



# STANDARD BANK HOUSE

CIRCULAR ROAD / DOUGLAS  
ISLE OF MAN

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WELL SECURED OFFICE INVESTMENT

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## INTRODUCTION

Standard Bank House offers a unique opportunity to acquire a prominent headquarters office building in the heart of Douglas. Let on a single lease to Standard Bank for a further 11.3 years at a low passing rent with three yearly rent reviews.





## KEY HIGHLIGHTS



**ATTRACTIVE CASH  
ON CASH RETURNS IN  
EXCESS OF 9%**



**LEASE TERM OF  
11.3 YEARS, RARE IN  
TODAY'S MARKET**



**STANDARD BANK HAVE  
BEEN IN CONTINUOUS  
OCCUPATION SINCE 1998**



**RECENT LEASE RE-GEAR  
DEMONSTRATES STANDARD  
BANK'S CONTINUED COMMITMENT  
TO THE ISLE OF MAN**



**HIGH QUALITY FLEXIBLE  
OFFICE ACCOMMODATION  
IN 100% PRIME PITCH**



**LET AT A 10% DISCOUNT TO  
ISLE OF MAN PRIME RENTS**





## INVESTMENT SUMMARY

- The Isle of Man is an **internationally respected offshore business centre** and has recorded average annual growth of circa 6% for more than 30 consecutive years, making it one of Europe's most successful economies.
- Douglas is the island's capital and **major commercial hub** and is home to numerous international businesses including Barclays, Shell, HSBC, KPMG and Deloitte.
- Standard Bank House is a **headquarters office building** occupying a **prominent position in Douglas's prime office pitch**.
- The property is arranged over ground and four upper floors totalling 24,000 sq ft.
- Standard Bank House is **one of the premier offices on the island** with large open plan floor plates, highly specified accommodation and one of the Isle of Man's best town centre car parking ratios at 1:511 sq ft.
- **Freehold.**
- The property is let in its entirety to Standard Bank Isle of Man Ltd providing **11.3 years term certain**.
- Standard Bank Isle of Man Ltd has a minimum risk of business failure according to Dun & Bradstreet.
- The passing rent is **£557,203 per annum** which equates to a low passing rent of £20.91 psf on the office accommodation.
- The rent is reviewed on a **3 yearly upwards only basis**, with the next rent review on 1 October 2023.
- Future long term **change of use potential** (subject to planning).
- [View video link](#)

## PROPOSAL

We are instructed to seek offers in excess of **£8,000,000** (Eight Million Pounds), subject to contract.

A purchase at this level reflects an **attractive net initial yield of 6.70%** exclusive of purchaser's costs of 4.15% and a **low capital value of £333 per sq ft**.

The property is held in a SPV registered in the Isle of Man which can be acquired to save on Land Registry fees thereby improving the yield.



