

LE MERIDIEN PICCADILLY



LONDON



Le MERIDIEN
PICCADILLY

INTRODUCTION



Hotel Lobby

On behalf of Starman UK Company Ltd, Jones Lang LaSalle Hotels has been appointed as sole exclusive agent to offer for sale the 99-year long leasehold interest in the 267-room Le Méridien Piccadilly in Mayfair, London. Offered for sale with the benefit of a competitive management contract with Starwood Hotels and Resorts under

their Le Méridien brand, the hotel represents the rare opportunity to acquire a recently refurbished and highly profitable property with further upside potential in a prime location within London's West End.





L MERIDIEN
PICCADILLY

KEY INVESTMENT FEATURES



Executive Suite



Terrace Restaurant and Bar

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Historic & Well Established Hotel

First opened in 1908 and having undergone recent refurbishments of circa £7.5 million including the soft renovation of 171 guest rooms, many public areas and significant investment in plant and machinery, Le Méridien Piccadilly is one of London's best established hotels offering well maintained accommodation comprising:

- 267 guest rooms, including 79 Executive Rooms and 21 Suites;
- Terrace Restaurant & Bar, the Burlington Bar and Club Lounge;
- Eight meeting rooms totalling 1,111 sq. m.; and
- Piccadilly Health Club including one of the largest indoor pools in the London hotel market.



Prominent Building with Prime West End Location

Superbly located between Regent Street and Piccadilly, only seconds from world-famous Piccadilly Circus, Le Méridien Piccadilly is situated in Mayfair at the heart of London's fashionable West End. The hotel benefits from a principal frontage to Piccadilly, and is within easy walking distance of London's most esteemed office, residential and retail addresses, together with some of its best known tourist attractions.

High Income Generating Operation with Further Upside Potential

Strong international branding, experienced management, and extensive marketing and reservations networks have enabled Le Méridien Piccadilly to achieve consistently strong trading performance despite the recent crisis. The Hotel consistently achieves occupancy rates above 85% and RevPAR well ahead of the hotels in its competitive set. As a result the hotel has continuously produced total annual revenue in excess of £20M and GOP margins of over 45%, providing a fantastic platform upon which to build.

The current renovation of 171 guest rooms as well as the refurbishment of the Burlington Bar and hotel lobby will allow the hotel to further cement its position as a market leader in London.



BERKELEY SQUARE

BOND STREET

GREEN PARK

REGENT STREET

PICCADILLY



LE MERIDIEN, PICCADILLY

ST. JAMES' SQUARE

PICCADILLY CIRCUS

THE MALL

TRAFALGAR SQUARE

KEY INVESTMENT FEATURES [CONTINUED]



Regent Street Elevation

Favourable Deal Structure / Assignable Debt Opportunity

Potential purchasers will have the possibility to acquire Starman's interest subject to a favourable long term debt facility from Deutsche Bank which will be assignable to a new owner subject to the bank's consent. Such terms are no longer available in the market and greatly improve the return potential from the investment.

Competitive Management Contract with Leading International Hotel Operator

The hotel is operated by Starwood Hotels & Resorts under a competitive 15-year management agreement with total license and operating fees capped at a favourable percentage of total revenue. Starwood Hotels & Resorts is a leading global hospitality company whose Le Méridien brand of quality-tier, full-service hotels comprises in excess of 120 properties worldwide, and enjoys one of the strongest marketing distribution systems globally. The agreement is due to expire in November 2020.



Limited Hotel Supply and High Barriers to Entry

A shortage of sites, a restrictive planning environment and competition from other uses create exceptionally high barriers to entry for potential new competitive hotel supply in London's West End. This provides strong pricing power for a well located, internationally branded hotel like Le Méridien Piccadilly and ensures limited new competition in the future.

Significant Value Enhancement Opportunities

Further to the recent refurbishment program, additional potential exists to increase property cash flow through a number of noteworthy opportunities:

- Soft renovation of the remaining 96 guest rooms;
- Addition of 13 large guest rooms in lieu of 350 sq.m. of first floor meeting rooms;
- Improved utilisation of the 217 sq.m. Oak Room and dedicated kitchen adjacent to the hotel's entrance lobby at ground floor level.
- Potential expansion of the Piccadilly Health Club or alternative use for approximately 600 sq.m. of currently unutilised basement space.



