

# Finance and Resources Committee

10.00am, Thursday, 8 September 2022

## Block 1 Unit 4 Pennywell Town Centre, Edinburgh – Proposed New Lease

Executive/routine Wards Council Commitments	Routine 1 - Almond
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### 1. Recommendations

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- 1.1 It is recommended that Finance and Resources Committee approves a new 10-year lease to Eye Tec (Ophthalmic Opticians) Limited at Block 1 Unit 4, Pennywell Town Centre, on the terms and conditions outlined in this report.

**Paul Lawrence**

Executive Director of Place

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# Report

## Block 1 Unit 4 Pennywell Town Centre, Edinburgh – Proposed New Lease

### 2. Executive Summary

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- 2.1 The Pennywell/Muirhouse civic centre redevelopment is a three-phase project providing new ground floor retail accommodation with residential uses above. To facilitate the redevelopment, Eye Tec (Ophthalmic Opticians) Limited will relocate to Block 1 Unit 4 which is currently being constructed as part of the second phase of the wider development.
- 2.2 This report seeks approval to grant a new 10-year lease to Eye Tec (Ophthalmic Opticians) Limited on the terms and conditions outlined in this report.

### 3. Background

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- 3.1 Pennywell/Muirhouse is a major Council led regeneration project delivering 196 new affordable homes around a new civic square with retail outlets. The development of the new civic centre for Pennywell/Muirhouse involves the demolition of 48 flatted properties, 25 commercial units and existing public realm delivered over three phases
- 3.2 Block 1 forms part of the second phase of the town centre redevelopment and will consist of 8 retail premises on the ground floor and approximately 40 residential properties above.
- 3.3 The demise at Block 1 Unit 4, Pennywell Town Centre, extends to 101 sq m (1,087 sq ft) as shown hatched in red on the plan at Appendix 1.
- 3.4 The unit was openly marketed with a closing date for offers on 23 March 2022.

### 4. Main report

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- 4.1 Following assessment of the bids received at the closing date, Eye Tec (Ophthalmic Opticians) has been selected as the preferred bidder for Unit 4. The following terms have been provisionally agreed:
  - 4.1.1 Subjects: Block 1 Unit 4 Pennywell Town Centre, Edinburgh;
  - 4.1.2 Tenant: Eye Tec (Ophthalmic Opticians) Limited;

- 4.1.3 Lease term: 10 years from date of entry;
  - 4.1.4 Rent: £17,392 per annum;
  - 4.1.5 Rent Review: rent will be reviewed at year 5;
  - 4.1.6 Break Option: A tenant only break option will be available on the 5<sup>th</sup> anniversary;
  - 4.1.7 Use: class 2 retail;
  - 4.1.8 Repair: full repairing obligation on the tenant;
  - 4.1.9 Costs: each party will bear their own costs; and
  - 4.1.10 Rent free; as the unit is in a shell condition a fifteen month rent free period will be granted.
- 4.2 The tenant has fulfilled all their legal and financial obligations in terms of the exiting lease within the town centre, which will be renounced as part of this transaction.

## **5. Next Steps**

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- 5.1 Following Committee approval, the Legal Services will be instructed to progress with drafting the essential documentation for the proposed new lease.

## **6. Financial impact**

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- 6.1 A rent of £17,392 per annum will be received from a new unit to be developed for a 10-year term. The income contributes to the previously approved business case for the civic centre redevelopment.

## **7. Stakeholder/Community Impact**

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- 7.1 Ward members have been made aware of the recommendations of the report.