## WELL SECURED OFFICE INVESTMENT

### ISLE OF MAN

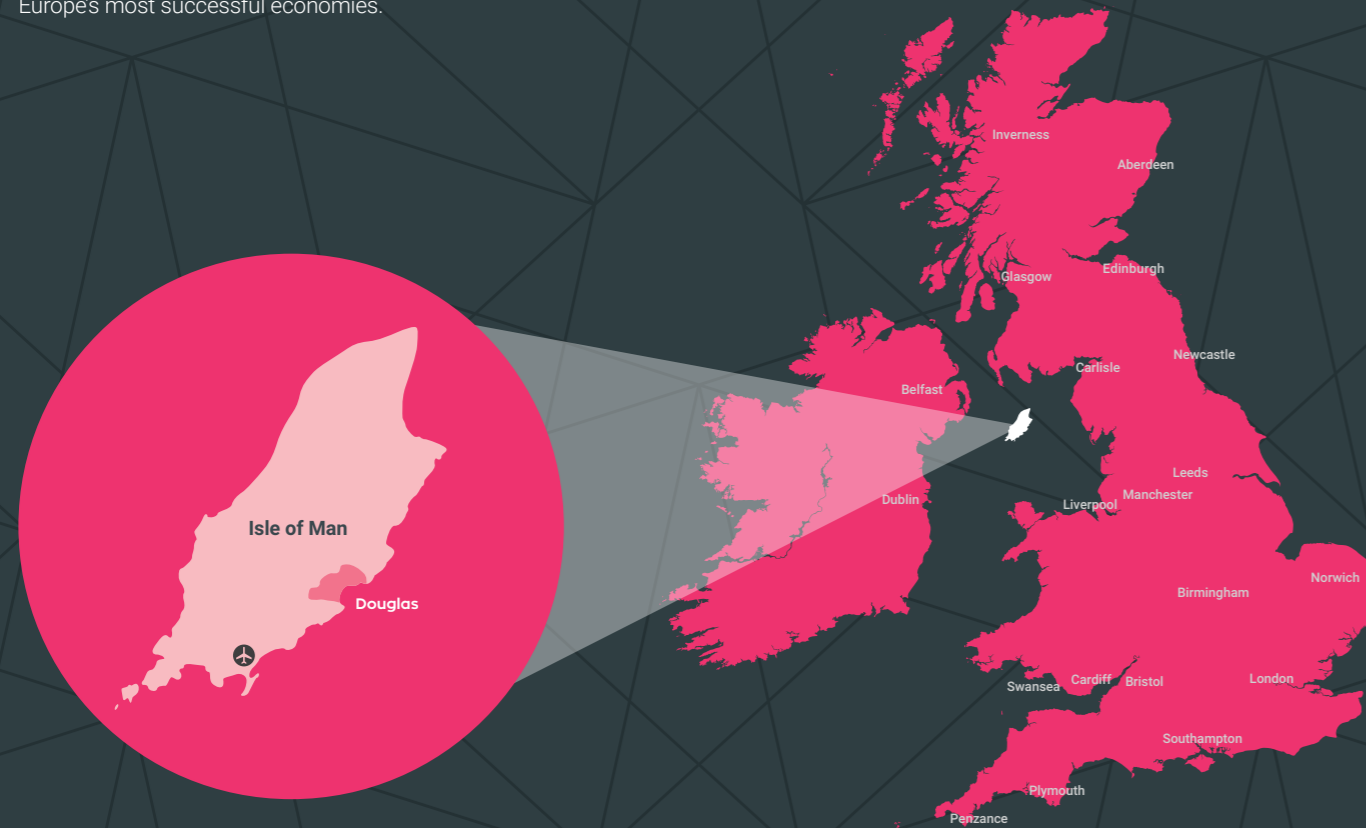
The Isle of Man is an internally self-governing dependent territory of the British Crown and is a member of the British Commonwealth. The island's parliament, known as the Tynwald, makes its own laws and oversees all internal administration, fiscal and social policies.

The Isle of Man's economic diversity, favourable taxation structures, political stability, AA+ S&P credit rating, world class telecommunications infrastructure and highly skilled workforce have helped secure the island's reputation as a leading international centre and business friendly environment.

The island reports impressive economic statistics with unemployment, as at December 2020, at only 1.8% and CPI at 0.1%. Total GDP exceeds £5.43 billion, with a GDP per capita over 120% greater than the UK. The island has posted average annual growth of circa 6% for more than 30 consecutive years, making it one of Europe's most successful economies.

The Isle of Man's unspoilt countryside, diverse career opportunities, excellent standards of healthcare and education, suitability for family life and the lowest crime rate in the British Isles have established the island as one of the highest quality of life destinations in Europe. The Isle of Man scored the highest ever rating polled by MORI in its survey of 'best places to live'.

The Isle of Man hosts the internationally acclaimed annual Isle of Man TT Festival which attracts 44,000 motorsport enthusiasts to the island for two weeks in June and has vibrant leisure and tourism industries.



