

TEST VALLEY BOROUGH COUNCIL

HEAD OF SERVICE'S DECISION

Committee:	Executive
Chairman:	Councillor I Carr
Head of Service:	Brian Nicholas

SUBJECT

Plot 48 South Way, Walworth Industrial Estate, Andover

1. REASON FOR URGENCY

- 1.1 Yorkgate Limited holds a 99 year lease from the Council and pays a nominal ground rent. The majority of the plot is undeveloped and the tenant now wishes to commence building a new 15,000 sq ft (1500 sq m) industrial unit in the next couple of weeks. If the transaction cannot be completed before the end of this month Yorkgate will invest outside Andover. It will be necessary for Yorkgate to secure funding for this new building and as a condition of the borrowing arrangement a new 125 year lease will be required. Heads of terms are agreed to grant a new lease to the tenant on terms to be agreed by the officers.

2. EXISTING LEASE

- 2.1 The existing 99 year lease commenced on 1st November 1965 at a fixed rent of £365 per annum. Only two small industrial units have been constructed to the rear of the plot.

3. PROPOSED NEW LEASE

- 3.1 A new 125 year lease to commence as soon as possible.
- 3.2 The initial rent to be £4,000 per annum exclusive for the first five years.
- 3.3 At the first rent review the rent to be a minimum of £8,000 per annum exclusive or a gearing of 8.5% of the estimated rack rental value whichever is the greater, with future rent reviews to be every 20 years thereafter.
- 3.4 The other terms to be agreed by the officers.

4. INVESTMENT

- 4.1 The new industrial building will be welcome investment to help regenerate the Walworth Industrial Estate and provide new quality speculative industrial accommodation for new businesses wishing to relocate to Andover.

DECISION

1. That the existing lease of Plot 48 Walworth to be surrendered and a new lease to be granted simultaneously on terms to be agreed by the officers.

Chief Executive's/
Director's

Signature: Clare E. Ansary
Date: 9/8/06

Chairman's/Vice-Chairman's
Signature: [Signature]
Date: 10/08/06

Chairman's/Vice-Chairman's
(Overview & Scrutiny Committee)
Signature: David N. A. Drew
Date: 11/18/06

Head of Service's
Signature: B. Gardiner
Date: 9 August 2006

Reported to Committee on
Date:

DISTRIBUTION

1. Chief Executive
2. Corporate Director (BS)
3. Corporate Director (CC)
4. Head of Legal Services
5. Head of Administration (original for report

to Committee)

BACKGROUND PAPERS: WAL 48 File