

Block 2 Clanwilliam Court

Lower Mount Street, Dublin 2

For Sale by Private Treaty (Tenants Unaffected)



Pivotal Office, Asset Management / Refurbishment Opportunity in Dublin 2



This is an exciting opportunity to asset manage / refurbish a high profile corner of the Clanwilliam Court Complex with approximately 47,902 sq.ft. of office space in a natural gateway to Dublin city centre. It offers the chance to create Grade A offices in a single block suitable for single or multiple occupation.

Summary of Proposition

The property is a landmark office complex of approximately 47,902 sq.ft. in the heart of Dublin's Central Business District with significant double street frontage on approximately 0.31 acres.

Block B occupies a high profile corner of the Clanwilliam Court office development which comprises seven blocks of four, five and six storeys over two levels of common basement.

The building is part vacant and ready for a hands on asset management / refurbishment / redevelopment project. There is a lease to ESB on the 4th and 5th floors, Society of Actuaries on part ground floor and multiple short term car parking licences producing a total income of €528,300 per annum.

Key Details

- An exceptional chance to purchase a high profile investment / asset management opportunity in one of Dublin's core business areas.
- Prime Dublin 2 location in what is one of the best known developments in the heart of the Central Business District.
- Opportunity to acquire a corner building with high level of vehicular and pedestrian traffic.
- Chance to avail of the emerging supply / demand imbalance for larger buildings to benefit from rising rents and yield compression.
- Long leasehold title.
- Area – 47,902 sq.ft. and 500 sq.ft. of basement storage
- 105 car spaces / excellent car parking ratio of 1:456 per sq.ft.
- 452 ft. frontage onto Clanwilliam Place.
- Vacant possession of approximately 62% of the offices.
- Secure income stream on ESB and the Society of Actuaries to 2015 and 2017 respectively to provide interest cover on a portion of overheads.
- Opportunity to capitalise on the existing shortage of Grade A office buildings in Dublin 2.
- Potential to redevelop the site and increase the existing accommodation (SPP). Development schemes have been prepared by RKD Architects which they are happy to discuss with you.
- Current active demand in Dublin 2 is for occupiers seeking accommodation in the range of 5,000 sq.ft. to 8,000 sq.ft. – Block 2 offers floor plates of approximately 8,085 sq.ft. capable of sub division or alternatively a headquarters building of nearly 50,000 sq. ft.



Macro Location

Dublin is the capital city of Ireland and is also the country's main economic centre. Dublin has a population of 1,270,603 persons, an increase of approximately 7% from the 2006 census and is one of the fastest growing cities in Western Europe.



Ireland has seen a rapid increase in the number of multinational firms, with companies such as Microsoft, Google, Aviva, Statestreet, PwC, Yahoo, Facebook, LinkedIn, Accenture and Pfizer having chosen to locate their headquarters in Dublin since the 1990's. Ireland has successfully attracted a wide range of international companies due to its low rate of corporation tax (12.5%) as well as its central geographic location between the United States and Mainland Europe.

Ireland also has a reputation for highly skilled and educated workers and has one of the youngest work forces in Europe with over 36% under the age of 25 years (IDA). As a EU member and the only English speaking country in the Euro outside the UK, Ireland's strong indigenous workforce is reinforced by a significant number of young, well-educated multi-nationals who have been attracted to work in Ireland, and contribute to the highly qualified workforce that is available across all sectors.