## **8. Background reading/external references**

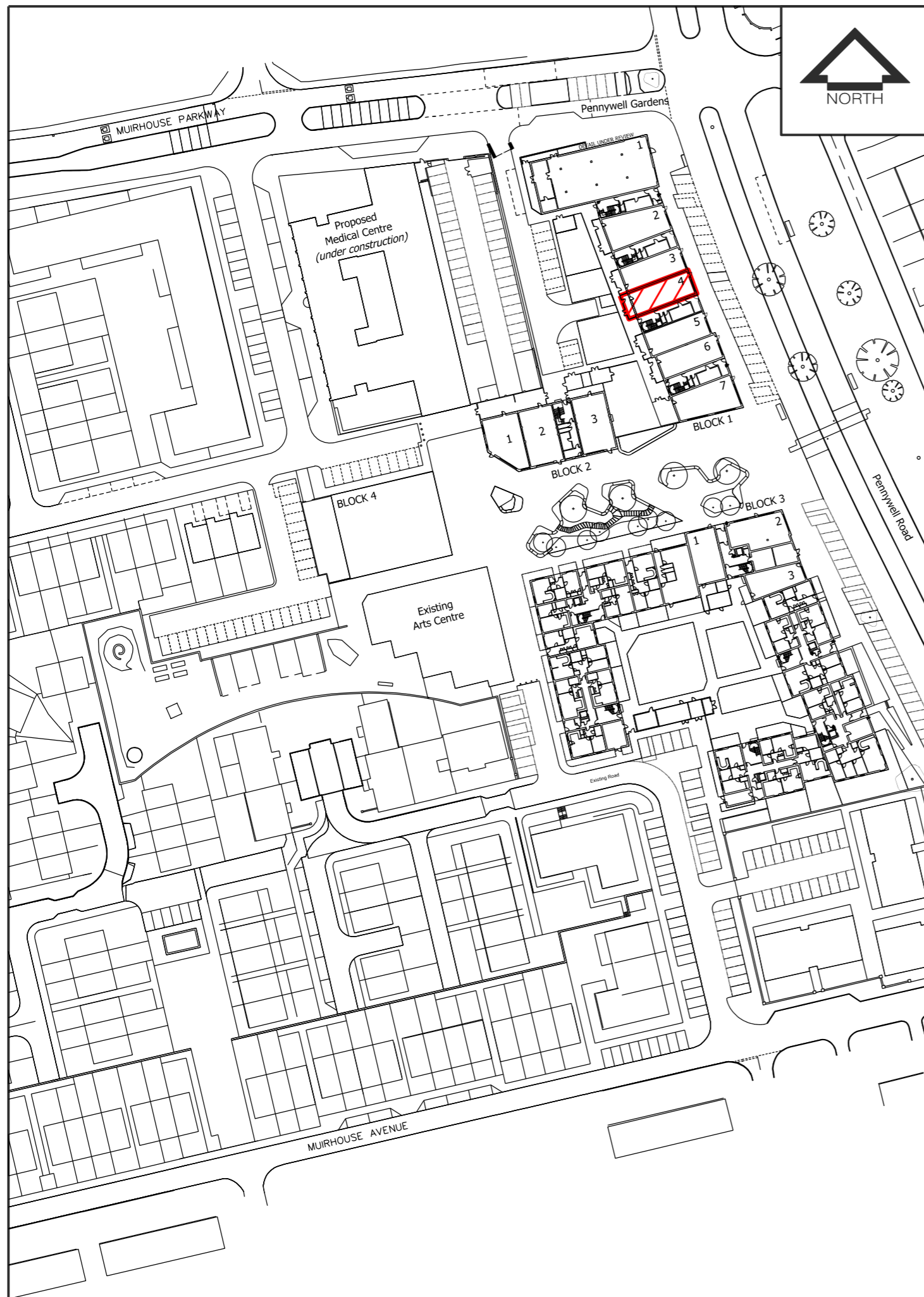
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- 8.1 [Pennywell - Muirhouse Civic Centre](#) - City of Edinburgh Council 27 October 2016.

