LOEWS CORP
Form SC 13G
February 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G
Under the Securities Exchange Act of 1934
(Amendment No._)*

Loews Corp.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

540424108

(CUSIP Number)

December 31, 2007

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[_] Rule 13d-1(b)

[x] Rule 13d-1(c)

[_] Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initialfiling on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1745 (03-06)

CUSIP No. 540424108 13G

1.	Name of Reporting Person I.R.S. Identification No. of above Person Davis Selected Advisers, L.P.
2.	Check the Appropriate Box if a Member of a Group (a) [_] (b) [_]
3.	SEC Use Only
4.	Citizenship or Place of Organization Colorado Limited Partnership

Number of Shares Beneficially Owned by Each Reporting Person With:	5. Sole Voting Power 41,711,765 shares
	6. Shared Voting Power 0
	7. Sole Dispositive Power 45,845,682 shares
	8. Shared Dispositive Power 0

9.	Aggregate Amount Beneficially Owned by Each Reporting Person 45,845,682 shares
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares [_]
11.	Percent of Class Represented by Amount in Row (9) 8.66%
12.	Type of Reporting Person IA

Item 1(a). Name of Issuer:
Loews Corp.

Item 1(b). Address of Issuer's Principal Executive Offices:
667 MADISON AVE
NEW YORK, NEW YORK 10065-8087

Item 2(a). Name of Persons Filing:
Davis Selected Advisers, L.P.

Item 2(b). Address of Principal Business Office or, if none, Residence:
2949 East Elvira Road, Suite 101
Tucson, Arizona 85706

Item 2(c). Citizenship:
Colorado Limited Partnership

Item 2(d). Title of Class of Securities:
Common Stock

Item 2(e). CUSIP Number:
540424108

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a :

(a).[_] Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o).

(b).[_] Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c).

(c).[_] Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c).

(d).[X] Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).

(e).[_] An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);

(f).[_] An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);

(g).[_] A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);

(h).[_] A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(i).[_] A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j).[_] Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Item 4. Ownership.

(a). Amount beneficially owned:
See the response(s) to Item 9 on the attached cover page(s).

(b). Percent of Class:
See the response(s) to Item 11 on the attached cover page(s).

(c). Number of shares as to which such person has:

(i). Sole power to vote or to direct the vote: See the response(s) to Item 5 on the attached cover page(s).

(ii). Shared power to vote or to direct the vote: See the response(s) to Item 6 on the attached cover page(s).

(iii). Sole power to dispose or to direct the disposition of: See the response(s) to Item 7 on the attached cover page(s).

(iv). Shared power to dispose or to direct the disposition of: See the response(s) to Item 8 on the attached cover page(s).

Item 5. Ownership of Five Percent or Less of a Class.
Not Applicable

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not Applicable

Item 8. Identification and Classification of Members of the Group.
Not Applicable

Item 9. Notice of Dissolution of Group.
Not Applicable

Item 10. Certification.
By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

BY /s/ Anthony Frazia

PRINT Anthony Frazia,JD, CRCP
Co-Chief Compliance Officer/Director of

Institutional Operations, Compliance and Risk
Management

DATE February 12, 2008

:10pt;">

29,502

Intangible assets not subject to amortization:

Trade name(a)
58,293

—

Intangible assets, net of accumulated amortization
$
94,324

$
29,502

(a) These intangible assets relate to the Hotel del Coronado (see note 3).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amortization of intangible assets is computed on a straight-line basis over the respective useful lives. For the years ended December 31, 2014, 2013 and 2012, amortization expense of intangible assets in continuing and discontinued operations was $4,652,000, $1,653,000 and $1,704,000, respectively. The estimated future aggregate annual amortization expense for intangible assets at December 31, 2014 is summarized as follows (in thousands):

Years ending December 31,	
2015	$7,015
2016	2,439
2017	2,439
2018	2,394
2019	2,332
Thereafter	19,412
Total	$36,031

Impairment:

Investment in Hotel Properties (Long-Lived Assets)

The Company reviews its investment in hotel properties for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized if the estimated future undiscounted cash flows derived from the asset are less than its carrying amount. The impairment loss is measured as the excess of the carrying value over the fair value of the asset, with fair value determined based on estimated future discounted cash flows or other relevant data as to the fair value of the asset (Level 3 inputs).

Goodwill

Goodwill is reviewed for impairment at least annually as of December 31 and whenever circumstances or events indicate potential impairment. The assessment of goodwill impairment consists of two steps. In the first step, the Company compares the fair value of each reporting unit, which for the Company is each hotel property, to its carrying value. The assessment of fair values of the hotel properties incorporates unobservable inputs (Level 3), including existing market-based considerations, as well as discounted cash flow analysis of the Company's projections. When the fair value of the property is less than its carrying value, the Company is required to perform a second step in order to determine the implied fair value of each reporting unit's goodwill, and to compare it to the carrying value of the reporting unit's goodwill. The activities in the second step include hypothetically valuing all of the tangible and intangible assets and liabilities of the impaired reporting unit as if the reporting unit had been acquired in a business combination, which includes valuing all of the Company's intangibles, even if they are not currently recorded within the carrying value. For reporting units with zero or negative carrying values, the second step is only performed if qualitative factors indicate that it is more likely than not that an impairment exists.

Intangible Assets Not Subject to Amortization

Intangible assets not subject to amortization are reviewed for impairment at least annually as of December 31 and whenever circumstances or events indicate potential impairment. The impairment assessment shall consist of a comparison of the fair value of the asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, the Company shall recognize an impairment loss in an amount equal to that excess.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are reviewed for impairment whenever circumstances or events indicate potential impairment, as part of the Company's investment in hotel properties impairment process described above.

Investment in Unconsolidated Affiliates

A series of operating losses of an investee or other factors may indicate that a decrease in value of the Company's investment in unconsolidated affiliates has occurred which is other-than-temporary. Accordingly, the investment in each of the unconsolidated affiliates is evaluated periodically for valuation declines that are other-than-temporary. If the investment is other than temporarily impaired, the Company writes down the investment to its estimated fair value. The Company also considers

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any impairments in the underlying real estate investments, the ownership and distribution preferences and limitations and rights to sell and repurchase of its ownership interests.

Deferred Financing Costs:

Deferred financing costs consist of loan fees and other costs incurred in connection with obtaining loans. The deferred financing costs have been capitalized and are being amortized to interest expense over the initial maturity of the underlying loans using the straight-line method, which approximates the effective interest method. Upon early extinguishment of the debt, the unamortized deferred financing costs are written off and included in loss on early extinguishment of debt.

Inventories:

Inventories located at the hotel properties consist primarily of food and beverage stock. These items are stated at the lower of cost, as determined by an average cost method, or market and are included in prepaid expenses and other assets on the accompanying consolidated balance sheets.

Cash and Cash Equivalents:

The Company considers all cash on hand, demand deposits with financial institutions and short-term highly liquid investments with purchased or original maturities of three months or less to be cash equivalents.

Restricted Cash and Cash Equivalents:

As of December 31, 2014 and 2013, restricted cash and cash equivalents included $37,486,000 and $38,629,000, respectively, that will be used for property and equipment replacement in accordance with hotel management agreements. At December 31, 2014 and 2013, restricted cash and cash equivalents also included reserves of $44,024,000 and $37,287,000, respectively, required by loan and other agreements.

Foreign Currency:

Foreign currency-denominated assets and liabilities, where the functional currency is the local currency, are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates during the respective periods. Gains and losses from foreign currency translation, where the functional currency is the local currency, are recorded as a separate component of accumulated other comprehensive loss within shareholders' equity.

Revenue Recognition:

Revenues include rooms, food and beverage and other hotel operating revenue such as spa, retail, parking, golf course, telephone, internet access and space rentals. These revenues are recorded net of taxes collected from customers and remitted to government authorities and are recognized as the related services are rendered. Lease revenue is based on an annual base rent plus additional rent contingent on the hotel meeting performance thresholds, as defined in the lease agreement. Lease revenue is recognized on an accrual basis pursuant to the terms of the lease.

Noncontrolling Interests:

Redeemable Noncontrolling Interests (Temporary Equity)

Third party noncontrolling partners own an approximate 0.3% interest in SH Funding. The interests held by these noncontrolling partners are stated at the greater of carrying value or their redemption value and are presented as noncontrolling interests in SHR's operating partnership on the consolidated balance sheets. Net income or loss attributable to the noncontrolling interest partners is presented as noncontrolling interests in SHR's operating partnership in the consolidated statements of operations. Net income or loss and other comprehensive income or loss are attributed to noncontrolling interest partners in SH Funding based on their weighted average ownership percentages during the period. The ownership percentage is calculated by dividing the number of units held by the noncontrolling interest partners by the sum of units held by SHR and the units held by noncontrolling interest partners, all calculated based on the weighted average days outstanding at the end of the period.

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These noncontrolling partners have an option to exercise a redemption right to require SH Funding to redeem all or a portion of the units held by the noncontrolling interest partners on a specified redemption date at a redemption price equal to the number of operating partnership units multiplied by SHR’s common stock price. SH Funding is not obligated to satisfy the redemption right if SHR elects to purchase the units. SHR has the sole and absolute discretion to purchase the units. If it does purchase the units, SHR has the sole and absolute discretion to pay either in cash or shares.

The following table reflects the activity of the noncontrolling interests in SHR’s operating partnership for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Noncontrolling interests in SHR’s operating partnership			
Balance, beginning of year	$7,534	$5,463	$4,583
Shares of SHR common stock issued	2,064	—	468
Net income (loss)	1,221	38	(184)
Currency translation adjustments	71	(2)	3
Derivatives activity	31	73	48
Share-based compensation	16	4	30
Redemption value adjustment	361	2,242	738
Other	(798)	(284)	(223)
Balance, end of year	$10,500	$7,534	$5,463

The historical cost of the redeemable noncontrolling interests is based on the proportional relationship between the carrying value of equity associated with SHR’s common shareholders relative to that of the unitholders of SH Funding, as SH Funding units may be exchanged into shares of SHR common stock on a one-for-one basis. As of December 31, 2014, 2013 and 2012, the redeemable noncontrolling interests had a redemption value of approximately $10,500,000 (based on SHR’s common stock closing share price of $13.23 on December 31, 2014), $7,534,000 (based on SHR’s common stock closing share price of $9.45 on December 31, 2013), and $5,463,000 (based on SHR’s common stock closing share price of $6.40 on December 31, 2012), respectively.

Nonredeemable Noncontrolling Interests

The Company also consolidates affiliates that it controls but does not wholly own. The ownership interests held by the third party noncontrolling partners are presented as noncontrolling interests in consolidated affiliates in the Company’s consolidated balance sheets. Any net income or loss attributed to the noncontrolling partners is presented as noncontrolling interests in consolidated affiliates in the consolidated statements of operations. The activity for the noncontrolling interests in consolidated affiliates for the years ended December 31, 2014, 2013 and 2012 is presented in the Company’s consolidated statements of equity.

Income Taxes:

SHR has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Tax Code). As a REIT, SHR generally will not be subject to U.S. federal income tax if it distributes 100% of its annual taxable income to its shareholders and complies with certain other requirements. As a REIT, SHR is subject to a number of organizational and operational requirements. If it fails to qualify as a REIT in any taxable year, SHR will be subject to U.S. federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. Even if it qualifies for taxation as a REIT, it may be subject to foreign, state and local income taxes and to U.S. federal income tax and excise tax on its undistributed income. In addition, taxable income from SHR’s taxable REIT subsidiaries is subject to federal, foreign, state and local income taxes. Also, the foreign countries where the Company has operations do not recognize REITs under their respective tax laws. Accordingly, the Company is subject to tax in those jurisdictions.

Deferred tax assets and liabilities are established for net operating loss carryforwards and temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted tax rates expected to be in effect when the net operating loss carryforwards are utilized and when the temporary differences reverse. The

Company evaluates uncertain tax positions in accordance with applicable accounting guidance. A valuation allowance for deferred tax assets is provided if the Company believes all or some portion of the deferred tax asset may not be realized. Any increase or decrease in the valuation

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allowance that results from a change in circumstances that causes a change in the estimated realizability of the related deferred tax asset is included in earnings.

Per Share Data:

The Company uses the two-class method to calculate per share data for common stock and participating securities. Under the two-class method, net earnings are allocated to common stock and participating securities as if all of the net earnings for the period had been distributed. Unvested share-based compensation awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in computing per share data pursuant to the two-class method. The Company's restricted stock units (RSUs) are considered participating securities because they contain non-forfeitable rights to dividend equivalents. To the extent the Company has undistributed earnings, it will follow the two-class method of computing per share data.

Basic income (loss) per share of common stock is computed by dividing the net income (loss) attributable to SHR common shareholders by the weighted average shares of common stock outstanding during each period. Diluted income (loss) per common share is computed by dividing the net income (loss) attributable to SHR common shareholders as adjusted for the impact of dilutive securities, if any, by the weighted average shares of common stock outstanding plus potentially dilutive securities. Dilutive securities may include RSUs, performance-based RSUs, options to purchase shares of SHR common stock (Options), and noncontrolling interests that have an option to exchange their interests to shares of SHR common stock. No effect is shown for securities that are anti-dilutive. Potentially dilutive shares are determined using the more dilutive of either the two-class method or the treasury stock method. The following table sets forth the components of the calculation of net income (loss) attributable to SHR common shareholders used for determining per share amounts for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Numerator - Basic:			
Income (loss) from continuing operations attributable to SHR	$185,713	$5,401	$(58,731)
Preferred shareholder dividends	(13,851)	(24,166)	(24,166)
Preferred stock redemption (a)	(10,233)	—	—
Undistributed earnings allocated to participating securities - basic	(1,311)	—	—
Income (loss) from continuing operations attributable to SHR common shareholders	160,318	(18,765)	(82,897)
Discontinued operations attributable to SHR	158,770	5,574	3,425
Net income (loss) attributable to SHR common shareholders - basic	$319,088	$(13,191)	$(79,472)
Numerator - Diluted:			
Income (loss) from continuing operations attributable to SHR - basic	$160,318	$(18,765)	$(82,897)
Undistributed earnings allocated to participating securities - basic	1,311	—	—
Undistributed earnings allocated to participating securities - diluted	(1,248)	—	—
Adjustment for noncontrolling interested in consolidated affiliates (see note 6)	(2,198)	—	—
Income (loss) from continuing operations attributable to SHR common shareholders	158,183	(18,765)	(82,897)
Discontinued operations attributable to SHR	158,770	5,574	3,425
Net income (loss) attributable to SHR common shareholders - diluted	$316,953	$(13,191)	$(79,472)
Denominator:			
Weighted average shares of common stock - basic (b)	233,528	206,334	201,109
Effect of dilutive securities:			

Noncontrolling interests in consolidated affiliates (see note 6)	8,740	—	—
Performance-based RSUs	1,290	—	—
Weighted average shares of common stock - diluted	243,558	206,334	201,109

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(a) In April 2014, SHR redeemed all of the outstanding shares of its 8.50% Series A Cumulative Redeemable Preferred Stock (Series A Preferred Stock) (see note 11). In July 2014, SHR redeemed all of the outstanding shares of its 8.25% Series C Cumulative Redeemable Preferred Stock (Series C Preferred Stock) (see note 11). In December 2014, SHR publicly announced its intention to redeem all of the outstanding shares of its 8.25% Series B Cumulative Redeemable Preferred Stock (Series B Preferred Stock) (see notes 11 and 21). For purposes of calculating per share amounts for the year ended December 31, 2014, the difference between the fair value of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock and the carrying amount of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock is an adjustment to net income attributable to SHR common shareholders.

