

Sunstone Hotel Investors Announces Public Offering of 20,000,000 Shares of Common Stock

Written by Australian Business

ALISO VIEJO, Calif., Oct. 28, 2013 /PRNewswire/ -- Sunstone Hotel Investors, Inc. (the "Company") (NYSE: [SHO](#)) announced today that it intends to issue 20,000,000 shares of its common stock in an underwritten public offering. The underwriter may offer shares of common stock in transactions on the NYSE, in the over-the-counter market or through negotiated transactions at market prices or at negotiated prices. The underwriter will be granted a 30-day option to purchase up to an additional 3,000,000 shares of common stock. The offering is expected to close on November 1, 2013, subject to customary closing conditions.

The Company expects to contribute the net proceeds from this offering to Sunstone Hotel Partnership, LLC, its wholly owned subsidiary (the "Operating Partnership"), in exchange for additional membership interests in the Operating Partnership. The Operating Partnership plans to use those net proceeds from this offering (after deducting the underwriting discount and estimated offering expenses) to finance the acquisition of the fee simple interest in a large hotel located in a gateway west coast market, in which the Company does not presently own any hotels, (ii) for other potential future acquisitions and (iii) for general corporate purposes, including working capital and capital investment in our portfolio.

BofA Merrill Lynch is serving as the sole book-running manager for the offering. A copy of the prospectus supplement and prospectus relating to these securities may be obtained, when available, by contacting BofA Merrill Lynch, 222 Broadway, New York, NY 10038, Attn: Prospectus Department, email: dg.prospectus_requests@baml.com

. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. Any offer or sale will be made only by means of the written prospectus forming part of the effective registration statement.

About Sunstone Hotel Investors:

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Sunstone Hotel Investors, Inc. ("Sunstone") is a lodging real estate investment trust ("REIT") that, as of the date hereof, has interests in 28 hotels comprised of 12,942 rooms. Sunstone's hotels are primarily in the upper upscale segment and are generally operated under nationally recognized brands, such as Marriott, Hilton, Hyatt, Fairmont and Sheraton.

Sunstone's mission is to create meaningful value for our stockholders by becoming the premier hotel investment company. Our values include transparency, trust, ethical conduct, communication and discipline. We seek to employ a balanced, cycle-appropriate corporate strategy that encompasses the following:

- Proactive portfolio management;
- Intensive asset management;
- Disciplined external growth; and
- Measured balance sheet improvement.

This press release contains forward-looking statements within the meaning of federal securities laws and regulations. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will" and other similar terms and phrases, including references to assumptions and forecasts of future results. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from those anticipated at the time the forward-looking statements are made. These risks include, but are not limited to: our preliminary third quarter earnings results are different in adverse ways than the preliminary results set forth in the prospectus supplement; deploying the net proceeds of this offering if we do not acquire the hotel referenced in the prospectus supplement; volatility in the debt or equity markets affecting our ability to acquire or sell hotel assets; international, national, and local economic and business conditions, including the likelihood of a prolonged U.S. recession; the ability to maintain sufficient liquidity and our access to capital markets; potential terrorist attacks, which would affect occupancy rates at our hotels and the demand for hotel products and services; operating risks associated with the hotel business; risks associated with the level of our indebtedness and our ability to meet covenants in our debt and equity agreements; relationships with property managers and franchisors; our ability to maintain our properties in a first-class manner, including meeting capital expenditure requirements; our ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures; changes in travel patterns, taxes and government regulations, which influence or determine wages, prices, construction procedures and costs; our ability to identify, successfully compete for and complete acquisitions; the performance of hotels after they are acquired; necessary capital expenditures and our ability to fund them and complete them with minimum

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disruption; our ability to continue to satisfy complex rules in order for us to qualify as a REIT for federal income tax purposes; and other risks and uncertainties associated with our business described in the Company's filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All forward-looking information in this release is as of October 28, 2013

, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations.

For Additional Information: Bryan Giglia Chief Financial Officer Sunstone Hotel Investors, Inc. (949) 382-3036

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