

Finance and Resources Committee

10.00am, Thursday, 7 October 2021

Block 1, Units 5 and 6, Pennywell Town Centre, Edinburgh – Proposed Lease

Executive/routine	Routine
Wards	Ward 4 - Forth
Council Commitments	2.10

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approves a 10-year lease of Block 1 Units 5 and 6 Pennywell Town Centre 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: Andrew McCurrach, Investment Portfolio Officer

E-mail: andrew.mccurrach@edinburgh.gov.uk | Tel: 0131 529 4682

Report

Block 1, Units 5 and 6, Pennywell Town Centre, Edinburgh – Proposed Lease

2. Executive Summary

- 2.1 To facilitate the Civic Centre redevelopment, Sara Zarar, trading as Ali's Pizza, will relocate from their existing leased property (Units 27-28) 59 Pennywell Road to Phase 2 Block 1, when complete. Finance and Resources Committee approved a 10-year lease of Unit 5 (Block 1) on [23 May 2019](#). In order to replicate the size of unit vacated, the tenant has requested that the lease is extended to include the adjoining Unit 6.

3. Background

- 3.1 On 23 May 2019, the Finance and Resources Committee approved a 10-year lease of Unit 5 (Block 1) to Sara Zarar. The unit extends to approximately 101 sqm (1,087 sq ft). The rent payable for this single unit is £17,400 per annum, with a six month rent free period.
- 3.2 Following a further viewing by the tenant, it has become apparent that the size of the unit is insufficient for their needs. In part, this due to the location of steelwork, which is forcing the move of cooking equipment further into the main floor area which diminishes proposed customer seating areas.
- 3.3 The adjoining Unit 6 is vacant, of similar size and shares a party wall with Unit 5. The original intention was for Lloyds Chemist to relocate from their existing space into Unit 6 however they have now confirmed that they intend to remain in their existing unit.
- 3.4 It is proposed to extend the lease to cover both units as shown outlined in red on the attached plan at Appendix 1.

4. Main report

- 4.1 Following discussions with the tenant, terms have been agreed for Unit 6 which mirror those which the Committee previously agreed for Unit 5. A single lease will be put in place to cover both units. The terms provisionally agreed are as follows:
- 4.1.1 Subjects: Block 1 Units 5 and 6 Pennywell Town Centre;
- 4.1.2 Lease term: 10-year lease from date of entry / completion;
- 4.1.3 Rent: £34,800 per annum;

- 4.1.4 Rent Free Period: six months' rent free from the date of entry;
- 4.1.5 Repair: Full repairing and insuring lease;
- 4.1.6 Rent Review: The rent will be reviewed on the 5th anniversary, upwards only, to open market rental value;
- 4.1.7 Use: The tenant shall use the premises as a hot food takeaway and ancillary space.
- 4.1.8 Costs: The Council will be responsible for the tenants legal and professional costs in relation to the new lease; and
- 4.1.9 Conditions: (i) Subject to Finance and Resources Committee approval; (ii) The tenant, at their own expense, obtaining a building warrant for opening the party wall between the two units and undertaking the works as part of their fit out; (iii) The tenant agreeing to include "healthy options" on the menu.

5. Next Steps

- 5.1 Following approval of the terms by Committee, the lease documentation will be agreed with the date of entry to coincide with the completion of the development works.

6. Financial impact

- 6.1 The Council will receive a rent of £34,800 per annum.

