



STRATEGIC
Hotels & Resorts

Strategic Hotels & Resorts
Supplemental Financial Information
June 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
CORPORATE INFORMATION	
The Company	3
Board of Directors	4
Officers	5
Equity Research Coverage	6
FINANCIAL HIGHLIGHTS	
Supplemental Financial Data	7
Consolidated Statements of Operations	8
Consolidated Balance Sheets	9
Discontinued Operations	10
Investment in the Hotel del Coronado	11
Summary of Residential Activity	12
Non-GAAP Financial Measures	13
Reconciliation of Net (Loss) Income Available to Common Shareholders to EBITDA, Adjusted EBITDA and Comparable EBITDA	14
Reconciliation of Net (Loss) Income Available to Common Shareholders to Funds From Operations (FFO), FFO - Fully Diluted and Comparable FFO	15
Debt Summary	16
Summary of 2007 Financing Transactions	17
PORTFOLIO DATA	
Portfolio at June 30, 2007	18
Under Construction and Completed Capital Projects	19
Seasonality by Geographic Region	20
Operating Statistics by Geographic Region	21
Selected Financial and Operating Information by Property	22-26
Reconciliation of Property EBITDA to EBITDA	27
Reconciliation of Property EBITDA to Comparable EBITDA	28
2007 GUIDANCE	
2007 Guidance	29

CORPORATE INFORMATION

The Company

Strategic Hotels & Resorts Inc. (SHR) is an industry-leading owner and asset manager of high-end hotels and resorts. We own a quality portfolio of upper upscale and luxury hotels and resorts in desirable North American and European locations. Our portfolio is made up of 20 properties totaling 10,048 rooms. We own unique hotels with complex operations, sophisticated customers and multiple revenue streams. Our properties include large convention hotels, business hotels and resorts, which are managed by internationally recognized hotel management companies.

Our asset management expertise is what truly distinguishes us. Asset management is our focus, our core competency, and our competitive advantage. Our business is driven by our team's depth of knowledge and hands-on expertise in every aspect of the lodging industry. While our focus is to drive top line revenues, we importantly focus on every component of bottom line profitability. We use our experience to make selective, value added acquisitions and recycle capital through thoughtful and planned dispositions. Simply put, we are utilizing our expert management skills in building a great hotel company which will provide attractive returns for our shareholders.

Strategic Hotels & Resorts is a real estate investment trust (REIT) and is traded on the New York Stock Exchange under the symbol BEE.

Fiscal Year End:

December 31

Number of Full-Time Employees:

56

Corporate Headquarters:

77 West Wacker Drive, Suite 4600
Chicago, IL 60601
(312) 658-5000

Company Contacts:

James Mead
Chief Financial Officer
(312) 658-5000

Ryan Bowie
Vice President and Treasurer
(312) 658-5000

Board of Directors

William A. Prezant

Chairman of the Board, Corporate Governance and Nominating Committee and Executive Committee

Laurence S. Geller

Director, President and Chief Executive Officer

Robert P. Bowen

Director and Chairman of the Audit Committee

Sir David M.C. Michels

Director and Chairman of the Compensation Committee

Michael W. Brennan

Director

Edward C. Coppola

Director

Kenneth Fisher

Director

James A. Jeffs

Director

Officers

Laurence S. Geller
President and Chief Executive Officer

James E. Mead
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Richard J. Moreau
Executive Vice President — Asset Management

Jayson C. Cyr
Senior Vice President and Controller (Principal Accounting Officer)

John F. Gray
Senior Vice President — Capital Projects

Paula C. Maggio
Senior Vice President, Secretary and General Counsel

Robert T. McAllister
Senior Vice President — Tax

Patricia A. Needham
Senior Vice President — Assistant Secretary

John Kenneth Tyler Barrett
Vice President — Asset Management

Ryan M. Bowie
Vice President & Treasurer

Michael A. Dalton
Vice President — Design

Thomas G. Healy
Vice President — Asset Management

David R. Hugin
Vice President — Asset Management

Michael E. Nelson
Vice President — Asset Management

Janice J. Peterson
Vice President — Human Capital

Timothy J. Taylor
Vice President — Capital Projects

Equity Research Coverage

Firm	Analyst	Telephone
A.G. Edwards & Sons	Jeffrey Randall	(314) 955-2947
Banc of America Securities, LLC	J. Cogan	(415) 627-2501
Citigroup Investment Research	Joshua Attie	(212) 816-1533
Deutsche Bank North America	Chris Woronka	(212) 250-5815
Goldman, Sachs & Co.	Steven Kent	(212) 902-6752
Green Street Advisors, Inc.	John Arabia	(949) 640-8780
JMP Securities	Will Marks	(415) 835-8944
Raymond James & Associates	William Crow	(727) 567-2594
RBC Capital Markets Corp.	Mike Salinsky	(216) 378-7627
Stifel Nicolaus	Rod Petrik	(410) 454-4131
UBS Securities LLC	William Truelove	(212) 713-8825
Wachovia Securities	Jeffrey Donnelly	(617) 603-4262

Strategic Hotels & Resorts is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Strategic Hotels & Resorts' performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Strategic Hotels & Resorts or its management. Strategic Hotels & Resorts does not by its reference here imply its endorsement of, or concurrence with, such information, conclusions or recommendations.

FINANCIAL HIGHLIGHTS

Supplemental Financial Data (in millions, except per share information)

	Three Months Ended June 30, 2007	
	Actual	Guidance
Results vs. Previous Guidance		
North American same store Total RevPAR growth	8.7%	6.5% - 7.5%
North American same store RevPAR growth	8.2%	8.5% - 9.5%
Total North American Total RevPAR growth	6.6%	5.5% - 6.5%
Total North American RevPAR growth	6.4%	7.0% - 8.0%
Comparable EBITDA	\$ 79.0	\$ 71.1 - 73.6
Comparable FFO per diluted share	\$ 0.53	\$ 0.45 - 0.48

(in thousands, except per share information)

	June 30, 2007	
	Pro Rata Share	Consolidated
Capitalization		
Common shares outstanding	74,352	74,352
Operating partnership units outstanding	976	976
Stock options outstanding	736	736
Restricted stock units outstanding	1,018	1,018
Combined shares, options and units outstanding	77,082	77,082
Common stock price at end of period	\$ 22.49	\$ 22.49
Common equity capitalization	\$ 1,733,574	\$ 1,733,574
Preferred equity capitalization	358,750	358,750
Consolidated debt	1,681,615	1,681,615
Pro rata share of unconsolidated debt	282,385	-
Pro rata share of consolidated debt allocated to InterContinental Hotels Group (IHG)	(13,500)	-
Cash and cash equivalents	(114,237)	(114,237)
Total enterprise value	\$ 3,928,587	\$ 3,659,702
Net Debt / Total Enterprise Value	46.7%	42.8%
Preferred Equity / Total Enterprise Value	9.1%	9.8%
Common Equity / Total Enterprise Value	44.1%	47.4%

Dividends Per Share

Common dividends declared (holders of record on each of March 27 and June 26, 2007)	\$ 0.24
Preferred Series A dividends declared (holders of record on March 16 and June 15, 2007)	\$ 0.53125
Preferred Series B dividends declared (holders of record on March 16 and June 15, 2007)	\$ 0.51563
Preferred Series C dividends declared (holders of record on March 16 and June 15, 2007)	\$ 0.51563

Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues:				
Rooms	\$ 137,765	\$ 83,277	\$ 264,402	\$ 150,195
Food and beverage	88,132	51,196	168,945	91,654
Other hotel operating revenue	27,680	14,163	53,846	25,766
	<u>253,577</u>	<u>148,636</u>	<u>487,193</u>	<u>267,615</u>
Lease revenue	5,689	3,968	10,101	7,769
	<u>259,266</u>	<u>152,604</u>	<u>497,294</u>	<u>275,384</u>
Operating Costs and Expenses:				
Rooms	32,558	20,053	64,125	35,992
Food and beverage	58,069	34,980	113,350	63,091
Other departmental expenses	61,073	36,793	121,819	68,708
Management fees	10,611	4,969	19,333	8,591
Other hotel expenses	16,368	9,586	33,091	17,072
Lease expense	3,886	3,395	7,666	6,619
Depreciation and amortization	26,040	14,594	51,589	27,465
Impairment losses on goodwill and hotel property	37,716	-	37,716	-
Corporate expenses	8,062	6,916	15,179	12,589
	<u>254,383</u>	<u>131,286</u>	<u>463,868</u>	<u>240,127</u>
Operating income	4,883	21,318	33,426	35,257
Interest expense	(20,877)	(7,288)	(41,874)	(14,476)
Interest income	873	1,267	1,800	2,421
Loss on early extinguishment of debt	(160)	-	(4,479)	-
Equity in earnings (losses) of joint ventures	4,556	672	1,673	(947)
Foreign currency exchange (loss) gain	(2,015)	27	(3,670)	(28)
Other (expenses) income, net	(60)	1,037	(217)	2,706
(Loss) income before income taxes, minority interests and discontinued operations	(12,800)	17,033	(13,341)	24,933
Income tax expense	(5,282)	(1,207)	(6,574)	(2,871)
Minority interest income (expense) in SHR's operating partnership	236	(247)	262	(540)
Minority interest in consolidated affiliates	(181)	(593)	(603)	(789)
(Loss) income from continuing operations	(18,027)	14,986	(20,256)	20,733
Income (loss) from discontinued operations, net of tax and minority interests	158	2,636	290	(828)
Net (loss) income	(17,869)	17,622	(19,966)	19,905
Preferred shareholder dividends	(7,462)	(5,914)	(14,924)	(9,620)
Net (loss) income available to common shareholders	<u>\$ (25,331)</u>	<u>\$ 11,708</u>	<u>\$ (34,890)</u>	<u>\$ 10,285</u>
Basic (Loss) Income Per Share:				
(Loss) income from continuing operations available to common shareholders per share	\$ (0.34)	\$ 0.14	\$ (0.46)	\$ 0.18
Income (loss) from discontinued operations per share	-	0.04	-	(0.01)
Net (loss) income available to common shareholders per share	<u>\$ (0.34)</u>	<u>\$ 0.18</u>	<u>\$ (0.46)</u>	<u>\$ 0.17</u>
Weighted-average common shares outstanding	<u>74,833</u>	<u>66,187</u>	<u>75,341</u>	<u>60,750</u>
Diluted (Loss) Income Per Share:				
(Loss) income from continuing operations available to common shareholders per share	\$ (0.34)	\$ 0.14	\$ 0.03	\$ 0.18
Income (loss) from discontinued operations per share	-	0.04	-	(0.01)
Net (loss) income available to common shareholders per share	<u>\$ (0.34)</u>	<u>\$ 0.18</u>	<u>\$ 0.03</u>	<u>\$ 0.17</u>
Weighted-average common shares outstanding	<u>74,833</u>	<u>66,387</u>	<u>75,341</u>	<u>60,950</u>

