

**To the Chairman and Members of
The South East Area Committee.**

**With reference to the proposed Lease Renewal of the Public Rooms at the
Mansion House, Dawson Street, Dublin 2.**

Dublin City Council (DCC) granted a lease to MHL Event Management Ltd. from 1st April 2005 in the property comprising the Round Room and Supper Room (Fire Restaurant), with entrance hallway, the toilets adjacent to those rooms together with the kitchen, staff quarters and offices in the basement area of the Public Rooms at the Mansion House. The lease was for a term of 4 years 10 months and expired on 31st December 2009.

Dublin City Council granted a further lease for a term of 10 years commencing on 1st January 2010. This lease which was assented to by the city council at its meeting held on 4th July 2011 (Report 212/2011 refers) is due to expire on the 31st December 2019.

MHL Event Management Ltd. has requested that a new lease be renegotiated as this stage for the following reasons:

A. The Centenary of the first Dáil:

The Dáil will sit in the Round Room in early 2019 to commemorate the sitting of the 1st Dáil here in 1919. MHL would like surety of tenure so that it can make some significant investments in upgrading the entrance as well as decorating and upgrading the public offering in the Round Room prior to January 2019.

B. There is uncertainty in the market at the moment due to:

New international restaurant competition coming to Dawson Street / Dublin including the Ivy Group, The Gaucho Restaurant Group and Barbecoa by Jamie Oliver.

MHL Event Management Ltd. has submitted a 5 year proposed capital works plan to commence in 2018 which would support a sustainable long term business model (subject to planning and approval by DCC as landlord). These works would include upgrading the Supper Room's existing kitchen and back of house area and modernising the undercroft area. In relation to the Round Room, works would include upgrading the entrance area, toilet and sound and visual systems. The estimated cost of these works is circa €3.5m. MHL Event Management Ltd. has a proven track record within the property and has presented a strong business model, with projected growth within the new lease term.

The Chief Valuer has reported that by reaching agreement with MHL Event Management Ltd. now the city council will achieve significant savings in not bringing the property to market, by ensuring continuity of service with no period of vacancy in this high profile property and with no disruption to the use of the Round Room for civic and Lord Mayor events.

The Chief Valuer has further reported that negotiations with MHL Event Management Ltd. were on the basis that any agreement reached would be in line with what would be

achieved by bringing the property to market and he is satisfied that the terms and conditions agreed achieve or exceed that benchmark.

It is proposed therefore that the City Council grant a new lease to MHL Event Management Ltd., subject to the following terms and conditions, which the Chief Valuer considers to be fair and reasonable:

1. That Dublin City Council shall grant a 20-year lease to the MHL Event Management Ltd. commencing on the 1st January 2020.
2. That the minimum rent payable shall be €700,000 per annum, plus VAT, apportioned as follows:
 - a. That the annual rent payable for the Supper Room (Fire Restaurant) shall be the higher of (a) the base rent of €500,000 per annum or (b) 12% of gross annual turnover, VAT to be added to all rents. See also 13 below.
 - b. That the annual rent payable for the Round Room shall be the base rent of €200,000 plus a turnover rent of 10% on all sales in excess of €3,250,000. VAT to be added to all rents.
3. That MHL Event Management Ltd. shall make the Round Room available for the exclusive use of the council or their appointed party for a total of 15 days per annum, if required, and the days chosen shall be at the discretion of the city council, subject to availability. Five of those days shall be during off peak periods. Off peak shall mean Sunday to Wednesday in any week, save for December and that 8 of the subject days shall be of no cost to the city council save for the cost of food and beverages, if required.
4. That a menu, showing prices at a reduced level shall be submitted and agreed by the city council on an annual basis. Alternatively, the city council or its appointed party can avail of a 10% discount on all published menu prices.
5. That MHL Event Management Ltd. shall continue to fully sponsor the annual Lord Mayor's Charitable Ball on an annual basis.
6. That the minimum rent payable in each year shall be paid quarterly in arrears by direct debit.
7. That MHL Event Management Ltd. shall maintain financial accounts fully and accurately throughout the term of the lease.
8. That MHL Event Management Ltd. shall provide to the city council before the 31st of January in each year the management accounts for the business for the preceding year.
9. That MHL Event Management Ltd. shall provide by the 31st August each year the audited accounts for the business for the preceding year together with Certified Turnover Certificates, signed by a professionally qualified and experienced auditor.
10. That turnover rent, if due, shall be paid by 30th September in each year for the preceding year.
11. That the city council can elect, at its absolute discretion, to have both the management and audited accounts independently audited by a third party accountancy firm.

