



Obel 68

— 68 Donegall Quay, Belfast, BT1 —

A low-angle, upward-looking photograph of a modern multi-story office building. The building features a prominent glass and steel facade with large windows and external metal railings. The sky is a clear, bright blue. A semi-transparent grey rectangular box is centered over the middle of the image, containing white text.

68 DONEGAL QUAY,
BELFAST, BT1

Investment Summary //

Landmark Grade A City Centre Office Building.

Entirety of the office space let to Allen and Overy (SSF) Ltd guaranteed by Allen and Overy LLP until September 2031 with tenant only break option in September 2026.

Excellent city centre riverfront location between City Quays and Lanyon Plaza.

Area of 4,846 sq m (52,169 sq ft) arranged over basement, ground and six upper floors.

Developed to an exacting specification in 2011.

Low passing rent of £1,077,790 which equates to only £19.50 psf on the offices fixed until break.

WAULT of 8.2 to break and 12.8 to expiry.

42 dedicated underground car parking spaces plus 2 underground storage units

Offers invited in excess of £15,000,000 which reflects a net initial yield of 6.73% and a capital value of £288 per sq ft.

Location //

The Obel is located in Belfast City Centre, the capital of Northern Ireland. Belfast is the 15th largest city in the UK and second largest on the Island of Ireland and lies approximately 100 miles (161 Km) to the north of Dublin

Belfast has an excellent infrastructure network and is well connected to the rest of Ireland and to mainland UK. George Best City Airport is located approximately 4 miles (6 Km) from the city centre with Belfast International Airport approximately 23 miles (37 Km) north-west.

In addition Belfast has a large commercial port that is also used for passenger ferry services with regular sailings to Scotland, England and Wales.

In recent years Belfast has seen a high level of private and public sector investment, with a number of key urban regeneration and transport projects ongoing and planned improving the overall area.

Belfast has good road communications being positioned within close proximity to the M2 linking the North and West of the Province and the M1 which links with Dublin in the South.

One key project being the redevelopment of the Northside area of the city centre to accommodate the relocation of the University of Ulster Jordanstown Campus into the city centre providing an injection of more than £250m in the city centre and bringing an estimated 15,000 additional students and staff into the city centre.



#1

LARGEST CITY IN
NORTHERN IRELAND



339,000
INHABITANTS

IN RECENT YEARS BELFAST HAS SEEN A HIGH LEVEL OF PRIVATE AND PUBLIC SECTOR INVESTMENT.



Obel 68

- | | |
|---------------------------------|--------------------------------|
| 1. TULLET PREBON | 6. M3 MOTORWAY |
| 2. CAYAN | 7. SSE ARENA |
| 3. BAKER MCKENZIE | 8. CASTLECOURT SHOPPING CENTRE |
| 4. NEW MARRIOT HOTEL & CAR PARK | 9. ULSTER UNIVERSITY |
| 5. FIRST TRUST | 10. VICTORIA SQUARE |

Situation //

The opportunity comprises 49,860 sq ft of office accommodation and 2,309 sq ft of retail space, with dedicated basement car parking.

Obel 68 was developed as part of the overall Obel development which sits along side a 27 storey, 282 unit apartment block.

Obel is located in a very prominent location on the side of the River Lagan between the popular City Quays and Lanyon Plaza office developments opposite Custom House Square in the city centre of Belfast.

It is within easy walking distance of the prime city centre retail core and close to Central Train station.

The adjacent office developments

at City Quays and Soloist at Lanyon Plaza have proven popular with recent lettings to KPMG, Pinsent Masons, Baker McKenzie, Macon and UTV. Also with the new City Quays development comes a new Marriott 188 bed hotel that has just opened.

Other major occupiers in the immediate area include Citi, Allstate, PWC, Tullet Prebon, NYSE, Concentrix and Cayan.

