



PRIME HEADQUARTERS
OFFICE INVESTMENT

**TRAFALGAR
COURT**

GUERNSEY · THE CHANNEL ISLANDS



TRAFALGAR COURT



Introduction

Trafalgar Court represents a unique opportunity to acquire the premier office building in Guernsey, one of the world's leading offshore finance centres.

Featuring highly specified Grade A office accommodation, the asset benefits from an enviable tenant lineup, significant reversionary income and asset management opportunities to enhance the WAULT.

[View video link](#)



Contents

| | | | |
|----|---------------------------|----|---|
| 06 | Introduction | 41 | Floor Plan |
| 11 | Executive Summary | 42 | Tenure, Tenancies, WAULT, Sub Tenancies |
| 12 | Investment Rationale | 44 | Stacking Plan |
| 16 | Guernsey Highlights | 45 | Income Analysis |
| 18 | Guernsey | 49 | Covenant Information |
| 22 | Economy & Regulation | 50 | Guernsey Office Market |
| 24 | European Union & COVID-19 | 52 | European Investment Yields |
| 26 | Communications | 56 | The Channel Islands Investment Market |
| 29 | Situation | 57 | Accretive Debt |
| 30 | Admiral Park | 60 | Guernsey Real Estate |
| 34 | Description | 61 | Taxation |
| 37 | Specification | 62 | Additional Information |
| 38 | Car Parking | 64 | Proposal |
| 40 | Accommodation | 66 | Contacts |



Executive Summary

- Guernsey is regarded as one of the world's leading offshore centres with a Standard & Poor's credit rating of AA-/A-1 + and an estimated GDP of £3.25 billion (2019).
- Guernsey has excellent communications to the UK mainland, with an average flight time of 50 minutes to London and Europe is also easily accessible.
- St. Peter Port is the island's capital and major commercial centre being home to numerous international businesses including Barclays, Deutsche Bank, Credit Suisse, BNP Paribas, PwC, EY, Investec, HSBC, Deloitte and KPMG.
- Trafalgar Court provides highly specified office accommodation arranged over ground and three/four upper floors totalling 113,713 sq ft (10,564.29 sq m).
- 518 car parking spaces providing one of the most attractive ratios in the Channel Islands at 1:220 sq ft.
- Let to Aztec Financial Services and Northern Trust, both significant financial organisations with a global presence.
- Total rental income of £4,428,271 per annum.
- Attractive WAULT of 6 years to expiry.
- Freehold.

Proposal

We are instructed to seek offers in excess of **£59,150,000** (Fifty Nine Million, One Hundred And Fifty Thousand Pounds), subject to contract and exclusive of GST (VAT).

A purchase at this level reflects an **attractive net initial yield of 7.00%** exclusive of purchaser's costs of 6.95%.

REVERSIONARY YIELD

By way of an agreement dated 2002, the rent on 400 car spaces has been waived. Including this contracted £700,000 per annum, the **reversionary yield is 8.10%**.

CORPORATE ACQUISITION

The property is held in an SPV registered in Guernsey. A corporate acquisition of the issued shares in the SPV is subject to an alternative transaction duty regime and in certain circumstances duty may not be due, thereby significantly improving the yield. Further information can be provided on request.

Investment Rationale





Asset Management Opportunities

| | | | |
|---|---|--|--|
|  |  |  |  |
| 53% of the income is sublet presenting surrender and re-gear opportunities to further improve the WAULT | 400 car parking spaces are not rentalised providing a reversion to 8.10% NIY | Northern Trust receive a significant 'Profit Rent' from its sub tenants reflecting £19 per sq ft | Guernsey's constrained supply and no statutory security of tenure results in occupiers typically signing long leases |

Leading Offshore Centre

| | | | |
|---|---|---|--|
|  |  |  |  |
| Admiral Park is Guernsey's prime office location attracting numerous multi-national occupiers | Guernsey is one of the world's best regulated and respected jurisdictions | Guernsey has proved to be one of the world's most COVID resilient jurisdictions | Guernsey's minimal commuting/WFH practices means the office market is less susceptible to change |

Attractive Investment Returns

| | | | |
|---|---|---|---|
|  |  |  |  |
| 99% of the income secured to the established covenants of Aztec and Northern Trust | At 7.00%, the quoting yield (and reversionary yield at 8.10%) is at a marked discount to prime yields in the Channel Islands at 5.75% | The adjacent Martello Court & Dorey Court recently sold for 6.40% (£60.65m) presenting a favourable arbitrage | Attractive cash on cash returns in excess of 11% |

Best In Class Building

| | | | |
|---|--|---|---|
|  |  |  |  |
| Highly specified office accommodation with stunning sea views | Significant improvements to the air conditioning system in the West Wing are due to start imminently | Divisible floor plates offering optimum leasing flexibility | One of the most attractive car parking ratios in the Channel Islands at 1:220 sq ft |

TRAFALGAR COURT

TRAFALGAR COURT

Castle Cornet

Queen Elizabeth II Marina

Harbour

Carey House

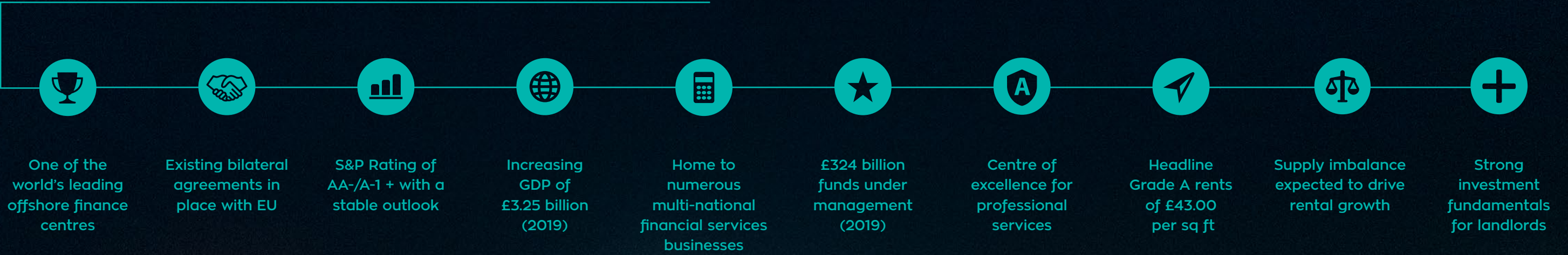
Martello Court & Dorey Court

No 1 The Plaza
(under construction)

Premier Inn
(under construction)



Guernsey Highlights



GUERNSEY IS ONE OF
THE WORLD'S LEADING
OFFSHORE FINANCE
CENTRES

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Guernsey

Guernsey is located 200 miles (322 kms) south west of London and forms part of the Channel Islands.

Located in the Gulf of St Malo, 30 miles (48 kms) west of France and 70 miles (113 kms) south of the UK, Guernsey is the largest island in the Bailiwick of Guernsey, which also includes the islands of Alderney, Sark and Herm.

Guernsey is the second largest of the Channel Islands after Jersey with an area of 25 square miles (65 square kms) and a population of approximately 67,000 people. St Peter Port, located on the eastern coast, is the capital and commercial centre.

As a British Crown Dependency, Guernsey has been independent for more than 800 years and its links to the UK are through the Crown rather than Parliament. As a result, Guernsey has its own legislature, the States of Guernsey, which determines local laws, including taxation.

