash Flow Period

This demonstrates that our Premium is aligned with the approach adopted by BPS in previous engagements.

PRICING STRATEGY

Guild Living prides itself on its new innovative housing-with-care model utilising Deferred Management Fees to create exceptional integrated intergenerational communities. For this reason, we ensure that our pricing strategy can be supported by local housing wealth in any given catchment. Upon identifying a suitable catchment and site location near a town centre high street - we seek achieved sales evidence to inform our sales pricing.

Guild at Uxbridge is priced between 15% to 23% ahead of local C3 apartment levels, while being in-line with commensurate C2 schemes within the area. Within our confidential documentation we set out how we have used this evidence to inform pricing across our different unit types and tenures.

AFFORDABLE HOUSING EXCEPTIONAL CIRCUMSTANCES

Guild works on an owner-operator model that seeks to align the interests of the freeholder and our members through using DMF. This allows Guild Living to support an enhanced amenity offering that benefits, not just members, but also the wider community.

The proposals remain for an off-site payment in lieu of an on-site contribution. A separate note will be provided by Avison Young which sets out the how the design requirements of the Guild Product as well as the relevant considerations of Registered Providers (RPs) cannot feasibly or viably provide on-site affordable housing, and therefore demonstrates the exceptional circumstances and potential benefits of a payment in lieu.

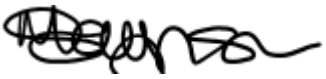
NEXT STEPS

We trust the above and enclosed is satisfactory and propose arranging a meeting to discuss the project further in detail. In addition, we look forward to hearing from you in due course to expedite suitable next steps to address any further concerns raised.

Yours faithfully,

GUILD LIVING





Rob Widrig
Investment Director, Guild Living

Matthew Serginson
Development Director, Guild Living

cc:
BPS Chartered Surveyors
215a, High Street,
Dorking, Surrey, RH4 1RU

Avison Young
65 Gresham Street,
London, EC2V 7NQ

GUILD LIVING



GUILD LIVING UXBRIDGE.

04 March 2021

PRIVATE & CONFIDENTIAL

GUILD AT UXBRIDGE.

GDV SUMMARY.

USE	TOTAL NIA	GIA	AVG. NIA	UNITS	CAP VAL PSF	SALES PRICE / UNIT	DMF VAL PSF	DMF P/UNIT	TOTAL VALUE PSF	VALUE IN. DMF / UNIT	TOTAL
Total	-	202,150	-	182	-	-	-	-	-	-	£98.8m
GLR	115,386	-	754	153	£692	£522k	£78	£59k	£770	£581k	£88.8m
Studio	4,404	-	489	9	£772	£378k	£87	£42k	£859	£420k	£3.7m
1 bed	14,530	-	581	25	£772	£449k	£87	£50k	£859	£499k	£12.5m
2 bed	92,274	-	802	115	£678	£544k	£76	£61k	£754	£605k	£69.6m
3 bed	4,178	-	1,045	4	£646	£675k	£73	£76k	£719	£751k	£3.0m
GCR	2,502		499	5	-	-	-	-	£770	£384k	£1.9m
GCS	6,473		273	24	-	-	-	-	£945	£258k	£6.2m
Car Park	-	-	-	91	-		-	-	-	£7.5k	£0.7m
Nursery	-	-	3,258	-	£25 @ 6.25%	-	-	-	£375	-	£1.1m

DMF VALUATION.



DMF Assumptions

- 11% Net Deferred Management Fee (DMF) payable on unit price at EXIT and successful resale of the unit.

