Business/Portfolio Overview — Strategic Hotels & Resorts (BEE)

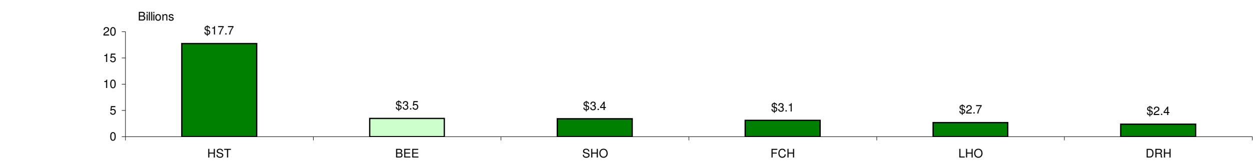
GREEN STREET ADVISORS

As of Thursday, March 27, 2008

SELL	
NAV	20.54
Recent Price	13.13
War. Price	12.00
Prem/Disc to NAV	-36.1%

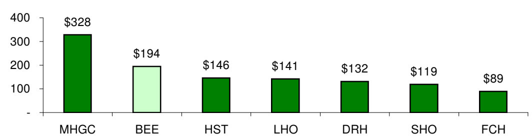
CEO	CFO	EVP Asset Mgmt	Chairman
Laurence S. Geller	James E. Mead	Richard J. Moreau	William Prezant

Portfolio Size (Operating Asset Value) [1]

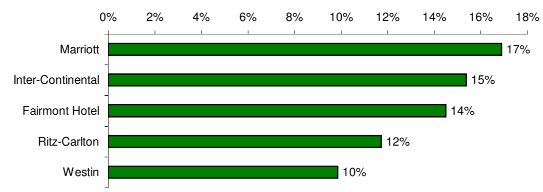


	HST	BEE	SHO	FCH	LHO	DRH
Total Hotels	129	20	45	89	31	20
Pro-Rated Rooms	65,293	9,189	15,963	22,116	8,518	9,806
Avg. Room/Hotel [2]	521	452	347	288	274	479

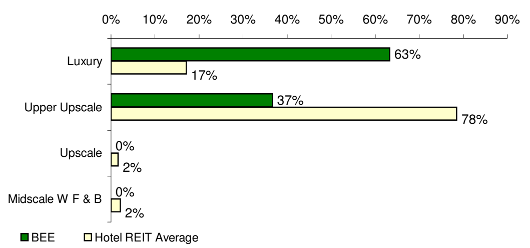
4Q07 RevPAR Ranking



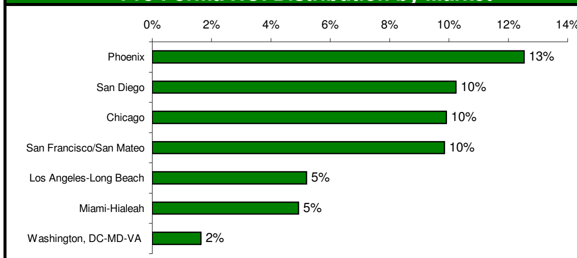
Pro Forma NOI Distribution by Brand



Pro Forma NOI Distribution by Chainscale



Pro Forma NOI Distribution by Market



Internal Growth: Operating Results

Year-over-Year Growth Rates:	4Q07	YTD
Same Property Revenue	8.1%	10.4%
Same Property Expense	2.4%	8.4%
Same Property EBITDA	27.8%	16.1%
Same Property EBITDA Margin Change	0 bps	0 bps

External Growth: Acquisitions & Dispositions

	Trailing 4Q ($mil)	% of RE Asset Value [3]
Acquisitions	91	3%
Dispositions	-	-
Net external activity	91	3%
Share-buyback(+)/ Issuance(-)	-	-

(1) REIT's portfolio value is based on NAV estimate. MHGC's portfolio value is the warranted value of its operating assets, which is derived from NOPAT-multiple approach.

