

Finance and Resources Committee

10.00 a.m, Thursday, 19 March 2015

Proposed Lease Extension at 36 Nicolson Street, Edinburgh

Item number	8.3
Report number	
Executive/routine	Routine
Wards	11 – City Centre

Executive summary

The retail unit at 36 Nicolson Street is let to MBBC (Foods) Limited and trades as KFC.

The lease is due to expire on 10 April 2015, and the tenant has requested a 10 year extension to the lease.

This report seeks approval to the grant of a 10 year lease extension to MBBC (Foods) Ltd on the terms and conditions outlined in the report.

Links

Coalition pledges	P15 , P28
Council outcomes	CO8 , CO9
Single Outcome Agreement	SO1

Proposed Lease Extension at 36 Nicolson Street, Edinburgh

Recommendations

It is recommended that Committee:-

- 1.1 Approves a 10 year lease extension to MBBC (Foods) Limited, of retail premises at 36 Nicolson Street, Edinburgh, on the terms outlined in this report, and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

Background

- 2.1 In April 1995, the Council granted a 20 year lease of 36 Nicolson Street to Kentucky Fried Chicken (GB) Ltd.
- 2.2 In November 2003, this lease was assigned to MBCC (Foods) Ltd, which has the Scottish franchise rights for the KFC brand. The current rent is £35,000 per annum exclusive.
- 2.3 The existing lease is due to expire on 10 April 2015.

Main report

- 3.1 MBBC (Foods) Ltd is an Edinburgh based company, and has sought a 10 year extension to its existing lease from 11 April 2015. The tenant has fulfilled all its legal and financial obligations in terms of the existing lease.
- 3.2 The following terms have been provisionally agreed:
 - Subjects: Shop at 36 Nicolson Street, Edinburgh;
 - Lease Extension: 10 years from 11 April 2015;
 - Rent: £41,500 per annum;
 - Rent Free: An initial rent free period of six months;
 - Rent Reviews: Reviewed on the 5th anniversary of the term;
 - Use: Retail; and
 - Repairs: Full repairing and maintaining obligation.

Measures of success

- 4.1 Granting a 10 year lease extension will allow the company to continue its long term financial planning of the business, invest in the property and, in turn, sustain employment for their workforce.

Financial impact

- 5.1 The Council will benefit from an increase in rent from £35,000 per annum to £41,500 per annum.

Risk, policy, compliance and governance impact

- 6.1 The proposal will ensure that the property remains in economic use, and will allow the tenant to further invest in its business.

Equalities impact

- 7.1 An Equality and Rights Impact Assessment has been carried out. A possible infringement has been identified, in that, by extending the current lease, rather than placing the retail premises on the open market, there is a potential impact on others who may want to lease the shop. However, given the established nature of the tenants business, and the possible effect on it, if the lease is not extended, the impact on others is considered to be proportionate and justifiable.

Sustainability impact

- 8.1 There are no sustainability issues arising from this report as it is a lease extension, whereby the original lease commenced in April 1995, and the existing tenant has been in occupation at the property since November 2003.

