

FOR SALE

PRIME LONG LET HOTEL INVESTMENT

Premier Inn, 23 Alfred Street,
Belfast, BT2 8ED



Best bids by informal tender
Friday 8th November 2024

CBRE NI

PART OF THE AFFILIATE NETWORK



INVESTMENT SUMMARY

- Belfast, the capital of Northern Ireland is the 12th largest city in the United Kingdom and the 2nd largest on the island of Ireland. The city is located approximately 165 km (103 miles) north of Dublin and 120 km (75 miles) south east of Derry-Londonderry.
- The hotel is situated on Alfred Street in the Linen Quarter. Linen Quarter is the area to the South of Belfast City Hall and would be regarded as Belfast's main Central Business District with numerous hotels, pubs and restaurants.
- The property is only a few minutes' walk from Belfast's prime retailing core and is within close proximity to Lanyon Place Railway Station, Great Victoria Street Train Station and Europa Bus Station.
- The building comprises a 148 en-suite bedroom hotel with bar and restaurant set over ground and eight upper floors. The hotel was constructed in 2006 and includes a retail unit fronting onto Alfred Street occupied by Poppogoblin which is being retained by the vendor.
- The hotel forms part of the Adelaide Exchange complex which comprises approximately 140,000 sq ft of grade A office accommodation and 180 space underground car park.
- The hotel is let to Premier Inn Hotels Limited (guaranteed by Whitbread Group Plc) until 13th August 2037 (12.83 years unexpired) at a current passing rent of £529,618 per annum reflecting a passing rent of £3,578 per room. We believe the hotel is significantly under rented.
- Premier Inn's lease is subject to 5 yearly rent increases to CPI capped at 4% per annum compounded . At the current CPI indices (June 2024) and then assuming 2.25% and 2.00% CPI until next review (14th August 2026) the rent could potentially be reviewed to c.£611,500 per annum.
- Premier Inn is the UK's largest hotel brand, with more than 82,000 rooms and 820 hotels. They operate hotels in a variety of locations including city centres, suburbs and airports. Premier Inn Hotels Limited is a wholly owned subsidiary of the Whitbread Group Plc whose other brands include Bar+Block, Hub by Premier Inn, Beefeater and Brewers Fayre.
- Premier Inn Hotels Limited has a CreditSafe rating of 88/100 and Whitbread Group Plc has a CreditSafe rating of 86/100 both of which reflect "Very Low Risk".
- The property is held long leasehold for a term of 800 years from 14th September 2007 subject to a nominal ground rent of £1 per annum from Straben Development Limited.
- We are instructed to seek offers over **£8,500,000 (Eight Million and Five Hundred Thousand Pounds)** for our clients long leasehold interest, excluding VAT. A purchase at this level would reflect a **net initial yield of 5.84%** and a potential reversionary yield of 6.74% (assuming rent of £611,500 per annum) in August 2026 assuming purchasers' costs of 6.68%.





LOCATION

Belfast, the capital of Northern Ireland is the 12th largest city in the United Kingdom and the 2nd largest on the island of Ireland. The city is located approximately 165 km (103 miles) north of Dublin and 120 km (75 miles) south east of Derry-Londonderry. Belfast has an excellent communication network. The M2 motorway provides access to the north towards Antrim and Derry and the M1 motorway provides access to the south and west of the Province towards Lisburn and Dublin.

The city benefits from four railway stations, and the Belfast to Dublin train route has a journey time of approximately 1 hour 50 minutes. The two airports, Belfast City and Belfast International, provide access to all major UK and a large number of destinations across mainland Europe.