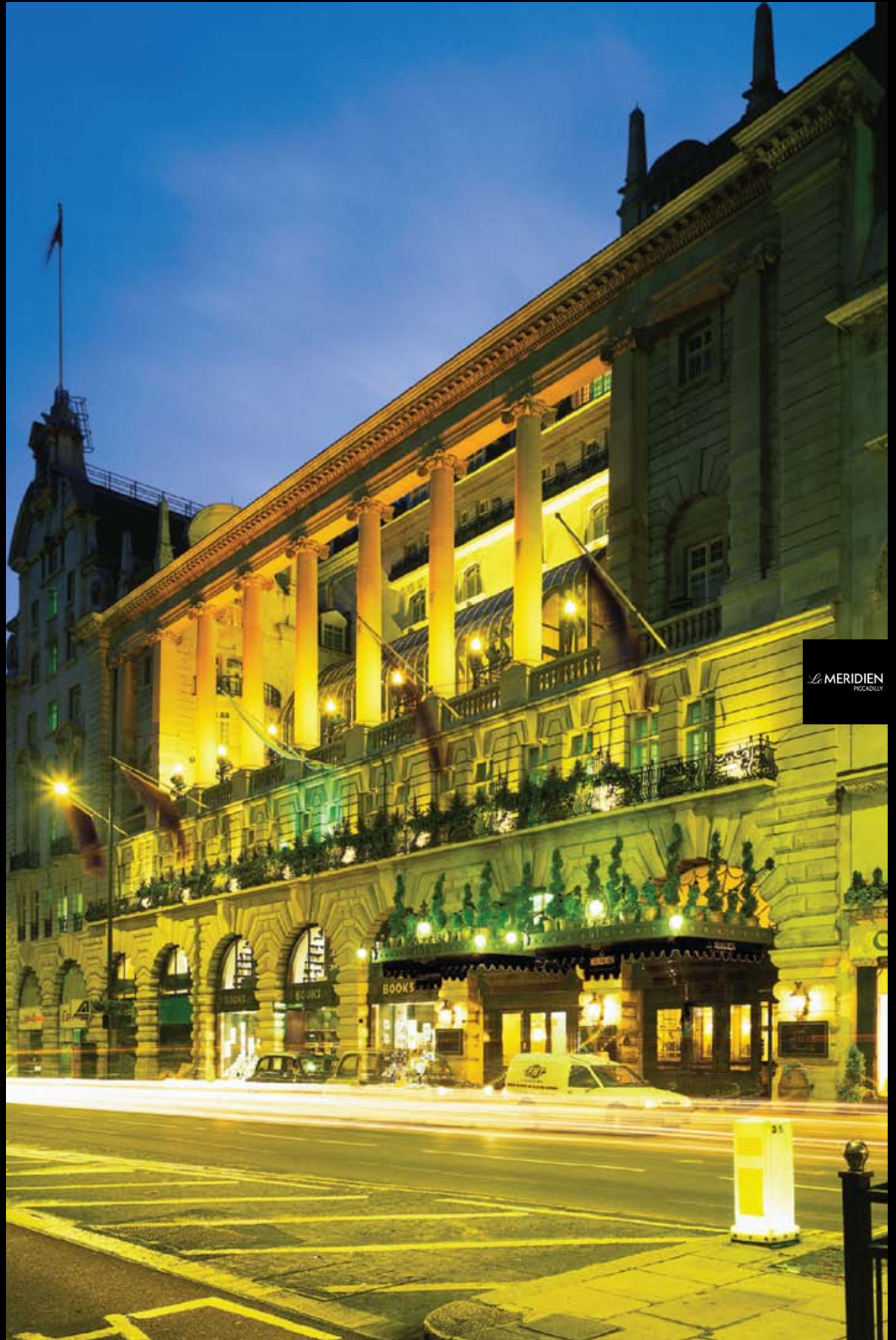
Classic Room



Piccadilly Health Club



Hotel Lobby



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Piccadilly Elevation

LOCATION



Piccadilly

Le Méridien Piccadilly is situated in a landmark location on a highly visible position with prominent frontages to two of the city's best-known streets, Regent Street and Piccadilly. The hotel's main entrance is situated at 21 Piccadilly, just a few metres from world-famous Piccadilly Circus.

Piccadilly is one of London's most cosmopolitan streets and contains an eclectic mix of occupiers and historic buildings. There are department stores such as Fortnum & Mason, specialist shops such as Hatchards Booksellers and glass-roofed high-end boutique shopping arcades such as the Princes, Piccadilly and Burlington arcades. Piccadilly also houses the Ritz Hotel and Casino, clubs such as Boodle's and White's in St James's, and the Royal Academy, one of the UK's most eminent art galleries.

Regent Street is world renowned for its fashion stores including Liberty's, Aquascutum and individual stores such as Hamleys, Apple and Burberry. Nearby are the famous streets of Savile Row and Jermyn Street which have for years been synonymous with fine English tailoring.

In recent years the location has been a major destination for international retail flag shop stores such as Abercrombie and Fitch, Hackett, Anthropology, Gant, Ferrari and National Geographic, further enhancing the location's appeal.

Regent Street and Piccadilly also form the principal boundaries of Mayfair and St James's, the prime office districts of the West End, where some of the country's most important corporate occupiers are found. These include HSBC Private Bank, American Express, Barclays Bank, Lloyds TSB Group, Sotheby's and Christie's auction houses, MTV Europe, Condé Nast Publications and a variety of hedge funds and private equity groups.

Within walking distance of Le Méridien Piccadilly are famous tourist attractions such as Trafalgar Square (with the National Gallery and Nelson's Column), Horse Guards Parade and Buckingham Palace. Also nearby is the theatre and entertainment district centred on Shaftesbury Avenue, Leicester Square and Covent Garden.

Piccadilly Circus is at the heart of London's road network with arterial routes emanating from it to the north, south, east and west. Underground tube services are provided within easy walking distance at Piccadilly Circus (Piccadilly and Bakerloo lines) and Green Park (Piccadilly, Jubilee and Victoria lines) providing easy access around the city including direct access to the Gatwick Express, Heathrow Express and Eurostar stations.



LE MERIDIEN
PICCADILLY

Primary Competitors

- 1 Lé Meridién Piccadilly
- 2 Grosvenor House, A JW Marriott Hotel
- 3 The Park Lane Hotel
- 4 The Langham London
- 5 The Cavendish London
- 6 Athenaeum Hotel & Apartments
- 7 Sofitel London St James

Secondary Competitors

- 8 London Marriott Hotel Park Lane
- 9 Sheraton Park Tower
- 10 Millennium Hotel London Mayfair
- 11 London Hilton on Park Lane
- 12 InterContinental London Park Lane
- 13 Radisson Edwardian Mayfair Hotel
- 14 London Marriott Hotel Grosvenor Square



PROPERTY DESCRIPTION



Club Room

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PICCADILLY

Built in 1908, the English Heritage Grade II listed property was designed by Richard Norman Shaw in the Edwardian Baroque style and constructed as part of the master planned Regent Street development. Above, on the Piccadilly elevation, is a screen of grand ionic columns, which enclose the set-back central façade of the upper floors. The building is a pioneering example of steel-frame construction, clad in Portland stone. The façade of the property will be cleaned as part of the 2010 renovation while the roof was refurbished in 1998.

