



ST. STEPHEN'S GREEN HOUSE

EARLSFORT TERRACE, DUBLIN 2



LANDMARK OFFICE OPPORTUNITY AT DUBLIN'S PREMIER OFFICE ADDRESS

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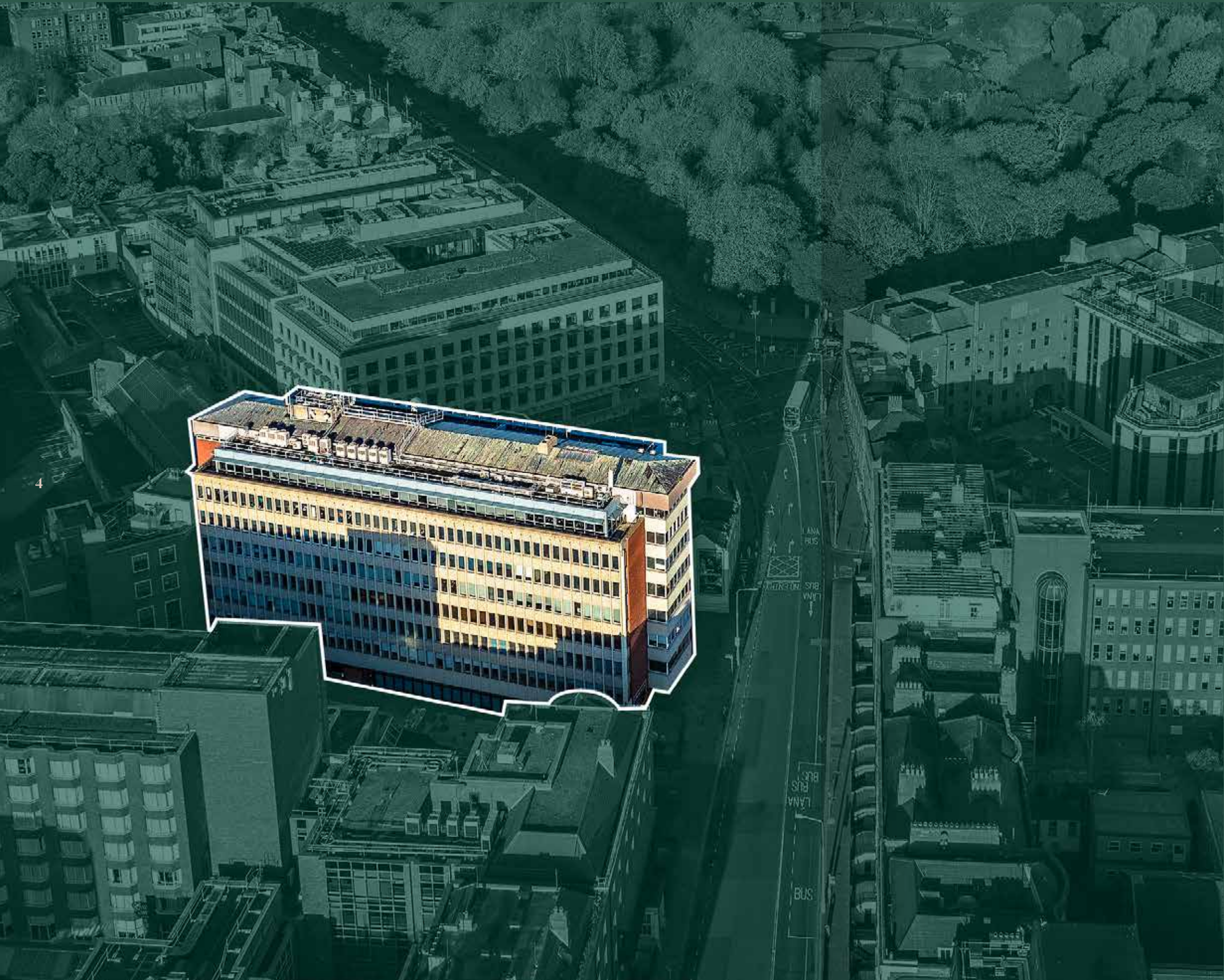
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EXECUTIVE SUMMARY

Savills and Knight Frank are delighted to offer St. Stephen's Green House to the market. St. Stephen's Green is regarded as Dublin's finest office address and the property is located on a high profile site at the junction of the prestigious Earlsfort Terrace and Lower Leeson Street. The building is located in the heart of Dublin's Central Business District.

The sale provides an exceptionally rare opportunity to acquire one of the best located office buildings in the city, with potential for further modernisation and extension or redevelopment.

The office enjoys unrivalled views over St. Stephen's Green and the surrounding city core, with direct access to Dublin's prime retail and commercial district as well as a host of amenities including 5-star hotels, restaurants and bars.

The vendors have engaged renowned architects Henry J. Lyons to prepare feasibility studies, identifying the opportunities for refurbishment or redevelopment of the asset. These studies are available to interested parties on request.

INVESTMENT HIGHLIGHTS

Landmark 8-storey office block overlooking
St. Stephen's Green



Extending to approx. 6,348 sq m (68,325 sq ft)



Outstanding opportunity to reposition through refurbishment
or redevelopment



Weighted Average Unexpired Lease Term of 4 years (as at
1-April 2022)



Multi-let to six tenants including the OPW, Hayes Solicitors,
Lisney and Aramark



Rental income of €3,116,921 per annum, with terms agreed to
increase to €3,434,280 pa



Dual profile onto Earlsfort Terrace and Lower Leeson Street



Proven occupier demand for this location within Dublin's
Central Business District



Secure two level basement car park with 106 spaces



THE LOCATION

The property occupies a high-profile site with dual frontage onto both Earlsfort Terrace and Lower Leeson Street in the heart of Dublin city centre.



