

STRATEGIC HOTELS & RESORTS, INC
Form 8-K
February 16, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) February 16, 2011

Strategic Hotels & Resorts, Inc.

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State or Other Jurisdiction of Incorporation)

001-32223
(Commission)

33-1082757
(I.R.S. Employer)

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File Number)

Identification No.)

200 West Madison Street, Suite 1700, Chicago, Illinois
(Address of Principal Executive Offices)

60606
(Zip Code)

(312) 658-5000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

On February 16, 2011, Strategic Hotels & Resorts, Inc. (the Company) issued a press release to announce that the Company signed a letter agreement (the Letter Agreement) to (i) acquire the Four Seasons Jackson Hole and the Four Seasons Silicon Valley (the Properties) from The Woodbridge Company Limited (Woodbridge) in exchange for an aggregate of 15,200,000 shares of the Company's common stock, par value \$0.01 per share (the Common Stock), at an agreed upon issuance price of \$6.25 per share, or an implied valuation of \$95,000,000 (the Hotels Transaction) and (ii) concurrently directly privately place and issue an additional 8,000,000 shares of Common Stock to Woodbridge resulting in total gross proceeds of \$50,000,000 (the PIPE Transaction and together with the Hotels Transaction, the Transactions). The Transactions, which are subject to the negotiation and execution of definitive agreements and satisfaction of customary closing conditions, are expected to close in the first quarter of 2011. Net proceeds from the issuance of Common Stock in the PIPE Transaction, after transaction costs, will be used to repay the outstanding indebtedness under the Company's revolving credit facility, which was recently drawn to fund the equity investment in the Hotel del Coronado recapitalization. The Company has asset managed the Properties on behalf of Woodbridge for the past two years.

Upon consummation of the Transactions, the Company will issue a total of 23,200,000 new shares of Common Stock (the Shares). The Shares will be subject to a twelve-month lock out period and will be entitled to customary registration rights thereafter. The securities to be offered have not been and will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

A copy of the Press Release relating to the Transactions is attached to this Current Report on Form 8-K (Current Report) as Exhibit 99.1 and is incorporated herein solely for purposes of this Item 7.01 disclosure.

The information in Item 7.01 of this Current Report, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of such section. The information in Item 7.01 of this Current Report, including Exhibit 99.1, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing.

This Current Report contains forward-looking statements about the Company. Except for historical information, the matters discussed in this Current Report are forward-looking statements subject to certain risks and uncertainties that could cause the actual results to differ materially, including but not limited to the following: failure to reach agreement with Woodbridge on all business terms and the failure to execute definitive agreements; failure to complete the Transactions in light of due diligence findings or the failure of closing conditions to be satisfied; ability to obtain, refinance or restructure debt or comply with covenants contained in our debt facilities; volatility in equity or debt markets; rising interest rates and operating costs;

rising insurance premiums; cash available for capital expenditures; competition; demand for hotel rooms in our current and proposed market areas; economic conditions generally and in the real estate market specifically, including deterioration of economic conditions and the extent of its effect on business and leisure travel and the lodging industry; ability to dispose of existing properties in a manner consistent with our disposition strategy; delays in construction and development; demand for hotel condominiums; marketing challenges associated with entering new lines of business; risks related to natural disasters; the effect of threats of terrorism and increased security precautions on travel patterns and hotel bookings; the outbreak of hostilities and international political instability; legislative or regulatory changes, including changes to laws governing the taxation of REITs; and changes in generally accepted accounting principles, policies and guidelines applicable to REITs.

Additional risks are discussed in the Company's filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. The forward-looking statements are made as of the date of this Current Report, and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|---------------------------|--|
| 99.1 | Press Release dated February 16, 2011. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

February 16, 2011

STRATEGIC HOTELS & RESORTS, INC.

By: /s/ Paula C. Maggio

Name: Paula C. Maggio

Title: Senior Vice President, Secretary and General
Counsel

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|--|
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