TOP UK TOURIST
DESTINATION

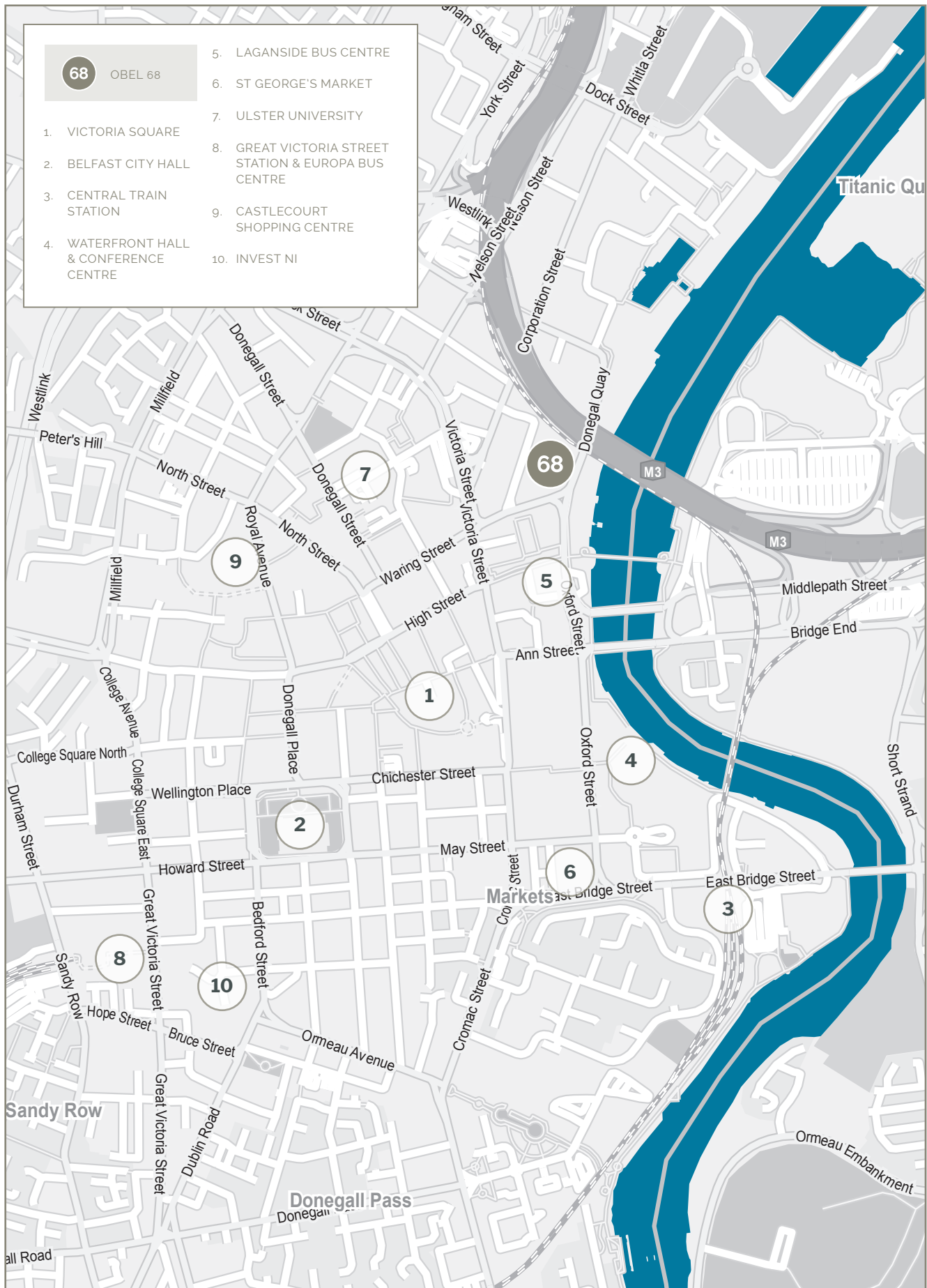
theguardian

TheObserver

TRAVEL AWARDS

2016





Belfast's Economy //

Financial services companies are attracted to Belfast by the competitive cost base as well as access to talent with a pipeline of over 5,000 graduates each year across a range of relevant disciplines including finance, accounting, economics, law and computing.

Belfast's economy has seen a revival in recent years with significant growth in the Fintech and tourist industries.

The city has a number of specialisms including asset management, financial services technologies, fund administration operations and risk, regulation and compliance.

The Fintech industry employs in excess of 36,000 people with major financial institutions such as Citigroup, PWC, Santander and Barclays having headquarters in the city.

Tourism is also a main driver of the local economy with in excess of 1.5m tourists visiting the city in

2016 spending over £334m. Hotel occupancy in 2016 was c80% driving investment in the sector with over 1/3 more hotel capacity being added throughout 2017/2018 in 7 new hotels adding around 1,200 more rooms.

A talented and strong labour market, low cost base and good quality of life are driving global companies to consider Belfast as a base.





1.3m

1.3 million tourists per annum

NI education system is among the best performing in Europe with the best performing for primary maths in Europe, and 6th in the world. 77% of school leavers go to further and higher education.



45k

45,000 Students

NI could have the second highest population growth in the UK over the next 25 years, projected to grow by 9.8%.

