REVIEW OF "UPDATED FINANCIAL VIABILITY ASSESSMENT"
THE BARN HOTEL, WEST END ROAD, RUISLIP HA4 6JB

In June 2026, London Borough of Hillingdon ("the Council") commissioned Quintic Advisory ("Quintic") to advise on a viability assessment of the proposed Development ("the Development") at The Barn Hotel, West End Road, Ruislip HA4 6JB ("the Site") submitted by Savills plc ("Savills") on behalf of Chase New Homes ("the Applicant").

Our report provided an objective assessment of Savills' Viability Assessment Report to determine whether the affordable housing offer and Section 106 contributions as proposed have been optimised.

Savills appraised the proposed Development with 100% private housing on a Fixed Land Value basis with the scheme generating an outturn profit of 3.03% of GDV. Savills stated that this "falls short of standard assumptions of 15 to 20% of GDV".

We undertook an assessment of the proposed Development including i100% private housing in line with the Applicant's proposal. We concluded that the proposed Development generated a RLV of £897,034 providing a surplus of £397,034 against the viability benchmark. A key difference between the assessments was the viability benchmark with Savills adopting a benchmark land value of £3,520,000 whilst we adopted a notional benchmark land value of £500,000 on a strictly 'without prejudice' basis. We requested Savills provide the full Existing Use Valuation ("EUV") which supported their capital value of £3,520,000.

<u>Savills further correspondence</u>

Savills have submitted further correspondence dated 24 June 2026 within which they have sought to provide further justification in support of their assumptions. We have reviewed the further correspondence provided by Savills and have responded in the same structure for ease of reference. In the first instance, we note that Savills have not commented upon our amendments to the finance rate, programme timetable and correction of an error within the Savills / Hamptons pricing schedule. We therefore assume that Savills are in agreement with these amendments.

Construction costs: To establish construction costs for the proposed Development, Savills relied upon a cost plan prepared by Academy Consulting ("AC") who concluded that the total construction cost should equate to £25,130,000 reflecting £3,914 per square metre (£363.69 per square foot).

The Council instructed Stace LLP ("Stace") to undertake a review of the AC cost plan. Stace concluded that the total cost of £25,130,000 was above what is reasonable in the current market. We therefore adopted a total cost of £24,780,000 reflecting £3,859 per square metre (£358 per square foot) in line with advice received from Stace.

We understand that the Applicant has agreed to adopt the total cost of £24,780,000 concluded by Stace. We therefore consider this assumption to be agreed between the parties.

Viability benchmark: To establish a viability benchmark, Savills have referred back to the benchmark land value agreed between Carter Jonas ("CJ") acting on behalf of the Council for a previous iteration of the scheme, and Savills. The total viability benchmark equated to £3,520,000 which Savills adopted within their assessment; however, we had not been provided with any information in relation to how this capital value was assessed.

In our June 2026 report, we highlighted that Savills stated in paragraph 3.3.1 of their report that the Site "*remains in use as a Hotel and Restaurant*". However, we reviewed the Applicant's Planning Statement dated September 2024, prepared by Barker Parry ("BP") which stated in paragraph 7.3 that "*the hotel has been closed since the end of 2023 and the Site, most notably the listed buildings require significant maintenance and improvements as identified by the Structural Report which accompanies this submission. This makes any prospect of the hotel use re-opening on the Site unfeasible and also means residential development is the optimum viable use for the Site when considering heritage asset preservation*".

We also referred to the Structural Survey that has been submitted as part of the planning application which states that the *"existing buildings all show signs of some decay and dilapidation. To ensure the* *long-term future of these buildings, repairs and localised rebuilding will need to be made to address these defects".*

Savills confirm in their report that the hotel *"ceased trading in October 2023 on viability grounds"* and that the *"August 2024 structural survey (by BDC) demonstrates that there was no fundamental change in the condition of the building from The Barn Hotel Condition Survey report (Stace October 2022)".* In the first instance, the fact that the hotel ceased trading in October 2023 on viability grounds calls into question whether or not the continued use as a hotel is feasible. There was clearly a lack of demand at the time for continued use and we also note that the September 2024 Planning Statement prepared by Barker Parry ("BP") stated that "any prospect of the hotel use re-opening on the Site [is] unfeasible".

We have referred to the CJ review dated 8 September 2023 and the Savills valuation dated March 2023 where the viability element is discussed further. The Savills report states on page 22 that "***from my examination of the Property, further investigation and analysis, including an objective assessment of business viability, I am of the opinion that the hotel is commercially unviable now and likely to continue to be so in the long term***" (emphasis added). CJ quote Savills (in a subsequent response that we have not had sight of) as setting out that the EUV is based on the EBITDA of the hotel, and that it is the cost of interest and amortisation that renders it unviable. However, we note that the CJ and Savills assessments were undertaken prior to the hotel ceasing trading in October 2023.

We also note that the hotel is currently used as temporary accommodation (no lease information provided by Savills); We query the longevity of the existing temporary accommodation use particularly as Savills have not provided us with a copy of the existing tenancy agreement.

Taking all of the above into account, and in the absence of any site specific build up for renovating the existing space, we have referred to the RICS Build Cost Information Service ("BCIS") which reports that the lower quartile cost for rehabilitation of existing hotel space equates to £1,390 per square metre. When applying this cost rate to the GIA listed in the Applicant's Planning Application Form of 3,303.6 square metres, this results in a total rehabilitation cost of £4,592,004. This cost is above the total GDV of the hotel based upon Savills EUV when the hotel was in operation and therefore in this scenario the end value would be £nil.

It is reasonable to assume that significant works would be required at the existing property to ensure it is in a condition suitable for use as a commercial hotel. This is not solely based upon the structural surveys that have been undertaken, but also as it is reasonable to assume that no works have been undertaken over the past 3 years. Savills state in their report that the use of the building as temporary accommodation / emergency housing *"ensures that the building does not deteriorate further as a result of abandonment".* However, they have not referred to any works having been undertaken at the property. We also question whether there is demand for continued use as a commercial hotel with the Savills report stating that with the hotel only being suitable for conversion and not rebuilt, this limits the selection of potential brands. Savills also state that "*certain hard conversion brands, such as DoubleTree by Hilton or Voco, are not appropriate for the property due to inconsistencies in the bedroom product, lack of indoor access to all bedrooms, and absence of air-conditioning in all rooms."*

Savills have based their opinion of the benchmark land value upon a valuation that was undertaken prior to the commercial hotel ceasing trading. A lack of information has been provided in relation to the demand level of continued commercial hotel use (particularly noting the comments in the Savills March 2023 report), in addition to a lack of information regarding the required capital expenditure to ensure the existing buildings are in a usable condition and able to command the revenue levels set out in the Savills March 2023 report. After due consideration, we have maintained our notional value of £500,000 as our benchmark land value.

Conclusion

We have maintained our conclusion that the proposed Development with 100% private housing generates a RLV of £897,034 providing a surplus of £397,034 against the viability benchmark. The surplus we have identified equates to 0.9% of the total GDV of the proposed Development. In addition, it equates to £5,338 per private residential unit.

In the event that the Applicant seeks to challenge our position, they should note that Savills have not provided a breakdown of the capital expenditure required to ensure the existing buildings are in a condition that can allow the use of the buildings as a commercial hotel. It is unreasonable to assume that the hotel can be operational as a commercial hotel without capital expenditure. In addition, particularly noting the comments included within the March 2023 Savills report, the Applicant should provide evidence to demonstrate demand for continued commercial hotel use.

Quintic Advisory
2 July 2026