Cycle Assumption

- Average Occupation Period - 8.2 years

Valuation Methodology

- 6% Discount Rate
- 60 years investment horizon
- DMF Value Premium above Sales Price
  - £59k/£522k = 11.2%



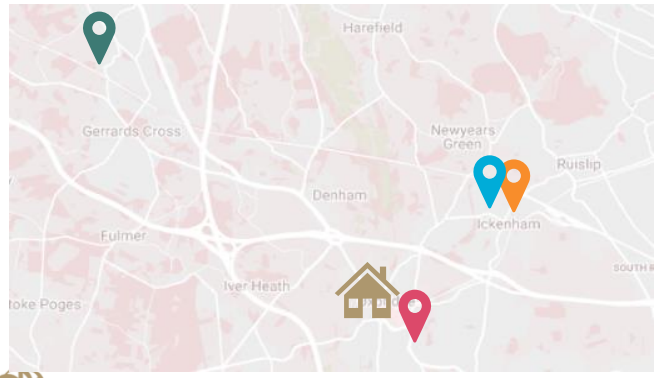
GUILD AT UXBRIDGE.

SALES COMPARABLES.

GUILD LIVING SALES PRICING



TYPE.	#	Size (ft²)	Unit Price	Price psf
Studio	9	489	£378k	£772
1 bed	25	581	£449k	£772
2 bed	115	802	£544k	£678
3 bed	4	1,045	£675k	£646
Blend	**153**	**754**	**£522k**	**£692**



1 BED ANALYSIS

SCHEME.	Units	Size (ft²)	Unit Price	GL Diff.	Price psf	GL Diff.	Use Class	+ / -	Dist.
Lancaster House	12	599	£463k	-7%	£772	0%	C2	Similar	2.2 miles
Lysander House	37	608	£411k	5%	£677	14%	C2	Similar	2.2 miles
The Dice	5	560	£350k	23%	£626	23%	C3	Inferior	0.7 miles

2 BED ANALYSIS

SCHEME.	Units	Size (ft²)	Unit Price	GL Diff.	Price psf	GL Diff.	Use Class	+ / -	Dist.
Chalfont Dene	28	891	£616k	-12%	£691	-2%	C2	Superior	5.5 miles
Lysander House	18	889	£581k	-7%	£654	4%	C2	Similar	2.2 miles
The Dice	7	775	£456k	19%	£558	15%	C3	Inferior	0.7 miles

3 BED ANALYSIS

SCHEME.	Units	Size (ft²)	Unit Price	GL Diff.	Price psf	GL Diff.	Use Class	+ / -	Dist.
Chalfont Dene	2	1,518	£1.0m	-33%	£663	-2%	C2	Superior	5.5 miles
The Dice	2	947	£520k	30%	£549	18%	C3	Inferior	0.7 miles

*Guild 1-bed and studio units have been blended together for 1 bed analysis

GUILD AT UXBRIDGE.

CHALFONT DENE. AUDLEY VILLAGES.