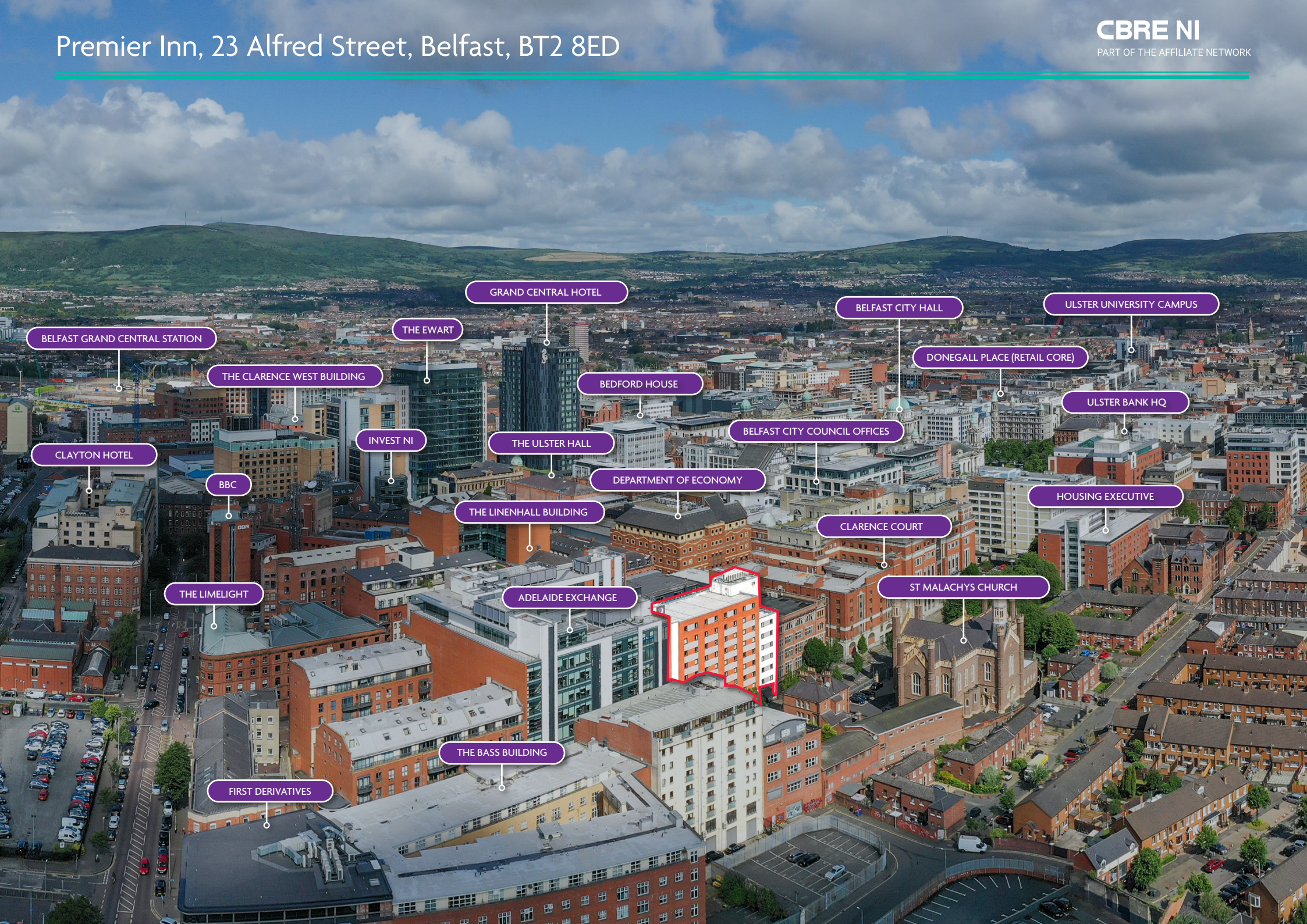
The wider Belfast Metropolitan Area has a population extending to approx. 650,000. As the largest commercial centre in Northern Ireland, Belfast has developed into one of Ireland's premier business cities and has the largest employed population in the region. Belfast in the last few years has been extremely successful in attracting Foreign Direct Investment driven primarily by a highly skilled and educated employment base, competitive operating costs and advanced telecoms infrastructure.

SITUATION

The property is situated on Alfred Street in the historic Linen Quarter and forms part of the Adelaide Exchange scheme with comprises approximately 140,000 sq ft of grade A office accommodation and 180 space underground car park. The Linen Quarter is located to the south of Belfast City Hall and was once the headquarters of Ireland's global linen industry.

The area contains some of the major cultural venues in Belfast, including the Ulster Hall and Grand Opera House, alongside a large number of hotels, bars, restaurants and cafes. The district also includes the main transport hub of Belfast and is regarded as the City's Central Business District.