(2) The number is derived by dividing the pro-rated room count by pro-rated hotel count, not the total hotel count.

(3) Percentage of current value of operating assets derived from our EV/NOPAT valuation approach.

GREEN STREET ADVISORS **Earnings Projection** **Strategic Hotels & Resorts (BEE)**

As of Thursday, March 27, 2008

(dollars in millions, except per share data)	2006A	2007E	2008E	2009E
Revenues:				
Property Level Revenue (a)	$725	$985	$1,023	$1,054
Other Revenue (b)	117	116	27	28
Total Revenues	$842	$1,101	$1,050	$1,082
Expenses:				
Property Level Expenses (c)	($540)	($721)	($749)	($771)
Corporate G&A Expenses	(25)	(30)	(28)	(30)
Depreciation & Amortization	(78)	(106)	(121)	(120)
Interest Expense	(52)	(90)	(92)	(94)
Minority Interest	(1)	(2)	(1)	(1)
Other Expenses (d)	(26)	(38)	(16)	(17)
Provision for Income Taxes	1	(9)	(11)	(11)
Income From Continuing Operations	**$120**	**$105**	**$33**	**$38**
EBITDA and NOPAT				
Income From Continuing Operations	$120	$105	$33	$38
Add: Net Interest Expense	125	194	205	206
Add: Depreciation & Amortization	85	126	120	120
Add: Minority Interests	1	0	0	0
Add: Other EBITDA Adjustments (e)	(62)	(151)	(97)	(96)
Earnings Before Interest, Taxes, Dep. & Amort. (EBITDA) (f)	**$269**	**$273**	**$261**	**$268**
Add: Lease Payments (f)	(71)	20	20	20
Add: Other NOPAT Adjustments (g)	8	66	(3)	(3)
Less: Reserve for Capitalized Maintenance (Cap-Ex) (h)	(54)	(73)	(76)	(78)
Less: Options Expense	-	-	-	-
Less: Normalized Cash Taxes Before Interest Effect	(3)	(4)	(3)	(3)
Net Operating Profit After Tax (NOPAT)	**$149**	**$198**	**$199**	**$204**
FFO and AFFO				
Income From Continuing Operations	$120	$105	$33	$38
Add: Depreciation & Amortization	83	110	120	120
Add: Interest on Convertible Preferred Securities	2	2	-	-
Add: Minority Interests (net of partnership adjustments)	1	0	0	0
Less: Preferred Dividends	(25)	(30)	(30)	(30)
Other FFO Adjustments	(92)	(63)	(4)	(0)
Funds From Operations (FFO)	**$89**	**$125**	**$120**	**$128**
Less: Reserve for Capitalized Maintenance (Cap-Ex) (h)	(54)	(73)	(76)	(78)
Less: Options Expense	-	-	-	-
Other AFFO Adjustments	11	-	-	-
Adjusted Funds From Operations (AFFO)	**$46**	**$52**	**$44**	**$50**
Average Shares Outstanding - Diluted (mm)	70	76	76	75
FFO/sh - diluted	**$1.26**	**$1.64**	**$1.58**	**$1.71**
FFO/sh growth	*9.1%*	*29.6%*	*-3.5%*	*8.0%*
AFFO/sh - diluted	**$0.65**	**$0.68**	**$0.58**	**$0.66**
AFFO/sh growth	*-18.1%*	*4.0%*	*-14.1%*	*13.8%*
Major Assumptions				
Same-Property Revenue Growth	8.1%	10.4%	2.0%	3.0%
Property-Level Operating Margin	25.6%	27.7%	26.8%	26.8%
Estimated Dividend/sh	$0.92	$0.99	$1.00	$1.04
YE Debt Balance	1,758	1,652	1,783	1,811
Value of Acquisitions	1,626	91	0	0
Value of Dispositions	(181)	0	0	0
Value of Share Repurchases/(Issuance)	300	0	0	0

(a) Includes room, food and beverage, and other operating departmental revenue. Revenues and corresponding property-level expenses from Hyatt Regency New Orleans have been stripped out of operating results starting in 4Q05 following damage to the hotel from Hurricane Katrina. BEE settled the business insurance claim and sold the property in 2H07.