The building is constructed on an irregularly shaped island site bounded by Regent Street, Air Street, Piccadilly, Piccadilly Place, Vine Street and Man in the Moon Passage, with frontages to Regent Street and Piccadilly of 62 metres and 71 metres respectively.





L MERIDIEN
PICCADILLY

Hotel Lobby

HOTEL DESCRIPTION



Terrace Restaurant and Bar

The 5-star, 267-room Le Méridien Piccadilly was designed to be one of London's "Grand Hotels", a symbol of Edwardian elegance, with the interior decoration of the public rooms based upon the style of Louis XIV. The hotel has sweeping frontages to both Piccadilly and Regent Street and rises nine storeys above street level to provide impressive views of the London skyline. One of its most striking design features of the hotel is the glazed Terrace Restaurant at second-floor level, where the façade is recessed behind a screen of grand columns.

The hotel is approached directly from Piccadilly through a canopied entrance, with a revolving door leading into the double-height lobby and reception hall. This has ornate ceilings with three stained-glass cupolas, wood-panelled walls, marble floors and columns of faux marble. In addition to the main reception, facilities include concierge and luggage desks and a business centre. The entrance area serves as a central circulation area providing access to the Oak Room, the Piccadilly Health Club, Burlington Bar, Terrace Restaurant and the function rooms on the upper floors. At the rear of the reception hall are three guest lifts. At mezzanine level, overlooking the reception area, is the recently created Club Lounge.

LE MERIDIEN
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Summary of Hotel Accommodation



<i>Floor</i>	<i>Facilities</i>
Sub Basement	Unutilised space, storage rooms, plant rooms, offices
Basement	Piccadilly Health Club, unutilised space, plant rooms, storage rooms, offices
Lower Ground Floor	Burlington Bar, Westminster Suite
Ground Floor	Hotel lobby, Oak Room, business centre, kitchen, storage rooms
Mezzanine Floor	Offices and club lounge
First Floor	Conference rooms, kitchen, plant rooms, offices
Second Floor	Terrace Restaurant and Bar, kitchen, two boardrooms, guest rooms
Third to Ninth Floors	Guest rooms

Source: Hotel Management



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Terrace Restaurant and Bar

GUEST ROOMS



Classic Room - 2010 Refurbishment



Standard Bathroom - 2010 Refurbishment

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Le Méridien Piccadilly has 267 guest rooms and suites located in two wings, with many enjoying views over Piccadilly or Regent Street. They vary in shape, size and aspect, a feature of the irregular site, and combine modern facilities with the splendour and comfort of a grand hotel. Guest rooms on the lower levels benefit from high ceilings and some of the guest rooms facing Regent Street have full-height windows.

Guest rooms are designed in a grand style with walnut veneer furniture typically including a stand-alone or built-in wardrobe, chest of drawers, writing desk and chair, armchair and bedside tables. Additional amenities include trouser press, flat screen satellite TV with in-house movies, mini-bar, direct-dial telephones and electronic door locks. Guest rooms are air-conditioned and have individual climate controls. Bathrooms typically have a combined bath/shower, WC, wash basin, hairdryer, shaving mirror and TV sound speaker. Some have natural light.



As part of the 2010 renovation, 171 guest rooms are being soft refurbished at a total cost of £2.2 million. This refurbishment package includes new carpets (guest rooms and corridors), curtains, wall finishes and lighting products. Additionally, the bathroom tiles are being regouted and bathtubs refinished. This refurbishment program follows a total £1.8 million spend in 2008 which included the replacement of the bed package, mini bars, door locks and TVs in all guest rooms throughout the hotel. The renovated guest room product will enable hotel management to continue to drive occupancy and rate and maintain the hotel's firm position at the top of its competitive set.

Schedule of Guest Rooms

Type	Quantity	Approximate size (sq.m.)
Classic	115	20-25
Deluxe	52	20-25
Club	79	20-25
Junior suite	13	40
Suite	8	45
Total	267	

Source: Hotel Management

FOOD AND BEVERAGE FACILITIES



Club Lounge - (pre refurbishment)



Burlington Bar - (pre refurbishment)

Le Méridien Piccadilly features a range of food and beverage facilities. The hotel's main restaurant outlet, the elegant Terrace Restaurant and Bar, is located on the second floor. It is used by the hotel residents for breakfast, lunch, afternoon tea and dinner as well as being popular with non-residents. The restaurant has a glazed, barrel-vaulted roof, an extensive glass façade and an external terrace overlooking Piccadilly. In addition to the main dining area, there is the Club Lounge, bar and reception. The restaurant is serviced by its own adjoining kitchen.

At lower ground level, reached from the main lobby, is the Burlington Bar which is subject to renovation as part of the 2010 renovation program. At an approximate budgeted cost of £150,000 the bar will be redesigned to have a more contemporary feel, however maintain its character of a refined English cocktail bar.

The recently added Club Lounge is located on the mezzanine level overlooking the lobby area. The two rooms provide club room guests private access to the lounge serving complimentary continental breakfast as well as drinks and canapés during the day. The Club Lounge is also subject to a refurbishment as part of the latest renovation program for a total budget of circa £160,000.

