



**STRATEGIC
HOTEL
CAPITAL**

**Strategic Hotel Capital, Inc.
Supplemental Information
March 31, 2005**

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CORPORATE INFORMATION**The Company**

Strategic Hotel Capital, Inc. 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 15 properties totaling 6,192 rooms. Subsequent to the end of the first quarter, we purchased controlling interests in two hotels totaling 1,390 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 Hotel Capital, Inc. is a real estate investment trust (REIT) and is traded on the New York Stock Exchange under the symbol SLH.

Fiscal Year End:

December 31

Number of Full-Time Equivalent Employees:

33

Corporate Headquarters:

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

Company Contact:

James Mead
Chief Financial Officer
(312) 658-5000

At Financial Relations Board:

Georganne Palffy
Financial Relations Board
(312) 640-6768

Board of Directors and Executive Officers

John C. Deterding

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

Laurence S. Geller

President, Chief Executive Officer and Director

Robert P. Bowen

Director and Chairman of the Audit Committee

Thomas A. Hassard

Director

Robert J. Watson

Director and Chairman of the Compensation Committee

James E. Mead

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Richard J. Moreau

Senior Vice President — Asset Management

Monte J. Huber

Vice President, Controller, and Treasurer (Principal Accounting Officer)

Paula C. Maggio

Vice President, Secretary and General Counsel

Equity Research Coverage

Firm	Analyst	Telephone
Banc of America Securities, LLC	J. Cogan	(415) 627-2501
Deutsche Bank North America	Marc Falcone	(212) 250-7417
Goldman, Sachs & Co.	Steven Kent	(212) 902-6752
Green Street Advisors, Inc.	John Arabia	(949) 640-8780
Raymond James & Associates	William Crow	(727) 567-2594
Wachovia Securities	Jeffrey Donnelly	(617) 603-4262

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

FINANCIAL HIGHLIGHTS
**Supplemental Financial Data
(in thousands, except per share information)**

	<u>March 31, 2005</u>
<u>Capitalization</u>	
Common shares outstanding	30,068
Units outstanding	9,402
Restricted stock units outstanding	<u>497</u>
Combined shares and units outstanding	39,967
Common stock price at end of period	<u>\$ 14.70</u>
Common equity capitalization	\$ 587,515
Preferred equity capitalization	100,000
Consolidated debt	488,634
Pro rata share of unconsolidated debt	32,444
Cash and cash equivalents	<u>(84,325)</u>
Total enterprise value	<u><u>\$ 1,124,268</u></u>
<u>Dividends Per Share</u>	
Common dividends declared (holders of record on March 31, 2005):	<u><u>\$ 0.22</u></u>

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

	Three Months Ended March 31,	
	2005	2004
Revenues:		
Rooms	\$ 61,868	\$ 85,146
Food and beverage	35,319	41,737
Other hotel operating revenue	12,278	13,669
	<u>109,465</u>	<u>140,552</u>
Lease revenue	4,071	6,579
	<u>113,536</u>	<u>147,131</u>
Operating Costs and Expenses:		
Rooms	13,261	21,496
Food and beverage	24,985	32,520
Other departmental expenses	29,881	38,370
Management fees	4,266	5,120
Other property level expenses	6,376	9,260
Lease expense	3,573	-
Depreciation and amortization	10,587	20,151
Corporate expenses	4,757	6,523
	<u>97,686</u>	<u>133,440</u>
Operating income	15,850	13,691
Interest expense	(7,482)	(25,255)
Interest income	292	524
Gain on early extinguishment of debt	-	2,188
Other income, net	1,662	1,195
	<u>10,322</u>	<u>(7,657)</u>
Income (loss) before income taxes, minority interests and discontinued operations	(1,020)	(246)
Income tax expense	(2,203)	(86)
Minority interests	7,099	(7,989)
Income (loss) from continuing operations	-	75,662
Income from discontinued operations		
Net income	<u>7,099</u>	<u>67,673</u>
Preferred shareholder dividend	(349)	-
Net income available to common shareholders	<u>\$ 6,750</u>	<u>\$ 67,673</u>
Basic Earnings Per Share:		
Income (loss) from continuing operations per share	\$ 0.22	\$ (0.42)
Income from discontinued operations per share	-	3.96
Net income available to common shareholders per share	<u>\$ 0.22</u>	<u>\$ 3.54</u>
Basic weighted-average common shares outstanding	<u>30,247</u>	<u>19,112</u>
Diluted Earnings Per Share:		
Income (loss) from continuing operations per share	\$ 0.22	\$ (0.42)
Income from discontinued operations per share	-	3.96
Net income available to common shareholders per share	<u>\$ 0.22</u>	<u>\$ 3.54</u>
Diluted weighted-average common shares outstanding	<u>30,357</u>	<u>19,112</u>

Our condensed consolidated statements of operations for the three months ended March 31, 2004 include the results of the 14 hotel interests owned and leased by the company as of March 31, 2005 and 2004, as well as the results of seven other hotels, which were distributed out of the company on June 29, 2004 in connection with the IPO and in which the company no longer has an ownership interest.

