



HIGHWOOD



To whom it may concern,

I have been requested to set out a definitive overview of matters pertaining to the delivery (or otherwise) of the Local Centre at Stoneham Park, Eastleigh. My note is intended to share a factual resume of the history requisite to the local centre.

The Stoneham Park development has been delivered over some 5 years by Highwood Group Ltd, in partnership with Vivid Housing Association and Eastleigh Borough Council (EBC). The vision of EBC was to see the delivery of an exemplary housing community, giving future families a place to live that was inspirational. It focused around the history of the old park, as well as design standards that would set it apart from many new build large development sites. It has proved to be a great success, with over 750 homes occupied to date, a further 129 in construction or nearing completion, and all delivered in 5 years since starting on site.

One of the successes was the unique collaboration around the community building due to be delivered to support the new estate. Highwood uniquely facilitated the coming together of YMCA and EBC in a joint venture to deliver a thought through, purpose-built community centre. What is unique, is that a proposed key anchor commercial asset of a children's nursery was offered into the joint venture by Highwood. The idea being that it would deliver a commercial income stream to the YMCA charity, which would allow them to run a financially sustainable community centre. The centre in the main, funded by surpluses from the income of the children's nursery. This community hub also facilitating a locally run café (a matter that I will revert to later).

In addition, Highwood executed an 'affordable' retirement scheme consisting of 26 apartments for the over 60's. This provision was delivered in partnership with our Housing association partner, Housing 21. The apartments offered older local people affordable, fit for purpose, warden controlled later life housing, all located right in the hub of the local centre offering community run support as well as to encourage independent living with services to be provided by the local centre retail.

Contained within the H21 retirement building are two completed retail units offering a total of 2,303 sqft of retail space. Both remain vacant.

In 2018 LSH (Lambert Smith Hampton) were commissioned to market the main retail units planned to be located within the Local Centre. The accommodation offered as follows:

Convenience store unit 3982 sqft

Café unit 1937 sqft

Independent shop unit 914 sqft

Independent shop unit 914 sqft

HIGHWOOD GROUP

THE HAY BARN, UPPER ASHFIELD FARM
HOE LANE, ROMSEY, HAMPSHIRE SO51 9NJ

Highwood Group Limited Registered No: 05892469
Registered Office: The Hay Barn, Upper Ashfield Farm
Hoe Lane, Romsey, Hampshire SO51 9NJ

TELEPHONE 023 8074 8900

EMAIL INFO@HIGHWOODGROUP.CO.UK

WEBSITE HIGHWOODGROUP.CO.UK

Highwood Construction Limited Registered No: 05080117
Highwood Homes Limited Registered No: 10417361
Highwood Residential Limited Registered No: 05824608



Independent shop unit 1550 sqft

Office unit / Gym 6889 sqft

The extensive marketing highlighted 2 good/average covenant anchor tenants. One being a convenience store of 3982 sqft and the other, a regional franchise of a high street coffee brand of 1937sqft. This good/average covenant represented circa 37% of the development space. Terms were settled in principle with rent free periods.

The marketing also sourced a below average covenant tenant for the Gym. Below average covenant, as it was a special purpose vehicle company with worthless balance sheet (the covenant being offered, only being their 'fit out' value which remained on balance sheet). Fit out which required significant improvements to the overall specification including strengthening the floor to protect against noise etc. This unit represented some 43% of the overall floor space and the entirety of the second floor.

Also offered were a number of tertiary shop users who offered no covenant at all and rent in arrears.

No commitment could be made to individual tenants until such time as a minimum of 75% of the retail space had been negotiated to the point of commercially acceptable terms. This was a condition of the required development funding to proceed. As Highwood drew close to achieving the condition, with settled turnkey development contractor on board and funding secured, we hit the commencement of the COVID lock down.

It was apparent that tertiary retail withdrew immediately. Both the coffee franchise and supermarket went on hold. The funding offering was withdrawn.

Some further years on, it was clear that the retail sector was on its knees, with soaring build costs and consumer confidence plunging, it made covenant strength and security of funding paramount.

