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Exchange threatens to delist Executive Inn Group

Consultant expects hotel manager to go private

Peter Mitham

A local hotel management company faces delisting from the TSX Venture stock exchange for having too few public shareholders.

Vancouver-based **Executive Inn Group Corp.** (EIG:TSX Venture) received a notice May 12 saying the company lacked the minimum of 150 public shareholders holding at least a board lot (500 shares) required for listing on the exchange.

Executive Inn Group issued a statement on June 19 advising shareholders that delisting "could have a negative impact on the liquidity of [its] securities."

But the company indicated it was unwilling to offer shares in an effort to attract shareholders to meet listing requirements. Instead, it sought a temporary waiver of listing requirements. The statement added that Executive Inn Group could not estimate the extent or timing of any impact on shareholders.

Executive Inn president **Salim Sayani** did not return calls, and chief financial officer **Hanif Mawji** refused comment on the situation beyond the June 19 press release.

Elizabeth Kirkwood, president of the **Ontario Association of Unlisted Reporting Issuers** in Toronto, said being an unlisted reporting issuer has no advantages.

"It's like the kiss of death," she said.

"You have all the expense and obligations of being a public company with none of the benefits."

In particular, she said unlisted companies cannot raise cash or otherwise improve their situation, while regaining a listing once lost is a complex and costly process.

Told that Executive Inn Group felt an offering at current pricing levels would result in "negative cash inflow" and "not be accretive," Kirkwood said such an outlook was akin to a cancer patient rejecting chemotherapy as a treatment option.

Vancouver-based hotel consultant **Angus Wilkinson** said Executive Inn Group's only route is to become a private company.

"They're not going to raise any money in the capital market," he said.

"It just isn't going to be attractive to an investor."

He added the Sayani family, which holds a significant chunk of the shares, is also unlikely to be interested in bolstering the business with outside capital.

Executive Inn's revenues for the quarter ended March 31, 2003 were \$587,900, up 8.6 per cent over the same quarter in 2002. Total revenues for 2002 stood at \$2.6 million, up about 12 per cent from \$2.3 million in 2001.

Most of its revenue -- \$1.3 million -- is from licence fees, but the largest jump in the last fiscal year was in revenues from management fees and franchise royalties, which rose to \$1 million in 2002 from \$795,972 in 2001.

Executive Inn's portfolio currently includes 18 hotels open or under construction across North America. One of its most recent management contracts was Vancouver's 118-suite **Le Soleil Hotel and Suites** property.

Executive Inn Group's shares last traded at 22 cents, above its 52-week low of 14 cents but well below the 52-week high of 38 cents.

pmitham@biv.com