



TESCO METRO

2 ROYAL AVENUE, BELFAST, COUNTY ANTRIM, BT1 1DA

PRIME RETAIL
INVESTMENT WITH
REDEVELOPMENT
POTENTIAL

CBRE | NI

PART OF THE CBRE AFFILIATE NETWORK



EXECUTIVE SUMMARY

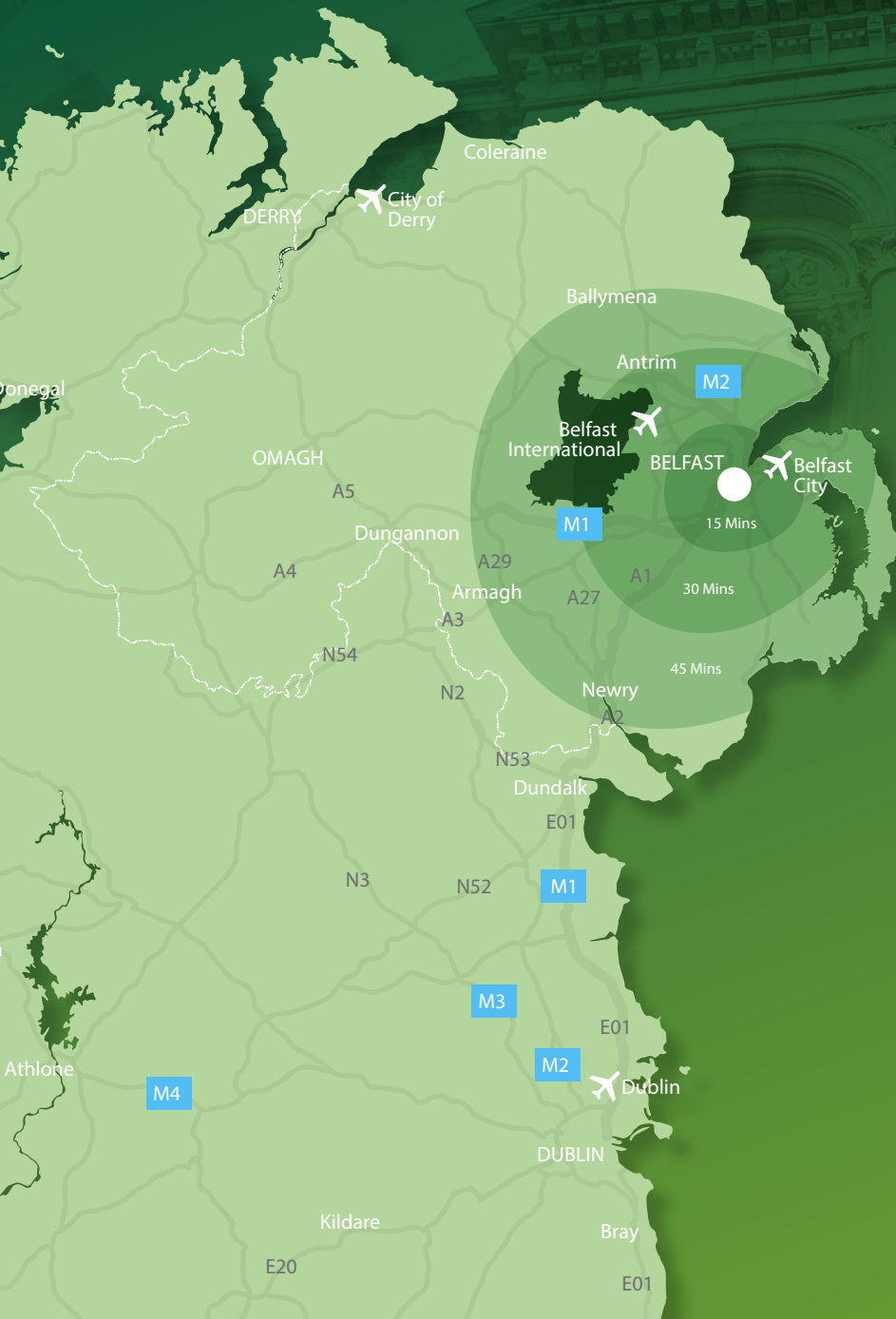
- Belfast, the capital of Northern Ireland is the 12th largest city in the United Kingdom, in terms of population.
- The property occupies a prominent and prime location within Belfast City Centre on Royal Avenue beside the Donegall Place, Castle Place and Royal Avenue intersection.
- Occupiers in the vicinity included, Marks & Spencer, Zara, Disney Store, Primark, Next, O'Neills, JD Sports and Sports Direct.
- Tesco is the largest supermarket retailer in the UK and Ireland.
- Comprising ground floor retail accommodation, with additional backup/office space at first and second floors measuring a total GIA of 25,795 sq ft (2,396.5 sq m) and an NIA of 22,300 sq ft (2,071.7 sq m).
- The buildings sits on a broadly regular shaped site totalling 0.5 acres (0.2024 hectares).
- Let to Tesco Stores Limited (company number 00519500) on a full repairing and insuring lease for a term of 25 years from 18th October 1996 expiring on the 17th October 2021.
- Passing rent of £1,075,000 per annum.
- Asset management opportunity to re let on expiry to a variety of different occupiers or redevelopment parts subject to planning.
- We are instructed to seek offers over **£4,250,000 (Four Million Two Hundred and Fifty Thousand Pounds)** for our clients freehold/long leasehold interest, excluding VAT. A purchase at this level would reflect an attractive **net initial yield of 23.74%** assuming purchasers costs of 6.55% and a **capital value of £165 per sq ft.**

