

Finance and Resources Committee

10.00am, Thursday, 14 March 2024

31 Market Street, Edinburgh - Proposed New Lease

Executive/routine
Wards

Routine
11- City Centre

1. Recommendations

- 1.1 That the Finance and Resources Committee approve a new 25-year lease to Merlin Entertainments (Dungeons) Limited of the premises at 31 Market Street, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Place.

Paul Lawrence

Executive Director of Place

Contact: Iain Lamont, Senior Estates Surveyor

E-mail: iain.lamont@edinburgh.gov.uk | Tel: 07873 702 319

31 Market Street, Edinburgh - Proposed New Lease

2. Executive Summary

- 2.1 The premises at 31 Market Street, Edinburgh is let to Merlin Entertainments (Dungeons) Limited on a lease which expires on 26 September 2025. This report seeks approval to grant a new 25-year lease Merlin Entertainments (Dungeons) Limited on the terms and conditions outlined in the report.

3. Background

- 3.1 The premises known as 31 Market Street extends to 1,672sq m (18,000sq ft) or thereby and the indicative location is outlined in red on the attached plan.
- 3.2 Merlin Entertainments (Dungeons) Limited have occupied the premises since September 2000 and operate as a historic dungeon themed visitor attraction. In lieu of rent throughout the term of the lease, the tenant paid a single grassum payment of £650,000 in September 2000.
- 3.3 The existing lease expires on 26 September 2025 and the tenant has requested a new 25 year lease from the expiry date.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: 31 Market Street, Edinburgh;
 - 4.1.2 Tenant: Merlin Entertainments (Dungeons) Limited;
 - 4.1.3 Lease term: 25 years from 27 September 2025;
 - 4.1.4 Rent: £157,250 per annum;
 - 4.1.5 Break option: Tenant only on the 27 September 2030 and five yearly thereafter, subject to six months written notice;

4.1.6 Rent Review: 27 September 2030 and five yearly thereafter, rent is to be reviewed in an upward only direction based on RPI index over the preceding five year period, with uplifts collared and capped at 2% and 6%;

4.1.7 Repair: tenant full repairing obligation; and

4.1.8 Costs: tenant responsible for the Council's legal costs.

4.2 The tenant has performed in accordance with the terms of the existing lease.

5. Next Steps

5.1 Following approval of the terms by the Finance and Resources Committee, solicitors will be instructed to conclude the legal documentation.

6. Financial impact

6.1 From the date of the new lease, a rent of £157,250 per annum will be received, to be credited to the General Property Account.

7. Equality and Poverty Impact

7.1 This is a new 25 year lease to an established tenant who has occupied the premises since September 2000. It is considered this proposal does not have any equality or poverty implications.

8. Climate and Nature Emergency Implications

8.1 It is considered there are no direct Climate and Nature Emergency Implications from offering a lease extension to the established tenant.

