

IFC1

JERSEY

IFC JERSEY
INTERNATIONAL FINANCE CENTRE

SUPER PRIME MULTI-LET OFFICE INVESTMENT

IFC 1 presents a rare opportunity to acquire a newly built, super prime multi-let office building with an enviable tenant line up and a WAULT of 17.2 years to expiry.

IFC1
JERSEY



GIVE
WAY

CASTLE STREET
LE FEROUAG

INVESTMENT SUMMARY

- IFC 1 is Jersey's premier multi-let office building
- IFC 1 forms part of the prestigious IFC Jersey development which will provide 470,000 sq ft of Grade A office accommodation in the heart of Jersey's central business district and Waterfront area
- IFC 1 completed in March 2017 and provides a super prime, highly specified Grade A office building arranged over basement, ground and five upper floors totalling 70,382 sq ft
- Column-free floorplates with a central core provide complete flexibility on fit outs
- Standalone building with highly glazed façade offering excellent levels of natural light
- BREEAM 'Excellent' rating
- 33 basement car parking spaces
- Designed by award winning architects MJP Architects and Sir Richard MacCormac
- Multi-let to six blue-chip tenants providing a strong and diverse income profile
- Combined total income of £2,636,156 per annum
- WAULT of 17.2 years to expiry and 12.6 years to break
- Long leasehold
- Jersey is regarded as one of the world's leading offshore financial centres with a Standard & Poor's credit rating of AA-/A-1+ and a GDP of £4.1 billion (2016)
- Jersey has excellent communications with the UK mainland and Europe
- A loan to value ratio of 60% provides attractive cash on cash returns in excess of 10.00%

We are instructed to seek offers in excess of **£43,300,000** (Forty Three Million, Three Hundred Thousand Pounds), subject to contract and exclusive of GST (VAT).

A purchase at this level reflects an **attractive net initial yield of 6.00%** assuming purchaser's costs of 1.50%.

JERSEY HIGHLIGHTS



One of the world's leading offshore financial centres



Increasing GDP of £4.1 billion (2016)



Lower transaction costs relative to mainland UK



Significant pricing discount relative to major UK & EMEA centres



Centre of excellence for professional services



Excellent communications with the UK mainland and Europe



Home to numerous multi-national financial services businesses

£40.00

Headline Grade A rents of up to £40.00 per sq ft



Low Grade A vacancy rate of circa 2.6%

AA-/A-1+

S&P rating of AA-/A-1+ with a stable outlook



Supply imbalance expected to drive rental growth



Strong investment fundamentals for landlords



JERSEY

Location

Jersey is the largest of the Channel Islands and is located between the northern coast of France and the southern coast of England.

Its capital St Helier is the home of the island's retail and business districts with a population of 33,522 (2011 census) accounting for 32% of Jersey's population which was estimated to 104,200 as at the end of 2016.

Jersey's status as a Crown Dependency gives the jurisdiction constitutional rights of self-government and judicial independence. This offers both businesses and investors the benefits of an independent international finance centre, which is close to the UK and mainland Europe.

Jersey's central time zone intersects the closing of business in Asia and the opening of business in the US.



Economy

Jersey is one of the world's leading offshore financial centres, remaining at the forefront of the global finance industry for over 50 years. The finance industry employs approximately 28% of the total workforce and represents a direct contribution of 42% of Jersey's GVA.

Activity in Jersey contributes around £5 billion to the UK in tax revenue, and helps facilitate £0.5 trillion of foreign investment into the UK and almost €200 billion in the rest of the EU each year. Jersey's finance industry has received endorsements from authorities including the OECD, IMF, World Bank and MONEYVAL.

The jurisdiction has signed up to all cooperation and information sharing mechanisms, including BEPS and the Common Reporting Standard. The Jersey Financial Services Commission is responsible for the regulation, supervision and, within its legal remit, the development of the financial services industry on the island.

Jersey'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. The key pillars to Jersey's finance industry are:



BANKING

The banking sector in Jersey currently provides 29 banking licences including over half of the top 25 banks in the world by Tier 1 capital, with nearly £112 billion held in deposits. The sector does not rely only on wholesale funding operations but is home to a variety of multidisciplinary banking groups, core retail and commercial banking, large UK clearers, global private banks and specialist providers.



INVESTMENT FUNDS

Jersey has developed a respected funds sector that offers a broad range of fund regimes from regulated options through to the more sophisticated and institutional end of the market. The industry has a net asset value of £265 billion and has a total of 1,141 regulated collective investment funds established as at June 2017. In more recent years, Jersey has evolved into a specialist centre for the alternative asset classes, including hedge, real estate and private equity funds, which account for around 70% of its overall funds business.



WEALTH MANAGEMENT

Jersey provides globally mobile individuals and families with facilities to place their wealth and assets in structures that are legally robust and tax efficient. The island has over 827 Regulated Trust Entities.

COMMUNICATIONS

Jersey has excellent communications with the UK, with approximately 80 flights per week to London.

Jersey benefits from direct flights to London City, London Gatwick, London Luton and London Southend. The fastest journey time is approximately 55 minutes and the airport is located just 8 kms (5 miles) from St Helier.

Ferries from the UK to Jersey operate regularly, with a fastest journey time of 4 hours 30 minutes to/from Poole. In addition, there is a ferry service to/from Portsmouth.



Southampton	45mins
London Gatwick	55mins
Cardiff	55mins
London Luton	1hr
Liverpool	1hr 5mins
Birmingham	1hr 5mins
Bristol	1hr 15mins
East Midlands	1hr 15mins
London City	1hr 25mins
Manchester	1hr 30mins
Edinburgh	1hr 35mins
Dublin	1hr 40mins
Zurich	1hr 46mins



