

●●room2 BELFAST

32 - 38 Queen Street, Belfast, BT1 6EE

FOR SALE PRIME, LONG LEASED, NEW BUILD,
CITY CENTRE, APARTHOTEL

A development by

“ One of the greenest
aparthotels in Europe ”



Pending



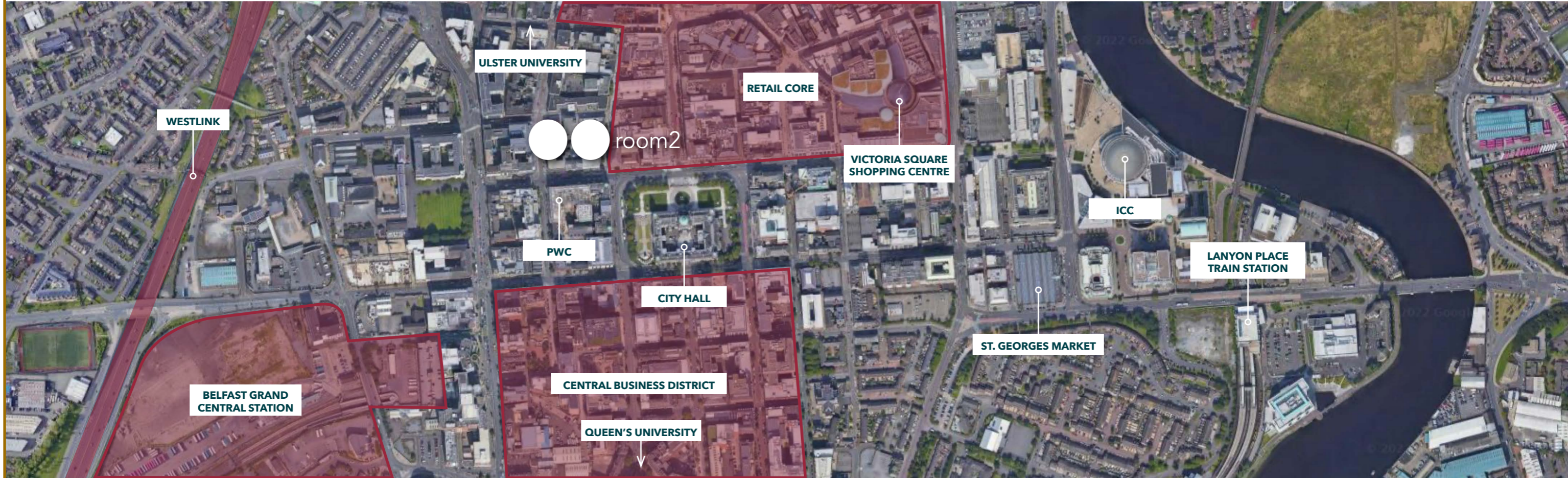
INVESTMENT SUMMARY

- 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 FRI lease is subject to 5 yearly rental increases to CPI collared and capped from 0.5% to 3.5% per annum.
- The aparthotel is strategically located just behind Donegall Place approximately 200m from Donegall Square and City Hall.
- Forecasted rental cover for 2025, is in excess of 1.9 with rental cover by 2028, forecasted at 2.35.
- The property is only a minutes' walk from Belfast's prime retailing core and is within close proximity to Belfast Grand Central Station.
- room2 has established itself as a leader in the extended stay market providing a new experience-led accommodation product across the UK's core cities. The company currently has seven committed or open sites totalling 680 bedrooms, with a vision to have 5,000 rooms operational or in the committed pipeline by 2030.
- The building comprises a 175 en-suite bedroom aparthotel set over nine storeys. The building was completed in October 2023.
- Southampton Apartment Hotels OPCO Limited has a CreditSafe rating of 75/100 which reflects "Very Low Risk" and the guarantor Agate Properties Limited has a CreditSafe rating of 89/100 which reflects "Very Low Risk".
- The aparthotel is let to Southampton Apartment Hotels OPCO Limited trading as room2 with a parent guarantee from The Agate Properties Limited, an institutionally acceptable hotel covenant with investors including Abrdn.
- room2 are striving to provide Net Zero accommodation across their aparthotel portfolio. The property has an EPC rating of A21 and is one of the greenest extended stay properties in Europe.
- Leased for a term of 25 years with a break option at year 20, from 11th October 2023 at a current passing rent of £1,300,000 per annum which reflects £7,429 per room. The tenant has the right to renew the lease for a further 10 years on expiry.
- The property is freehold.