Supplemental Financial Information
June 30, 2007 and December 31, 2006

Consolidated Balance Sheets
(in thousands, except share data)

	June 30, 2007	December 31, 2006
Assets		
Property and equipment	\$ 2,575,911	\$ 2,644,120
Less accumulated depreciation	(292,101)	(268,991)
Net property and equipment	2,283,810	2,375,129
Goodwill	412,902	421,516
Intangible assets, net of accumulated amortization of \$2,237 and \$3,166	45,855	45,793
Investment in joint ventures	72,428	71,349
Cash and cash equivalents	114,237	86,462
Restricted cash and cash equivalents	61,078	73,400
Accounts receivable, net of allowance for doubtful accounts of \$721 and \$809	86,758	70,282
Deferred financing costs, net of accumulated amortization of \$2,588 and \$2,194	17,243	10,701
Deferred tax assets	40,350	43,555
Other assets	76,136	57,522
Insurance recoveries receivable	56,582	-
Total assets	<u>\$ 3,267,379</u>	<u>\$ 3,255,709</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Mortgages and other debt payable	\$ 1,385,470	\$ 1,442,865
Exchangeable senior notes, net of discount	179,145	-
Bank credit facility	117,000	115,000
Accounts payable and accrued expenses	196,336	186,293
Distributions payable	18,371	18,175
Deferred tax liabilities	23,482	24,390
Deferred gain on sale of hotels	107,753	107,474
Insurance proceeds received in excess of insurance recoveries receivable	-	20,794
Total liabilities	2,027,557	1,914,991
Minority interests in SHR's operating partnership	11,426	12,463
Minority interests in consolidated affiliates	4,161	10,965
Shareholders' equity:		
8.5% Series A Cumulative Redeemable Preferred Stock (\$0.01 par value; 4,000,000 shares issued and outstanding; liquidation preference \$25.00 per share)	97,553	97,553
8.25% Series B Cumulative Redeemable Preferred Stock (\$0.01 par value; 4,600,000 shares issued and outstanding; liquidation preference \$25.00 per share)	110,775	110,775
8.25% Series C Cumulative Redeemable Preferred Stock (\$0.01 par value; 5,750,000 shares issued and outstanding; liquidation preference \$25.00 per share)	138,940	138,940
Common shares (\$0.01 par value; 150,000,000 common shares authorized; 74,351,799 and 75,406,727 common shares issued and outstanding, respectively)	742	753
Additional paid-in capital	1,198,081	1,224,400
Accumulated deficit	(342,643)	(265,435)
Accumulated other comprehensive income	20,787	10,304
Total shareholders' equity	1,224,235	1,317,290
Total liabilities and shareholders' equity	<u>\$ 3,267,379</u>	<u>\$ 3,255,709</u>

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

Discontinued Operations

The results of operations of hotels sold or held for sale have been classified as discontinued operations and segregated in the consolidated statements of operations for all periods presented. On July 14, 2006, we sold the Marriott Rancho Las Palmas for \$54.8 million. On September 7, 2006, we sold the Hilton Burbank Airport and Convention Center for \$123.3 million. The following is a summary of income (loss) from discontinued operations for the three and six months ended June 30, 2007 and 2006 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Hotel operating revenues	\$ -	\$ 16,668	\$ -	\$ 34,910
Operating costs and expenses	(158)	12,264	(286)	35,812
Depreciation and amortization	-	893	-	2,535
Total operating costs and expenses	(158)	13,157	(286)	38,347
Operating income (loss)	158	3,511	286	(3,437)
Interest expense	-	(638)	-	(1,300)
Interest income	-	42	4	100
Other expenses, net	-	-	-	(1)
Income tax (expense) benefit	-	(200)	-	3,700
Loss on sale	-	(35)	-	(22)
Minority interest (expense) benefit	-	(44)	-	132
Income (loss) from discontinued operations	<u>\$ 158</u>	<u>\$ 2,636</u>	<u>\$ 290</u>	<u>\$ (828)</u>

Investment in the Hotel del Coronado
(in thousands)

On January 9, 2006 we purchased a 45% interest in the joint venture that owns the Hotel del Coronado. We account for this investment using the equity method of accounting. Our equity in losses of the joint venture amounted to \$1.5 million and \$36,000 for the three months ended June 30, 2007 and 2006, respectively, and \$4.2 million and \$1.5 million for the six months ended June 30, 2007 and for the period from January 9, 2006 to June 30, 2006, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	Period from January 9, to June 30,
	2007	2006	2007	2006
Total revenues (100%)	\$ 34,076	\$ 33,909	\$ 64,574	\$ 61,106
Property EBITDA (100%)	\$ 12,230	\$ 13,610	\$ 22,102	\$ 23,027
Equity in loss of joint venture (SHR 45% ownership)				
Property EBITDA (45%)	\$ 5,504	\$ 6,125	\$ 9,946	\$ 10,362
Depreciation and amortization	(1,492)	(1,157)	(3,453)	(2,455)
Loss on sale of assets	(243)	-	(243)	-
Interest expense	(5,363)	(4,934)	(10,396)	(9,233)
Other (expense) income, net	(28)	80	(78)	-
Income taxes	125	(150)	30	(150)
Equity in loss of joint venture	<u>\$ (1,497)</u>	<u>\$ (36)</u>	<u>\$ (4,194)</u>	<u>\$ (1,476)</u>
EBITDA Contribution from investment in Hotel del Coronado				
Equity in loss of joint venture	\$ (1,497)	\$ (36)	\$ (4,194)	\$ (1,476)
Depreciation and amortization	1,492	1,157	3,453	2,455
Interest expense	5,363	4,934	10,396	9,233
Income taxes	(125)	150	(30)	150
EBITDA Contribution for investment in Hotel del Coronado	<u>\$ 5,233</u>	<u>\$ 6,205</u>	<u>\$ 9,625</u>	<u>\$ 10,362</u>
FFO Contribution from investment in Hotel del Coronado				
Equity in loss of joint venture	\$ (1,497)	\$ (36)	\$ (4,194)	\$ (1,476)
Depreciation and amortization	1,492	1,157	3,453	2,455
FFO Contribution for investment in Hotel del Coronado	<u>\$ (5)</u>	<u>\$ 1,121</u>	<u>\$ (741)</u>	<u>\$ 979</u>

<u>Debt</u>	<u>Interest Rate</u>	<u>Spread over LIBOR</u>	<u>Loan Amount</u>	<u>Maturity Date</u>
CMBS Mortgage and Mezzanine	7.40%	208 bp	\$ 610,000	January 2008 (a)
Revolving Credit Facility	7.82%	250 bp	17,523	January 2008 (a)
Construction Loan	7.82%	250 bp	-	February 2008 (b)
			<u>\$ 627,523</u>	

(a) The joint venture has an option to extend the maturity date to January 2011.

(b) The joint venture has an option to extend the maturity date to February 2009.

<u>Cap</u>	<u>LIBOR Cap Rate</u>	<u>Notional Amount</u>	<u>Maturity</u>
CMBS Mortgage and Mezzanine Loan Cap	5.0% to January 2008	\$ 630,000	January 2009
	5.5% January 2008 to maturity		

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

Summary of Residential Activity
(in thousands)

On January 9, 2006 we purchased a 45% interest in a joint venture that owns the North Beach Venture development adjacent to the Hotel del Coronado. We account for this investment using the equity method of accounting. Our equity in earnings of the joint venture amounted to \$6.3 million and \$41,000 for the three months ended June 30, 2007 and 2006, respectively, and \$6.2 million and \$41,000 for the six months ended June 30, 2007 and for the period from January 9, 2006 to June 30, 2006, respectively. We own a 31% interest in a joint venture that is developing the Four Seasons Residence Club Punta Mita (RCPM) adjacent to the Four Seasons Punta Mita Resort. We account for this investment using the equity method of accounting. Our equity in (losses) earnings of the joint venture amounted to \$(0.2) million and \$0.4 million for the three months ended June 30, 2007 and 2006, respectively, and \$(0.4) million and \$0.3 million for the six months ended June 30, 2007 and 2006, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	Period from January 9, to June 30,
	2007	2006	2007	2006
North Beach Venture				
Hotel condominium sales (100%)	\$ 46,672	\$ -	\$ 46,672	\$ -
Hotel condominium cost of sales (100%)	\$ (31,963)	\$ -	\$ (31,963)	\$ -
SHR's 45% share				
Hotel condominium sales	\$ 21,002	\$ -	\$ 21,002	\$ -
Hotel condominium cost of sales	(14,383)	-	(14,383)	-
Other income (expense), net	1	41	(35)	41
Income taxes	(2,557)	-	(2,557)	-
SHR's share of net income	<u>\$ 4,063</u>	<u>\$ 41</u>	<u>\$ 4,027</u>	<u>\$ 41</u>
Net income	\$ 4,063	\$ 41	\$ 4,027	\$ 41
Income taxes	2,557	-	2,557	-
EBITDA Contribution for investment in North Beach Venture	<u>\$ 6,620</u>	<u>\$ 41</u>	<u>\$ 6,584</u>	<u>\$ 41</u>
FFO Contribution for investment in North Beach Venture	<u>\$ 4,063</u>	<u>\$ 41</u>	<u>\$ 4,027</u>	<u>\$ 41</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Residence Club Punta Mita (RCPM)				
SHR's 31% share				
Sales	\$ 135	\$ 2,294	\$ 874	\$ 2,294
EBITDA Contribution for investment in RCPM	<u>\$ (224)</u>	<u>\$ 110</u>	<u>\$ (381)</u>	<u>\$ 152</u>
FFO Contribution for investment in RCPM	<u>\$ (231)</u>	<u>\$ 150</u>	<u>\$ (379)</u>	<u>\$ 110</u>

