

Lease Renewal – 8 Lochrin Place, Edinburgh

Finance & Resources Committee

1 November 2011

Purpose of report

- 1 To seek approval to renew the existing lease at 8 Lochrin Place, Edinburgh to City Screen Limited.

Main report

- 2 8 Lochrin Place is leased to City Screen Limited under the terms of a lease which expired on 31 March 2009 but continues on a year-to-year basis by way of tacit relocation. The current rent is £8,600 per annum exclusive of VAT, set on 1 April 2003. The property, originally a shop/showroom, is converted for use as a 65-seat cinema screen. This, together with the adjacent property owned by City Screen Limited, forms the Cameo cinema complex.
- 3 Prior to the termination of the lease on 31 March 2009, the tenant approached the Council with a proposal to extend the lease and, following protracted negotiations, Finance and Resources Committee at its meeting on 24 October 2010, approved a fifty year lease from 1 April 2009 to 31 March 2059 on the basis of a stepped rental for the first fifteen years at an initial rental of £11,000 per annum.
- 4 Unfortunately, these negotiations broke down due to the tenant insisting on the inclusion of a clause permitting them to sub-let which reduced the Council's control of the property and was therefore unacceptable.
- 5 City Screen Ltd has again approached the Council with a proposal to renew the lease this time for a period of 26 years from 1 April 2010 until 31 March 2037. This will allow the tenant to have security of tenure to enable the business to plan and invest in the continued use of the cinema complex.
- 6 The following stepped rental has been provisionally agreed for the first fifteen years:-

1 April 2010 – 31 March 2015	£11,000 per annum
1 April 2015 – 31 March 2020	£13,000 per annum
1 April 2020 – 31 March 2025	£15,000 per annum

- 7 There will be a rent review in year fifteen and five yearly reviews thereafter with a break option exercisable by the tenant at the end of year fifteen on providing 12 months prior written notice.
- 8 It has also been agreed that should City Screen Ltd wish to divest themselves of their interest by way of a sub-let the Council will have first option to retake possession. The Council's interest in thereby considered to be more secure than in the previous proposal.
- 9 The Council's professional fees will be borne by the tenant along with any stamp duty land and registration fees due thereon.

Financial Implications

- 10 The current rent of £8,600 per annum will be increased to £11,000 per annum backdated to 1 April 2010, £13,000 per annum from 1 April 2015 and £15,000 per annum from 1 April 2020.

Equalities Impact

- 11 There is no direct equalities impact arising from this report.

Environmental Impact

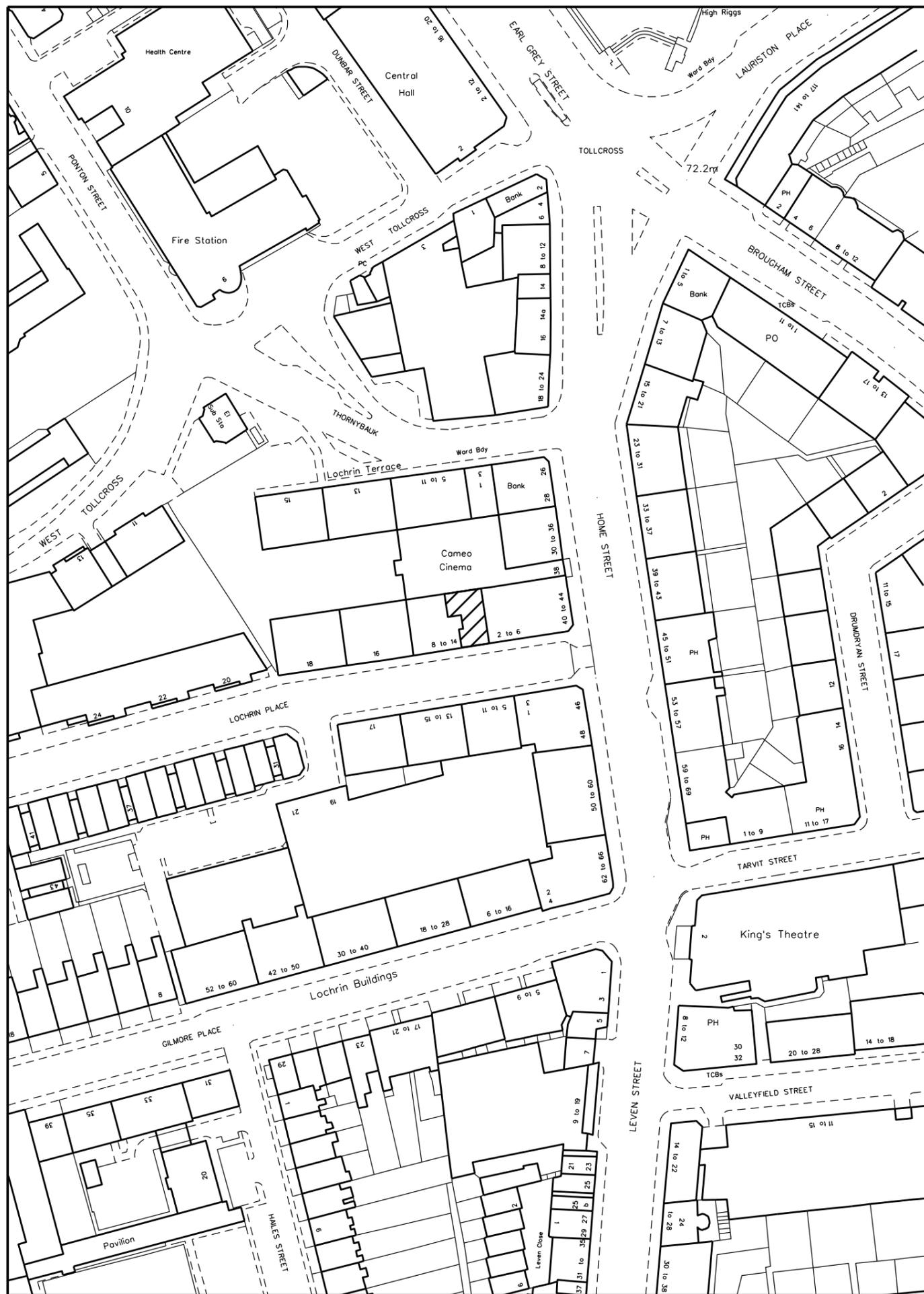
- 12 There are no adverse environmental impacts arising from this report.