Guernsey	1hr
St Malo	1hr 15mins
Poole	4hrs 30mins

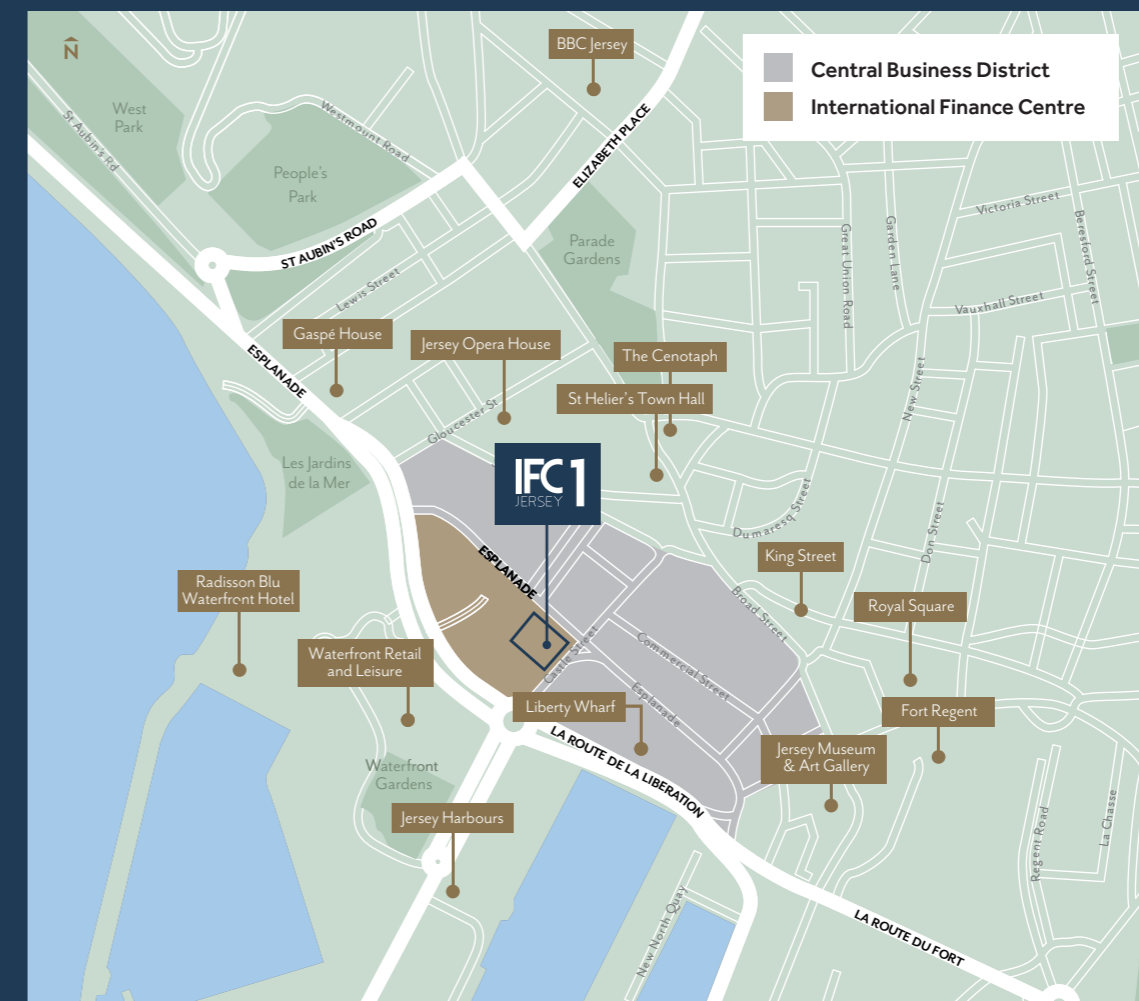
SITUATION

IFC 1 is situated in a prime location at the heart of St Helier's central business district between the Esplanade and the burgeoning Waterfront development.

The property's principal frontage is at the junction of Esplanade and Castle Street.

The prime retailing pitch of King Street and the Royal Square are all within a few minutes walk from the property, offering a wide range of amenities.

Other occupiers in the vicinity include PwC, KPMG, Citibank, Royal Bank of Canada, HSBC, SG Hambros and the Jersey Financial Services Commission.





KEY

- | | |
|---|--|
| 1 Royal Bank of Canada / Deloitte | 10 Cineworld |
| 2 HSBC | 11 Jersey Financial Services Commission |
| 3 Radisson Blu Hotel | 12 Sanne Group |
| 4 CVC Capital Partners | 13 Ernst & Young |
| 5 Carey Olsen | 14 SG Hambros |
| 6 Ogier / Intertrust | 15 Lloyds Private Banking |
| 7 Citibank / Aztec | 16 Liberty Wharf Shopping Centre |
| 8 KPMG / PwC / Canaccord | 17 Royal Yacht Hotel |
| 9 International Finance Centre, Jersey | 18 Elizabeth Marina |

INTERNATIONAL FINANCE CENTRE

IFC Jersey is a prestigious development that will deliver 470,000 sq ft of super prime Grade A office accommodation in the heart of Jersey's central business district and Waterfront area.

IFC Jersey will comprise of six standalone office buildings with private car and bicycle parking and a three level 520 space public car park. High quality civic open space will be created on half of the IFC Jersey site with proposals for soft landscaped areas which include a public park and a public square.

IFC Jersey will establish a clear identity for the island's premier industry and strengthen the connection between the historic town centre and the new Waterfront.

Construction of IFC Jersey is split into phases. IFC 1 reached practical completion in March 2017 and construction commenced on the second building, IFC 5, in December 2016 and is due for completion in August 2018. The third office building, IFC 6, received planning consent in March 2017.

IFC 1 provides 70,382 sq ft (6,540 sq m) of Grade A office space over 6 floors with a basement providing 33 car parking spaces and 72 bicycle spaces.

IFC 5 will provide 69,000 sq ft (6,400 sq m) of Grade A office space over 6 floors with a basement providing 48 car parking spaces and 72 bicycle spaces.

IFC 6 will provide 70,000 sq ft (6,500 sq m) of Grade A office space over 5 floors with a basement providing parking for 51 cars and 72 bicycles.



ABOUT THE DEVELOPER

The Jersey Development Company ("JDC") was established in 2011 and is wholly owned by the States of Jersey, the Government of the Island of Jersey. The Company is responsible for completing the development of the St Helier Waterfront and regenerating redundant States of Jersey property.

Every initiative JDC undertakes is Government-led and the property developments are delivered on land that has been entrusted to JDC by the States of Jersey.

JDC's mission is to create 'dynamic, innovative and sustainable new environments for people to live, work and invest, ensuring all developments are in the local interest and contributing to Jersey's bright economic future'.