(b) Includes RSUs, performance-based RSUs and stock units payable in shares of SHR's common stock under the Company's Deferral Program (as defined in note 13) (Deferral Program Stock Units) of 1,552, 1,248 and 2,528 at December 31, 2014, 2013 and 2012, respectively, that have vested but have not yet been issued to shares of common stock.

Securities that could potentially dilute basic income (loss) per share in the future that are not included in the computation of diluted income (loss) per share because they are anti-dilutive as of December 31, 2014, 2013 and 2012 are as follows (in thousands):

	2014	2013	2012
Noncontrolling interests in SHR's operating partnership	794	797	853
Noncontrolling interests in consolidated affiliates	—	11,025	11,893
Options, RSUs and performance-based RSUs	—	2,479	2,809

Accumulated Other Comprehensive Loss:

The Company's accumulated other comprehensive loss (OCL) results from activity related to certain derivative financial instruments and unrealized gains or losses on foreign currency translation adjustments (CTA). The following table provides the changes in accumulated OCL for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Derivative and Other Activity	CTA	Accumulated OCL
Balance at January 1, 2012	$ (49,510)	$ (21,142)	$ (70,652)
Other comprehensive (loss) income before reclassifications	(10,209)	725	(9,484)
Amounts reclassified from accumulated OCL	21,265	—	21,265
Net other comprehensive income	11,056	725	11,781
Balance at December 31, 2012	$ (38,454)	$ (20,417)	$ (58,871)
Other comprehensive loss before reclassifications	(176)	(412)	(588)
Amounts reclassified from accumulated OCL	18,014	—	18,014
Net other comprehensive income (loss)	17,838	(412)	17,426
Balance at December 31, 2013	$ (20,616)	$ (20,829)	$ (41,445)
Other comprehensive loss before reclassifications	(341)	(200)	(541)
Amounts reclassified from accumulated OCL	10,059	18,895	28,954
Net other comprehensive income	9,718	18,695	28,413
Balance at December 31, 2014	$ (10,898)	$ (2,134)	$ (13,032)

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The reclassifications out of accumulated OCL for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands):

	Amount Reclassified from Accumulated OCL			
Details about Accumulated OCL Components	2014	2013	2012	Statement of Operations Line Item
Activity related to cash flow hedges	$10,059	$18,014	$21,265	Interest expense
Activity related to CTA	$18,895	$—	$—	Income from discontinued operations, net of tax

Derivative Instruments and Hedging Activities:
The Company recognizes all derivatives as either assets or liabilities on the balance sheet and measures those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign-currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.
Fair Value of Financial and Nonfinancial Instruments:
Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).
Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.
Business Combinations:
The Company recognizes identifiable assets acquired, liabilities assumed, non-controlling interests and contingent liabilities assumed in a business combination at their fair values at the acquisition date based on the exit price (the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date). Furthermore, acquisition-related costs, such as due diligence, legal and accounting fees, are not capitalized or applied in determining the fair value of the acquired assets. In certain situations, a deferred tax liability is created due to the difference between the fair value and the tax basis of the asset at the acquisition date, which also may result in a goodwill asset being recorded. The goodwill that is recorded as a result of this difference is not subject to amortization.
New Accounting Guidance:

In August 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance which requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. The standard provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity’s ability to continue as a going concern. This guidance is effective for the annual period ending December 31,

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2016, and interim periods thereafter, with early adoption permitted. The Company will apply the guidance prospectively and does not anticipate the guidance will have a material impact on its financial statements or disclosures.
In May 2014, the FASB issued new guidance which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that the guidance will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its financial statements.
In April 2014, the FASB issued new guidance which amends the requirements for reporting discontinued operations. Under the guidance, only disposals that represent a strategic shift that has (or will have) a major effect on the entity's results of operations would qualify as discontinued operations. In addition, the guidance expands the disclosure requirements for disposals that meet the definition of a discontinued operation and requires entities to disclose information about disposals of individually significant components. The provisions are effective on January 1, 2015, with early adoption permitted for any annual or interim period for which an entity's financial statements have not yet been made available for issuance. The Company will apply the guidance prospectively to disposal activity occurring after the effective date of this guidance.
In February 2013, the FASB issued new guidance to require an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is reclassified to net income in its entirety in the same reporting period. For other amounts not required to be reclassified in their entirety to net income in the same reporting period, a cross-reference to other disclosures that provide additional detail about the reclassification amounts is required. The provisions are effective for reporting periods beginning after December 15, 2012. The Company adopted this new guidance on January 1, 2013 and complied with the expanded disclosure requirements, as applicable.
In December 2011, the FASB clarified that when a parent (reporting entity) ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of a default on the subsidiary's nonrecourse debt, the reporting entity should apply the guidance on sales of real estate. The provisions are effective for public companies for fiscal years and interim periods within those years, beginning on or after June 15, 2012. The Company adopted the new guidance on January 1, 2013 and the guidance did not have a material impact on the Company's consolidated financial statements.

3. INVESTMENT IN HOTEL PROPERTIES, NET
The following summarizes the Company's investment in hotel properties as of December 31, 2014 and 2013, excluding the leasehold interest in the Marriott Hamburg, unconsolidated affiliates and assets held for sale (in thousands):

	2014	2013
Land	$858,670	$557,641
Leasehold interest	11,633	11,633
Buildings	1,964,252	1,344,524
Building and leasehold improvements	106,303	106,031
Site improvements	59,038	29,209
Furniture, fixtures and equipment	611,450	486,730
Improvements in progress	21,552	20,542
Total investment in hotel properties	3,632,898	2,556,310
Less accumulated depreciation	(804,498)	(760,972)

Total investment in hotel properties, net	$2,828,400	$1,795,338
Consolidated hotel properties	16	14

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Hotel Acquisitions:

The Company's hotel acquisitions completed during the three years ended December 31, 2014, as more fully described below, are consistent with the Company's strategy of focusing on the acquisition of upper upscale and luxury hotels in select urban and resort markets with strong growth characteristics and high barriers to entry where it believes there are opportunities to add value. All of the acquisitions were accounted for under the provisions of business combination guidance. The assets and liabilities of the hotels were consolidated in the Company's consolidated balance sheets at the acquisition-date fair values and the results of operations were consolidated in the Company's consolidated statements of operations from the date of acquisition.

Four Seasons Resort Scottsdale at Troon North

On November 17, 2014, the Company entered into an agreement to acquire the Four Seasons Resort Scottsdale at Troon North for a cash payment of approximately $140,920,000, which includes net working capital. The transaction closed on December 9, 2014. For the year ended December 31, 2014, the Company incurred acquisition costs of $182,000 related to the Four Seasons Resort Scottsdale at Troon North, that are included in corporate expenses on the consolidated statement of operations.

Hotel del Coronado

On May 27, 2014, the Company entered into an agreement with certain affiliates of Blackstone Real Estate Partners VI L.P. (Blackstone), whereby the Company agreed to acquire Blackstone’s 63.6% equity interests in the entity that owns the Hotel del Coronado, BSK Del Partner, L.P. (the Hotel del Coronado Venture) (see note 7) for a cash payment of $210,000,000. Additionally, the Company became fully obligated under the entire $475,000,000 mortgage and mezzanine loans outstanding. As part of the agreement, Blackstone transferred its interests in the Hotel del Coronado Venture to the Company and withdrew as a member of the Hotel del Coronado Venture. Effective as of the closing of the transaction on June 11, 2014, the Company wholly owns the Hotel del Coronado Venture.

As part of the consolidation of the Hotel del Coronado Venture, the Company recorded $65,547,000 as a gain on the consolidation of affiliates in the consolidated statement of operations for the year ended December 31, 2014, which represents the difference between the $120,000,000 fair value of the Company's preexisting equity interest in the Hotel del Coronado Venture and its carrying value. The fair value of the preexisting equity interest in the Hotel del Coronado Venture was determined based on an agreed upon value between the Company and a third party, both of which are market participants, which the Company considered to be a value determined in orderly transaction in the principal market. For the year ended December 31, 2014, the Company incurred acquisition costs related to the Hotel del Coronado Venture of $187,000, which was recorded as an offset to gain on consolidation of affiliates on the consolidated statement of operations.

Fairmont Scottsdale Princess Hotel

On March 31, 2014, the Company entered into an agreement with an affiliate of Walton Street Capital, L.L.C. (Walton Street), whereby the Company agreed to acquire Walton Street's 50.0% equity interests in the entities that own the Fairmont Scottsdale Princess hotel, Walton/SHR FPH Holdings, L.L.C. and FMT Scottsdale Holdings, L.L.C. (the Fairmont Scottsdale Princess Venture) (see note 7) for a cash payment of $90,616,000. Additionally, the Company became fully obligated under the entire $117,000,000 mortgage loan outstanding. As part of the agreement, Walton Street transferred its interests in the Fairmont Scottsdale Princess Venture to the Company and withdrew as a member of the Fairmont Scottsdale Princess Venture. Effective as of the closing of the transaction on March 31, 2014, the Company wholly owns the Fairmont Scottsdale Princess Venture.

As part of the consolidation of the Fairmont Scottsdale Princess Venture, the Company recorded $78,191,000 as a gain on the consolidation of affiliates in the consolidated statement of operations for the year ended December 31, 2014, which represents the difference between the $107,853,000 fair value of the Company's preexisting equity interest in the Fairmont Scottsdale Princess Venture, which included a preferred return to the Company, and its carrying value. The fair value of the preexisting equity interest in the Fairmont Scottsdale Princess Venture was determined based on an agreed upon value between the Company and a third party, both of which are market participants, which the Company considered to be a value determined in an orderly transaction in the principal market.

For the year ended December 31, 2014, the Company incurred acquisition costs related to the Fairmont Scottsdale Princess Venture of $80,000, which was recorded as an offset to gain on consolidation of affiliates on the consolidated statement of operations.

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JW Marriott Essex House Hotel
On September 14, 2012, the Company closed on the acquisition of the JW Marriott Essex House Hotel located in New York, New York for a purchase price, net of working capital prorations, of approximately $350,333,000. In connection with the closing of the acquisition, the Company formed a joint venture arrangement with affiliates of KSL Capital Partners, LLC (KSL) (Essex House Hotel Venture) to fund the equity portion of the purchase price. The Company contributed cash of $89,147,000 to acquire a 51.0% controlling interest in the Essex House Hotel Venture, and KSL contributed cash of $85,651,000 to acquire a 49.0% interest. The Essex House Hotel Venture secured a $190,000,000 first mortgage to fund the remaining balance of the purchase price. The Essex House Hotel Venture is a variable interest entity that the Company has consolidated because it determined that it is the primary beneficiary (see note 6). At the time of the acquisition, the Company recorded $85,651,000 as noncontrolling interests in consolidated affiliates on the balance sheet, which reflected KSL's initial equity interest in the Essex House Hotel Venture. The Essex House Hotel Venture incurred acquisition costs of $3,208,000 for the year ended December 31, 2012, that are included in corporate expenses on the consolidated statement of operations.
Purchase Price Allocations of Hotel Acquisitions
The amounts recognized as assets acquired and liabilities assumed for each hotel acquisition are based on the acquisition-date fair values. The allocation of fair value of recent acquisitions are preliminary and are subject to a measurement period that will allow the Company to obtain the information necessary to properly identify and measure the assets acquired and liabilities assumed. The final allocation of the fair values may result in adjustments to the recognized amounts of assets and liabilities, which could be significant. The Company expects to finalize any preliminary allocations as soon as possible, but no later than one year from the respective acquisition date.
The following is a summary of the allocation of the fair values for the acquisitions completed during the three years ended December 31, 2014 (in thousands):

	Preliminary Four Seasons Resort Scottsdale at Troon North	Final Hotel del Coronado Venture	Fairmont Scottsdale Princess Venture	JW Marriott Essex House Hotel
Land	$37,800	$236,497	$26,732	$230,951
Buildings	75,957	404,851	213,289	88,470
Site improvements	7,175	6,677	16,037	—
Furniture, fixtures and equipment	18,920	53,943	40,341	21,927
Other assets	—	—	—	13,067
Improvements in progress	—	1,749	151	—
Intangible assets	554	87,710	9,859	390
Below market debt discount	—	—	2,493	—
Net working capital	514	13,573	6,568	(4,472)
	$140,920	$805,000	$315,470	$350,333

The allocation of fair value attributable to intangible assets acquired as part of these acquisitions include (in thousands):

	Amounts	Weighted-Average Amortization Period
Intangible assets subject to amortization:		
Advanced bookings	$7,769	1 year, 6 months
Memberships value	5,973	30 years
Below market ground lease	7,656	95 years, 9 months
Below market hotel management agreement	18,822	9 years, 2 months
	40,220	
Intangible assets not subject to amortization:		
Trade name	58,293	

Total intangible assets acquired	$98,513

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Pro Forma and Other Financial Information Related to Acquisitions of Hotels

The following pro forma and other financial information is provided for acquisitions completed during the year ended December 31, 2014, that had a material effect on the Company's results of operations, which include the acquisitions of the Hotel del Coronado Venture and the Fairmont Scottsdale Princess Venture.

The impact to revenues and net income (loss) attributable to SHR common shareholders from these acquisitions since the date of acquisition through the year ended December 31, 2014 is as follows (in thousands):

	2014
Increase in revenues	$167,085
Decrease in net income attributable to SHR common shareholders	$(2,120)

The following unaudited pro forma financial information is provided for informational purposes only and does not purport to represent what the Company's results of operations would have been had it completed the acquisitions on January 1, 2013, nor is it necessarily indicative of the results that may be expected in future periods. For purposes of the pro forma financial information, 20,000,000 shares of SHR common stock, a portion of shares issued in an underwritten public offering of common stock that was completed in June 2014 (see note 11), are reflected as if the offering occurred on January 1, 2013, because these shares were directly attributable to the acquisition of the Hotel del Coronado Venture. No adjustments were made to the pro forma financial information for the remaining shares of SHR common stock issued in June 2014 because they did not relate directly to the acquisitions. Additionally, for purposes of the pro forma financial information, the $143,471,000 gain on consolidation of affiliates recognized as a result of the acquisition of the Hotel del Coronado Venture and the Fairmont Scottsdale Princess Venture, is assumed to have been recognized on January 1, 2013. On an unaudited pro forma basis, revenues, net income attributable to SHR common shareholders and basic and diluted income attributable to SHR common shareholders per share for the years ended December 31, 2014 and 2013 are as follows as if these acquisitions had occurred on January 1, 2013 (in thousands):

	2014	2013
Total revenue	$1,191,950	$1,105,420
Net income	$203,508	$150,433
Preferred shareholder dividends	$(24,084)	$(24,166)
Net income attributable to SHR common shareholders	$183,256	$126,821
Net income attributable to SHR common shareholders per share:		
Basic	$0.76	$0.56
Diluted	$0.72	$0.53

4. IMPAIRMENT LOSSES AND OTHER CHARGES

Goodwill and Intangible Assets Not Subject to Amortization Impairment Losses

The Company performed its annual impairment test of goodwill and intangible assets not subject to amortization and did not record any impairment losses for the years ended December 31, 2014, 2013 and 2012. However, if deterioration in economic and market conditions occurs, it may present a potential for impairment charges of the Company’s goodwill and intangible assets not subject to amortization subsequent to December 31, 2014. Any such adjustments could be material, but will be non-cash.

Long-Lived Assets and Intangible Assets Subject to Amortization Impairment Losses

The Company determined that there were no indicators of impairment of investments in hotel properties or intangible assets subject to amortization for the year ended December 31, 2014. However, if deterioration in economic and market conditions occurs, it may present a potential for impairment charges related to the Company’s hotel properties subsequent to December 31, 2014. Any adjustment could be material, but will be non-cash.