SHR's share of total residential activity:

Sales	<u>\$ 21,137</u>	<u>\$ 2,294</u>	<u>\$ 21,876</u>	<u>\$ 2,294</u>
EBITDA	<u>\$ 6,396</u>	<u>\$ 151</u>	<u>\$ 6,203</u>	<u>\$ 193</u>
FFO	<u>\$ 3,832</u>	<u>\$ 191</u>	<u>\$ 3,648</u>	<u>\$ 151</u>

Non-GAAP Financial Measures

In addition to REIT hotel income, six other non-GAAP financial measures are presented for the Company that we believe are useful to management and investors as key measures of our operating performance: Funds from Operations (FFO); FFO - Fully Diluted; Comparable FFO; Earnings Before Interest Expense, Taxes, Depreciation and Amortization (EBITDA); Adjusted EBITDA; and Comparable EBITDA. A reconciliation of these measures to net income available to common shareholders, the most directly comparable GAAP measure, is set forth in the following tables.

We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which adopted a definition of FFO in order to promote an industry-wide standard measure of REIT operating performance. NAREIT defines FFO as net income (or loss) (computed in accordance with GAAP) excluding (losses) or gains from sales of depreciable property plus real estate-related depreciation and amortization, and after adjustments for our portion of these items related to unconsolidated partnerships and joint ventures. We also present FFO - Fully Diluted, which is FFO plus minority interest expense on convertible minority interests. We also present Comparable FFO, which is FFO - Fully Diluted excluding the impact of any gains or losses on early extinguishment of debt, impairment losses, foreign currency exchange gains or losses and other non-recurring charges. We believe that the presentation of FFO, FFO - Fully Diluted and Comparable FFO provides useful information to management and investors regarding our results of operations because they are measures of our ability to fund capital expenditures and expand our business. In addition, FFO is widely used in the real estate industry to measure operating performance without regard to items such as depreciation and amortization. We also present Comparable FFO per diluted share as a non-GAAP measure of our performance. We calculate Comparable FFO per diluted share for a given operating period as our Comparable FFO (as defined above) divided by the weighted average of fully diluted shares outstanding. Comparable FFO per diluted share, in accordance with NAREIT, is adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under share-based compensation plans, operating partnership units and exchangeable debt securities. No effect is shown for securities that are anti-dilutive.

EBITDA represents net income available to common shareholders excluding: (i) interest expense, (ii) income tax expense, including deferred income tax benefits and expenses applicable to our foreign subsidiaries and income taxes applicable to sale of assets; and (iii) depreciation and amortization. EBITDA also excludes interest expense, income tax expense and depreciation and amortization of our equity method investments. EBITDA is presented on a full participation basis, which means we have assumed conversion of all convertible minority interests of our operating partnership into our common stock and includes preferred dividends. We believe this treatment of minority interest provides more useful information for management and our investors and appropriately considers our current capital structure. We also present Adjusted EBITDA, which eliminates the effect of realizing deferred gains on our sale leasebacks. We also present Comparable EBITDA, which eliminates the effect of gains or losses on sales of assets, early extinguishment of debt, impairment losses, foreign currency exchange gains or losses and other non-recurring charges. We believe EBITDA, Adjusted EBITDA and Comparable EBITDA are useful to management and investors in evaluating our operating performance because they provide management and investors with an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We also believe they help management and investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our asset base (primarily depreciation and amortization) from our operating results. Our management also uses EBITDA, Adjusted EBITDA and Comparable EBITDA as measures in determining the value of acquisitions and dispositions.

We caution investors that amounts presented in accordance with our definitions of FFO, FFO - Fully Diluted, Comparable FFO, EBITDA, Adjusted EBITDA and Comparable EBITDA may not be comparable to similar measures disclosed by other companies, since not all companies calculate these non-GAAP measures in the same manner. FFO, FFO - Fully Diluted, Comparable FFO, EBITDA, Adjusted EBITDA and Comparable EBITDA should not be considered as an alternative measure of our net income or operating performance. FFO, FFO - Fully Diluted, Comparable FFO, EBITDA, Adjusted EBITDA and Comparable EBITDA may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures and property acquisitions and other commitments and uncertainties. Although we believe that FFO, FFO - Fully Diluted, Comparable FFO, EBITDA, Adjusted EBITDA and Comparable EBITDA can enhance your understanding of our financial condition and results of operations, these non-GAAP financial measures, when viewed individually, are not necessarily a better indicator of any trend as compared to comparable GAAP measures such as net income available to common shareholders. In addition, you should be aware that adverse economic and market conditions might negatively impact our cash flow. Below, we have provided a quantitative reconciliation of FFO, FFO - Fully Diluted, Comparable FFO, EBITDA, Adjusted EBITDA and Comparable EBITDA to the most directly comparable GAAP financial performance measure, which is net (loss) income available to common shareholders, and provide an explanatory description by footnote of the items excluded from FFO, FFO - Fully Diluted, EBITDA and Adjusted EBITDA.

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

**Reconciliation of Net (Loss) Income Available to Common Shareholders to EBITDA, Adjusted EBITDA
and Comparable EBITDA**
(in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Net (loss) income available to common shareholders	\$ (25,331)	\$ 11,708	\$ (34,890)	\$ 10,285
Depreciation and amortization - continuing operations	26,040	14,594	51,589	27,465
Depreciation and amortization - discontinued operations	-	893	-	2,535
Interest expense - continuing operations	20,877	7,288	41,874	14,476
Interest expense - discontinued operations	-	638	-	1,300
Income taxes - continuing operations	5,282	1,207	6,574	2,871
Income taxes - discontinued operations	-	200	-	(3,700)
Minority interests	(236)	291	(262)	408
Adjustments from consolidated affiliates	(632)	(1,089)	(1,660)	(2,170)
Adjustments from unconsolidated affiliates	7,096	7,306	14,175	13,864
Preferred shareholder dividends	7,462	5,914	14,924	9,620
EBITDA (a)	40,558	48,950	92,324	76,954
Realized portion of deferred gain on sale leasebacks	(1,184)	(1,105)	(2,321)	(2,157)
Adjusted EBITDA (a)	39,374	47,845	90,003	74,797
Gain on sale of assets - continuing operations	-	(18)	-	(48)
Loss on sale of assets - discontinued operations	-	35	-	22
Loss on sale of assets - unconsolidated affiliates	243	-	243	-
Impairment losses on goodwill and hotel property	37,716	-	37,716	-
Foreign currency exchange loss	1,926	602	3,265	337
Termination costs - discontinued operations	(469)	(689)	(400)	9,695
Planning costs - New Orleans Jazz District	-	1,114	227	1,521
Loss on early extinguishment of debt - continuing operations	160	-	4,479	-
Comparable EBITDA	\$ 78,950	\$ 48,889	\$ 135,533	\$ 86,324

(a) EBITDA and Adjusted EBITDA have not been adjusted for the following amounts included in net income available to common shareholders because these (losses) gains and other transactions have either occurred during the prior two years or are reasonably likely to occur within two years (in thousands):

- Gain on sale of assets from continuing operations amounted to \$18 for the three months ended June 30, 2006 and \$48 for the six months ended June 30, 2006.
- Loss on sale of assets from discontinued operations amounted to \$35 for the three months ended June 30, 2006 and \$22 for the six months ended June 30, 2006.
- Loss on sale of assets from unconsolidated affiliates amounted to \$243 for the three and six months ended June 30, 2007.
- Foreign currency exchange losses applicable to third-party and inter-company debt and certain balance sheet items held by foreign subsidiaries amounted to \$1,926 and \$602 for the three months ended June 30, 2007 and 2006, respectively, and \$3,265 and \$337 for the six months ended June 30, 2007 and 2006, respectively.
- Impairment losses on goodwill and hotel property amounted to \$37,716 for the three and six months ended June 30, 2007.
- Termination costs included in discontinued operations related to the termination of the management agreement at the Marriott Rancho Las Palmas property amounted to \$469 and \$689 for the three months ended June 30, 2007 and 2006, respectively, and \$400 and \$(9,695) for the six months ended June 30, 2007 and 2006, respectively.
- Planning costs related to the New Orleans Jazz District surrounding the Hyatt Regency New Orleans hotel amounted to \$1,114 for the three months ended June 30, 2006, and \$227 and \$1,521 for the six months ended June 30, 2007 and 2006, respectively.
- Loss on early extinguishment of debt from continuing operations amounted to \$160 and \$4,479 for the three and six months ended June 30, 2007, respectively.