JDC creates new homes for local residents and new Grade A office space for the island's premier financial services industry. Some examples of other developments the company is currently delivering are shown below:



IFC 5

Location	International Finance Centre, Jersey
Size	69,000 sq ft
Completion	August 2018
Principal tenant	Sanne Group



IFC 6

Location	International Finance Centre, Jersey
Size	70,000 sq ft
Completion	Estimated July 2020
Principal tenant	TBC – due to commence Q3 2018



COLLEGE GARDENS

Location	St Helier, Jersey
Size	187 apartments
Completion	Sectional completion from April 2018
Occupiers	All sold to local residents



HORIZON

Location	St Helier Waterfront, Jersey
Size	280 apartments plus 20,000 sq ft retail and 194 basement car parking spaces
Completion	Sectional completions from June 2021
Occupiers	As at May 2018, 70 units pre-sold to local residents

DESCRIPTION

IFC 1 is a striking new Grade A office building totalling 70,382 sq ft and is one of the first office buildings in Jersey to achieve a BREEAM 'Excellent' rating.

Constructed in 2017, IFC 1 is of a steel frame construction with composite concrete floor slabs with a high quality unitised façade and reinforced concrete basement structure. The office accommodation is arranged around a central core and provides 70,382 sq ft of Grade A office accommodation over basement, ground and five upper floors.

The principal entrance is in the central bay of the colonnade to the north façade which faces the extensive landscaped areas adjacent to the Esplanade.

The building is designed to accommodate a multi-tenanted floor plate. The lift lobby and service zones are accessible from the office floors to each side, with the ability to split up to four tenancies per floor.

Typical floor plates are 12,000 sq ft with an occupancy density of 1 person per 8 sq m and a headcount of 140 can be delivered on a typical floor. This is the first time that column-free floor plates have been delivered locally with spans of 12 metres.

IFC 1 offers environmentally sustainable Grade A office accommodation meeting the latest design and operational efficiency standards. The building has been designed to maximize natural light and external views with floor to ceiling windows on all four façades of the building and the column-free floor plates throughout provide complete flexibility and efficiency for occupiers.

IFC 1 is one of the first office buildings in Jersey to achieve a BREEAM 'Excellent' rating. IFC 1 demonstrates a 19% improvement on the minimum requirements of Jersey Building Bye-Laws. The building substantially surpasses the minimum energy requirements for BREEAM 'Excellent' through the use of advanced façade solar control and air source heat pump technology.



SPECIFICATION

IFC 1 is the most highly specified office building in the Channel Islands, benefiting from the following high quality CAT A office specification:

- Heating and comfort cooling 3 pipe VRF DX air source heat pumps system
- Highly efficient and flexible column-free working spaces
- High quality unitised façade made from anodised aluminium, high performance glazing and acid-etched pre-cast concrete
- Floor to ceiling windows on all four elevations
- Occupancy density of 1 person per 8 sq m
- Grid tile suspended ceiling with LG7 compliant lighting
- Low energy LED lamps with a computer controlled lighting system
- 600mm x 600mm fully accessible raised floor providing 150mm void
- 2 x 17 person (1,275 kg) passenger lifts servicing basement, ground and upper floors
- 1 x 17 person (1,275 kg) passenger lifts servicing the ground and upper floors
- BREEM 'Excellent' rating
- Male, female and disabled WC's on each floor
- 33 secure basement car parking spaces
- Shower facilities in the basement
- 72 on-site bicycle spaces accessed through the basement
- Floor to ceiling height of 3,100mm on the ground floor
- Floor to ceiling height of 2,650mm on first to fifth floors
- BMS system
- Reception with concierge desk and waiting area



ACCOMMODATION

The property has been measured in accordance with the International Property Measurement Standards (1st Edition, May 2015) and provides the following IPMS 3 floor areas:

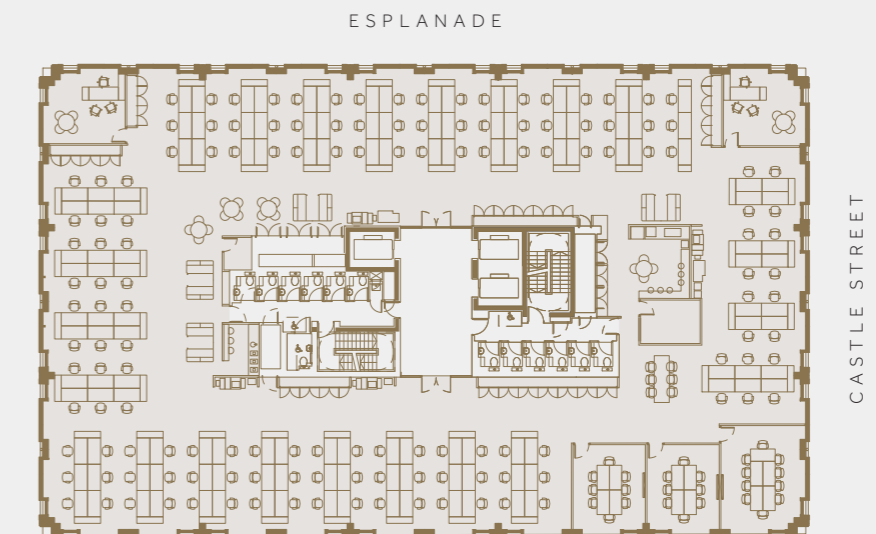
FLOOR	USE	AREA (SQ M)	AREA (SQ FT)
Fifth	Office	1,101.8	11,860
Fourth	Office	1,123.6	12,094
Third	Office	1,130.5	12,169
Second	Office	1,135.1	12,218
First	Office	1,128.7	12,149
Ground	Office	768.3	8,270
Ground	Reception	90.8	977
Basement	Storage	59.9	645
TOTAL		6,538.7	70,382

FLOOR PLANS

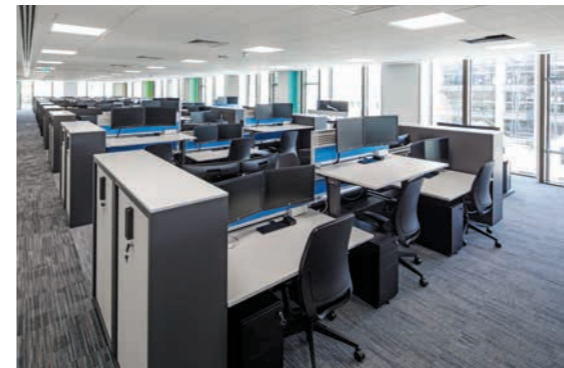
N
↖
Ground Floor



N
↖
Typical Floor



TENURE & TENANCIES



Tenure

The property is held by way of a sublease from The States of Jersey Development Company Ltd to a special purpose vehicle company JIFC (4) Ltd at a peppercorn rent for a term of 143 years and 307 days from 13 February 2015.

