

Strategic Hotels & Resorts Enters Into a \$450 Million Joint Venture on the Intercontinental Chicago and the Hyatt Regency La Jolla

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Strategic Hotels & Resorts (NYSE:BEE) announced today that it has entered into a joint venture agreement with GIC Real Estate Pte Ltd (GIC RE), the real estate investment company of the Government of Singapore Investment Corporation Pte Ltd.

Under the terms of the agreement, GIC RE's affiliate will acquire a 49 percent interest in the company's InterContinental Chicago and Hyatt Regency La Jolla hotels and the joint venture will enter into long term asset management and other services agreements with Strategic Hotels & Resorts. The transaction, with a gross aggregate value of \$450 million, is expected to close during the third quarter.

Both hotels will be held in a joint venture arrangement for which Strategic Hotels & Resorts will serve as asset manager under a long term asset management agreement. The company will hold a 51 percent interest and GIC RE will hold the remaining 49 percent interest. Strategic Hotels & Resorts will receive asset management fees in addition to various other fees for its services under the agreement. The company had previously expected the hotels to produce approximately \$34.5 million in combined property EBITDA for 2007. Including the aforementioned fees, the company's disposition of the 49 percent interest represents an effective 2007 EBITDA multiple of 14x. In addition, the agreement provides the company with longer term operating and capital incentive arrangements.

Laurence Geller, President and Chief Executive Officer, commented, "We are delighted to forge this partnership with GIC Real Estate, an organization with whom we have a decade long, successful relationship in a myriad of formats. They have been our partners in owning European hotels and both lenders and equity investors in our predecessor company (prior to becoming a publicly listed NYSE entity). We look forward to a continued expansion of this fruitful relationship with similar such long term arrangements in conjunction with a globally oriented partner who has complementary objectives and philosophies to our own.

"This transaction exemplifies one of our stated strategies of seeking partial liquidity for assets that have reached the mature phase of their life cycle, while allowing us to benefit from further cyclical upside, identified longer term redevelopment opportunities, a recurring stream of fee income and incremental profit sharing opportunities. In addition, the opportunity to earn recurring asset management and incentive fees is an extension of our business which provides value enhancing asset management systems and services to current and future partners.

"We are pleased with the increases in value created by our successful asset management strategies at both of these properties. Given the gross value of \$450 million for this transaction, we have achieved a combined unleveraged internal rate of return in excess of 30 percent during the company's ownership of the Hyatt Regency La Jolla as a public company and the InterContinental Chicago since its acquisition approximately two years ago."

The 792-room InterContinental Chicago, located in the heart of the Magnificent Mile shopping district, is an historic luxury property in the third most populated metropolitan area in the nation. The hotel consists of two towers, the 42-story historic tower and the 26-story main tower, and features 42,000 square feet of function space, including six historic ballrooms and 30 state-of-the-art meeting rooms. The InterContinental Chicago also features Strategic Hotels & Resorts' proprietary wine room concept, ENO, which is the second of eight planned locations within the United States. Further enhancements are currently underway at the property, including the addition of a Starbucks franchise on Michigan Avenue, a new location for the Zest restaurant in previously non income generating public space and additional meeting space converted from a portion of the Zest restaurant's previous location. The company acquired an 85 percent controlling interest in the asset in April 2005 as part of a joint venture with the previous owner and had subsequently increased its ownership to 100 percent.

The 419-room Hyatt Regency La Jolla, located in San Diego's upscale resort community of La Jolla, known as the "Jewel of the Pacific," is an architectural masterpiece inspired by Michael Graves. The property features more than 34,000 square feet of flexible function space, a popular collection of food and entertainment outlets, including the well renowned Cafe Japengo, the 32,000 square foot atrium style Sporting Club and Spa, an Olympic-size lap pool and an array of business and leisure services and amenities.

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