

Finance and Resources Committee

10.00am, Thursday, 20 May 2021

23 Union Street, Edinburgh - Proposed New Lease

Executive/routine	Routine
Wards	11- City Centre
Council Commitments	2

1. Recommendations

- 1.1 That Committee approves a new 10-year lease to Santu Coffee at 23 Union Street, 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: Alan Simpson, Investment Officer,

Property and Facilities Management Division, Resources Directorate

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Report

23 Union Street Edinburgh - Proposed New Lease

2. Executive Summary

- 2.1 Following a closing date in December 2020, the bid from Santu Coffee has been selected as the preferred bidder for the property at 23 Union Street. This report seeks approval to grant a new lease to Santu Coffee, on the terms and conditions outlined in the report.

3. Background

- 3.1 The premises at 23 Union Street extends over ground first and basement, with a gross floor area of 818 sqm (8,805 sq ft) as shown outlined in red on the plan attached as Appendix 1.
- 3.2 The property had previously been occupied by Edinburgh Printmakers from 1984 and was vacated in summer 2019 when they relocated to their new premises at Fountainbridge. The previous rent achieved for the property was £9,204 per annum by the expiry of the lease.
- 3.3 The property was initially marketed in early 2020 however this was put on hold due to Covid restrictions. When restrictions were eased the marketing continued with a closing date set in December 2020.
- 3.4 At the closing date, two offers were received. The offers have been evaluated with the preferred bidder, Santu Coffee Limited, selected. This was initially agreed on a 5-year missive, however following further discussions, the tenant has requested a longer 10-year lease.

4. Main report

- 4.1 The following main terms have been provisionally agreed:
- Subjects: 23 Union Street, Edinburgh;
 - Lease: 10-years from June 2021;
 - Rent: £33,000 per annum;

- Rent Free: A 9 month rent free period will be granted in year 1, with 6 months in year 2 (i.e.15 month rent free period);
- Use: Coffee roasting and ancillary services;
- Rent Review: The rent will be reviewed on the 5th anniversary on an upwards only basis;
- 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.

4.2 In return for rent free period, the tenant has committed to undertake substantial repairs to the roof and other investment in the property such as a complete re-wiring.

5. Next Steps

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

6. Financial impact

6.1 A rental income of £33,000 generated to the General Fund which is an increase of £23,976 on the previous rent of £9,204 per annum. Allowing for the rent free period, a total of £24,750 will be received over the first two years of the lease.

7. Stakeholder/Community Impact

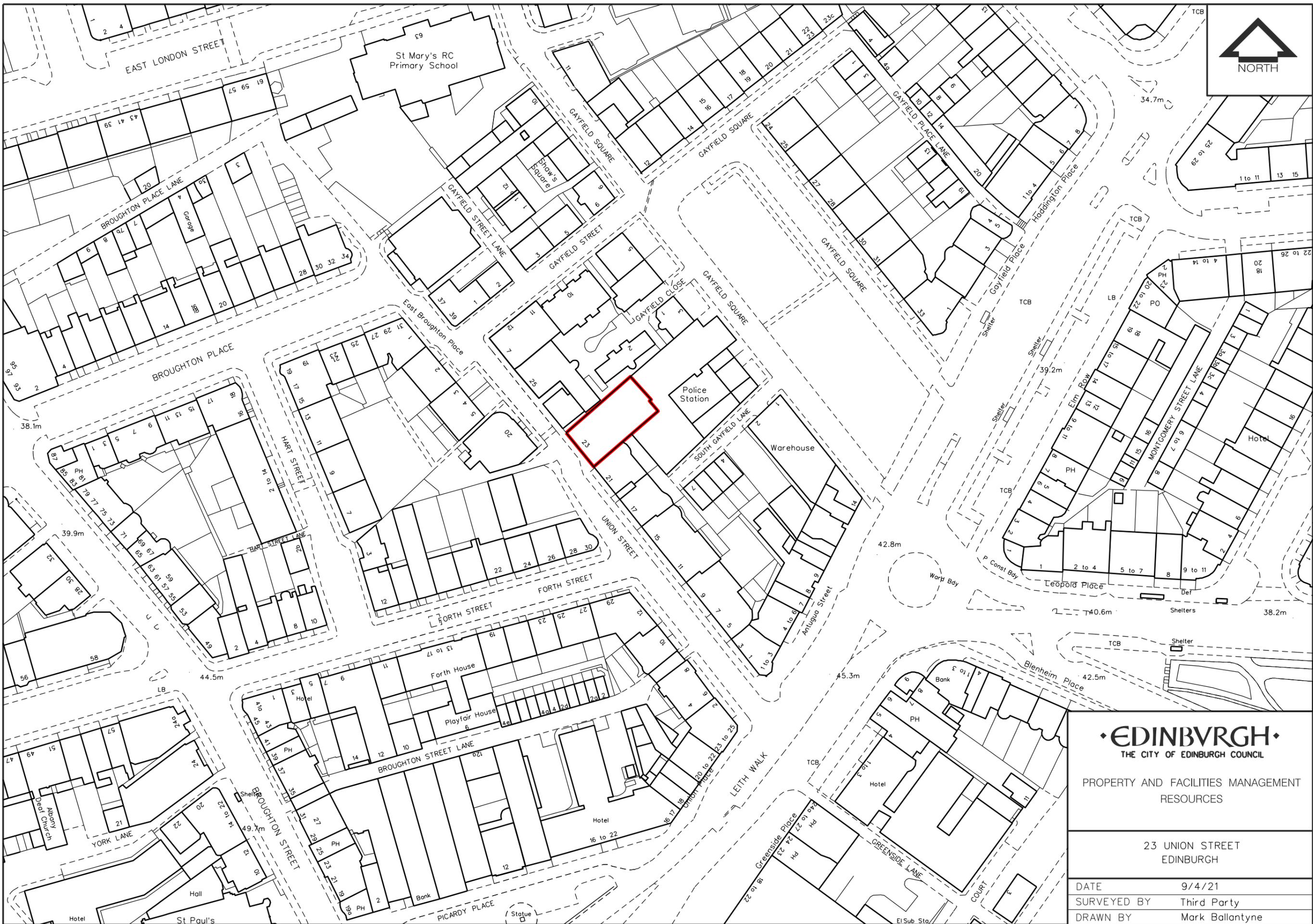
7.1 Elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 Not applicable.

9. Appendices

9.1 Appendix 1 - Location Plan.



LOCATION PLAN

SCALE 1:1250

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

23 UNION STREET
EDINBURGH

DATE	9/4/21
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2300

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