The States of Jersey Development Company Limited holds a long leasehold interest of the IFC estate pursuant to a head lease from Public of the Island of Jersey, which was granted (at a peppercorn rent) for a term of 150 years expiring in December 2158.

The common areas of the IFC estate (as they may be established from time to time) are demised to a management company, with each owner of the buildings contributing to the management expenses. The tenant leases provide for the recovery of these costs.

Further information is available on request.



Tenancies

The property is currently multi-let to six tenants providing a strong and diverse income profile.

Terms are being negotiated on the larger ground floor suite on a 15 year lease. Further information is available on request.

The rent on completion will total £2,636,156 per annum, providing an average rent of £36.34 per sq ft on the office accommodation. The most recent lettings have been at £40.00 per sq ft demonstrating the reversionary potential.

The WAULT is 17.2 years to expiry and 12.6 years to break.



Tenancy Schedule

DEMISE	TENANT	IPMS 3 AREA (SQ FT)*	CAR PARKING SPACES	LEASE START	LEASE BREAK	RENT REVIEW	LEASE EXPIRY	OFFICE RENT (£ PA)	OFFICE RENT (£ PSF)	CAR PARK RENT (£ PA)	TOTAL RENT (£ PA)	COMMENTS
Fifth, Part Fourth and Basement	UBS AG	17,626	11	07/04/2017	06/04/2032	07/04/2020	06/04/2042	£570,526	£33.60	£35,750	£612,952	Rent commencement date 08/07/2018. Rent free period to be topped up by the Vendor on completion. Total rent includes £6,675.75 (645 sq ft) attributed to the basement. Passing rent of £552,107 pa on the office and basement accommodation. Stepped rent to £577,202 pa on the office and basement accommodation from 07/04/2020 to be topped up by the Vendor on completion. There is a further stepped rent to £602,298 pa on the office and basement accommodation from 07/04/2022. Stepped rent to £38,500 pa on the car parking spaces (£3,500 per space) from 07/04/2022. Upwards only market rent reviews every 5 years from 07/04/2027 on the office, basement and car parking rent. Tenant only break options on 06/04/2032 and 06/04/2037. Both break options are subject to no less than 12 months prior written notice. The stepped rent in the UBS lease is based on an agreed landlord and tenant NIA area of 16,537 sq ft as per the rental calculation certificate in the lease.
Part Fourth	Laing O'Rourke Corporation Ltd	3,297	2	19/05/2017	-	19/05/2020	18/05/2032	£138,474	£42.00	£5,250	£143,724	Rent commencement date 20/08/2018. Rent free period to be topped up by the Vendor on completion. Passing rent of £131,880 pa on the office accommodation. Stepped rent to £138,474 pa on the office accommodation from 19/05/2020 to be topped up by the Vendor on completion. The car parking rent is subject to an open market rent review on 19/05/2020. Upwards only market rent reviews every 3 years from and including 19/05/2023 on the office and car parking rent.
Part Fourth	ED Capital Ltd	3,676	2	04/08/2017	-	04/08/2020	03/08/2032	£154,392	£42.00	£7,000	£161,392	Rent commencement date 04/11/2018. Rent free period to be topped up by the Vendor on completion. Passing rent of £147,040 pa on the office accommodation. Stepped rent to £154,392 pa on the office accommodation from 04/08/2020 to be topped up by the Vendor on completion. Passing rent of £6,000 pa on the car parking spaces. Stepped rent to £7,000 pa on the car parking spaces (£4,000 per unencumbered space and £3,000 per encumbered space) from 04/08/2020 to be topped up by the Vendor on completion. Upwards only market rent reviews every 3 years from and including 04/08/2023 on the office and car parking rent.
Third	BNP Paribas S.A.	12,169	4	21/07/2017	-	21/07/2020	20/07/2032	£438,084	£36.00	£13,000	£451,084	Passing rent of £425,915 pa on the office accommodation. Stepped rent to £438,084 pa on the office accommodation from 21/07/2020 to be topped up by the Vendor on completion. The car parking rent is subject to an open market review on 21/07/2020. Upwards only market rent reviews every 3 years from and including 21/07/2023 on the office and car parking rent.
Second	BNP Paribas S.A.	12,218	4	21/07/2017	21/07/2026	21/07/2020	20/07/2032	£464,284	£38.00	£13,000	£477,284	Passing rent of £452,066 pa on the office accommodation. Stepped rent to £464,284 pa on the office accommodation from 21/07/2020 to be topped up by the Vendor on completion. The car parking rent is subject to an open market review on 21/07/2020. Upwards only market rent review every 3 years from and including 21/07/2023 on the office and car parking rent. Tenant only break option on 21/07/2026 subject to no less than 12 months prior written notice.
Part First	Foundation Services Ltd	2,596	2	05/01/2018	05/01/2033	05/01/2021	04/01/2039	£109,032	£42.00	£6,000	£115,032	Rent commencement date 05/04/2019. Rent free period to be topped up by the Vendor on completion. Passing rent of £103,840 pa on the office accommodation. Stepped rent to £109,032 pa on the office accommodation from 05/01/2021 to be topped up by the Vendor on completion. The car parking rent is subject to an open market review on 05/01/2021. Upwards only market rent reviews every 3 years from and including 05/01/2024 on the office and car parking rent. Tenant only break options on 05/01/2033 and 05/01/2036. Both break options are subject to no less than 12 months prior written notice. The Vendor holds a cash guarantee of £355,000 backing up 3 years rent and estimated service charge.
Part First	Instant Managed Offices Ltd	9,553	4	13/04/2018	13/04/2030	13/04/2021	12/04/2033	£358,238	£37.50	£14,000	£372,238	Rent commencement date 13/10/2019. Rent free period to be topped up by the Vendor on completion. Passing rent of £343,908 pa on the office accommodation. Stepped rent to £358,237.50 pa on the office accommodation from 13/04/2021 to be topped up by the Vendor on completion. The car parking rent is subject to an open market review on 13/04/2021. Upwards only market rent reviews every 3 years from and including 13/04/2024 on the office and car parking rent. Tenant only break option on 13/04/2030 subject to no less than 12 months prior written notice. The whole of the office accommodation and car parking spaces are sub-let to TMF Property Services Ltd.
Part Ground	Vacant	1,635	1	-	-	-	-	£57,225	£35.00	£3,500	£60,725	24 months' rent, rates and service charge guarantee provided by the Vendor on completion.
Part Ground	Vacant	6,635	3	-	-	-	-	£232,225	£35.00	£9,500	£241,725	Terms under negotiation on a new 15 year lease at £35.00 per sq ft with a stepped rent at the first review. Further information is available on request. 24 months' rent, rates and service charge guarantee provided by the Vendor on completion if the lease has not completed at this time.
TOTAL		69,405**	33					£2,522,480	£36.34	£107,000	£2,636,156	