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In January 2012, the Company acquired, at a discount to par value, a note receivable secured by a property adjacent to the Fairmont Chicago hotel. In the third quarter of 2013, the Company completed foreclosure proceedings and obtained title to the asset. After taking title to the asset, the Company elected to sell the asset. Based on the change in the anticipated holding period for this asset, the Company performed an impairment test of the long-lived assets during the third quarter of 2013. The Company determined that the asset's carrying value exceeded the asset's fair value of $10,500,000, with the fair value determined based on the transaction price offered by a third party buyer (Level 2 input), which the Company considered to be an offer in an orderly transaction in the principal market. As a result of this test, the Company reduced the carrying value of the asset to its fair value and recorded an impairment charge of $728,000 in the consolidated statement of operations for the year ended December 31, 2013. In October 2013, the Company sold the property to an unaffiliated third party for $10,500,000.
The Company performed an impairment test of the long-lived assets related to a Mexican development site during the fourth quarter of 2012 as a result of a change in the anticipated holding period for this land. The Company determined that the land’s carrying value exceeded the fair value, with fair value determined based on an estimated future discounted cash flow analysis (Level 3 inputs). In the analysis of fair value, the Company considered an external independent valuation, which used a discounted cash flow analysis taking into account the expected cash flows, the anticipated holding period and proceeds from disposing the property. The analysis assumed a 9% terminal capitalization rate and a 17% discounted cash flow rate over a term of nine years. As a result of this test, the Company reduced the carrying value of the land by $25,089,000 to its fair value. The Company had an obligation related to this Mexican development site (see note 7). As a result of the reduction of the carrying value of the land parcel, the Company reduced its obligation by $10,450,000 and recorded an impairment charge of $14,639,000 in the consolidated statement of operations for the year ended December 31, 2012.
Investments in Unconsolidated Affiliates Impairment Losses
The Company determined that there was no other-than-temporary impairment of investments in unconsolidated affiliates for the years ended December 31, 2014, 2013 and 2012. However, if deterioration in economic and market conditions occurs, it may present a potential for additional impairment charges on the Company’s investments in unconsolidated affiliates subsequent to December 31, 2014. Any adjustments could be material, but will be non-cash.
Fair Value of Assets Measured on a Nonrecurring Basis
The following table presents information related to assets that were measured at fair value on a nonrecurring basis. For the year ended December 31, 2012 (in thousands):

Description	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Total Losses
Long-lived assets	$26,100	$(25,089)

Other Charges
There were no other charges recorded during the years ended December 31, 2014 and 2013. The Company recorded a charge of approximately $4,204,000 in continuing and discontinued operations to write off costs related to capital projects that management decided to abandon during the year ended December 31, 2012.

5. DISCONTINUED OPERATIONS
During the three years ended December 31, 2014, the Company sold the following hotels:

Hotel	Location	Date Sold	Sales Proceeds		Gain on sale
Four Seasons Punta Mita Resort and La Solana land parcel	Punta Mita, Mexico	February 28, 2014	$206,867,000		$63,879,000
Marriott London Grosvenor Square	London, England	March 31, 2014	$209,407,000	(a)	$92,889,000

(a) There was an outstanding balance of £67,301,000 ($112,150,000) on the mortgage loan secured by the Marriott London Grosvenor Square hotel, which was repaid at the time of closing (see note 10). The net proceeds received by the Company were $97,257,000.

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The results of operations of hotels sold are classified as discontinued operations and segregated in the consolidated statements of operations for all periods presented. The following is a summary of income from discontinued operations for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Hotel operating revenues	$17,767	$74,170	$71,351
Operating costs and expenses	11,485	51,295	48,155
Depreciation and amortization	1,275	9,306	12,805
Impairment losses and other charges	—	—	437
Total operating costs and expenses	12,760	60,601	61,397
Operating income	5,007	13,569	9,954
Interest expense	(1,326)	(7,087)	(5,178)
Interest income	2	6	10
Loss on early extinguishment of debt	(272)	—	—
Foreign currency exchange gain (loss)	32	1	(363)
Other income, net	—	375	—
Income tax expense	(833)	(1,290)	(998)
Gain on sale, net of tax	156,768	—	—
Income from discontinued operations, net of tax	$159,378	$5,574	$3,425

Assets Held for Sale:

On December 12, 2013, the Company entered into an agreement with affiliates of Cascade Investment, L.L.C. (Cascade) to sell the Four Seasons Punta Mita Resort and the adjacent La Solana land parcel for $200,000,000, subject to certain working capital adjustments (see note 16). The hotel's assets and liabilities were classified as held for sale on the accompanying consolidated balance sheet as of December 31, 2013. The transaction subsequently closed on February 28, 2014.

The significant components of assets held for sale and liabilities of assets held for sale at December 31, 2013 consisted of the following (in thousands):

Investment in hotel properties, net	$114,754
Goodwill	2,231
Cash	8,903
Restricted cash	32
Accounts receivable, net of allowance for doubtful accounts	5,522
Deferred tax assets	3,146
Prepaid expenses and other assets	1,313
Assets held for sale	$135,901
Accounts payable and accrued expenses	$15,830
Deferred tax liabilities	1,197
Liabilities of assets held for sale	$17,027

6. VARIABLE INTEREST ENTITY

On September 14, 2012, the Company and its partner, KSL, formed the Essex House Hotel Venture to acquire, own, manage, and operate the JW Marriott Essex House Hotel (see note 3). The Company contributed cash of $89,147,000 to acquire a 51% equity interest in the Essex House Hotel Venture, and KSL contributed cash of $85,651,000 to acquire a 49% equity interest. Pursuant to the terms of the joint venture agreements establishing the Essex House Hotel Venture, at any time prior to the third anniversary of the formation of the Essex House Hotel Venture, KSL shall have the right to sell its equity interest in the Essex House Hotel Venture to the Company in exchange for shares of SHR's common stock, as set forth in the joint venture agreements, at a purchase price equal to KSL's net investment plus 8.0% compounded annually (the Put Option). For purposes of paying the purchase price, SHR's common stock shall be valued at the greater of (i) $7.50 per share and (ii) the

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20-day volume-weighted average price per share of SHR's common stock as of the date KSL exercises the Put Option. The Essex House Hotel Venture is jointly controlled; however, it is considered a variable interest entity because the Company determined that it is the only holder of equity at risk due to the Put Option. The Company also determined that it is the primary beneficiary of the Essex House Hotel Venture due to the Put Option, which impacts the Company's power to direct the activities that most significantly impact the economic performance of the entity, as well as its obligation to absorb the losses and its right to receive benefits from the entity that could potentially be significant to the entity. As such, the transactions and accounts of the Essex House Hotel Venture are included in the accompanying consolidated financial statements.

Other than in connection with a customary environmental indemnity and non-recourse carve-out guaranty in favor of the lender, the liabilities of the Essex House Hotel Venture are solely the obligations of the Essex House Hotel Venture and are not guaranteed by the Company. The debt is secured by the JW Marriott Essex House Hotel, and the creditors of the Essex House Hotel Venture do not have general recourse to the Company. The use of certain assets of the Essex House Hotel Venture is restricted because they are collateral for the Essex House Hotel Venture's debt (see note 10), and the Company does not have the ability to leverage the assets.

The Company and KSL are subject to the terms of the joint venture agreements, which include provisions for additional contributions. For the year ended December 31, 2014, the Company and KSL provided additional contributions of $6,876,000 and $6,605,000, respectively, to the Essex House Hotel Venture for property improvements. For the year ended December 31, 2013, the Company and KSL provided additional contributions of $3,268,000 and $3,140,000, respectively, to the Essex House Hotel Venture for property improvements and closing costs related to the acquisition of the hotel.

7. INVESTMENT IN UNCONSOLIDATED AFFILIATES

Investment in unconsolidated affiliates as of December 31, 2014 and 2013 includes the following (in thousands):

	2014	2013
Fairmont Scottsdale Princess Venture	$—	$26,816
Hotel del Coronado Venture	—	54,902
RCPM	3,427	3,855
Lot H5 Venture	19,423	19,400
Total investment in unconsolidated affiliates	$22,850	$104,973

Fairmont Scottsdale Princess Venture

Prior to March 31, 2014, the Company had a 50% ownership interest in the Fairmont Scottsdale Princess Venture. The Company jointly controlled the venture with an unaffiliated third party, Walton Street, and served as the managing member. The Company acted as asset manager and was entitled to earn a quarterly base management fee, as well as certain project management fees. For the years ended December 31, 2014, 2013 and 2012, the Company recognized fees of $228,000, $594,000 and $662,000, respectively, which are included in other income (expenses), net on the consolidated statements of operations.

On March 31, 2014, the Company acquired Walton Street's 50.0% interest in the Fairmont Scottsdale Princess Venture. The Company now wholly owns the Fairmont Scottsdale Princess Venture. The Company has consolidated the Fairmont Scottsdale Princess Venture and no longer accounts for the investment using the equity method of accounting (see note 3).

Hotel del Coronado Venture

Prior to June 11, 2014, the Company had a 36.4% ownership interest in the Hotel del Coronado Venture. Blackstone, an unaffiliated third party, had the remaining ownership interest in the Hotel del Coronado Venture and was the general partner. The Company acted as asset manager and was entitled to earn a quarterly asset management fee, certain development fees, and if applicable, certain incentive fees. For the years ended December 31, 2014, 2013 and 2012, the Company recognized fees of $422,000, $903,000 and $856,000, respectively, which are included in other income (expenses), net on the consolidated statements of operations.

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On June 11, 2014, the Company acquired Blackstone's 63.6% interest in the Hotel del Coronado Venture. The Company now wholly owns the Hotel del Coronado Venture. The Company has consolidated the Hotel del Coronado Venture and no longer accounts for the investment using the equity method of accounting (see note 3).
During the year ended December 31, 2013, the Company received distributions of $23,244,000 from the Hotel del Coronado Venture, which included the distribution of excess proceeds from refinanced mortgage and mezzanine loans.
RCPM
The Company owns a 31% interest in, and acts as asset manager for, an unconsolidated affiliate, formed with two unaffiliated parties, that developed the Four Seasons RCPM, a luxury vacation home product sold in fractional and whole ownership interests on the property adjacent to the Four Seasons Punta Mita Resort in Mexico. The Company earns asset management fees and recognizes income on the percentage not owned by the Company. These fees amounted to $21,000, $291,000 and $117,000 for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in other income (expenses), net in the consolidated statements of operations.
Lot H5 Venture
In October 2007, the Company acquired an undeveloped, oceanfront land parcel in Punta Mita, Nayarit, Mexico, known as the Lot H5 land parcel. The Company paid cash and executed two $17,500,000 non-interest bearing promissory notes payable to the seller, Cantiles de Mita, S.A. de C.V. (Cantiles), an unaffiliated third party. On September 30, 2008, the Company paid the first of the $17,500,000 non-interest bearing promissory notes. In August 2009, the Company entered into an agreement with Cantiles, whereby the Company was released from its obligation under the second $17,500,000 note in exchange for the Company granting Cantiles a right to an equity interest in the Lot H5 land parcel (Original Lot H5 Venture Agreement). The exchange was subject to Cantiles obtaining certain permits and licenses to develop the Lot H5 land parcel and the execution of an amended venture agreement. Until the conditions of the Original Lot H5 Venture Agreement were satisfied, the Company held 100% legal title to the property and accounted for the Lot H5 land parcel as a consolidated property, which was recorded in investment in hotel properties, net on the Company's consolidated balance sheet. The Company's obligation to grant Cantiles an equity interest in the Lot H5 land parcel was recorded as a liability in accounts payable and accrued expenses on the Company's consolidated balance sheet.
On June 14, 2013, subsequent to Cantiles obtaining the required permits and licenses to develop the Lot H5 land parcel, the Company and Cantiles entered into an amended and restated venture agreement, forming the Lot H5 Venture. The Company has a preferred position in the Lot H5 Venture that entitles it to receive the first $12,000,000 of distributions generated from the Lot H5 land parcel with any excess distributions split equally between the Company and Cantiles. The Company jointly controls the Lot H5 Venture with Cantiles and accounts for its interest in the Lot H5 Venture as an equity method investment. The Company deconsolidated the land and recorded its share of the fair value of the land, net of the obligation to provide Cantiles with an equity interest in the Lot H5 land parcel, as an investment in unconsolidated affiliates on the consolidated balance sheet. The Company did not recognize a gain or loss because the carrying value of the land was recorded at its fair value. The carrying value of the land was adjusted to fair value in the fourth quarter of 2012 based on the results of an impairment test performed during that period.

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Condensed Combined Financial Information of Investment in Unconsolidated Affiliates
The following is summarized financial information for the Company's unconsolidated affiliates as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013
Assets		
Investment in hotel properties, net	$26,564	$715,422
Intangible assets, net	—	42,388
Cash and cash equivalents	10,335	22,029
Restricted cash and cash equivalents	—	14,156
Prepaid expenses and other assets	2,463	30,180
Total assets	$39,362	$824,175
Liabilities and Partners' Equity		
Mortgage and other debt payable	$—	$592,000
Other liabilities	1,518	47,943
Partners' equity	37,844	184,232
Total liabilities and partners' equity	$39,362	$824,175

	2014	2013	2012
Revenues			
Hotel operating revenue	$102,869	$241,614	$217,502
Residential sales	736	8,388	10,800
Total revenues	103,605	250,002	228,302
Expenses			
Hotel operating expenses	68,917	175,922	164,001
Residential costs of sales	1,233	6,286	7,081
Depreciation and amortization	12,796	33,938	34,640
Other operating expenses	1,836	4,673	26,985
Total operating expenses	84,782	220,819	232,707
Operating income (loss)	18,823	29,183	(4,405)
Interest expense, net	(9,735)	(24,564)	(31,982)
Other income (expenses), net	395	(441)	159
Net income (loss)	$9,483	$4,178	$(36,228)
Equity in earnings (losses) of unconsolidated affiliates			
Net income (loss)	$9,483	$4,178	$(36,228)
Partners' share of (income) loss of unconsolidated affiliates	(4,733)	(2,261)	21,293
Adjustments for basis differences, taxes and intercompany eliminations	487	1,070	1,450
Total equity in earnings (losses) of unconsolidated affiliates	$5,237	$2,987	$(13,485)

To the extent that the Company's cost basis is different than the basis reflected at the unconsolidated affiliate level, the basis difference, excluding amounts attributable to land and goodwill, is amortized over the life of the related asset and included in the Company's share of equity in earnings (losses) of the unconsolidated affiliates.

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8. MANAGEMENT AGREEMENTS

Most of the Company's hotels are subject to management agreements that the Company assumed upon acquisition of the hotels. These agreements generally provide for the payment of base management fees of 1.25% to 4.0% of revenues (as defined in the agreements). In addition, an incentive fee may be paid if certain criteria are met. The terms of these agreements generally require management of the hotels to furnish the hotels with certain services, which include on-site management and may include central training, advertising and promotion, national reservation system, payroll and accounting services, and such additional services as needed. At December 31, 2014, the remaining life on the initial terms (not including renewal options) of these management agreements, excluding the leasehold interest in the Marriott Hamburg and unconsolidated affiliates, range from three to 28 years and average 12 years.