Some of Ireland's Key business achievements are highlighted below

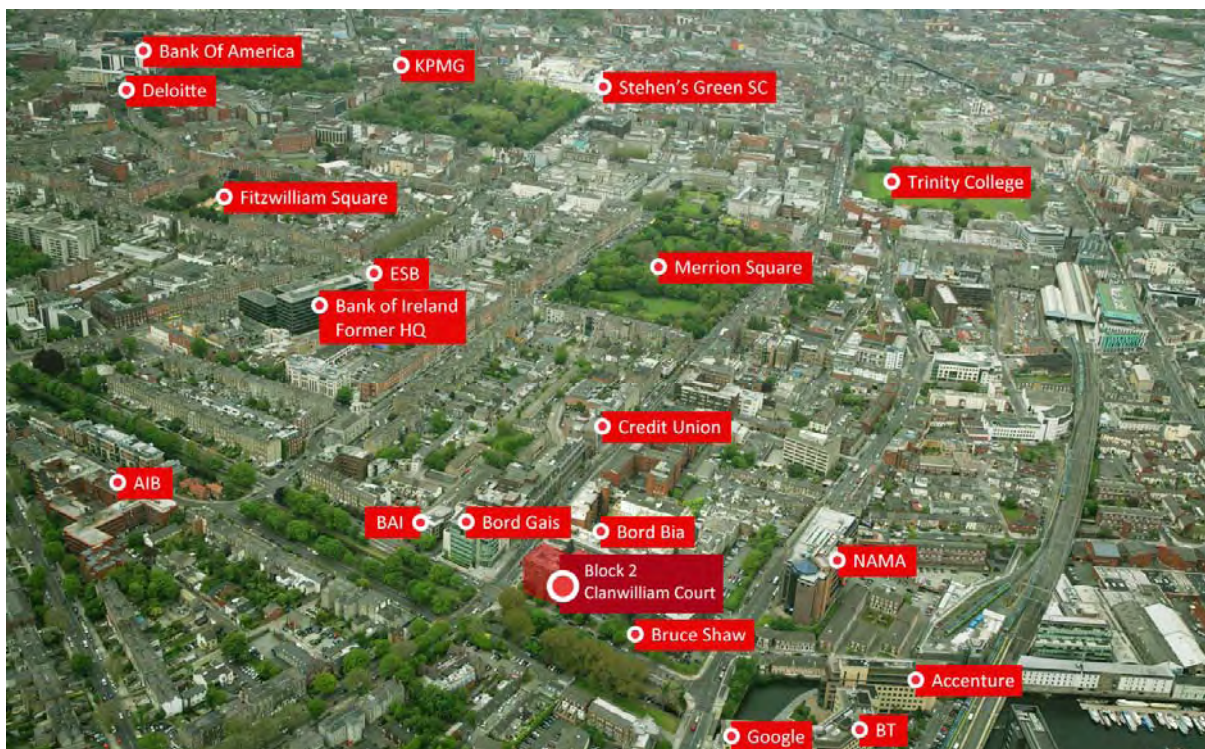
- Ireland is ranked number 1 for availability of skilled labour, flexibility on workforce, investment incentives and attitudes towards globalisation. (IMD World Competitiveness Year book 2012).
- Ireland has attracted almost 1,000 companies as a place to base their European operations (IDA).
- Over 50% of the world's leading financial firms are located in Ireland (IDA).
- 15 of the top 20 companies in medical devices are based in Ireland (IDA).
- 9 of the top 10 ICT companies have chosen Ireland as a business location (IDA).
- 8 of the top 10 companies are pharmaceuticals at present in Ireland (IDA).
- Ireland ranks within the global top 10 locations for ease of starting of business (The World Bank).

Micro Location

Lower Mount Street is located in Dublin's central business district and a pivotal connection point between the South Docklands, Grand Canal Dock and Ballsbridge, Dublin 4. The property occupies a prime site of approximately 0.31 acres with frontage to two streets. It is sited on the junction of Lower Mount Street and Clanwilliam Place.



The area is established as a core location for offices. Lower Mount Street is in the centre of Dublin 2 and offers an excellent selection of restaurants, bars and shops with easy access to St. Stephens Green, Grafton Street and Grand Canal Square. The property is in close proximity to the Grand Canal Dock Dart Station on Barrow Street and the Luas Green Line at St. Stephens Green – both stations are within 5 to 6 minutes' walk. The area is well serviced by Dublin Bus and has an abundant amount of on street parking.



The Opportunity / Supply and Demand in Dublin 2

Dublin 2 is the preferred location for most office occupiers who look to benefit from its excellent transport links and plentiful amenities such as shopping, restaurants and leisure facilities. It is no accident that there is active demand for over 0.75 million sq.ft. in the location at present.