9. Risk, policy, compliance, governance and community impact

9.1 Ward members have been aware of the recommendations of this report.

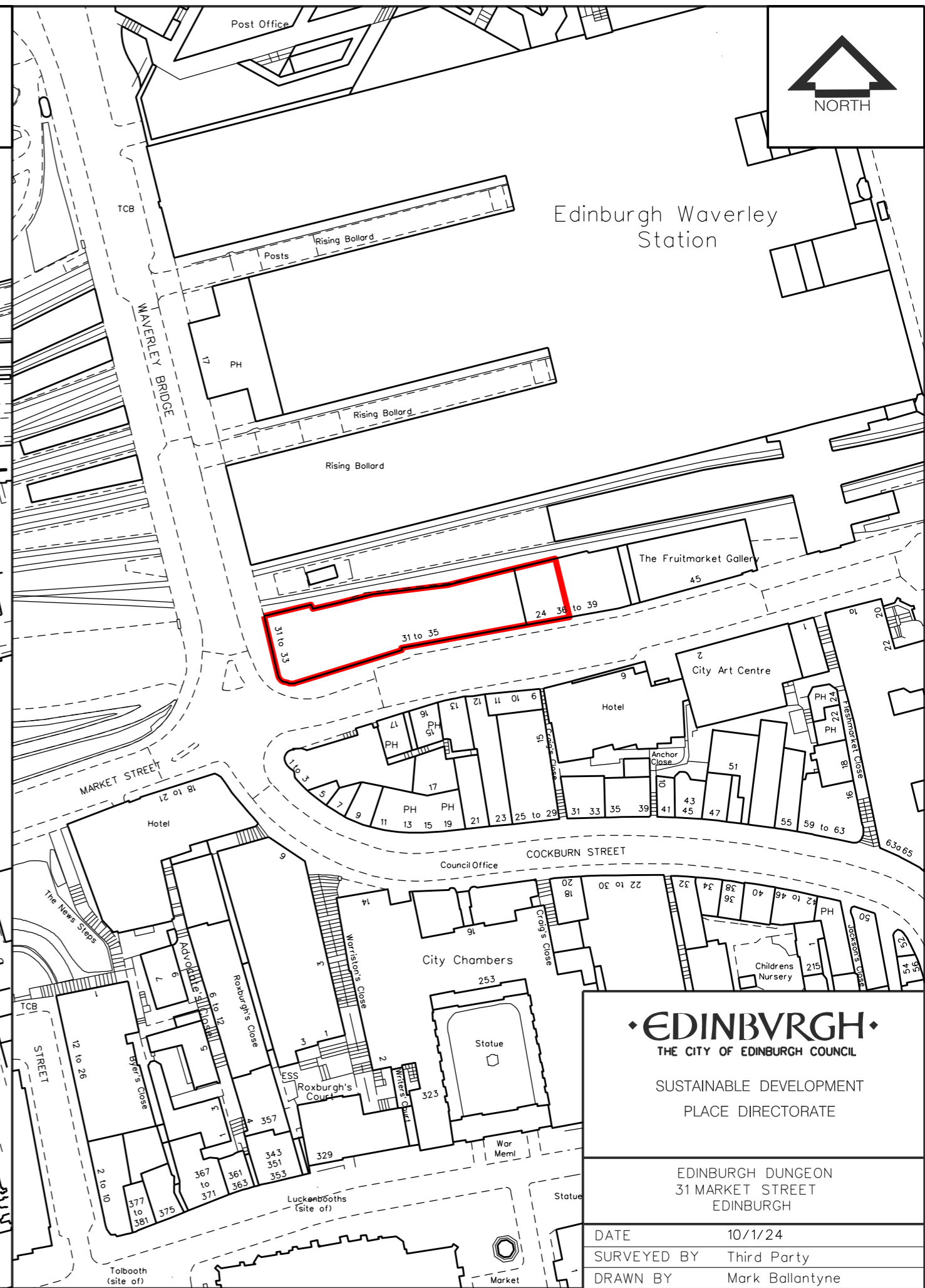
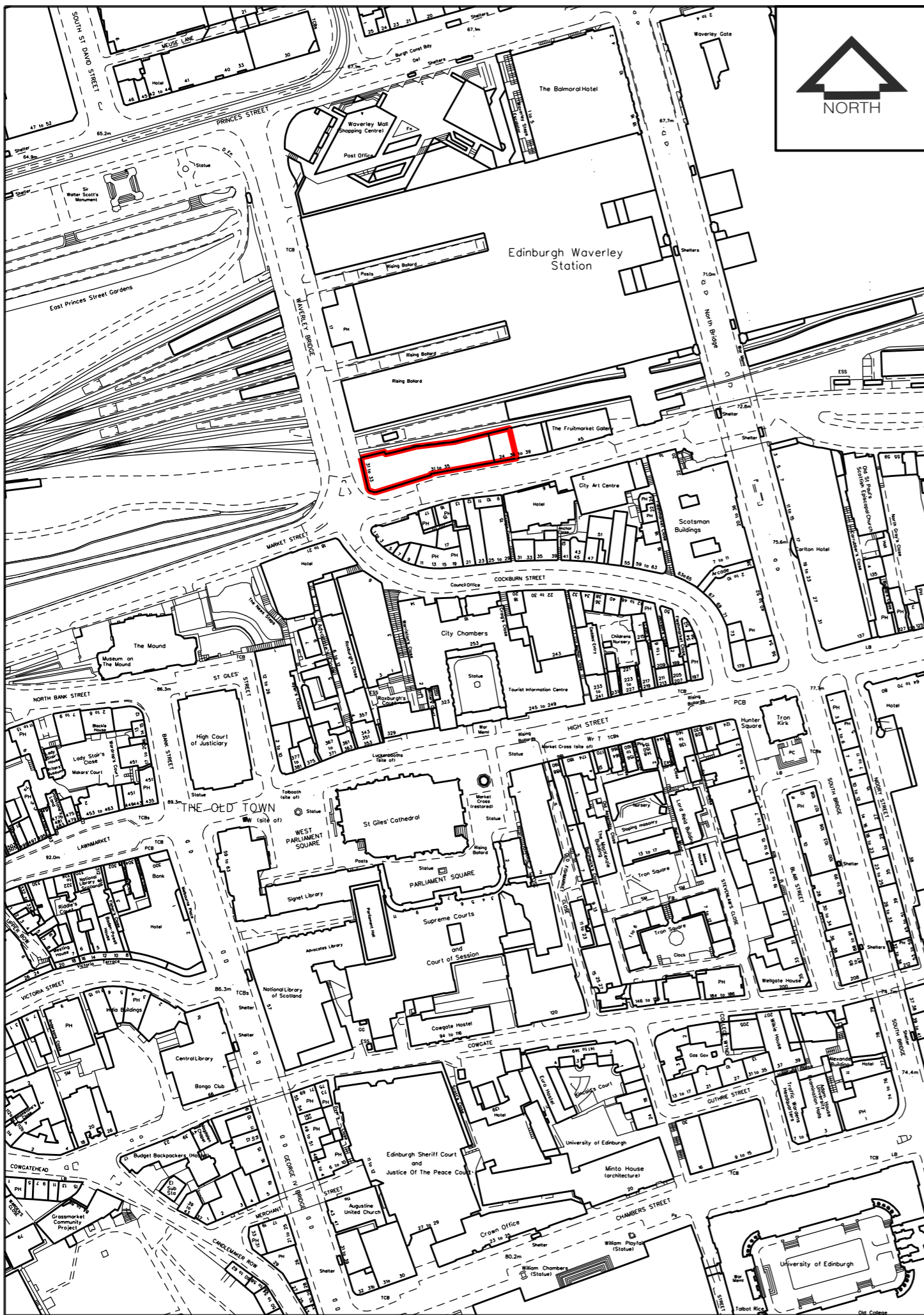
9.2 The proposed lease is in keeping with the Commercial Property Portfolio Strategy that was approved by Committee on 20 June 2023.

10. Background reading/external references

10.1 [Commercial Property Portfolio Strategy](#).

11. Appendices

11.1 Appendix 1 – Location plan.



Edinburgh Waverley Station

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

EDINBURGH DUNGEON
31 MARKET STREET
EDINBURGH

DATE	10/1/24
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 : A3 SIZE
NEG. NO.	A3/1235a

PLAN A

SCALE 1:2500

PLAN A

SCALE 1:1250

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