

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

Unit 3, Phase 1, Clocktower Industrial Estate, South Gyle Crescent, Edinburgh – Proposed Lease Extension

Executive/routine	Routine
Wards	3 – Drumbrae / Gyle
Council Commitments	<u>2</u>

1. Recommendations

- 1.1 That Committee approves a 20-year lease extension to NTL National Networks Limited of premises at Unit 3 Clocktower Industrial Estate, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

Contact: Iain Lamont, Investment Portfolio Officer,

Property and Facilities Management Division, Resources Directorate

E-mail: iain.lamont@edinburgh.gov.uk | Tel: 0131 529 6693

Report

Unit 3, Phase 1, Clocktower Industrial Estate, South Gyle Crescent, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 Unit 3 Clocktower Industrial Estate is currently let to NTL National Networks Limited on a lease which expires on 29 February 2024. The tenant has requested a 20-year lease extension to commence from 1 March 2024. This report seeks approval to grant a 20-year lease extension to NTL National Networks Limited for the property detailed on the terms and conditions outlined in the report.

3. Background

- 3.1 The property known as Unit 3 Clocktower Industrial Estate extends to 698.61m² (7,520sq ft) as shown outlined in red on the attached plan.
- 3.2 Since March 1999, NTL National Networks Limited have been the tenants operating a data and telecommunications centre. The current rent is £58,850 per annum.
- 3.3 The existing lease expires on 29 February 2024 and the tenant has requested that the Council grant a 20-year lease extension, from 1 March 2024, to provide enhanced security of tenure and facilitate longer term financial planning.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- Subjects Unit 3 Clocktower Industrial Estate, Edinburgh;
 - Lease: 20-year extension from 1 March 2024 until 28 February 2044;
 - Rent: £58,850 per annum; (current passing rent);
 - Rent Review: 1 March 2024 and 5 yearly thereafter (at the March 2024 review the rent will increase to the higher of £67,680 or Market Rental Value);
 - Use: Data and Telecommunication Centre;

- Repairs: Tenant full repairing and insuring obligation;
- Costs: Tenant responsible for all the Councils legal costs; and,
- Other Terms: As contained in the standard Council lease.

4.2 The tenant has fulfilled all their legal and financial obligations in terms of the existing lease.

5. Next Steps

5.1 Following Committee approval, the Legal Services will be instructed to progress the preparation of a new lease.

6. Financial impact

6.1 The current passing is considered to be at market rental value. Effective from 1 March 2024 the rent will be increased to the greater of £67,680 per annum or the Market Rental Value of the subject. The increase in rent will go to the General Fund.

7. Stakeholder/Community Impact

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

8. Background reading/external references

8.1 Not applicable.

9. Appendices

9.1 Appendix 1 – Location Plan