**Reconciliation of Net (Loss) Income Available to Common Shareholders to
Funds From Operations (FFO), FFO - Fully Diluted and Comparable FFO
(in thousands, except per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net (loss) income available to common shareholders	\$ (25,331)	\$ 11,708	\$ (34,890)	\$ 10,285
Depreciation and amortization - continuing operations	26,040	14,594	51,589	27,465
Depreciation and amortization - discontinued operations	-	893	-	2,535
Gain on sale of assets - continuing operations	-	(18)	-	(48)
Loss on sale of assets - discontinued operations	-	35	-	22
Realized portion of deferred gain on sale leasebacks	(1,184)	(1,105)	(2,321)	(2,157)
Deferred tax expense on realized portion of deferred gain on sale leasebacks	354	330	699	646
Minority interests adjustments	(354)	(282)	(703)	(1,077)
Adjustments from consolidated affiliates	(326)	(554)	(878)	(1,136)
Adjustments from unconsolidated affiliates	1,736	1,636	3,696	3,466
FFO (b)	935	27,237	17,192	40,001
Convertible minority interests	118	573	441	1,485
FFO - Fully Diluted (b)	1,053	27,810	17,633	41,486
Termination costs, net of tax - discontinued operations	(286)	(425)	(244)	5,914
Planning costs, net of tax - New Orleans Jazz District	-	733	166	1,009
Impairment losses on goodwill and hotel property	37,716	-	37,716	-
Foreign currency exchange loss, net of tax	1,301	602	2,640	337
Loss on early extinguishment of debt - continuing operations	160	-	4,479	-
Comparable FFO	<u>\$ 39,944</u>	<u>\$ 28,720</u>	<u>\$ 62,390</u>	<u>\$ 48,746</u>
Comparable FFO per diluted share	<u>\$ 0.53</u>	<u>\$ 0.42</u>	<u>\$ 0.82</u>	<u>\$ 0.77</u>
Weighted-average diluted shares (a)	<u>75,990</u>	<u>67,709</u>	<u>76,537</u>	<u>62,999</u>

(a) In the second quarter of 2007, we began using the guidance prescribed by NAREIT for calculating weighted-average diluted shares. These changes had no impact on the Comparable FFO per share amounts reported in prior periods.

(b) FFO and FFO - Fully Diluted have not been adjusted for the following amounts included in net income available to common shareholders because these (losses) gains and other transactions have either occurred during the prior two years or are reasonably likely to occur within two years (in thousands):

- Termination costs, net of tax, included in discontinued operations related to the termination of the management agreement at the Marriott Rancho Las Palmas property amounted to \$286 and \$425 for the three months ended June 30, 2007 and 2006, respectively, and \$244 and \$(5,914) for the six months ended June 30, 2007 and 2006, respectively.
- Planning costs, net of tax, related to the New Orleans Jazz District surrounding the Hyatt Regency New Orleans hotel amounted to \$733 for the three months ended June 30, 2006, and \$166 and \$1,009 for the six months ended June 30, 2007 and 2006, respectively.
- Impairment losses on goodwill and hotel property amounted to \$37,716 for the three and six months ended June 30, 2007.
- Foreign currency exchange losses, net of tax, applicable to third-party and inter-company debt and certain balance sheet items held by foreign subsidiaries amounted to \$1,301 and \$602 for the three months ended June 30, 2007 and 2006, respectively, and \$2,640 and \$337 for the six months ended June 30, 2007 and 2006, respectively.
- Loss on early extinguishment of debt from continuing operations amounted to \$160 and \$4,479 for the three and six months ended June 30, 2007, respectively.

Debt Summary
(dollars in thousands)

Debt	Encumbered Hotels	Interest Rate	Spread over LIBOR	Loan Amount	Maturity Date (a)
Bank Credit Facility	N/A	6.12%	80 bp	\$ 117,000	March 2012
CMBS Fixed Rate	3	5.43%	Fixed	200,250	July 2011
Fairmont Chicago	1	6.02%	70 bp	123,750	April 2012
Loews Santa Monica	1	5.95%	63 bp	118,250	March 2012
Ritz-Carlton Half Moon Bay	1	5.99%	67 bp	76,500	March 2012
InterContinental Chicago	1	5.63%	31 bp	121,000	October 2011
InterContinental Miami	1	6.05%	73 bp	90,000	October 2011
InterContinental Prague	1	5.37%	125 bp (b)	140,757	March 2012
Westin St. Francis	1	6.02%	70 bp	220,000	August 2011
Marriott London Grosvenor Square	1	7.02%	110 bp (c)	114,963	October 2013
Fairmont Scottsdale	1	5.88%	56 bp	180,000	September 2011
Exchangeable senior notes	N/A	3.50%	Fixed	179,145	April 2012
				<u>\$ 1,681,615</u>	

(a) Includes extension options

(b) Spread over EURIBOR

(c) Spread over GBP LIBOR

Swap Effective Date	Fixed Pay Rate Against LIBOR	Notional Amount	Maturity
April 2005	4.42%	\$ 75,000	April 2010
April 2005	4.59%	\$ 75,000	April 2012
June 2005	4.12%	\$ 50,000	June 2012
June 2006	5.50%	\$ 75,000	June 2013
August 2006	5.34%	\$ 100,000	August 2011
August 2006	5.42%	\$ 100,000	August 2013
September 2006	5.08%	\$ 100,000	February 2011
September 2006	5.10%	\$ 100,000	December 2010
September 2006	5.09%	\$ 100,000	September 2009
March 2007	4.81%	\$ 100,000	December 2009
March 2007	4.84%	\$ 100,000	July 2012
	<u>4.99%</u>	<u>\$ 975,000</u>	

At June 30, 2007, future scheduled debt principal payments (including extension options) are as follows:

Years ended December 31,	Amounts (in thousands)
2007	\$ 1,539
2008	3,209
2009	3,421
2010	11,973
2011	807,827
Thereafter	853,646
Total	<u>\$ 1,681,615</u>

Percent of fixed rate debt including swaps	<u>80.5%</u>
Weighted average interest rate including swaps	<u>5.46%</u>

Summary of 2007 Financing Transactions

On March 7, 2007, we completed a draw of €104.0 million on a new facility secured by the InterContinental Prague hotel. Proceeds from the draw were used to retire the existing mortgage loan principal of €66.0 million and to repay £20.0 million of the £77.3 million loan secured by the Marriott London Grosvenor Square hotel.

On March 9, 2007, we replaced the previous bank credit facility with a new revolving loan up to \$415.0 million and amended the agreement in April 2007 to increase the borrowing capacity to \$500.0 million.

On March 9, 2007 we repaid the \$292.5 million outstanding balance on the CMBS Floating Rate debt.

On March 9, 2007, we entered into \$76.5 million, \$118.3 million, and \$123.8 million mortgage loans secured by the Ritz-Carlton Half Moon Bay, the Loews Santa Monica and the Fairmont Chicago hotels, respectively.

On March 9, 2007, we repaid the \$90.0 million mezzanine loan secured by our equity interests in the Fairmont Scottsdale Princess hotel.

On March 9, 2007, we purchased interest rate caps with notional amounts covering the entire \$76.5 million and \$118.3 million of the mortgages secured by the Ritz-Carlton Half Moon Bay and Loews Santa Monica Beach hotels, respectively with cap rates of 6.50%.

In April 2007, we completed a \$180.0 million private placement of 3.50% exchangeable notes.

On May 15, 2007, we repaid the \$8.6 million outstanding on the Ritz-Carlton Laguna Niguel assumed loan.

During the six months ended March 31, 2007, we executed an aggregate \$200.0 million in corporate interest rate swap agreements that convert floating rates to fixed rates.

Portfolio Data Portfolio at June 30, 2007					
Hotel	Location	Number of Rooms	% of Total Rooms	% of QTD June 2007 Property EBITDA	QTD June 2007 Property EBITDA
United States:					
Westin St. Francis	San Francisco, CA	1,195	12%	8%	\$ 6,752
InterContinental Chicago (a)	Chicago, IL	792	8%	11%	8,756
Hyatt Regency Phoenix	Phoenix, AZ	696	7%	3%	2,417
Hotel del Coronado (b)	Coronado, CA	694	7%	7%	5,504
Fairmont Chicago	Chicago, IL	687	7%	7%	5,816
Fairmont Scottsdale Princess	Scottsdale, AZ	651	6%	9%	7,527
InterContinental Miami (a)	Miami, FL	641	6%	4%	3,309
Hyatt Regency La Jolla	La Jolla, CA	419	4%	3%	2,647
Ritz-Carlton Laguna Niguel	Dana Point, CA	396	4%	7%	5,875
Marriott Lincolnshire Resort	Lincolnshire, IL	389	4%	3%	2,113
Loews Santa Monica Beach Hotel	Santa Monica, CA	342	3%	5%	4,256
Ritz-Carlton Half Moon Bay	Half Moon Bay, CA	261	3%	4%	2,891
Four Seasons Washington, D.C.	Washington, D.C.	211	2%	6%	4,474
Total United States		7,374	73%	77%	62,337
Mexican:					
Four Seasons Mexico City	Mexico City, Mexico	240	2%	2%	1,942
Four Seasons Punta Mita Resort	Punta Mita, Mexico	173	2%	7%	5,751
Total Mexican		413	4%	9%	7,693
European:					
InterContinental Prague	Prague, Czech Republic	372	4%	8%	6,083
Marriott Hamburg (c)	Hamburg, Germany	277	3%	N/A	N/A
Marriott London Grosvenor Square	London, England	236	2%	6%	4,560
Paris Marriott Champs Elysees (c)	Paris, France	192	2%	N/A	N/A
Total European		1,077	11%	14%	10,643
Assets Under Redevelopment:					
Hyatt Regency New Orleans (d)	New Orleans, LA	1,184	12%	N/A	N/A
Total Assets Under Redevelopment		1,184	12%	0%	N/A
		10,048	100%	100%	\$ 80,673

(a) On April 1, 2005, we purchased an 85% controlling interest in the joint ventures that own the InterContinental Chicago and Miami hotels. On May 9, 2007, we acquired our joint venture partner's 15% interest in the InterContinental Chicago hotel. We consolidate these hotels for reporting purposes.