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## GDP PER CAPITA OVER 120% GREATER THAN THE UK



### HIGHLIGHTS



ONE OF EUROPE'S MOST SUCCESSFUL ECONOMIES



AVERAGE ANNUAL GROWTH OF 6% PA FOR 30 YEARS



HOME TO NUMEROUS MULTI-NATIONAL BUSINESSES



INCREASING GDP OF £5.43 BILLION



LOW UNEMPLOYMENT RATE OF 2.4%



RAPID GROWTH IN THE E-COMMERCE & E-GAMING SECTORS



SUPPLY IMBALANCE REDUCING LANDLORD INCENTIVES



CONSTRAINED DEVELOPMENT PIPELINE



HEADLINE GRADE A RENTS OF £23.00 PSF



LOW GRADE A VACANCY RATE



SIGNIFICANT PRICING DISCOUNT TO MAJOR UK CENTRES & CHANNEL ISLANDS



RATED ONE OF THE HIGHEST QUALITY OF LIFE DESTINATIONS IN EUROPE





STANDARD  
BANK  
HOUSE

- 1. Douglas Bay
- 2. Sea Terminal
- 3. Douglas Quayside
- 4. Tesco Superstore
- 5. National Sports Centre
- 6. Microgaming
- 7. PWC
- 8. Ernst & Young
- 9. KPMG
- 10. Appleby
- 11. Barclays Wealth
- 12. Deloitte
- 13. HSBC
- 14. Isle of Man Bank
- 15. Lloyds Bank
- 16. Santander Bank
- 17. Tynwald
- 18. Treasury
- 19. Courts of Justice
- 20. Civil Registry
- 21. Knox Group

■ Commercial Centre      ■ Retail Area



## WELL SECURED OFFICE INVESTMENT

### KEY BUSINESS SECTORS

The Isle of Man's favourable taxation structure has allowed the island to become an internationally respected offshore business centre.

The island is regarded as one of the best regulated offshore finance centres in the world, according to the IMF and OECD, with a number of tax agreements on disclosure regarding non-residents of the Isle of Man.

Offshore banking (financial & professional services and pension & fund management) is one of the key drivers of the economy, contributing to 26% of GDP. The island is also home to established insurance and high-tech manufacturing industries and has seen rapid recent growth in the e-commerce and e-gaming sectors. Microgaming has developed a new, purpose built global headquarters building on Circular Road and Lloyds have leased 36,000 sq ft of prime Grade A space at Villers House on Victoria Street.

### COMMUNICATIONS

The Isle of Man is serviced by regular air and sea links to the UK and Ireland. Daily flights operate from the Isle of Man to three London airports as well as principal regional destinations. Sea travel is provided by regular ferry services to destinations such as Belfast, Liverpool and Dublin.