Earlsfort Terrace is one of Dublin's most prestigious addresses and forms part of the traditional city core CBD. Situated just off St. Stephen's Green, it is home to the National Concert Hall and the 5-star Conrad Hotel. The immediate area is also home to numerous blue-chip domestic and global occupiers including Deloitte, AerCap, BioMarin, Arthur Cox, Horizon Pharma, Maples, Eversheds Sutherland, Permanent TSB and MetLife.

The property is 650 metres from Grafton Street, 350 metres from The Iveagh Gardens and 750 metres from Merrion Square. The central location offers a myriad of amenities including restaurants, cafés, shops, hotels and entertainment all within a short walking distance from the front door of St. Stephen's Green House.

TRANSPORT LINKS

The location has excellent accessibility with LUAS Green Line stops nearby at Harcourt (600 metres) and St Stephen's Green (650 metres), DART rail services at Pearse Street Station (1.2 km) and an abundance of Dublin Bus routes running along Leeson Street, St. Stephen's Green and Earlsfort Terrace, serving all parts of the city and suburbs.



DUBLIN BUS
On Doorstep



DUBLIN BIKES
Earlsfort Terrace - 1 minute walk



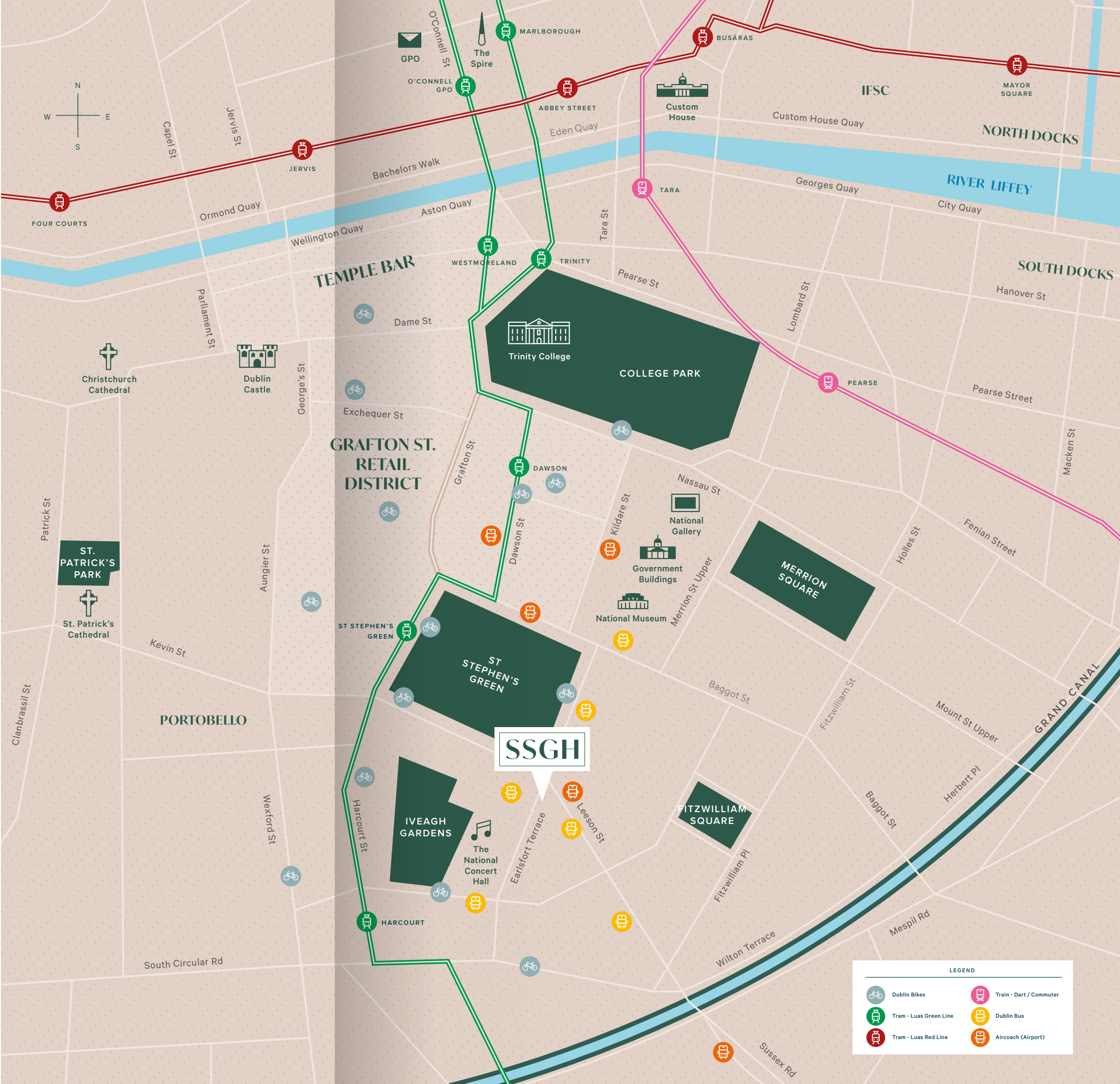
AIRCOACH (Dublin Airport)
St. Stephen's Green - 5 minute walk

