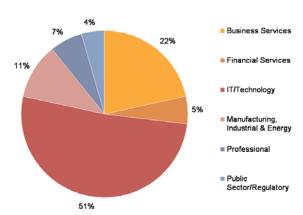
Dublin office market in minutes

Q2 2010

Source: Savills Research

70,000 60,000 50,000 20,000 10,000 Q1 08 Q2 08 Q3 08 Q4 08 Q1 09 Q2 09 Q3 09 Q4 09 Q1 10 Q2 10

Breakdown of take-up by business sector



Source: Savills Research

"Office market activity improved in the second quarter and there are clear signs that the office market has bottomed out. Occupier demand in the prime areas of Dublin 2 and Dublin 4 remains strong with activity dominated by the IT/High Tech sector. We expect demand to remain steady for the rest of 2010, with take-up possibly

Joan Henry (Head of Research)

The amount of office space taken up in the second quarter was higher than in the first quarter - 23,003 sqm in Q2, compared to 21,000 sqm in Q1.

reaching 100,000 sqm".

- 28 deals made up the total of 23,003 sqm signed in Q2, compared with 37 individual lettings in the first quarter. While there were fewer deals in Q2 the size of the individual deals has increased, particularly in the prime and central locations, which is positive.
- Demand in Dublin 2 remained strong in Q2 23% of the total amount of space taken up was in that area Dublin 4 and Dublin 1,3,7 & 8 saw a pick up in demand in the second quarter.

- Overall the IT/High Tech sector dominated take up in terms of overall floor space, occupying just over 50% of the 23,003 sqm taken up in Q2.
- 17% of the total amount of space taken up in Q2 was in Dublin 4, which compares to 13% in the first quarter. Once again, the technology sector is driving occupier demand, with Google taking just over 3,670 sqm of space in Grand Canal Plaza.
- Another 33,000 sqm of office space has been deal agreed so far this year, but is not yet signed. If these deals are signed by the end of Q3, it would bring the total space taken up to just over the total of 72,000 sqm for 2009 as a whole.
- We forecast that demand for office space will be steady for the rest of the year and that total take-up in 2010 could reach 100,000 sqm.



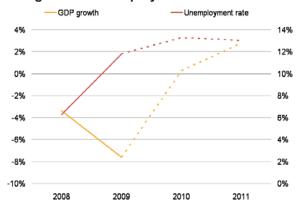
savills

Economy and letting activity

Economic background

The Irish economy is showing tentative signs of recovering, with quarter one GDP 2.7% higher than the previous quarter, the first quarterly increase since the final quarter in 2007. However, much of this growth has been driven by export and multinational companies. Gross National Product, a more accurate measure of the Irish economy continued to contract in quarter one by 0.5%. The rate of unemployment has doubled and many businesses and investors are dealing with a complete turnaround in lending terms and conditions than those in place less than two years ago.

GDP growth and employment



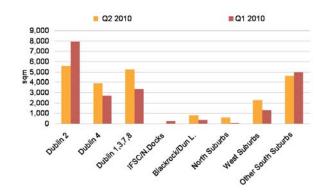
Source: ESRI Summer 2010

Letting activity

Demand and take-up

The amount of office space taken-up in quarter two was higher than in quarter one, with 23,000 sqm of space taken, compared to 21,000 sqm in quarter one.

Take-up by location



Source: Savills Research

Take-up in Dublin 2 remained strong with 23% of the total amount of space taken-up. Dublin 1,3,7,& 8 also recorded a strong increase in take-up, accounting for 23% of the total space, up from 16% in guarter one. Two relatively large lettings (of just over 4,900 sqm between them) took place in Eastpoint, Dublin 1. The total space taken-up with these two lettings made up almost 22% of the total amount of space signed in the second quarter; the two occupiers are Yahoo! and Citrix. The amount of space taken-up in Dublin 4, proportionate to overall letting volume, increased in quarter two from 13% in guarter one to 17%. There was one significant letting in Dublin 4 of just over 3,670 sqm to Google in the second quarter. There was also significant activity in the other Southern Suburbs with 20% of the total space taken-up - which also accounted for 25% of all the deals transacted in quarter two. The transacted volume in the Southern Suburbs was down slightly this guarter. The Blackrock/Dun Laoghaire and Northern Suburbs again recorded little office market activity in quarter two, with each area recording take-up of less than 850 sqm and 600 sqm respectively. The Western Suburbs posted slightly better performances accounting for approximately 2,270 sqm of office take up in quarter two, in three separate deals.

As was the case in quarter one, all office market activity in quarter two was lettings based and surprisingly there were no lettings in the IFSC during the second quarter.

In terms of the number of deals, there were fewer deals signed in guarter two, with 28 deals contributing to the 23,000 sgm of take-up, compared to 37 deals totalling 21,000 sgm in the previous guarter. This means the size of individual deals has increased, particularly in the prime and central locations of Dublin 2 and Dublin 4.