We are instructed to seek offers over **£21,200,000 (Twenty One Million Two Hundred Thousand Pounds Sterling)** for our client's freehold interest, excluding VAT. A purchase at this level would reflect a net initial yield of 5.75% assuming purchaser's costs of 6.75%.



LOCATION



Belfast as 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 2 hours 10 minutes. The City is served by two airports (Belfast City and Belfast International), with direct services to all major UK and a large number of European destinations.

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.

Over the past decade Belfast 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.

Visit Belfast in conjunction with Belfast City Council, Tourism NI, Tourism Ireland and 500 private sector businesses, is responsible for the delivery of integrated and effective city marketing, sales and visitor servicing activity aimed at maximising the city region's leisure and business tourism levels.



SITUATION

The aparthotel is strategically located just behind Donegall Place approximately 200m from Donegall Square and City Hall.

The property is in a prime city centre location, benefiting from being in close proximity to all of the city's major shopping and leisure attractions including Victoria Square Shopping Centre, ICC (Waterfront Hall), Grand Opera House and the SSE Arena. The property is also within walking distance of numerous restaurants and a wide range of bars and cafes.



AIRPORT

Situated 4 miles from the George Best Belfast City Airport and 20 miles from Belfast International Airport.



PUBLIC TRANSPORT

Situated 0.3 miles from the Belfast Grand Central Station and the proposed new Weavers Cross development.



CITY CENTRE

Located in the heart of the City Centre in close proximity to the main retail core and central business district.



CAPITAL CITY

Belfast is the largest commercial centre in Northern Ireland, and has developed into one of Ireland's premier business cities.



ECONOMY

Northern Ireland's economy is expected to perform well during 2025 with 1.4% forecast growth.



TECH

Belfast's tech sector is one of the fastest growing in the UK with tech jobs representing 23% of all available opportunities in the city.



TOURISM

Belfast has ranked among the best UK city breaks for 2022, according to the international travel magazine Condé Nast Traveler.



ICT

Northern Ireland is one of the best connected regions in Europe. It has the highest availability of fibre broadband in the UK at 95%.