(b) On January 9, 2006 we purchased a 45% interest in the joint venture that owns the Hotel del Coronado and account for our investment under the equity method of accounting. Our equity in earnings of the hotel joint venture is included in equity in earnings (losses) of joint ventures in our consolidated statements of operations. The percentage of Property EBITDA above has been calculated based on our 45% ownership.

(c) We have leasehold interests in these properties and have not included them in the percentage of Property EBITDA calculation.

(d) In August 2005, a hurricane caused substantial damage to the Hyatt Regency New Orleans property. The hurricane damage also caused significant interruption to the business and the hotel has ceased significant operations. The property is currently under redevelopment. For purposes of the analysis above, the number of rooms represents fully operational rooms prior to the hurricane.

Under Construction and Completed Capital Projects

Hotel	Project Description	Completed
Fairmont Chicago	Sushi bar	Q4 06
	Gold lounge	Q4 06
	Spa	In Construction
Fairmont Scottsdale Princess	Michael Mina restaurant	In Construction
	Gerber bar	In Construction
	Gold room renovation	In Construction
Four Seasons Mexico City	Guest room renovation	Q1 06
Four Seasons Punta Mita	Oasis room and river pool - addition of 23 rooms	Q2 07
	Fitness center expansion	Q1 07
	Coral suite - 5 room addition	Q1 07
	Retail expansion and BOH upgrades	Q4 06
	Tamai pool	Q4 06
	Tamai garden	Q4 06
	Beachfront restaurant addition	Q4 06
	Arena suite - 5 room addition	Q1 06
Hotel del Coronado	Beach Village - addition of 78 rooms	Q2 07
	Guest room renovation - 311 rooms	Q2 07
	Restaurant renovation	Q2 07
	Spa & fitness center / beach club	Q1 07
	Retail reconfiguration / renovation	In Construction
	Wine room	In Construction
InterContinental Chicago	Starbucks	Q3 07
	Wine tasting room	Q4 06
InterContinental Miami	Starbucks	Q3 06
	Spa	In Construction
InterContinental Prague	Guest room renovation - 27 rooms	Q2 07
Loews Santa Monica	Restaurant renovation	Q4 04
Ritz-Carlton Half Moon Bay	Outdoor patios	Q3 06
	Guestroom fireplaces	Q2 06
	Ocean terrace	Q2 06
	Wine tasting room	Q3 05
	Retail expansion	Q3 05
	Restaurant expansion	Q4 05
Ritz-Carlton Laguna Niguel	Suite conversion - addition of 3 rooms	Q2 07
	Suite renovation	Q2 07
	Wine tasting room addition	Q1 07

Seasonality by Geographic Region

Same store revenues have been adjusted to show hotel performance on a comparable quarter-over-quarter basis. Adjustments include (i) exclusion of Hyatt Regency New Orleans due to a hurricane that ceased significant operations in August 2005; (ii) exclusion of Hilton Burbank Airport and Convention Center and Marriott Rancho Las Palmas as their results of operations were reclassified to discontinued operations; (iii) exclusion of the unconsolidated Hotel del Coronado; and (iv) presentation of the hotels without regard to either ownership structure or leaseholds. Acquisition properties and the related dates of purchase are as follows: Westin St. Francis (June 1, 2006), Ritz-Carlton Laguna Niguel (July 7, 2006), Marriott London Grosvenor Square (August 31, 2006) and Fairmont Scottsdale Princess (September 1, 2006).

United States Hotels (as of June 30, 2007)

Acquisition property revenues - 3 Properties and 2,242 Rooms

Same store property revenues - 9 Properties and 4,438 Rooms

	Three Months Ended				Total
	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007	
Acquisition property revenues (a)	\$ 61,116	\$ 77,670	\$ 80,936	\$ 79,591	\$ 299,313
Acquisition property revenues (b)	9,830	-	-	-	9,830
Same store property revenues	110,129	118,775	112,257	129,590	470,751
Total pro forma revenues	\$ 181,075	\$ 196,445	\$ 193,193	\$ 209,181	\$ 779,894
Pro forma seasonality %	23.2%	25.2%	24.8%	26.8%	100.0%

Mexican Hotels (as of June 30, 2007)

Same store property revenues - 2 Properties and 413 Rooms

	Three Months Ended				Total
	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007	
Same store property revenues	\$ 12,233	\$ 19,978	\$ 23,760	\$ 20,794	\$ 76,765
Same store seasonality %	15.9%	26.0%	31.0%	27.1%	100.0%

North American Hotels (as of June 30, 2007)

Acquisition property revenues - 3 Properties and 2,242 Rooms

Same store property revenues - 11 Properties and 4,851 Rooms

	Three Months Ended				Total
	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007	
Acquisition property revenues (a)	\$ 61,116	\$ 77,670	\$ 80,936	\$ 79,591	\$ 299,313
Acquisition property revenues (b)	9,830	-	-	-	9,830
Same store property revenues	122,362	138,753	136,017	150,384	547,516
Total pro forma revenues	\$ 193,308	\$ 216,423	\$ 216,953	\$ 229,975	\$ 856,659
Pro forma seasonality %	22.6%	25.3%	25.3%	26.8%	100.0%

European Hotels (as of June 30, 2007)

Acquisition property revenues - 1 Property and 236 Rooms

Same store property revenues - 3 Properties and 841 Rooms

	Three Months Ended				Total
	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007	
Acquisition property revenues (a)	\$ 3,705	\$ 12,005	\$ 9,458	\$ 11,239	\$ 36,407
Acquisition property revenues (b)	6,143	-	-	-	6,143
Same store property revenues	27,433	23,353	20,162	29,015	99,963
Total pro forma revenues	\$ 37,281	\$ 35,358	\$ 29,620	\$ 40,254	\$ 142,513
Pro forma seasonality %	26.2%	24.8%	20.8%	28.2%	100.0%

(a) Acquisition property revenues for our period of ownership

(b) Acquisition property revenues prior to our period of ownership

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

Operating Statistics by Geographic Region

Operating results have been adjusted to show hotel performance on a comparable period basis. Adjustments are the (i) exclusion of unconsolidated Hotel del Coronado, (ii) exclusion of Westin St. Francis, Ritz-Carlton Laguna Niguel, Marriott London Grosvenor Square and Fairmont Scottsdale Princess partial year results for the three and six months ended June 30, 2007 and 2006 and the additional exclusion of Four Seasons Washington, D.C. for the six months ended June 30, 2007 and 2006; (iii) exclusion of Hyatt Regency New Orleans due to a hurricane that ceased significant operations in August 2005; (iv) exclusion of Marriott Rancho Las Palmas and Hilton Burbank Airport and Convention Center as these properties results of operations were reclassified to discontinued operations; and (v) presentation of the European hotels without regard to either ownership structure or leaseholds.

United States Hotels (as of June 30, 2007)

9 Properties (three month period) and 8 Properties (six month period)
4,438 Rooms (three month period) and 4,227 Rooms (six month period)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Average Daily Rate	\$ 233.15	\$ 217.58	7.2%	\$ 206.71	\$ 195.48	5.7%
Average Occupancy	77.1%	77.1%	- pts	75.7%	74.3%	1.4 pts
RevPAR	\$ 179.72	\$ 167.65	7.2%	\$ 156.48	\$ 145.26	7.7%
Total RevPAR	\$ 323.05	\$ 299.70	7.8%	\$ 282.68	\$ 263.11	7.4%
Property EBITDA Margin	28.3%	28.7%	(0.4) pts	26.0%	26.8%	(0.8) pts

Mexican Hotels (as of June 30, 2007)

2 Properties
413 Rooms

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Average Daily Rate	\$ 464.82	\$ 426.20	9.1%	\$ 509.70	\$ 466.25	9.3%
Average Occupancy	70.0%	68.3%	1.7 pts	72.9%	71.3%	1.6 pts
RevPAR	\$ 325.37	\$ 291.20	11.7%	\$ 371.73	\$ 332.50	11.8%
Total RevPAR	\$ 553.29	\$ 494.87	11.8%	\$ 615.54	\$ 538.10	14.4%
Property EBITDA Margin	37.0%	38.6%	(1.6) pts	39.1%	38.8%	0.3 pts

North American Same Store Hotels (as of June 30, 2007)

11 Properties (three month period) and 10 Properties (six month period)
4,851 Rooms (three month period) and 4,640 Rooms (six month period)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Average Daily Rate	\$ 251.31	\$ 232.57	8.1%	\$ 232.18	\$ 217.34	6.8%
Average Occupancy	76.5%	76.4%	0.1 pts	75.5%	74.1%	1.4 pts
RevPAR	\$ 192.20	\$ 177.57	8.2%	\$ 175.20	\$ 160.96	8.8%
Total RevPAR	\$ 342.78	\$ 315.36	8.7%	\$ 311.63	\$ 286.16	8.9%
Property EBITDA Margin	29.5%	29.9%	(0.4) pts	28.3%	28.7%	(0.4) pts

European Same Store Hotels (as of June 30, 2007)

3 Properties
841 Rooms

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Average Daily Rate	\$ 326.62	\$ 282.78	15.5%	\$ 287.52	\$ 243.28	18.2%
Average Occupancy	84.5%	87.2%	(2.7) pts	79.5%	81.9%	(2.4) pts
RevPAR	\$ 276.07	\$ 246.67	11.9%	\$ 228.51	\$ 199.19	14.7%
Total RevPAR	\$ 379.13	\$ 337.31	12.4%	\$ 323.06	\$ 283.25	14.1%
Property EBITDA Margin	42.6%	41.0%	1.6 pts	38.5%	36.5%	2.0 pts

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

Selected Financial and Operating Information by Property (In Thousands, Except Operating Information)

The following tables present selected financial and operating information by property for the three and six months ended June 30, 2007 and 2006. Property EBITDA reflects property net operating income plus depreciation and amortization.

