

Finance and Resources Committee

10.00am, Thursday, 15 August 2019

South Gyle Crescent, Edinburgh – Various Ground Lease Extensions

Executive/routine	Routine
Wards	3 – Drumbrae/Gyle
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves extensions on four ground leases held by GM Investment Trustees at South Gyle Crescent to 1 September 2114 on the terms as 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

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Property and Facilities Management Division, Resources Directorate

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Report

South Gyle Crescent, Edinburgh – Various Ground Lease Extensions

2. Executive Summary

- 2.1 The Council has four ground leases at South Gyle Crescent, Edinburgh let to GM Investment Trustees. The individual leases have various expiry dates and the tenant has requested each lease be extended to expire at the same time. The report seeks approval for each lease to be extended to provide an unexpired term of 175 years on the terms and conditions outlined in the report.

3. Background

- 3.1 GM Investment Trustees is the tenant of the Council on four ground leases at South Gyle Crescent, as shown shaded on the attached plan, with a combined rental income of £121,485 per annum.
- 3.2 No 9 South Gyle Crescent extends to 0.12 hectares (0.30 acres) with a current expiry date of 17 June 2112 and has a rent of £5,023 per annum.
- 3.3 No 9A-C South Gyle Crescent extends to 0.41 hectares (1.01 acres) with a current expiry date of 20 April 2113 and has a rent of £21,030 per annum.
- 3.4 No 12-12A South Gyle Crescent extends to 2.0 hectares (4.94 acres) with a current expiry date of 28 May 2077 and has a rent of £72,000 per annum.
- 3.5 No 13-15 South Gyle Crescent extends to 2.43 hectares (6.0 acres) with a current expiry date of 16 July 2071 and has a rent of £23,432 per annum.

4. Main report

- 4.1 The main heads of terms provisionally agreed between the Council and GM Investment Trustees Limited are as follows:
- Subjects: Four ground leases at 9, 9A-C, 12-12A and 13-15 South Gyle Crescent;
 - Landlord: The City of Edinburgh Council;

- Tenant: GM Investment Trustees Limited;
- Lease Expiry: 1 September 2194;
- Rent: As existing (total £121,485);
- Rent Review: Rent review clause to be standardised for clarification;
- Use: Various industrial and trade counter units on site;
- Costs: Tenant to meet all costs and fees.

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

4.3 The proposal is in the council's best commercial interests as the longer term will ensure a competitive yield should the Council consider disposal.

5. Next Steps

5.1 Following approval of the report by Committee, solicitors will be instructed to progress the legal documentation to extend the lease in each case.

6. Financial impact

6.1 The current income across the four leases is £121,485 per annum with potential for further uplifts at future rent reviews.

6.2 The rent review provisions are calculated at 31.55% of the 'Commercial Rack Rental' of the buildings on site.

6.2 The extended lease term increases the investment value of the assets should a disposal be considered in the future.

7. Stakeholder/Community Impact

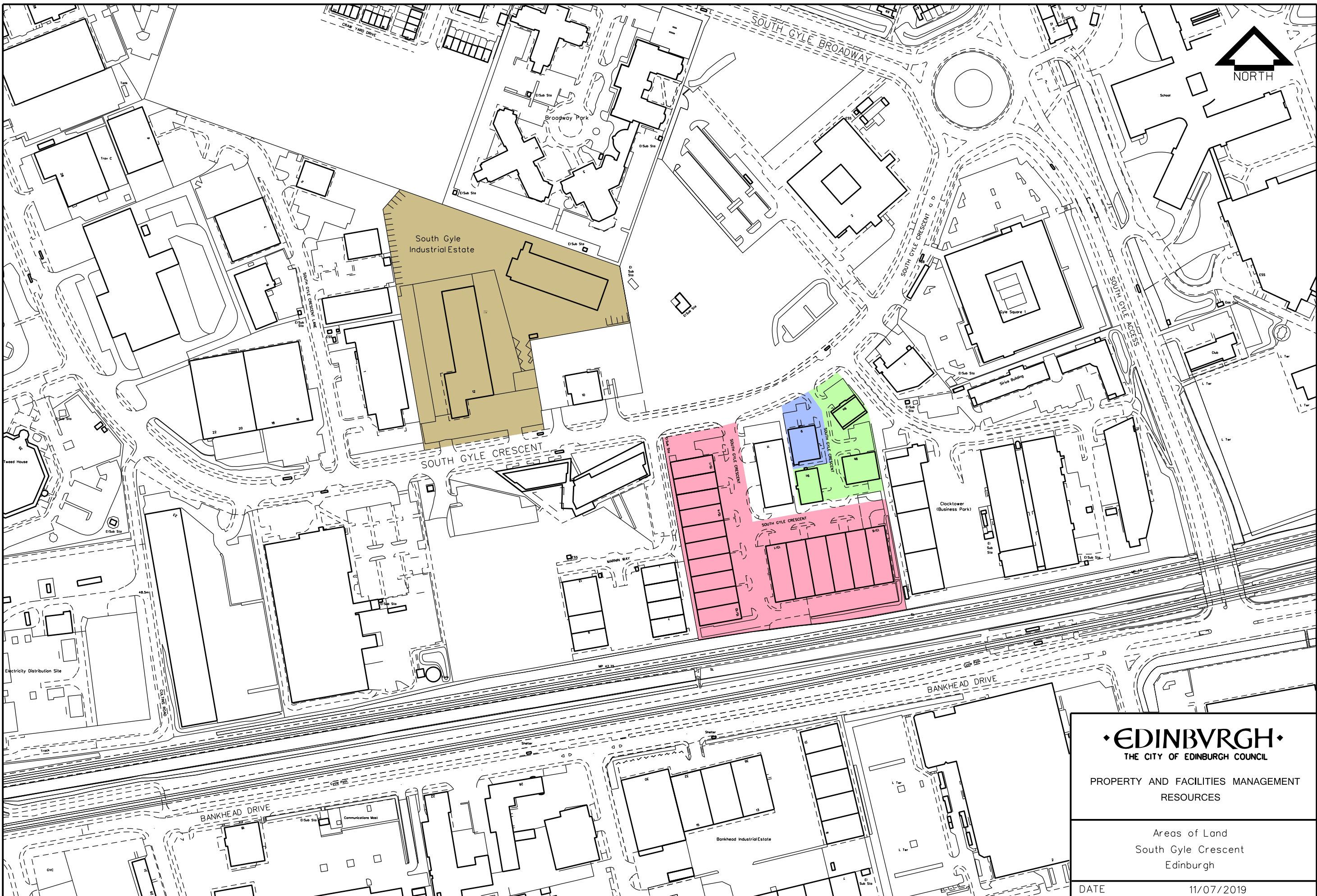
7.1 Ward elected members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 N/A

9. Appendices

Appendix 1 - Location Plan



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PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

Areas of Land
South Gyle Crescent
Edinburgh

DATE	11/07/2019
SURVEYED BY	
DRAWN BY	F McDonald
SCALE	1:2500 @ A3
NEG. NO.	NT1971/A3/2150

9 SOUTH GYLE CRESCENT

9A-C SOUTH GYLE CRESCENT

12-12A SOUTH GYLE CRESCENT

13&15 SOUTH GYLE CRESCENT