Guernsey is regarded as one of the world's leading offshore centres and is politically and economically robust, with a Standard & Poor's credit rating of AA-/A-1+ and an estimated GDP of £3.25 billion (2019).





TRAFALGAR COURT



Economy & Regulation

ECONOMY

Guernsey is a leading international finance centre with over 50 years' experience in servicing clients from around the world. The finance industry employs approximately 21% of the total workforce and represents a direct contribution of 41% to Guernsey's GDP.

Guernsey's status as a globally recognised offshore finance economy is predicated on the island's internationally compliant low tax regime, world class professional services, highly skilled workforce and agile, pro-business government. There are four key pillars to Guernsey's finance industry: Banking, Investment Funds, Investment Management and Trust Companies and Insurance.



Home to more non-UK entities listed on the London Stock Exchange than any other jurisdiction



More than 800 funds domiciled or serviced in Guernsey



A force for global good - leading the way with Guernsey Green Finance initiative and Guernsey Green Fund - a world-first green regulated product



Fund industry facilitates substantial investment into and from the UK and Europe



Largest captive insurance domicile in Europe

Guernsey offers continuity, certainty and stability and is highly regarded by global investors seeking the highest quality international standards on regulation, tax transparency and beneficial ownership. Guernsey's track record in this area has fostered a deserved respected reputation.

GUERNSEY IS ONE OF THE WORLD'S BEST REGULATED AND RESPECTED JURISDICTIONS

REGULATION

Guernsey is a responsible and well-respected global jurisdiction with a proven track record of international engagement and the application of international standards. It is at the forefront of standards on tax transparency, regulation and information exchange. These standards were reconfirmed by MONEYVAL who reported the island as being compliant or largely compliant with 48 out of 49 of the Financial Action Task Force (FATF) recommendations on Anti-Money Laundering (AML).



Well respected regulatory standards - Compliant with 48/49 FATF recommendations, placing Guernsey in MONEYVAL's **top tier** of compliant jurisdictions



Global finance centre - Providing specialist solutions to sophisticated clients for more than 50 years



Flexible, pragmatic financial regulator - The Guernsey Financial Services Commission, while robust, has a reputation for its flexible, pragmatic and open-door approach



Secure, stable jurisdiction of substance - 800 years of independence, political and economic stability and breadth and depth of finance centre expertise



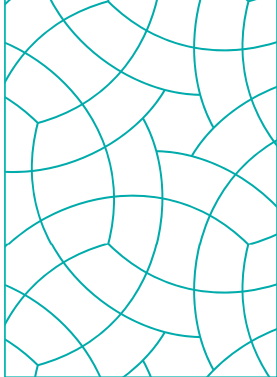
OECD endorsement - Member of the OECD "whitelist" of offshore jurisdictions



AA-/A-1+ credit rating from Standard & Poor's



Standard & Poor's is predicting a **4.8% recovery in real GDP during 2021**



European Union & COVID-19

EUROPEAN UNION

Guernsey has never been a Member State nor an Associate Member of the European Union (EU). Financial firms in the Channel Islands have been carrying out business with EU clients and were already operating outside the EU single market. They already benefit from bilateral agreements between the Crown Dependencies and the EU, so post Brexit, little will change for financial services. It is possible that ongoing negotiations between the EU and UK regarding equivalence for financial services could create opportunities for the Channel Islands.

In terms of the exportation of goods, the UK is the Channel Islands' principal market, where longstanding trade agreements are already in place. Trading goods (not services) with the EU was previously governed by Protocol 3, that brought the Channel Islands within the EU Single Market. Protocol 3 ceased when the UK entered into the trade agreement with the EU and now the Crown Dependencies enjoy the benefits of free trade agreements entered into by the UK via a customs union.

COVID-19

The Channel Islands have navigated the economic consequences of the COVID-19 crisis in a way which compares favourably with other jurisdictions, including the UK. The Islands have enjoyed several advantages in reducing the health and economic impact of the pandemic and the policy response has been nimble and well-designed.

Guernsey successfully eliminated the virus in June 2020, which was well publicised in the UK media. Life effectively returned to normal with no restrictions on gatherings and no requirements for people to socially distance or use face masks. In January 2021, there was a second wave, but again this was successfully controlled and at the time of writing there are no known active cases in Guernsey resulting from community transmission.

Guernsey is currently at level 3 of its exit strategy and for residents living on the island there are very few restrictions in place. On 30 April, it is envisaged non essential travel to and from the island will be permitted with the borders opening fully on 1 July 2021.

Latest COVID-19 guidance for Guernsey: [View here](#)





GUERNSEY HAS
EXCELLENT
COMMUNICATIONS
TO THE UK MAINLAND
AND EUROPE

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Communications

Guernsey is serviced by regular air and sea links to both the UK and mainland Europe.

Guernsey has year-round scheduled flight services to major UK destinations and the other Channel Islands. In addition, there are seasonal flights to summer and winter destinations plus chartered European flights.

There are daily flights from Guernsey Airport to most UK regional cities as well as London Gatwick and London Stansted. The service is run by Aurigny, a State owned airline.

Sea travel is provided by regular ferry services to the UK, with a fastest journey time of 3 hours to/from Poole and a daily freight ferry from Portsmouth. In addition, there is also a regular ferry service to France and the other Channel Islands.

Travel Times



| | |
|-----------------|--------------|
| JERSEY | 20 mins |
| SOUTHAMPTON | 35 mins |
| LONDON GATWICK | 50 mins |
| BRISTOL | 55 mins |
| LONDON STANSTED | 1 hr 10 mins |
| EAST MIDLANDS | 1 hr 15 mins |
| NORWICH | 1 hr 15 mins |
| BIRMINGHAM | 1 hr 25 mins |
| MANCHESTER | 1 hr 25 mins |
| LEEDS BRADFORD | 1 hr 25 mins |



| | |
|----------|--------------|
| JERSEY | 65 mins |
| DIELETTE | 1 hr 10 mins |
| ST MALO | 1 hr 55 mins |
| POOLE | 3 hrs |