Premier Inn, 23 Alfred Street, Belfast, BT2 8ED



BELFAST GRAND CENTRAL STATION

GRAND CENTRAL HOTEL

THE EWART

BELFAST CITY HALL

ULSTER UNIVERSITY CAMPUS

THE CLARENCE WEST BUILDING

BEDFORD HOUSE

DONEGALL PLACE (RETAIL CORE)

ULSTER BANK HQ

CLAYTON HOTEL

INVEST NI

THE ULSTER HALL

BELFAST CITY COUNCIL OFFICES

DEPARTMENT OF ECONOMY

BBC

THE LINENHALL BUILDING

CLARENCE COURT

HOUSING EXECUTIVE

THE LIMELIGHT

ADELAIDE EXCHANGE

ST MALACHYS CHURCH

THE BASS BUILDING

FIRST DERIVATIVES

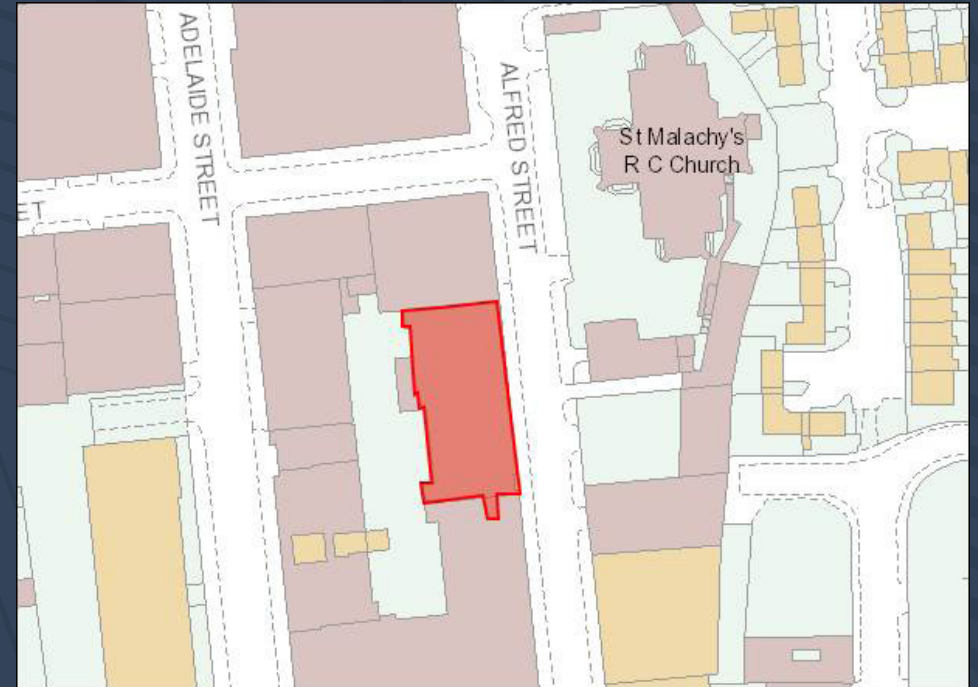
DESCRIPTION

The property was constructed in 2006 comprising 148 en-suite bedroom hotel with bar and restaurant set over ground and eight upper floors. The ground floor comprises an open plan reception, bar and restaurant with access and egress via both Alfred Street to the front and Adelaide Street to the rear. Back of house areas on the ground floor include offices, stores, and goods in/out areas. Upper floors are used as guest accommodation. The top two floors have recently been refurbished to provide Premier Plus rooms.

The building is of traditional construction with blockwork walls, precast concrete flooring and a steel frame. Walls on the ground floor are primarily comprised of double-glazed units. Upper floors are “duplicated” with guest rooms accessed from a central corridor. There is an additional retail unit situated to the front of the Hotel on Alfred Street which is being retained by the vendor.

The property forms part of the wider Adelaide Exchange scheme which in addition to the hotel comprises 140,000 sq ft of grade A specification open plan offices arranged over ground and 8 upper floors, a high-quality landscaped courtyard to the rear and basement car parking for 180 cars. Tenants within Adelaide Exchange include Applied Systems, Liberty IT, VELA and Genpact Pharmedlink.

The property sits on a site of approximately 0.2 acres.