JW Marriott Essex House Hotel Performance Guarantee

In connection with the acquisition of the JW Marriott Essex House Hotel in September 2012, the Essex House Hotel Venture entered into a management agreement with an affiliate of Marriott International, Inc. (Marriott). In connection with the management agreement, Marriott provided the Essex House Hotel Venture with a limited performance guarantee that will ensure, subject to certain limitations, a target level of net operating profit. Guarantee payments are calculated and paid to the Essex House Hotel Venture on a monthly basis based on the cumulative year-to-date results with a final true-up at the end of each year. Monthly interim payments are recorded as deferred revenue and are recognized as other hotel operating revenue at the end of the year when the final guarantee payment for the year is determined. Since the commencement of the performance guarantee, the Essex House Hotel Venture has received payments of $20,000,000 which have been recognized in earnings, and has received payments of an additional $2,973,000, which have been recorded as deferred revenues in accounts payable and accrued expenses on the consolidated balance sheet. The maximum guarantee that could be paid to the Essex House Hotel Venture during the guarantee period is $40,000,000. Any guarantee payments that exceed $20,000,000 may be recoverable by Marriott in accordance with the terms of the limited performance guarantee. Any amounts that are recoverable will be deferred and will not be recognized in earnings. The guarantee period began on September 17, 2012 and will continue through the earlier of a) December 31, 2020, b) the date at which the maximum guarantee has been funded, or c) the termination of the management agreement. For the years ended December 31, 2014, 2013 and 2012, the Essex House Hotel Venture recorded $5,821,000, $12,774,000 and $1,405,000, respectively, related to the performance guarantee, in other hotel operating revenue in the consolidated statements of operations.

Asset Management and Advisory Agreements

The Company has entered into asset management and advisory agreements with third parties to provide such services to hotels not owned by the Company. The Company earns base fees and may have the potential to earn additional incentive fees. For the years ended December 31, 2014, 2013 and 2012, the Company earned fees of $668,000, $400,000 and $400,000, respectively, under these agreements, which are included in other income (expenses), net in the consolidated statements of operations.

9. OPERATING LEASE AGREEMENTS

Building Lease

In June 2004, the Company recorded a sale of the Marriott Hamburg hotel, and the Company's leaseback of the hotel was reflected as an operating lease. A deferred gain was recorded in conjunction with the sale and is being recognized as a reduction of lease expense over the life of the lease. The Company recognized $207,000, $207,000, and $200,000 of the deferred gain for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014 and 2013, the deferred gain on the sale of the Marriott Hamburg hotel recorded in accounts payable and accrued expenses on the accompanying consolidated balance sheets amounted to $2,933,000 and $3,385,000, respectively. On a monthly basis, the Company makes minimum rent payments aggregating to an annual total of €3,830,000 (adjusting by an index formula) ($4,634,000 based on the foreign exchange rate as of December 31, 2014) and pays additional rent based upon the performance of the hotel, which are recorded as lease expense in the Company's consolidated statements of operations. A euro-denominated security deposit at December 31, 2014 and 2013 was $2,299,000 and $2,611,000, respectively, and is included in prepaid expenses and other assets on the Company's consolidated balance sheets. The Company subleases its interest in the Marriott Hamburg hotel to a third party. The Company has reflected the sublease arrangement as an operating lease and records lease revenue.

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Ground Leases
The Company is subject to a ground lease agreement with a third party landlord whereby it leases one parcel of land at the Fairmont Scottsdale Princess hotel, which became a consolidated property in March 2014 (see note 3). The ground lease expires in December 2109. Annual rent payments through December 2020 are equal to $1,500,000 plus a percentage of gross revenue, as defined by the terms of the ground lease agreement. Subsequent to December 2020, annual rent payments are a percentage of gross revenue.
The Company is subject to a ground lease agreement with a third party landlord whereby it leases the land for the Marriott Lincolnshire Resort. In February 2013, the Company amended the ground lease agreement that extended the term of the lease through December 31, 2112 and changed the annual rent payments to a fixed amount, subject to indexation.
Lease payments related to hotel ground leases are included in other hotel expenses on the consolidated statements of operations.
Office Space Lease
The Company is subject to a lease agreement with a third party landlord for its office space. The office lease expires in September 2017. Lease payments related to office space are included in corporate expenses on the consolidated statements of operations.
For the years ended December 31, 2014, 2013 and 2012, the Company recorded rental expense in continuing and discontinued operations under non-cancelable operating leases related to the building lease, hotel ground leases, and office space lease of $8,018,000, $6,777,000 and $6,489,000, respectively, in the consolidated statements of operations. Rental expense includes percentage rent of $105,000, $108,000 and $1,209,000 for the years ended December 31, 2014, 2013 and 2012, respectively. Minimum future rental payments due under non-cancelable operating leases, related to the building lease, the hotel ground leases and the office space lease having remaining terms in excess of one year as of December 31, 2014 are as follows (in thousands):

Years Ending December 31,	
2015	$7,971
2016	7,986
2017	7,844
2018	7,384
2019	7,384
Thereafter	166,403
	$204,972

10. INDEBTEDNESS
Mortgages and Other Debt Payable, Net of Discount:
Certain subsidiaries of SHR are the borrowers under various financing arrangements. These subsidiaries are separate legal entities and their respective assets and credit are not available to satisfy the debt of SHR or any of its other subsidiaries.

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Mortgages and other debt payable, net of discount, at December 31, 2014 and 2013 consisted of the following (in thousands):

Debt	Spread (a)	Initial Maturity	Maturity Including Extension Options	Balance Outstanding at December 31, 2014	2013
Hotel del Coronado(b)	3.65%	March 2015	March 2018	$475,000	$—
Fairmont Scottsdale Princess(c)	0.36%	April 2015	April 2015	117,000	—
Loews Santa Monica Beach Hotel(d)	2.55%	May 2017	May 2021	120,000	109,000
Fairmont Chicago	Fixed	June 2017	June 2017	93,124	93,124
Westin St. Francis	Fixed	June 2017	June 2017	209,588	209,588
Four Seasons Washington, D.C.(e)	2.25%	June 2017	June 2019	120,000	130,000
Hyatt Regency La Jolla(f)	4.00%/Fixed	December 2017	December 2017	89,247	89,312
JW Marriott Essex House Hotel(g)	2.95%	January 2018	January 2020	225,000	185,826
InterContinental Chicago	Fixed	August 2021	August 2021	142,442	144,419
InterContinental Miami(h)	Fixed	September 2024	September 2024	115,000	85,000
Marriott London Grosvenor Square(i)				—	115,958
Total mortgages payable(j)(k)				1,706,401	1,162,227
Unamortized discount(c)				(623)	—
Total mortgages payable, net of discount				1,705,778	1,162,227
Other debt(l)				—	1,469
Total mortgages and other debt payable, net of discount				$1,705,778	$1,163,696

(a) Interest on mortgage loans is paid monthly at the applicable spread over London Interbank Offered Rate (LIBOR) (0.17% at December 31, 2014) for all variable-rate mortgage loans except for the Hyatt Regency La Jolla hotel (see (f) below). Interest on the Fairmont Chicago and Westin St. Francis mortgage loans is paid monthly at an annual fixed rate of 6.09%, interest on the InterContinental Chicago mortgage loan is paid monthly at an annual fixed rate of 5.61% and interest on the InterContinental Miami mortgage loan is paid monthly at an annual fixed rate of 3.99%.

(b) On June 11, 2014, the Company acquired the remaining 63.6% equity interest in the Hotel del Coronado Venture, resulting in the Hotel del Coronado Venture becoming wholly-owned by the Company. In connection with the acquisition, the Company consolidated the Hotel del Coronado Venture and became fully obligated under the entire outstanding balance of the mortgage and mezzanine loans secured by the Hotel del Coronado (see note 3). The mortgage and mezzanine loans have three, one-year extension options, subject to certain conditions, which includes the absence of an event of default and the payment of an extension fee of 0.25%. The Company has the ability to extend and is in the process of extending the loans.

(c) On March 31, 2014, the Company acquired the remaining 50.0% equity interest in the Fairmont Scottsdale Princess Venture, resulting in the Fairmont Scottsdale Princess Venture becoming wholly-owned by the Company. In connection with the acquisition, the Company consolidated the Fairmont Scottsdale Princess Venture and became fully obligated under the entire outstanding balance of the mortgage loan secured by the Fairmont Scottsdale Princess hotel (see note 3). The Company recorded the mortgage loan at its fair value, which included a debt discount, which is being amortized as additional interest expense over the maturity period of the loan. The Company is evaluating financing alternatives given the impending maturity date.

(d) On May 29, 2014, the Company refinanced the mortgage loan secured by the Loews Santa Monica Beach Hotel and entered into a new $120,000,000 limited recourse loan agreement. The mortgage loan has four, one-year extension options, subject to certain conditions.

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(e) On June 30, 2014, the Company refinanced the mortgage loan secured by the Four Seasons Washington, D.C. hotel and entered into a new $120,000,000 limited recourse loan agreement. The mortgage loan has two, one-year extension options, subject to certain conditions.

(f) Interest on $72,000,000 of the total principal amount is paid monthly at an annual rate of LIBOR plus 4.00%, subject to a 0.50% LIBOR floor, and interest on $17,247,000 of the total principal amount is paid monthly at an annual fixed rate of 10.00%.

(g) On December 30, 2014, the Essex House Hotel Venture refinanced the mortgage loan secured by the JW Marriott Essex House Hotel and entered into a new $225,000,000 limited recourse loan agreement. The mortgage loan has two, one-year extension options, subject to certain conditions. The Company recorded $2,010,000 of loss on early extinguishment of debt, which included the write off of unamortized deferred financing costs and other fees.

(h) On July 7, 2014, the Company paid off the outstanding balance on the prior mortgage loan secured by the InterContinental Miami hotel. The Company entered into a new $115,000,000 mortgage loan secured by the InterContinental Miami hotel on August 29, 2014. The Company recorded $609,000 of loss on early extinguishment of debt, which includes the write off of unamortized deferred financing costs.

(i) The Company sold this hotel on March 31, 2014, and the outstanding mortgage loan balance was repaid at closing (see note 5).

(j) All of these loan agreements require maintenance of financial covenants, all of which the Company was in compliance with at December 31, 2014.

(k) Subsequent to December 31, 2014, the Company acquired the Montage Laguna Beach resort and assumed a $150,000,000 mortgage loan encumbering the property (see note 21).

(l) A consolidated affiliate of the Company that owned a condominium-hotel development adjacent to the Hotel del Coronado assumed the mortgage loan on a hotel-condominium unit that was secured by the hotel-condominium unit. The unit was sold in June 2014 and the loan was repaid.

Bank Credit Facility:

On April 25, 2014, the Company entered into a new $300,000,000 secured bank credit facility agreement. This new facility replaced the $300,000,000 secured bank credit facility that was set to expire in June 2015 (assuming all extension options were exercised). The agreement contains an accordion feature, which provides the option to increase the borrowing capacity up to $400,000,000, subject to the satisfaction of customary conditions set forth in the agreement. The following summarizes key financial terms and conditions of the new bank credit facility:

- interest on the facility is payable monthly based upon a leverage-based pricing grid ranging from LIBOR plus 1.75% to LIBOR plus 2.50% in the case of a LIBOR loan or base rate plus 0.75% to base rate plus 1.50% in the case of a base rate loan. The applicable margins are increased, in each case, by 0.25% for the period from April 25, 2014 through March 31, 2015.
- an unused commitment fee is payable monthly based on the unused revolver balance at a rate of 0.30% per annum in the event that the bank credit facility usage is less than 50% and a rate of 0.20% per annum in the event that the bank credit facility usage is equal to or greater than 50%;
- maturity date of April 25, 2018, with the right to extend the maturity date for an additional one-year period with an extension fee equal to 0.25%, subject to certain conditions;
- lenders received collateral in the form of pledges by SH Funding and certain of its subsidiaries of their interests in subsidiaries that directly or indirectly own, lease or operate the borrowing base properties, which currently include the Four Seasons Jackson Hole hotel, the Four Seasons Silicon Valley hotel, the Marriott Lincolnshire Resort, the Ritz-Carlton Half Moon Bay hotel, and the Ritz-Carlton Laguna Niguel hotel, and guarantees of the loan from the Company and such subsidiaries;
- maximum availability is determined by the lesser of 55% advance rate against the gross asset value of the borrowing base properties as determined under the loan (provided at any time the total fixed charge coverage ratio is greater than

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1.75 times, the percentage shall be increased to 60%) or a 1.40 times debt service coverage on the borrowing base properties (based on the trailing 12 months net operating income for these assets divided by the greater of the in-place interest rate or 7.0% debt constant on the balance outstanding under the bank credit facility);

- minimum corporate fixed charge coverage of 1.30 times through December 31, 2014, 1.40 times during 2015 and 1.50 times thereafter;
- maximum corporate leverage of 60%;
- minimum tangible net worth of approximately $1,416,189,000, excluding goodwill and currency translation adjustments, plus an amount equal to 75% of the net proceeds of any new issuances of our common stock, which is not used to reduce indebtedness or used in a transaction or series of transactions to redeem outstanding capital stock;
- restrictions on SHR and SH Funding’s ability to pay dividends. Such restrictions include:
- prohibitions on SHR and SH Funding's ability to pay any dividends unless certain conditions are met; and
- prohibitions on SHR and SH Funding’s ability to issue dividends in cash or in kind at any time an event of default shall have occurred.

Notwithstanding the dividend restrictions described above, for so long as the Company qualifies, or has taken all other actions necessary to qualify as a REIT, SH Funding may authorize, declare, and pay quarterly cash dividends to the Company when and to the extent necessary for the Company to distribute cash dividends to its stockholders generally in an aggregate amount not to exceed the minimum amount necessary for the Company to maintain its tax status as a REIT, unless certain events of default exist.

Other terms and conditions exist including a prohibition on mortgaging the borrowing base properties, provisions to release assets from the borrowing base and limitations on the Company’s ability to incur costs for discretionary capital programs and to redeem, retire or repurchase common stock. Under the agreement, SH Funding has a letter of credit sub-facility of $75,000,000, which is secured by the $300,000,000 bank credit facility. Letters of credit reduce the borrowing capacity under the bank credit facility.

The interest rate at December 31, 2014 was 2.17% and the weighted average interest rate for the year ended December 31, 2014 was 2.90%. At December 31, 2014, maximum availability under the bank credit facility was $300,000,000 and there were no borrowings outstanding under the bank credit facility and outstanding letters of credit of $8,365,000 (see note 17), which reduce the borrowing capacity under the bank credit facility. The agreement also requires maintenance of financial covenants, all of which SH Funding and SHR were in compliance with at December 31, 2014.

