

Finance and Resources Committee

10.00am, Thursday, 26 January 2023

Block 1 Unit 7 Pennywell Town Centre, Edinburgh – Proposed New Lease

Executive/routine Wards Council Commitments	Routine 1 – Almond
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approve a new 15-year lease to Greggs PLC at Block 1 Unit 2 on the terms and conditions outlined in the report.

Paul Lawrence

Executive Director of Place

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Report

Block 1 Unit 7 Pennywell Town Centre, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The Pennywell/Muirhouse Civic Centre Redevelopment is a three-phase project providing new ground floor retail accommodation with residential uses above. To facilitate the redevelopment, an existing tenant, Greggs Plc, are required to relocate to the new Block 1 Unit 7. This report seeks approval to grant a new 15-year lease to Greggs PLC on the terms and conditions outlined in the report.

3. Background

- 3.1 Pennywell/Muirhouse is a major Council led regeneration project delivering 196 affordable homes around a new civic square with retail outlets. The development of the new civic centre involves the demolition of 48 flatted properties, 25 commercial units and existing public realm delivered over three phases
- 3.2 Block 1 forms part of the second phase of the town centre redevelopment and will consist of 8 retail premises on the ground floor with 40 residential properties above
- 3.3 Block 1 Unit 7 Pennywell Town Centre extends to 127 sq m (1,367 sq ft) or thereby and is shown outlined in red on the attached plan.
- 3.4 As part of the management of the development delivery process, it was agreed that former occupiers would be relocated within the new development. Consequently, Greggs would relocate to a unit within the new scheme when complete. The purpose of this report is to seek approval to the terms and conditions of the new lease.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: Block 1 Unit 2 Pennywell Town Centre, Edinburgh;
 - 4.1.2 Tenant: Greggs Plc;
 - 4.1.3 Lease term: 15 years;

- 4.1.4 Rent: £22,685 per annum;
 - 4.1.5 Rent review: 5 yearly;
 - 4.1.6 Break Option: tenant break option on 10th anniversary;
 - 4.1.7 Repair: tenant full repairing liability;
 - 4.1.8 Use: retail use;
 - 4.1.9 Costs: each party responsible for their own costs; and
 - 4.1.10 Rent free: as the unit is in a shell condition a six-month rent-free period will be granted.
- 4.2 The tenant has fulfilled all their legal and financial obligations in terms of the previous lease for the former unit where the rent was £12,000 per annum. Greggs has taken occupation of the unit on a shorter lease under delegated authority powers while approval for a longer-term lease is sought.

5. Next Steps

- 5.1 Following approval of the terms by Committee, Legal Services will be instructed to progress with the documentation for the lease.

6. Financial impact

- 6.1 A rent of £22,685 per annum will be received from a new unit for a 15-year term. The income contributes to the previously approved business case for the civic centre redevelopment.