Condensed Consolidated Balance Sheets
(in thousands, except share data)
(UNAUDITED)

	March 31, 2005	December 31, 2004
Assets		
Property and equipment	\$ 955,043	\$ 952,717
Less accumulated depreciation	<u>(232,214)</u>	<u>(222,150)</u>
Net property and equipment	<u>722,829</u>	<u>730,567</u>
Goodwill	66,626	66,438
Intangible assets (net of accumulated amortization of \$139 and \$87, respectively)	1,561	1,613
Investment in hotel joint ventures	11,770	12,060
Cash and cash equivalents	84,325	40,071
Restricted cash and cash equivalents	24,438	26,979
Accounts receivable (net of allowance for doubtful accounts of \$497 and \$361, respectively)	23,364	21,056
Deferred financing costs (net of accumulated amortization of \$2,141 and \$1,420, respectively)	10,468	11,178
Other assets	<u>85,302</u>	<u>80,388</u>
Total assets	<u><u>\$ 1,030,683</u></u>	<u><u>\$ 990,350</u></u>
Liabilities and Shareholders' Equity		
Liabilities:		
Mortgages and other debt payable	\$ 488,634	\$ 489,140
Bank credit facility	-	54,000
Accounts payable and accrued expenses	59,658	58,946
Distributions payable	9,075	8,709
Deferred fees on management contracts	2,290	2,333
Deferred gain on sale of hotels	<u>112,785</u>	<u>119,616</u>
Total liabilities	<u>672,442</u>	<u>732,744</u>
Minority interests	61,760	61,053
Shareholders' equity:		
8.5% Series A Cumulative Redeemable Preferred Shares (\$0.01 par value; 4,000,000 Shares issued and outstanding; liquidation preference \$25.00 per share)	97,540	-
Common shares (\$0.01 par value; 150,000,000 common shares authorized; 30,068,142 and 30,035,701 common shares issued and outstanding, respectively)	301	300
Additional paid-in capital	484,722	483,691
Deferred compensation	(2,985)	(1,731)
Accumulated deficit	(264,774)	(271,873)
Accumulated distributions to shareholders	(20,483)	(13,447)
Accumulated other comprehensive income (loss)	<u>2,160</u>	<u>(387)</u>
Total shareholders' equity	<u>296,481</u>	<u>196,553</u>
Total liabilities and shareholders' equity	<u><u>\$ 1,030,683</u></u>	<u><u>\$ 990,350</u></u>

REIT Hotel Statements of Operations (a)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2005	2004
REIT Hotel Revenues:		
Rooms	\$ 61,868	\$ 49,125
Food and beverage	35,319	25,284
Other hotel operating revenue	12,278	9,492
	<u>109,465</u>	<u>83,901</u>
Lease revenue (b)	4,071	5,681
	<u>113,536</u>	<u>89,582</u>
REIT Hotel Expenses:		
Rooms	13,261	9,915
Food and beverage	24,985	18,208
Other departmental expenses	29,881	23,193
Management fees	4,266	3,779
Other property level expenses	6,376	4,302
Lease expense	3,573	-
	<u>82,342</u>	<u>59,397</u>
REIT Hotel Adjusted Operating Income	31,194	30,185
Interest expense, net	(7,190)	(13,522)
Gain on early extinguishment of debt	-	2,188
Other income, net (c)	412	1,195
	<u>24,416</u>	<u>20,046</u>
Income before income taxes and minority interests	24,416	20,046
Income tax expense	(1,020)	(246)
Minority interests	(2,203)	(86)
	<u>21,193</u>	<u>19,714</u>
REIT Hotel Income	21,193	19,714
REIT depreciation and amortization	(10,587)	(10,041)
Corporate expenses	(4,757)	(6,523)
Asset management fees related to distributed assets	1,250	-
Non-REIT hotel results, net	-	(11,139)
Income from discontinued operations	-	75,662
	<u>-</u>	<u>75,662</u>
Net Income	\$ 7,099	\$ 67,673

(a) REIT hotel operating data above excludes the results of operations of the distributed assets that are required to be included in GAAP financial statement presentations prior to the date of the IPO because we are deemed to have continuing involvement as a result of our agreement to asset manage those assets. As a result, we have presented only REIT hotel operating results and a reconciliation of REIT hotel income to net income, the most directly comparable GAAP measure.

