

BACKGROUND BRIEFING NOTE FOR SALE OF 117A & 117B SNEINTON DALE

The property is currently tenanted and it is proposed to offer the freehold interest to the incumbent tenant who has been in occupation since 1989.

Numbers 117A and 117B comprise a part single, part two storey Victorian light industrial building originally built circa 1900 as an undertaker's workshop with storage for a horse drawn hearse and stabling with a hay loft above. It is currently used by a manufacturer of wrought iron gates, fences and architectural one-offs.

The property is held in the Industrial and Commercial Investment Portfolio (Trading Account) and comprises a single unit as described above. The Council sold its adjoining retail investment at 115 Sneinton Dale to the tenant in 2013.

The option to retain the property has been discounted as there is historic structural movement in the rear wall plate of the property and also water ingress from a deteriorating slate roof, poor guttering and windows. For the tenant to carry out any of its repairing obligations it has requested the purchase of the freehold first. As rental growth after repair is not likely to increase to a significant level, making further capital investment in the property uneconomic. The property is not held for any particular strategic reason and is considered suitable for disposal.

The Council has adjoining ownership in the garage court accessed off Durham Avenue (which is unadopted) and the sale of these garages will create a fit for purpose vehicular access to the industrial premises (which it currently lacks) whilst also ridding the Council of its repairing obligations on a very dilapidated concrete and asbestos roofed garage court which is only 25% let, 5 out of 20 units, with 2 of these 5 units let to our tenant at 117A and 117B, with the rent going to NCH for management fees.

A sale by private treaty will enable the Council to control the terms of the sale. The net proceeds from the capital receipt will be reinvested in better performing investments for the Trading Account.