(b) Includes interest income, earnings from unconsolidated affiliates, gains on sale of property, and other revenues. Also includes the impact of the business interruption settlement from Hyatt Regency New Orleans.

(c) Includes rent expenses on leased hotels, costs of early extinguishment of debt, impairment charges, and other.

(d) Includes room, food and beverage, management fees, taxes, insurance, and other property-level expenses (which includes lease expense).

(e) Includes taxes, non-cash charges, and partnership adjustments.

(f) 2006 EBITDA is comparable to company reported Adjusted EBITDA; gain on sale is then backed out in Lease Payments below.

(g) Includes gains/losses on sales and non-recurring charges.

(h) Assumes that maintenance cap-ex is equal to 7% of owned hotel revenue.

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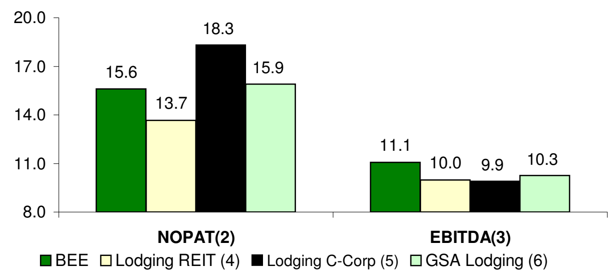
Enterprise Value

Strategic Hotels & Resorts (BEE)

As of Thursday, March 27, 2008

Observed '08 Multiples [1]



Enterprise Valuation

NTM NOPAT (a)	$203.7
Warranted NTM NOPAT Multiple (b)	14.4x
Value of Operational Assets	$2,931.1
Add: Balance Sheet Adjustments & Other Assets (c)	454.5
Total Asset Value	**$3,385.5**
Less:	
Debt (d)	($1,652.1)
Fixed-Rate Debt Mark-to-Market Adjustment (e)	61.3
Preferred Equity	(357.9)
Preferred Equity Mark-to-Market Adjustment	66.6
Capitalized Value of Lease Payments (f)	(285.7)
Balance Sheet Liabilities & Other (g)	(284.5)
Unconsolidated Debt from JV	(274.5)
Minority Interest in Consolidated Debt	107.1
Warranted Equity Value	**$765.8**
Fully Diluted Shares and Units Outstanding	77.1
Warranted Going-Concern Price Per Share	**$ 9.93**
Estimated Take-out Price	20.50
Take-out Probability in Next 18 Months	20%
Warranted Price Per Share	**$ 12.04**

(a) No-external growth (i.e., anticipated acquisitions and dispositions), next-twelve-month NOPAT,
(b) Next-twelve-month multiple based on the observed multiples of comparable hotel companies adjusted for company-specific factors.
(c) Includes current and other tangible assets on the balance sheet as of 4Q07, including cash ($111 MM), Restricted Cash ($39 MM), Accounts Receivable ($82 MM), Other Assets ($28 MM), La Solana land ($87 MM), Interest in Del Coronado JV ($22 MM), Excess Land ($20 MM) Punta Mita Land ($46 MM), and Adj. NPV of Fairmont Chicago Aqua Building ($15 MM).
(d) Includes total consolidated debt
(e) BEE's fixed rate debt carries an average rate of roughly 5.7% and has a weighted average maturity of 5.5 years. Adjusted for recent comparable Treasury rates and credit spreads, the market yield for this debt is estimated to be approximately 6.9%.
(f) Estimated annual lease payments of $20 MM, discounted at 7%. Lease Payments have been added back to derive our NOPAT estimate.
(g) Includes current and other liabilities on the balance sheet as of 4Q07: A/P ($266 MM), Dividend and Distributions Payable ($18 MM)