7. Stakeholder/Community Impact

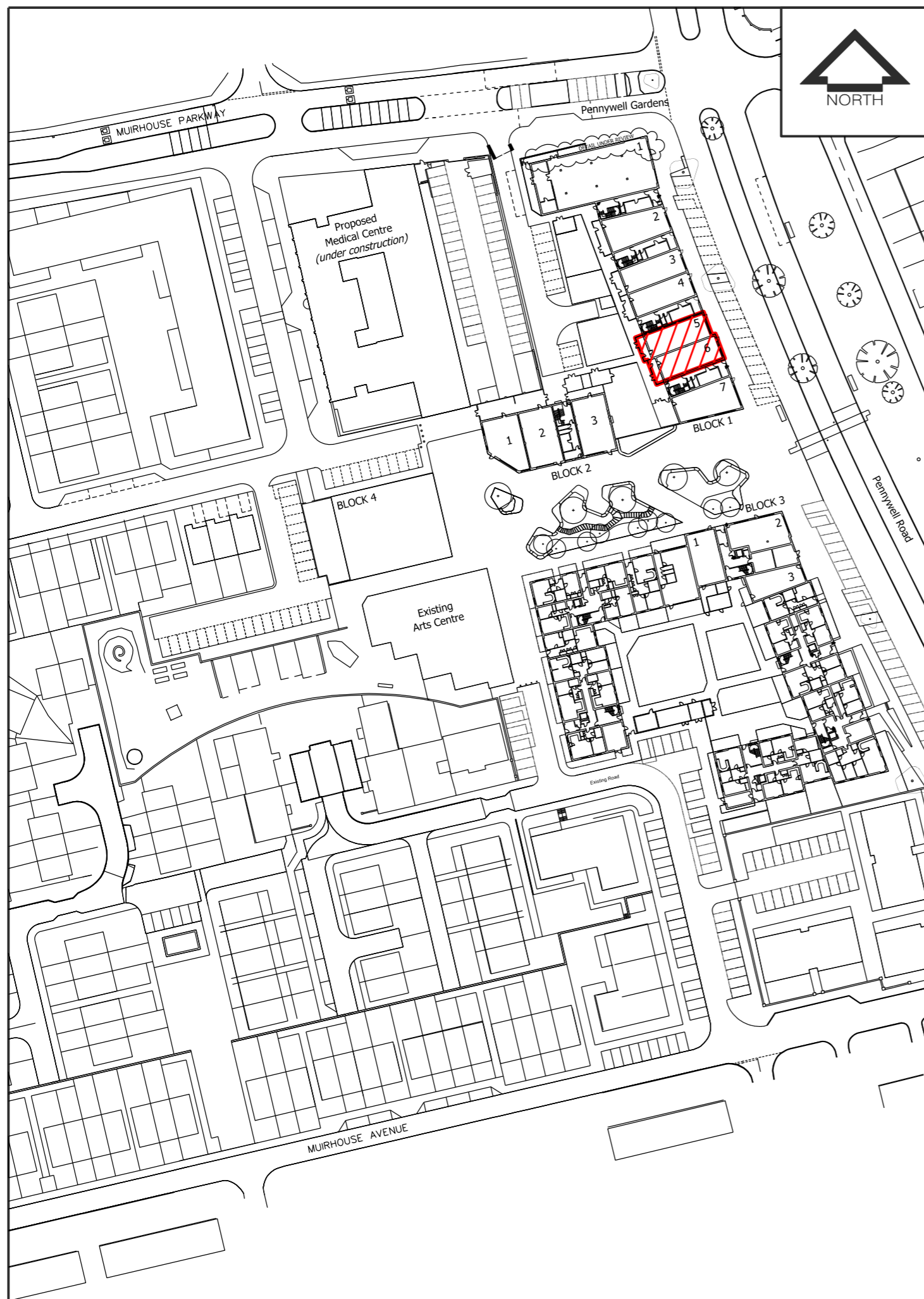
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 [Block 1 Unit 5 Pennywell Town Centre](#) – Proposed Lease - Finance and Resources Committee 23 May 2019.

