

HEI adds Le Meridien Hotels in Philadelphia and Cambridge, Mass. to Portfolio

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HEI Hotels & Resorts announced that it has stepped up its commitment to Le Meridien hotel brand with two hotel acquisitions/conversions—one in Philadelphia, Pa. and the other in Cambridge, Mass.

HEI became the owner of the first Le Meridien since Starwood's acquisition of the brand when HEI purchased and converted the former Park Hyatt hotel in San Francisco in 2006. HEI said that it will aggressively seek additional opportunities to expand the brand throughout North America as part of its burgeoning portfolio.

"We were the brand's first new U.S. franchisee, and based on our positive experience with the converted San Francisco Le Meridien, we remain very confident about the long-term potential of Le Meridien," said Steve Mendell, HEI's executive vice president - acquisitions and development. "With so few properties in the U.S., we see many opportunities to acquire and convert additional hotels and build brand equity with virtually no impact issues. The upper upscale segment has experienced consistent demand growth over the last few years, which is another major plus for the brand."

"Le Meridien is thrilled to welcome guests to two of the nation's most creative communities where we will provide a curated experience enhanced by an atmosphere of European refinement and contemporary refinement," said Eva Ziegler, senior vice president, Le Meridien. "A favorite among progressive, forward-thinking international travelers, Le Meridien facilitates guest exploration of the arts, architecture, design, cuisine and fashion of each of its vibrant destinations around the world. Philadelphia and Cambridge will certainly provide fertile ground for this voyage of discovery."

Le Meridien Cambridge, Mass.

HEI expects to complete the previously announced acquisition of the Hotel @ MIT at 20 Sidney Street, adjacent to the MIT campus, from a joint venture between Forest City and the Massachusetts Institute of Technology (MIT) on December 5, and will convert the hotel to the Le Meridien brand. The hotel is situated in the heart of University Park at MIT, a premier, award-winning office, high-tech and biomedical complex, within a short walk of Harvard Square. The property features 7,700 square feet of state-of-the-art meeting space, a full-service restaurant, a terrace garden for outdoor functions and a fitness center.

"This is our first hotel in the Boston/Cambridge market, one of the most dynamic markets in the country with high barriers to entry," Mendell said. "It is also a market perfectly suited to Le Meridien brand, with its sophisticated, European-inspired style and cultural focus. The property is proximate to some of the nation's premier academic institutions, including Harvard, MIT and Boston College, and such world-class Boston demand generators as Faneuil Hall, Fenway Park and the Museum of Fine Arts. We also will be an attractive lodging and meeting alternative for the large number of nearby corporate offices."

"We are doing a complete renovation of all the guest rooms, updating the lobby and adding Le Meridien signature touches, reconcepting the restaurant space, and converting an existing library into multi-function space, all of which are designed to retain the uniqueness and locational value of the property," added Roger Clark, HEI's senior vice president of acquisitions.

Le Meridien Hotel in Center City Philadelphia

HEI will acquire and operate the under-development Le Meridien hotel in Center City Philadelphia in late spring of 2009. Arch Street Hotel Partners owns the currently vacant landmark YMCA building at 1421 Arch Street, which Development Services Group, Inc. (DSG) will convert to a 202-room, upscale, full-service Le Meridien hotel. Construction is scheduled to begin by year end.

"This is a classic boutique hotel in a dynamic urban setting that is well suited for Le Meridien brand," Mendell said. "Downtown Philadelphia is in a strong growth phase, which includes a robust hotel market that has experienced double-digit RevPAR gains over the past three calendar years. A re-energized Convention Center is undergoing expansion scheduled for completion by 2010, which will, in effect, double the center's capacity by enabling it to conduct two separate major events simultaneously. The new hotel's central location will appeal to both business and leisure travelers."

Originally built as a YMCA in 1912 and designed by famed architect Horace Trumbauer, the 10-story Georgian revival style building will undergo extensive renovation beginning this month. The classic, red-brick building is located on the north side of Arch Street, just west of Broad Street and within a block of the under-way expansion of the Pennsylvania Convention Center, in the heart of Philadelphia's Central Business District.

When completed, Le Meridien lobby will be located on the ground level, with guest rooms on floors five through 10 of the 10-story building. The hotel will feature 5,330 square feet of meeting space, including a 2,900- square-foot ballroom that will accommodate groups of up to 250. The full- service, boutique-style hotel also will house a cocktail/wine bar and small gourmet restaurant, concierge service and a state-of-the-art fitness center.

"We believe the hotel will act as a further catalyst to attract new retail and office space to the immediate area, which will add to the growing vibrancy of the neighborhood," Clark said. "It will be the first new upscale, full- service hotel in Center City since 2000."

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