UNITED STATES HOTELS:	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
<u>FAIRMONT CHICAGO</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 19,781	\$ 18,496	6.9 %	\$ 32,777	\$ 30,685	6.8 %
Property EBITDA	\$ 5,816	\$ 5,211	11.6 %	\$ 6,413	\$ 6,053	5.9 %
<i>Selected Operating Information:</i>						
Rooms	687	691	(4)	687	691	(4)
Average occupancy	78.7%	82.1%	(3.4) pts	71.8%	72.3%	(0.5) pts
ADR	\$ 246.84	\$ 218.35	13.1 %	\$ 215.06	\$ 201.20	6.9 %
RevPAR	\$ 194.28	\$ 179.20	8.4 %	\$ 154.49	\$ 145.47	6.2 %
Total RevPAR	\$ 316.40	\$ 294.14	7.6 %	\$ 263.98	\$ 245.34	7.6 %

FAIRMONT SCOTTSDALE PRINCESS

Selected Financial Information (This table includes financial information only for our period of ownership):

Total revenues	\$ 26,106	N/A	N/A	\$ 57,684	N/A	N/A
Property EBITDA	\$ 7,527	N/A	N/A	\$ 19,244	N/A	N/A

Selected Operating Information (This table includes statistical information only for our period of ownership. For the three months ended June 30, 2006, average occupancy was 81.5%, ADR was \$216.77, RevPAR was \$176.56 and Total RevPAR was \$411.64. For the six months ended June 30, 2006, average occupancy was 82.3%, ADR was \$261.91, RevPAR was \$215.47 and Total RevPAR was \$481.21):

Rooms	651	N/A	N/A	651	N/A	N/A
Average occupancy	79.8%	N/A	N/A	79.4%	N/A	N/A
ADR	\$ 232.22	N/A	N/A	\$ 281.18	N/A	N/A
RevPAR	\$ 185.37	N/A	N/A	\$ 223.15	N/A	N/A
Total RevPAR	\$ 440.68	N/A	N/A	\$ 489.55	N/A	N/A

FOUR SEASONS WASHINGTON, D.C.

Selected Financial Information (This table includes financial information only for our period of ownership):

Total revenues	\$ 15,389	\$ 14,415	6.8 %	\$ 27,049	N/A	N/A
Property EBITDA	\$ 4,474	\$ 4,001	11.8 %	\$ 5,949	N/A	N/A

Selected Operating Information (This table includes statistical information only for our period of ownership. For the six months ended June 30, 2006, average occupancy was 72.7%, ADR was \$505.15, RevPAR was \$367.22 and Total RevPAR was \$648.87.):

Rooms	211	211	-	211	N/A	N/A
Average occupancy	79.4%	80.3%	(0.9) pts	72.9%	N/A	N/A
ADR	\$ 577.61	\$ 539.59	7.0 %	\$ 549.13	N/A	N/A
RevPAR	\$ 458.45	\$ 433.23	5.8 %	\$ 400.55	N/A	N/A
Total RevPAR	\$ 801.44	\$ 750.76	6.8 %	\$ 708.26	N/A	N/A

HOTEL DEL CORONADO

Selected Financial Information (This table includes financial information only for our period of ownership. Amounts below are 100% of operations, of which SHR owns 45%.):

Total revenues	\$ 34,076	\$ 33,909	0.5 %	\$ 64,574	N/A	N/A
Property EBITDA	\$ 12,230	\$ 13,610	(10.1) %	\$ 22,102	N/A	N/A

Selected Operating Information (This table includes statistical information only for our period of ownership. For the six months ended June, 2006, average occupancy was 80.0%, ADR was \$320.73, RevPAR was \$256.48 and Total RevPAR was \$516.89.):

Rooms	694	679	15	694	N/A	N/A
Average occupancy	74.7%	80.9%	(6.2) pts	73.8%	N/A	N/A
ADR	\$ 349.41	\$ 336.92	3.7 %	\$ 336.40	N/A	N/A
RevPAR	\$ 260.87	\$ 272.66	(4.3) %	\$ 248.34	N/A	N/A
Total RevPAR	\$ 549.61	\$ 548.79	0.2 %	\$ 524.52	N/A	N/A

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
<u>HYATT REGENCY LA JOLLA AT AVENTINE</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 10,431	\$ 10,044	3.9 %	\$ 22,043	\$ 20,917	5.4 %
Property EBITDA	\$ 2,647	\$ 2,471	7.1 %	\$ 5,887	\$ 5,619	4.8 %
<i>Selected Operating Information:</i>						
Rooms	419	419	-	419	419	-
Average occupancy	81.0%	76.4%	4.6 pts	81.6%	77.4%	4.2 pts
ADR	\$ 181.87	\$ 179.66	1.2 %	\$ 187.98	\$ 182.45	3.0 %
RevPAR	\$ 147.36	\$ 137.25	7.4 %	\$ 153.36	\$ 141.21	8.6 %
Total RevPAR	\$ 273.58	\$ 263.41	3.9 %	\$ 290.65	\$ 275.80	5.4 %
<u>HYATT REGENCY PHOENIX</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 9,959	\$ 10,086	(1.3) %	\$ 23,357	\$ 22,244	5.0 %
Property EBITDA	\$ 2,417	\$ 2,708	(10.7) %	\$ 7,756	\$ 7,482	3.7 %
<i>Selected Operating Information:</i>						
Rooms	696	696	-	696	696	-
Average occupancy	68.9%	71.2%	(2.3) pts	77.4%	76.5%	0.9 pts
ADR	\$ 127.77	\$ 134.70	(5.1) %	\$ 147.00	\$ 143.54	2.4 %
RevPAR	\$ 88.09	\$ 95.97	(8.2) %	\$ 113.76	\$ 109.83	3.6 %
Total RevPAR	\$ 157.24	\$ 159.24	(1.3) %	\$ 185.41	\$ 176.57	5.0 %
<u>INTERCONTINENTAL CHICAGO</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 23,069	\$ 20,037	15.1 %	\$ 36,611	\$ 31,942	14.6 %
Property EBITDA	\$ 8,756	\$ 8,053	8.7 %	\$ 10,637	\$ 9,796	8.6 %
<i>Selected Operating Information :</i>						
Rooms	792	792	-	792	792	-
Average occupancy	86.2%	88.3%	(2.1) pts	77.8%	75.3%	2.5 pts
ADR	\$ 236.69	\$ 209.97	12.7 %	\$ 205.03	\$ 192.88	6.3 %
RevPAR	\$ 204.11	\$ 185.36	10.1 %	\$ 159.43	\$ 145.32	9.7 %
Total RevPAR	\$ 320.08	\$ 278.01	15.1 %	\$ 255.39	\$ 222.82	14.6 %
<u>INTERCONTINENTAL MIAMI</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 13,322	\$ 11,783	13.1 %	\$ 31,605	\$ 28,409	11.2 %
Property EBITDA	\$ 3,309	\$ 3,115	6.2 %	\$ 11,141	\$ 9,930	12.2 %
<i>Selected Operating Information:</i>						
Rooms	641	641	-	641	641	-
Average occupancy	71.7%	67.8%	3.9 pts	77.4%	76.0%	1.4 pts
ADR	\$ 184.65	\$ 168.84	9.4 %	\$ 211.90	\$ 189.91	11.6 %
RevPAR	\$ 132.43	\$ 114.45	15.7 %	\$ 163.95	\$ 144.30	13.6 %
Total RevPAR	\$ 228.39	\$ 202.00	13.1 %	\$ 272.41	\$ 244.86	11.3 %
<u>LOEWS SANTA MONICA BEACH HOTEL</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 12,534	\$ 11,735	6.8 %	\$ 23,850	\$ 22,868	4.3 %
Property EBITDA	\$ 4,256	\$ 3,753	13.4 %	\$ 7,619	\$ 7,226	5.4 %
<i>Selected Operating Information:</i>						
Rooms	342	342	-	342	342	-
Average occupancy	88.4%	87.9%	0.5 pts	87.4%	86.4%	1.0 pts
ADR	\$ 301.33	\$ 278.16	8.3 %	\$ 291.81	\$ 273.49	6.7 %
RevPAR	\$ 266.26	\$ 244.45	8.9 %	\$ 255.00	\$ 236.38	7.9 %
Total RevPAR	\$ 402.73	\$ 377.07	6.8 %	\$ 385.29	\$ 369.42	4.3 %