LOCATION

Belfast, the capital of Northern Ireland is the 12th largest city in the United Kingdom. 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 international destinations including America and 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.

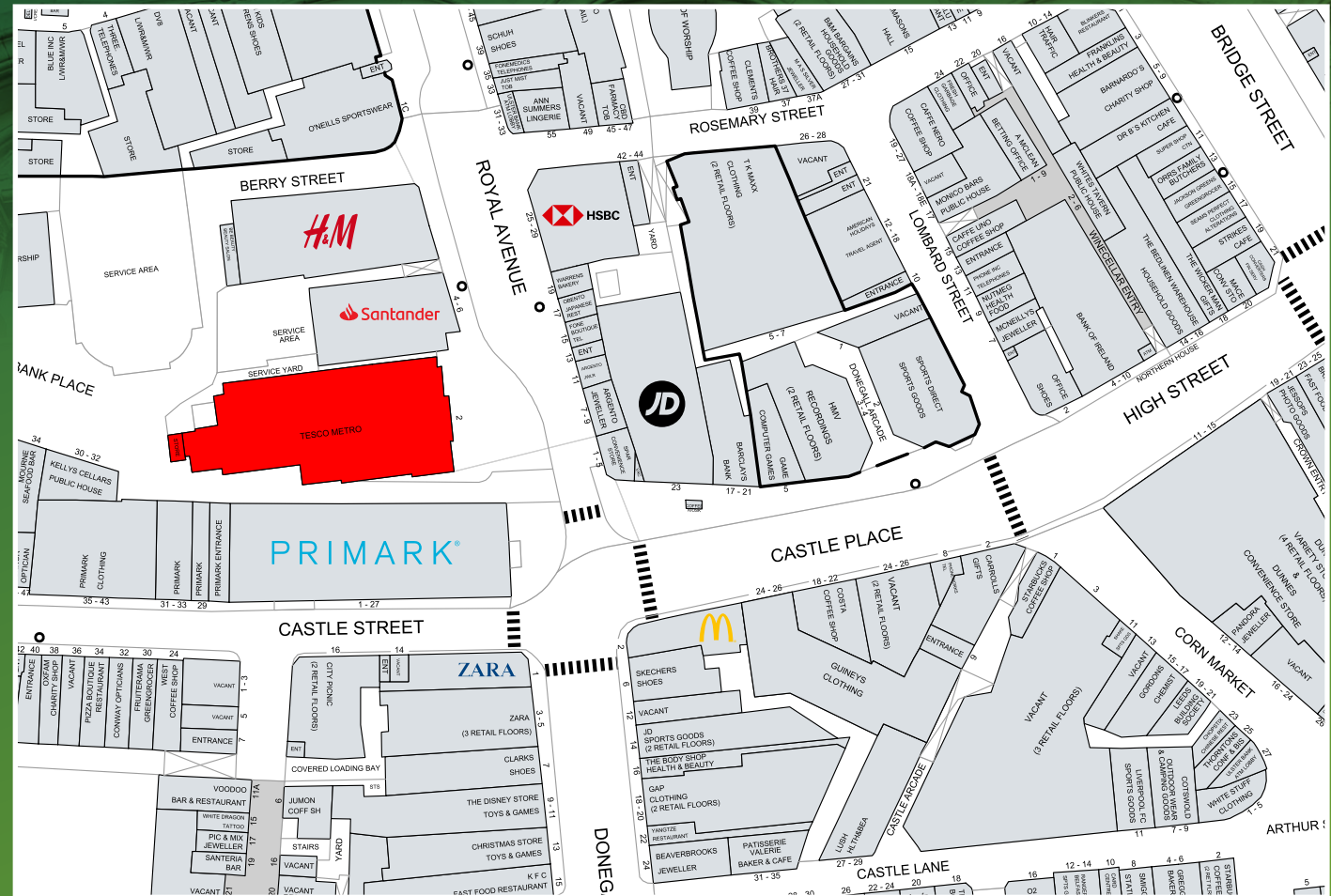


SITUATION

The property occupies a prominent and prime location within Belfast City Centre on Royal Avenue beside the Donegall Place, Castle Place and Royal Avenue intersection. Donegall Place is Belfast's traditional prime retail pitch with occupiers in the vicinity including, Marks & Spencer, Zara, Disney Store, Primark, Next, O'Neills, JD Sports and Sports Direct. Strategically the property is located between CastleCourt and Victoria Square, Belfast's two main shopping centres.

The property is located c. 10 minutes' drive from George Best Belfast City Airport, 25 minutes' drive from Belfast International Airport and is in close proximity to the main road and M1, M2 and M3 motorway network.

Belfast Central Train Station on May Street is a 10 minutes' walk and there is substantial car parking provision in the surrounding area. There are excellent bus connections within close proximity of the property on Royal Avenue and Donegall Square.





There are significant development plans in the surrounding area to include: -

Tribeca Belfast which comprises 12 acres of Belfast city centre is a £500m urban regeneration scheme. The aim is to transform the city centre through comprehensive regeneration and put Belfast at the forefront of British and European cities. At completion it will provide 1.5m sq. ft. of prime residential, Grade A office, retail, food and beverage space. The scheme received outline planning permission in September 2020.

Ulster Universities new Belfast campus will be one of the largest higher education builds in Europe and will transform higher education in the city, creating a dynamic teaching and learning environment. The new campus which is located nearby will see 15,000 students and staff relocate to the city centre from the Jordanstown campus.