TRAFALGAR COURT

Situation

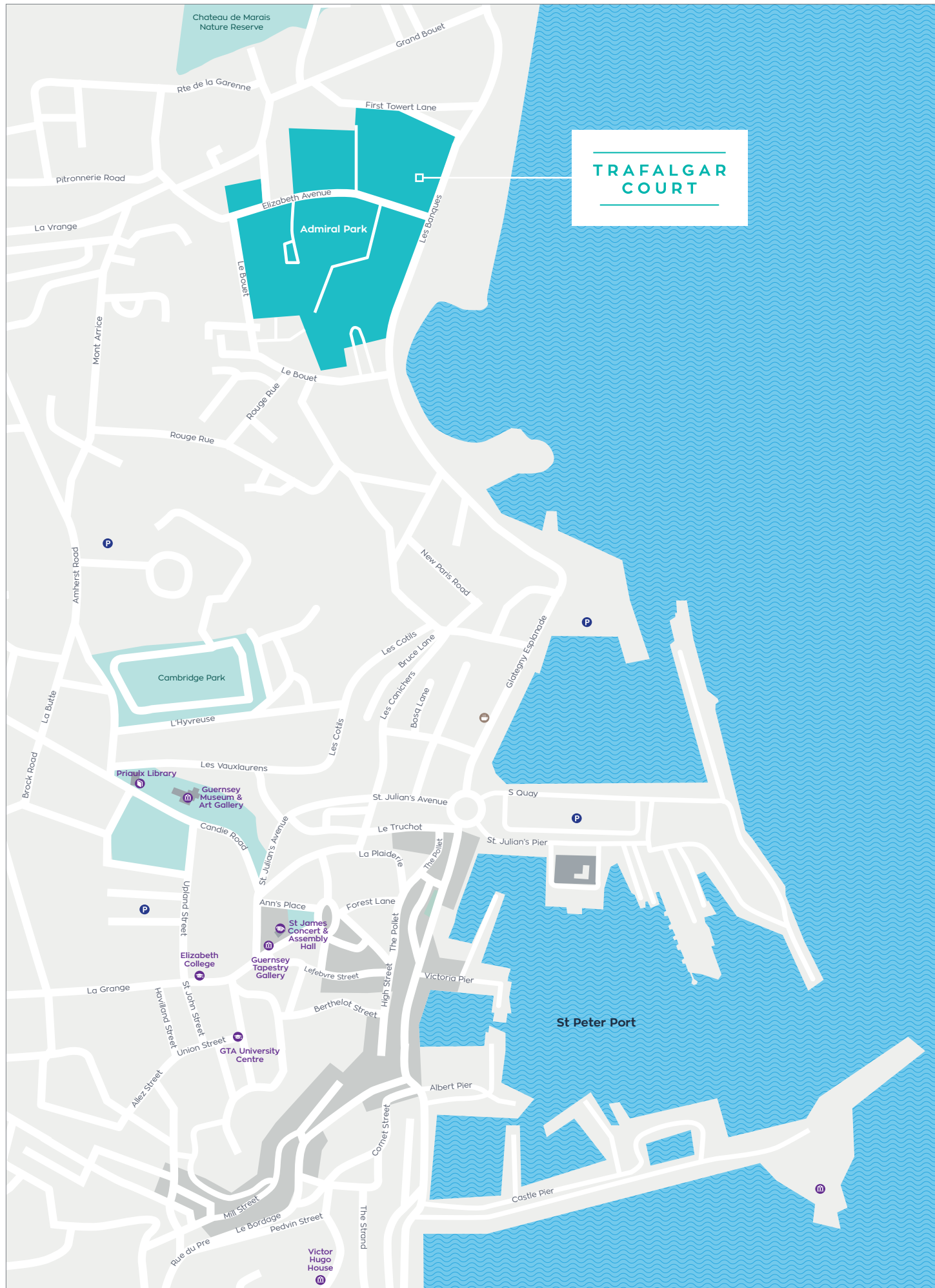
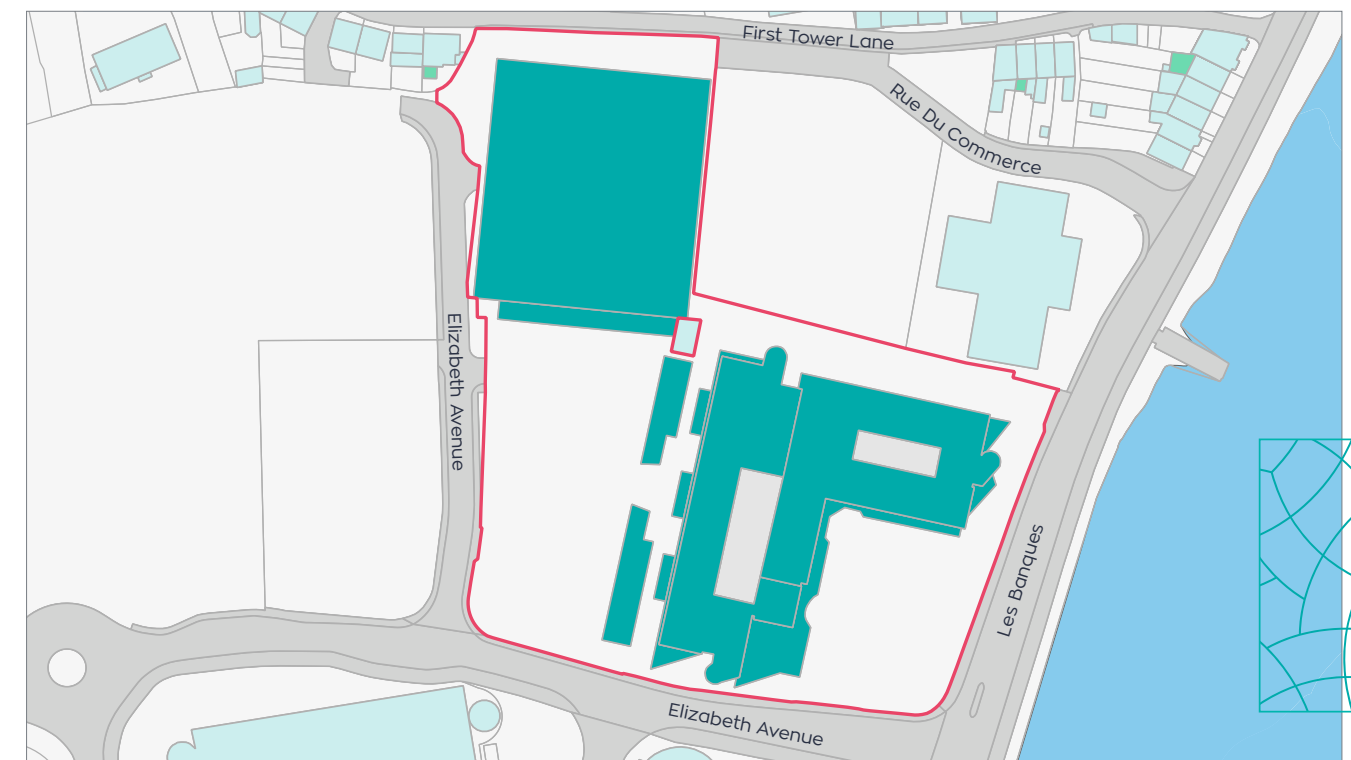
Trafalgar Court forms part of the Admiral Park mixed-use scheme and is Guernsey's premier business park, situated approximately 0.5 miles (1 km) or a 10 minute walk to the north of St Peter Port town centre along St George's Esplanade.

The building occupies a 3.5 acre site on the junction of Elizabeth Avenue and Les Banques. Elizabeth Avenue is the main access road running through Admiral Park and Les Banques is the main arterial route connecting St Peter Port town centre to the north of the Island. This is the gateway to the Park with Martello Court & Dorey Court opposite and Carey House adjacent.

Trafalgar Court therefore occupies a prominent waterfront position with uninterrupted westerly views across Belle Greve Bay towards Herm and Sark.

Vehicular access is provided via Elizabeth Avenue with the building's multi-storey car park located immediately to the rear.

SITUATED AT THE GATEWAY TO ADMIRAL PARK WITH PANORAMIC SEA VIEWS





Admiral Park

Admiral Park is the location of choice for occupiers within the finance and professional services sectors. The Park provides modern Grade A office accommodation with the very highest level of specification offering stunning views combined with excellent natural light and highly attractive car parking ratios. Occupiers on the Park include Butterfield Bank, Royal Bank of Canada, Aon, JTC and Intertrust.

Admiral Park was designated by the States of Guernsey as a mixed-use urban regeneration area with development commencing in 2002 with the construction of Trafalgar Court, followed by the construction of Martello Court & Dorey Court in 2004 and 2005 respectively.