Debt Maturity:

The following table summarizes the aggregate maturities (assuming all extension options exercised) as of December 31, 2014 for all mortgages and the Company’s bank credit facility (in thousands):

Years Ending December 31,		
2015	$118,796	
2016	2,031	
2017	394,131	
2018	477,299	
2019	122,433	
Thereafter	591,711	
	1,706,401	
Unamortized discount	(623	)
Total	$1,705,778	

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Interest Expense:
Total interest expense in continuing and discontinued operations includes a reduction related to capitalized interest for the years ended December 31, 2014, 2013 and 2012 of $861,000, $1,021,000 and $1,534,000, respectively. Total interest expense in continuing and discontinued operations includes amortization of deferred financing costs of $4,450,000, $5,251,000 and $3,993,000 for the years ended December 31, 2014, 2013 and 2012, respectively.
11. EQUITY AND DISTRIBUTION ACTIVITY
Common Stock:
The following table presents the changes in the issued and outstanding shares of SHR common stock since January 1, 2012 (excluding 793,618 units, 797,238 units and 853,461 units of SH Funding (OP Units) outstanding at December 31, 2014, 2013 and 2012, respectively, which are redeemable for shares of SHR common stock on a one-for-one basis, or the cash equivalent thereof, subject to certain restrictions and at the option of SHR) (in thousands):

Outstanding at January 1, 2012	185,627
RSUs redeemed for shares of SHR common stock	282
Common stock issued	18,400
Outstanding at December 31, 2012	204,309
RSUs and Deferral Program Stock Units redeemed for shares of SHR common stock	1,218
OP Units redeemed for shares of SHR common stock	56
Outstanding at December 31, 2013	205,583
RSUs and performance-based RSUs redeemed for shares of SHR common stock	449
OP Units redeemed for shares of SHR common stock	4
Common stock issued	61,400
Outstanding at December 31, 2014	267,436

In December 2014, SHR completed an underwritten public offering of common stock by issuing 20,000,000 shares at a price of $12.57 per share. After transaction expenses, SHR raised net proceeds of approximately $250,934,000. These proceeds were used to fund the acquisition of the Four Seasons Resort Scottsdale at Troon North (see note 3), to redeem all of the issued and outstanding shares of its Series B Preferred Stock on January 5, 2015 (see note 21), and for general corporate purposes, including, without limitation, reducing debt and funding capital expenditures and working capital.
In June 2014, SHR completed an underwritten public offering of common stock by issuing 41,400,000 shares at a public offering price of $10.50 per share. After underwriting discounts and commissions and transaction expenses, SHR raised net proceeds of approximately $416,648,000. These proceeds were used to fund the acquisition of the remaining equity interest in the Hotel del Coronado Venture (see note 3), to redeem all of the issued and outstanding shares of its Series C Preferred Stock on July 3, 2014, and for general corporate purposes, including, without limitation, reducing its borrowings under its bank credit facility, repaying other debt and funding capital expenditures and working capital.
In April 2012, SHR completed a public offering of common stock by issuing 18,400,000 shares at a public offering price of $6.50 per share. After underwriting discounts and commissions and transaction expenses, SHR raised net proceeds of approximately $114,062,000. These proceeds were used for general corporate purposes, including, without limitation, reducing the Company’s borrowings under its secured bank credit facility, funding the payment of accrued and unpaid preferred dividends, repaying other debt and funding capital expenditures and working capital. In connection with this offering, SHR’s board of directors approved an increase in the number of shares of common stock that SHR is authorized to issue from 250,000,000 to 350,000,000, and SHR’s charter was amended accordingly.
As of December 31, 2014, no shares of SHR common stock have been repurchased under the $50,000,000 share repurchase program.

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Stockholder Rights Plan

On May 30, 2013, the Company entered into an amendment to terminate its stockholder rights plan effective as of such date.

Distributions to Shareholders and Unitholders

On November 4, 2008, SHR's board of directors elected to suspend the quarterly dividend to holders of shares of SHR common stock.

Preferred Stock:

In December 2014, the Company publicly announced its intention to redeem all of the outstanding 3,615,375 shares of its Series B Preferred Stock on January 5, 2015 (see note 21), which, as of December 31, 2014, was the last remaining outstanding series of the Company's preferred stock. The shares of Series B Preferred Stock were redeemed at a redemption price of $25.00 per share, or approximately $90,384,000 in total, plus accrued and unpaid dividends from January 1, 2015 up to and including the redemption date in the amount of $0.028646 per share, or approximately $104,000 in total. Following the redemption, dividends on the Series B Preferred Stock ceased to accrue.

The Company became obligated to redeem the Series B Preferred Stock and pay the declared dividends when it made its announcement in December 2014. Therefore, the Company reclassified the Series B Preferred Stock balance from equity to a preferred stock redemption liability and recorded the balance at fair value. The difference between the fair value of the Series B Preferred Stock and the carrying value is recorded in additional paid-in capital. In addition, the Company accrued dividends declared in December for the period from January 1, 2015 up to and including January 5, 2015.

On July 3, 2014, the Company redeemed all of the outstanding 3,827,727 shares of its Series C Preferred Stock. The shares of Series C Preferred Stock were redeemed at a redemption price of $25.00 per share, or approximately $95,693,000 in total, plus accrued and unpaid dividends up to and including the redemption date in the amount of $0.01719 per share, or approximately $66,000 in total. Following the redemption, dividends on the Series C Preferred Stock ceased to accrue.

On April 3, 2014, the Company redeemed all of the outstanding 4,148,141 shares of its Series A Preferred Stock. The shares of Series A Preferred Stock were redeemed at a redemption price of $25.00 per share, or approximately $103,704,000 in total, plus accrued and unpaid dividends up to and including the redemption date in the amount of $0.54896 per share, or approximately $2,277,000 in total. Following the redemption, dividends on the Series A Preferred Stock ceased to accrue.

Distributions

In February 2009, SHR's board of directors elected to suspend the quarterly dividend beginning with the first quarter of 2009 to holders of shares of SHR's Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock. In the fourth quarter of 2011, SHR's board of directors authorized, and SHR declared, the payment of accrued and unpaid dividends on its stock through September 30, 2011, and dividends for the quarter ended December 31, 2011 (collectively, the Unpaid Dividends). The Unpaid Dividends were paid on June 29, 2012 to holders of record as of the close of business on June 15, 2012. In February 2012 and May 2012, SHR's board of directors authorized, and SHR declared, the payment of preferred dividends for the quarter ended March 31, 2012 and the quarter ended June 30, 2012, respectively. These dividends were also paid on June 29, 2012 to holders of record as of the close of business on June 15, 2012.

On June 29, 2012, SHR paid dividends on its preferred stock as follows:

	Distribution (in thousands)	Per Share
Series A Preferred Stock	$30,852	$7.44
Series B Preferred Stock	$26,099	$7.22
Series C Preferred Stock	$27,631	$7.22

Subsequent to the dividend payment on June 29, 2012, the Company continued to declare and pay quarterly dividends on all issued and outstanding shares of its Series A Preferred Stock, Series B Preferred Stock and Series C Preferred

Stock through the year ended December 31, 2014.

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Noncontrolling Interests in Consolidated Affiliates:
The Company's ownership interest in the Hotel del Coronado, which became a consolidated property on June 11, 2014, is held through a series of consolidated affiliates, which includes SHR del Partners, L.P. Prior to December 17, 2012, the Company owned an 85.8% ownership interest in SHR del Partners, L.P. The portion not owned by the Company was accounted for as a noncontrolling interest in consolidated affiliates. On December 17, 2012, the Company increased its ownership interest in SHR del Partners, L.P. to 90.9%. Subsequently, on January 1, 2013, the Company increased its interest in SHR del Partners, L.P. to 100% and eliminated the noncontrolling interests related to this entity.
The following table discloses the effects of changes in the Company’s ownership interests in its noncontrolling interests (in thousands):

	2012
Net income (loss) attributable to SHR	$(55,306)
Acquisition of additional ownership interests in consolidated affiliates	(1,079)
Change from net income (loss) attributable to SHR and transfers from noncontrolling interests	$(56,385)

12. DERIVATIVES
The Company manages its interest rate risk by varying its exposure to fixed and variable rates while attempting to minimize its interest costs. The Company manages its variable interest rate risk through the use of interest rate derivative instruments. The Company enters into interest rate derivative instruments with high credit quality counterparties and diversifies its positions among such counterparties in order to reduce its exposure to credit losses. The Company uses interest rate caps to limit exposure on its variable-rate debt that would result from an increase in interest rates. The Company’s lenders, as stipulated in the respective loan agreements, generally require such caps. The Company records all derivatives at fair value in either prepaid expenses and other assets or accounts payable and accrued expenses in the consolidated balance sheets.
The valuation of the interest rate derivative instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The Company incorporates credit valuation adjustments (CVA) to appropriately reflect its own nonperformance risk and the respective counterparty’s nonperformance risk. When assessing nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.
Except for the CVA, all inputs used to measure fair value of the derivative financial instruments are Level 2 inputs. The Company has concluded that the inputs used to measure its CVA are Level 3 inputs. If the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety.
The Company reviews the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers into and out of Level 3, or between other levels, at the fair value at the beginning of the reporting period in which the changes occur. The Company assessed the impact of the CVA on the overall fair value of its derivative instruments and concluded that the CVA does not have a significant impact to the fair values as of December 31, 2014. As of December 31, 2014 and 2013, all derivative liabilities are categorized as Level 2.
Derivatives in Cash Flow Hedging Relationships:
Historically, the Company has used interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involved the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The effective portion of changes in the fair value of derivatives designated and that

qualified as cash flow hedges were recorded in accumulated OCL and was subsequently reclassified into earnings in the period that the hedged forecasted transaction affected earnings. During the years ended December 31, 2014, 2013 and 2012, such derivatives were used to hedge the variable

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cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives was recognized directly in earnings.

In April 2014, the Company paid $17,428,000, which included accrued and unpaid interest, to terminate its two interest rate swaps that were in cash flow hedging relationships. There was no immediate charge to earnings based on forecasted levels of LIBOR-based debt at the date of the termination. Amounts previously recorded in accumulated OCL related to these interest rate swaps will be reclassified into earnings as additional interest expense on a straight-line basis over the original maturity period of the interest rate swaps. During the next twelve months, an additional $10,285,000 will be reclassified as an increase to interest expense.

At December 31, 2013, the aggregate notional amount of the Company’s domestic interest rate swaps designated as cash flow hedges was $200,000,000. The Company’s domestic interest rate swaps at December 31, 2013 had fixed pay rates against LIBOR of 5.23% and 5.27% and maturity dates of December 2015 and February 2016, respectively.

In addition, the Company had a GBP LIBOR interest rate swap agreement with a notional amount of £71,070,000. The swap had a fixed pay rate against GBP LIBOR of 5.72% and matured in October 2013.

Derivatives Not Designated as Hedging Instruments:

Derivatives not designated as hedges are not speculative and are used to manage the Company’s exposure to interest rate movements and other identified risks but do not meet hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings.

In April 2014, the Company paid $5,281,000, which included accrued and unpaid interest, to terminate its two interest rate swaps that were not designated as hedging instruments. These interest rate swaps were marked to market through earnings through the date of termination, with no additional gain or loss recognized in earnings at the date of termination.

At December 31, 2013, the aggregate notional amount of the Company's domestic interest rate swaps not designated as cash flow hedges was $200,000,000. These domestic interest rate swaps had fixed pay rates against LIBOR of 4.90% and 4.96% and maturity dates of September 2014 and December 2014, respectively.

As of December 31, 2014, the Company had the following outstanding interest rate derivatives that were not designated as hedging instruments:

Interest Rate Derivatives	Number of Instruments	Notional Amount (in thousands)
Interest rate caps	10	$1,429,000

At December 31, 2014 and 2013, the aggregate notional amount of the Company’s interest rate caps was $1,429,000,000 and $502,000,000, respectively. The Company’s current interest rate caps have LIBOR strike rates ranging from 2.05% to 4.00% and maturity dates ranging from March 2015 to July 2017.

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Fair Values of Derivative Instruments:
The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2014 and 2013 (in thousands):

	Balance Sheet Location	Fair Value as of December 31, 2014	2013
Derivatives in cash flow hedging relationships:			
Interest rate swaps	Accounts payable and accrued expenses	$—	$(19,992)
Derivatives not designated as hedging instruments:			
Interest rate swaps	Accounts payable and accrued expenses	$—	$(7,929)
Interest rate caps	Prepaid expenses and other assets	$113	$40

The Company does not have any fair value measurements of derivative financial instruments using inputs based on quoted prices in active markets (Level 1) or significant unobservable inputs (Level 3) as of December 31, 2014 and 2013. The following tables reflect changes in interest rate swap liabilities categorized as Level 2 for the years ended December 31, 2014 and 2013 (in thousands):

Balance as of January 1, 2014	$(27,921)
Interest rate swap terminations	22,325
Mark to market adjustments	5,596
Balance as of December 31, 2014	$—
Balance as of January 1, 2013	$(51,086)
Mark to market adjustments	23,165
Balance as of December 31, 2013	$(27,921)

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Effect of Derivative Instruments on the Statements of Operations:
The tables below present the effect of the Company's derivative financial instruments on the statements of operations for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Derivatives in Cash Flow Hedging Relationships			
Interest rate swaps:			
Effective portion of loss recognized in accumulated OCL	$(358)	$(790)	$(9,381)
Effective portion of loss reclassified into interest expense—continuing operations	$(12,725)	$(14,263)	$(16,655)
Effective portion of loss reclassified into interest expense—discontinued operations	$—	$(4,030)	$(5,013)
Ineffective portion of (loss) gain recognized in interest expense—discontinued operations	$—	$(31)	$2,377

	2014	2013	2012
Derivatives Not Designated as Hedging Instruments			
Interest rate swaps:			
Ineffective losses recognized in interest expense	$(129)	$(382)	$(2,826)
Interest rate caps:			
Loss recognized in other income (expenses), net	$(247)	$(88)	$(165)

13. SHARE-BASED EMPLOYEE COMPENSATION PLANS
Second Amended and Restated 2004 Incentive Plan:
On June 21, 2004, SHR adopted the 2004 Incentive Plan (the Plan). The Plan provided for the grant of equity-based awards in the form of, among others, Options, RSUs, and stock appreciation rights (SARs), which are collectively referred to as the Awards. On May 22, 2008, SHR's shareholders approved SHR's Amended and Restated 2004 Incentive Plan (the Amended Plan). The Amended Plan: (a) added OP Units as an additional type of award; (b) adjusted the number of authorized shares from 3,000,000 shares of SHR common stock to 4,200,000 shares of SHR common stock or OP Units; (c) limited the maximum term of Options and SARs to no more than 10 years and prohibited the repricing of Options and SARs; and (d) established minimum vesting periods for certain awards. On May 19, 2011, SHR's shareholders approved SHR's Second Amended and Restated 2004 Incentive Plan (the Amended and Restated Plan) pursuant to which the number of securities authorized and reserved for issuance increased from 4,200,000 shares of SHR common stock or OP Units to 9,700,000 shares of SHR common stock or OP Units. The termination date of the Amended and Restated Plan was also extended from June 21, 2014 to December 31, 2016.
The Plan is administered by the Compensation Committee (the Committee) appointed by the board of directors. The Committee consists of three or more members of the board of directors. The Committee has the authority and sole discretion to determine the type, extent, and terms (including vesting) of Awards granted, as well as those eligible to receive Awards.
The Company recorded compensation expense of $5,826,000, $5,292,000 and $6,349,000 under the Amended and Restated Plan (net of estimated forfeitures) for the years ended December 31, 2014, 2013 and 2012, respectively.

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

RSUs

SHR has issued RSUs to certain employees, officers and directors under the Amended and Restated Plan. RSUs represent awards of shares of SHR’s common stock that generally vest over three years or as otherwise approved by the Committee, provided the participant continues as an employee, director or continues to provide services to the Company. Unvested RSUs will be forfeited upon termination, unless as may otherwise be set forth in a written agreement. RSUs are essentially the same as restricted stock except that, instead of actual shares, RSUs represent a promise to distribute shares at some future date. Participants holding RSUs will have no voting rights until such time as the underlying shares are issued.

The Company measures compensation expense for RSUs based on the per share fair market value of SHR's common stock at the date of grant, adjusted for estimated forfeitures. Compensation expense for RSUs is recognized on a straight-line basis over the service period and is included in corporate expenses in the consolidated statements of operations. Total unrecognized compensation expense related to nonvested RSUs at December 31, 2014 was $2,802,000 and is expected to be recognized over a weighted average period of 1.53 years.