## **9. Appendices**

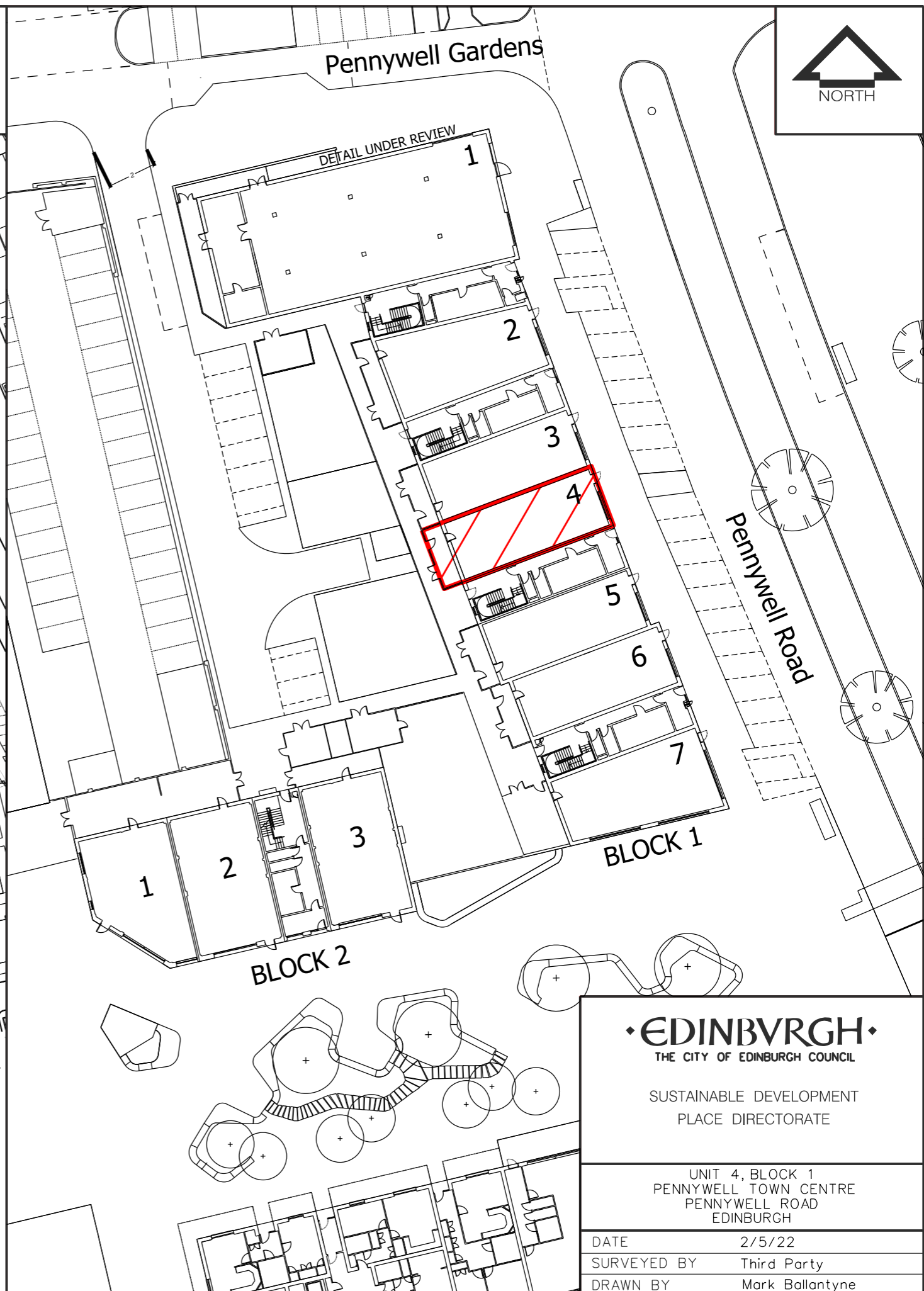
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- 9.1 Appendix 1 – Location plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
UNIT 4, BLOCK 1 PENNYWELL TOWN CENTRE PENNYWELL ROAD EDINBURGH	
DATE	2/5/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2086a