(1) Observed multiples are calculated by dividing the company's enterprise value (equity + debt) by appropriate unlevered measures (NOPAT & EBITDA).
(2) Net Operating Profit After Tax (NOPAT) is our preferred unlevered measure. NOPAT multiple is calculated based on proforma forward-four-quarter NOPAT.
(3) Earings before Income Taxes Depreciation and Amortization (EBITDA).
(4) Include FCH, HST, BEE, SHO, LHO, and DRH.
(5) Include MAR, MHGC and HOT.
(6) Include MAR, MHGC, HOT, FCH, HST, BEE, SHO, LHO, and DRH.

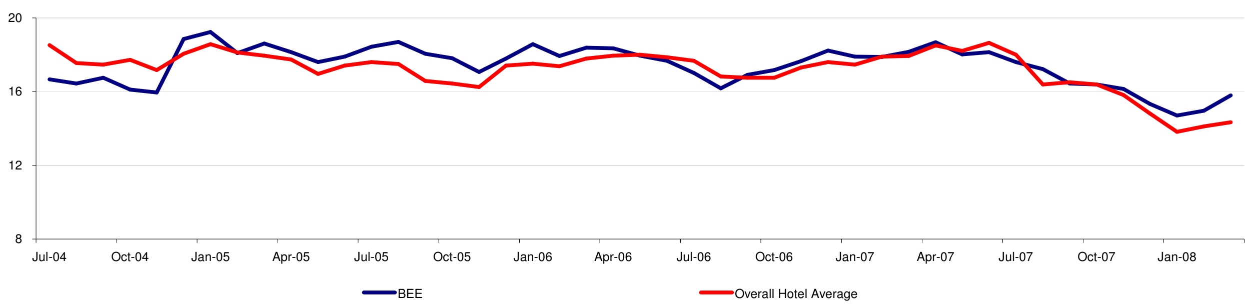
As of Thursday, March 27, 2008

Total Returns as of 3/27/2008

Annualized Returns	1 Year	5 Year
BEE	-38%	0%
Lodging REIT Average [1]	-34%	21%
Lodging C-Corp Average [2]	-26%	20%
GSA Lodging Average [3]	-31%	21%
RMS - REIT Index	-17%	18%
S&P 500	-5%	11%

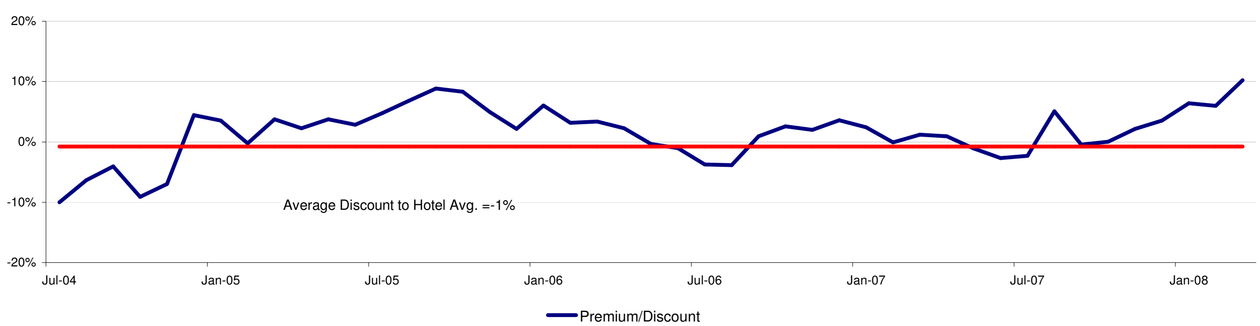
Observed NOPAT Multiples

Lodging multiples fluctuate depending on perceptions of earnings growth, earnings risk, and investment return expectations of alternative investments.