REIT hotel operating results are presented because we believe that it most fairly represents comparable period-to-period performance of our hotels and facilitates comparisons with other hotel REITs and hotel owners. Because of the elimination of the non-REIT hotel operations, the REIT hotel operating results do not represent our total revenues, expenses or operating profit in accordance with GAAP. These results should be considered in combination with our GAAP financial statements by investors when evaluating our performance.

(b) Until March 1, 2004, the Hamburg Marriott was accounted for under the equity method. After March 1, 2004 when we acquired our joint venture partner's 65% leasehold interest in the property, we record lease revenue for the Hamburg Marriott. Lease revenue for the three months ended March 31, 2004 includes revenues from the Hyatt Regency New Orleans until June 29, 2004 when we converted the Hyatt Regency New Orleans lease to a management agreement. Prior to June 29, 2004, the Paris Marriott Champs Elysees was accounted for as a finance obligation and we consolidated its results because of a continuing involvement in supporting the financing of the property through a collateralized guarantee. On June 29, 2004, we recorded a sale and leaseback related to the Paris Marriott Champs Elysees. Subsequent to June 29, 2004, we earn only lease revenue from the Hamburg Marriott and the Paris Marriott Champs Elysees.

(c) Other income, net includes our equity in earnings or losses of our investments in the Prague hotel joint venture for the three months ended March 31, 2005 and 2004. Earnings or losses from our investment in the Hamburg Marriott hotel joint venture are included in the three months ended March 31, 2004 until the acquisition of our joint venture partner's interest in the property on March 1, 2004.

Discontinued Operations
(in thousands)

On February 6, 2004, the Company sold its hotel located in Washington, D.C. that was held for sale as of December 31, 2003. The following is a summary of income from discontinued operations for the three months ended March 31, 2005 and 2004:

	Three Months Ended	
	March 31,	
	2005	2004
Lease revenue	\$ -	\$ 257
Interest expense	-	(577)
Gain on sale of assets	-	75,982
Income from discontinued operations	<u>\$ -</u>	<u>\$ 75,662</u>

Non-GAAP Financial Measures

In addition to REIT hotel income, four other non-GAAP financial measures are presented for the Company that we believe are useful to investors as key measures of our operating performance: Funds from Operations, or FFO; Fully Converted FFO; Earnings Before Interest Expense, Taxes, Depreciation and Amortization, or EBITDA; and Adjusted EBITDA. Reconciliation of these measures to net income, 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 that would not have certain drawbacks associated with net income under GAAP. NAREIT defines FFO as net income (or loss) (computed in accordance with GAAP) excluding gains (or losses) from sales of 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 Fully Converted FFO, which is FFO plus convertible debt interest expense and minority interest expense on convertible minority interests. We believe that the presentation of FFO and Fully Converted FFO provides useful information to 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.

EBITDA represents net income 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 for 2005 and 2004 is presented on a full participation basis, which means we have assumed conversion of all minority interests into the Company's common shares. 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 believe EBITDA and Adjusted EBITDA are useful to an investor in evaluating our operating performance because they provide 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 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 and Adjusted EBITDA as measures in determining the value of acquisitions and dispositions.

We caution investors that amounts presented in accordance with our definitions of FFO, Fully Converted FFO, EBITDA and Adjusted 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, Fully Converted FFO, EBITDA and Adjusted EBITDA should not be considered as an alternative measure of our net income or operating performance. FFO, Fully Converted FFO, EBITDA and Adjusted 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, Fully Converted FFO, EBITDA and Adjusted 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. 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, Fully Converted FFO, EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial performance measure, which is net income, and provide an explanatory description by footnote of the items excluded from FFO, Fully Converted FFO, EBITDA and Adjusted EBITDA.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(in thousands)

	Three Months Ended March 31,	
	2005	2004
Net income available to common shareholders	\$ 6,750	\$ 67,673
Depreciation and amortization - continuing operations	10,587	20,151
Interest expense - continuing operations	7,482	25,255
Interest expense - discontinued operations	-	577
Income taxes	1,078	179
Minority interests	2,203	86
Adjustments from unconsolidated affiliates	936	1,486
Preferred shareholder dividend	349	-
EBITDA (a)	29,385	115,407
Realized portion of deferred gain on sale leasebacks	(1,142)	-
Adjusted EBITDA (a)	<u>\$ 28,243</u>	<u>\$ 115,407</u>

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

- Gain on extinguishment of debt from continuing operations amounted to \$2,188 for the three months ended March 31, 2004.
- Gain on sale of assets from discontinued operations amounted to \$75,982 for the three months ended March 31, 2004.