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Schedule of Food and Beverage Facilities

Name	Type	Capacity
Terrace Restaurant & Bar	All day international cuisine	120
Club Lounge	Breakfast and light snacks	40
Burlington Bar	Informal drinks and light snacks	35

Source: Hotel Management



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Terrace Restaurant and Bar

Terrace Restaurant and Bar



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CONFERENCE AND BANQUETING



Edwardian Suite

Le Méridien Piccadilly has a range of elegant and spacious conference and banquet facilities including eight meeting rooms on a total area of 1,111 square metres. All rooms are air-conditioned, fully equipped with sophisticated audio-visual equipment and ideally suited for business meetings, conferences and banqueting events.

On the ground floor, reached from the main hotel lobby, is the Oak Room which was restored to its original glory in 1985 and refurbished in 1997 to enhance its splendid original design. This includes Australian limed-oak panelled walls with extensive gilt work, high ornate ceilings and six impressive glass chandeliers from Murano in Italy. Served from its own adjoining kitchen, the Oak Room benefits from a large ante room in addition to the main area. The Oak Room used to be operated as a restaurant by Marco Pierre

Underutilised meeting room

Due to the hotel's guest segmentation and business mix the hotel caters to a relatively small amount of group business. As such, not all meeting facilities are used to their full capacity and there is potential to create approximately 13 guest rooms in space currently occupied by the Edwardian and Regency Suites. This would allow the hotel to add extra executive rooms or Junior Suites to the guest room mix to attract additional high-margin business. The cost for such a renovation has been estimated at approximately £1,900,000 or £146,000 per guest room and would provide a new owner with an excellent way in which to improve the hotel's cash flow in the short term.

White until his retirement in 1999. The restaurant was renowned as one of the finest restaurants in London and was awarded with three Michelin stars in its time.

As well as a large conference foyer, there are eight function rooms, some of which are capable of sub-division. The majority of rooms are located on the first floor and include the Adams and Georgian Rooms, which have ornate plaster mouldings on the walls and ceilings, and the Edwardian and Regency rooms, which benefit from extensive natural light and views over Piccadilly and Air Street respectively. A kitchen adjacent to the Georgian Room serves the function rooms.

There are two interconnecting boardrooms on the second floor.

Schedule of Conference and Banqueting Rooms

Room	Location	Size (sq.m.)	Theatre	Conference	Reception	U-Shape
Georgian Suite	1st Floor	291	250	80	245	70
Edwardian Suite	1st Floor	230	240	84	200	74
The Oak Room	Ground Floor	217	180	60	160	50
Regency Suite	1st Floor	121	110	50	110	40
Adams Suite	1st Floor	115	50	30	90	25
Westminster Suite	1st Floor	51	30	22	30	-
Mayfair Suite	2nd Floor	44	30	20	25	-
Chelsea Suite	2nd Floor	42	30	20	25	-
Total		1,111				

Source: Hotel Management





Oak Room



Georgian Suite



Oak Room

PICCADILLY HEALTH CLUB



Cardiovascular Room



Relaxation Room

Le Méridien Piccadilly is home to one of London's most extensive hotel health and leisure clubs – the Piccadilly Health Club. Located in the basement it was created in the hotel's original ballroom and masonic temple rooms. The striking architecture of these rooms provide a unique ambience in which to exercise, swim, relax or receive health and beauty treatments.

The facilities, which were extensively refurbished in 2005 currently include a reception area, lounge, a gymnasium, a separate cardiovascular room with state-of-the-art resistance machines and free weights, two squash courts, health and beauty spa with eight treatment rooms, whirlpool, sauna and steam rooms. The main feature of the club is a stunning swimming pool located in the old ballroom which has a mesmerising deep-blue mosaic tile floor.

The Piccadilly Health Club is open to both, hotel guests and outside patrons and has a separate entrance onto Piccadilly.



Historically the health club was operated more extensively, with 600 sq.m. of additional rooms in the basement and sub basement which are currently vacant. A new owner will have the opportunity to reinvigorate this currently unutilised space.

OTHER FACILITIES AND BACK OF HOUSE

Immediately adjacent to the reception area on the ground floor is a business centre.

The back of house facilities are primarily located on the basement, sub basement and ground floor. The main restaurant kitchen is located on the first floor while a further, fully equipped kitchen is located adjacent to the Oak Room on the ground floor.

Staff canteen and administrative offices are located in the basements. Further offices, front office, luggage store, delivery bays and garbage compactor are situated on the ground floor.



