24 June 2026

Ailsa Plummer

E: ailsaplummer@savills.com
DL: +44 (0) 7890 061248

Parkview House
Victoria Road South
Chelmsford CM1 1BT
savills.com

Dear Sirs,

Quintic have requested that evidence be provided in regards to the Benchmark Land Value established within the viability assessment. This value was agreed on between Savills, Hillingdon Council and their consultants, Carter Jonas in September 2023. Savills Hotel Valuation Team valued the property in March 2023 at £4,060,000 on an investment basis. This was then reviewed by Carter Jonas on instructions from Hillingdon Council, who suggested a discount of £540,000 to account for four years of capital expenditure. The Benchmark Land Value was subsequently agreed at £3,520,000, with no premium applied. The letter supplied by Carter Jonas to the Council regarding this matter is attached at Appendix 1.

The hotel ceased trading in October 2023 on viability grounds. 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). The temporary use of the building as temporary accommodation/emergency housing ensures that the building does not deteriorate further as a result of abandonment. Accordingly, there is no rational basis upon which the agreed Benchmark Land Value should be deviated from.

Quintic in the most recent review have considered grant funding in order to enable the inclusion of affordable units. We have assumed that they have taken this guidance from the London Social and Affordable Homes Programme 2026-36, published in February of this year. They have considered a scheme below policy level of 20% affordable homes, with their adopted notional viability benchmark at £500,000. Quintic have not provided their appraisal for this scenario, but Table 5.2.1 within their report indicates that it considerably worsens the position, with a deficit of negative £1,261,052. This is even with a Benchmark Land Value at over £3,000,000 less than the previously agreed figure.

Had grant funding been included within our report, based on the Quintic principles, it would not change the recommended outcome, but may in fact make the situation worse. It must be considered that even with grant funding, there is still a cost to the developer which does not improve the viability position. Subsequently, any further appraisals undertaken on this basis would not enable the developer to provide affordable housing and remain in the same financial position.

Yours sincerely,

Ailsa Plummer
Senior Surveyor

Appendix 1

Carter Jonas

One Chapel Place
London
W1G 0BG
T: 020 7518 3200
F: 020 7408 9238

Your ref:
Our ref:

Chris Brady
Principal Planning Officer
Planning and Regeneration
London Borough of Hillingdon
3 North Civic Centre
High Street Uxbridge
London
UB8 1UW

8 September 2023

Dear Chris,

FINANCIAL VIABILITY REVIEW – BARN HOTEL, WEST END ROAD, RUISLIP, HA4 6JB

Further to our Financial Viability Assessment Review dated August 2023, we present below our updated position following discussion on the points of difference with the Applicant and their viability advisor, Savills.

Following our review, the key areas of difference were as follows:

- Build costs adopted for the proposed development
- Profit assumptions
- Interest rate assumptions
- The EUV and BLV

Following discussion with the Applicant and their advisors, we have reached agreement on a number of these differences.

In regard to the build costs, the Applicant's cost advisor, Exigere, had provided a cost plan with a total cost of £28,994,000. This was reviewed by our cost consultant, Johnson Associates, who considered the cost could be reduced to £27,078,000. Following discussion between the two cost advisors they have agreed a compromise position of £28,004,000.

In regard to the profit assumptions, Savills had adopted 25% profit on cost for the private units, and 6% profit on cost of the affordable units. In our review, we considered 17.5% profit on GDV for the private units and 6% profit on GDV for the affordable units would be more appropriate. We have discussed this with Savills who have verbally accepted that they are willing to accept our position.

In regard to interest rates, Savills has adopted 8% debt interest allowance whereas we adopted 7% in our review. We have discussed this with Savills and they indicate that they consider the market to be closer to 8% and are unable to lower their assumptions. We continue to see FVAs submitted with 7% interest rates, which we consider reasonable on the assumption of 100% debt funded. Although we accept that it is common assumption to model based on 100% debt funding for FVAs purpose it is likely that a range of funding measures would be sought for most developments. This remains an area of difference, but to reach a final position we have increased our interest rate to 7.25%.

The Existing Use Value and Benchmark Land Value for the scheme was a major area of difference in our initial review. The Applicant had calculated an EUV of £4.06m, to which they had applied a 17.5% premium to reach a BLV of £4,770,500. In our review we questioned the validity of the EUV given an accompanying hotel viability report showed that continued use as a hotel was not viable. The Savills hotel valuation team has provided further justification for their value. They consider 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. This is not to say that it does not have any value, but that it would only appear to a cash buyer or with significant equity which is not the normal position.

We accept this justification for the EUV approach, however, we note that there has been very limited capital expenditure on the hotel in the last 5 years. The hotel viability report includes a schedule of condition which notes roofs in poor condition and rot in some timber amongst other defects. We consider that these issues would need to addressed to order to aid marketing reflecting the challenging market in the context of the characteristics of the subject property.

For the purpose of our modelling, we have assumed a capital expenditure of £540,000 (4 years of £135,000 backlog – indicated as the annual future maintenance) and deducted this from the EUV. If further detail and costs can be provided, we would be happy to consider this in conjunction with our QS. Our deduction results in an EUV of £3.52m.

In regard to a premium, Savills have stated that given the property would only attract cash buyers or those with significant equity given the cost of interest and amortisation renders the hotel unviable. Therefore, we consider that given the severely limited demand for the property a premium is not appropriate. As such, our opinion of the BLV is £3.52m.

<u>Conclusion</u>

We have reflected our updated position in our modelling which is shown in the table below.

Based on our inputs, we consider the 100% private scheme to generate a residual land value of £5,507,594, which reflects a surplus of £1,987,594 against our BLV. The 15% affordable housing scheme put forward by the Applicant reflects a residual land value of £3,984,302, which reflects a surplus of £464,302 against the BLV.

In order to determine what level of affordable housing would be viable, we have reviewed the maximum amount of affordable housing that would generate a surplus against the BLV. We have modelled a mix of 7 shared ownership units (5 x 1bf, 2 x 2bf) and 13 affordable rent units (6 x 1bf, 7 x 2bf). This is a total of 20 units, amounting to circa 21% affordable provision. Based on our inputs, this produces a residual land value of £3,531,092, producing a small surplus of £11,092. We consider this the maximum amount of affordable housing the development could reasonably support.

Assumption	Carter Jonas
Benchmark Land Value	£3,520,000
Surplus / (Deficit) at 100% Private	£1,987,594
Surplus / (Deficit) at 15% Affordable	£464,302
Surplus / (Deficit) at Breakeven Mix (c.21% Affordable)	£11,092

I trust the above is helpful in setting out our position but please let me know if you require anything further or have any queries.

Yours sincerely

Guy Ingham
Partner

E: Guy.Ingham@carterjonas.co.uk
T: 0207 5183 256
M: 07771971009