Reconciliation of Net Income to Funds From Operations (FFO) and FFO - Fully Converted
(in thousands)

	Three Months Ended March 31,	
	2005	2004
Net income available to common shareholders	\$ 6,750	\$ 67,673
Depreciation and amortization - continuing operations	10,587	20,151
Gain on sale of assets - discontinued operations	-	(75,982)
Realized portion of deferred gain on sale leasebacks	(1,142)	-
Deferred tax expense on realized portion of deferred gain on sale leasebacks	344	-
Minority interests adjustments	(2,629)	-
Adjustments from unconsolidated affiliates	510	971
FFO (a)	<u>14,420</u>	<u>12,813</u>
Convertible debt interest expense	-	2,053
Convertible minority interests	4,832	86
FFO - Fully Converted (a)	<u><u>\$ 19,252</u></u>	<u><u>\$ 14,952</u></u>

(a) FFO has not been adjusted for the gain on extinguishment of debt from continuing operations totaling \$2,188 for the three months ended March 31, 2004 included in net income because this gain occurred during the prior two years.

**Debt Summary
(dollars in thousands)**

Debt	Encumbered Hotels	Interest Rate	Spread to LIBOR	Loan Amount	Maturity Date
Bank credit facility	14	6.26% (a)	295 bp	\$ -	June 2007
CMBS Floating Rate	9	4.22%	141 bp	275,000	Sept. 2006
CMBS Fixed Rate	3	5.43%	Fixed	206,716	July 2011
Other debt	1	5.69%	300 bp	6,918	May 2014
				<u>\$ 488,634</u>	

(a) Represents the weighted average interest rate.

Caps	LIBOR Cap Rate	Notional Amount	Maturity
CMBS Floating Rate Cap	5.00%	\$ 104,000	July 2006
CMBS Floating Rate Additional Cap	5.00%	\$ 75,000	Sept. 2006

Swap	Fixed Pay Rate Against LIBOR	Notional Amount	Maturity
CMBS Floating Rate Swap	3.62%	\$ 96,000	June 2007

At March 31, 2005, future scheduled debt principal payments (including extension option) are as follows (in thousands):

Years ended December 31,	Amounts
2005	\$ 2,036
2006	2,903
2007	3,067
2008	3,209
2009	278,421
Thereafter	198,998
Total	<u>\$ 488,634</u>

Financing transactions in 2005:

On March 22, 2005, we amended the interest rate on the bank credit facility. Prior to the amendment, interest was payable monthly at either a base rate plus a spread of 2.50% or LIBOR plus a spread of 3.75%. Subsequent to the amendment, interest is payable monthly at either a base rate plus a spread of 1.70% or LIBOR plus a spread of 2.95%.

PORTFOLIO DATA
Portfolio at March 31, 2005

Hotel	Location	Number of Rooms	% of Total Rooms	% of Q1 2005 Property EBITDA
United States:				
Hyatt Regency New Orleans	New Orleans, LA	1,184	20%	18%
Hyatt Regency Phoenix	Phoenix, AZ	712	11%	16%
Hilton Burbank Airport and Convention Center	Burbank, CA	488	8%	7%
Marriott Rancho Las Palmas Resort	Rancho Mirage, CA	444	7%	8%
Hyatt Regency La Jolla at Aventine	La Jolla, CA	419	7%	7%
Marriott Schaumburg	Schaumburg, IL	398	6%	2%
Marriott Lincolnshire Resort	Lincolnshire, IL	390	6%	3%
Loews Santa Monica Beach Hotel	Santa Monica, CA	342	6%	10%
Embassy Suites Lake Buena Vista Resort	Orlando, FL	333	5%	5%
Ritz-Carlton Half Moon Bay	Half Moon Bay, CA	261	4%	2%
Total United States		<u>4,971</u>	<u>80%</u>	<u>78%</u>
Mexican:				
Four Seasons Mexico City	Mexico City, Mexico	240	4%	4%
Four Seasons Punta Mita Resort	Punta Mita, Mexico	140	2%	16%
Total Mexican		<u>380</u>	<u>6%</u>	<u>20%</u>
European:				
InterContinental Prague (a)	Prague, Czech Republic	372	6%	2%
Marriott Hamburg (b)	Hamburg, Germany	277	5%	N/A
Paris Marriott Champs Elysees (c)	Paris, France	192	3%	N/A
Total European		<u>841</u>	<u>14%</u>	<u>2%</u>
		<u>6,192</u>	<u>100%</u>	<u>100%</u>