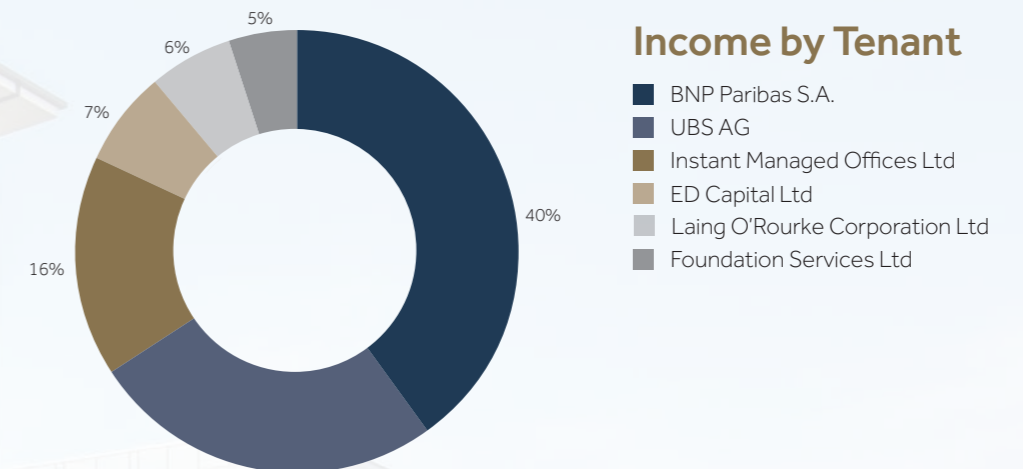
* The areas have been agreed between the landlord and tenant and accordingly are stated in the occupational leases.

** Total area excludes reception.

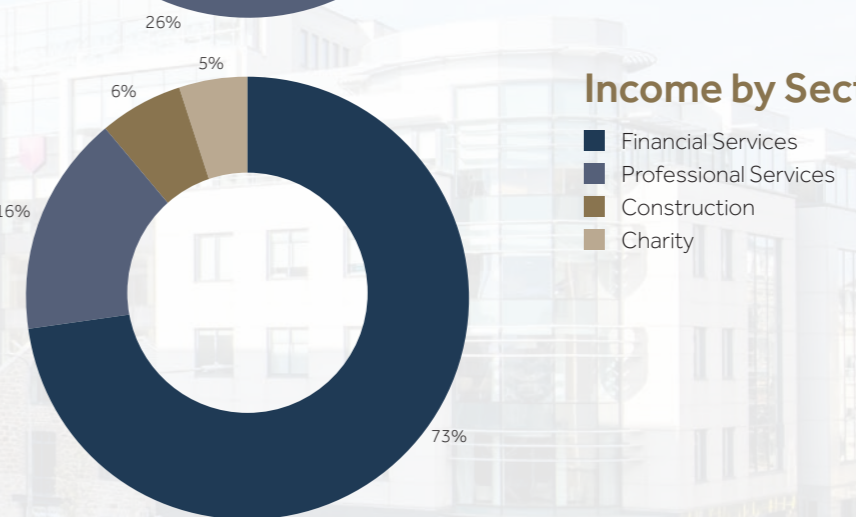


INCOME ANALYSIS

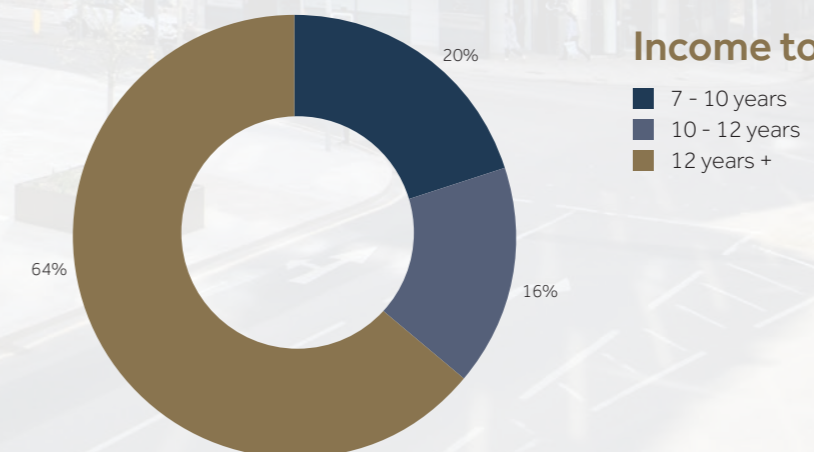
Income by Tenant



Income by Sector



Income to Break



COVENANT PROFILES



Instant



ALLAN GRAY

BNP PARIBAS S.A.

BNP Paribas is one of the largest banks in the world and provides a range of banking and financial services across 75 countries with 190,000 employees worldwide. It is listed on the First Market of Euronext Paris and is included in the CAC 410 index.

The bank services more than 30 million customers between its retail banking networks in its four domestic markets, France, Belgium, Italy and Luxembourg.

BNP Paribas reported revenue figures of €43.1 bn for 2017 and a net profit of €7.8 bn (2017).

BNP Paribas S.A. have been operating in Jersey since 1979 and has grown along with the development of Jersey as a finance centre, specialising in private wealth and institutional asset management.

Further information can be found at www.bnpparibas.je/en

UBS AG

UBS AG is a Swiss global financial services company co-headquartered in Zurich and Basel. The company provides wealth management, asset management, and investment banking services for private, corporate, and institutional clients worldwide.

As of March 2018, UBS has over CHF 3.155 trillion in invested assets and remains a leading provider of retail banking and commercial banking services in Switzerland. It is the largest bank in Switzerland, and operates in more than 50 countries with 61,000 employees worldwide, as of 2017.

UBS AG have been established in Jersey since 1979 and delivers a complete wealth management, banking, investment and trust service to private clients and trustees.