In addition to the offices which total approximately 230,000 sq ft, there is a 60,000 sq ft Waitrose supermarket and a 50,000 sq ft B&Q store, both served by their own 500 space free multi-storey car park.

No. 1 The Plaza is currently under construction at Admiral Park which will provide 30,000 sq ft of Grade A office space via developer Comprop with practical completion due for the end of 2021. The majority of the building has been pre-let to Bank Julius Baer on a 15 year lease. A 100 bedroom Premier Inn hotel is being constructed alongside which is due to open in early 2022 with a future phase of commercial space also planned.



ADMIRAL PARK HAS BECOME THE
LOCATION OF CHOICE FOR TENANTS
WITHIN THE FINANCE AND PROFESSIONAL
SERVICES SECTORS



CAREY OLSEN



AON



Waitrose



AZTEC GROUP

Julius Bär

LANCASTER
GUERNSEY

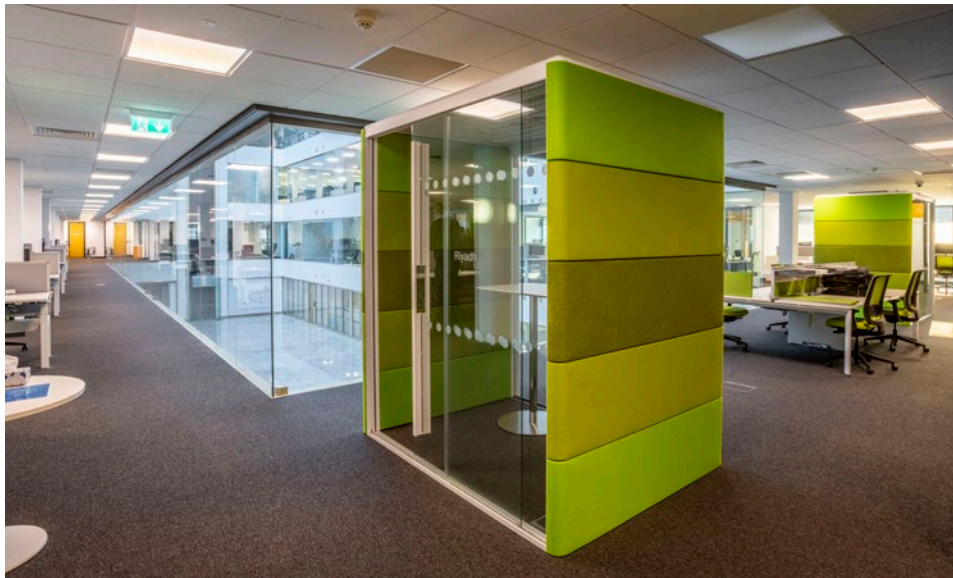
TRIDENT TRUST



CANACCORD Genuity
Wealth Management







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Description

Trafalgar Court, the second largest office building in the Channel Islands, was developed in 2002 and comprises one building arranged in two separate wings known as the East Wing and West Wing. Both wings have their own dedicated reception and impressive glass atriums.

The West Wing provides accommodation over ground and four upper floors, whilst the East Wing comprises ground and three upper floors.

The building is set in landscaped surroundings with granite paved areas, a water feature and planted areas and has fenestration to all elevations. The building frame has been clad with a combination of curtain wall glazing and granite rain screen cladding. It offers a total of 113,713 sq ft (10,564.29 sq m) of net lettable office space with a separate 518 space multi-storey car park. There is also a further shared client parking area to the rear with a drop off zone for deliveries.

The demised premises provide impressive sea views over Little Russell, Herm, Sark and St Peter Port Harbour, with an abundance of roof terraces and balconies.

Internally, the office accommodation is open plan arranged around an impressive central atrium in each wing which adds to the excellent natural light to all floorplates.

A UNIQUE OPPORTUNITY
TO ACQUIRE THE PREMIER
FREEHOLD OFFICE
BUILDING IN GUERNSEY

[View virtual tour](#)





Specification

Trafalgar Court is one of the most impressive buildings in the Channel Islands and benefits from the following Category A specification:



RECEPTION
Two self-contained building receptions



ATRIUMS
Two impressive feature atriums providing excellent natural light



FLOOR PLATES
Divisible floor plates offering optimum leasing flexibility



AIR CONDITIONING
Four pipe ceiling mounted air conditioning throughout



RAISED FLOORS
Full access raised floors providing 175mm void



HIGH CEILINGS
Floor to ceiling height of 2.50m



LIGHTING
Suspended ceilings with recessed lighting



WCS
Male, female and disabled WCs on each floor



LIFTS
3 communal staff lifts and 2 “scenic” client lifts



DELIVERIES
1 goods lift



CAR PARKING
518 spaces providing an attractive ratio of 1:220 sq ft



SECURITY
Integrated internal and external CCTV system



TRAFALGAR COURT BENEFITS FROM ONE OF THE MOST ATTRACTIVE CAR PARKING RATIOS IN THE CHANNEL ISLANDS



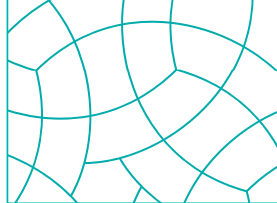
Car Parking

The car park comprises a separate standalone building situated in the north eastern corner of the site. It is a secure 518 space multi-storey arranged over 5 levels and is accessed from Elizabeth Avenue via the roadway running down the western boundary of the site. Both these roadways are privately owned and are built to adoptable standards.

The vehicular entrance to the car park is served by an automated roller shutter curtain door which is controlled by way of a proximity access control system. There is also a CCTV security system in operation. The car park has a lift serving all levels and offers direct pedestrian access from the eastern side of Trafalgar Court to the rear entrance of the office accommodation on its northern side.

Trafalgar Court benefits from one of the most attractive car parking ratios in Guernsey. Parking in St Peter Port has become increasingly important and now commands a significant premium. At a ratio of 1:220 per sq ft, Trafalgar Court compares very favourably with other buildings in the Channel Islands.

| Building | Ratio |
|------------------------------|-------------|
| Trafalgar Court | 1:220 sq ft |
| Regency Court | 1:298 sq ft |
| Carey House | 1:312 sq ft |
| Park Place | 1:428 sq ft |
| Glategny Court | 1:538 sq ft |
| Royal Bank Place | 1:777 sq ft |
| Royal Chambers & The Rotunda | 1:967 sq ft |



Accommodation

The net internal areas stated in the occupational leases are as follows:

| East Wing | Use | sq m | sq ft |
|-----------|---------|----------|--------|
| Ground | Offices | 797.67 | 8,586 |
| First | Offices | 879.70 | 9,469 |
| Second | Offices | 901.35 | 9,702 |
| Third | Offices | 751.68 | 8,091 |
| Total | | 3,330.39 | 35,848 |

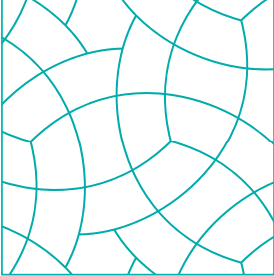
| West Wing | Use | sq m | sq ft |
|-------------------------------|---------|----------|--------|
| Ground | Offices | 1,595.24 | 17,171 |
| First | Offices | 1,626.55 | 17,508 |
| Second | Offices | 1,684.52 | 18,132 |
| Third | Offices | 1,430.06 | 15,393 |
| Fourth | Offices | 825.82 | 8,889 |
| First - north lobby | Storage | 17.28 | 186 |
| Second - north lobby | Storage | 17.28 | 186 |
| Third & Fourth - north lobbys | Storage | 37.16 | 400 |
| Total | | 7,233.90 | 77,865 |

| Total | Use | sq m | sq ft |
|--------|---------|-----------|---------|
| Ground | Offices | 2,392.91 | 25,757 |
| First | Offices | 2,523.53 | 27,163 |
| Second | Offices | 2,603.15 | 28,020 |
| Third | Offices | 2,198.93 | 23,669 |
| Fourth | Offices | 845.79 | 9,104 |
| Total | | 10,564.29 | 113,713 |

HIGHLY
SPECIFIED
OFFICE
ACCOMMODATION
OFFERING
OPTIMUM LEASING
FLEXIBILITY

Indicative Upper Floor Plan





Tenure

The property is held freehold.