NOTABLE BELFAST OCCUPIERS //



ARUP



Ulster Bank



BARCLAYS

BAKER &
MCKENZIE



Description //

The property was originally constructed in 2011 and comprises a 52,169 sq ft building over basement, ground and six upper floors, with typical floorplates of 7,000 sq ft.

The building is of steel portal frame construction with feature full height glazing to front and side. Internally the units were let with concrete floors and block walls and been fitted out to a high standard by the tenants.

There are 2 additional retail units on ground floor and 42 dedicated secure car parking spaces within the basement car park for the obel development.

ACCOMMODATION

UNIT	TENANT NAME	AREA (SQ FT)
Grd Floor, Unit 1 & 2	Allen & Overy (SSF) Limited	6,770
Grd Floor, Part Unit 3	Allen & Overy (SSF) Limited	1,991
Grd Floor, Unit 4	Mount Charles (NI) Limited	1,834
Grd Floor, Unit 5	Lagan Boat Company	474
1st Floor, Block 3	Allen & Overy (SSF) Limited	7,146
Grd, 2nd - 6th Floors Block 3	Allen & Overy (SSF) Limited	33,954
Basement Store	Allen & Overy (SSF) Limited	1 space
Basement Store	Mount Charles (NI) Limited	1 space
42 Car Park Spaces	Allen & Overy (SSF) Limited	42 spaces

52,169

Tenancy Schedule //

UNIT	TENANT NAME	END	NEXT REVIEW	NEXT BREAK DATE	TOTAL AREA (SQ FT)	RATE PER (SQ FT)	PASSING RENT PER ANNUM
Grd Floor, Unit 1 & 2	Allen and Overy (SSF) Ltd guaranteed by A&O LLP	29/09/2031	29/09/2021	29/09/2026	6,770	£19.50	£132,015
Grd Floor, Part Unit 3	Allen and Overy (SSF) Ltd guaranteed by A&O LLP	29/09/2031	29/09/2021	29/09/2026	1,991	£19.50	£38,825
Grd Floor, Unit 4	Mount Charles (NI) Limited	30/09/2021	01/10/2021	N/A	1,834	£16.63	£30,500
Grd Floor, Unit 5	Lagan Boat Company	13/10/2021	14/10/2021	N/A	474	£20.04	£9,500
1st Floor, Block 3	Allen and Overy (SSF) Ltd guaranteed by A&O LLP	29/09/2031	29/09/2021	29/09/2026	7,146	£19.50	£139,347
(Grd, 2nd - 6th Floors) Block 3	Allen and Overy (SSF) Ltd guaranteed by A&O LLP	29/09/2031	29/09/2021	29/09/2026	33,954	£19.50	£662,103
Basement Store	Allen and Overy (SSF) Ltd guaranteed by A&O LLP	29/09/2031	29/09/2021	29/09/2026	1 space		£1,500
Basement Store	Mount Charles (NI) Limited	30/09/2021	01/10/2021	N/A	1 space		£1,000
42 Car Park Spaces	Allen and Overy (SSF) Ltd guaranteed by A&O LLP	29/09/2031	29/09/2021	29/09/2026	42 spaces		£63,000
					52,169		£1,077,790

* The next Allen and Overy rent review had been fixed at £19.50 per sq.ft. and £1,500 per parking space, which equates to an annual rental income of £1,036,790 plus Mount Charles at £30,500 per annum and Lagan Boat at £9,500 per annum totalling £1,077,790.

The vendor will top up the difference between Allen and Overy passing rent of £790,141 and the reversionary rent of £1,036,790 between now and the review date.