Plot Number	Building	Postcode	Floor	Construction	Bedrooms	Size ft²	Unit Price	Cap Val psf	Transaction Date
1	Chalfont House	SL9 0EH	Mid	Purpose-Built	1 bed	700	£555,000	£793	22-May-17
5	Selman Way	SL9 0FE	Ground	Purpose-Built	2 bed	753	£520,000	£690	20-Oct-17
9	Selman Way	SL9 0FE	Top	Purpose-Built	2 bed	753	£490,000	£650	25-Sep-18
1	Wilkens Place	SL9 0FG	Ground	Purpose-Built	2 bed	753	£515,000	£684	08-Aug-17
2	Wilkens Place	SL9 0FG	Ground	Purpose-Built	2 bed	753	£455,000	£604	09-Jun-17
3	Wilkens Place	SL9 0FG	Top	Purpose-Built	2 bed	850	£599,000	£704	14-Jun-19
4	Wilkens Place	SL9 0FG	Top	Purpose-Built	2 bed	850	£580,000	£682	17-Apr-18
10	Drury Close	SL9 0FH	Ground	Purpose-Built	2 bed	850	£550,000	£647	09-Jan-17
15	Drury Close	SL9 0FH	Top	Purpose-Built	2 bed	850	£585,000	£688	09-Jan-17
7	Drury Close	SL9 0FH	Ground	Purpose-Built	2 bed	872	£580,000	£665	09-Jan-17
11	Drury Close	SL9 0FH	Top	Purpose-Built	2 bed	872	£575,000	£659	30-May-18
7	Milton Place	SL9 0ED	Mid	Purpose-Built	2 bed	883	£625,000	£708	24-Jul-19
6	Milton Place	SL9 0ED	Ground	Purpose-Built	2 bed	883	£580,000	£657	06-Sep-18
11	Chalfont House	SL9 0EH	Mid	Purpose-Built	2 bed	904	£534,915	£592	28-Feb-19
4	Osborne Place	SL9 0FB	Ground	Purpose-Built	2 bed	904	£625,000	£691	13-Apr-17
8	Osborne Place	SL9 0FB	Top	Purpose-Built	2 bed	904	£632,500	£700	28-Nov-17
1	Gower Court	SL9 0FD	Ground	Purpose-Built	2 bed	904	£620,000	£686	20-Dec-17
3	Gower Court	SL9 0FD	Mid	Purpose-Built	2 bed	904	£615,000	£680	14-Dec-17
6	Selman Way	SL9 0FE	Ground	Purpose-Built	2 bed	904	£649,500	£718	25-Sep-17
10	Selman Way	SL9 0FE	Top	Purpose-Built	2 bed	904	£625,000	£691	31-Mar-17
2	Saunders Place	SL9 0FF	Ground	Purpose-Built	2 bed	904	£655,000	£724	19-Jan-17
1	Osborne Place	SL9 0FB	Ground	Purpose-Built	2 bed	947	£655,000	£691	15-Mar-17
3	Selman Way	SL9 0FE	Ground	Purpose-Built	2 bed	947	£710,000	£750	12-Oct-17
12	Drury Close	SL9 0FH	Top	Purpose-Built	2 bed	969	£700,000	£723	27-Jun-17
14	Drury Close	SL9 0FH	Top	Purpose-Built	2 bed	969	£720,000	£743	06-Jan-17
3	Drury Close	SL9 0FH	Ground	Purpose-Built	2 bed	990	£675,000	£682	05-Jan-17
4	Drury Close	SL9 0FH	Ground	Purpose-Built	2 bed	990	£715,000	£722	12-Jan-17
5	Drury Close	SL9 0FH	Top	Purpose-Built	2 bed	990	£715,000	£722	13-Feb-17
6	Drury Close	SL9 0FH	Top	Purpose-Built	2 bed	990	£735,000	£742	28-Sep-17
4	Gower Court	SL9 0FD	Mid	Purpose-Built	3 bed	1,076	£721,000	£670	16-Oct-17
8	Drury Close	SL9 0FH	Ground	Purpose-Built	3 bed	1,959	£1,290,000	£658	20-Jan-17

DESCRIPTION	
Location	Chalfont St Peter, SL9
Distance	5.5 miles
Facilities	Restaurant, Bar, Gym, Swimming Pool
Care Provision	High

TYPE.	#	SIZE	£/UNIT	£PSF
2 bed	28	891	£616k	£691
3 bed	2	1,518	£1.0m	£676
AV Blend	30	933	£642k	£688
GL Blend	153	754	£522k	£692



GUILD AT UXBRIDGE.

CARE VALUATION.

GCR.

Per Annum	Per Month
Gross Rent Payable	
£30,100	£2,500
Operating Expenditure	
£9,600	£800
Net Operating Income	
£20,500	£1,700
Capitalisation Rate	
£410,300	5.0%
Purchaser's Costs	
£384,000	6.8%

Avg. NIA: 499 ft²
Rent: £62.0psf

Net to Gross: 34%
Service Charge: £7.3k p.a.
Voids and Other Costs: £2.3k p.a.

GCS.