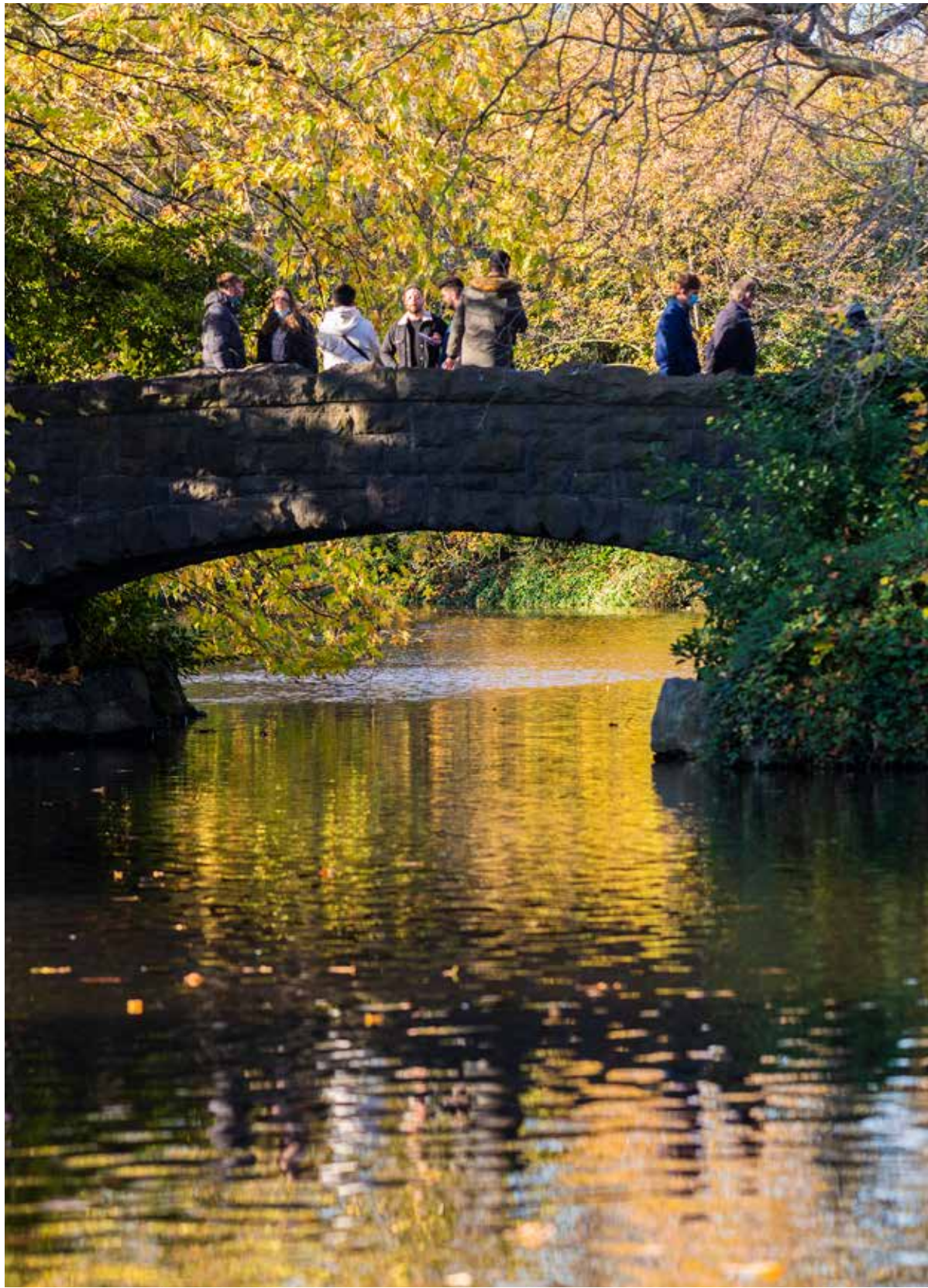


TRAM (LUAS Green Line)
Harcourt Street - 5 minute walk



RAIL (DART Pearse Station)
15 minute walk





In addition to the presence of two parks – St. Stephen's Green and Iveagh Gardens – on its doorstep, St. Stephen's Green House's central location is a vibrant hub of business, culture, food and shopping.



THE PROPERTY BENEFITS FROM SPECTACULAR VIEWS
OVER ST. STEPHEN'S GREEN AND THE CITY CENTRE AREA



THE BUILDING

St. Stephen’s Green House comprises a landmark eight-storey office building over a two level basement, extending to approximately 6,348 sq m (68,325 sq ft) NIA.

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DESCRIPTION

Originally built in circa 1964, the building was extended upwards to provide the 7th floor in circa 2000. Various other refurbishment projects have been undertaken over the years, most recently of part 5th floor office and core area (completed January 2022), while the main reception and ground floor offices completed circa 2016.

The building has dual frontage onto Earlsfort Terrace to the west elevation with the rear eastern elevation fronting onto Lower Leeson Street. The rectangular shaped design of St. Stephen’s Green House, with the core contained within a central spine, allows for easy sub-division of individual floors and maximises natural light to the office areas. The elongated layout means it also benefits from panoramic views from all floors overlooking St. Stephen’s Green.



Earlsfort Terrace frontage

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Lower Leeson Street frontage

BUILDING FEATURES



Managed reception area
refurbished in 2016



Flexible floor layouts



3 x 16 person passenger lifts,
1 x 13 person passenger lift



Panoramic views over St. Stephen's Green



Floor to ceiling heights of
2.5 to 2.8 metres approx.