Treatment Room



Gymnasium



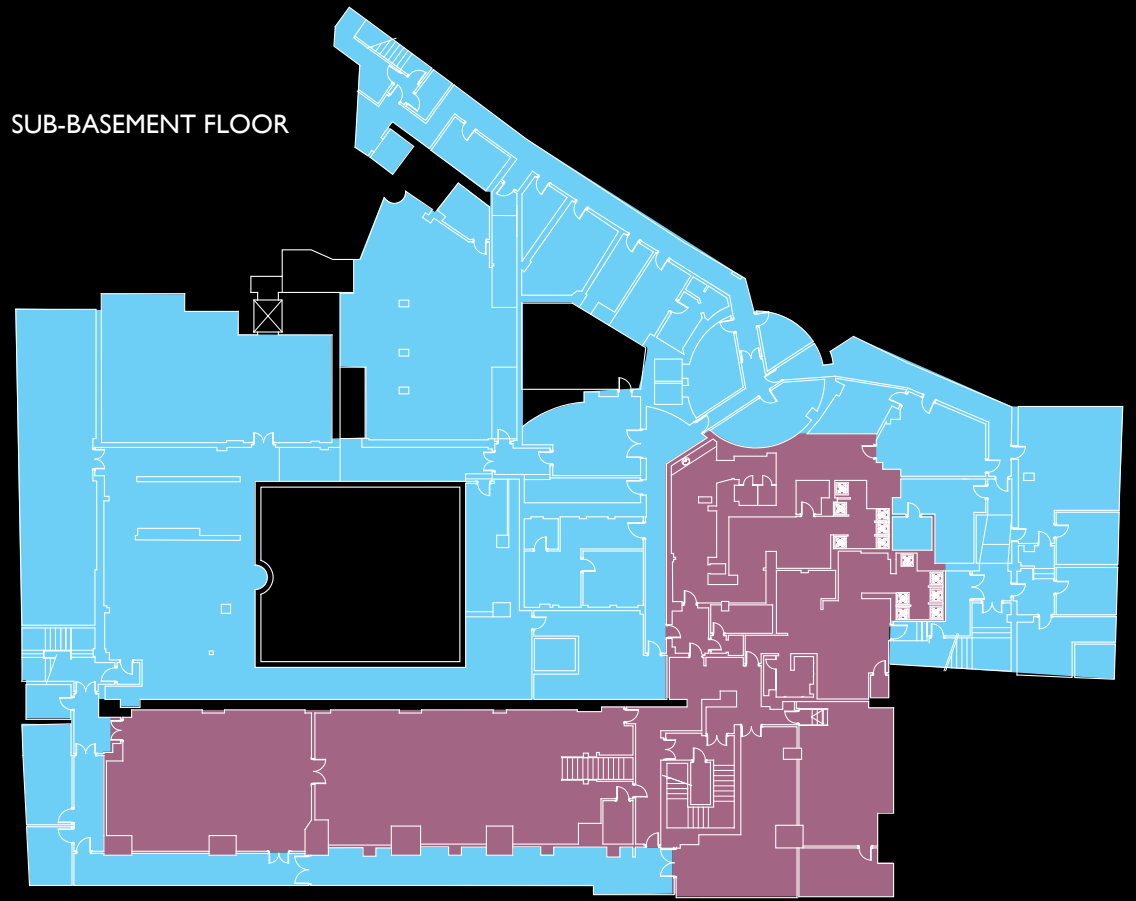
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Swimming Pool