Tenancies

The property is multi-let to four tenants in accordance with the tenancy schedule below.

WAULT

The property provides an attractive WAULT of 6 years to expiry.

Sub Tenancies

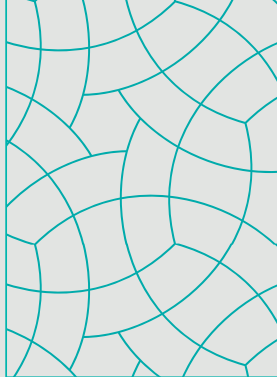
The property is sublet to Artemis, Permira, Trident Trust, Rawlinson & Hunter, Canaccord and Ocorian.

80% of the sublease income expires in 2028 (i.e. co-terminus with head lease).

The income derived from the subtenants equates to £2,378,586 per annum (53% of total rent).

Further information can be provided on request.

| Demise | Tenant | Area (sq ft) | Car Parking Spaces | Lease Start | Lease Break | Next Rent Review | Lease Expiry | Office Rent (£ pa) | Office Rent (£ psf) | Car Park Rent (£ pa) | Car Park Rent (£ per space) | Total Rent (£ pa) | Comments |
|---|--|--------------|--------------------|-------------|-------------|------------------|--------------|--------------------|---------------------|------------------------|-----------------------------|-------------------|---|
| East Wing Ground, 1st & 3rd Floors | Aztec Financial Services (Guernsey) Ltd | 26,146 | 97 | 01/07/2002 | - | - | 30/06/2023 | £1,103,884 | £42.22 | £84,446 | £871 | £1,188,330 | FRI lease. Lease assigned from Close Brothers Properties Guernsey Ltd with a guarantee from Close Asset Management Holdings Ltd and Aztec Group Ltd. |
| East Wing 2nd Floor | Northern Trust (Guernsey) Ltd | 9,702 | 20 | 01/07/2002 | - | 01/07/2023 | 30/09/2028 | £354,123 | £36.50 | £39,000 | £1,950 | £393,123 | FRI lease. |
| West Wing Ground, 1st, 2nd, 3rd & 4th Floors | Northern Trust (Guernsey) Ltd | 77,093 | 400 | 01/07/2002 | - | 01/07/2023 | 30/09/2028 | £2,813,895 | £36.50 | £700,000 (rent waived) | £1,750 | £2,813,895 | FRI lease. By way of an agreement dated 2002, the car park rent (£700,000 per annum) has been waived such that the contracted total rent is £3,513,895 per annum. |
| North Lobby 1st Floor | Vacant | 186 | - | - | - | - | - | - | - | - | - | - | 12 months' service charge, insurance, TRP and Parochial Rates guarantee provided by the Vendor on completion. |
| North Lobby 2nd Floor | Canaccord Genuity Wealth (International) Ltd | 186 | - | 01/06/2020 | 31/05/2022 | 01/06/2021 | 31/05/2023 | £9,423 | £50.66 | - | - | £9,423 | FRI lease. 2021 rent review is upwards only indexed to GRPI. Rent inclusive of service charge. |
| North Lobby 3rd & 4th Floors | MMIP Investment Management Ltd | 400 | 1 | 01/06/2020 | 31/05/2022 | 01/06/2021 | 31/05/2023 | £20,000 | £50.00 | £3,500 | £3,500 | £23,500 | FRI lease. 2021 rent review is upwards only indexed to GRPI. Rent inclusive of service charge. |
| Total | | 113,713 | 518 | | | | | £4,301,325 | £37.83 | £126,870 | | £4,428,271 | |



Stacking Plan

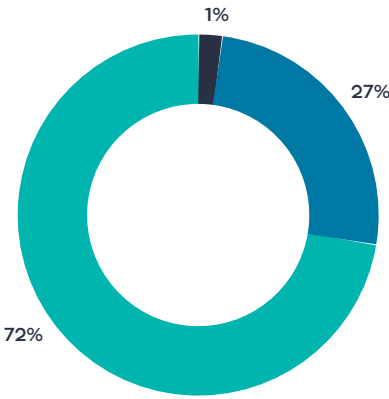
EAST WING

| | |
|--------|--|
| THIRD | Aztec Financial Services (Guernsey) Ltd |
| SECOND | Northern Trust (Guernsey) Ltd Sublet to Artemis Society Avec Responsibilite Limitee |
| FIRST | Aztec Financial Services (Guernsey) Ltd |
| GROUND | Aztec Financial Services (Guernsey) Ltd Part sublet to Permira (Guernsey) Ltd |

WEST WING

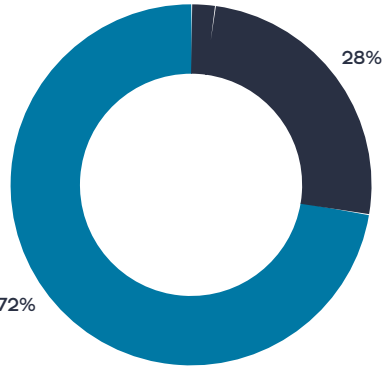
| | |
|--------|--|
| FOURTH | Northern Trust (Guernsey) Ltd Part sublet to Trident Trust Company (Guernsey) Ltd |
| THIRD | Northern Trust (Guernsey) Ltd Part sublet to Rawlinson & Hunter Ltd and Canaccord Genuity Wealth (International) Ltd |
| SECOND | Northern Trust (Guernsey) Ltd Part sublet to Ocorian Financial Services Group |
| FIRST | Northern Trust (Guernsey) Ltd |
| GROUND | Northern Trust (Guernsey) Ltd |

Income Analysis



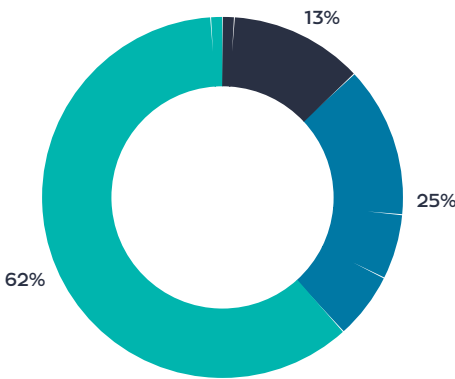
INCOME BY TENANT

- Canaccord & MMIP
- Aztec Financial Services (Guernsey) Ltd
- Northern Trust (Guernsey) Ltd