Redevelopment feasibility study
by HJL Architects



106 car parking spaces





Accommodation Schedule

Floor	Floor Area (NIA)	
	sq m	sq ft
Ground	436	4,692
First	826	8,890
Second	827	8,905
Third	824	8,874
Fourth	832	8,951
Fifth	839	9,028
Sixth	816	8,787
Seventh	673	7,242
Basement Level 2	138	1,485
Basement Level 1	137	1,470
TOTAL	6,348	68,325

Carpark

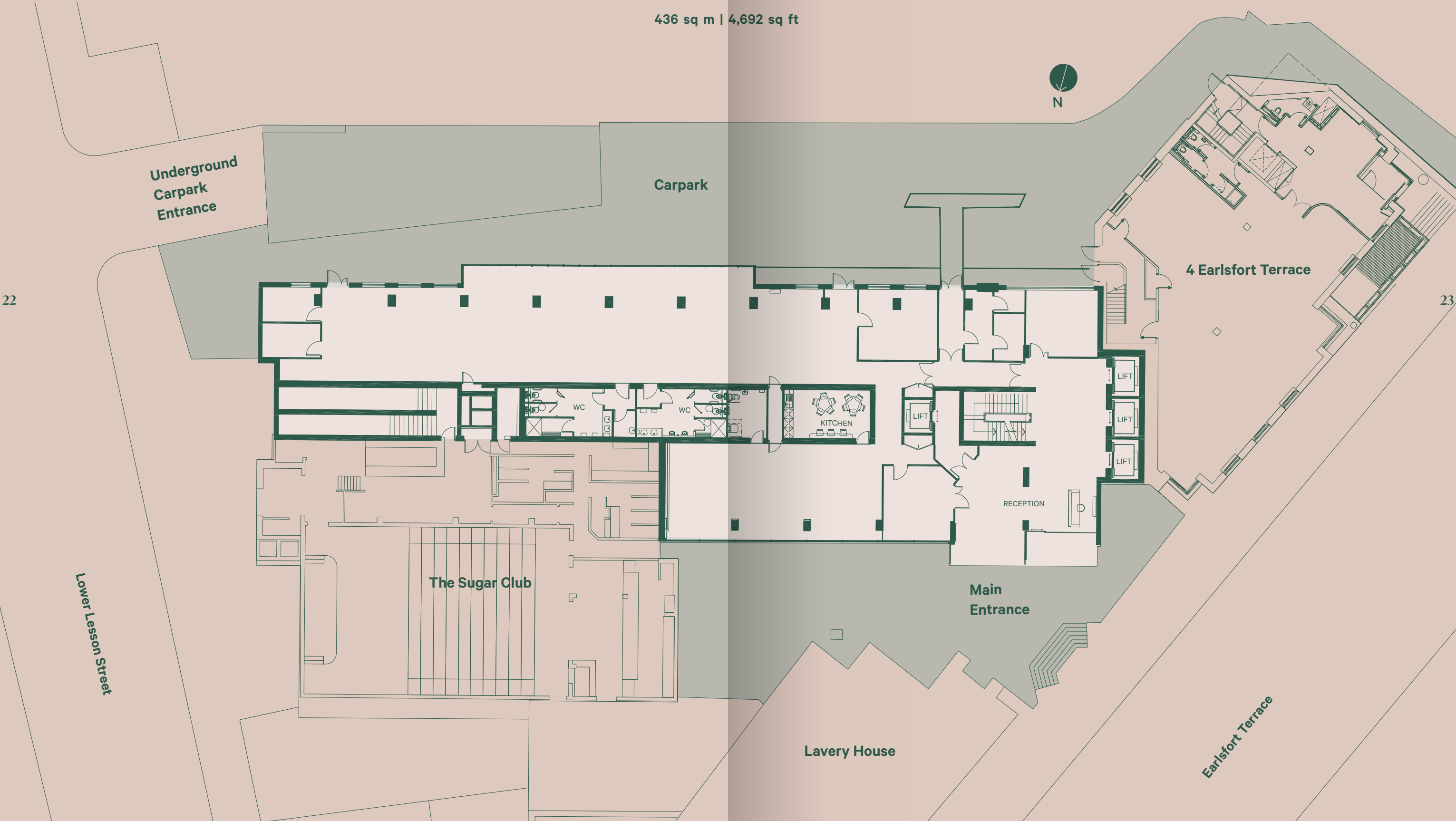
The building has 106 car parking spaces, the majority of which are contained within a two-level basement and are accessed via a ramped entrance from Lower Leeson Street.