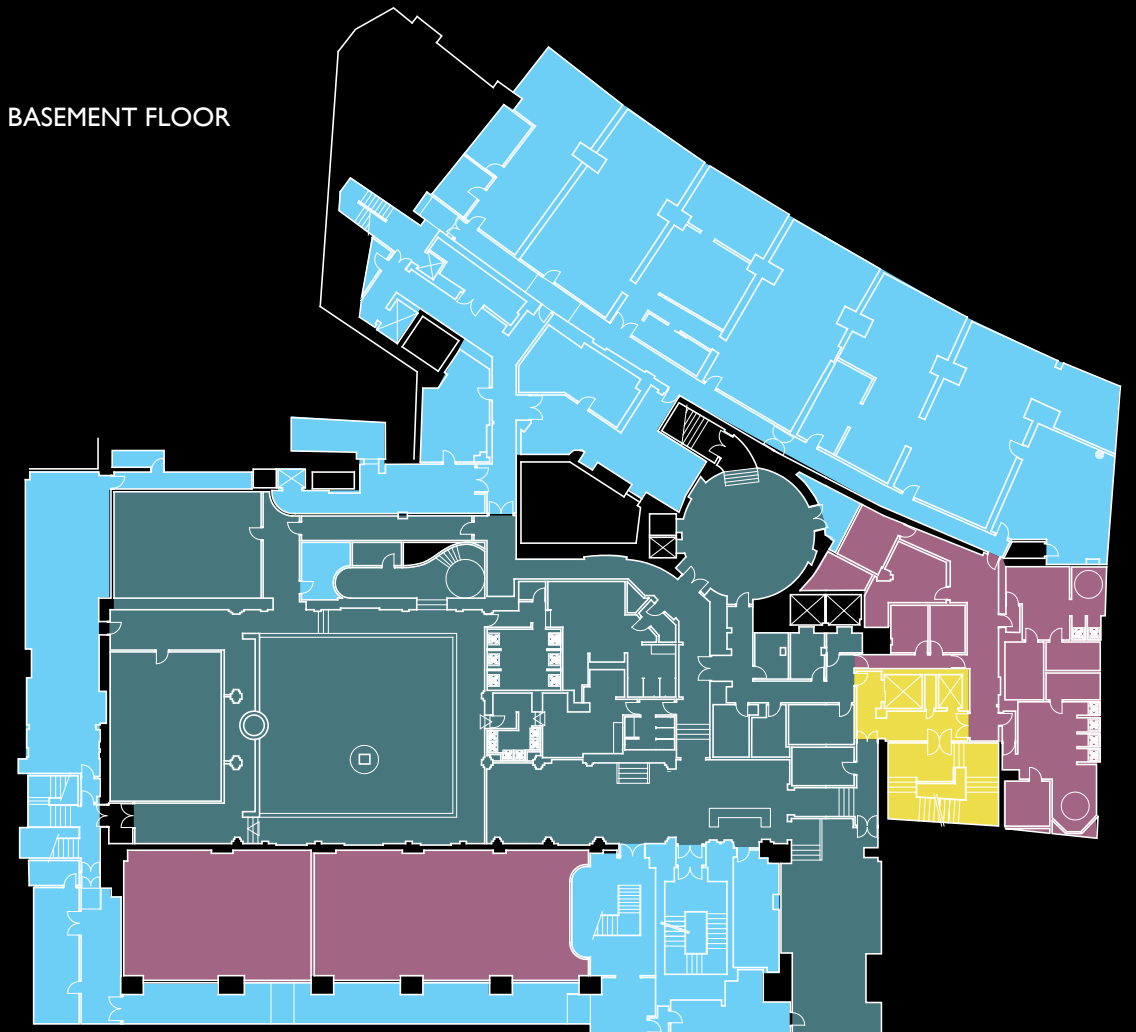
FLOORPLANS

- Public Areas
- Restaurants & Bars
- Conference & Banqueting
- Piccadilly Health Club
- Guest Rooms
- Back of House
- Unutilised Space