#### BELFAST

40 mins

#### MANCHESTER

50 mins

#### BIRMINGHAM

55 mins

#### LONDON HEATHROW

1 hr 15 mins

#### LONDON GATWICK

1 hr 15 mins

#### LONDON CITY

1 hr 15 mins



#### BELFAST

2 hrs 45 mins

#### LIVERPOOL

2 hrs 45 mins

#### DUBLIN

2 hrs 55 mins

#### HEYSHAM

3 hrs 45 mins

STANDARD BANK HOUSE / CIRCULAR ROAD / DOUGLAS / ISLE OF MAN

## PROMINENT POSITION IN THE HEART OF DOUGLAS



### SITUATION

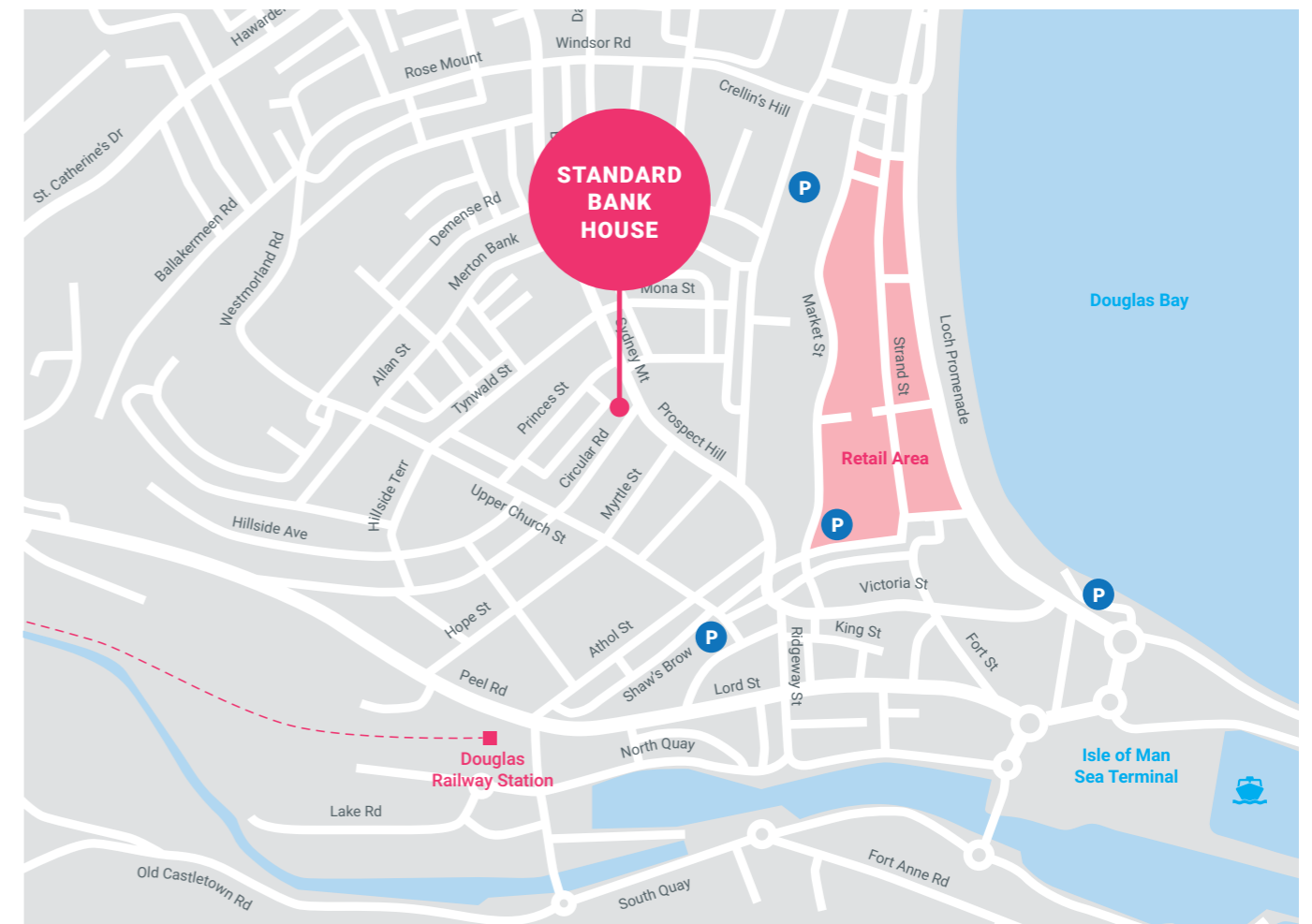
Standard Bank House is prominently situated within the main financial district of Douglas, on a corner site at the top of Prospect Hill at the junction of Circular Road and Sydney Mount.

Numerous blue chip firms are situated in the town including Barclays Bank, Lloyds Bank, HSBC, Santander, Deloitte, Ernst & Young, PWC, KPMG, Zurich, and Microgaming.

Two entrances to the property are provided off Prospect Hill, one to the ground floor reception and meeting rooms/conference facilities, and the other which leads to the office accommodation on the upper floors.