Information regarding RSUs is summarized in the following table:

	2014		2013		2012	
	RSUs	Weighted Average Grant Date Fair Value	RSUs	Weighted Average Grant Date Fair Value	RSUs	Weighted Average Grant Date Fair Value
RSUs outstanding at the beginning of the year	1,874,586	$6.39	1,952,004	$5.85	1,666,977	$5.22
Granted	363,003	9.81	357,373	7.54	707,508	6.06
Issued to common shares	(425,681)	8.11	(291,779)	4.92	(259,887)	3.56
Forfeited	(370,590)	9.18	(143,012)	4.98	(162,594)	3.97
RSUs outstanding at the end of the year(a)	1,441,318	$7.02	1,874,586	$6.39	1,952,004	$5.85

(a) Includes RSUs of 765,758, 1,134,407 and 1,088,602 at December 31, 2014, 2013 and 2012, respectively, that have vested but have not yet been issued to shares of common stock.

Performance-Based RSUs

In February 2014, SHR granted certain employees a target grant of 349,682 performance-based RSUs under a performance share plan that provides the recipient the opportunity to earn between zero and 160.0% of the target (up to a maximum of 559,491 performance-based RSUs), based on the relative total shareholder return of the shares of SHR common stock, as defined in the agreement, over the period from January 2, 2014 through December 31, 2016.

In 2013, SHR granted certain employees a target grant of 309,264 performance-based RSUs under a performance share plan that provides the recipient the opportunity to earn between zero and 160.0% of the target (up to a maximum of 494,822 performance-based RSUs), based on the relative total shareholder return of the shares of SHR common stock, as defined in the agreement, over the period from January 2, 2013 through December 31, 2015.

In 2012, SHR granted certain employees a target grant of 797,318 performance-based RSUs under a performance share plan that provides the recipient the opportunity to earn between zero and 160.0% of the target (up to a maximum of 1,275,709 performance-based RSUs), based on the relative total shareholder return of shares of SHR common stock, as defined in the agreement, over the period from January 2, 2012 through December 31, 2014. At December 31, 2014, there were 659,783 performance-based RSUs earned and vested under this grant based on the calculation of relative total shareholder return of shares of SHR's common stock.

The Company measures compensation expense for performance-based RSUs based on the per share fair market value of SHR's common stock at the date of grant, adjusted for estimated forfeitures. The Company measures compensation expense for performance-based RSUs based on a Monte Carlo simulation to estimate the fair value on the date of grant. Compensation expense for performance-based RSUs is recognized on a straight-line basis over the service period and is included in corporate expenses in the consolidated statements of operations. Total unrecognized compensation expense related to performance-based RSUs at December 31, 2014 was $3,383,000 and is expected to be recognized over weighted average period of 1.64 years.

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Information regarding performance-based RSUs is summarized in the following table:

	2014		2013		2012	
	Performance-based RSUs	Weighted Average Grant Date Fair Value	Performance-based RSUs	Weighted Average Grant Date Fair Value	Performance-based RSUs	Weighted Average Grant Date Fair Value
Outstanding at the beginning of the year	1,200,653	$6.87	915,049	$6.45	169,064	$6.34
Granted	510,247	8.80	309,264	8.08	797,318	6.47
Issued to shares of common stock	(23,660)	6.34	(16,562)	6.34	(21,624)	6.34
Forfeited	(52,229)	8.31	(7,098)	6.34	(29,709)	6.52
Outstanding at the end of the year(a)	1,635,011	$7.43	1,200,653	$6.87	915,049	$6.45

(a) Includes performance-based RSUs of 785,983, 113,860, and 137,520 at December 31, 2014, 2013 and 2012, respectively, that have vested but have not yet been issued to shares of common stock.

Options

The Amended and Restated Plan allows the Committee to grant Options. All previously issued and outstanding Options were forfeited in January 2013. As of December 31, 2014, there were no Options issued or outstanding under the Amended and Restated Plan.

SARs

The Amended and Restated Plan allows the Committee to grant SARs. As of December 31, 2014, no SARs have been issued under the Amended and Restated Plan.

Value Creation Plan and Deferral Program:

On August 27, 2009, the Company adopted the Value Creation Plan. Under the provisions of the Value Creation Plan, the Company paid 2.5% of SHR’s market capitalization (limited to a maximum market capitalization based on no more than 174,828,353 shares of common stock) to the participants in the Value Creation Plan in 2012 because the highest average closing price of SHR’s common stock during certain consecutive twenty trading day periods in 2012 was at least $4.00 (Normal Distribution Amount).

On June 29, 2011, SHR and its former president and chief executive officer, Mr. Geller, entered into the Strategic Hotels & Resorts, Inc. Value Creation Plan Normal Unit Distributions Deferral Election and Deferral Program (Deferral Program). Pursuant to the Deferral Program, Mr. Geller elected to defer up to 50% of his share of the Normal Distribution Amount payable pursuant to the Value Creation Plan and to have such Normal Distribution Amount instead be converted into Deferral Program Stock Units on the basis of the fair market value of a share of SHR common stock at the time the Normal Distribution Amount would otherwise have been paid. Each Deferral Program Stock Unit was converted on a one-for-one basis into a share of SHR common stock on June 3, 2013.

Total compensation expense recognized in corporate expenses on the consolidated statement of operations under the Value Creation Plan for the year ended December 31, 2012 was $1,407,000. In April 2012, the Company made an initial payment of $18,357,000 pursuant to the Value Creation Plan and made a final settlement payment of $948,000 in January 2013. Additionally, during 2012, Mr. Geller earned 1,301,476 Deferral Program Stock Units in connection with the distribution of his share of the Normal Distribution Amount under the Value Creation Plan. In accordance with Mr. Geller's separation agreement, dated November 2, 2012, Mr. Geller's Deferral Program Stock Units outstanding settled in June 2013 in accordance with the terms of the Deferral Program, with 909,564 Deferral Program Stock Units being redeemed for shares of common stock and 391,912 Deferral Program Stock Units being forfeited in lieu of paying taxes.

14. DEFINED CONTRIBUTION PLAN

The Company has a defined contribution plan that covers employees meeting eligibility requirements. The Company matches 100% of the first 6% of compensation that an employee elects to defer. The Company’s matching contribution vests immediately. The Company can make additional discretionary contributions up to 4% of compensation. Any discretionary

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matching contributions are fully vested on grant date upon such contributions, or if employees have less than three years of service, the contributions vest at 33.33% per year of service. Contributions by the Company were $389,000, $358,000 and $422,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

15. INCOME TAXES

As a REIT, SHR generally will not be subject to U.S. federal income tax if it distributes 100% of its annual taxable income to its shareholders and complies with certain other requirements. SHR may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income. In addition, taxable income from taxable REIT subsidiaries is subject to federal, state and local taxes.

For the years ended December 31, 2014, 2013 and 2012, income tax expense from continuing operations is summarized as follows (in thousands):

	2014	2013	2012
Current tax expense - United States	$(888)	$(737)	$(441)
Deferred tax (expense) benefit - United States	(312)	581	428
Total income tax expense	$(1,200)	$(156)	$(13)

Deferred income taxes consist of the following as of December 31, 2014 and 2013 (in thousands):

	2014	2013
Net operating loss carryforwards and other timing differences(a)	$14,219	$14,115
Other	1,961	—
Gross deferred tax assets	16,180	14,115
Valuation allowance(b)	(14,451)	(14,115)
Deferred tax asset after valuation allowance	$1,729	$—
Gross deferred tax liability—book property basis in excess of tax basis	$(46,137)	$(46,137)

(a) For income tax purposes, the Company's net operating losses can be carried forward for a time period ranging from twenty years to indefinitely depending on the rules of the related tax jurisdictions.

(b) The Company provides a valuation against net operating loss carryforwards due to the uncertainty of realization. The valuation allowance increased by $336,000 during the year ended December 31, 2014. The valuation allowance decreased by $533,000 and $2,004,000 during the years ended December 31, 2013 and 2012, respectively.

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Characterization of Cash Distributions
For federal income tax purposes, the cash distributions paid to SHR’s common and preferred shareholders may be characterized as ordinary income, return of capital (generally non-taxable) or capital gain. There were no distributions paid on common shares during the years ended December 31, 2014, 2013 and 2012. The following characterizes distributions paid per preferred share for the years ended December 31, 2014, 2013 and 2012:

	2014			2013			2012		
	$	%		$	%		$	%	
Preferred shares (Series A):									
Ordinary income	$0.17	31	%	$0.00	0	%	$0.00	0	%
Return of capital	0.00	0	%	2.13	100	%	8.50	100	%
Unrecaptured Section 1250 gain	0.38	69	%	0.00	0	%	0.00	0	%
	$0.55	100	%	$2.13	100	%	$8.50	100	%
Preferred shares (Series B):									
Ordinary income	$0.64	31	%	$0.00	0	%	$0.00	0	%
Return of capital	0.00	0	%	2.06	100	%	8.25	100	%
Unrecaptured Section 1250 gain	1.42	69	%	0.00	0	%	0.00	0	%
	$2.06	100	%	$2.06	100	%	$8.25	100	%
Preferred shares (Series C):									
Ordinary income	$0.33	31	%	$0.00	0	%	$0.00	0	%
Return of capital	0.00	0	%	2.06	100	%	8.25	100	%
Unrecaptured Section 1250 gain	0.72	69	%	0.00	0	%	0.00	0	%
	$1.05	100	%	$2.06	100	%	$8.25	100	%

16. RELATED PARTY TRANSACTIONS

On February 28, 2014, certain direct and indirect wholly-owned subsidiaries of SH Funding sold the Four Seasons Punta Mita Resort and adjacent La Solana land parcel to affiliates of Cascade for proceeds of $206,867,000 (see note 5). Cascade beneficially owned approximately 6.4% of SHR's common stock as of the closing date.
In August 2014, the Company entered into a month-to-month agreement with an affiliate of Cascade pursuant to which the Company provides advisory services for certain hotels not owned by the Company. Additionally, the Company had previously entered into a month-to-month agreement with an affiliate of Cascade to provide such services to a separate hotel not owned by the Company. The Company currently receives fees of $46,000 per month under these agreements (see note 8).

17. COMMITMENTS AND CONTINGENCIES

Environmental Matters:
Generally, the properties acquired by the Company have been subjected to environmental site assessments. While some of these assessments have led to further investigation and sampling, none of the environmental assessments have revealed, nor is the Company aware of any environmental liability that it believes would have a material effect on its business or consolidated financial statements.
Litigation:
The Company is party to various claims and routine litigation arising in the ordinary course of business. Based on discussions with legal counsel, the Company does not believe that the results of these claims and litigation, individually or in the aggregate, will have a material effect on its business or consolidated financial statements.

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Letters of Credit:
As of December 31, 2014, the Company provided a $75,000 letter of credit related to its office space lease and a $8,365,000 letter of credit in connection with an obligation to complete property improvements at the JW Marriott Essex House Hotel as described below. The letter of credit related to the property improvements at the JW Marriott Essex House Hotel was subsequently terminated in January 2015 (see note 21). During the second quarter of 2014, the Company terminated the letter of credit that was previously provided in connection with an obligation to complete certain repairs to the underground parking garage at the Four Seasons Washington, D.C. hotel.
Purchase Commitments:
Construction Contracts
The Company has executed various contracts related to construction activities. As of December 31, 2014, the Company's obligations under these contracts amounted to approximately $14,482,000. The construction activities are expected to be completed within the next twelve months.
JW Marriott Essex House Hotel Property Improvement Plan
As required by the JW Marriott Essex House Hotel management agreement, the Essex House Hotel Venture has an obligation to renovate and improve the property. As of December 31, 2014, the Essex House Hotel Venture's obligation under this agreement is approximately $859,000. The improvements are to be completed by May 2015.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS
As of December 31, 2014 and 2013, the carrying amounts of certain financial instruments employed by the Company, including cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses were representative of their fair values because of the short-term maturity of these instruments.
At December 31, 2014 and 2013, the Company estimated the fair value of mortgage and other debt payable and the bank credit facility to be approximately $1,726,000,000 and $1,288,000,000, respectively.
The Company estimated the fair value of the debt using a future discounted cash flow analysis based on the use and weighting of multiple market inputs being considered. Based on the frequency and availability of market data, all inputs used to measure the estimated fair value of the debt are Level 2 inputs. The primary sensitivity in these calculations is based on the selection of appropriate discount rates.
Derivative financial instruments have been recorded at their estimated fair values.
19. GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION
The Company aggregates its operating segments into one reportable business segment, hotel ownership. As of December 31, 2014, the Company's foreign operations and long-lived assets consisted of ownership interests in two Mexican unconsolidated affiliates and one leasehold interest in a German hotel property.
The following tables present revenues (excluding unconsolidated affiliates and discontinued operations) and long-lived assets (excluding assets held for sale as of December 31, 2013) for the geographical areas in which the Company operates (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Revenues:			
United States	$1,083,676	$858,646	$732,188
Europe	5,406	5,161	4,778
Total	$1,089,082	$863,807	$736,966

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	December 31, 2014	2013
Long-lived Assets:		
United States	$2,960,852	$1,771,291
Europe	—	91,677
Total	$2,960,852	$1,862,968

20. QUARTERLY OPERATING RESULTS (UNAUDITED)

The Company’s unaudited consolidated quarterly operating data for the years ended December 31, 2014 and 2013 are as follows. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of quarterly results have been reflected in the data.

It is also management’s opinion, however, that quarterly operating data for hotel properties are not indicative of results to be achieved in succeeding quarters or years.

	Year Ended December 31, 2014 (Dollars in thousands, except per share data)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$194,655	$276,163	$305,263	$313,001
Income from continuing operations attributable to SHR common shareholders	$59,331	$80,236	$20,925	$1,137
Income from discontinued operations attributable to SHR	157,827	604	63	276
Net income attributable to SHR common shareholders	$217,158	$80,840	$20,988	$1,413
Earnings per weighted average common share outstanding—Basic				
Income from continuing operations attributable to SHR common shareholders per share	$0.29	$0.36	$0.08	$0.01
Income from discontinued operations attributable to SHR per share	0.76	—	—	—
Net income attributable to SHR common shareholders per share	$1.05	$0.36	$0.08	$0.01
Weighted average common shares outstanding—Basic	206,983	222,013	248,509	254,813
Earnings per weighted average common share outstanding—Diluted				
Income from continuing operations attributable to SHR common shareholders per share	$0.25	$0.35	$0.07	$0.01
Income from discontinued operations attributable to SHR per share	0.72	—	—	—
Net income attributable to SHR common shareholders per share	$0.97	$0.35	$0.07	$0.01
Weighted average common shares outstanding—Diluted	219,368	233,463	260,257	256,104

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Year Ended December 31, 2013 (Dollars in thousands, except per share data)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$181,180	$227,101	$223,707	$231,819
(Loss) income from continuing operations attributable to SHR common shareholders	$(25,437)	$2,945	$4,338	$(611)
Income (loss) from discontinued operations attributable to SHR	1,989	329	(578)	3,834
Net (loss) income attributable to SHR common shareholders	$(23,448)	$3,274	$3,760	$3,223
Earnings per weighted average common share outstanding—Basic				
(Loss) income from continuing operations attributable to SHR common shareholders per share	$(0.12)	$0.02	$0.02	$—
Income (loss) from discontinued operations attributable to SHR per share	0.01	—	—	0.02
Net (loss) income attributable to SHR common shareholders per share	$(0.11)	$0.02	$0.02	$0.02
Weighted average common shares outstanding—Basic	206,981	206,061	206,767	206,814
Earnings per weighted average common share outstanding—Diluted				
(Loss) income from continuing operations attributable to SHR common shareholders per share	$(0.13)	$0.01	$—	$—
Income (loss) from discontinued operations attributable to SHR per share	0.01	—	—	0.02
Net (loss) income attributable to SHR common shareholders per share	$(0.12)	$0.01	$—	$0.02
Weighted average common shares outstanding—Diluted	218,710	219,227	220,258	206,814

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STRATEGIC HOTELS & RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

21. SUBSEQUENT EVENTS

On January 29, 2015, the Company closed on the acquisition of the Montage Laguna Beach resort. The acquisition was funded through the issuance of 7,347,539 shares of SHR's common stock to an affiliate of the seller, the assumption of a $150,000,000 existing mortgage loan encumbering the property, and a cash payment of $110,401,000, which includes prorations and closing costs. The mortgage loan bears interest at a fixed rate of 3.90% per annum and matures in August 2021.