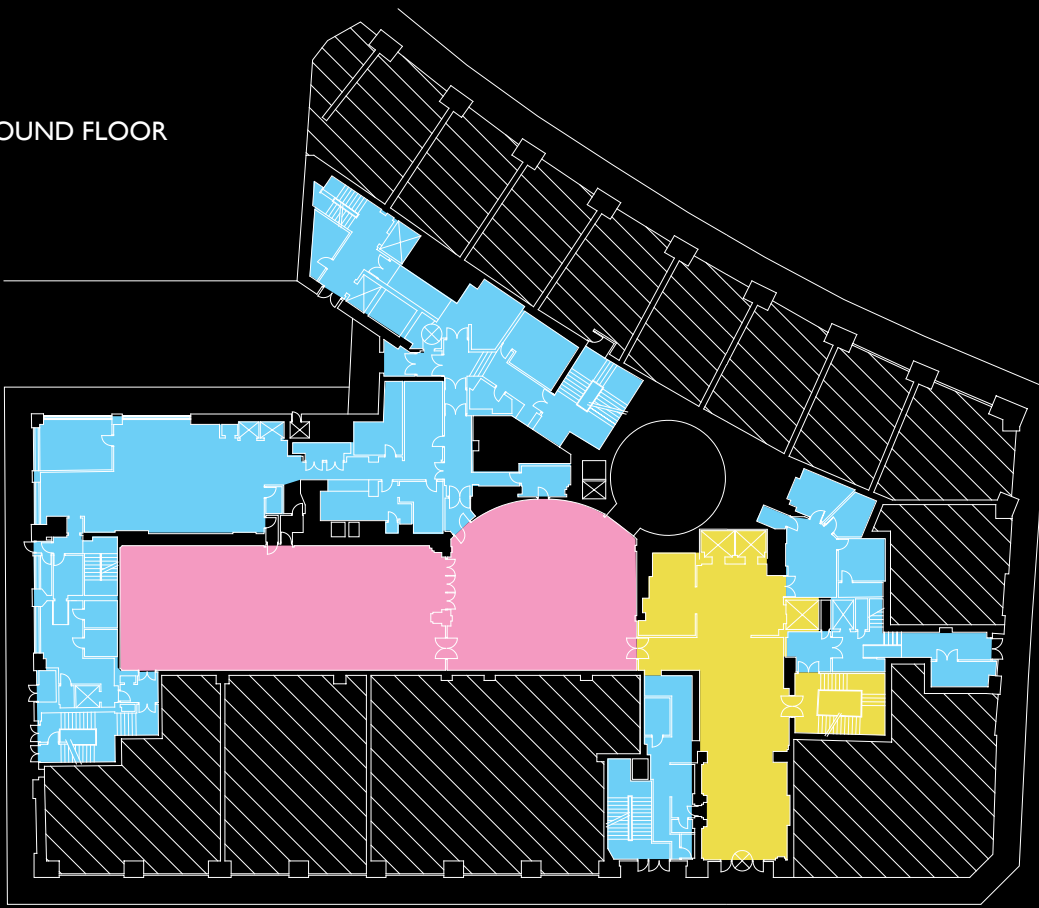
SUB-BASEMENT FLOOR



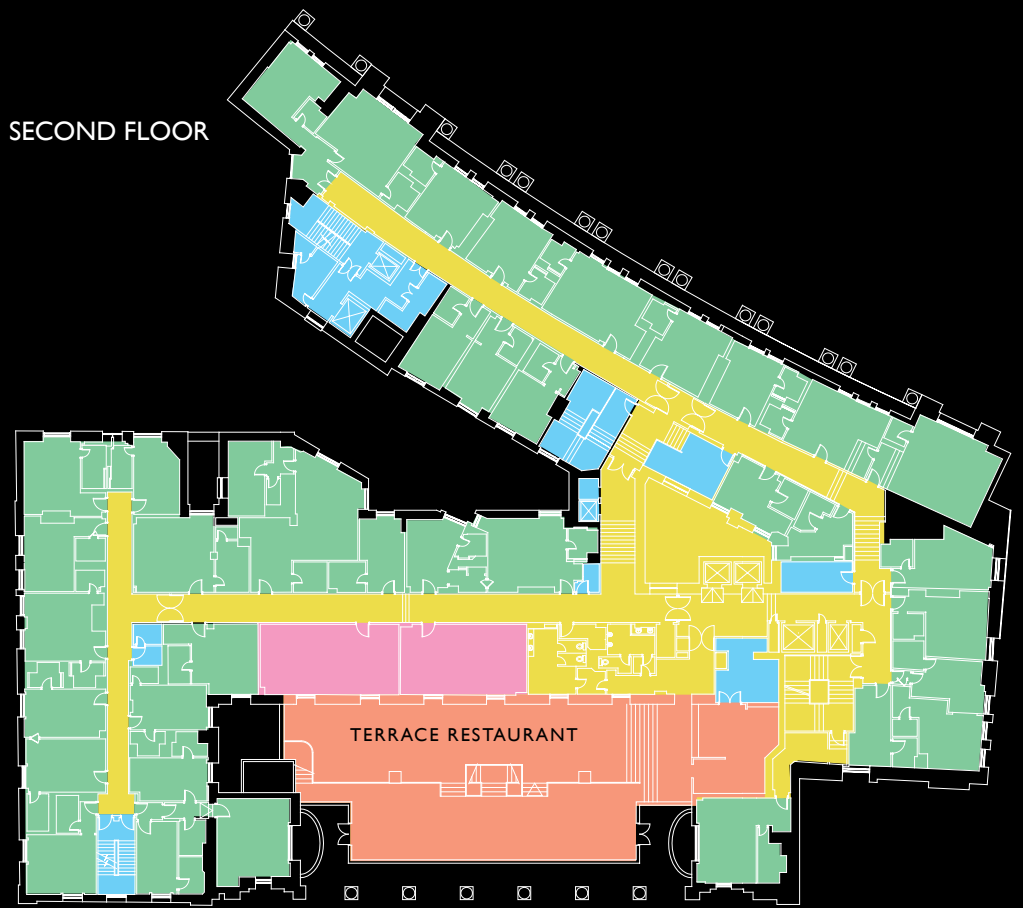
BASEMENT FLOOR



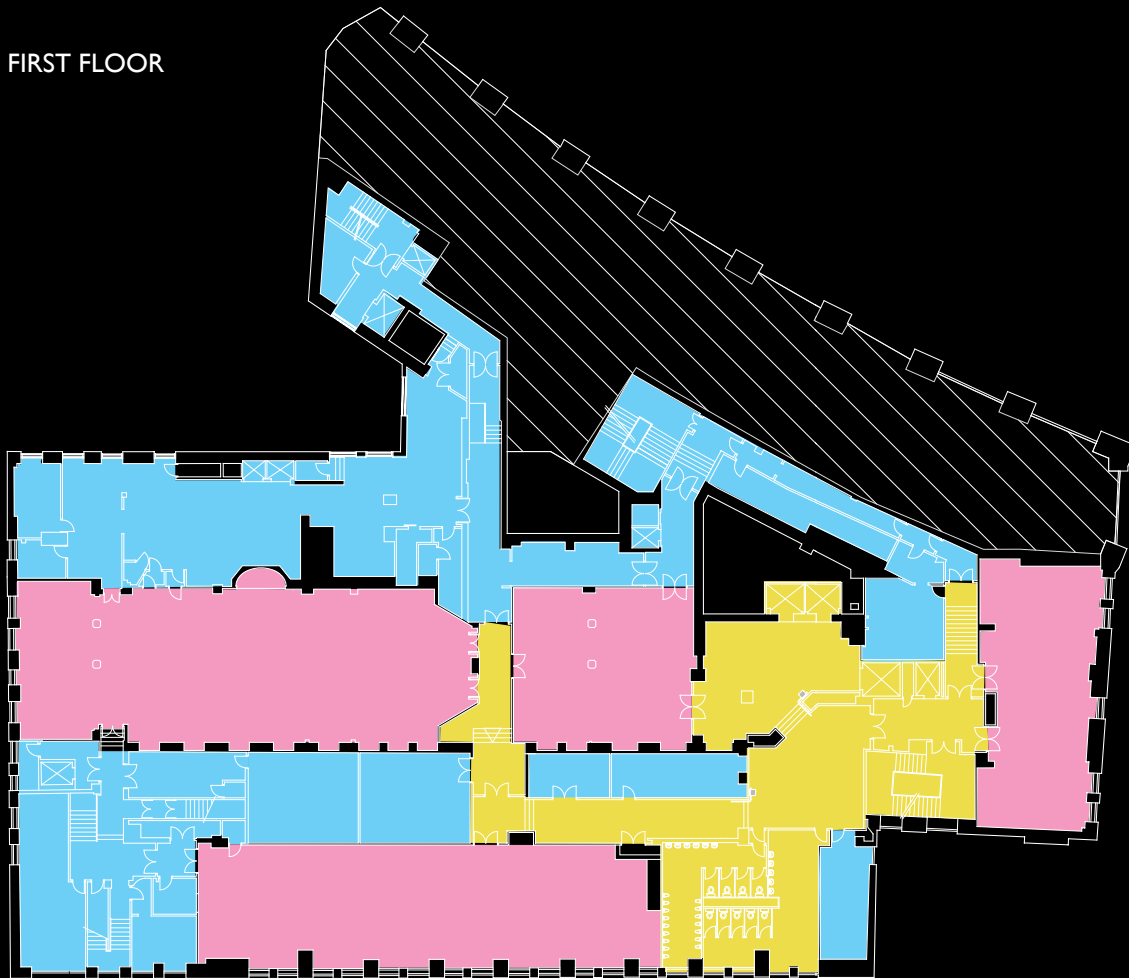
GROUND FLOOR



SECOND FLOOR



FIRST FLOOR



THIRD FLOOR



TENURE



Hotel Lobby

LEASE

The hotel is held on an underlease from St Martins Property Company for a term of 99 years commencing 10 October 1983. St Martins Property Company in turn holds a ground lease from the Crown Estate for a term of 125 years from 10 October 1983. The provisions of the underlease provide the tenant with the possibility of extending the underlease for a further 26-year term, effectively lengthening the agreement until 2108 (98 years unexpired).