The prime retail pitch is located to the east of the property and runs off Prospect Hill into and along Victoria Street, and Strand Street (Strand Shopping Centre) running north.

Retailers in the town include Marks & Spencer, TK Maxx, Topshop, Peacocks, The Co-operative Food and Tesco, as well as a number of independent retailers, bars and restaurants.











## DESCRIPTION

Standard Bank House was built in 1998 and comprises 24,000 sq ft of modern office accommodation arranged over ground and four upper floors.

Configured as large, open plan floor plates around a central core, Standard Bank House provides ultimate leasing flexibility with the ability to be let as a whole, on a floor-by-floor or part-floor basis.

[View video link](#)

## ACCOMMODATION

The property provides the following net internal floor areas:

DESCRIPTION	USE	AREA (SQ M)	AREA (SQ FT)
Ground	Reception	114.8	1,236
Ground	Conference Facilities	327.5	3,526
First	Offices	457.0	4,920
Second	Offices	457.0	4,920
Third	Offices	457.6	4,926
Fourth	Offices	415.4	4,472
<b>TOTAL</b>		<b>2,229.6</b>	<b>24,000</b>

## SPECIFICATION

Standard Bank House benefits from the following high quality internal specification:



Raised floors



Suspended ceilings with integral CAT II lighting



Comfort cooling / central heating



Male & female WC facilities on each floor



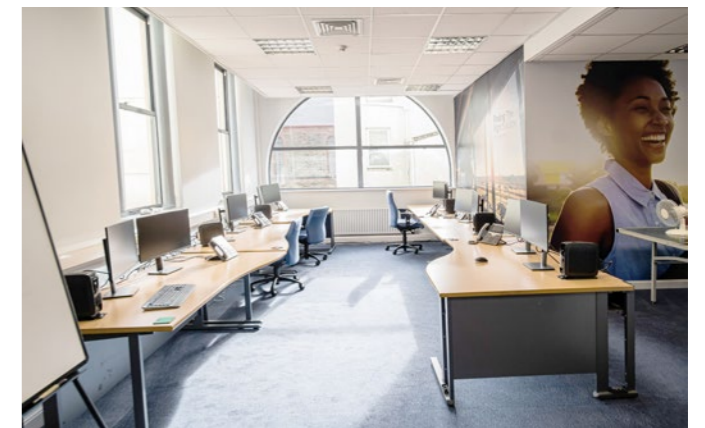
One passenger lift serving all floors

## CAR PARKING

The property benefits from 18 secure basement car parking spaces accessed via Myrtle Street, and a further 29 off-site spaces on Merton Bank Road which adjoins the rear of the properties fronting Demesne Road.

In total this provides 47 car parking spaces, offering an attractive town centre car parking ratio of 1:511 sq ft.

## DIVISIBLE FLOOR PLATES OFFERING ULTIMATE LEASING FLEXIBILITY





## TENANCY

The property is let in its entirety on a full repairing and insuring lease to Standard Bank Isle of Man Ltd for a term of 11.75 years commencing on 1 October 2020 and expiring on 30 June 2032 (11.3 years unexpired).

The passing rent is £557,203 per annum which equates to £20.91 psf on the office accommodation, £1,300 per space for the 18 basement car parking spaces and £1,100 per space for the 29 additional off-site car parking spaces at the Merton Bank Road. A breakdown of the passing rent can be found in the data room.

The rent is reviewed to the open market rent on a 3 yearly upwards only basis, with the next rent review on 1 October 2023.

The fourth floor office and associated car parking spaces are subject to a tenant only break option on 30 September 2025 subject to 12 months prior written notice.

Standard Bank has been granted an option to extend the lease on the building and associated car parking on lease expiry in June 2032 for a further period of 10 years, with a tenant only break option on the whole at the end of the 5th year. There will be an upwards only rent review in October 2032 and three yearly thereafter.

## TENURE

The property is held freehold.