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
<u>MARRIOTT LINCOLNSHIRE RESORT</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 10,195	\$ 9,366	8.9 %	\$ 18,381	\$ 17,334	6.0 %
Property EBITDA	\$ 2,113	\$ 1,817	16.3 %	\$ 2,903	\$ 2,807	3.4 %
<i>Selected Operating Information:</i>						
Rooms	389	389	-	389	389	-
Average occupancy	68.0%	63.6%	4.4 pts	62.5%	58.2%	4.3 pts
ADR	\$ 139.15	\$ 135.65	2.6 %	\$ 133.60	\$ 133.50	0.1 %
RevPAR	\$ 94.63	\$ 86.33	9.6 %	\$ 83.48	\$ 77.68	7.5 %
Total RevPAR	\$ 311.99	\$ 286.63	8.8 %	\$ 281.26	\$ 265.25	6.0 %
<u>RITZ-CARLTON HALF MOON BAY</u>						
<i>Selected Financial Information :</i>						
Total revenues	\$ 14,910	\$ 14,367	3.8 %	\$ 26,172	\$ 25,759	1.6 %
Property EBITDA	\$ 2,891	\$ 3,374	(14.3) %	\$ 3,511	\$ 4,787	(26.7) %
<i>Selected Operating Information:</i>						
Rooms	261	261	-	261	261	-
Average occupancy	69.5%	70.6%	(1.1) pts	64.5%	68.0%	(3.5) pts
ADR	\$ 371.57	\$ 354.77	4.7 %	\$ 349.21	\$ 326.61	6.9 %
RevPAR	\$ 258.26	\$ 250.49	3.1 %	\$ 225.17	\$ 221.98	1.4 %
Total RevPAR	\$ 627.77	\$ 604.88	3.8 %	\$ 554.01	\$ 545.28	1.6 %
<u>RITZ-CARLTON LAGUNA NIGUEL</u>						
<i>Selected Financial Information (This table includes financial information only for our period of ownership):</i>						
Total revenues	\$ 20,310	N/A	N/A	\$ 37,911	N/A	N/A
Property EBITDA	\$ 5,875	N/A	N/A	\$ 9,265	N/A	N/A
<i>Selected Operating Information (This table includes statistical information only for our period of ownership. For the three months ended June 30, 2006, average occupancy was 65.3%, ADR was \$384.54, RevPAR was \$251.13 and Total RevPAR was \$538.01. For the six months ended June 30, 2006, average occupancy was 66.6%, ADR was \$358.64, RevPAR was \$238.78 and Total RevPAR was \$501.43.):</i>						
Rooms	396	N/A	N/A	396	N/A	N/A
Average occupancy	63.4%	N/A	N/A	64.4%	N/A	N/A
ADR	\$ 395.48	N/A	N/A	\$ 368.25	N/A	N/A
RevPAR	\$ 250.76	N/A	N/A	\$ 237.33	N/A	N/A
Total RevPAR	\$ 565.01	N/A	N/A	\$ 531.60	N/A	N/A
<u>WESTIN ST. FRANCIS</u>						
<i>Selected Financial Information (This table includes financial information only for our period of ownership):</i>						
Total revenues	\$ 33,175	N/A	N/A	\$ 64,931	N/A	N/A
Property EBITDA	\$ 6,752	N/A	N/A	\$ 12,237	N/A	N/A
<i>Selected Operating Information (This table includes statistical information only for our period of ownership. For the three months ended June 30, 2006, average occupancy was 81.4%, ADR was \$199.96, RevPAR was \$162.67 and Total RevPAR was \$308.55. For the six months ended June 30, 2006, average occupancy was 76.2%, ADR was \$199.33, RevPAR was \$151.87 and Total RevPAR was \$292.54.):</i>						
Rooms	1,195	N/A	N/A	1,195	N/A	N/A
Average occupancy	80.5%	N/A	N/A	76.0%	N/A	N/A
ADR	\$ 206.41	N/A	N/A	\$ 209.82	N/A	N/A
RevPAR	\$ 166.25	N/A	N/A	\$ 159.56	N/A	N/A
Total RevPAR	\$ 305.07	N/A	N/A	\$ 300.19	N/A	N/A

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

MEXICAN HOTELS:	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
<u>FOUR SEASONS MEXICO CITY</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 6,911	\$ 5,736	20.5 %	\$ 13,689	\$ 11,805	16.0 %
Property EBITDA	\$ 1,942	\$ 1,426	36.2 %	\$ 3,746	\$ 2,893	29.5 %
<i>Selected Operating Information:</i>						
Rooms	240	240	-	240	240	-
Average occupancy	67.2%	61.8%	5.4 pts	68.4%	64.0%	4.4 pts
ADR	\$ 263.68	\$ 240.33	9.7 %	\$ 261.24	\$ 241.27	8.3 %
RevPAR	\$ 177.32	\$ 148.50	19.4 %	\$ 178.71	\$ 154.41	15.7 %
Total RevPAR	\$ 316.44	\$ 262.65	20.5 %	\$ 315.13	\$ 271.76	16.0 %
<u>FOUR SEASONS PUNTA MITA RESORT</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 13,883	\$ 11,602	19.7 %	\$ 30,865	\$ 25,652	20.3 %
Property EBITDA	\$ 5,751	\$ 5,267	9.2 %	\$ 13,656	\$ 11,650	17.2 %
<i>Selected Operating Information:</i>						
Rooms	173	145	28	173	145	28
Average occupancy	73.8%	79.1%	(5.3) pts	79.7%	83.5%	(3.8) pts
ADR	\$ 719.01	\$ 666.38	7.9 %	\$ 829.67	\$ 752.63	10.2 %
RevPAR	\$ 530.75	\$ 527.40	0.6 %	\$ 661.43	\$ 628.10	5.3 %
Total RevPAR	\$ 881.86	\$ 879.25	0.3 %	\$ 1,066.42	\$ 980.21	8.8 %

Supplemental Financial Information
Three and Six Months Ended June 30, 2007 and 2006

EUROPEAN HOTELS:	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
<u>INTERCONTINENTAL PRAGUE</u>						
<i>Selected Financial Information (Amounts below are 100% of operations, of which SHR owned 35% prior to August 3, 2006):</i>						
Total revenues	\$ 12,265	\$ 10,859	12.9 %	\$ 19,373	\$ 17,151	13.0 %
Property EBITDA	\$ 6,083	\$ 5,427	12.1 %	\$ 8,325	\$ 7,220	15.3 %
<i>Selected Operating Information:</i>						
Rooms	372	372	-	372	372	-
Average Occupancy	79.8%	85.1%	(5.3) pts	72.5%	79.2%	(6.7) pts
ADR	\$ 294.98	\$ 253.24	16.5 %	\$ 246.56	\$ 204.85	20.4 %
RevPAR	\$ 235.50	\$ 215.60	9.2 %	\$ 178.68	\$ 162.29	10.1 %
Total RevPAR	\$ 362.31	\$ 320.77	13.0 %	\$ 287.72	\$ 254.73	13.0 %
<u>MARRIOTT HAMBURG</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 5,747	\$ 5,660	1.5 %	\$ 10,791	\$ 10,341	4.4 %
Property EBITDA	\$ 1,445	\$ 1,330	8.6 %	\$ 2,789	\$ 2,566	8.7 %
<i>Selected Operating Information:</i>						
Rooms	277	277	-	277	277	-
Average occupancy	85.6%	87.3%	(1.7) pts	83.6%	84.2%	(0.6) pts
ADR	\$ 193.98	\$ 189.06	2.6 %	\$ 178.83	\$ 169.41	5.6 %
RevPAR	\$ 166.04	\$ 164.99	0.6 %	\$ 149.53	\$ 142.57	4.9 %
Total RevPAR	\$ 228.00	\$ 224.56	1.5 %	\$ 215.22	\$ 206.26	4.3 %
<u>MARRIOTT LONDON GROSVENOR SQUARE</u>						
<i>Selected Financial Information (This table includes financial information only for our period of ownership):</i>						
Total revenues	\$ 11,239	N/A	N/A	\$ 20,697	N/A	N/A
Property EBITDA	\$ 4,560	N/A	N/A	\$ 7,614	N/A	N/A
<i>Selected Operating Information (This table includes statistical information only for our period of ownership. For the three months ended June 30, 2006, average occupancy was 83.2%, ADR was \$335.13, RevPAR was \$278.78 and Total RevPAR was \$422.89. For the six months ended June 30, 2006, average occupancy was 76.5%, ADR was \$326.12, RevPAR was \$249.58 and Total RevPAR was \$379.76.):</i>						
Rooms	236	N/A	N/A	236	N/A	N/A
Average occupancy	83.2%	N/A	N/A	81.2%	N/A	N/A
ADR	\$ 414.12	N/A	N/A	\$ 390.34	N/A	N/A
RevPAR	\$ 344.39	N/A	N/A	\$ 316.88	N/A	N/A
Total RevPAR	\$ 523.33	N/A	N/A	\$ 484.52	N/A	N/A
<u>PARIS MARRIOTT CHAMPS ELYSEES</u>						
<i>Selected Financial Information:</i>						
Total revenues	\$ 11,003	\$ 9,295	18.4 %	\$ 19,013	\$ 15,624	21.7 %
Property EBITDA	\$ 4,836	\$ 3,829	26.3 %	\$ 7,841	\$ 5,933	32.2 %
<i>Selected Operating Information:</i>						
Rooms	192	192	-	192	192	-
Average occupancy	92.1%	91.2%	0.9 pts	87.1%	83.7%	3.4 pts
ADR	\$ 557.75	\$ 465.51	19.8 %	\$ 504.15	\$ 420.90	19.8 %
RevPAR	\$ 513.41	\$ 424.72	20.9 %	\$ 439.00	\$ 352.35	24.6 %
Total RevPAR	\$ 629.75	\$ 532.00	18.4 %	\$ 547.12	\$ 449.58	21.7 %

Reconciliation of Property EBITDA to EBITDA
(in thousands)