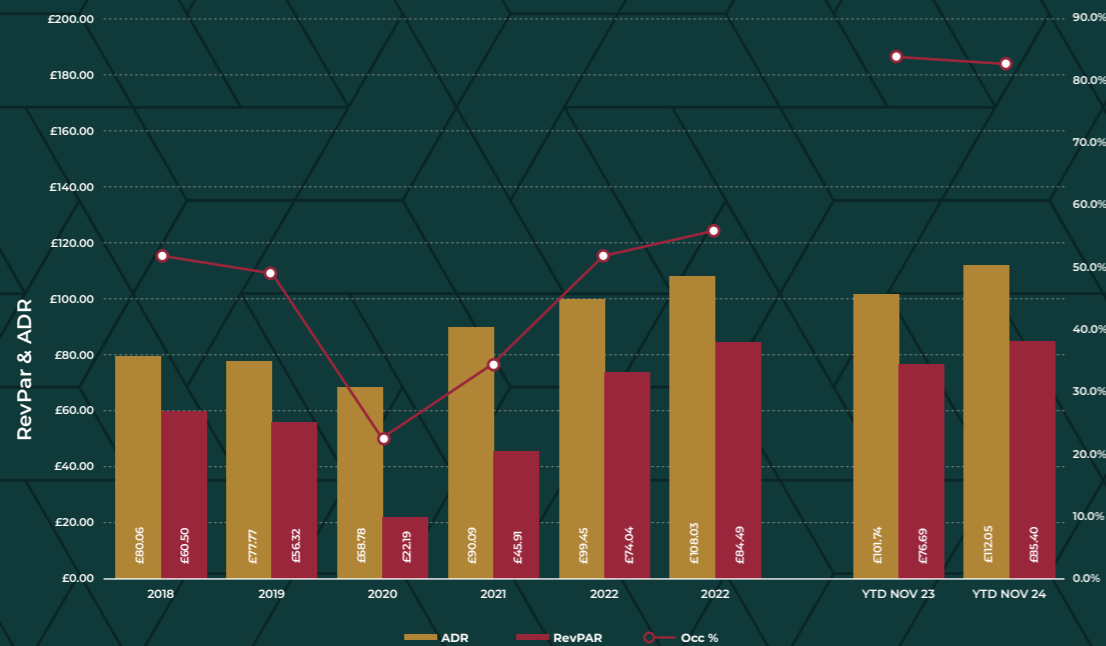


BELFAST HOTEL MARKET

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 6%.

The Belfast hotel market has been extremely robust over the past 3 years, as illustrated in the graph below. For the year to 30th November 2024 Revenue per Available Room was 6.6% higher than the corresponding period for 2023 supported by record high Average Daily Rates of £114.64 and occupancy of 78.4% (source: STR).



DESTINATION BELFAST

From Titanic heritage to Games of Thrones territory, music festivals through to wall art, there is plenty going on for such a compact city.

A colourful and dynamic port city with a troubled past, Belfast is a vibrant cultural hub packed with lively pubs, an eclectic food scene, iconic buildings, boutique shopping and a myriad of immersive experiences.

Belfast has also been officially named the world's best conference destination for a third year at the 2023 Conference & Incentive Travel (C&IT) awards in London, securing a record-breaking position that underlines the city's strengths as a major international draw for business delegates and event organisers.

ICC Belfast, Northern Ireland's only purpose-built international convention centre, was also a winner in the 'Best Venue - UK' category, the shortlist which featured London's ExCel and ICC Birmingham.

A joint study by Ulster University and Dublin City University revealed that more than 1.3m cross-border visits were made to Northern Ireland in 2023, compared with almost 400,000 in 2013, a significant increase of 225%.



BELFAST MARKET

POPULATION OF
345,000
PEOPLE IN THE CITY
30 MINUTE DRIVE CATCHMENT
OF 950,000 PEOPLE



CAPITAL
and LARGEST CITY
in Northern Ireland



Second largest
city on the
island of Ireland



City Airport
15 minutes' Drive
International Airport
30 minutes' Drive



5.4 MILLION
OVERSEAS AND DOMESTIC
VISITORS IN 2023



Train or bus from
**Belfast to
Dublin**
in 2 hours
10 minutes



70 minutes direct
flights from
**Belfast
to London**



Hub for
Shipping,
Business, Law
and Financial
Services



Approximately
50,000
STUDENTS
in Belfast's
four Universities



room2 Belfast ranks
1st out of 51 hotels for
traveller rankings.

Source: Tripadvisor (Jan 2025)