(a) We have a 35% interest in the joint venture that owns the InterContinental Prague and account for our investment under the equity method of accounting. Our equity in earnings of the hotel joint venture is included in other income, net in our consolidated statements of operations. The percentage of property EBITDA above has been calculated based on our 35% ownership.

(b) On March 1, 2004, we acquired the 65% interest we did not previously own in the joint venture that leases the Hamburg Marriott. On June 29, 2004, we eliminated the collateralized guarantee on the sale leaseback related to the property and no longer have continuing involvement which required treating the transaction as a financing. Accordingly, a sale of the Hamburg Marriott was recorded and the leaseback has now been recorded as an operating lease as of June 29, 2004. SHCI eliminated the finance obligation on the consolidated balance sheet and now records lease expense instead of mortgage interest and depreciation expense. Since we only have a leasehold interest in this property, we have not included it in the percentage of Property EBITDA calculation above.

(c) On June 29, 2004, we eliminated the collateralized guarantee related to the Paris Marriott Champs Elysees and no longer have continuing involvement as defined by generally accepted accounting principles. Accordingly, a sale of the Paris Marriott Champs Elysees was recorded and the leaseback has now been recorded as an operating lease as of June 29, 2004. SHCI eliminated the finance obligation on the consolidated balance sheet and now records lease expense instead of mortgage interest and depreciation expense. Since we only have a leasehold interest in this property, we have not included it in the percentage of Property EBITDA calculation above.

Seasonality by Geographic Region

Revenues have been adjusted to show hotel performance on a comparable quarter-over-quarter basis. Adjustments include (i) exclusion of Ritz-Carlton Half Moon Bay's partial year results; (ii) presentation of Hyatt Regency New Orleans without the effect of the operating lease that was in place prior to June 2004; and (iii) presentation of the European hotels without regard to either ownership structure or leaseholds.

United States Hotels (as of March 31, 2005)

9 Properties

4,710 Rooms

	Three Months Ended				
	June 2004	September 2004	December 2004	March 31, 2005	Total
Total revenues	\$ 72,522	\$ 63,119	\$ 76,164	\$ 82,734	\$ 294,539
Seasonality %	24.6%	21.4%	25.9%	28.1%	100.0%

Mexican Hotels (as of March 31, 2005)

2 Properties

380 Rooms

	Three Months Ended				
	June 2004	September 2004	December 2004	March 31, 2005	Total
Total revenues	\$ 13,874	\$ 10,222	\$ 15,064	\$ 17,085	\$ 56,245
Seasonality %	24.7%	18.2%	26.8%	30.3%	100.0%

Total North American Hotels (as of March 31, 2005)

11 Properties

5,090 Rooms

	Three Months Ended				
	June 2004	September 2004	December 2004	March 31, 2005	Total
Total revenues	\$ 86,396	\$ 73,341	\$ 91,228	\$ 99,819	\$ 350,784
Seasonality %	24.6%	20.9%	25.9%	28.6%	100.0%

European Hotels (as of March 31, 2005)

3 Properties

841 Rooms

	Three Months Ended				
	June 2004	September 2004	December 2004	March 31, 2005	Total
Total revenues	\$ 21,710	\$ 23,010	\$ 19,999	\$ 16,708	\$ 81,427
Seasonality %	26.7%	28.3%	24.6%	20.4%	100.0%

Operating Statistics by Geographic Region

Operating results have been adjusted to show hotel performance on a comparable year-over-year basis. Adjustments include (i) exclusion of Ritz-Carlton Half Moon Bay's results; (ii) presentation of Hyatt Regency New Orleans without the effect of the operating lease that was in place prior to June 2004; and (iii) presentation of the European hotels without regard to either ownership structure or leaseholds.

