

Strategic delays plan to sell area Marriott

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Medill News Service

Strategic Hotels & Resorts Inc. is tabling the idea of selling its Marriott Lincolnshire Resort until at least the end of the third quarter this year, CEO Laurence Geller said Thursday when discussing first-quarter results of the Chicago-based company.

Strategic, the operator of high-end luxury hotels and resorts, reported to shareholders a wider loss of \$9.6 million, or 13 cents per share, on early debt repayment costs and unfavorable foreign exchange rates, from a year-earlier loss of \$1.4 million, or 3 cents per share. Funds from operations for the real estate investment trust, however, met analysts' expectations.

The stock dipped 1.3 percent Thursday.

Regarding the Marriott Lincolnshire, Geller said: "We tested the market in quarter four of last year for a sale and we saw some nervousness in the market about it because of the recent opening of a Westin hotel" in Wheeling. The company will reconsider its options at the end of the third quarter based on operations, he said, adding that so far he's pleased that the Westin hasn't had much negative impact on the Marriott.

Michelle Ko, an associate analyst at New York-based UBS Securities LLC, said in a conference call that many "were expecting (the sale) to be in the first quarter."

Funds from operations beat by one cent per share an estimate by William A. Crow, an analyst at St. Petersburg, Fla.-based Raymond James Financial Inc., who later called the quarterly earnings "solid."

"Strategic Hotels Resorts boasts one of the most attractive portfolios of upper upscale and luxury hotels and resorts," Crow wrote.

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