Dublin 2 Office Market

- Dublin 2 (D2) is the largest and most important sub market in Central Dublin.
- The D2 post code is Dublin's prime commercial property location.
- On the south side of the River Liffey, D2 encompasses a large proportion of the City Centre and is a central mixed commercial and affluent residential area.
- D2 is a well-established office location, is the main shopping area in the city centre and is the central business district.



Take up in Dublin 2

- D2 is the most sought after geography in Dublin.
- In 2012 D2 accounted for 36% of all take-up in the city with Q1 2013 figures showing D2 accounting for 20% of take-up.
- There has been consistent demand from occupiers for space in D2, with the greatest demand in this part of the city over the last 10 years.
- 83 deals have transacted in D2 between Q1 2012 and Q1 2013 accounting for 512,000 sq. ft.
- Technology Media and Telecommunications (TMT) companies occupied 29% of the take up in D2 during this period. The increasing presence of TMT firms who continue to expand into space in D2 has created a central hub of TMT companies in this part of the city.

Vacancy

- With demand focused on D2, supply is also lower compared to other parts of Dublin. Low levels of vacancy highlight that this is a strong performing part of the city, and is the focus of demand.
- The overall vacancy rate in D2 is 13.1% equating to 1.62 million sq. ft. of stock.
- A large proportion of this is older stock and can be viewed as unlettable until it is brought back to Category A standards through refurbishment and / or redevelopment.
- Removing the stock greater than 20 years old provides for a vacancy rate in D2 of 6.95% equating to 0.86 million sq. ft.
- The highest rents in Dublin are achieved in D2, particularly for high quality and modern Grade A stock. Rents in the area for prime stock are currently placed between €28 and €30 per sq. ft. but can be higher for better quality buildings with smaller floor plates similar to Block 2 Clanwilliam Court.



Summary

As the most sought after location in Dublin, high levels of demand in Dublin 2 have had a knock on effect on the levels of supply with low vacancy levels and limited availability of space for large size categories. The analysis above highlights that there is a distinct lack of Grade A space in Dublin 2, particularly for sizes greater than 25,000 sq.ft. where there is an incredibly limited choice for tenants looking for quality space.

The history of development in Dublin 2 shows that in over 40 years there has never been a period of zero delivery of space and this will occur in 2013 and 2014. Furthermore periods of relatively low completion of office space have been followed up by sharp increase in rental values.

DUBLIN OFFICE DEVELOPMENT AND OFFICE RENTAL GROWTH

We are aware of a number of high profile international occupiers who are currently looking for space greater than 25,000 sq.ft. in Dublin 2. With no development delivery due in 2013 or 2014 these occupiers will struggle to find space to suit their requirements based on current availability in the Dublin 2 market. Block 2 Clanwilliam Court offers developers or investors the opportunity to deliver space in the precise category that occupiers are currently seeking.



The Opportunity / Investment Yields

Yields are at a historically high level. The 30 year average office yield for Dublin is 6.16%.

Dublin remains a European capital city with a strong core of government and business services, and a high level of attraction for foreign direct investment. The current crisis has had an exaggerated effect on yields for truly prime property and locations. Combined with rental growth we expect yield compression on Grade A stock to occur in the short to medium term.

There is strong investment demand coming mainly from overseas with particular interest from the US and Germany. A number of international players are establishing platforms in Ireland, indicating they are not just here for the short term. The pool of overseas Private Equity investors is now being joined by institutional capital with different investment criteria, deepening the range of capital. Domestically, there has been a return to the market by Irish Institutional buyers.

We are aware of over €6bn of capital available for investment in Ireland. This demand is split with some focusing on loan sale portfolios, some indirect assets and some for both loans and assets

The Opportunity / Accommodation

Floor	Occupier	Area Sq.ft.	Area Sq.m.
Ground office rear	Society of Actuaries	1,985	184.41
Ground office right hand side	Vacant	1,650	153.29
Ground office left hand side	Vacant	3,842	356.93
First floor office	Vacant	8,085	751.12
Second floor office	Vacant	8,085	751.12
Third floor office	Vacant	8,085	751.12
Fourth floor office	ESB	8,085	751.12
Fifth floor office	ESB	8,085	751.12
Total		47,902	4,450.38
Basement storage*		500	46.45

Car Parking

There are currently 105 marked car spaces in the car park, including a licence to Park Rite on a 4 year 9 month lease from August 2012 for 33 spaces which can be taken back subject to six months written notice.

