

Commercial property

Saudis bid \$1.3bn for Grosvenor House and Plaza hotels

Family wealth funds consortium looks to take on properties from Subrata Roy's Sahara group



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by: **Judith Evans**, Property Correspondent

A consortium of Saudi and UK family wealth funds has launched a \$1.3bn bid for London's Grosvenor House Hotel plus majority stakes in New York's Plaza and Dream Downtown hotels from India's Sahara India Pariwar group.

The offer may spark a bidding war after Sahara revealed it was in talks with Qatari investors over a potential deal.

A sale would offer a lifeline to Subrata Roy, founder of the Sahara conglomerate, who has [spent nearly two years in jail \(http://next.ft.com/content/3f421950-4fe4-11e4-aoa4-00144feab7de\)](http://next.ft.com/content/3f421950-4fe4-11e4-aoa4-00144feab7de) over a case involving a convertible bond found illegal by Indian courts.

Mr Roy has been out on parole since May but that will end in August unless he pays \$1.5bn bail. Two years ago India's Supreme Court agreed to allow him a makeshift office in prison to pursue a sale of the hotels.

The UK family office 3 Associates submitted the new all-equity offer on Tuesday. It said most of the cash came from a Saudi family that runs a private wealth fund in Dubai.

They had been planning an offer but accelerated the bid after currency movements, in the wake of the UK's June 23 vote to leave the EU, benefited dollar-linked investors, said Jesdev Sagar, managing director at 3 Associates.

Mr Sagar said the potential deal represented "one of the largest in the industry and a significant demonstration of confidence in London commercial property".

Earlier this year 3 Associates bought 1 Pall Mall East in central London for £85m with Saudi Arabia's Bin Mahfouz family.

Lawyers for Mr Roy told Indian courts this month he was nearing a deal for the Qatar Investment Authority to buy the hotels. Sahara Group could not be reached for comment.

Sahara owns all of the Grosvenor House plus 70 per cent of the Plaza hotel on Fifth Avenue in New York — in which Saudi Prince al-Waleed bin Talal owns a minority stake — and 85 per cent of the Dream Downtown in New York's Chelsea district.

The 110-year-old, 282-room Plaza, which has hosted celebrities such as The Beatles and Marilyn Monroe, is operated by Fairmont and was formerly owned by Donald Trump, the US presidential candidate.

Sahara bought the 494-room Grosvenor House on Park Lane, operated by JW Marriott, from Royal Bank of Scotland in 2010 for £470m. The 1920s building is one of London's best-known venues and hosts events including the Baftas.

Some \$445.4m of debt owned by London's [Reuben brothers \(http://next.ft.com/content/6ed5ff06-odo8-11e5-b850-00144feabdco\)](http://next.ft.com/content/6ed5ff06-odo8-11e5-b850-00144feabdco) is secured against the hotels. Indian-born tycoons David and Simon Reuben took on the loans in

2015 after Bank of China, which previously owned the debt, called in administrators on Mr Roy's subsidiary, Sahara Grosvenor House Hospitality.

3 Associates submitted its offer to the Roy family; Deloitte, administrators to Sahara Grosvenor House Hospitality; and related parties on Tuesday, and will shortly file it with India's Supreme Court and the Securities and Exchange Board of India.

Should the bid be successful, the new owners plan to hold the majority of the assets for the long term and upgrade the "iconic" venues, Mr Saggar said.

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