## COVENANT

### STANDARD BANK ISLE OF MAN LTD

Standard Bank Isle of Man Ltd is a wholly owned subsidiary company of Standard Bank Offshore Group Ltd. The ultimate holding company is Standard Bank Group Ltd, a South African financial services group headquartered in Johannesburg. The group is Africa's biggest lender by assets with over 50,000 employees. Set out below are some headline figures for Standard Bank Group Ltd.

Further information can be found on: [www.standardbank.com](http://www.standardbank.com)



**157**

YEARS STANDARD BANK HAS OPERATED ACROSS AFRICA



**£45.9M**

NET OPERATING PROFIT FOR 2019



**50**

YEARS LISTED ON THE JSE



**£1.2BN**

GLOBAL OPERATING PROFIT FOR H1 2020



**£3.6BN**

TOTAL ASSETS

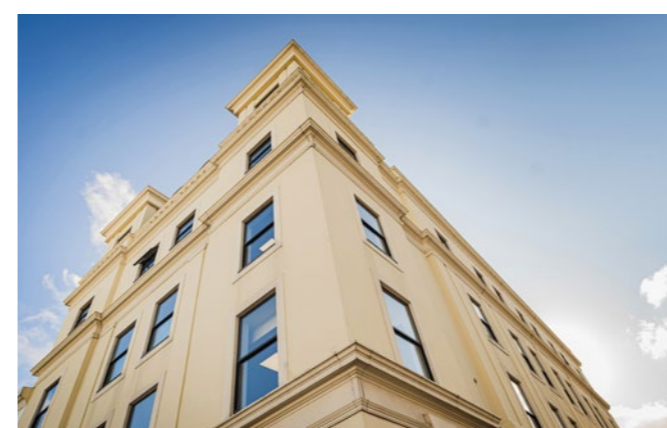


**£215.1M**

SHAREHOLDERS' FUNDS



## ATTRACTIVE INCOME PROFILE WITH AN OPTION TO EXTEND TO 2042





## ISLE OF MAN OCCUPATIONAL MARKET

### OVERVIEW

The Isle of Man has a total office stock of just over 1 million sq ft of modern purpose built space, primarily located in and around Douglas. The market is characterised by limited availability of top Grade A modern quality office buildings. Supply issues are compounded by a constrained development pipeline, although a number of comprehensive refurbishments are currently underway which are likely to push headline rents higher.

The office market in Douglas is dominated by insurance, financial, and corporate service providers, as well as gaming companies and gaming software suppliers. Notable occupiers include Barclays, Zurich, HSBC, Royal Bank of Scotland, Santander, KPMG, Deloitte, Flutter Entertainment plc and Microgaming Software Systems.

Historically, the market was traditionally dominated by Banks and Life Insurance companies. More recently there has been a reduction in banking licences, and consolidation of the remaining banks, and the shortfall has been made up for by growth in the gaming sector. This includes both online gaming companies such as 188BET, Flutter Entertainment plc, SBO Bet and gaming software companies, such as Microgaming and Playtech as well as growth in Trust companies, wealth management companies, legal practices and employment contractors.

With large open plan floor plates, highly quality accommodation and an excellent in town car parking ratio, Standard Bank House is one of the premier offices on the island.

### TAKE UP

In good years, an average annual take-up of modern space would be in the region of 60,000-90,000 sq ft per annum. 2016/2017 showed increased activity towards the upper end of that scale, including Microgaming constructing their own freehold HQ premises, and numerous lettings in the 3,000-12,000 sq ft bracket. 2018 continued this improving trend, with multiple rental deals around £21.50 psf, and the commencement of a number of substantial refurbishments including the former Zurich HQ on Athol Street and Royal Bank House on Victoria Street. 2019 showed a significant uplift in the best Grade A rents to £23.00 psf as evidenced by FIM, Canaccord and Hansard International acquiring 23,700 sq ft at 55 Athol Street.