*Note – The Basement storage is built upon 6 car parking spaces which is included in the 105 spaces above.

Tenancy Details / Tenancy Schedule

We set out below in summary format the principal terms of the existing tenancy agreement below:

Demise	Lease	Tenant	Current Rent €p.a.	Break	Rent Review Date	Sq. Ft.	Car Spaces
Basement Storage	Vacant	N/A	0	N/A	N/A	500	N/A
ATM Machine	5 years 01/08/2010 31/07/2015	Allied Irish Bank	€14,000	N/A	N/A	N/A	N/A
Part Ground Floor (Rear)	10 year lease from 15/08/2011	Society Of Actuaries	€31,000	14/08/2017	16/08/2016	1,985	0
Part Ground Floor (Front)	Vacant	N/A	N/A	N/A	N/A	3,842	0
Part Ground Floor (RHS)	Vacant	N/A	N/A	N/A	N/A	1,650	0
First, Second, Third, Floors	Vacant	N/A	N/A	N/A	N/A	24,255	0
Fourth & Fifth Floors	10 years 01/08/2010 31/07/2020	Electricity Supply Board	€292,800	31/07/2015 31/07/2017	31/07/2015 31/07/2017	16,170	30
15 Car Spaces Basement	10 years from 01/08/2010	Electricity Supply Board	€34,500	N/A	N/A	N/A	15
13 Car Spaces Upper & Lower Basement	31 years 6 months, 13 days 19/05/1986 01/12/2017	Electricity Supply Board	€45,500	N/A	19/05/2011	N/A	13
8 Car Spaces Basement*	35 years 01/04/1978 31/03/2013	Electricity Supply Board	€32,000	N/A	N/A	N/A	8
5 Car Spaces	35 years 01/11/1978 31/10/2013	Bruce Shaw Partnership	€12,500	N/A	01/11/2008	N/A	5
33 Car Spaces	4 years 9 months from 21/08/2012	Parkrite	€66,000	N/A	N/A	N/A	33

*Currently under negotiation for extension to October 2013



Building Specification

The office accommodation consists of 6 floors over double basement car park. The specification includes solid concrete floors with carpet finish, suspended ceilings with recessed lighting, mineral fibre ceiling tiles and heating through gas boiler and four pipe fan coil ventilation units. The building is of red brick construction with high level of window glazing overlooking the Grand Canal and Mount Street Lower. Floor to ceiling heights within the building are 2.83 metres on the ground floor and 2.6 metres on upper floors. The slab to slab heights are 3.27 metres on the ground floor and 3.03 metres on upper floors.



The Building / Planning Town Planning

The building is in an area zoned Z6 under the Dublin City Development Plan 2011 / 2017. The Z6 zoning is “to provide for the creation and protection of enterprise and to facilitate opportunities for employment creation”. There is potential to redevelop the site and increase the existing accommodation subject to planning permission. Development schemes have been prepared by RKD Architects to create an iconic Grade A office building which they are happy to discuss with you.



RKD Architects potential redevelopment plan (Subject to Planning Permission).

Investment Rationale

- An exceptional chance to purchase a high profile investment / asset management opportunity in one of Dublin's core business areas.
- Opportunity to acquire a corner building with high level of vehicular and pedestrian traffic at a low point in the property cycle.
- Chance to avail of the emerging supply / demand imbalance for larger buildings to benefit from rising rents and yield compression.
- Benefit of potentially taking back the property by 2015 / 2017, refurbish or redevelop the accommodation and re-position to the market exploiting the flexible space.
- €528,300 of income per annum provides interest cover on a portion of overheads during any planning stages of refurbishment or redevelopment.
- Long leasehold title.
- Initial Yield of 6.13% with 62% vacancy.
- Low Capital Value Per Sq. Ft of €172.22 psf.

BER Rating

- BER C3
- BER No: 800180333
- EPI 539.18 KWh/m²/yr 1.47

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