The wider Weavers Cross development is a Transport led Regeneration Project and will act as a key enabler of wider city regeneration by connecting people

and opportunities through infrastructure. The Belfast Transport Hub and the wider Weavers Cross development is part of a Special Action Area within the Belfast City Centre Regeneration and Investment Strategy. Translink are interfacing with other Belfast City Council Developments including the Linen Quarter to be a part of the collective ambition for the continued growth and regeneration of the city core and its surrounding areas.

PROPERTY DESCRIPTION

The property is a landmark Grade B+ Listed Building (ref: HB26/50/106) comprising ground floor retail accommodation, with additional backup/office space at first and second floors. To the rear of the property there is a secure service yard onto Bank Square.

The building was originally constructed in 1869 and designed by William J. Barre for the Belfast branch of the Provincial Bank of Ireland. The Provincial Bank of Ireland continued to occupy the building until the Allied Irish Bank took over in the late 1980s and was subsequently refurbished and extended in 1996 for Tesco's occupation.

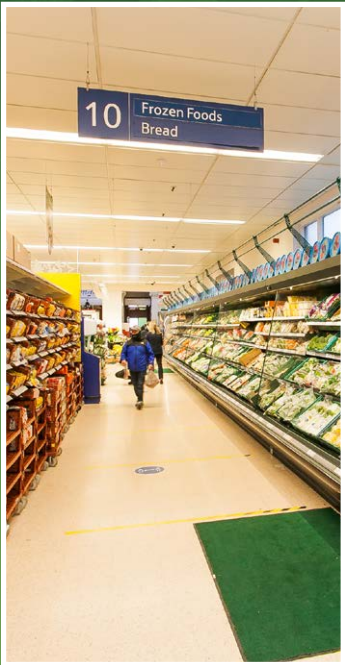
ACCOMMODATION

The property provides the following gross and net internal areas: -

| AREA | Gross Internal Area | | Net Internal Area | |
|-----------------------|---------------------|---------|-------------------|---------|
| | (SQ FT) | (SQ M) | (SQ FT) | (SQ M) |
| Ground Floor Sale | 15,068 | 1,399.9 | 13,436 | 1,248.2 |
| First Floor Ancillary | 10,727 | 996.6 | 8,864 | 823.5 |
| TOTAL | 25,795 | 2,396.5 | 22,300 | 2,071.7 |

SITE

The buildings sit on a broadly regular shaped site totalling 0.5 acres (0.2024 hectares).



