

Finance and Resources Committee

10.00am, Thursday, 25 January 2024

24 South Gyle Crescent, Edinburgh - Proposed Lease Extension

Executive/routine
Wards

Routine
3 - Drum Brae/Gyle

1. Recommendations

- 1.1 That the Finance and Resources Committee approve an 86-year lease extension to The Prudential Assurance Company Limited for ground at 24 South Gyle Crescent on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Place.

Paul Lawrence

Executive Director of Place

Contact: Iain Lamont, Senior Estates Surveyor

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24 South Gyle Crescent, Edinburgh - Proposed Lease Extension

2. Executive Summary

- 2.1 The ground at 24 South Gyle Crescent is let to The Prudential Assurance Company Limited on a long ground lease expiring in 2113 and the tenant has requested an 86-year extension until 1 April 2199. This will enhance security of tenure and ensure the building, which they own on the site, remains a viable investment asset. This report seeks Committee approval to grant an 86-year lease extension to The Prudential Assurance Company Limited on the terms and conditions outlined in the report.

3. Background

- 3.1 The ground at 24 South Gyle Crescent extends to 1.42 Hc (3.50 Ac) or thereby and is shown outlined in red on the attached plan. The Prudential Assurance Company Limited are the current tenant on the ground, upon which an industrial property has been constructed. The current ground rent paid to the Council is £39,225 per annum.
- 3.2 The existing lease expires on 1 April 2113 and the tenant has requested an 86-year lease extension from the existing date of expiry until 1 April 2199. This will provide the tenant with enhanced security of tenure and in turn ensure the building' which they own, remains a viable investment asset should they choose to sell at a future date.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: 24 South Gyle Crescent, Edinburgh;
 - 4.1.2 Tenant: The Prudential Assurance Company Limited;
 - 4.1.3 Lease term: 86 years extension from 1 April 2113 until 1 April 2199;

- 4.1.4 Rent: the rent reviews from 1 April 2018 and 1 April 2023 will be settled at £42,750 per annum and £52,250 per annum respectively, with all due back rent being paid;
 - 4.1.5 Rent Review: 1 April 2028 and 5 yearly thereafter;
 - 4.1.7 Repair: full repairing obligation; and
 - 4.1.8 Costs: tenant responsible for the Council's legal costs.
- 4.2 The Prudential Assurance Company would be considered a good tenant in respect of the legal and financial obligations in terms of the existing lease.

5. Next Steps

- 5.1 Following approval of the terms by the Finance and Resources Committee, solicitors will be instructed to conclude the legal documentation.

6. Financial impact

- 6.1 The rent reviews from 1 April 2018 and 1 April 2023 will be settled at £42,750 per annum and £52,250 per annum respectively, with all due back rent being paid. All rental income is allocated to the General Property Account.

7. Equality and Poverty Impact

- 7.1 This is an 86-year lease extension to an established tenant who has occupied the ground since March 1993. It is considered this proposal does not have any equality or poverty implications.

8. Climate and Nature Emergency Implications

- 8.1 It is considered there are no direct Climate and Nature Emergency Implications from offering a lease extension to the established tenant.

9. Risk, policy, compliance, governance and community impact

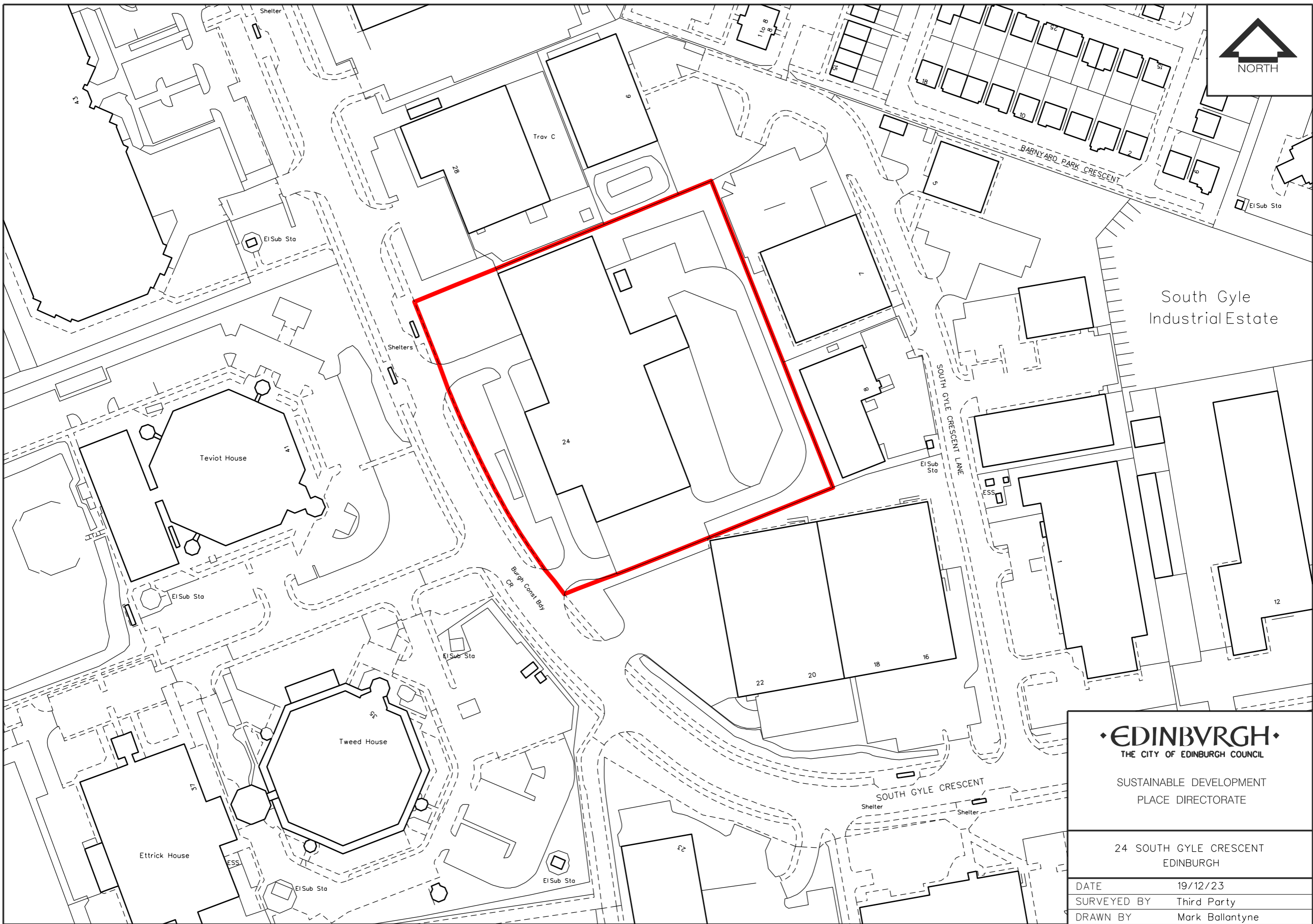
- 9.1 Ward members have been aware of the recommendations of this report.
- 9.2 The proposed lease is in keeping with the Commercial Property Portfolio Strategy that was approved by Committee on 20 June 2023.

10. Background reading/external references

10.1 [Commercial Property Portfolio Strategy](#).

11. Appendices

11.1 Appendix 1 – Location plan.



South Gyle Industrial Estate

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THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

24 SOUTH GYLE CRESCENT
EDINBURGH

DATE	19/12/23
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2636

LOCATION PLAN

SCALE 1:1250