SERVICE CHARGE

£153,735

INSURANCE

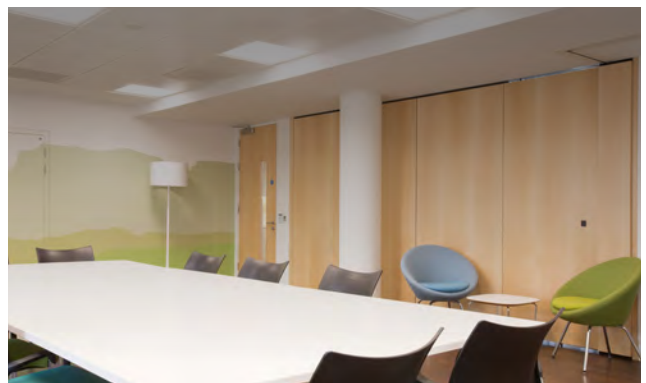
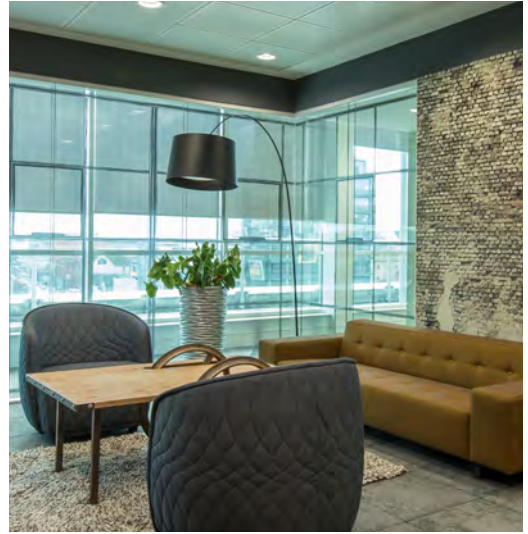
£14,607

RATES PAYABLE

287,254

Gallery //







THE PROPERTY WAS ORIGINALLY
CONSTRUCTED IN 2011 AND
COMPRISES A 52,169 SQ FT
BUILDING OVER BASEMENT,
GROUND AND SIX UPPER FLOORS.

Office Occupational Market //

Q1 2018 has seen record breaking volumes of office take up with c. 270,310 sq. ft. of transacting across 23 deals, the largest of which was Allstate at East Bridge Street.

The Belfast Office Market remained robust throughout 2017 with c. 326,000 sq ft tracking in line with our 5 year average.

Up to this point, with a lack of new build development options available the majority of take up has been in refurbished properties such as First Derivatives letting of Weaving Works and Instil at Linen Lofts.

The Belfast Harbour's City Quays development is well advanced with CQ1 fully let and CQ2 now complete with UTV recently taking 11,000 sq ft at a rent of £20psf.

The Soloist building at Lanyon Plaza is now fully let with KPMG having taken 40,000sq ft in 2016 at a rent of £21.50psf and have recently upsized into the remainder of the building.

Belfast's reputation as a hotbed of activity in the tech and digital sectors continues to gain momentum and is further evidenced by last year's office take up which showed c. 56% of letting activity attributable to occupiers operating in these sectors, to include software design, cyber security, fintech and digital services.

ADDRESS	TENANT	SIZE (SQ FT)	RENT PSF	DATE	TERM
10th Floor, Clarence Street West, Belfast	Aecom	9,560	19	Q1 2018	10 Years
Adelaide Exchange, Belfast	Seopa	10,000	20	Q4 2017	10 Years
Donegal Square West, Belfast	Grant Thornton	12,240	20	Q4 2017	10 Years
Weaving Works, Ormeau Avenue, Belfast	First Derivatives	25,038	18.5	Q3 2017	10 years
City Quays 2, Clarendon Dock, Belfast	ITV	11,388	20	Q3 2017	15 years
Lincoln Buildings, Great Victoria Street, Belfast	Axiom Law	26,124	18	Q1 2017	10 years
Millenium House, Great Victoria Street, Belfast	HCL	13,130	17.5	Q1 2017	10 years
Bedford House, Bedford Street, Belfast	Causeway Asset Management	3,165	22	Q1 2017	15 years
9 Lanyon Place, Belfast	AllState	70,840	20	Q1 2017	Lease Extension
The Solist, Lanyon Place, Belfast	KPMG	39,374	21.5	Q4 2016	15 years

Office Investment Market //

The Investment market in Northern enjoyed a resurgence in H2 2017 following the pausing of late 2016/early 2017. Investment Volumes for 2017 were up 40% year on year with the majority of that activity in the latter half of the year.

