



## Strategic Hotels & Resorts Announces Agreement to Terminate Hotel Management Contract at Marriott Rancho Las Palmas Resort

2006-04-18

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Strategic Hotels & Resorts, Inc. (NYSE:BEE) , today announced the company reached an agreement with Marriott Hotel Services, Inc. (MHS), the manager of its Marriott Rancho Las Palmas Resort in Rancho Mirage, California, to terminate the hotel management contract with MHS on or before December 29, 2006.

The agreement increases the range of options available to the company with respect to its future plans for the resort including its potential sale. Under the agreement, the company is required to pay MHS an initial termination fee of \$5.0 million upon termination and an additional termination fee of \$5.0 million in 2009, provided that the additional termination fee will not be required if the company has entered into a qualifying hotel management contract with MHS, or an affiliate, by December 31, 2008.

The company also agreed to reimburse MHS for severance costs for MHS employees at the resort. The company estimates the present value of the termination fees and estimated severance cost will be \$10.4 million. This one-time charge will be recorded in its first quarter 2006 financial statements and was not contemplated in previous earning guidance.

### About the Company

Strategic Hotels & Resorts, Inc. is a real estate investment trust (REIT), which owns and asset manages high-end hotels and resorts. The company has ownership interests in 18 properties with an aggregate of 8,480 rooms.

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