### SUPPLY

Over the last 18 months a significant amount of good quality, modern space has been taken up, which includes lettings to 188BET (12,000 sq ft), Zedra Trust (8,000 sq ft +), Charles Taylor Insurance (8,000 sq ft +), Flutter Entertainment plc (12,000 sq ft), Paysafe (5,000 sq ft +), Lloyds Bank (36,000 sq ft) and Hansard International (13,000 sq ft). This has meant that with no speculative schemes currently under construction, pressure is growing on existing stock levels. Improvement in the market has also encouraged some landlords (10 Finch Road/Queen Victoria House/Analyst House) to refurbish existing stock, with additional, more substantial refurbishment schemes completing at 55 Athol Street and Villiers House. The overall sentiment is of an improving market with reducing stock.

The market has also been bolstered by Microgaming's new 46,000 sq ft world HQ on Circular Road, which has set a new benchmark in terms of office specification and finishes, and the purchase by Tevir Properties of three major commercial buildings in Douglas including 55 Athol Street (42,000 sq ft); the listed former Castlemona Hotel on Douglas Promenade; and the Villiers Scheme on Victoria Street, which includes the Royal Bank House (36,000 sq ft), Clarendon House (25,000 sq ft) and the remaining site which will accommodate circa 80,000 sq ft.



## LET AT A 10% DISCOUNT TO PRIME OFFICE RENTS

### RENTAL LEVELS

Prime Grade A rents are currently between £21.50-£23.50 psf. Most of the modern space in the market sits between £18.00-£23.50 psf. The next phase of refurbished space will be marketed at circa £23.00 psf.

All evidence is quoted exclusive of car parking, which will generally be in the region of £500-£750 per space for business park/edge of town space and £1,000-1,500 per space in the town centre.

The Isle of Man is regarded as a very stable market and offers a significant rental discount of up to 50% compared to other low tax jurisdictions, such as Jersey, Guernsey, and a 35% discount to prime regional UK cities.

### RENTAL COMPARABLES

Address	Tenant	Rent (psf)
<b>LETTINGS</b>		
55 Athol Street, Douglas	FIM	£23.00
55 Athol Street, Douglas	Canaccord	£23.00
55 Athol Street, Douglas	Hansard International	£23.00
<b>RENT REVIEWS</b>		
St Mary's Court, Hill Street, Douglas	Boston Limited/ Nedbank	£23.50
Royalty Buildings, Walpole Avenue, Douglas	Utmost Wealth	£21.45
HSBC House, Ridgeway Street, Douglas	HSBC	£21.43

### SUMMARY

We expect pressure on rent free periods in the coming months, as the reduction in stock reduces the incentives landlords are required to offer. Rent reviews on the island can be five yearly, or more commonly three yearly, generally to market value. Standard Bank House is three yearly to market value.

In addition to its prime office location, one of the key underlying benefits of Standard Bank House is its flexibility. The large, divisible, open plan floor plates offer ultimate leasing flexibility which is a rarity in competing office buildings on the island.

Whilst Standard Bank House is located in the heart of the financial district, it is within a short walk from all the local amenities and could offer significant opportunities in the longer term for hotel and residential conversion in the future (subject to planning) with upmarket apartment sales achieving in excess of £500 psf.

### KEY OCCUPIERS IN DOUGLAS INCLUDE:






## 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.

- Multi-national 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 renew
- Stable economies



### St Julian's Court, Guernsey

**Date:** October 2020  
**Size (sq ft):** 32,413 sq ft  
**Term Certain:** 8.4 years  
**Price:** £13,785,000  
**NIY:** 6.95%



### 22 Grenville Street, Jersey

**Date:** September 2020  
**Size (sq ft):** 50,141 sq ft  
**Term Certain:** 14.7 years  
**Price:** £19,000,000  
**NIY:** 6.20%



### 27-28 Esplanade, Jersey

**Date:** November 2019  
**Size (sq ft):** 70,000  
**Term Certain:** 18.5 years  
**Price:** £41,000,000  
**NIY:** 6.00%