The IT/High Tech sector dominated take-up in guarter two accounting for 51% of the overall floor space, but only 25% of all the deals completed. The Business sector accounted for 22% of the transacted volume and over 29% of the deals signed. Manufacturing, Industrial and Energy occupiers accounted for 18% of the deals but only accounted for 11% of the overall floor space taken during the quarter. Financial service occupiers signed 14% of the total number of deals but only took 5% of the overall floor space taken. Suggesting that whilst financial services are active in the market in terms of completing deals the amount of space they are taking is proportionately smaller.

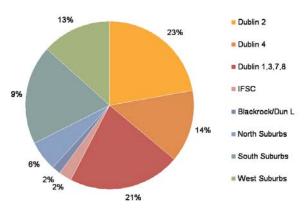
Supply

Dublin 2 and Dublin 1,3,7,8 have the highest proportion of the vacant stock in Dublin accounting for 23% and 21% of the 782,500 sgm of vacant office stock, respectively. The South Suburbs account for 19% of the total vacant office space in Dublin. This is partly due to the number of vacant offices that have

Rents and outlook

been completed within the last 18 months in the Sandyford area of the city.

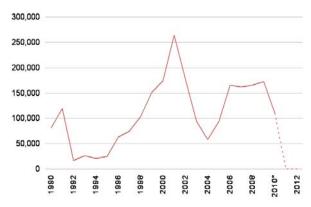
Supply breakdown per location



Source: Savills Research

As we had noted in previous office reviews, the quality of the vacant stock is diminishing, as tenants are moving into newer units attracted by the favorable terms being offered by landlords - resulting in the quality of the vacant stock diminishing. Another outcome of this is that there are now few landmark buildings available for potential tenants who wish to have sole occupancy or meet their floor plate size requirement. With development of new offices coming to a standstill, options for potential new entrants to the Dublin office market will continue to reduce.

Development completions



Source: Savills Research / *Estimations

The amount of space to be completed in 2010 is expected to be around 110,000 sqm, a 36% decline on the amount of new stock added to the market in 2009. It is expected that the supply of new stock to the market will cease in 2011 with no new developments due to be completed in 2011 or 2012.

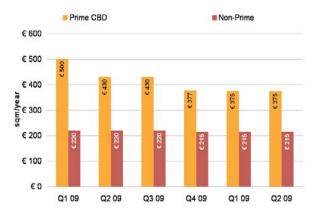
The low level of completions expected in 2010 and the lack of new supply in the pipeline for 2011-2012 combined with the gradual take-up of floors within

developments will, probably result in a shortage of headquarter type accommodation in Dublin city centre by year end.

Rents

Rents have stabilised in quarter two. Lease terms continue to be favourably towards tenants with extended rent-free periods and/or break options. Rents for prime city centre offices are in region of €375/sqm/year, whilst rents for secondary office units/locations are in the region of €215 -€270/sqm/year depending on size, quality and location.

Rental values



Source: Savills Research

Outlook

Demand is likely to remain steady for the remainder of the year. It is now clear that the office market has bottomed out and hopefully this will encourage "fence sitters" to progress their requirements before much of the better space is gone. Those at the prime end of the market can start to think about the prospect of rental growth in 2011. There will be few, if any new developments completed in 2010/2011 resulting in a diminished supply of quality new office space within in Dublin.

Secondary rents on the other hand are unlikely to show much movement until 2012 as this sector is likely to remain oversupplied. Suburban rents, other than for the very best schemes are also likely to remain flat in the foreseeable future.

Tenants at the larger prime end of the market will be the first to notice the decreasing options available to them, but this will gradually spread other niches in the market. The current market has resulted in more distinct rent differentials between the best, the good and the not so good offices. During boom times the differentials between the categories tend to narrow but has now widened again to more realistic levels.

Dublin office market in minutes

Major letting transactions Q2

Building Address	Submarket	Area in sqm	Tenant
One Grand Canal Plaza	Dublin 4	3,671	Google
Pinnacle 1, Eastpoint	Dublin 1,3,7,8	2,950	Yahoo
South County Business Park	Southern Suburbs	2,837	Merck
Two Park Place, Hatch Street	Dublin 2	1,270	Bentley Software
Pinnacle 3, Eastpoint	Dublin 1,3,7,8	1,988	Citrix

Source: Savills Research

Major letting transactions Q1

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Building Address	Submarket	Area in sqm	Tenant
8-10 Chancery Lane	Dublin 1,3,7,8	1,222	Gala
"The Chase",	Southern Suburbs	3,958	Dun & Bradstreet
Simmonscourt House	Dublin 4	636	Marcus Evans
Parkwest	Western Suburbs	939	Globoforce
East Point	Dublin 1,3,7,8	959	Ergo & Pace Metrics

Source: Savills Research

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