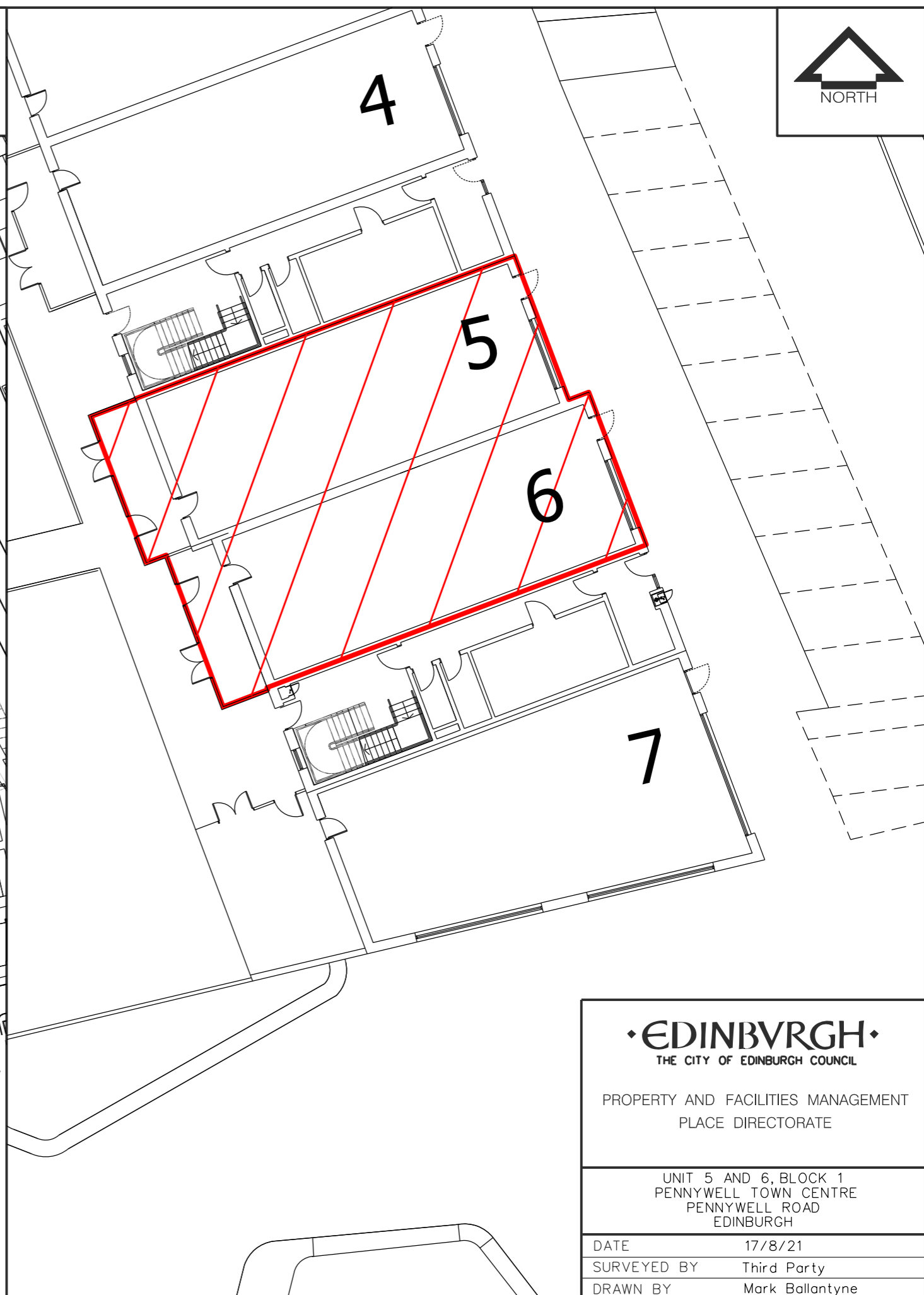
9. Appendices

- 9.1 Appendix 1 – Location Plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
PLACE DIRECTORATE

UNIT 5 AND 6, BLOCK 1
PENNYWELL TOWN CENTRE
PENNYWELL ROAD
EDINBURGH

DATE	17/8/21
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2086a