FLOOR PLANS

Ground Floor

436 sq m | 4,692 sq ft



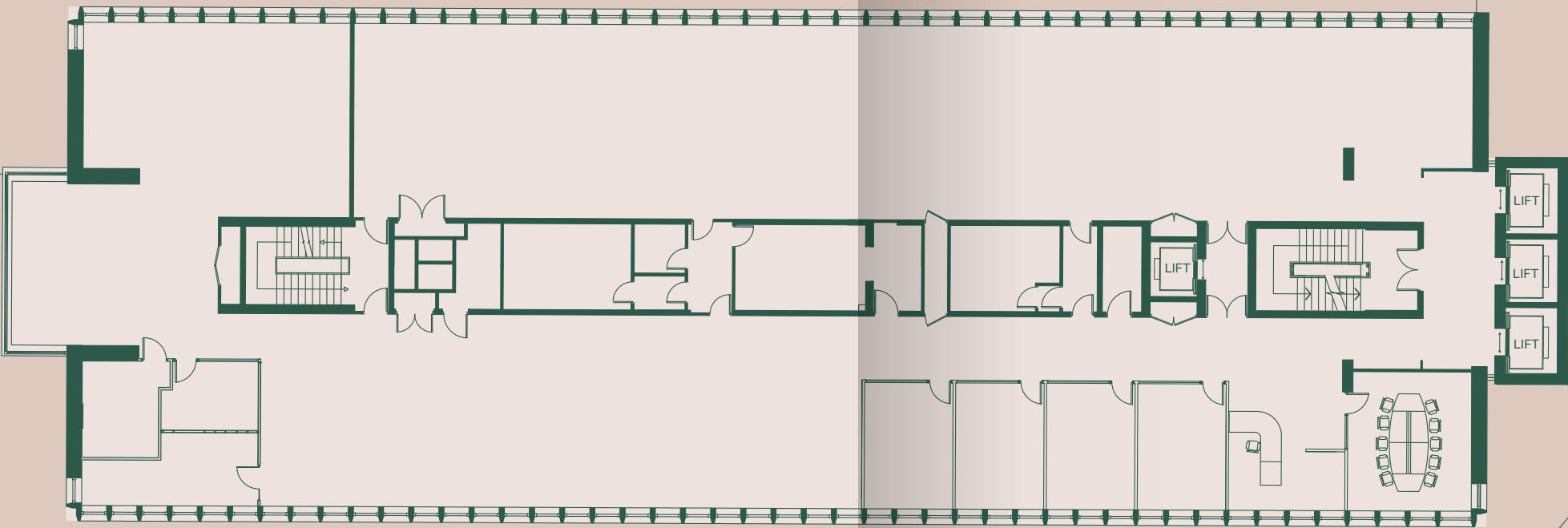
FLOOR PLANS

Fifth Floor

839 sq m | 9,028 sq ft



4 Earlsfort Terrace



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Lower Lesson Street

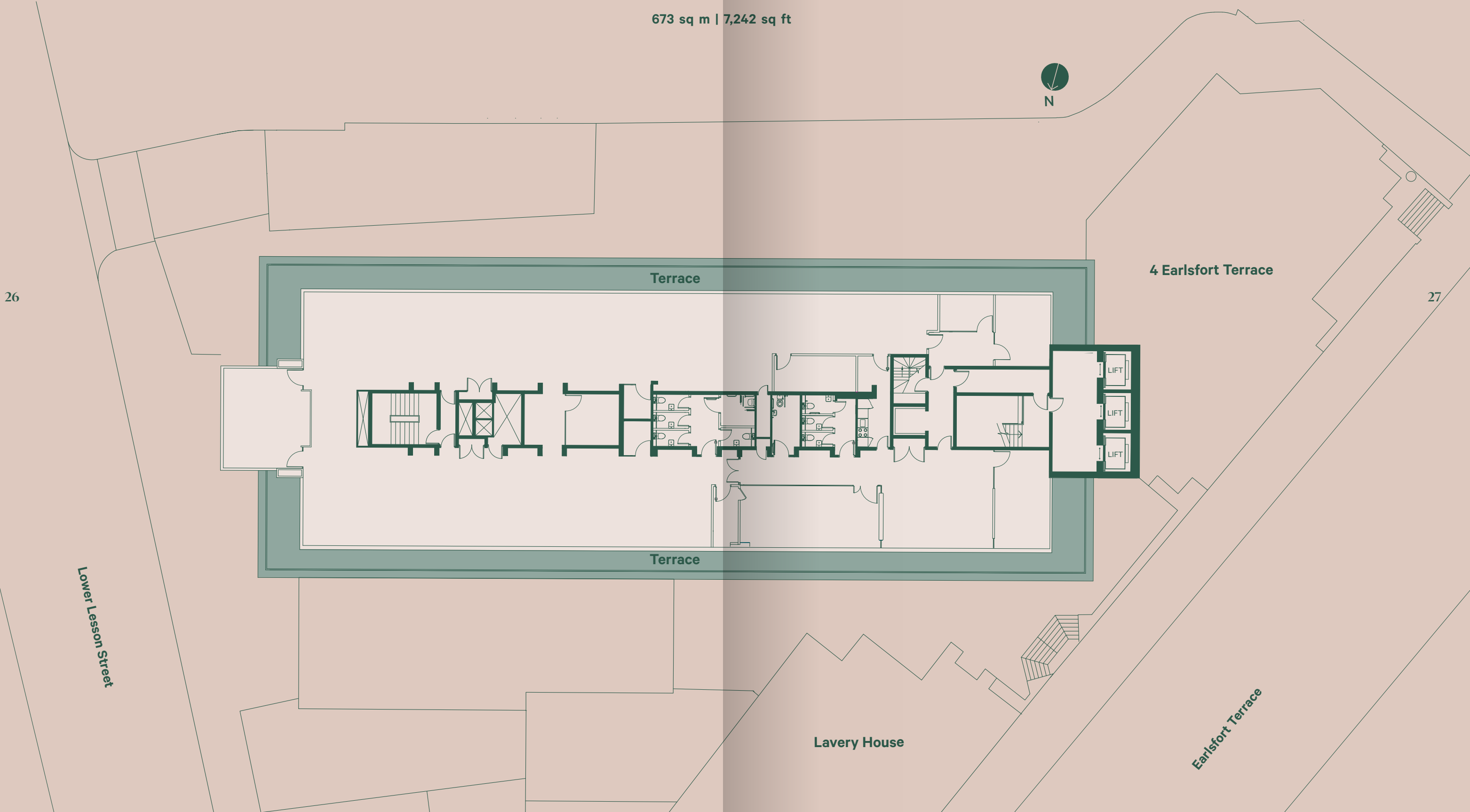
Lavery House

Earlsfort Terrace

FLOOR PLANS

Seventh Floor

673 sq m | 7,242 sq ft



TENANCY

SITE / TITLE

The boundaries of the site are outlined in red on site plan herein. The property is held on a freehold title subject to long leasehold interests in the adjoining buildings 4 Earlsfort Terrace, Lavery House and The Sugar Club.