7. Stakeholder/Community Impact

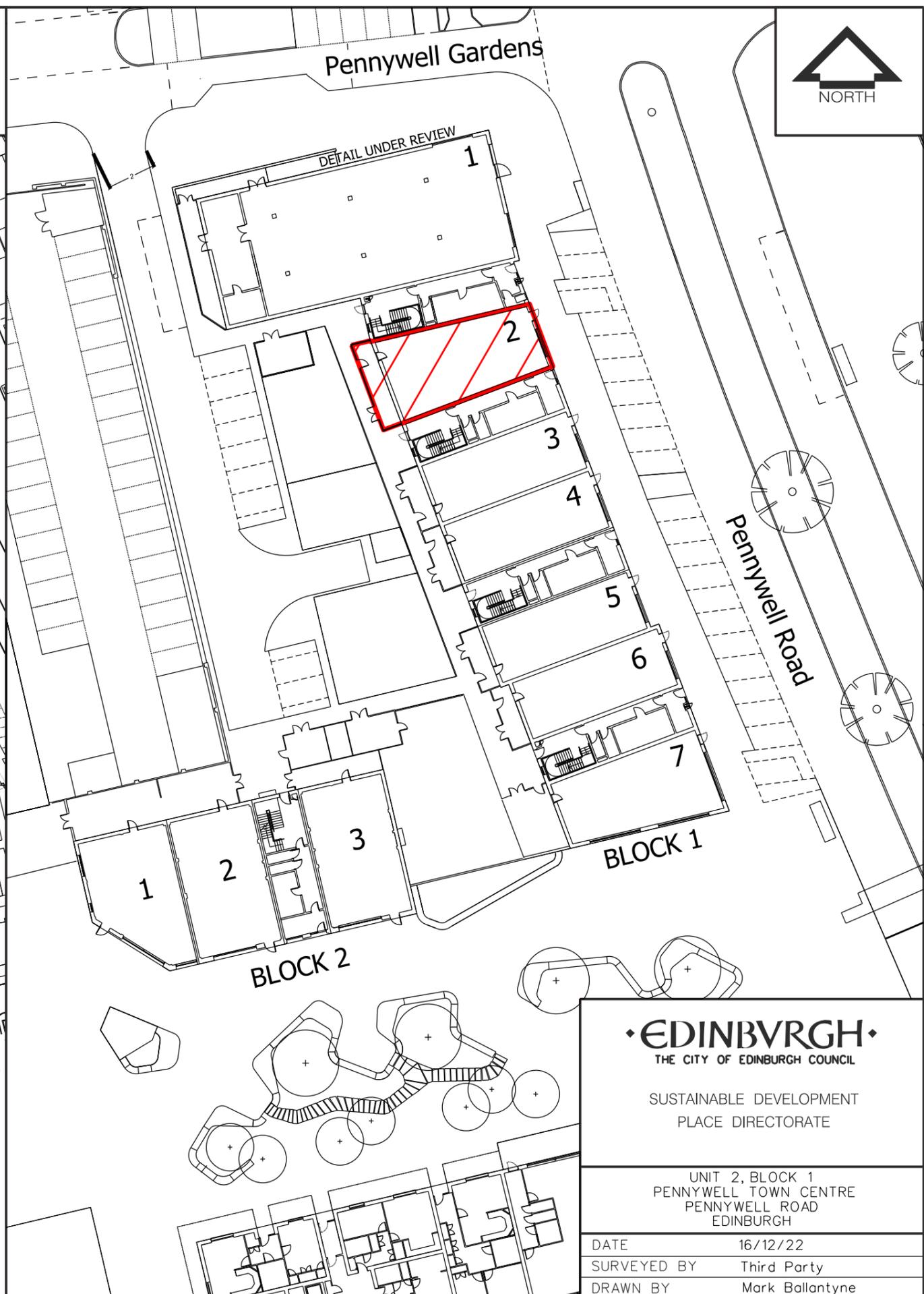
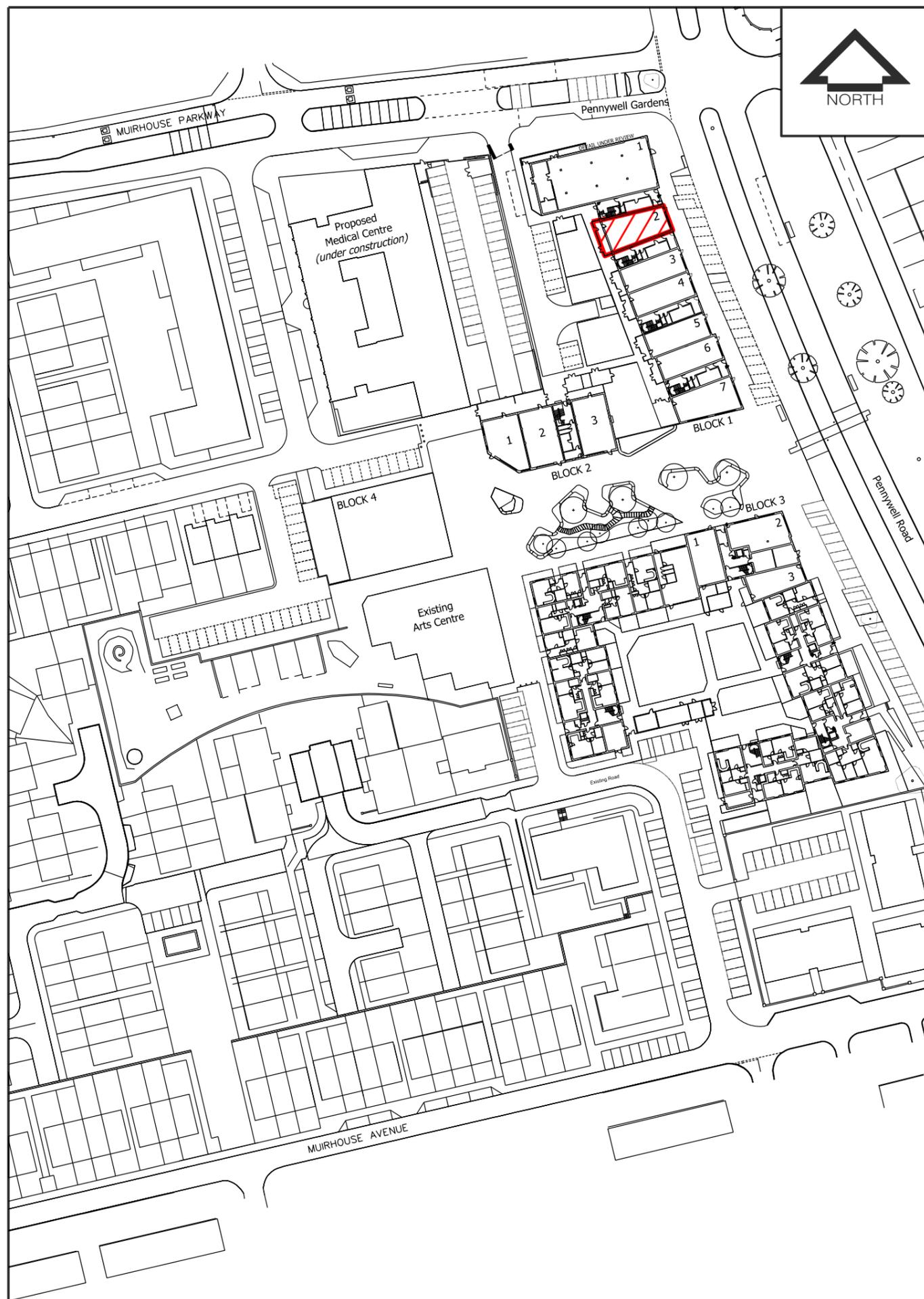
- 7.1 Ward members have been made aware of the recommendations of this report.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Location plan.



LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:500

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SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
UNIT 2, BLOCK 1 PENNYWELL TOWN CENTRE PENNYWELL ROAD EDINBURGH	
DATE	16/12/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2086a