Recommendations

- 13 The Committee is requested to approve the renewal of the lease at 8 Lochrin Place, Edinburgh until 31 March 2037 on the main terms and conditions outlined above and on such other terms and conditions to be agreed by the Director of City Development and the Head of Legal and Administrative Services.

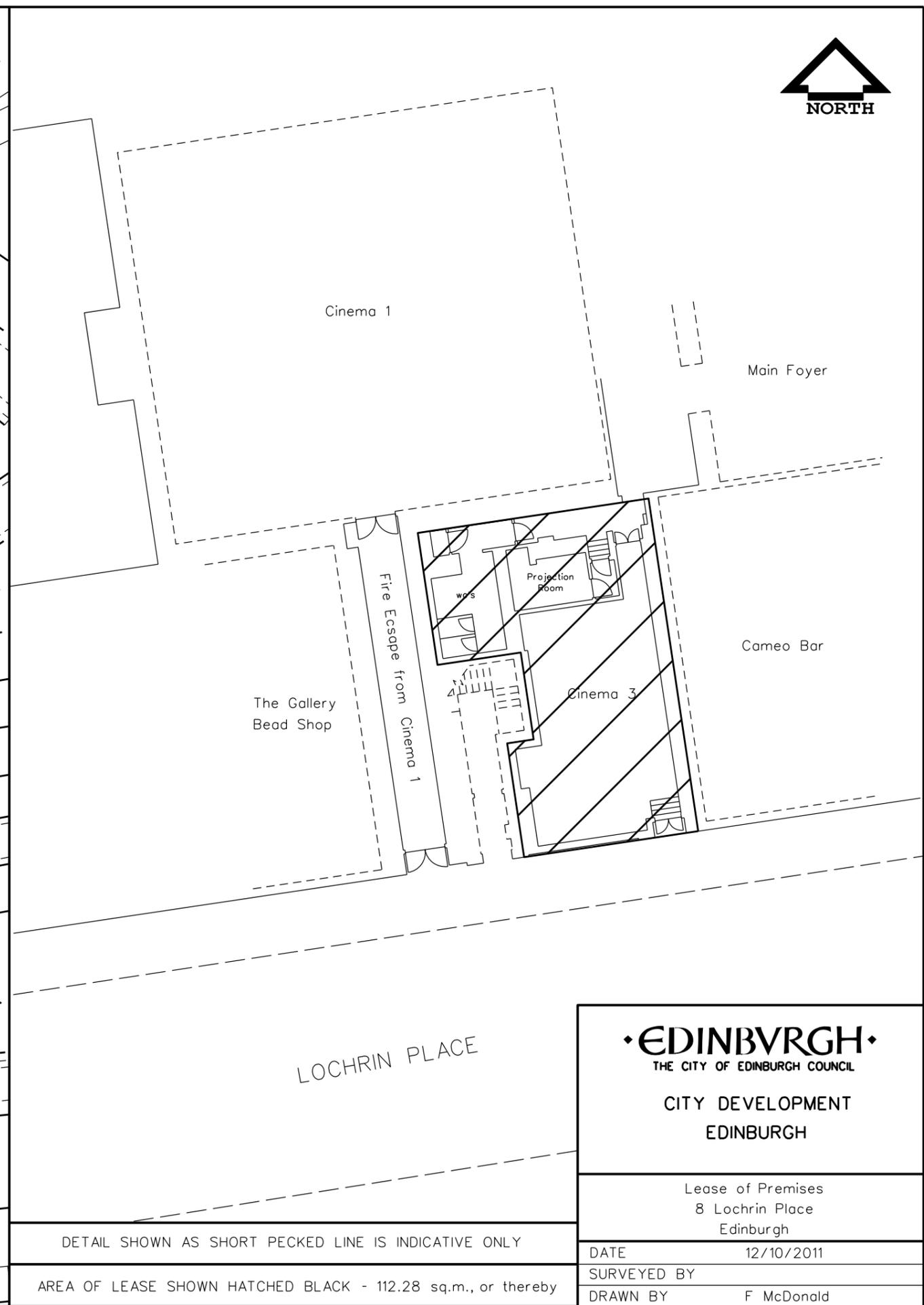
Dave Anderson
Director of City Development

Appendices	1. Location plan
Contact/tel/Email	Iain McNair/0131 529 4812/iain.mcnaair@edinburgh.gov.uk
Wards affected	10, Meadows/Morningside
Single Outcome Agreement	National Outcome 12 – We value and enjoy our built and natural environment and protect and enhance it for future generations.
Background Papers	Finance and Resources Committee – 26 October 2010 – Item 20



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

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CITY DEVELOPMENT EDINBURGH	
Lease of Premises 8 Lochrin Place Edinburgh	
DATE	12/10/2011
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT 2371/A3/1159 B

DETAIL SHOWN AS SHORT PECKED LINE IS INDICATIVE ONLY

AREA OF LEASE SHOWN HATCHED BLACK - 112.28 sq.m., or thereby