DESCRIPTION

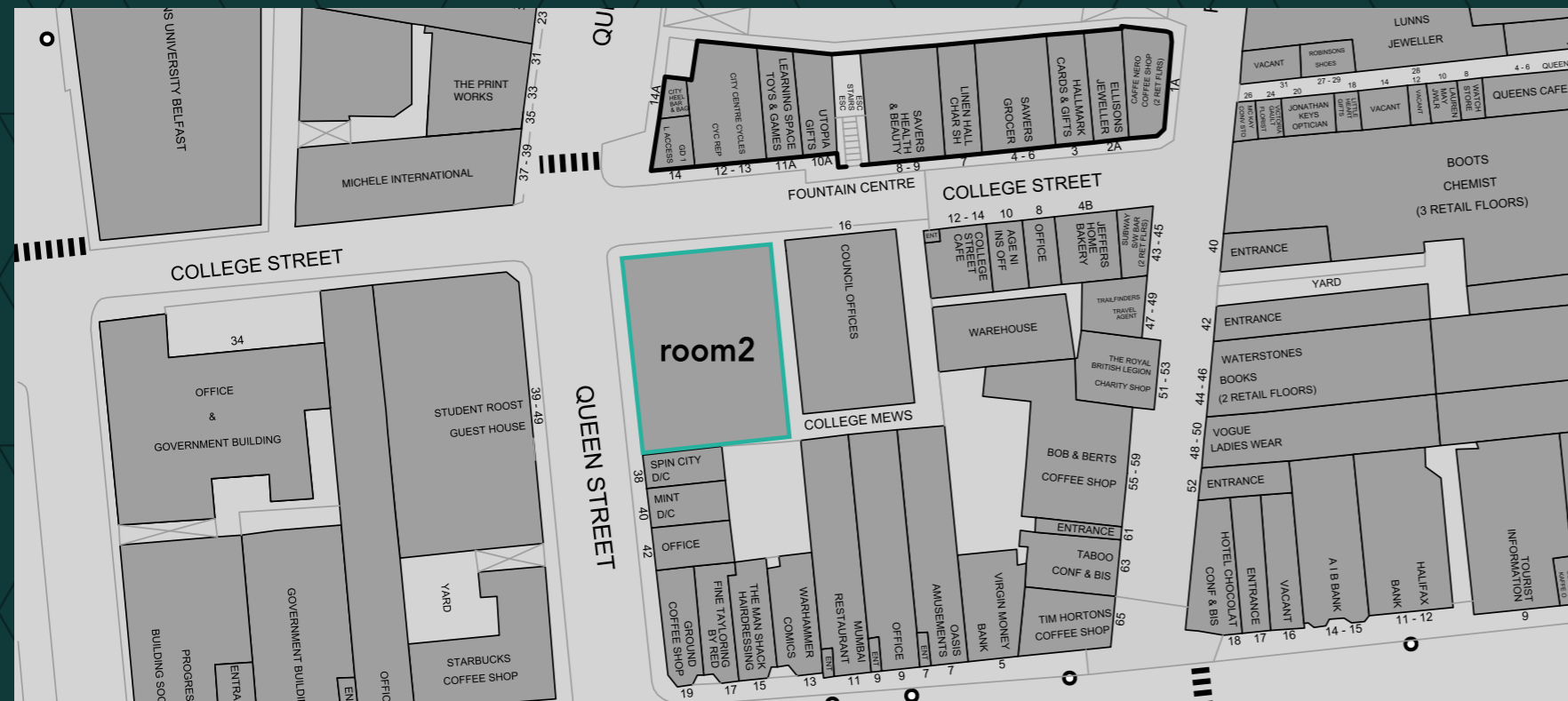
room2 Belfast is an exceptional new aparthotel development which achieved practical completion in October 2023. The building extends over nine storeys with 175 guest bedrooms and ensuite facilities, a number of the rooms also include a kitchenette area. Additional accommodation within the aparthotel includes the main reception, four collaborative event spaces, chill out zone, restaurant & bar, tearoom, art gallery, gym area, laundry room, cycle store, W/C facilities and associated back of house space.

In terms of M&E the property is serviced by two lifts, heating and cooling is provided by an air source heat pump. The building services have been designed to be fully electric in their operation. All energy lighting is LED and appliances are A rated, where available.

ACCOMMODATION

FLOOR	GIA (sq m)	GIA (sq ft)
Ground	715.80	7,705
First	746.30	8,033
Second	749.10	8,063
Third	749.10	8,063
Fourth	749.10	8,063
Fifth	749.50	8,068
Sixth	749.50	8,068
Seventh	679.70	7,316
Eighth	679.70	7,316
Total	6,567.80	70,695

THE SITE



*Boundary for indicative purposes only.



TENANCY

The property is let in its entirety to Southampton Apartment Hotels OPCO Limited trading as room2. The lease provides for a parent guarantee from The Agate Properties Limited.