NOT TO SCALE
This plan is published for convenience of identification only and although believed to be correct, its accuracy is not guaranteed and does not form any part of a contract.

TENANCY

The investment is let to Premier Inn Hotels Limited t/a Premier Inn (guaranteed by Whitbread Group Plc) on an effective full repairing and insuring lease from 14 August 2006 for a term of 25 years. There is also a reversionary lease dated 6 August 2018 for a term of 6 years from and including 14 August 2031. The lease expiry is therefore 13 August 2037 reflecting an unexpired term certain of 13 years. The current rent is £529,618 per annum which equates to £3,578 per room. We believe the hotel is significantly under rented.

The lease is subject to 5 yearly rent increases to CPI capped at 4% per annum compounded. At the current CPI indices (July 2024) and then assuming 2.25% and 2.00% CPI until next review (14th August 2026) the rent could potentially be reviewed to c.£611,500 per annum.

Premier Inn contribute £30,267 per annum towards the service charge of Adelaide Exchange which covers, security, CCTV, cleaning, maintenance, and repair of the plaza area.

COVENANT STRENGTH

Premier Inn is the UK's largest hotel brand, with more than 82,000 rooms and 820 hotels. They operate hotels in a variety of locations including city centres, suburbs and airports. Premier Inn Hotels Limited is a wholly owned subsidiary of the Whitbread Group PLC whose other brands include Bar+Block, Hub by Premier Inn, Beefeater and Brewers Fayre. Whitbread Group PLC employ almost 30,000 people in over 1,200 Premier Inn hotels and restaurants across the UK and serving over five million customers every month.

Premier Inn Hotels Limited has a CreditSafe rating of 88/100 and Whitbread Group Plc has a CreditSafe rating of 86/100 which reflect "Very Low Risk". Premier Inn Hotels Limited accounts may be summarised as follows:

Premier Inn Hotels Limited (No: 05137608)	Year Ending 29-Feb-2024	Year Ending: 25-Feb-2023	Year Ending: 27-Feb-2022
Net Worth:	-£851,010,000	-£637,021,000	£993,493,000
Turnover:	£1,357,054,000	£1,210,845,000	£772,806,000
Pre-tax Profit:	£400,225,000	£380,349,000	£131,935,000

Source: CreditSafe



BELFAST HOTEL MARKET

Belfast has a total of 51 hotels providing 5,237 bedrooms, which represents around half of the total bedroom stock in Northern Ireland.

The 4-star segment provides for approximately 47%, followed by the budget segment at 28%, 5 star at 10% and 3 star at 9%. The extended stay segment accounts for just 7%.

The Belfast hotel market has been extremely robust over the past 2.5 years, as illustrated in the graph below. For the year to date (30 June 2024) Revenue per Available Room is 11.4% higher than the corresponding period for 2023 supported by record high Average Daily Rates of €112.05 and occupancy of 76.2% (source: STR).



PROPOSAL

We are instructed to seek offers over **£8,500,000 (Eight Million and Five Hundred Thousand Pounds)** for our clients long leasehold interest, excluding VAT. A purchase at this level would reflect a net initial yield of 5.84% and a potential reversionary yield of 6.74% (assuming rent of £611,500 per annum) in August 2026 assuming purchasers' costs of 6.68%.

RATEABLE VALUE

We have been advised by Land and Property Services that the property has an NAV of £127,500.

The Non-Domestic Rate in the Pound for Belfast for the current year 2024/25 is £0.599362.

VAT

The property has been elected for VAT. It is envisaged the transaction will be treated as a TOGC.

EPC

The hotel has been rated C52 under EPC regulations.

TITLE

The property is held long leasehold for a term of 800 years from 14th September 2007 subject to a nominal ground rent of £1 per annum from Straben Development Limited.

A self-contained retail unit at ground floor which is occupied by Poppogoblin and accessed from Alfred Street is being retained by the vendor.

Further details are available on request.

PURCHASERS PACK

A purchasers pack has been produced for the property and is available at www.premieralfred.com, subject to authorised access.

AML

CBRE NI are required to obtain evidence of the identity and proof of address of potential purchasers/tenants as part of mandatory anti-money laundering checks.

CONTACT

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CBRE

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