TENANT COVENANT



The OPW is an Irish Government agency. One of its primary functions is the estate management of the state property portfolio and the provision of accommodation on behalf of Government departments and certain state agencies. The building is occupied by Public Service Pay Commission, Public Service Credit Union and The Cooke Commission.



Hayes Solicitors is an independent Irish law firm with a long tradition of legal service dating back to 1840. Hayes provides a range of legal services to corporate, public and private clients in Ireland and internationally, especially in the UK. Hayes have over 65 solicitors including 21 partners.



Berrymans Lace Mawer LLP is an insurance risk and commercial law firm with both a domestic and international focus. BLM has 13 offices across the UK and Ireland and has approximately 1,500 employees. Berryman Lace Mawer has a Dun & Bradstreet risk rating of 2 (lower than average risk).



Aramark is one of the largest dedicated property management companies in Ireland and has been established for over 70 years. Aramark Property has over 140 employees operating throughout Ireland and is currently responsible for the property and finance management of over 500 property schemes totalling over 3 million sq m. Aramark Property Services Ltd has a Dun & Bradstreet risk rating of 1 (minimum risk).



Lisney is one of the largest Irish-owned full-service property advisory companies and provides both residential and commercial property services. Established 80 years ago, Lisney has approximately 120 employees serving clients throughout Ireland and abroad. Lisney is a private limited company, exclusively owned by the directors. Lisney Ltd has a Dun & Bradstreet risk rating of 2 (lower than average risk).

TENANCY SCHEDULE

The building is currently let to five tenants generating an annual rental income of €3,116,921 with a weighted average unexpired lease term of 4 years (as at 01-April 2022)

The vendor has agreed terms with a new tenant on the vacant 5th floor space, a lease regear with Hayes Solicitors on their 6th floor leases and a new licence on the roof antennae which will increase the total passing rent to €3,434,280 pa when completed.

Demise	Tenant Name	Floor Area (NIA)		Car Spaces	Lease Start	Break Option	Lease Expiry	Next Rent Review	Passing Rent P.A	Comments
		sq m	sq ft							
Ground Floor	Berrymans Lace Mawer LLP	436	4,692	10	03/01/2017	02/01/2026	02/01/2032	03/01/2022	€282,655	Break option subject to 12 month notice, 6 month penalty
1st, 2nd, 3rd Floors & Basement Store	OPW	2,622	28,228	23	01/04/2016	None	31/03/2026	None	€1,213,432	
4th Floor	OPW	832	8,951	15	01/10/2019	None	31/03/2026	1/10/2024	€453,000	
5th Floor (part)	Aramark	311	3,347	2	28/02/2014	None	27/02/2029	28/02/2024	€170,652	Rent Review Clause is subject to a +/- 15% cap & collar
5th Floor (part)	VACANT	528	5,681	12	n/a	n/a	n/a	n/a	€0	New lease terms agreed on this space, currently in legals and due to complete shortly. Includes a landlord break option at 30-April 2026.
6th Floor (Part)	Hayes Solicitors	591	6,362	8	30/10/2008	None	29/10/2023	None	€327,712	Terms agreed for lease extension up to 30-April 2026, currently in legals and due to complete shortly.
6th Floor (Part) & Basement Store	Hayes Solicitors	345	3,714	7	05/12/2018	None	29/10/2023	None	€163,395	Terms agreed for lease regear, currently in legals and due to complete shortly. Includes a landlord break option at 30-April 2026.
7th Floor	Lisney	683	7,350	25	01/06/2018	None	31/05/2028	01/06/2023	€471,800	
Car Park Space	Q4 Public Relations			1	01/04/2016	Rolling	Rolling	n/a	€4,275	Original licence agreement has rolled over. Can be terminated by either party with one month notice in writing.
Antenna	Three Ireland				TBC	Rolling	Rolling	n/a	€25,000	Original licence agreement has rolled over. New 20 year licence agreed and in legals with increased licence fee of €35,000 p.a.
External Terrace	The Sugar Club				15/12/2014	Rolling	Rolling	n/a	€5,000	Original licence agreement has rolled over. Can be terminated by either party with 3 months notice in writing.
Car Park Spaces	VACANT			3	n/a	n/a	n/a	n/a	€0	
TOTAL		6,348	68,325	106					€3,116,921	

All prospective purchasers are specifically advised to satisfy themselves as to the accuracy of any measurements, tenancy information, site areas referred to herein and undertake their own due diligence.

ASSET MANAGEMENT & OTHER OPPORTUNITIES

4 Earlsfort Terrace

4 Earlsfort Terrace provides approximately 1,159 sq m (12,477 sq ft) of Grade A accommodation over five floors. The property, which fronts on to Earlsfort Terrace, includes 15 secure car parking spaces located in the basement of St. Stephen's Green House. The building was fully refurbished in 2019, with upgraded services including lighting, air conditioning and electrics, a remodelled reception area and new showers at each level. The property is let to three leading professional and financial firms namely Royal London, Maples Solicitors and Alliance Bernstein. The investment provides a current income of €772,477 per annum with a WAULT of 6.8 years to expiry (3.4 years to break option).