It was at this juncture that we made an informal offer to EBC to ascertain if they would like to express an interest in acquiring the site to develop out and retain the investment opportunity. This proposition therefore seeing delivery of the local centre, which forms the gate way to not only Stoneham Park but the wider Borough. Eastleigh did not wish to engage in negotiation understandably as they themselves were experiencing growing financial pressure.

An approach was made by Lidl to deliver a comprehensive store on the site. This at a time when Highwood were realising that the Local Centre was likely to remain undelivered for some considerable time. Not only with changing shopping trends (internet), but tighter financing terms and ever-increasing inflationary pressures on delivery of the building. Inflationary pressures that have been felt by all, which is why it seemed an excellent fit to bring this key retail offering forward in the form of the discount retailer Lidl, delivering all the individual elements under one roof that the local community would be seeking. Further leaving the opportunity for a couple of more tertiary end uses within the H21 building (such as hair dressing etc).

Bringing us to today; we see the Lidl store as offering the only likely solution to bring a retail offering to Stoneham Park. The retail rental market is still suffering from desperate financial pressures on all

HIGHWOOD GROUP

THE HAY BARN, UPPER ASHFIELD FARM
HOE LANE, ROMSEY, HAMPSHIRE SO51 9NJ

Highwood Group Limited Registered No: 05892469
Registered Office: The Hay Barn, Upper Ashfield Farm
Hoe Lane, Romsey, Hampshire SO51 9NJ

TELEPHONE 023 8074 8900

EMAIL INFO@HIGHWOODGROUP.CO.UK

WEBSITE HIGHWOODGROUP.CO.UK

Highwood Construction Limited Registered No: 05080117
Highwood Homes Limited Registered No: 10417361
Highwood Residential Limited Registered No: 05824608



levels. The turnkey cost to deliver the building alone have risen well in excess of 25%, only further exasperating the financial viability gap.

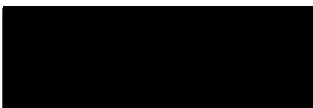
In hindsight the Children's Nursery would have offered one of the key financial anchors to have potentially helped to underpin the retail element. However, this was pre covid and pre latest financial crisis, so always easy to review in hindsight. That said one could argue that the Children's Nursery underpinning the financial long-term survival of the community building may have been more important.

The Lidl offering will finish the retail local centre development, which is so important from an aesthetic perspective, particularly after the extensive efforts of all parties to deliver a well-designed scheme. It would be a travesty for this part of the local centre to be hoarded off for many years to come, which is the sad reality as it is difficult see the delivery ingredients being commercially viable for a great many years.

There is a further potential win win. EBC will be aware that Highwood were forced to restrict the coffee offering on the community building. The reason being was that we needed to restrict commercial operation of the coffee offering as well as 'no takeout', as such a restriction did not preclude the ability to secure an anchor tenant in the proposed retail element. In the event therefore that the Lidl development proceeds, Highwood will no longer require the restriction on the coffee offering within the community building, and therefore this extends further the economic safeguarding and indeed services offered within the community building.

I very much hope that this letter is of assistance in setting out the brief history of events around the local centre to allow a carefully considered decision to execute a consent for the Lidl store; completing the built environment and removal of hoardings, offering local shopping as well as jobs to the new community and further enhancing the commercial offering around the community building to add to services offered.

Yours Sincerely,



Nigel Meek

Chairman, Highwood

HIGHWOOD GROUP

THE HAY BARN, UPPER ASHFIELD FARM
HOE LANE, ROMSEY, HAMPSHIRE SO51 9NJ

Highwood Group Limited Registered No: 05892469
Registered Office: The Hay Barn, Upper Ashfield Farm
Hoe Lane, Romsey, Hampshire SO51 9NJ

TELEPHONE 023 8074 8900

EMAIL INFO@HIGHWOODGROUP.CO.UK

WEBSITE HIGHWOODGROUP.CO.UK

Highwood Construction Limited Registered No: 05080117
Highwood Homes Limited Registered No: 10417361
Highwood Residential Limited Registered No: 05824608