BEE Premium/(Discount) to the Average of Observed Lodging Multiples

To the extent a company's current NOPAT-multiple premium or discount is above its historic average, the shares are likely expensive. A smaller-than-normal premium (wider-than-normal discount) probably signals that the shares are cheap.



(1) Hotel REITs Include FCH, HST, BEE, SHO, LHO, and DRH. The five-year-return data do not include BEE & SHO. BEE went public in 6/04, and SHO 10/04.
(2) Hotel C-corps include MAR, MHGC, and HOT. The five-year data do not include MHGC, which went public in 02/06
(3) GSA Lodging Average includes MAR, MHGC, HOT, FCH, HST, BEE, SHO, LHO, and DRH. See note (1) and (2) for exceptions.

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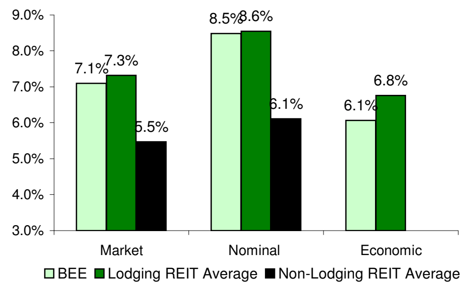
NAV and Value-Per-Key

Strategic Hotels & Resorts (BEE)

As of Thursday, March 27, 2008

Cap Rate Analysis [1]



Net Asset Value Calculation

Nominal Property-Level EBITDA (a)	$293.9
Less: Maintenance Capital Expenditures (b)	(47.9)
Economic Property-Level EBITDA	$246.0
Market Cap Rate	7.1%
Nominal Cap Rate	8.5%
Hotel Asset Value	$3,464.1
Plus: Balance Sheet Adjustments & Other (c)	454.5
Asset Value	**$3,918.5**
Less:	
Fixed-Rate Debt	($1,339.8)
Fixed Rate Mark-to-Market Debt Adjustment (d)	61.3
Variable-Rate Debt	(312.2)
Preferred Equity	(357.9)
Preferred Equity Mark-to-Market Adjustment	66.6
Convertible Debt	-
Balance Sheet Liabilities & Other (e)	(284.5)
Unconsolidated Debt from JV	(274.5)
Minority Interest in Consolidated Debt	107.1
Net Asset Value	**$1,584.5**
Fully-Diluted Shares & Units Outstanding	77.1
Net Asset Value Per Share	**$20.54**

(a) Forward-twelve-month EBITDA, in millions. Excludes the impact of external growth (i.e., anticipated hotel acquisitions and dispositions)

(b) For the purposes of our NAV analysis, cap-ex is estimated to be 4% of total hotel revenue.

(c) Includes current and other tangible assets on the balance sheet as of 4Q07, including cash ($111 MM), Restricted Cash ($39 MM), Accounts Receivable ($82 MM), Other Assets ($28 MM), La Solana land ($87 MM), Interest in Del Coronado JV ($22 MM), Excess Land ($20 MM) Punta Mita Land ($46 MM), and Adj. NPV of Fairmont Chicago Aqua Building ($15 MM).

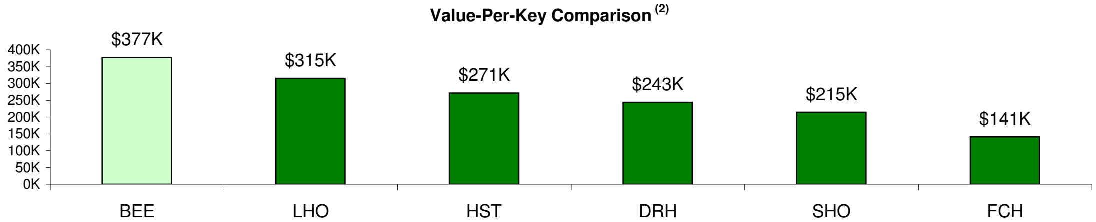
(d) BEE's fixed rate debt carries an average rate of roughly 5.7% and has a weighted average maturity of 5.5 years. Adjusted for recent comparable Treasury rates and credit spreads, the market yield for this debt is estimated to be approximately 6.9%.

