

Press Release

Carter-Ruck

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Rose Bowl Redevelopment faces legal challenge.

An application for Judicial Review has been commenced in the High Court by a consortium of local hoteliers challenging the legality of the recent decision of Eastleigh Borough Council to provide financing to the value of £32m for the development of a 175 bedroom hotel as part of Rose Bowl redevelopment.

The consortium is made up of Meridian, Shire and Macdonald Hotels, all of whom operate locally providing in excess of 250 jobs to the local community

The challenge centres on assertions made by the Eastleigh Borough Council Executive during the rushed decision-making process, that this project “*would have no impact on local tax payers*” as the decision to provide such finance is a “*commercial arrangement on commercial terms.*” The hoteliers believe that both of these claims are unsustainable and, as such, the Council’s funding of the development threatens to create unfair competition at the expense of the taxpayer, together with the impact this will undoubtedly have on existing jobs. In light of the significant risks, the Council has failed to adequately secure an appropriate return or for that matter any return from the Rose Bowl to the benefit of the tax payer, on its investment.

Speaking on behalf of the group of hotels, a spokesman added;

“This challenge is about the need to ensure that the Council’s decision to commit £32m of the public’s money has been given the consideration and scrutiny that such a substantial commitment warrants. The Council’s decision to provide financing for the Rose Bowl redevelopment only became necessary when the Banks withdrew the original funding for the redevelopment due to the prevailing economic climate. It appears however that the Council has not had proper regard to the financial risks and the current economic realities, and instead appears to be proceeding on the basis that there is no risk whatsoever to the local tax payers. The proposed investment by the Council does not reflect what normally be expected in a commercial deal such as this and we believe the Council erred by failing to take into account all material considerations and/or failed to take the necessary steps to acquaint itself with all the relevant and required information . Many tax payers have expressed concerns about the significant risks that the Council is engaging in, particularly in the current economic environment. We await the Council’s response to our Judicial Review application”.

Carter-Ruck Solicitors

6 St Andrew Street
London EC4A 3AE

T 020 7353 5005
F 020 7353 5553
DX 333 Chancery
Lane
www.carter-ruck.com

SRA No. 44769

For further inquiries, please contact Adam Tudor (adam.tudor@carter-ruck.com) or Edward Yell (Edward.yell@carter-ruck.com).

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