### IFC 5, Jersey

**Date:** July 2019  
**Size (sq ft):** 68,818 sq ft  
**Term Certain:** 14.0 years  
**Price:** £47,600,000  
**NIY:** 5.75%



### Martello Court & Dorey Court, Guernsey

**Date:** April 2019  
**Size (sq ft):** 89,162 sq ft  
**Term Certain:** 11.0 years  
**Price:** £60,650,000  
**NIY:** 6.40%



### IFC 1, Jersey

**Date:** November 2018  
**Size (sq ft):** 70,382  
**Term Certain:** 12.6 years  
**Price:** £43,700,000  
**NIY:** 5.94%

## TAXATION

### CORPORATE & PERSONAL TAX

The Isle of Man has its own income tax and Customs & Excise services and is an established low tax area enjoying total independence from the UK on matters of direct taxation.

There is low corporate and personal tax and no capital gains, inheritance or wealth tax.

### COMMERCIAL PROPERTY TAX

The trading income and commercial property rents of Isle of Man resident companies are currently taxed at 20%.

Prospective purchasers are recommended to take professional advice concerning the establishment of Isle of Man resident companies, taxation matters and registration of title costs.

### STAMP DUTY

There is no Stamp Duty Land Tax (SDLT) payable on the Isle of Man but there is a charge for registering the conveyance at the Government Registry.

Further information available on request.

## ADDITIONAL INFORMATION

### PURCHASER'S COSTS

Standard purchaser's costs on the Isle of Man are 4.15%.

### CAPITAL ALLOWANCES

The benefit of any unclaimed capital allowances could be made available to the purchaser.

### VAT

The property is registered for VAT.

### EPC

Energy Performance Certificates are not a legal requirement in the Isle of Man.

### DATA ROOM

Access to the marketing data room is available on request.

### 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.





## INVESTMENT RATIONALE

- Standard Bank House offers a unique opportunity to acquire a prominent headquarters office building in the heart of Douglas.
- One of the Isle of Man's premier office buildings fully let with a term certain of 11.3 years, a rarity in today's market.
- Recent lease re-gear demonstrates Standard Bank's continued commitment to the Isle of Man.
- Standard Bank has been established for over 150 years, has over 8 million customers and reported global operating profit of £1.2 billion for the first half of 2020.
- Standard Bank House offers large, divisible floor plates offering ultimate leasing flexibility and benefits from one of the best town centre car parking ratios in the Isle of Man.
- The property is let at a 10% discount to prime rents on the Isle of Man and at a 50% discount compared to other low tax jurisdictions, such as Jersey and Guernsey.
- Standard Bank House's long and secure income profile make it a highly attractive opportunity to lenders such that it has the potential to generate attractive cash on cash returns.
- The Isle of Man's economic diversity, favourable taxation structures, political stability, world-class telecommunications infrastructure and highly skilled workforce have helped secure the island's reputation as a leading international centre and business-friendly environment.
- The island has recorded average annual growth of circa 6% for more than 30 consecutive years, making it one of Europe's most successful economies.
- The offshore office investment market is currently experiencing strong investor appetite evidenced by the recent sales of St Julian's Court, 27-28 Esplanade and Martello Court and Dorey Court in the Channel Islands.
- Isle of Man offers a significant discount to other major regional centres.
- Low transaction costs relative to the UK mainland and Channel Islands.
- Future alternative use potential, subject to planning, with apartment sales in the locality achieving in excess of £500 psf.
- Standard Bank House has the potential to generate attractive cash on cash returns in excess of 9%.







## PROPOSAL

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A purchase at this level reflects an **attractive net initial yield of 6.70%** exclusive of purchaser's costs of 4.15% and a **low capital value of £333 per sq ft**.

### SPV

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### CASH ON CASH RETURNS

Standard Bank House has the potential to generate attractive cash on cash returns in excess of 9%.



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