(e) Includes current and other liabilities on the balance sheet as of 4Q07: A/P ($266 MM), and Dividend and Distributions Payable ($18 MM)

BEE's Value-Per-Key

Pro-Rata Rooms:	9,189
Value-Per-Key:	
Based on Warranted Price Calculation	$287,885
Based on NAV Calculation	$376,986

Value-Per-Key Comparison [2]



(1) Cap rates are based on forward-looking earnings. Economic cap rates include 7% cap-ex charges and market cap rates include 4% cap-ex charge, whereas nominal cap rates exclude such charges.
(2) Value-per-key comparison is based on the porfolio value derived from our NAV estimates.

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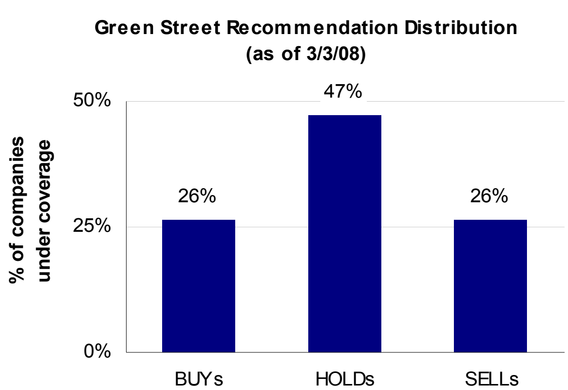

Green Street's "BUYs" have historically achieved far higher total returns than its "HOLDs", which, in turn, have outperformed its "SELLs".[1, 2]

Total Return of Green Street's Recommendations

Year Ended December 31: Year	Buy	Hold	Sell	NAREIT Eqty[4]
2008 YTD[3]	0.8%	-1.6%	-0.5%	-4.5%
2007	-6.5%	-22.3%	-27.6%	-15.7%
2006	45.4%	29.9%	18.4%	35.1%
2005	26.3%	18.3%	-1.9%	12.2%
2004	42.3%	28.4%	15.6%	31.6%
2003	42.7%	37.2%	20.9%	37.1%
2002	17.7%	2.6%	1.9%	3.8%
2001	35.7%	19.1%	11.9%	13.9%
2000	53.6%	29.3%	4.4%	26.4%
1999	14.2%	-9.2%	-20.2%	-4.6%
1998	-0.6%	-15.1%	-16.4%	-17.5%
1997	37.1%	14.2%	5.8%	20.3%
1996	47.3%	30.2%	17.5%	35.3%
1995	23.6%	14.3%	-0.4%	15.3%
1994	20.5%	-0.7%	-9.3%	3.2%
1993[3]	29.4%	5.4%	6.7%	12.4%
Total Return[3]	**3703.9%**	**347.9%**	**11.0%**	**462.7%**
Annualized	**27.3%**	**10.5%**	**0.7%**	**12.1%**

1) Historical results through January 3, 2005 were independently verified by Ernst & Young, LLP. E&Y did not verify stated results subsequent to January 3, 2005. Past performance results cannot be used to predict future performance. For a complete explanation of study, see 5/9/03 report "How are We Doing?".
2) Company inclusion in the calculation of total return has been based on whether the companies were listed in the primary exhibit of Green Street's "Real Estate Securities Monthly", pg. 13-16. Beginning with May 2000, Gaming C-Corps and Hotel C-Corps, with the exception of Starwood Hotels and Homestead Village, are not included in the primary exhibit and therefore not included in the calculation of total return. Beginning with March 2003, all Hotel companies are excluded.
3) Study uses recommendations given in Green Street's "Real Estate Securities Monthly" from January 29, 1993 through March 3, 2008.
4) Not directly comparable to Green Street's performance indices because NAREIT includes more companies and uses market-cap weightings. Green Street's returns are equally-weighted averages.

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