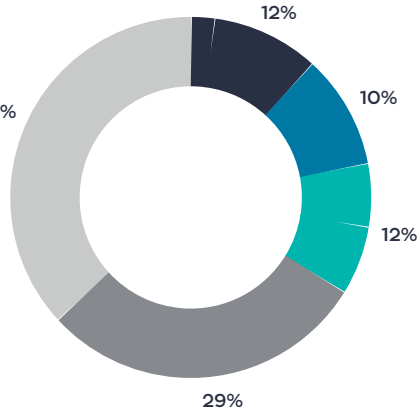
INCOME BY TERM CERTAIN

- 0-5 years
- 5-10 years



INCOME BY OCCUPIER (EAST WING)

- Permira
- Artemis
- Aztec



INCOME BY OCCUPIER (WEST WING)

- Trident Trust
- Rawlinson & Hunter
- Canaccord
- Ocorian
- Northern Trust

Combined head tenant and subtenant income by occupation





Covenant Information



AZTEC FINANCIAL SERVICES

Aztec Group was established in Jersey in 2001 and now employs over 1,000 people across five jurisdictions. They are an independent business specialising in financial services. Owner-managed, the Group administers over 410 funds and 4,200 entities for a range of clients, including private equity, real asset and debt fund managers, institutional investors and multi-national corporations totalling approximately €360+ billion under administration.

The Group is expanding and in addition to the Channel Islands, it now has offices in the United Kingdom, the United States, the Netherlands and Luxembourg. The Guernsey office is very much an integral part of the Group, employing over 120 people and boasting an employee and client retention rate that remains one of the highest in the industry.

The Group's focus on providing leading administration services since 2001 has seen them successfully win 12 awards in nine years including 'Fund Administrator of the Year' award at the British Private Equity Awards ceremony eight times.

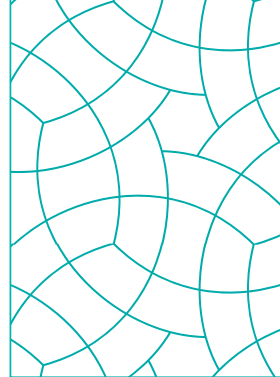
For more information please visit:
www.aztecgroup.co.uk

NORTHERN TRUST

Northern Trust traces its origins in Guernsey back to 1972. Founded in Chicago in 1889, today it is one of the world's leading financial institutions that provides asset servicing, investment management and wealth management for institutions, high net worth individuals and families. They have a global network spanning offices in 26 locations in North America, Europe, the Middle East and the Asia-Pacific region.

Northern Trust's Guernsey office provides fund administration, custody, banking and fiduciary services to a global client base that includes specialist, multi-manager and conventional funds, corporations, family offices and private individuals. The key principles of service, expertise and integrity have enabled them to establish an international reputation for excellence in financial services. Their client focused business model is supported by innovative products and technology.

For more information please visit:
www.northerntrust.com



Guernsey Office Market

During the COVID-19 pandemic, occupiers in the Channel Islands fared better than their UK counterparts, especially given that workers are not faced with long commutes and the necessity to use crowded public transport systems to get to work.

Coupled to this, the Islands have managed the pandemic well. As a result, occupiers have been prepared to enter into long term leases and sign pre-lets during 2020. Take up in Guernsey during 2020 was in line with the 5 year average.

As a recent survey conducted by D2RE found that:

- 78% of those surveyed would like to return to full capacity within 6 months.
- In answer to the relevance of the office to their business (1 being not at all relevant and 5 being essential), the average score was 4.3 out of 5.

Relevance of business space



For the full survey results:

D2 Real Estate's 2021 Office Market Review and Occupier Survey Results. [View here](#)

OVERVIEW

Guernsey's prime office market is focused around two principal areas. Firstly, at the junction of St Julian's Avenue and Gategny Esplanade, where numerous banks, law firms and financial services firms are located including EY, Royal Bank of Scotland, Cazenove, Deloitte, KPMG, Butterfield Bank, Rothschilds and Investec.

Secondly, Admiral Park just to the north of St Peter Port, provides accommodation for larger floor plate offices. Buildings include Martello Court, Dorey Court, Carey House and the subject property, Trafalgar Court, which remains Guernsey's largest office building.

RENTS

The general tone for prime headline rents in buildings offering car parking is in the region of £40 per sq ft. There are always variances between the buildings and rents up to £43 per sq ft have been achieved in the adjacent property, Dorey Court in recent years. In general, headline rents for prime offices have steadily risen over the last decade coinciding with an increasing importance placed on car parking. Car parking rates have risen significantly in recent years with £3,250 per space firmly established in St Peter Port.

TRAFALGAR COURT

TAKE UP

In spite of the COVID-19 pandemic the Guernsey office market has proven to be resilient with take up in the region of 57,000 sq ft (including the pre-lets), so broadly in line with the 5 year average. As is consistent with previous years there were a couple of larger lettings, the largest being a 23,000 sq ft pre-let to Bank Julius Baer, with the remainder in smaller suites up to 5,000 sq ft.

For the first time in over a decade, new developments are underway, the majority of which have been pre-let. It is clear that if developers bring the right product to the market then there is strong occupier demand. Generally, demand remains fairly constant on a year by year basis and there are currently a number of active requirements in the market.

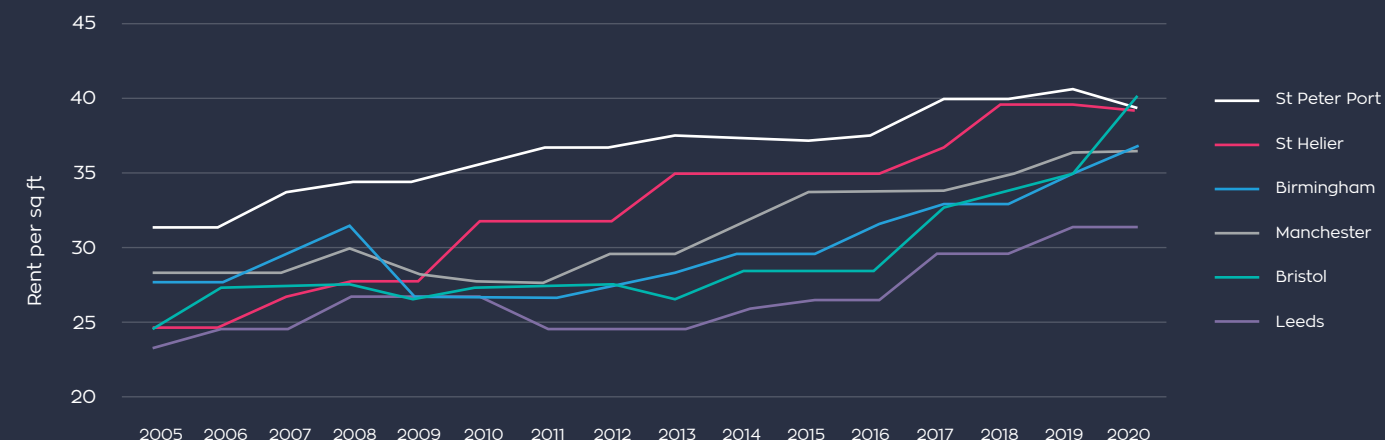
SUPPLY

Guernsey has a total office stock of approximately 2,000,000 sq ft of which 500,000 sq ft can be classed as Grade A.

The vacancy rate in St Peter Port is low at 6% for Grade A space, a result of a restrictive planning regime and the natural constraints of its Island geography. A few larger prime floorplates have recently been refurbished and are on the market, this has resulted in a modest increase in the prime office vacancy rate.