On January 15, 2015, the Company terminated the letter of credit that was previously provided in connection with an obligation to complete property improvements at the JW Marriott Essex House Hotel (see note 17).
On January 5, 2015, the Company redeemed all of the outstanding shares of its Series B Preferred Stock (see note 11).

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STRATEGIC HOTELS & RESORTS, INC.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2014
(In Thousands)

			Initial Costs			Gross Amount at December 31, 2014			
Description	Location	Debt	Land	Building & Improvements	Subsequent Costs Capitalized	Land	Building & Improvements	Total	Accum Deprec
Marriott Lincolnshire Resort	Lincolnshire, IL	$—	$—	$47,248	$6,931	$—	$54,179	$54,179	$(28,8
Loews Santa Monica Beach Hotel	Santa Monica, CA	120,000	5,833	91,717	5,773	5,833	97,490	103,323	(44,51
Hyatt Regency La Jolla	La Jolla, CA	89,247	13,093	66,260	—	13,093	66,260	79,353	(26,33
Ritz-Carlton Half Moon Bay	Half Moon Bay, CA	—	20,100	79,400	3,088	20,100	82,488	102,588	(24,90
InterContinental Chicago	Chicago, IL	142,442	20,259	139,204	4,747	20,252	143,958	164,210	(37,51
InterContinental Miami	Miami, FL	115,000	41,891	69,296	20,206	41,877	89,516	131,393	(30,30
Fairmont Chicago	Chicago, IL	93,124	17,347	129,153	26,370	17,347	155,523	172,870	(56,55
Four Seasons Washington, D.C.	Washington, D.C.	120,000	44,900	75,600	27,462	44,900	103,062	147,962	(40,85
Westin St. Francis	San Francisco, CA	209,588	61,400	287,800	4,826	61,400	292,626	354,026	(66,85
Ritz-Carlton Laguna Niguel	Dana Point, CA	—	76,700	176,300	1,567	76,700	177,867	254,567	(43,76
Four Seasons Jackson Hole	Teton Village, WY	—	19,669	33,894	—	19,669	33,894	53,563	(3,406
Four Seasons Silicon Valley	East Palo Alto, CA	—	5,518	27,669	—	5,518	27,669	33,187	(2,786
JW Marriott Essex House	New York, NY	225,000	230,951	88,470	1	230,952	88,470	319,422	(5,292
Fairmont Scottsdale Princess	Scottsdale, AZ	117,000	26,732	229,326	—	26,732	229,326	256,058	(4,922
Hotel del Coronado	San Diego, CA	475,000	236,497	411,528	—	236,497	411,528	648,025	(6,343
Four Seasons Resort Scottsdale at Troon North	Scottsdale, AZ	—	37,800	83,132	—	37,800	83,132	120,932	(202
Totals		$1,706,401	$858,690	$2,035,997	$100,971	$858,670	$2,136,988	$2,995,658	$(423,

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STRATEGIC HOTELS & RESORTS, INC.
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2014
(In Thousands)
Notes:
(A) The change in total cost of properties for the years ended December 31, 2014, 2013 and 2012 is as follows:

	2014	2013	2012
Balance, beginning of period	$2,044,799	$2,180,534	$1,869,903
Additions:			
Acquisition of properties	1,025,015	—	319,421
Improvements	270	15,887	13,129
Currency translation adjustment	486	1,389	3,170
Deductions:			
Reclassifications (1)	—	(153,011)	—
Dispositions	(74,912)	—	—
Impairment	—	—	(25,089)
Balance, end of period	$2,995,658	$2,044,799	$2,180,534

(1) Includes reclassifications to assets held for sale and investment in unconsolidated affiliates.
(B) The change in accumulated depreciation and amortization of real estate assets for the years ended December 31, 2014, 2013 and 2012 is as follows:

	2014	2013	2012
Balance, beginning of period	$387,487	$355,497	$304,779
Depreciation and amortization	52,635	50,548	50,172
Reclassification to assets held for sale	—	(18,945)	—
Disposition	(16,815)	—	—
Currency translation adjustment	109	387	546
Balance, end of period	$423,416	$387,487	$355,497

(C) The aggregate cost of properties for Federal income tax purposes is approximately $2,778,346 at December 31, 2014.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the period covered by this annual report on Form 10-K, was made under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer. Based upon this evaluation, as of December 31, 2014, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2014. Internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, which include the possibility of human error and the circumvention or overriding of the controls and procedures. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentations and all misstatements may not be prevented or detected. Also, the effectiveness of internal control over financial reporting may deteriorate in future periods due to either changes in conditions or declining levels of compliance with policies or procedures.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, management believes that, as of December 31, 2014, our internal control over financial reporting was effective based on such criteria.

Deloitte & Touche LLP, an independent registered public accounting firm, issued an audit report on the effectiveness of our internal control over financial reporting as of December 31, 2014. This report appears below.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Shareholders of
Strategic Hotels & Resorts, Inc.
Chicago, Illinois

We have audited the internal control over financial reporting of Strategic Hotels & Resorts, Inc. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2014 of the Company and our report dated February 24, 2015 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 24, 2015

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Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

2014 Cash Bonuses. On February 23, 2015, we approved annual cash bonuses to our named executive officers for calendar year 2014 as set forth below:

Name & Position	2014 Cash Bonus
Raymond L. Gellein, Jr., President & Chief Executive Officer	$2,256,000
Diane M. Morefield, Executive Vice President, Chief Financial Officer	$455,625
Richard J. Moreau, Executive Vice President, Chief Operating Officer	$455,625
Paula C. Maggio, Executive Vice President, General Counsel & Secretary	$393,975

2015 Equity Awards. On February 23, 2015, we granted equity awards under our Second Amended and Restated 2004 Incentive Plan in the form of time-vested restricted stock units (RSUs) and performance-based RSUs.

Performance-based RSUs. Performance-based RSUs granted provide the recipient the opportunity to earn shares of our common stock based on the total shareholder return (share price appreciation plus the reinvestment of dividends) (TSR) of the shares of our common stock over the period from January 2, 2015 through December 31, 2017 or through the date of a change of control, if earlier. The Company's TSR over the performance period is ranked relative to the TSR of the companies that comprise the SNL Lodging Index. The TSR of such companies will be calculated by determining the starting and ending share price based on a 60-trading day average price (except in the case of a change of control of the Company when the change of control price for the Company would be used). Performance-based RSU awards provide the recipient the opportunity to earn from 25% to 200% of the target performance share number applicable to the index companies based on the Company's relative TSR. Certain minimum stock price and total shareholder return requirements are set forth in the performance-based RSUs.

RSU awards. RSUs granted vest ratably in annual one-third increments on January 1 of each of 2016, 2017 and 2018, with vesting acceleration upon certain events. The RSUs are convertible after vesting on a one-for-one basis to shares of common stock.

The number of target performance-based RSUs and RSUs granted to our named executive officers on February 23, 2015 are set forth below:

Name & Position	Target Performance-Based RSUs	RSUs
Raymond L. Gellein, Jr., President & Chief Executive Officer	119,552	58,884
Diane M. Morefield, Executive Vice President, Chief Financial Officer	46,358	22,833
Richard J. Moreau, Executive Vice President, Chief Operating Officer	46,358	22,833
Paula C. Maggio, Executive Vice President, General Counsel & Secretary	40,085	19,744

2015 Base Salary Adjustments. On February 23, 2015, certain of our named executive officers received base salary adjustments, retroactive to January 1, 2015, as set forth below:

Name & Position	% Increase from 2014 Base Salary	2015 Base Salary
Diane M. Morefield, Executive Vice President, Chief Financial Officer	3%	$417,150
Richard J. Moreau, Executive Vice President, Chief Operating Officer	3%	$417,150
Paula C. Maggio, Executive Vice President, General Counsel	~10%	$385,000

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by Items 401, 405, 406, and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is incorporated herein by reference to the Company's definitive proxy statement to be filed with the SEC pursuant to Regulation 14A under the Exchange Act.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 402 and paragraph (e)(4) and (e)(5) of Item 407 of Regulation S-K is incorporated herein by reference to the Company's definitive proxy statement to be filed with the SEC pursuant to Regulation 14A under the Exchange Act.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by Item 403 of Regulation S-K is incorporated herein by reference to the Company's definitive proxy statement to be filed with the SEC pursuant to Regulation 14A under the Exchange Act.

The information required by Item 201(d) of Regulation S-K is incorporated herein by reference to "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Equity Compensation Plan Information" of this annual report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by Items 404 and 407(a) of Regulation S-K is incorporated herein by reference to the Company's definitive proxy statement to be filed with the SEC pursuant to Regulation 14A under the Exchange Act.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by Item 9(e) of Schedule 14A is incorporated herein by reference to the Company's definitive proxy statement to be filed with the SEC pursuant to Regulation 14A under the Exchange Act.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following is a list of documents filed as part of this report:

(1) Financial Statements.

All financial statements are set forth under Item 8. Financial Statements and Supplementary Data of this report.

(2) Financial Statement Schedules.

The following financial statement schedule is included herein at pages 102 and 103.

Schedule III – Real Estate and Accumulated Depreciation

All other schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(b) The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index on pages 110 through 116 of this report, which is incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 24, 2015	STRATEGIC HOTELS & RESORTS, INC.
	By: /S/ RAYMOND L. GELLEIN, JR. Raymond L. Gellein, Jr. President and Chief Executive Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Each Dated: February 24, 2015	By:	/S/ RAYMOND L. GELLEIN, JR. Raymond L. Gellein, Jr. President, Chief Executive Officer and Director and Chairman of the Board (principal executive officer)
	By:	/S/ DIANE M. MOREFIELD Diane M. Morefield Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)
	By:	/S/ ROBERT P. BOWEN Robert P. Bowen Director
	By:	/S/ JAMES A. JEFFS James A. Jeffs Director
	By:	/S/ DAVID W. JOHNSON David W. Johnson Director
	By:	/S/ RICHARD D. KINCAID Richard D. Kincaid Director
	By:	/S/ DAVID M.C. MICHELS David M.C. Michels Director
	By:	/S/ WILLIAM A. PREZANT William A. Prezant Director
	By:	/S/ EUGENE F. REILLY Eugene F. Reilly Director
	By:	/S/ SHELI Z. ROSENBERG Sheli Z. Rosenberg Director

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Exhibit Index

Exhibit No.	Description of Exhibit
3.1.a	Articles of Amendment and Restatement of the Company (filed as Exhibit 3.1 to the Company's Amendment No. 3 to the Registration Statement on Form S-11 (File No. 333-112846), filed with the SEC on June 8, 2004 and incorporated herein by reference).
3.1.b	Articles of Amendment relating to the Company's name change to Strategic Hotels & Resorts, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 15, 2006 and incorporated herein by reference).
3.1.c	Articles of Amendment (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on May 19, 2010 and incorporated herein by reference).
3.1.d	Articles of Amendment (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on April 19, 2012 and incorporated herein by reference).
3.2	By-Laws of the Company (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on November 18, 2008 and incorporated herein by reference).
4.1	Form of Certificate of Common Stock, par value $0.01 per share, of the Company (filed as Exhibit 4.3 to the Company's Registration Statement on Form S-3 (File No. 333-133353) filed with the SEC on April 18, 2006 and incorporated herein by reference).
10.1	Limited Liability Company Agreement of Strategic Hotel Funding, L.L.C. (filed as Exhibit 10.1 to the Company's Amendment No. 4 to Registration Statement on Form S-11 (File No. 333-112846), filed with the SEC on June 18, 2004 and incorporated herein by reference).
10.2	First Amendment to the Limited Liability Company Agreement of Strategic Hotel Funding, L.L.C., dated as of March 15, 2005 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 18, 2005 and incorporated herein by reference).
10.3	Third Amendment to the Limited Liability Company Agreement of Strategic Hotel Funding, L.L.C., dated as of January 31, 2006 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on February 2, 2006 and incorporated herein by reference).
10.4	Fourth Amendment to the Limited Liability Company Agreement of Strategic Hotel Funding, L.L.C., dated as of May 17, 2006 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on May 18, 2006 and incorporated herein by reference).
10.5	Fifth Amendment to the Limited Liability Company Agreement of Strategic Hotel Funding, L.L.C., dated as of March 1, 2007 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 7, 2007 and incorporated herein by

	reference).
10.6	Structuring and Contribution Agreement, dated as of February 13, 2004, by and among Strategic Hotel Funding, LLC, Strategic Hotel Capital, LLC and the other parties thereto (filed as Exhibit 10.2 to the Company's Amendment No. 1 to Registration Statement on Form S-11 (File No. 333-112846), filed with the SEC on April 9, 2004 and incorporated herein by reference).
10.7	Registration Rights Agreement, dated as of June 29, 2004, by and between Strategic Hotel Capital, Inc. and Rockmark Corporation (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 25, 2010 and incorporated herein by reference).
10.8	Stock Transfer Restriction and Registration Rights Agreement, dated as of March 11, 2011, by and among the Company, WJH Holdings Inc. and WPA Hotel Holdings Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 16, 2011 and incorporated herein by reference).
10.9	Registration Rights Agreement, dated as of September 14, 2012, by and among the Company, Monroe EH Holdings Trust, Monroe EH TRS, LLC and Monroe EH Condo Investment, LLC. (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 8, 2012 and incorporated herein by reference).

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+ 10.10	Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on May 24, 2011 and incorporated herein by reference).
+ 10.11	Amendment No. 1 to the Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on February 27, 2012 and incorporated herein by reference).
+ 10.12	Employee Stock Purchase Plan (filed as Exhibit 10.14 to the Company's Amendment No. 3 to Registration Statement on Form S-11 (File No. 333-112846), filed with the SEC on June 8, 2004 and incorporated herein by reference).
+ 10.13	Form of Stock Unit Award Agreement for directors (filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on March 7, 2005 and incorporated herein by reference).
+ 10.14	Form of Stock Unit Award Agreement for employees (filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on March 7, 2005 and incorporated herein by reference).
+ 10.15	Strategic Hotels & Resorts, Inc. Severance Program (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 4, 2010 and incorporated herein by reference).
+ 10.16	Separation Agreement, dated as of November 2, 2012, by and between the Company and Laurence S. Geller (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on November 5, 2012 and incorporated herein by reference).
+ 10.17	Offer Letter, dated as of March 9, 2010, by and between Diane M. Morefield and the Company (filed as Exhibit 99.2 to the Company's Form 8-K (File No. 001-32223), filed with the SEC on March 9, 2010 and incorporated herein by reference).
+ 10.18	Employment Agreement, dated as of November 19, 2012, by and between Raymond L. Gellein, Jr. and the Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A (File No. 001-32223), filed with the SEC on November 20, 2012 and incorporated herein by reference).
+ 10.19	Amendment No. 1 to Employment Agreement, dated as of October 10, 2014, by and between Raymond L. Gellein, Jr. and the Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223) filed with the SEC on October 16, 2014 and incorporated herein by reference).
+ 10.20	Form of Employment Agreement to be entered into between Strategic Hotels & Resorts, Inc. and certain executives thereof (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223) filed with the SEC on November 18, 2008 and incorporated herein by reference).
+ 10.21	Strategic Hotels & Resorts, Inc. Value Creation Plan (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on August 28, 2009 and

		incorporated herein by reference).
+	10.22	Strategic Hotels & Resorts, Inc. Value Creation Plan Normal Unit Distributions Deferral Election and Deferral Program (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on July 6, 2011 and incorporated herein by reference).
+	10.23	Performance Share Award Agreement under Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan (including Amendment Two to Value Creation Plan and Unit Agreement Thereunder) for Laurence S. Geller (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on February 27, 2012 and incorporated herein by reference).
+	10.24	Form of Performance Share Award Agreement under Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan (including Amendment Two to Value Creation Plan and Unit Agreement Thereunder) for executives other than Laurence S. Geller (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on February 27, 2012 and incorporated herein by reference).
+	10.25	Amendment to Form of Performance Share Award Agreement under Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on August 7, 2012 and incorporated herein by reference).