The term of the lease is for 25 years from 11th October 2023 with a tenant break option at year 20. In addition, the lease provides for an option to extend for a further 10-year term.

The initial rent is £1,300,000 per annum which reflects £7,429 per room. The lease provides for five yearly rent reviews, subject to CPI, with a collar and cap of 0.5% to 3.5% respectively.

The tenant has a pre-emption right to acquire the investment throughout the term of the lease. The tenant has already waived their right in this regard.



COVENANT STRENGTH

The tenant, Southampton Apartment Hotels OPCO Limited (t/a room2) company number 12606645, was incorporated in May 2020. The company provides a Creditsafe score of 75/100 representing a 'Very Low Risk' of business failure.

The guarantor, The Agate Properties Limited (t/a Lamington Group) company number 00904057, is an established real estate investment and development company founded in 1967 with over 50 years' experience developing, managing and operating commercial and residential real estate. The company provides a Creditsafe score of 89/100 representing a 'Very Low Risk' of business failure.

Further information is available on request.

ROOM2

room2 has established itself as a leader in the extended stay market providing a new experience-led accommodation product across the UK's core cities. Backed by a senior management team and with over 10 years' experience in operating serviced apartments, the company currently has seven committed or open sites totalling 680 bedrooms, with a vision to have 5,000 rooms operational or in the committed pipeline by 2030.

Hotels currently in operation include:

- 86-bedroom room2 Chiswick which opened in December 2021.
- 71-bedroom room2 Southampton which opened in June 2018.
- 16-bedroom room2 Hammersmith which opened in June 2016.

The company are looking to expand across the UK with several committed sites in Fulham, Manchester, Liverpool and York.

Further information may be found at www.room2.com





“ room2 Belfast
- Rating: 9.3 (Superb)
- Location: 9.8
- Comfort: 9.6
- Facilities: 9.5
”
Source: Booking.com (Jan 2025)

ESG

room2 Belfast is dedicated to creating environments that have a positive impact on the health and wellbeing of all guests, employees and the planet. The aparthotel runs on 100% electric and low carbon renewable energy. room2 is committed to a circular economy, by eliminating waste and pollution through circulating products and materials.



**WELL
Platinum**
Pending Certification



**Green Tourism
Gold Award**



**Certified
Corporation**



PAS 2060, Standard
for Carbon Neutrality



Zero waste, all waste is recycled
or turned into energy.



Occupancy enabled the
lighting and heating systems
detect movement in the room.



100% electric (no fossil fuels)



Air source heat pump (ASHP)



Ultra low flow showers give the
full impact of a power shower,
but with around 40% less water.



Breathing new life into
discarded items, we
repurposed waste creatively



Low energy lighting and
appliances



Two 'lab rooms' which provide
real-time granular information
on energy and water use as well
as air quality

FURTHER INFORMATION

PURCHASER'S PACK

A purchaser's pack has been produced for the property and is available at www.room2belfast.com

CAPITAL ALLOWANCES

The purchaser will have the benefit of all unclaimed capital allowances relating to the property. Further details are available upon request.

TITLE

The property is held freehold.

VAT

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

EPC

The property has been rated 21A under EPC regulations.

SPV

The property is held in a single asset Special Purpose Vehicle domiciled in Northern Ireland. The Vendor will consider a sale of the SPV. Further details are available upon request.

AML

We are required to obtain evidence of the identity and proof of address of potential purchaser's as part of mandatory anti-money laundering checks.

We are instructed to seek offers over **£21,200,000 (Twenty One Million Two Hundred Thousand Pounds Sterling)** for our client's freehold interest, excluding VAT. A purchase at this level would reflect a net initial yield of 5.75% assuming purchaser's costs of 6.75%.

Based on the asking price and assuming 5 year CPI forecasts and 2% there after throughout the term of the lease, the running yield until expiry would reflect the following:

October 2028: 6.39%	October 2033: 7.06%
October 2038: 7.79%	October 2043: 8.60%

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