United States Hotels (as of March 31, 2005)

9 Properties

4,710 Rooms

	Three Months Ended March 31,		
	2005	2004	Change
Average Daily Rate	\$ 157.44	\$ 152.06	3.5%
Average Occupancy	72.1%	70.3%	1.8 pts
RevPAR	\$ 113.54	\$ 106.93	6.2%
Property EBITDA Margin	29.0%	27.6%	1.4 pts

Mexican Hotels (as of March 31, 2005)

2 Properties

380 Rooms

	Three Months Ended March 31,		
	2005	2004	Change
Average Daily Rate	\$ 442.55	\$ 419.86	5.4%
Average Occupancy	72.3%	72.5%	(0.2) pts
RevPAR	\$ 319.75	\$ 304.43	5.0%
Property EBITDA Margin	37.5%	38.8%	(1.3) pts

Total North American Hotels (as of March 31, 2005)

11 Properties

5,090 Rooms

	Three Months Ended March 31,		
	2005	2004	Change
Average Daily Rate	\$ 179.18	\$ 173.02	3.6%
Average Occupancy	72.1%	70.5%	1.6 pts
RevPAR	\$ 129.24	\$ 121.95	6.0%
Property EBITDA Margin	30.5%	29.6%	0.9 pts

European Hotels (as of March 31, 2005)

3 Properties

841 Rooms

	Three Months Ended		
	March 31,		
	2005	2004	Change
Average Daily Rate	\$ 215.27	\$ 198.34	8.5%
Average Occupancy	69.8%	69.2%	0.6 pts
RevPAR	\$ 150.21	\$ 137.27	9.4%
Property EBITDA Margin	30.7%	32.5%	(1.8) pts

Selected Financial and Operating Information by Property

The following tables present selected financial and operating information by property for the three months ended March 31, 2005 and 2004. Property EBITDA reflects property net operating income plus depreciation and amortization.

Three Months Ended March 31,		
2005	2004	% Change
(in thousands, except selected operating information)		

HYATT REGENCY NEW ORLEANS

Selected Financial Information (For purposes of comparison, we have provided financial information for this property as if the hotel was subject to a management agreement (it was on a lease prior to June 2004)):

Total revenues	\$	17,657	\$	16,715	5.6 %
Property EBITDA	\$	5,783	\$	5,344	8.2 %

Selected Operating Information:

Rooms	1,184	1,184	-
Average occupancy	64.1%	64.5%	(0.4) pts
ADR	\$ 153.09	\$ 152.39	0.5 %
RevPAR	\$ 98.11	\$ 98.35	(0.2) %
Total RevPAR	\$ 165.70	\$ 155.13	6.8 %

HYATT REGENCY PHOENIX

Selected Financial Information:

Total revenues	\$	12,824	\$	12,665	1.3 %
Property EBITDA	\$	5,106	\$	5,414	(5.7) %

Selected Operating Information:

Rooms	712	712	-
Average occupancy	81.6%	75.4%	6.2 pts
ADR	\$ 155.29	\$ 162.93	(4.7) %
RevPAR	\$ 126.68	\$ 122.91	3.1 %
Total RevPAR	\$ 204.72	\$ 195.47	4.7 %

HILTON BURBANK AIRPORT AND CONVENTION CENTER

Selected Financial Information:

Total revenues	\$	6,920	\$	6,265	10.5 %
Property EBITDA	\$	2,230	\$	1,977	12.8 %

Selected Operating Information:

Rooms	488	488	-
Average occupancy	75.1%	69.9%	5.2 pts
ADR	\$ 121.02	\$ 115.07	5.2 %
RevPAR	\$ 90.83	\$ 80.47	12.9 %
Total RevPAR	\$ 157.55	\$ 141.08	11.7 %

Three Months Ended March 31,		
2005	2004	% Change
(in thousands, except selected operating information)		

MARRIOTT RANCHO LAS PALMAS RESORT
Selected Financial Information:

Total revenues	\$	10,800	\$	10,493	2.9 %
Property EBITDA	\$	2,479	\$	2,293	8.1 %

Selected Operating Information:

Rooms		444		444	-
Average occupancy		75.4%		76.3%	(0.9) pts
ADR	\$	188.02	\$	180.59	4.1 %
RevPAR	\$	141.70	\$	137.82	2.8 %
Total RevPAR	\$	289.58	\$	281.33	2.9 %

HYATT REGENCY LA JOLLA AT AVENTINE
Selected Financial Information:

Total revenues	\$	9,230	\$	7,653	20.6 %
Property EBITDA	\$	2,101	\$	1,108	89.6 %

Selected Operating Information:

Rooms		419		419	-
Average occupancy		76.7%		65.2%	11.5 pts
ADR	\$	162.32	\$	157.43	3.1 %
RevPAR	\$	124.47	\$	102.67	21.2 %
Total RevPAR	\$	244.76	\$	200.71	21.9 %