Hotel	Three Months Ended June 30,				Six Months Ended June 30,			
	2007		2006		2007		2006	
	Property EBITDA	EBITDA	Property EBITDA	EBITDA	Property EBITDA	EBITDA	Property EBITDA	EBITDA
Fairmont Chicago	\$ 5,816	\$ 5,816	\$ 5,211	\$ 5,211	\$ 6,413	\$ 6,413	\$ 6,053	\$ 6,053
Fairmont Scottsdale Princess (a)	7,527	7,527	-	-	19,244	19,244	-	-
Four Seasons Washington, D.C. (a)	4,474	4,474	4,001	4,001	5,949	5,949	-	5,314
Hotel del Coronado (b)	12,230	-	13,610	-	22,102	-	-	-
Hyatt Regency La Jolla at Aventine	2,647	2,647	2,471	2,471	5,887	5,887	5,619	5,619
Hyatt Regency Phoenix	2,417	2,417	2,708	2,708	7,756	7,756	7,482	7,482
InterContinental Chicago	8,756	8,756	8,053	8,053	10,637	10,637	9,796	9,796
InterContinental Miami	3,309	3,309	3,115	3,115	11,141	11,141	9,930	9,930
Loews Santa Monica Beach Hotel	4,256	4,256	3,753	3,753	7,619	7,619	7,226	7,226
Marriott Lincolnshire Resort	2,113	2,113	1,817	1,817	2,903	2,903	2,807	2,807
Ritz-Carlton Half Moon Bay	2,891	2,891	3,374	3,374	3,511	3,511	4,787	4,787
Ritz-Carlton Laguna Niguel (a)	5,875	5,875	-	-	9,265	9,265	-	-
Westin St. Francis (a)	6,752	6,752	-	2,617	12,237	12,237	-	2,617
Hyatt Regency New Orleans	-	(37,972)	-	(1,114)	-	(38,240)	-	(1,483)
Four Seasons Mexico City	1,942	1,942	1,426	1,426	3,746	3,746	2,893	2,893
Four Seasons Punta Mita Resort	5,751	5,751	5,267	5,267	13,656	13,656	11,650	11,650
InterContinental Prague (c)	6,083	6,083	5,427	-	8,325	8,325	7,220	-
Marriott Hamburg (d)	1,445	193	1,330	(9)	2,789	211	2,566	17
Marriott London Grosvenor Square (a)	4,560	4,560	-	-	7,614	7,614	-	-
Paris Marriott Champs Elysees (d)	4,836	1,615	3,829	335	7,841	2,340	5,933	802
	<u>\$ 93,680</u>	<u>\$ 39,005</u>	<u>\$ 65,392</u>	<u>\$ 43,025</u>	<u>\$ 168,635</u>	<u>\$ 100,214</u>	<u>\$ 83,962</u>	<u>\$ 75,510</u>
Adjustments:								
Corporate expenses		\$ (8,062)		\$ (6,916)		\$ (15,179)		\$ (12,589)
Interest income		873		1,267		1,800		2,421
Loss on early extinguishment of debt		(160)		-		(4,479)		-
Equity in earnings (losses) of joint ventures		4,556		672		1,673		(947)
Foreign currency exchange (loss) gain		(2,015)		27		(3,670)		(28)
Other (expenses) income, net		(60)		1,037		(217)		2,706
Income (loss) from discontinued operations (excluding minority interest)		158		2,680		290		(960)
Depreciation and amortization - discontinued operations		-		893		-		2,535
Interest expense - discontinued operations		-		638		-		1,300
Income taxes - discontinued operations		-		200		-		(3,700)
Minority interest in consolidated affiliates		(181)		(593)		(603)		(789)
Adjustments from consolidated affiliates		(632)		(1,089)		(1,660)		(2,170)
Adjustments from unconsolidated affiliates		7,096		7,306		14,175		13,864
Other adjustments		(20)		(197)		(20)		(199)
EBITDA		<u>\$ 40,558</u>		<u>\$ 48,950</u>		<u>\$ 92,324</u>		<u>\$ 76,954</u>

(a) We have included the results of hotels acquired in Property EBITDA above for our period of ownership.

(b) On January 9, 2006 we closed the acquisition of a 45% joint venture ownership interest in SHC KSL Partners, LP, the existing owner of the Hotel del Coronado in Coronado, California. We account for our investment under the equity method of accounting. Our equity in earnings of the hotel joint venture is included in equity in earnings of joint ventures in our consolidated statements of operations. We have included the results of this hotel in Property EBITDA above for our period of ownership.

(c) On August 3, 2006, we purchased our joint venture partner's 65% interest in the entity that owns the InterContinental Prague. Prior to August 3, 2006 our equity in earnings of the hotel joint venture is included in equity in earnings of joint ventures in our consolidated statements of operations.

(d) We have leasehold interests in these properties. Therefore, EBITDA represents the lease revenue less the lease expense recorded in our statements. Property EBITDA represents the revenue less expenses generated by the property.

Reconciliation of Property EBITDA to Comparable EBITDA
(in thousands)

	Three Months Ended June 30, 2007			Six Months Ended June 30, 2007		
	Property EBITDA	Adjustments	Comparable EBITDA	Property EBITDA	Adjustments	Comparable EBITDA
Meetings & Business Hotels:						
Fairmont Chicago	\$ 5,816	\$ -	\$ 5,816	\$ 6,413	\$ -	\$ 6,413
Fairmont Scottsdale Princess	7,527	-	7,527	19,244	-	19,244
Four Seasons Mexico City	1,942	-	1,942	3,746	-	3,746
Four Seasons Washington, D.C.	4,474	-	4,474	5,949	-	5,949
Hyatt Regency La Jolla at Aventine	2,647	-	2,647	5,887	-	5,887
InterContinental Chicago	8,756	(208)	8,548	10,637	(821)	9,816
InterContinental Miami	3,309	(424)	2,885	11,141	(839)	10,302
Westin St. Francis	6,752	-	6,752	12,237	-	12,237
Total Meetings & Business Hotels	41,223	(632)	40,591	75,254	(1,660)	73,594
Ocean Front Resorts:						
Four Seasons Punta Mita Resort	5,751	-	5,751	13,656	-	13,656
Hotel del Coronado	12,230	(6,753)	5,477	22,102	(12,233)	9,869
Loews Santa Monica Beach Hotel	4,256	-	4,256	7,619	-	7,619
Ritz-Carlton Half Moon Bay	2,891	-	2,891	3,511	-	3,511
Ritz-Carlton Laguna Niguel	5,875	-	5,875	9,265	-	9,265
Total Ocean Front Resorts	31,003	(6,753)	24,250	56,153	(12,233)	43,920
European Hotels:						
InterContinental Prague	6,083	-	6,083	8,325	-	8,325
Marriott Hamburg	1,445	(1,301)	144	2,789	(2,659)	130
Marriott London Grosvenor Square	4,560	-	4,560	7,614	-	7,614
Paris Marriott Champs Elysees	4,836	(4,356)	480	7,841	(7,741)	100
Total European Hotels	16,924	(5,657)	11,267	26,569	(10,400)	16,169
Non-Core Assets:						
Hyatt Regency New Orleans	-	(256)	(256)	-	(524)	(524)
Hyatt Regency Phoenix	2,417	-	2,417	7,756	-	7,756
Marriott Lincolnshire Resort	2,113	-	2,113	2,903	-	2,903
Total Non-Core Assets	4,530	(256)	4,274	10,659	(524)	10,135
	<u>\$ 93,680</u>	<u>\$ (13,298)</u>	<u>\$ 80,382</u>	<u>\$ 168,635</u>	<u>\$ (24,817)</u>	<u>\$ 143,818</u>
	Percent of QTD		Percent of YTD			
	Comparable EBITDA		Comparable EBITDA			
Meetings & Business Hotels	51%		51%			
Ocean Front Resorts	30%		31%			
European Hotels	14%		11%			
Non-Core Assets	5%		7%			
Total	<u>100%</u>		<u>100%</u>			

2007 Guidance
(in millions, except per share data)

<u>Operational Guidance</u>	Three Months Ended		Year Ended	
	September 30, 2007		December 31, 2007	
	Low Range	High Range	Low Range	High Range
North American same store Total RevPAR growth	7.5%	8.5%	6.5%	7.5%
North American same store RevPAR growth	8.5%	9.5%	7.5%	8.5%
Total North American Total RevPAR growth	7.0%	8.0%	6.5%	7.5%
Total North American RevPAR growth	8.0%	9.0%	8.0%	9.0%

<u>Comparable FFO Guidance</u>	Three Months Ended		Year Ended	
	September 30, 2007		December 31, 2007	
	Low Range	High Range	Low Range	High Range
Net loss available to common shareholders	\$ (5.4)	\$ (3.0)	\$ (31.7)	\$ (26.7)
Depreciation and amortization	24.2	24.2	100.3	100.3
Realized portion of deferred gain on sale leasebacks	(1.1)	(1.1)	(4.6)	(4.6)
Deferred tax expense on realized portion of deferred gain on sale leasebacks	0.4	0.4	1.4	1.4
Minority interests	0.1	0.2	0.6	0.6
Adjustments from consolidated affiliates	(0.6)	(0.6)	(3.0)	(3.0)
Adjustments from unconsolidated affiliates	1.5	1.5	6.7	6.7
Impairment losses on goodwill and hotel property	-	-	37.7	37.7
Loss on early extinguishment of debt	8.0	8.0	12.5	12.5
Other adjustments	-	-	3.2	3.2
Comparable FFO	<u>\$ 27.1</u>	<u>\$ 29.6</u>	<u>\$ 123.1</u>	<u>\$ 128.1</u>
Comparable FFO per diluted share	<u>\$ 0.36</u>	<u>\$ 0.39</u>	<u>\$ 1.61</u>	<u>\$ 1.67</u>

<u>Comparable EBITDA Guidance</u>	Three Months Ended		Year Ended	
	September 30, 2007		December 31, 2007	
	Low Range	High Range	Low Range	High Range
Net loss available to common shareholders	\$ (5.4)	\$ (3.0)	\$ (31.7)	\$ (26.7)
Depreciation and amortization	24.2	24.2	100.3	100.3
Interest expense	22.9	22.9	88.2	88.2
Income taxes	2.6	2.6	13.0	13.0
Minority interests	0.1	0.2	0.6	0.6
Adjustments from consolidated affiliates	(1.6)	(1.6)	(7.1)	(7.1)
Adjustments from unconsolidated affiliates	7.9	7.9	28.6	28.6
Preferred shareholder dividends	7.5	7.5	29.8	29.8
Impairment losses on goodwill and hotel property	-	-	37.7	37.7
Loss on early extinguishment of debt	8.0	8.0	12.5	12.5
Realized portion of deferred gain on sale leasebacks	(1.1)	(1.1)	(4.6)	(4.6)
Other adjustments	-	-	3.3	3.3
Comparable EBITDA	<u>\$ 65.1</u>	<u>\$ 67.6</u>	<u>\$ 270.6</u>	<u>\$ 275.6</u>