The rent calculation allows the landlord to benefit from upside in the hotel's operation. However, due to the structure of the rental calculation, a new owner benefits from any capital investment in the property such as the recent renovations through a deduction in the rent payable equivalent to the depreciation of the invested monies.

FURTHER INFORMATION

Access to a due diligence website containing full historic trading information, site and floor plans, title details, and other information may be obtained from Jones Lang LaSalle Hotels on the signing of a Confidentiality Agreement.

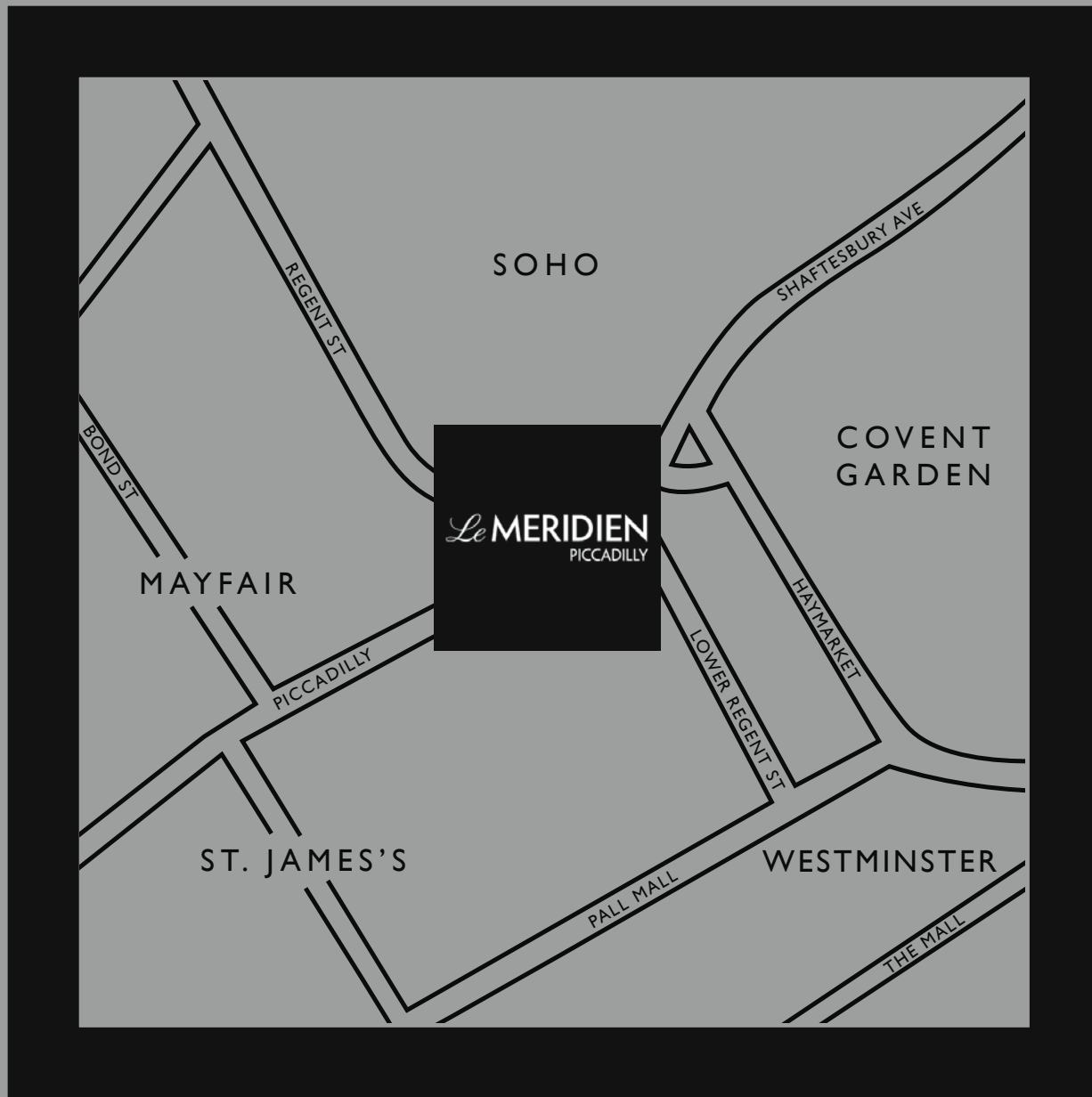
These particulars were prepared in February 2010. Jones Lang LaSalle, for themselves and for the vendors of this property, whose agents they are, give notice that (i) the particulars are set out as a general outline only for the guidance of intending purchasers and constitute neither the whole nor part of an offer or contract; (ii) all descriptions, dimensions, references to condition and necessary permissions for use and occupation and other details are given in good faith and are believed to be correct, but any intending purchasers should not rely on them as statements or representations of fact but should satisfy themselves by searches, enquiries, surveys and inspection or otherwise as to the correctness of each of them; (iii) no person in the employment of Jones Lang LaSalle has authority to make or give any representation or warranty whatsoever in relation to this property.

MANAGEMENT CONTRACT

The hotel is offered subject to a management agreement with Starwood Hotels and Resorts trading under the Le Méridien brand. The agreement is for a term of 15 years without extensions expiring in November 2020 (11 years unexpired).

The fee structure of the management agreement caps the operating and licensee fee at a favourable percentage of total revenue. No incentive fee is provided for the operator.





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