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+	10.26	Form of Stock Unit Award Agreement under Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on February 27, 2012 and incorporated herein by reference).
+	10.27	Form of 2012 Performance Share Award Deferral Election (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on February 27, 2012 and incorporated herein by reference).
+	10.28	Investment Election for Vested and Deferred Awards for Richard J. Moreau under the Strategic Hotels & Resorts, Inc. Second Amended and Restated 2004 Incentive Plan, dated November 6, 2014 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on November 6, 2014 and incorporated herein by reference).
+	10.29	Separation Agreement, dated May 5, 2014, by and between Stephen Briggs and Strategic Hotel Funding, L.L.C. (filed as Exhibit 10.5 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 8, 2014 and incorporated herein by reference).
	10.30	Agreement, dated March 7, 2014, by and among Orange Capital, LLC, Orange Capital Master I. Ltd., Daniel Lewis and the Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 10, 2014 and incorporated herein by reference).
	10.31	Restructuring Agreement by and among SHR Scottsdale, L.L.C., Strategic Hotel Funding, L.L.C., DTRS Scottsdale, L.L.C. and Bank of America, National Association, Successor by Merger to LaSalle Bank National Association, as Trustee for the Registered Holders of the Citigroup Commercial Mortgage Trust 2007-FL3 Commercial Mortgage Pass-Through Certificates, Series 2007-FL3, dated June 9, 2011 (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on June 10, 2011 and incorporated herein by reference).
	10.32	First Amendment to Restructuring Agreement, entered into effective as of December 17, 2012, by and among U.S. Bank National Association, as Trustee, as successor in interest to Bank of America, National Association, as Trustee for the Registered Holders of the Citigroup Commercial Mortgage Trust 2007-FL3 Commercial Mortgage Pass-Through Certificates, Series 2007-FL3, FMT Scottsdale Owner, LLC, Walton/SHR FPH, LLC and certain guarantor parties thereto (filed as Exhibit 10.43 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 28, 2013 and incorporated herein by reference).
	10.33	Second Amendment to Restructuring Agreement, entered into effective as of December 20, 2013, by and among U.S. Bank National Association, as Trustee, as successor in interest to interest to Bank of America, National Association, as Trustee for the Registered Holders of the Citigroup Commercial Mortgage Trust 2007-FL3 Commercial Mortgage Pass-Through Certificates, Series 2007-FL3, FMT Scottsdale Owner, LLC, Walton/SHR FPH, LLC and certain guarantor parties thereto (filed as Exhibit 10.42 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 27, 2014 and incorporated herein by reference).

10.34	Amended and Restated Limited Liability Company Agreement of SHC Aventine II, L.L.C., dated as of August 31, 2007 (filed as Exhibit 10.102 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 25, 2010 and incorporated herein by reference).
10.35	Letter Agreement, dated August 20, 2012, by and between New Aventine, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on August 24, 2012 and incorporated herein by reference).
10.36	Mortgage Loan Application, dated September 12, 2012, by and between New Aventine, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on September 17, 2012 and incorporated herein by reference).
10.37	Deed of Trust, Security Agreement and Fixture Filing by New Aventine, L.L.C. and New DTRS La Jolla, L.L.C. to First American Title Insurance Company as Trustee for the benefit of Metropolitan Life Insurance Company (filed as Exhibit 10.47 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 28, 2013 and incorporated herein by reference).

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10.38	Floating Rate Promissory Note, dated as of November 1, 2012, between New Aventine, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.48 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 28, 2013 and incorporated herein by reference).
10.39	Fixed Rate Promissory Note, dated as of November 1, 2012, between New Aventine, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.49 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 28, 2013 and incorporated herein by reference).
10.40	Mortgage Loan Application, dated as of April 27, 2010, among SHR St. Francis, L.L.C., SHC Columbus Drive, LLC and Metropolitan Life Insurance Company (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on May 3, 2010 and incorporated herein by reference).
10.41	Promissory Note, dated May 5, 2010, by and between SHR St. Francis, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.42	Promissory Note, dated May 5, 2010, by and between SHC Columbus Drive, LLC and Metropolitan Life Insurance Company (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.43	Deed of Trust, Security Agreement and Fixture Filing, dated May 5, 2010, by SHR St. Francis, L.L.C. and DTRS St. Francis, L.L.C. to Fidelity National Title Insurance Company for the benefit of Metropolitan Life Insurance Company (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.44	Subordinate Deed of Trust, Security Agreement and Fixture Filing, dated May 5, 2010, by SHR St. Francis, L.L.C. and DTRS St. Francis, L.L.C. to Fidelity National Title Insurance Company for the benefit of Metropolitan Life Insurance Company (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.45	First Modification of Deed of Trust, Security Agreement and Fixture Filing, Promissory Note and Other Loan Documents, dated as of September 9, 2013, by and among Metropolitan Life Insurance Company, SHR St. Francis, L.L.C. and DTRS St. Francis, L.L.C. (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.46	First Modification of Subordinate Deed of Trust, Security Agreement and Fixture Filing, dated as of September 9, 2013, by and among Metropolitan Life Insurance Company, SHR St. Francis, L.L.C. and DTRS St. Francis, L.L.C. (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.47	

	Mortgage, Security Agreement and Fixture Filing, dated May 5, 2010, by SHC Columbus Drive, LLC and DTRS Columbus Drive, LLC to Metropolitan Life Insurance Company (filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.48	Subordinate Mortgage, Security Agreement and Fixture Filing, dated May 5, 2010, by SHC Columbus Drive, LLC and DTRS Columbus Drive, LLC to Metropolitan Life Insurance Company (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.49	First Modification of Mortgage, Security Agreement and Fixture Filing, Promissory Note and Other Loan Documents, dated as of September 9, 2013, by and among Metropolitan Life Insurance Company, SHC Columbus Drive, LLC and DTRS Columbus Drive, LLC (filed as Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.50	First Modification of Subordinate Mortgage, Security Agreement and Fixture Filing, dated as of September 9, 2013, by and among Metropolitan Life Insurance Company, SHC Columbus Drive, LLC and DTRS Columbus Drive, LLC (filed as Exhibit 10.5 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).

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10.51	Guaranty, dated May 5, 2010, by Strategic Hotel Funding, L.L.C. in favor of Metropolitan Life Insurance Company (filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.52	Guaranty, dated May 5, 2010, by Strategic Hotel Funding, L.L.C. in favor of Metropolitan Life Insurance Company (filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.53	First Amendment to Guaranty, dated as of September 9, 2013, by and between Strategic Hotel Funding, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.54	First Amendment to Guaranty, dated as of September 9, 2013, by and between Strategic Hotel Funding, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.55	Affiliated Guaranty, dated May 5, 2010, by SHC Columbus Drive, LLC in favor of Metropolitan Life Insurance Company (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.56	Affiliated Guaranty, dated May 5, 2010, by SHR St. Francis, L.L.C. in favor of Metropolitan Life Insurance Company (filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 6, 2010 and incorporated herein by reference).
10.57	First Amendment to Affiliated Guaranty, dated as of September 9, 2013, by and between SHR St. Francis, L.L.C. and Metropolitan Life Insurance Company (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.58	First Amendment to Affiliated Guaranty, dated as of September 9, 2013, by and between SHC Columbus Drive, LLC and Metropolitan Life Insurance Company (filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 12, 2013 and incorporated herein by reference).
10.59	Loan Agreement, dated as of July 28, 2011, by and among SHC Michigan Avenue, LLC, New DTRS Michigan Avenue, LLC and JPMorgan Chase Bank, National Association (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on July 29, 2011 and incorporated herein by reference).
10.60	Promissory Note, dated as of July 28, 2011 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on July 29, 2011 and incorporated herein by reference).
10.61	Purchase and Sale Agreement, dated August 13, 2012, between DIG EH Hotel LLC and SHR Essex House LLC (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No.

	001-32223), filed with the SEC on August 17, 2012 and incorporated herein by reference).
10.62	First Amendment to Purchase and Sale Agreement, dated September 7, 2012, by and among DIG EH Hotel LLC, SHR Essex House, LLC and SHR Essex House Condominiums, LLC (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on September 11, 2012 and incorporated herein by reference).
10.63	Limited Liability Company Agreement of SHR Essex House Holdings, LLC, dated as of September 14, 2012, by and between Monroe EH Holdings Trust and Strategic Hotel Funding, L.L.C. (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 8, 2012 and incorporated herein by reference).
10.64	Limited Liability Company Agreement of SHR Essex House Condominiums Holdings, LLC, dated as of September 14, 2012, by and between Monroe EH Condo Investment, LLC and SHC DTRS, Inc. (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 8, 2012 and incorporated herein by reference).
10.65	Limited Liability Company Agreement of DTRS Essex House Holdings, LLC, dated as of September 14, 2012, by and between Monroe EH TRS, LLC and SHC DTRS, Inc. (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on November 8, 2012 and incorporated herein by reference).

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10.66	Mezzanine B Loan Agreement, dated as of March 8, 2013, between BSK Mezz 2, LLC, as borrower, and JPMorgan Chase Bank, National Association and German American Capital Corporation, as lenders (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 14, 2013 and incorporated herein by reference).
10.67	Mezzanine A Loan Agreement, dated as of March 8, 2013, between BSK Mezz 1, LLC, as borrower, and JPMorgan Chase Bank, National Association and German American Capital Corporation, as lenders (filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 14, 2013 and incorporated herein by reference).
10.68	Loan Agreement, dated as of March 8, 2013, between BSK del Partners, LLC, as borrower, and JPMorgan Chase Bank, National Association and German American Capital Corporation, as lenders (filed as Exhibit 10.3 to the Company’s Current Report on Form 8-K (File No. 001-32223), filed with the SEC on March 14, 2013 and incorporated herein by reference)
10.69	Purchase and Sale Agreement, dated as of December 12, 2013, by and among SHC Mexico Holdings, L.L.C., SHC Holdings, L.L.C., SBA Villas, LLC and Santa Barbara US, L.P., as sellers, and Mt. Joya Holdings, LLC and Mt. Joya Operations, LLC as buyer (filed as Exhibit 10.87 to the Company's Annual Report on Form 10-K (File No. 001-32223), filed with the SEC on February 27, 2014 and incorporated herein by reference).
10.70	Membership Interest Purchase Agreement, dated as of March 31, 2014, by and between Walton Scottsdale Investors VI, L.L.C. and SHR FPH Investor, LLC (filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 8, 2014 and incorporated herein by reference).
10.71	Membership Interest Purchase Agreement, dated as of March 31, 2014, by and between Walton Scottsdale Investors VI, L.L.C. and SHR Scottsdale Investor, LLC (filed as Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 8, 2014 and incorporated herein by reference).
10.72	Agreement, dated March 31, 2014, by and among SHR Grosvenor Square LLC, Strategic Hotel Funding, L.L.C., Western Treasure Limited and SHR Grosvenor Square S.A.R.L. (filed as Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on May 8, 2014 and incorporated herein by reference).
10.73	Amended and Restated Loan Agreement, dated May 29, 2014, by and among New Santa Monica Beach Hotel, L.L.C., DTRS Santa Monica, L.L.C. and Wells Fargo Bank, National Association (filed as Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on August 6, 2014 and incorporated herein by reference).
10.74	Loan and Security Agreement, dated June 30, 2014, by and among SHC Washington, L.L.C., Deutsche Bank AG New York Branch and the lenders from time to time party thereto (filed as Exhibit 10.5 to the Company’s Quarterly Report on Form 10-Q (File No. 001-32223), filed with the SEC on August 6, 2014 and incorporated herein by reference).
10.75	Purchase and Sale Agreement, dated May 27, 2014, by and among BRE Del GP LLC, BRE Del LP LLC and SHR Del Partners, LP (filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K (File No. 001-32223), filed with the SEC on May 27, 2014 and incorporated herein by

		reference).
	10.76	Credit Agreement, dated as of April 25, 2014, among Strategic Hotel Funding, L.L.C., Deutsche Bank AG New York Branch, as administrative agent, and the various financial institutions as are or may become parties thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on May 1, 2014 and incorporated herein by reference).
	10.77	Loan Agreement, dated August 29, 2014, by and among SHC Chopin Plaza, LLC, DTRS InterContinental Miami, LLC and German American Capital Corporation (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32223), filed with the SEC on September 4, 2014 and incorporated herein by reference).
*	10.78	Loan Agreement, dated as of December 30, 2014, by and among SHR Essex House, LLC and DTRS Essex House, LLC, as borrower, and Metropolitan Life Insurance Company, as lender.
*	10.79	Purchase and Sale Agreement and Escrow Instructions, dated as of January 28, 2015, by and among Laguna Beach Luxury Hotel LLC, Ohana Holdings, L.L.C., SHR MLB, LLC and Strategic Hotels & Resorts, Inc.
*	10.80	Registration Rights Agreement, dated as of January 29, 2015, by and between Strategic Hotels & Resorts, Inc. and Ohana Holdings, L.L.C.

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*	10.81	Amended and Restated Loan Agreement, dated as of January 29, 2015, by and between SHR MLB, LLC, as borrower, and Massachusetts Mutual Life Insurance Company, as lender.
*	14.1	Strategic Hotels & Resorts, Inc. Code of Business Conduct and Ethics.
*	21.1	Subsidiaries of Strategic Hotels & Resorts, Inc.
*	23.1	Consent of Deloitte & Touche LLP.
*	23.2	Consent of Deloitte & Touche LLP.
*	23.3	Consent of Deloitte & Touche LLP.
*	31.1	Certification of Raymond L. Gellein, Jr., Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Diane M. Morefield, Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**	32.1	Certification of Raymond L. Gellein, Jr., Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	32.2	Certification of Diane M. Morefield, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	99.1	Consolidated financial statements of BSK Del Partner, L.P.
*	99.2	Combined financial statements of FMT Scottsdale Holdings, L.L.C. and Walton/SHR FPH Holdings, L.L.C.
	101.INS	XBRL Instance Document ***
	101.SCH	XBRL Taxonomy Extension Schema Document ***
	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document ***
	101.LAB	XBRL Taxonomy Extension Label Linkbase Document ***
	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document ***
	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document ***

+ Represents a management contract or compensatory plan or arrangement.

* Filed herewith.

** This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

*** Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2014 and 2013; (ii) the Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012;

(iii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2014, 2013 and 2012; (iv) the Consolidated Statements of Equity for the years ended December 31, 2014, 2013 and 2012; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; and (vi) Notes to the Consolidated Financial Statements that have been detail tagged.