Consultation and engagement

- 9.1 N/A

Background reading/external references

N/A

John Bury

Acting Director of Services for Communities

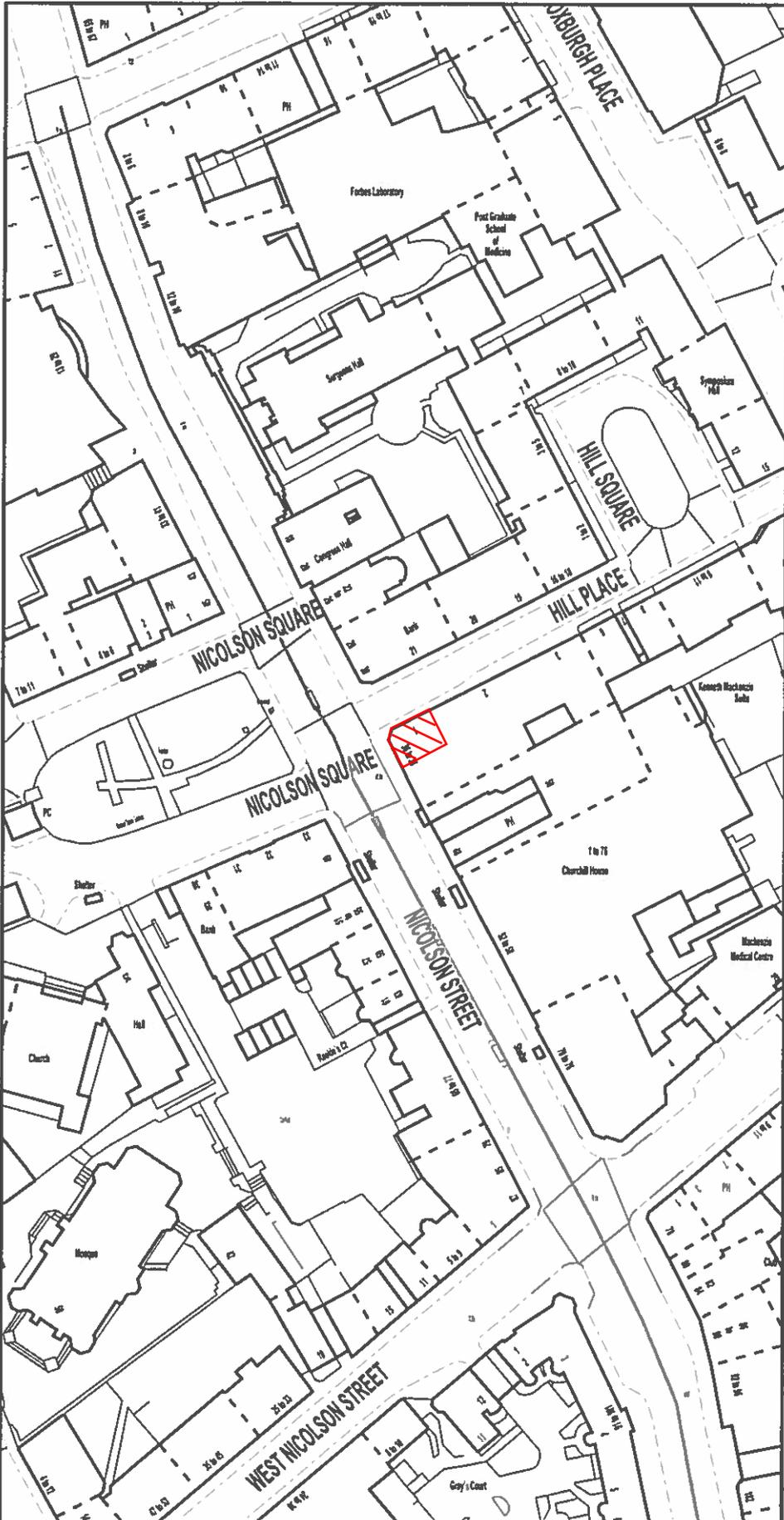
Contact: David Kelly, Investment Estate Manager

E-mail: david.kelly2@edinburgh.gov.uk | Tel: 0131 529 5933

Links

Coalition pledges	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P28 – Further strengthen our links with the business community
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Council outcomes	<p>by developing and implementing strategies to promote and protect the economic well being of the city.</p> <p>CO8 – Edinburgh’s economy creates and sustains job opportunities.</p> <p>CO9 – Edinburgh’s residents are able to access job opportunities.</p>
Single Outcome Agreement	<p>SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all.</p>
Appendices	<p>Location Plan.</p>



NOTES



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THE CITY OF EDINBURGH COUNCIL
 City Development Department,
 1 Cockburn Street, Edinburgh EH1 1ZL
 Tel: 0131 200 2000

Scale: 1:1250



Date: 17/02/15

Drawn By:

Drawing No:

36 Nicolson Street