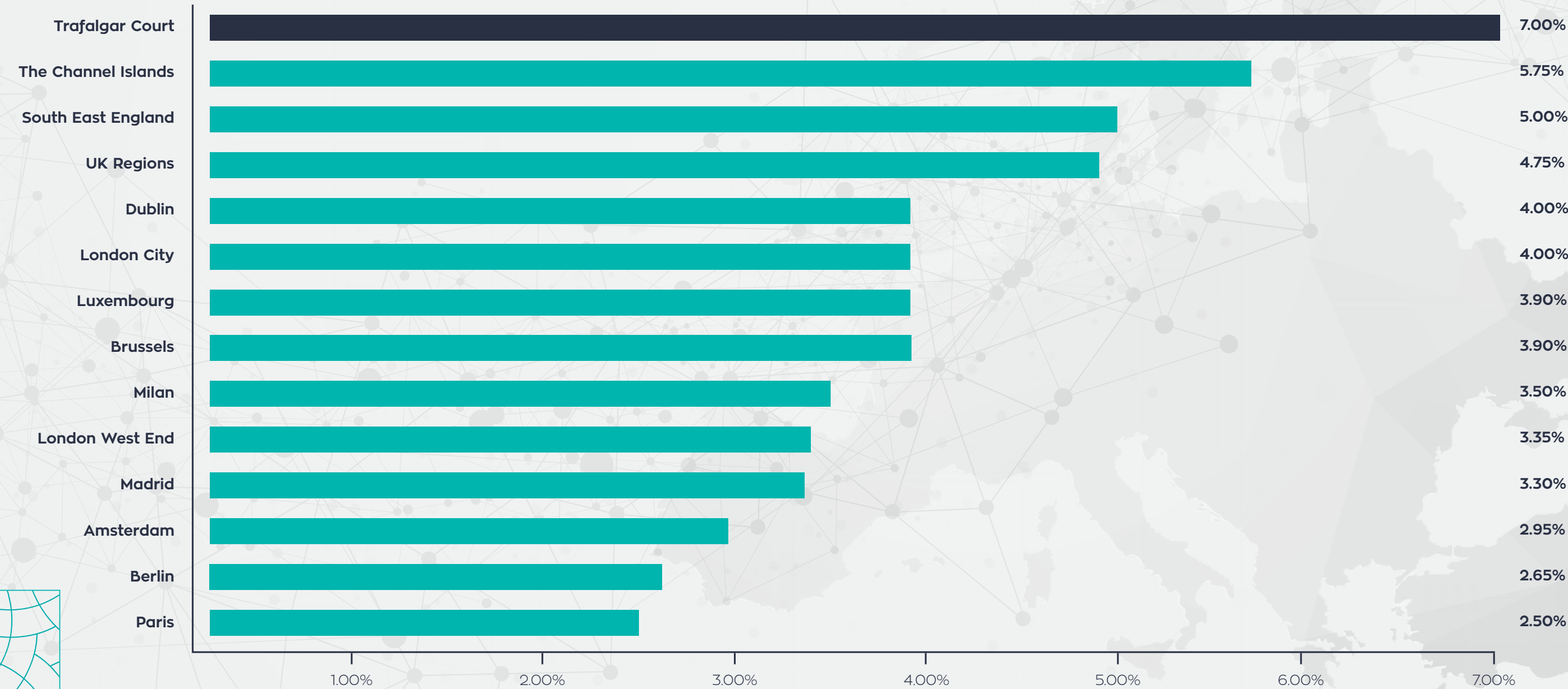
Looking at the potential development pipeline going forward, developer Comprop are on site with No.1 The Plaza, Admiral Park and St James Place also in St Peter Port, both have been pre-let. As a result supply is likely to remain constrained.

Rental Growth



European Investment Yields

GUERNSEY OFFERS AN ATTRACTIVE
PRICING DISCOUNT RELATIVE TO
MAJOR EUROPEAN CITIES



Source: JLL Research

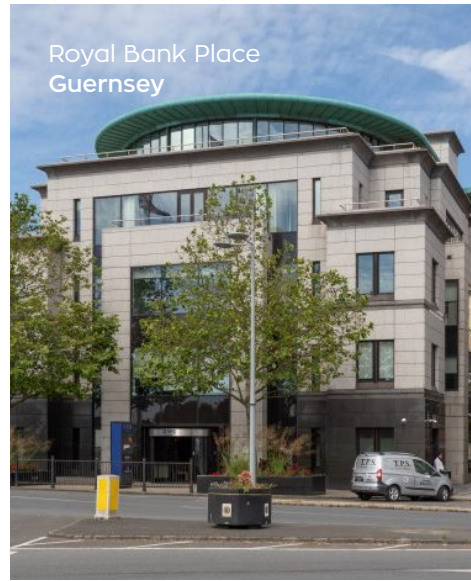
Prime Yields



Gaspe House
Jersey



IFC5
Jersey



Royal Bank Place
Guernsey



TRAFALGAR
COURT

The Channel Islands - The Leading Global Offshore Finance Centre



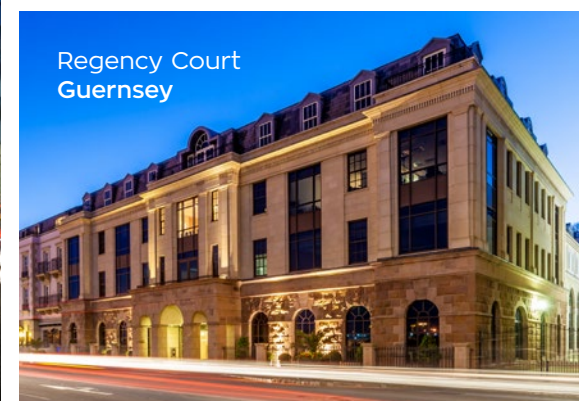
Martello Court & Dorey Court
Guernsey



26 Esplanade
Jersey



Royal Chambers
Guernsey

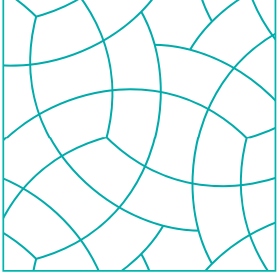


Regency Court
Guernsey



IFC1
Jersey

INVESTORS REMAIN ATTRACTED BY STRONG INVESTMENT FUNDAMENTALS IN THE CHANNEL ISLANDS



The Channel Islands Investment Market

The offshore investment market has performed well in recent years as investors remain attracted by strong investment fundamentals including:

- Multi-national occupiers providing excellent covenant strengths
- Appealing long lease structures
- Stable economies
- Three yearly upwards only rent reviews
- Privity of contract and no statutory rights for tenants to renew

Offshore markets have recently attracted a range of institutional and international buyers, including Aberdeen Standard Investors, Henley Investments, Valad Europe, Brockton Capital, Apache Capital, Seaton Place, Parthena Reys, Sidra Capital and The Channel Islands Property Fund.

