

Finance and Resources Committee

10.00am, Thursday, 20 May 2021

49 North Fort Street, Edinburgh - Proposed New Lease

Executive/routine	Routine
Wards	13- Leith
Council Commitments	2

1. Recommendations

- 1.1 That Committee approves a 10-year to lease to Sodexo Limited of premises at 49 North Fort Street, Leith, 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 7610

49 North Fort Street, Edinburgh - Proposed New Lease

2. Executive Summary

- 2.1 The ground at 49 North Fort Street is currently let to Scotmid on a ground lease expiring on 28 May 2022. Scotmid developed a supermarket/warehouse property which is currently occupied by Sodexo Limited on a co-terminus sub lease. Sodexo wish to remain in occupation and this report seeks approval to grant a new 10-year lease on the terms and conditions outlined in the report.

3. Background

- 3.1 The ground at 49 North Fort Street extends to 0.157 Hectares (0.39 Acres) as shown outlined in red on the attached plan at Appendix 1. The current ground rent paid to the Council is £8,500 per annum.
- 3.2 Scotmid has leased the ground since May 1962 and constructed a supermarket / warehouse type building, extending to 965 sq m (10,393 sq ft) on the site to suit their requirements. The ground and building eventually became surplus to Scotmid's requirements and were sub-let out to various tenants, the most recent being Sodexo.
- 3.3 The ground lease from the Council to Scotmid expires on 28 May 2022. Sodexo's sub-lease from Scotmid expires on the same date. Sodexo are keen to remain in occupation beyond this date and have made direct contact with the Council in order to agree a new lease for the buildings and site effective from 29 May 2022.

4. Main report

- 4.1 Sodexo has requested the Council grant a new 10-year lease effective from 29 May 2022 in order to maintain business continuity by enhanced security of tenure and in turn facilitate longer term financial planning.
- 4.2 The following terms have been provisionally agreed:
- Subjects: 49 North Fort Street, Leith, Edinburgh;
 - Lease: 10-years from 29 May 2022 until 28 May 2032;

- Rent: £73,000 per annum;
- Rent Review: 29 May 2027;
- Use: Food production kitchen with ancillary stores and offices;
- Repairs: Tenant full repairing liability
- Costs: The tenant shall be responsible for all Council's legal costs;
- Other Terms: As contained in the Councils standard full repairing and insuring lease.

4.3 Sodexo has previously leased other property from the Council and fulfilled all their legal and financial obligations in terms of their agreement.

4.4 The proposed rent is reflective of current market levels for a building and site of this nature. As ownership of the building reverts to the Council at the end of the original ground lease it has allowed it to be factored into the proposed rent for the new lease. This explains the significant uplift in rent, i.e., the original rent was for the land only.

5. Next Steps

5.1 Following approval, solicitors will be instructed to conclude the legal documentation.

6. Financial impact

6.1 An increase in rent from £8,500 per annum to £73,000 per annum payable to the General Fund.

7. Stakeholder/Community Impact

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

8. Background reading/external references

8.1 Not applicable.

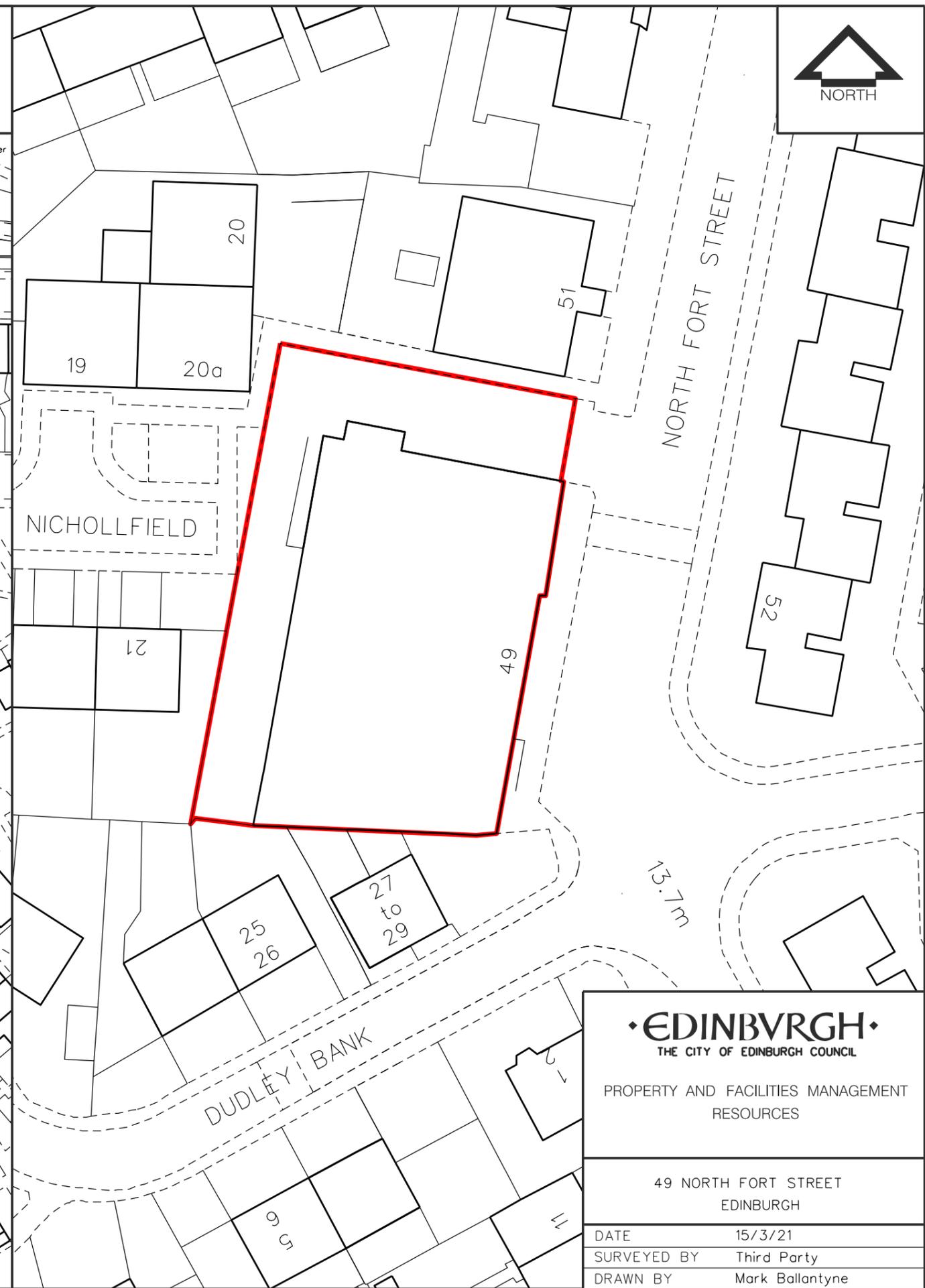
9. Appendices

9.1 Appendix 1- Location Plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

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PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
49 NORTH FORT STREET EDINBURGH	
DATE	15/3/21
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2331