Further information can be found at www.ubs.com/je/en

INSTANT MANAGED OFFICES LTD

Instant Managed Offices Limited is the world's largest office brokerage service dedicated to finding flexible workspace. The business forms part of The Instant Group which has global coverage of the serviced office market. Established in 1999 the company has previously worked with 75% of FTSE 100 companies to find, create and manage their workspace. Key clients include Amazon, American Express, Prudential and Sky.

The Instant Group has achieved 23% growth every year for the past four years and continues to expand, following private equity funding from MML Capital in 2012. With key offices in London, Berlin, New York, San Francisco, Dallas, Hong Kong and Sydney, The Instant Group has more than 200 employees and operates in 150 countries.

Instant Managed Offices have sub-let the whole area to TMF Group Property Services Ltd, part of the TMF Group, for the full term of the lease. TMF Group has a dedicated and experienced team of specialists for the administration of funds and family structures, and operates in over 80 countries worldwide.

Further information can found at www.instantoffices.com/en/gb
www.tmf-group.com

ED CAPITAL LTD

ED Capital Ltd is a privately owned company headquartered in Jersey with a range of investment holdings and business activities across various regions and sectors in the UK, Europe and North America.

Those investment holdings and business activities fall within four major categories: real estate development in the UK, real estate development and investment in Poland, technology and innovation related private equity investment and investment in listed securities.

Some of their most successful projects in the UK include Trafalgar One (London), Eight Artillery Row (London) and Baltimore Wharf (London).

Further information can be found at www.edgroup.je

LAING O'ROURKE CORPORATION

Laing O'Rourke is a multinational construction company headquartered in Dartford, England. It was founded in 1978 and is the largest privately owned construction company in the UK.

The company has over 15,000 employees worldwide and has grown into an international organisation with operations in Canada, Europe, the Middle East, Asia and Australia, delivering some of the most iconic construction projects in the world.

Some of their successful projects include: The Palm in Dubai, The Leadenhall building, London Heathrow Airport Terminal 5 and Bond Street Station, London.

Further information can be found at www.laingorourke.com

FOUNDATION SERVICES LTD

Established in Guernsey in April 2015, Foundation Services Ltd is a charitable organisation who hold a controlling interest in the Allan Gray and Orbis Group.

The Foundation was set up with a dual purpose to lend and to promote the ongoing success of the businesses, while ultimately devoting the economic benefit from the Foundation's interests in those businesses exclusively to charitable, benevolent or philanthropic ventures.

Philanthropist Allan Gray is the co-founder of Allan Gray Ltd, the largest privately-owned asset manager in South Africa, overseeing \$35 billion in assets. Utilising his business success, Allan Gray has created a number of charities and projects in South Africa with an estimated fortune of US\$1.69 billion (Forbes List).

Further information can found at www.allangray.co.za



JERSEY OFFICE MARKET

Overview

The office district in Jersey is concentrated in St Helier, the Island's capital. Traditionally the heart of the office market in St Helier was centred around Hill Street, Broad Street and Library Place due to their proximity to the States Chambers, Royal Court and prime retail areas of King Street and Queen Street.

The Island Plan has identified the Esplanade as the primary area for office development and is recognised as the Island's prime office location. This sub market has witnessed considerable activity over the past few years and the Esplanade has become the location of choice for companies in the finance sector which has resulted in significant development activity in recent years. Increasing demand for Grade A office stock is now placing greater pressure on the prime sector and has further consolidated the Esplanade as the prime office district.

Take Up

2017 was a very strong year in terms of take up, with over 200,000 sq ft of space being let, an increase from 160,000 sq ft in 2016 and well above the 5 year average of 100,000 sq ft. This coincided with a number of high profile developments starting / reaching completion in late 2016 and early 2017, namely the subject property, IFC 5, Gaspé House and 27 Esplanade, giving the opportunity for tenants occupying inferior space to relocate.

We anticipate continued strong occupier demand throughout 2018 with levels forecast to be above the 5 year average of 152,000 sq ft. We are currently aware of 183,000 sq ft of requirements with the largest single requirement being for 30,000 sq ft.

Supply

Total office stock in Jersey currently stands at 3,150,000 sq ft of which 320,000 sq ft was completed in late 2016 and 2017, with a further 69,000 sq ft due to complete in 2018.

The vacancy rate in St Helier for Grade A and good secondary space currently stands at just under 5%. With current take up levels and the continued loss of tertiary space, it is anticipated this surplus will reduce during the course of 2018. As at December 2017, there was 83,000 sq ft of new prime Grade A space available which equates to a Grade A vacancy rate of circa 2.6%.

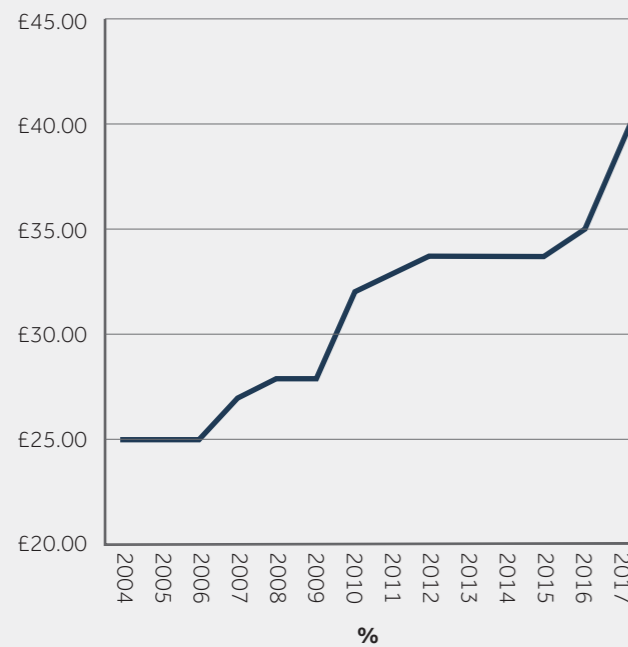
In the first quarter of 2018, take up has been strong and available Grade A space has reduced to under 40,000 sq ft. The limited availability of Grade A office stock has resulted in continued rental growth in the short to medium term.