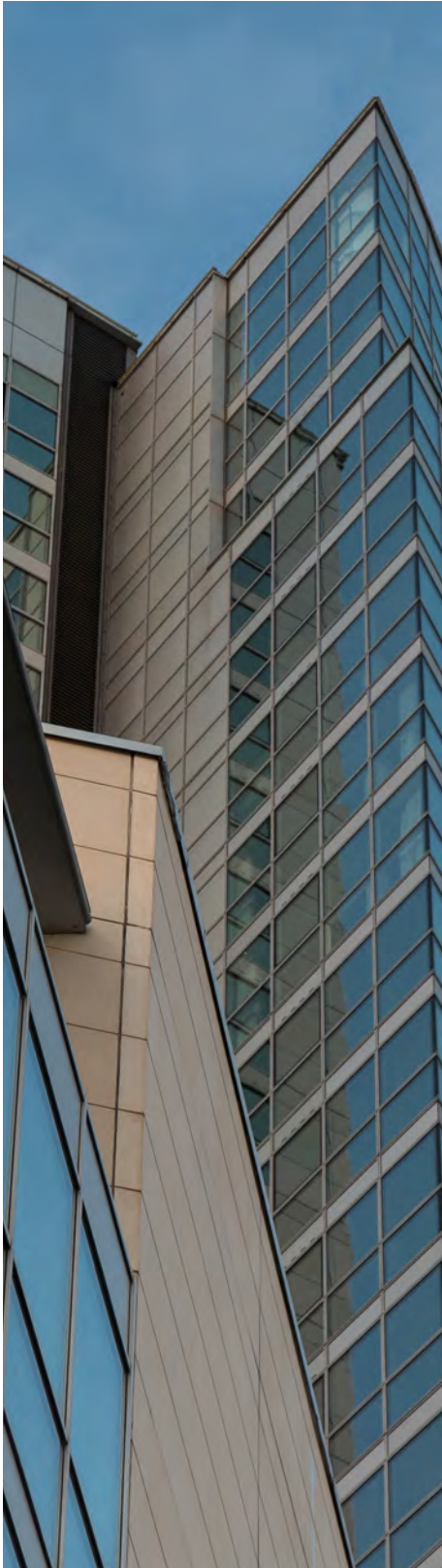
This trend was mirrored across the UK with Investment in commercial property up 27% year on year. Office deals rose 25% year on year to £26.5bn fuelled by strong demand for regional locations which were up 17% on 2016, indeed regional office investment enjoyed its strongest Q4 in a decade both in terms of deal volume, frequency and overall proportion of capital deployed.

**Source Co-Star Investment Review and Lisney Research*



Date	Property	Location	Major Tenant	Size	Price	NIY	Expiry/Break
Dec-17	Sonova House	Warrington	Sonova Ltd	43,392	£11.425m	5.55%	Jul-28
Nov-17	Maple Court	Watford	Hilton Worldwide Ltd	71,902	£20.3m	6.53%	Jun-22
Nov-17	Hutwood Court	Eastleigh	Utilita Energy Ltd	52,216	£14.65m	6.28%	Mar-28
Jun-17	1 Nunnery Sq	Sheffield	DSG Retail Ltd	71,699	£17.1m	6.21%	Nov-29
May-17	165 Bath Road	Slough	Lease Plan Ltd	47,005	£18.74m	5.75%	Jun-29
May-17	Lansdowne Gate	Solihull	National Grid (75%)	68,394	£19.6m	6.25%	May-27

Particulars //



Tenure

The Property is held on a lease from Obel Offices Limited for 998 years from 23rd June 2010 at an annual rent of £10.



Covenant

Allen and Overy (SSF) Ltd guaranteed by A&O LLP

Allen and Overy are a global legal practice employing 5,400 people in 44 international locations. They set up operations in Belfast in 2011 and currently employ over 500 people based in Obel 68 providing legal services to its network of international offices and clients.

Allen and Overy (SSF) Limited has a Creditsafe rating of 96 out of 100 – very low risk.

At year end 2017 Allen and Overy LLP had turnover of £1.5bn with a pre-tax profit of £716m.

The Mount Charles Group Limited

Mount Charles are a major contract catering and foodservice provider based in Belfast and employing 1,600 people across the UK and Ireland.

The Mount Charles Group Limited has a Creditsafe rating of 79 out of 100 – very low risk

Lagan Boat Company

Lagan Boat Company have been providing tours of the River Lagan and Titanic Harbour for over 20 years.

Lagan Boat Company (NI) Limited has a Creditsafe rating of 67 out of 100 – Low Risk

Proposal //

We are instructed to seek offers in excess of £15,000,000 (Fifteen Million Pounds) subject to contract and exclusive of VAT.

A purchase at this level reflects a net initial yield of 6.73% (after vendor top ups allowing) allowing for purchasers costs of 6.73% and a capital value of £288 psf.

VAT

The property has been elected for VAT and it is intended that the transaction will be treated as a Transfer of a Going Concern (TOGC)

EPC

The building has a rating of D88. A full report is available on request.

Contact //



NICKY FINNIESTON

Director, Investment

DD: +44 (0) 2890 501 554

nfinnieston@lisney.com



STEPHEN CHAMBERS

Associate Director, Investment

DD: +44 (0) 2890 501 550

schambers@lisney.com

SELLING
AGENT





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