4 Earlsfort Terrace adjoins St. Stephen's Green House with a shared vendor. It is currently available for sale separately via Knight Frank.



Refurbishment / Redevelopment

St. Stephen's Green House dates from the early 1960s and although it has been maintained to a high standard and presents well for its age, a full refurbishment or redevelopment would be the most appropriate next stage in the lifecycle of the asset. The building has received various minor upgrades and refurbishments in recent years, including the most recent works completed on part 5th floor which provide an excellent example of the potential for the remainder of the building.

There have been two recent Feasibility Studies undertaken by Henry J. Lyons identifying various options for refurbishment and redevelopment.

One of the options considered provides for maintaining the existing structure and expansion of the floorplates. The footprint of the building would be expanded at each level and the top floor reconstructed to crown the building with a spectacular penthouse floor. This option has the potential to provide an additional 1,349 sq m (14,520 sq ft) NIA subject to planning.

Alternatively, the buyer may continue to actively manage the property, upgrading space on a phased basis as it comes available. Reflecting the building's core location, tenant demand for the space has been consistently high. The offices continue to achieve strong rents with very limited tenant voids.

Further details and a copy of the Henry J Lyons Feasibility Study will be available in the data room.



CGI of Refurbishment Design Option



CGI of Refurbishment Design Option



CGI of Refurbishment Design Option

Previous Planning Permission

The vendor previously obtained a grant of planning permission in August 2007 and subsequent extension of that permission which expired in September 2017, for the construction of a standalone four storey office building extending to approximately 495.5 sq m (GIA) located on the podium level above the existing carpark entrance facing onto Leeson Street Lower. Further details can be obtained from the Dublin City Council Planning Department - Ref. 2981/07.

ECONOMIC COMMENTARY

Ireland continues to weather the pandemic significantly better than its European peers with the economy expected to have grown by 14.6% y/y in 2021, the highest rate in the EU, with a further 5.1% expansion due in 2022 (EU Commission). Between the start of 2020 and end of 2022, Ireland will have grown by 26.3% compared to an EU average of just 1.3% over the period.

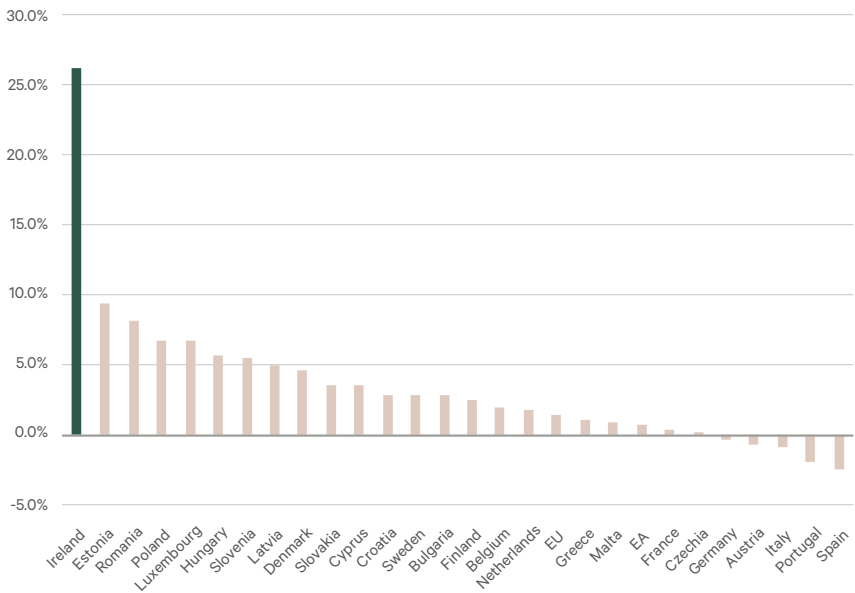
This expanding economy is reflected in strong labour market conditions, with employment of 2.5 million representing an all-time high. Looking ahead, employment is forecast to expand by 13.2% in 2022 according to the Department of Finance.

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Drilling down into the Dublin office labour market dynamics specifically, normally office-based employment has out-performed since the pandemic began, with sectors such as Professional Services and Finance performing especially well with headcounts increasing by approximately 20%. While many of these roles have been taking place at home due to the pandemic, they will create additional demand for office space as the economy returns to normal.

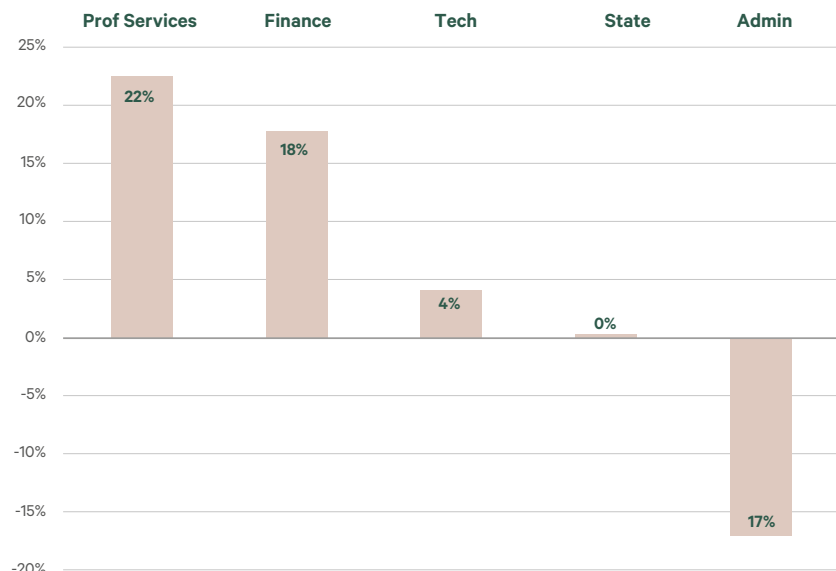
With St. Stephen's Green House sitting within the prime area where the demand from Professional Services and Finance firms is at its highest, it is well positioned to benefit from this anticipated increase in demand.