Rents

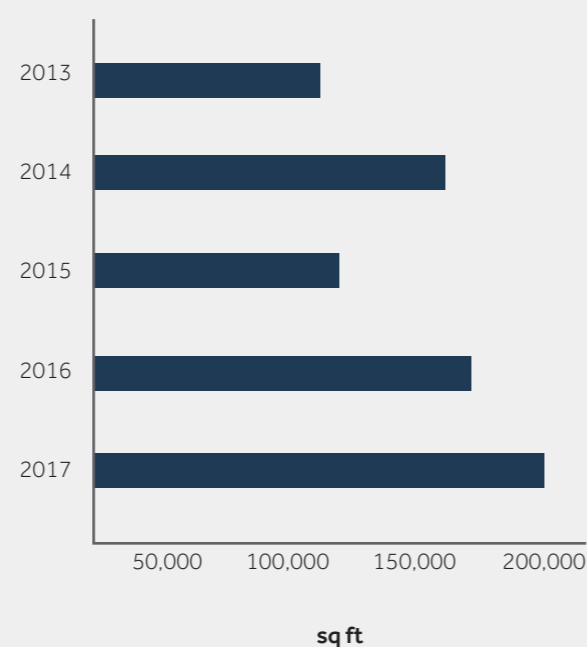
Rents in St Helier have risen steadily and unlike some UK cities, the Jersey occupational market does not experience the same level of volatility. Headline rents for larger suites (10,000 sq ft) in Grade A office buildings have remained constant over the past 12 months and range between £35.00 per sq ft to £37.00 per sq ft. Smaller suites of up to 5,000 sq ft have achieved £40.00 per sq ft as evidenced by the recent lettings at IFC 1.

The headline rental tone for good quality Grade B office accommodation on the Esplanade is £29.00 per sq ft, albeit given the lack of availability there has been little in the way of transactional evidence. The rental differential between prime Grade A and Grade B stock on suites below 5,000 sq ft is now becoming material which is likely to be a catalyst for rental growth.

JERSEY HEADLINE RENTAL GROWTH



JERSEY TAKE UP



3.15M SQ FT
TOTAL STOCK

2.6%
GRADE A VACANCY RATE

£40.00 PSF
PRIME HEADLINE RENT

200,000 SQ FT
2017 TAKE UP

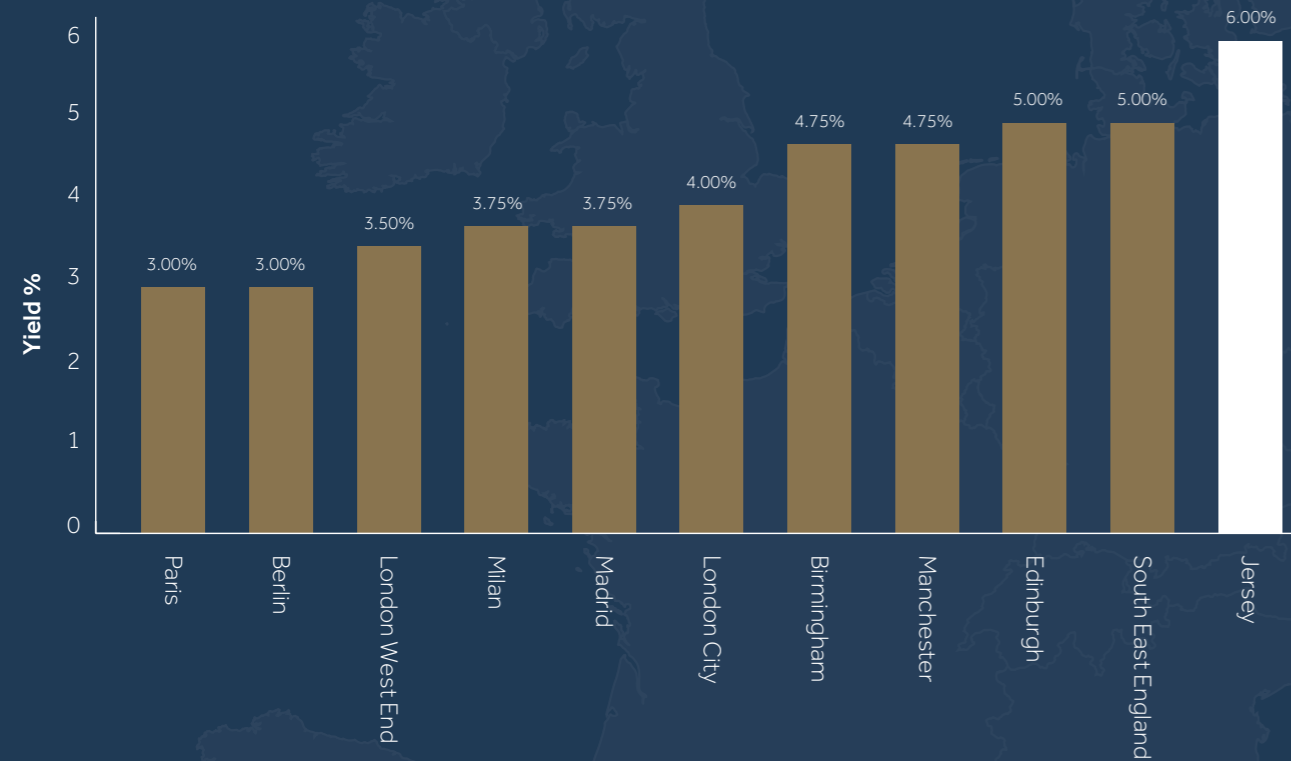
5.5% PA
AVERAGE RENTAL
GROWTH SINCE 2006

£36.34 PSF
IFC 1 AVERAGE OFFICE RENT

INVESTMENT MARKET

European Investment Market

Jersey offers an attractive pricing discount relative to major UK & EMEA centres.



