

Strategic Hotels & Resorts Announces Agreements to Acquire Marriott London Grosvenor Square and to Purchase Partner's Interest in the Intercontinental Hotel in Prague

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Strategic Hotels & Resorts, Inc. (NYSE:BEE) announced that the company has signed an agreement to acquire the Marriott London Grosvenor Square from an affiliate of Blackstone Real Estate Partners for a purchase price of 103.0 million pounds Sterling (\$192.0 million).

The acquisition, which is expected to close in the third quarter of 2006, remains subject to customary closing conditions.

The Marriott London Grosvenor Square is a 236-room newly repositioned upscale hotel overlooking Grosvenor Square in the prestigious Mayfair neighborhood of central London. The hotel is adjacent to the American Embassy and a short walk from Hyde Park. The hotel recently completed a 12.8 million pounds Sterling (\$23.9 million) repositioning involving the renovation of guestrooms and lobby areas, expansion of meeting space and the creation of Maze restaurant, leased to celebrity chef Gordon Ramsay. The hotel contains 10,000 square feet of high-tech meeting space and two premium food and beverage outlets.

The company estimates that the property will contribute between \$4.8 million and \$5.8 million of EBITDA in the last four months of 2006, and between \$13.0 million and \$15.0 million in the first twelve months of ownership.

The company also entered into an agreement to purchase a 65.0% interest in the entity that owns the InterContinental Hotel in Prague, Czech Republic, for \$68.8 million from EU-Hotel Pte Limited, an affiliate of GIC Real Estate, Inc. The purchase will bring the company's interest in the entity that owns the property to 100%. Including the assumption of \$56.5 million in debt, the company's total investment to acquire the 65% interest is \$125.3 million. The acquisition is expected to close in August 2006 and remains subject to customary closing conditions.

A 372-room luxury property located in the capital of the Czech Republic and in the historic Old Town, the InterContinental Prague comprises more than 10,000 square feet of meeting space, four food and beverage outlets and a 27- suite extended stay facility adjacent to the property.

The company estimates that the property will contribute between \$5.8 million and \$6.8 million of EBITDA in the last five months of 2006, and between \$14.5 million and \$16.5 million in the first twelve months of ownership.

Laurence Geller, Chief Executive Officer of Strategic Hotels & Resorts, commented, "The Marriott Grosvenor Square and InterContinental Prague are superb assets that provide the key elements of location, operational potential and physical improvements that we look for in acquisitions. Europe remains an under asset-managed marketplace, presenting extraordinary opportunities to apply our unique skills. These investments in London and Prague are integral to expanding our European base and to providing additional avenues and opportunities for substantial earnings growth. We are pleased to extend our productive relationship with Blackstone and are also deeply appreciative of our partnership with GIC Real Estate in Prague over the past seven years."

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