GDP cumulative estimated change 2020 – 2022



Source: EU Commission, Autumn Economic Commentary 2021

Growth in Dublin office-based employment, Q4 2019 – Q3 2021



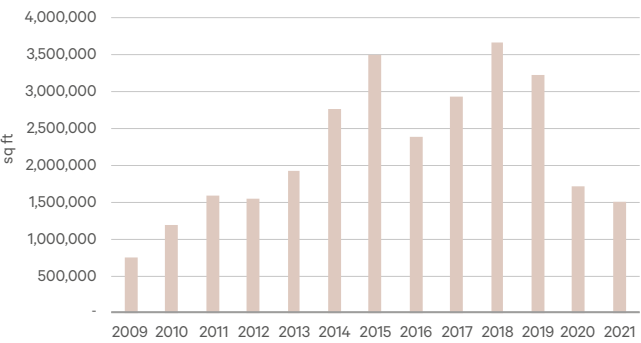
Source: CSO

OFFICE MARKET OVERVIEW

Take-up of office space reached 1.5 million sq ft in 2021, with activity tilted towards the latter half of the year as the market gathered positive momentum for the first time since the pandemic commenced. As a result, Q4 recorded the strongest quarterly take-up since the beginning of the pandemic with 971,000 sq ft transacting. The pandemic has perhaps resulted in an occupier 'pivot to prime' in order to attract employees back to the office, with the CBD accounting for 69% of take-up. Further illustrating this, Dublin 2 reigned as the best performing area in the CBD, comprising 83% of CBD take-up.

Professional Services firms experienced a robust year, achieving a 31% market share and recording three of the top five deals. The largest deal of the year was KPMG's pre-letting of 288,000 sq ft at Harcourt Square, a location that is in close proximity to St. Stephen's Green House and illustrates the demand from top tier corporates for this location. Tech accounted for 30% of activity, with TikTok

Annual Dublin office market take-up



Source: Savills Research

taking 216,000 sq ft at The Sorting Office, Dublin 2, the largest of these and the second largest deal overall. The deal marks the latest example of a large global tech firm choosing Dublin for its European Headquarters.

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Supply

The vacancy rate at the end of Q4 stood at 8.1%, marking the second consecutive quarter that it contracted. Availability within the CBD is more constrained, with an equivalent prevailing vacancy rate of 6.1%. Furthermore, looking at the availability of space within the prime CBD segment of the market – sitting in the vicinity of St. Stephen's Green and where the prime benchmark rents can be expected to be achieved - availability is extremely constrained. The largest quantum of grade A space available is 50,000 sq ft but that space is available only via subletting. In fact, there is no grade A space in the market greater than 10,000 sq ft currently available, illustrating the dearth of suitable stock in this location.

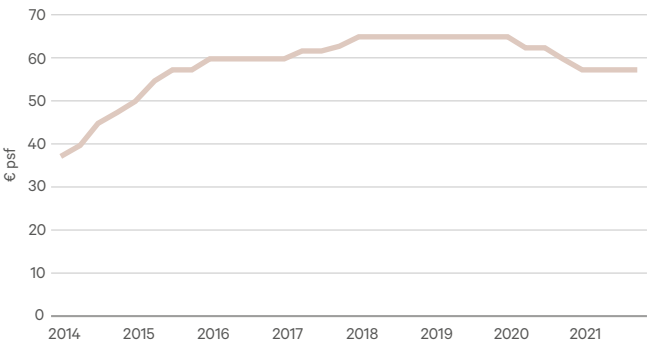
Pipeline

Looking ahead, the supply pipeline in Dublin remains tight with just over 50% of the 5.0 million sq ft currently under construction already committed. Breaking it down further, 63% of the 2.7 million sq ft due in 2022 is already taken, 42% of the 1.9 million due in 2023 is already committed, while none of the 300,000 sq ft underway and due for 2024, is let as of yet.

Rents

While headline rents fell initially in 2020 in the wake of the onset of the pandemic, they have remained stable at €57.50 per sq ft over the past year, although landlords have offered attractive incentive packages.. This resilience in pricing reflects the current lack of prime stock in the market along with the constrained expected pipeline delivery. As the market transitions to more normal conditions, we can first expect these incentives to contract with headline rental inflation to follow as occupiers compete for a shortage of stock at the prime segment of the market. As a consequence of its strategic positioning within the prime market, St. Stephen's Green House is well positioned to benefit from these favourable market conditions in the coming years.

Prime benchmark office rents



Source: Savills Research

FURTHER INFORMATION & CONTACTS

Title

The property is held freehold title subject to a number of long leasehold interests in the adjoining buildings.

Viewings

Viewings are strictly to be arranged through the joint selling agents.

BER Details

BER Rating: **BER B3 E1**

Ber No: Various - available on request.

JOINT SELLING AGENTS

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