Regional Investment Market

DATE	ADDRESS	AREA (SQ FT)	TENANT	WAULT	PRICE	NIY
Feb 18	9/10 St Andrew Square, Edinburgh	53,500	Multi-let	5.0 years	£25.7m	5.20%
Jan 18	3 Hardman Square, Manchester	178,000	Multi-let	5.0 years	£107.2m	4.91%
Dec 17	55 Colmore Row, Birmingham	157,120	Multi-let	7.1 years	£98.0m	4.85%
Dec 17	5 St Philips, Birmingham	80,331	Secretary of State	3.6 years	£45.0m	4.70%
Dec 17	Cathedral Square, Bristol	56,059	Multi-let	7.6 years	£33.5m	4.98%
Nov 17	Canons House, Bristol	176,000	Lloyds Banking Group Plc	15.0 years	£95.5m	5.19%
Nov 17	One New York Street, Manchester	113,256	Multi-let	5.5 years	£55.3m	5.00%
Oct 17	No.1 Spinningfields, Manchester	300,000	Multi-let	c.10.0 years	£200.0m	5.00%

Offshore Investment Market

The offshore investment market has performed well in recent years and has attracted a range of institutional and overseas buyers as investors remain attracted by strong investment fundamentals including:

Multinational occupiers providing excellent covenant strengths

Three yearly upwards only rent reviews and fixed rental uplifts

Appealing long lease structures

No privity of contract and no statutory rights for tenants to review

Stable economies

Lower transaction costs relative to mainland UK



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ADDITIONAL INFORMATION & DEBT

Additional Information

CAPITAL ALLOWANCES

The benefit of any unclaimed capital allowances worth an estimated £5.8 million could be made available to the purchaser.

EPC

Energy Performance Certificates are not a legal requirement in Jersey.

VAT

There is no VAT payable in Jersey but the Island does levy GST at 5%.

SERVICE CHARGE

The service charge budget for the year ending 31 December 2018 equates to £3.03 per sq ft based on the service charge areas.

ESTATE SERVICE CHARGE

The apportioned estate charge budget for IFC 1 for the year ending 31st December 2018 equates to £0.26 per sq ft based on the service charge areas.

DATA ROOM

Access to the data room is available on request.

Debt

JLL DEBT ADVISORY

JLL Debt Advisory provides market leading debt solutions for real estate investors. We have wide ranging expertise in senior debt and mezzanine arrangement for investment and development projects.

In the current diverse and competitive UK debt market, IFC 1 will attract interest when marketed correctly to potential lenders. Our unrivalled knowledge of over 180 active senior, mezzanine and Islamic lenders ensures we can achieve the best debt terms.

Even at the conservative debt terms highlighted in the table, IFC 1 can provide gross cash on cash returns to an investor in excess of 10.00% per annum. Margin pricing and LTV assumptions may vary depending on the sponsor, their track record

and debt aspirations, all of which could drive even higher cash on cash returns.

CASH ON CASH RETURNS

Based on the combined total income and quoting price, IFC 1 has the potential to generate the following gross cash on cash returns:

LTV		60% (interest only)	65% (interest only)	60% (1% pa amort)	65% (1% pa amort)
All in interest costs	3.30%	10.47%	11.54%	7.87%	8.56%
(assuming margin over 5 Year Swap Rate)	3.40%	10.31%	11.35%	7.72%	8.36%
	3.50%	10.16%	11.15%	7.56%	8.17%

TAXATION & LEGISLATION

Taxation

PERSONAL & CORPORATE TAX

The Bailiwick of Jersey has its own system of personal and corporate taxation.

There is no Corporation Tax*, Capital Gains Tax, Inheritance Tax, and a flat rate of personal income Tax at 20%. Social Security (National Insurance) contributions are generally lower than in the UK and Customs & Excise duties are also low.

The Island does have Goods and Services Tax (GST) of 5%.

We recommend that interested parties seek independent taxation advice regarding the acquisition of IFC 1.

* The only exceptions to this are income from financial services companies which are taxed at 10%, utility companies which are taxed at 20% and income specifically derived from Jersey property rentals or Jersey property development taxed at 20%.

DOCUMENT DUTY

The asset is held in an SPV therefore document duty is not applicable.

Legislation

A number of key legislative differences exist between Jersey and the UK.

PRIVITY OF CONTRACT

There is no Privity of Contract in Jersey.

SECURITY OF TENURE

Jersey has no equivalent to the Landlord and 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.

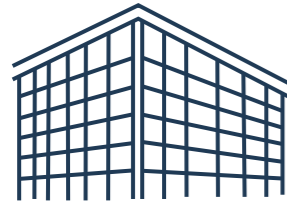
FORFEITURE

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

RATES

The Island has a system of Parish ("Occupiers") and Island wide ("Foncier") rates which equate to approximately £1.82 per sq ft for offices. All rates are paid directly by the tenants.

INVESTMENT RATIONALE



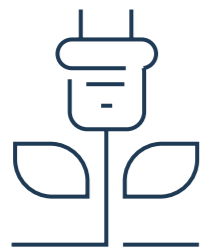
Jersey's premier multi-let office building



Part of the prestigious IFC Jersey development in the heart of the central business district



The highest specified building in the Channel Islands with column-free floorplates



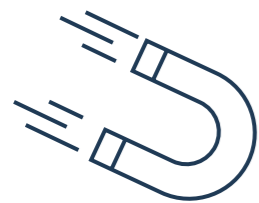
BREEAM 'Excellent' rating



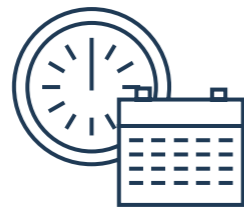
Proven reversion with the average rent 10% below most recent lettings



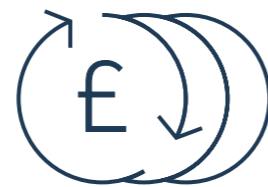
Significant capital allowances worth an estimated £5.8 million



Positive sentiment from impressive leasing velocity and attractive lease terms



WAULT of 17.2 years to expiry (12.6 years to break)



Attractive cash on cash returns in excess of 10.00%



PROPOSAL

We are instructed to seek offers in excess of **£43,300,000** (Forty Three Million, Three Hundred Thousand Pounds) subject to contract and exclusive of GST (VAT).

A purchase at this level reflects an **attractive net initial yield of 6.00%** assuming purchaser's costs of 1.50%.



CONTACTS



Noel Lander

D +44 (0)20 7087 5336
M +44 (0)7931 371825
E noel.lander@eu.jll.com

Neville Pritchard

D +44(0)20 7087 5370
M +44(0)7889 896872
E neville.pritchard@eu.jll.com

Sarah Martin

D +44 (0)20 7852 4439
M +44 (0)7814 613379
E sarah.martin@eu.jll.com

Neil Houghton

D +44 (0)20 7087 5008
M +44 (0)7734 880674
E neil.houghton@eu.jll.com



Chris Daniels

D +44 (0)1534 716231
M +44 (0)7700 700251
E chris.daniels@d2re.co.uk

Phil Dawes

D +44 (0)1534 716230
M +44 (0)7797 710292
E phil.dawes@d2re.co.uk

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