12. That if requested MHL Event Management Ltd. shall also provide business financial statements and VAT returns.
13. That the cost of the independent audit shall be covered by the lessee if it transpires that the turnover certificate for any turnover period has understated the gross turnover for that turnover period by more than 3%.
14. That if it appears from any inspection or audit or any other circumstance that any further rent is payable then such turnover rent shall be paid by the lessee together with interest which may have accrued.
15. That for the purpose of this agreement the gross annual turnover shall mean the audited gross sales excluding VAT including cash sales, credit sales, uninvoiced sales (eg deposits) and all goods services performed and business dealings of whatever nature made or conducted on or from the premises, but excluding VAT. The gross sales are to include all income generated from the Round Room, with any suppliers to be paid from the gross income and not directly by the customer.
Service charge is not included in the above.
16. That if any dispute shall arise between the parties as to the amount of the gross turnover or the turnover rent such dispute shall be determined by an arbitrator who is a qualified and practising accountant, agreed by the parties or in default of an agreement to be appointed on the application of either party by the President of the Institute of Chartered Accountants.
17. That the base rent will be reviewed on a five yearly basis.
18. That any disputes in respect of the rent review shall be determined by an arbitrator, agreed by the parties or in default of an agreement to be appointed by the Society of Chartered Surveyors Ireland.
19. That the rent review is on the basis of a letting with vacant possession of a restaurant and function space and ancillary area that has planning permission, complies with all statutory requirement and is fitted out and ready to occupy for a term commencing on review date equal to greater of ten years or the residue of the unexpired term granted.
20. That MHL Event Management Ltd. shall be liable for all rates, taxes, charges and outgoings including, but not limited to, water, electricity, gas central heating, waste collection, oil and broadband, relating to the demised premises.
21. That the lease will be subject to a mutual break option at year 15, by agreement of both parties. In order to exercise the break option both parties will be required to give a minimum of two year's notice in writing (in the case of MHL Event Management Ltd. this shall be in the form of a Notice to the Chief Executive) at no cost or premium. To exercise this option MHL Event Management Ltd. shall be required to clear of all rents, rates, charges etc outstanding at that time and at the surrender of the lease.
22. That MHL Event Management Ltd. shall be permitted to use the premises for restaurant, conference, banqueting and associated promotional and leisure uses. The lessee will be permitted to sell liquor, subject to holding the necessary licences and adhering to all licensing and planning laws.
23. That MHL Event Management Ltd. shall keep the property and its environs in a clean and tidy manner and comply with all present and future waste management and litter pollution legislation.

24. That MHL Event Management Ltd. shall take out and produce to the city council public liability insurance in the sum of €6,400,000 (six million, four hundred thousand euro) and employer liability insurance in the sum of €13,000,000 (thirteen million euro) for any incident with a recognised insurance company with offices in the state and the policy shall indemnify the city council against all liability as owner of the property.

MHL Event Management Ltd. shall be responsible for insuring all fixtures and fittings and internal plant and machinery.

25. That the structure shall be insured by the city council under its corporate policy.
26. That MHL Event Management Ltd. shall not erect any signage on the external walls of the building without receiving the prior consent of the city council and full planning permission for same.
27. That MHL Event Management Ltd. shall not make any structural alterations in or alterations to the external appearance of the premises without obtaining consent of the city council.
28. That MHL Event Management Ltd. shall be responsible for the internal repair of the subject premises and in particular shall replace all broken glazing, electrical fittings or wiring and all fixtures and fittings.
29. That the lessee shall be responsible for the intruder alarm.
30. That the city council shall be responsible for the fire alarm, emergency lights and fire shutter as part of Dublin City Council building contracts.
31. That the landlord shall maintain and keep in good repair the roof, load bearing and structural parts of the premises, the plumbing heating and ventilation. However, the landlord is not obliged to put the property in any better state or condition than now exists.
32. That the city council shall undertake to paint the exterior building and railing in line with the painting schedule for the remainder of the Mansion House.
33. That the city council shall maintain and repair the internal passenger and goods lifts.
34. That MHL Event Management Ltd. shall ensure that all functions held in the premises terminate not later than 2a.m. and further that any works associated with dismantling equipment and clearing the premises are completed not later than 2.30a.m.
35. That MHL Event Management Ltd. shall be responsible for ensuring that noise levels before during and after all functions in the premises are kept to an acceptable level and to not cause a nuisance to any occupants of the adjoining premises.
36. That MHL Event Management Ltd. shall ensure that all functions held have due regard to the integrity of the building, its historical and architectural significance.
37. That deliveries to and from the premises shall be made from the entrance on Schoolhouse Lane and Molesworth Street. No deliveries shall be made from Dawson Street, unless by prior consent of the city council.

38. That MHL Event Management Ltd. shall not assign, sublet, part with or share possession of the premises nor permit any person or company to occupy any part of same as a licensee or otherwise, without first obtaining the consent in writing of the lessor.
39. That MHL Event Management Ltd. shall comply with the highest safety health and welfare standards and shall meet each and every requirement of the city council's Fire Officer and any Health and Safety Officer appointed by the city council, at all times. Failure to comply with this condition shall be a ground for forfeiture of the lease. However, the city council shall serve 7 day's notice on the tenant to remedy the issue.
40. That if MHL Event Management Ltd. intend to carry out any capital works and or improvements to the property they shall be required to serve an improvement notice on the city council (The Chief Executive), in accordance with Landlord and Tenant legislation.
41. That the lease agreement shall contain covenants and conditions as normally contained in leases of this type and as deemed appropriate by the city council's Law Agent.
42. That each party shall be responsible for their own fees in this matter.
43. The lessee shall be required to sign a Deed of Renunciation.

Dated this 7th March 2018.

Richard Shakespeare
ASSISTANT CHIEF EXECUTIVE