TENANCY

The property is let to Tesco Stores Limited (company number 00519500) on a full repairing and insuring lease for a term of 25 years from 18th October 1996 expiring on the 17th October 2021 at a passing rent of £1,075,000 per annum.

A copy of the lease is available upon request.

COVENANT STRENGTH

Tesco is the largest retailer in the UK and one of the largest retailers in the world, with 7,005 stores in 8 different markets. Tesco currently has 26.9% market share of the UK grocery market significantly head of its nearest competitor Sainsburys with 15% market share. Tesco UK & Ireland has nearly 4,000 stores with 400,000 employees.

Tesco is the largest supermarket chain in Northern Ireland, with over 50 stores and 35.7% market share.

Tesco Stores Limited (company number 00519500) has an Experian Credit Rating of 100/100 representing a 'Very Low Risk.' Their accounts over the last three years may be summarised as follows: -

| TESCO STORES LIMITED (00519500) | YEAR ENDING 29/02/2020 | YEAR ENDING 23/02/2019 | YEAR ENDING 24/02/2018 |
|------------------------------------|---------------------------|---------------------------|---------------------------|
| Net Worth | £4,817,000,000 | £5,167,000,000 | £4,071,000,000 |
| Turnover | £42,951,000,000 | £42,219,000,000 | £41,367,000,000 |
| Pre-tax Profit | £1,151,000,000 | £737,000,000 | £417,000,000 |

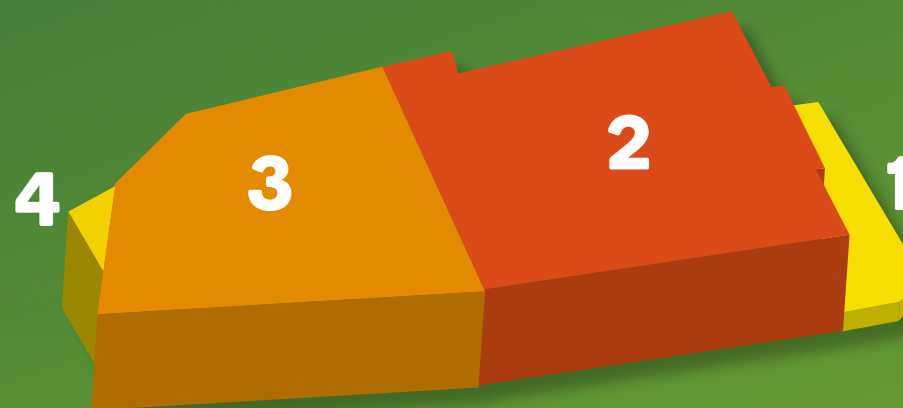
Further information on Tesco may be found on their website corporate website www.tescopl.com.

TITLE

The property is held part freehold, part fee farm grant and part long lease hold as follows:

1. 1,200 year long leasehold interest from 01/05/1859 indemnified
2. Freehold
3. Fee Simple
4. Fee Simple

In addition there is a supplemental co-terminus lease relating to land at the rear at a peppercorn rent.



RATEABLE VALUE

We have been advised by Land and Property Services that the property has an NAV of £305,000 (LPS ref: 270950). The Non-Domestic Rate in the Pound for Belfast for the current year 2020/21 is £0.538166.

Please note that under current legislation in Northern Ireland listed commercial properties are exempt from rates when vacant.

VAT

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

PROPOSAL

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EPC

The building has been rated C under EPC regulations.

2011/0200 Energy performance of buildings register

Energy performance certificate (EPC)

2 ROYAL AVENUE
BELFAST
BT1 1DA

Energy rating
C

Valid until 24 November 2030 Certificate number
8459-5519-5964-1427-9881

Property type
A1/A2 Retail and Financial/Professional services

Total floor area
2350 square metres

Energy efficiency rating for this property
This property's current energy rating is C.

CONTACT

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