Set out below are some recent investment transactions in the offshore investment market.

| Property | Date | Size (sq ft) | Term Certain (years) | Price | NIY |
|--|----------|--------------|----------------------|-------------|-------|
| Carey House, Guernsey | Feb 2020 | 26,814 | 9.0 | £17,100,000 | 6.60% |
| St Julian's Court, Guernsey | Oct 2020 | 32,413 | 8.4 | £13,785,000 | 6.95% |
| 27-28 Esplanade, Jersey | Nov 2019 | 70,000 | 18.5 | £41,000,000 | 6.00% |
| IFC 5, Jersey | Jul 2019 | 68,818 | 14.0 | £47,600,000 | 5.75% |
| Martello Court & Dorey Court, Guernsey | Apr 2019 | 89,162 | 11.0 | £60,650,000 | 6.40% |
| IFC 1, Jersey | Nov 2018 | 70,382 | 12.6 | £43,700,000 | 5.94% |
| Gaspe House, Jersey | Nov 2018 | 164,298 | 14.5 | £90,000,000 | 6.16% |
| Royal Bank Place, Guernsey | Nov 2017 | 43,487 | 11.2 | £26,000,000 | 6.75% |
| Royal Chambers & The Rotunda Guernsey | Aug 2017 | 72,508 | 13.8 | £46,500,000 | 6.75% |

TRAFALGAR COURT HAS THE POTENTIAL TO GENERATE ATTRACTIVE CASH ON CASH RETURNS IN EXCESS OF 11%



Accretive Debt

JLL DEBT ADVISORY

JLL Debt Advisory provides market leading debt solutions for real estate investors.

Through a robust marketing campaign that focuses on global banks and life insurance companies, the team considers that Trafalgar Court will be competitively bid by the target lender universe, ensuring the buyer achieves the most aggressive financial and non-financial terms available in the market.

AVAILABLE DEBT

As part of the sales process, the JLL Debt Advisory team has considered potential debt options for Trafalgar Court.

Please note that these terms are based on the current debt market and may change between the time of the brochure and the acquisition completing. A summary of these high-level terms are as follows:

| Lender | Loan to Value | Margin | Total Cost of Debt * | Comment |
|----------------------|---------------|-------------------|----------------------|--|
| UK Clearing Bank | 50% - 55% | 185 bps - 220 bps | 2.15% - 2.50% | 2 year loan and potential amortisation in year 2 |
| UK Insurance Company | 53% - 57% | 175 bps - 235 bps | 1.90% - 2.50% | 2 year loan and amortisation in year 2 |
| International Bank | 50% - 55% | 195 bps - 245 bps | 2.25% - 2.75% | 2 year loan and amortisation in year 2 |

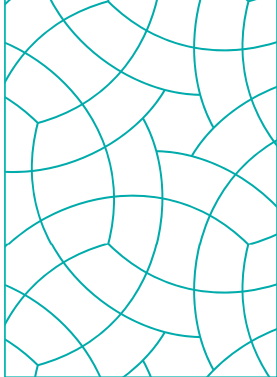
* Using 3 year SWAP for Banks and 3 year Gilt for Insurance Companies. Rates as at April 2021 and there may be an additional bank credit cost.

CONTACT

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Guernsey Real Estate

PRIVITY OF CONTRACT

On assigning a lease in Guernsey, the original tenant remains liable for the remainder of the term, as was the position in England before 1996.

The tenant must therefore seek release from any obligation on assignment. Unless the lease documents provide otherwise, landlords are not obliged to give release but often agree if they are satisfied with the strength of covenant of the incoming tenant.

SECURITY OF TENURE

Guernsey has no equivalent to the Landlord & Tenant Act 1954. Business tenancies therefore have no security of tenure. However, if an eviction order is served, occupiers can apply for a stay of eviction. The length of stay can vary depending on multiple circumstances but in the case of a commercial property, the stay of eviction is unlikely to be for very long.

FORFEITURE/RE-ENTRY

As in England, landlords claim forfeiture (re-entry) rights for non payment of rent, breach of covenant or insolvency. However, in Guernsey, tenants have no protection to apply for relief, although they can apply for a stay of eviction.

TAX ON REAL PROPERTY

There are no Business Rates in Guernsey. There is tax on Real Property and Parish Rates but these are less than 10% of equivalent UK Business Rates and equate to approximately £4.15 per sq ft for offices occupied by regulated finance entities.

A NUMBER OF
ATTRACTIVE LEGISLATIVE
DIFFERENCES EXIST
BETWEEN GUERNSEY
AND THE UK

TRAFALGAR
COURT

Taxation

PERSONAL & CORPORATE TAX

As an independent, self-governing jurisdiction, The Bailiwick of Guernsey has developed its own system of personal and corporate taxation. The tax legislation was introduced in 1975 and amended since. But as a result, there is no Capital Gains Tax, Corporation Tax*, Inheritance Tax, GST (Goods and Services Tax) or VAT and a flat rate of Income Tax at 20%. Social insurance contributions are generally lower than in the UK and Customs & Excise duties are also low.

Guernsey can afford a lower tax rate because it has a significantly lower cost base than other jurisdictions. Using the UK as an example, infrastructure costs in Guernsey are a fraction of UK expenditure because of its size. It doesn't have all the major road and local transport projects with only a small road network and no motorways. With no railway, the Island doesn't have railway infrastructure improvements, e.g. Crossrail. Guernsey's social infrastructure costs are also modest compared with the mainland's spending on schools, hospitals and prisons.

This long-standing, fair and competitive tax regime meets OECD standards and has allowed Guernsey to develop an international reputation as a first class global operational centre.

We recommend that interested parties seek independent taxation advice regarding the acquisition of Trafalgar Court.

* The only exceptions to this are income from banking, domestic insurance, regulated fiduciary, insurance intermediary and insurance manager businesses, which are taxed at 10%. Income from trading activities regulated by the Channel Islands Competition and Regulatory Authorities (CICRA) and income from the ownership of land and buildings in Guernsey are also taxed at 20%.



Additional Information

CAPITAL ALLOWANCES

There are no unclaimed Capital Allowances available to the purchaser.

EPC

Energy Performance Certificates are not a legal requirement in Guernsey.

SERVICE CHARGE

There is a service charge and estate charge in place for Trafalgar Court.

Further information can be found in the data room.

VAT

There is no VAT payable in Guernsey.

DATA ROOM

The following information can be downloaded from the data room:

- Marketing brochure
- Tenancy schedule (in excel)
- Occupational leases
- Sub-tenancy schedule
- Title information
- Technical surveys (if undertaken)
- Floor plans
- Service charge information
- Estate charge information

AML

In accordance with Anti-Money Laundering (AML) Regulations, the purchaser will be required to satisfy the vendor on the source of the funds used to complete the transaction.

Proposal

We are instructed to seek offers in excess of **£59,150,000** (Fifty Nine Million, One Hundred And Fifty Thousand Pounds), subject to contract and exclusive of GST (VAT).

A purchase at this level reflects an **attractive net initial yield of 7.00%** exclusive of purchaser's costs of 6.95%.

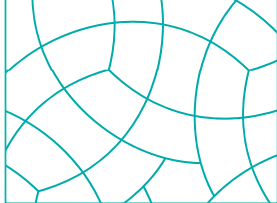
REVERSIONARY YIELD

By way of an agreement dated 2002, the rent on 400 car spaces has been waived. Including this contracted £700,000 per annum, the **reversionary yield is 8.10%**.

CORPORATE ACQUISITION

The property is held in an SPV registered in Guernsey. A corporate acquisition of the issued shares in the SPV is subject to an alternative transaction duty regime and in certain circumstances duty may not be due, thereby significantly improving the yield. Further information can be provided on request.





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