

Sahara Group in talks to buy 'The Plaza' hotel in New York for Rs 3,000 crore

Little over a year after he snapped up London's iconic Grosvenor House hotel, Subroto Roy is about to do a similar deal across the Atlantic. The Sahara Group is in exclusive talks to acquire The Plaza, a 105-year-old landmark property in New York whose guests have included Marilyn Monroe and the Beatles, for around \$600 million (Rs 3,000 crore).

Sahara, which bought the Grosvenor House hotel in December 2010 for \$726 million, is carrying out a due diligence of the asset and has paid an advance to the property's owners, Israel's El Ad group, a person familiar with the matter told ET.

A deal, if the negotiations succeed, will be executed through Sahara's Mauritius-based subsidiary Aamby Valley (Mauritius) Ltd.

Sahara and El Ad declined to comment and questionnaires emailed to both groups went unanswered.

A deal with The Plaza will confirm the Indian conglomerate's continuing fascination with overseas expansion, which has left many Sahara watchers in India curious and bemused given that the group's mainstay businesses have been finance, real estate and media.

Last year, Sahara tried - and failed - to acquire a bunch of properties in London that were put up for sale by the Marriott hotels.

Ownership of the 20-storey Plaza, which overlooks New York's Central Park and is one of Manhattan's landmark structures, could catapult the Indian group, whose main interest in hospitality now essentially involves running a hotel in Mumbai, into the super-luxury segment of the industry with two very distinctive properties under its belt.

So far, the Tata group's Indian Hotels Company, which owns the iconic Taj brand, has led the overseas expansion of India's hospitality sector. It bought the Ritz-Carlton in Boston in 2007 for \$170 million and renamed it Taj Boston. It re-entered the New York market in 2005 after six years with the rights to manage the 201-room Pierre.

Under the terms being discussed for The Plaza, the aggregate consideration for the property includes two parts. The hotel part, which comprises 100 condominium rooms and 130 large-size non-condominium rooms, is being valued at around \$400 million while a premium retail space housing leading luxury brands is being valued at around \$200 million.

Sahara has also put a condition that if a deal gets consummated, The Plaza's present owners will have to terminate their management agreement with Canada's Fairmont Hotels & Resorts with immediate effect, sources said.

THE PLAZA HAS HAD A STORIED PAST

It is not yet known whether Sahara will manage the hotel on its own or bring in a management partner.

The Plaza was acquired by El Ad, which is controlled by Israeli billionaire Isaac Tshuva, in 2004 for \$675 million. The group subsequently spent another \$400 million on renovation, and parts of the building were sold off as luxury residential units. The hotel division's management and operations were contracted out to Fairmont.

Opened in 1907, the French Renaissance chAteau-style building designed by Henry Janeway Hardenbergh has had a storied past. Besides hosting several notables over the course of its history, the hotel was the site of the Plaza Accord of September 1985 under which the finance ministers of the US, Japan, West Germany, France and Britain agreed to bring down the price of the US dollar against their currencies.

It was granted landmark status by the New York Landmarks Preservation Commission in 1969. The ownership of the hotel property changed six times and its famous owners have included Conrad Hilton, founder of the Hilton Hotels chain, and Donald Trump.

(Economic Times)