



Paragraphs 3 of Part 1
Schedule 12A of the Local Government Act 1972

This is a private report as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure/income proposed to be incurred/received by the Council under a particular contract for the supply of goods or services.

Cabinet
Council

7 October 2014
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Name of Cabinet Member:
Councillor Lucas

Director Approving Submission of the report:
Chief Executive

Ward(s) affected:
All

Title:
Asset Review

Is this a key decision?

Yes

Sale of shares held by the City Council, via North Coventry Holdings Ltd, in Arena Coventry Limited to London Wasps Holding Limited and the subsequent sale of a lease extension to ACL to 250 years.

Executive Summary:

This reports sets out the proposal that the City Council (through North Coventry Holdings Ltd) sells 100% of its shares in Arena Coventry Ltd to London Wasps Holdings Ltd. This represents 50% of the total shares of Arena Coventry Ltd. There is a further proposal to extend the lease to ACL 2006 to a period of 250 years. The effect of these commercial transactions is that the City



2.4.9 ACL Directors appointed by AEHC were aware from the outset about the interest shown in acquiring their shares by LWHL. The Charity had made it clear that it was keen to pursue this opportunity with LWHL and that it was at this stage unlikely to consider any transaction with any other potential purchaser.

2.4.10 Once the City Council felt that it had reached a position whereby the proposed deal represented the best commercial way forward for the City Council, Council officers began talks with AEHC to discuss whether the offer made was one which AEHC was prepared to accept. AEHC subsequently agreed that they were prepared to sell their shares for the appropriate proportion of the price offered, ie. 5/9s of £5m (or £2.77m). The City Council would effectively retain £2.23m of the sale proceeds which represents 4/9s of the overall price on the basis the City Council retains a 10% stake in the company post transaction.

2.4.11 As discussions between the three parties developed the substance of an option agreement which AEHC had entered into with CCFC Ltd as part of the Joint Venture Agreement became clear. This option effectively gave CCFC Ltd pre-emption rights to acquire AEHC's shares in Football Investors Ltd (FIL) (the company through which AEHC held its shares in ACL).

2.4.12 The proposed transaction with Wasps did not involve AEHC selling its shares in FIL, but rather FIL selling its shares in ACL, so the main option agreement would not come into effect. However the option agreement does include a further clause that should FIL seek to sell its shares in ACL then the Trustees of AEHC would make reasonable endeavour to ensure that CCFC Ltd has an opportunity to make an offer for those shares.

2.4.13

[REDACTED]

[REDACTED]

[REDACTED] Trustees will need to determine with legal advice what reasonable endeavour means in this context and, for example, how long the liquidator should be given to respond to this opportunity. This 'reasonable' process of notification to CCFC Ltd despite it being in liquidation in all except a final technicality, is supported and respected by the City Council.