Per Annum	Per Week
Fee Payable	
£72,500	£1,395
Operating Expenditure	
£45,300	£870
Net Operating Income	
£27,200	£525
Capitalisation Rate	
£272,200	10.0%
Purchaser's Costs	
£255,000	6.8%

OPEX: 62%
Care Staff Cost: £480 pcw
Operating Costs: £250 pcw
Voids and Other Costs: £70 pcw
Management Fee: £70 pcw

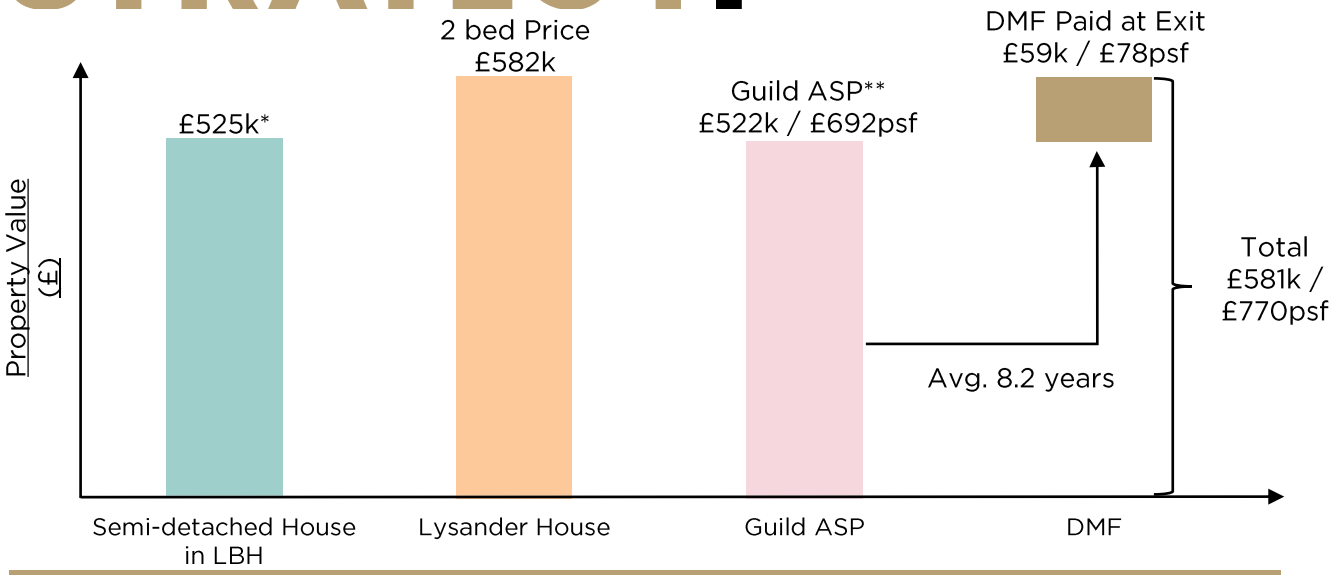
RANDOLPH HOUSE, HARROW, MCCARTHY & STONE.

BEDS	NIA	RENT PA	RENT PSF	RENT PCM	SERVICE CHARGE
1	574	£35,400	£61.7	£2,950	£8,450
2	829	£46,700	£56.3	£3,890	£11,250

AVERAGE WEEKLY FEES IN UXBRIDGE.

PROVIDER	LEVEL OF CARE	AWF
HC One	Dementia, Old Age, Alzheimer's	£1,405
Blenheim Care Centre	Nursing | Dementia	£1,380 | £1,400

PRICING STRATEGY.



DEFERRED MANAGEMENT FEES.

SERVICE CHARGE CAPPED	MAINTENANCE & REFURBISHMENT	RE-SALE	LONG-TERM MAINTENANCE CAPEX
Providing ongoing cost certainty to residents, as well as wellness facilities	Renovation of property at re-sale de-risking capital loss & maintaining stock quality	Removed stress to customer & relatives	Upkeep of the shared facilities for all residents

*Land Registry Dec 2020 **Average Sales Price



GUILD LIVING PRICING IN LINE WITH LOCAL ACHIEVED C2 SALES EVIDENCE SUPPORTS STRONG LOCAL DEMAND AFFORDABLE FOR MANY RESIDENTS.









GUILD LIVING ASP DELTA BETWEEN AVERAGE HILLINGDON SEMI-DETACHED -0.6%

*Sourced from Land Registry **Land Registry Dec 2020