MARRIOTT SCHAUMBURG
Selected Financial Information:

Total revenues	\$	3,260	\$	3,246	0.4 %
Property EBITDA	\$	655	\$	425	54.1 %

Selected Operating Information:

Rooms		398		398	-
Average occupancy		58.2%		57.5%	0.7 pts
ADR	\$	114.31	\$	109.91	4.0 %
RevPAR	\$	66.56	\$	63.22	5.3 %
Total RevPAR	\$	97.50	\$	97.10	0.4 %

MARRIOTT LINCOLNSHIRE RESORT
Selected Financial Information:

Total revenues	\$	7,441	\$	8,266	(10.0) %
Property EBITDA	\$	795	\$	920	(13.6) %

Selected Operating Information:

Rooms		390		390	-
Average occupancy		57.1%		71.5%	(14.4) pts
ADR	\$	116.39	\$	99.94	16.5 %
RevPAR	\$	66.47	\$	71.43	(6.9) %
Total RevPAR	\$	227.13	\$	252.31	(10.0) %

Three Months Ended March 31,		
2005	2004	% Change
(in thousands, except selected operating information)		

LOEWS SANTA MONICA BEACH HOTEL

Selected Financial Information:

Total revenues	\$	10,374	\$	9,269	11.9 %
Property EBITDA	\$	3,321	\$	2,865	15.9 %

Selected Operating Information:

Rooms		342		342	-
Average occupancy		86.7%		80.7%	6.0 pts
ADR	\$	251.47	\$	238.34	5.5 %
RevPAR	\$	217.90	\$	192.41	13.2 %
Total RevPAR	\$	337.05	\$	297.84	13.2 %

EMBASSY SUITES LAKE BUENA VISTA RESORT

Selected Financial Information:

Total revenues	\$	4,228	\$	3,826	10.5 %
Property EBITDA	\$	1,553	\$	1,315	18.1 %

Selected Operating Information:

Rooms		333		333	-
Average occupancy		83.8%		81.7%	2.1 pts
ADR	\$	145.75	\$	132.38	10.1 %
RevPAR	\$	122.09	\$	108.15	12.9 %
Total RevPAR	\$	141.07	\$	126.26	11.7 %

RITZ-CARLTON HALF MOON BAY

Selected Financial Information:

Total revenues	\$	9,648		N/A	N/A
Property EBITDA	\$	489		N/A	N/A

Selected Operating Information (This table includes statistical information only for our period of ownership. For the three months ended March 31, 2004, average occupancy was 54.8%, ADR was \$279.45, RevPAR was \$153.25 and Total RevPAR was \$370.93):

Rooms		261		N/A	N/A
Average occupancy		58.4%		N/A	N/A
ADR	\$	277.65		N/A	N/A
RevPAR	\$	162.04		N/A	N/A
Total RevPAR	\$	410.73		N/A	N/A

Three Months Ended March 31,		
2005	2004	% Change
(in thousands, except selected operating information)		

FOUR SEASONS MEXICO CITY
Selected Financial Information:

Total revenues	\$ 5,422	\$ 5,686	(4.6) %
Property EBITDA	\$ 1,208	\$ 1,515	(20.3) %

Selected Operating Information:

Rooms	240	240	-
Average occupancy	63.9%	65.5%	(1.6) pts
ADR	\$ 225.10	\$ 223.38	0.8 %
RevPAR	\$ 143.93	\$ 146.35	(1.7) %
Total RevPAR	\$ 251.01	\$ 260.36	(3.6) %

FOUR SEASONS PUNTA MITA RESORT
Selected Financial Information:

Total revenues	\$ 11,663	\$ 10,940	6.6 %
Property EBITDA	\$ 5,199	\$ 4,928	5.5 %

Selected Operating Information:

Rooms	140	140	-
Average occupancy	86.5%	84.5%	2.0 pts
ADR	\$ 718.11	\$ 681.03	5.4 %
RevPAR	\$ 621.16	\$ 575.40	8.0 %
Total RevPAR	\$ 925.64	\$ 858.68	7.8 %

Three Months Ended March 31,		
2005	2004	% Change
(in thousands, except selected operating information)		

INTERCONTINENTAL PRAGUE

Selected Financial Information (Amounts below are 100% of operations, of which SHCI owns 35%):

Total revenues	\$ 6,650	\$ 5,514	20.6 %
Property EBITDA	\$ 2,192	\$ 2,088	5.0 %

Selected Operating Information:

Rooms	372	372	-
Average Occupancy	68.7%	62.9%	5.8 pts
ADR	\$ 173.55	\$ 155.44	11.7 %
RevPAR	\$ 119.29	\$ 97.76	22.0 %
Total RevPAR	\$ 198.62	\$ 162.90	21.9 %

MARRIOTT HAMBURG

Selected Financial Information (Amounts below are 100% of operations, of which SHCI owned 35% through March 2004):

Total revenues	\$ 3,750	\$ 4,179	(10.3) %
Property EBITDA	\$ 1,279	\$ 1,172	9.1 %

Selected Operating Information:

Rooms	277	277	-
Average occupancy	67.3%	74.9%	(7.6) pts
ADR	\$ 150.85	\$ 154.14	(2.1) %
RevPAR	\$ 101.47	\$ 115.40	(12.1) %
Total RevPAR	\$ 150.42	\$ 165.80	(9.3) %

PARIS MARRIOTT CHAMPS ELYSEES

Selected Financial Information:

Total revenues	\$ 6,308	\$ 5,592	12.80 %
Property EBITDA	\$ 1,661	\$ 1,713	(3.04) %

Selected Operating Information:

Rooms	192	192	-
Average occupancy	75.4%	73.3%	2.1 pts
ADR	\$ 371.88	\$ 334.80	11.1 %
RevPAR	\$ 280.44	\$ 245.37	14.3 %
Total RevPAR	\$ 365.04	\$ 320.04	14.1 %

Reconciliation of Property EBITDA to EBITDA
(in thousands)

Hotel	Three Months Ended March 31,			
	2005		2004	
	Property EBITDA	EBITDA	Property EBITDA	EBITDA
Hyatt Regency New Orleans	\$ 5,783	\$ 5,783	\$ 5,344	\$ 5,344
Hyatt Regency Phoenix	5,106	5,106	5,414	5,414
Hilton Burbank Airport and Convention Center	2,230	2,230	1,977	1,977
Marriott Rancho Las Palmas Resort	2,479	2,479	2,293	2,293
Hyatt Regency La Jolla at Aventine	2,101	2,101	1,108	1,108
Marriott Schaumburg	655	655	425	425
Marriott Lincolnshire Resort	795	795	920	920
Loews Santa Monica Beach Hotel	3,321	3,321	2,865	2,865
Embassy Suites Lake Buena Vista Resort	1,553	1,553	1,315	1,315
Ritz-Carlton Half Moon Bay	489	489	-	-
Four Seasons Mexico City	1,208	1,208	1,515	1,515
Four Seasons Punta Mita Resort	5,199	5,199	4,928	4,928
InterContinental Prague (a)	2,192	-	2,088	-
Marriott Hamburg (b)	1,279	37	1,172	337
Paris Marriott Champs Elysees (c)	1,661	237	1,713	1,745
	<u>\$ 36,051</u>	<u>\$ 31,193</u>	<u>\$ 33,077</u>	<u>\$ 30,186</u>
Adjustments:				
Distributed Property EBITDA (see note on page 7)		\$ -		\$ 10,179
Corporate expenses		(4,757)		(6,523)
Interest income		292		524
Gain on early extinguishment of debt		-		2,188
Other income, net		1,662		1,195
Income from discontinued operations		-		75,662
Adjustments from unconsolidated affiliates		936		1,486
Other adjustments		59		510
EBITDA		<u><u>\$ 29,385</u></u>		<u><u>\$ 115,407</u></u>

(a) We have a 35% interest in the joint venture that owns the InterContinental Prague and account for our investment under the equity method of accounting. Our equity in earnings of the hotel joint venture is included in other income, net in our consolidated statements of operations.

(b) On March 1, 2004, we acquired the 65% interest we did not previously own in the joint venture that leases the Hamburg Marriott. On June 29, 2004, we eliminated the collateralized guarantee on the sale leaseback related to the property and no longer have continuing involvement which required treating the transaction as a financing. Accordingly, a sale of the Hamburg Marriott was recorded and the leaseback has now been recorded as an operating lease as of June 29, 2004. SHCI eliminated the finance obligation on the consolidated balance sheet and now records lease expense instead of mortgage interest and depreciation expense.

(c) On June 29, 2004, we eliminated the collateralized guarantee related to the Paris Marriott Champs Elysees and no longer have continuing involvement as defined by generally accepted accounting principles. Accordingly, a sale of the Paris Marriott Champs Elysees was recorded and the leaseback has now been recorded as an operating lease as of June 29, 2004. SHCI eliminated the finance obligation on the consolidated balance sheet and now records lease expense instead of mortgage interest and depreciation expense.