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SUNSTONE HOTEL INVESTORS ANNOUNCES THE SALE OF THE 502-ROOM RENAISSANCE LOS ANGELES AIRPORT FOR $91.5 MILLION

IRVINE, CA – December 8, 2020 – Sunstone Hotel Investors, Inc. (the "Company" or "Sunstone") (NYSE: SHO), the owner of Long-Term Relevant Real Estate® in the hospitality sector, today announced the sale of the 502-room Renaissance Los Angeles Airport for a gross sale price of $91.5 million, or approximately $182,300 per key. The sale price represents a 12.2x multiple on 2019 Hotel Adjusted EBITDA*re* and a 6.8% capitalization rate on 2019 Hotel Net Operating Income. The disposition of the hotel furthers the Company's strategy of concentrating its portfolio into Long-Term Relevant Real Estate® and further enhances the Company's liquidity.

John Arabia, President and CEO, stated, "We are pleased to announce the sale of the Renaissance Los Angeles Airport at an attractive valuation compared to pre-COVID levels. The completed sale further concentrates our portfolio into Long-Term Relevant Real Estate and increases our already considerable liquidity. Our Company is well positioned to navigate the current environment and to capitalize on opportunities as they arise."

About Sunstone Hotel Investors, Inc.

Sunstone Hotel Investors, Inc. is a lodging real estate investment trust ("REIT") that as of the date of this release has interests in 18 hotels comprised of 9,495 rooms. Sunstone's business is to acquire, own, asset manage and renovate or reposition hotels considered to be Long-Term Relevant Real Estate®, the majority of which are operated under nationally recognized brands, such as Marriott, Hilton and Hyatt. For further information, please visit Sunstone's website at www.sunstonehotels.com.

Non-GAAP Financial Measures

We present the following non-GAAP financial measures, both of which are defined below, that we believe are useful to investors as key supplemental measures of our operating performance: hotel adjusted EBITDA*re*; and hotel net operating income. These measures should not be considered in isolation or as a substitute for measures of performance in accordance with GAAP. In addition, our calculation of these measures may not be comparable to other companies that do not define such terms exactly the same as the Company. These non-GAAP measures are used in addition to and in conjunction with results presented in accordance with GAAP. They should not be considered as alternatives to net income (loss), cash flow from operations, or any other operating performance measure prescribed by GAAP. These non-GAAP financial measures reflect additional ways of viewing our operations that we believe, when viewed with our GAAP results and the reconciliations to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. We strongly encourage investors to review our financial information in its entirety and not to rely on a single financial measure.

We adjust a hotel's EBITDA*re* as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), in its September 2017 white paper "Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate." We make adjustments to a hotel's EBITDA*re* when evaluating our performance because we believe that the exclusion of certain additional items provides useful information to investors regarding our operating performance, and that the presentation of hotel adjusted EBITDA*re*, when combined with the primary GAAP presentation of a hotel's net income, is beneficial to an investor's complete understanding of our operating performance. In addition, we use hotel adjusted EBITDA*re* as a measure in determining the value of hotel acquisitions and dispositions. A complete description of items we adjust from EBITDA*re* can be found in our most recent reports on Form 10-K, Form 10-Q, and Form 8-K. Copies of these reports are available on our website at www.sunstonehotels.com and through the SEC's Electronic Data Gathering Analysis and Retrieval System ("EDGAR") at www.sec.gov. Specifically, we adjusted the full year 2019 EBITDA*re* generated by the Renaissance Los Angeles Airport by a $9,000 prior year property tax credit.

We present hotel net operating income as hotel adjusted EBITDA*re* excluding a furniture, fixtures and equipment ("FF&E") reserve equal to 4.0% of the hotel's total revenue for the period. The ownership and maintenance of a hotel is capital intensive, and actual capital requirements for a given period may vary substantially from this reserve amount. We believe that the presentation of hotel net operating income, when combined with the primary GAAP presentation of a hotel's net income, is beneficial to an investor in understanding the potential capital expenditures that may be necessary to maintain a hotel during the period.

Hotel Adjusted EBITDA*re* Reconciliation (In thousands)

Renaissance Los Angeles Airport

	Total Revenues	Net Income	Plus: Depreciation and Other Adjustments	Equals: Hotel Adjusted EBITDA*re*	Less: FF&E Reserve	Equals: Hotel Net Operating Income
Full Year 2019	$ 32,081	$ 3,331	$ 4,196	$ 7,527	$ (1,283)	$ 6,244
EBITDA*re* Multiple / Cap Rate (1)				12.2x		6.8%

(1) EBITDA*re* Multiple reflects gross sale price divided by Hotel Adjusted EBITDA*re*. Cap Rate reflects Hotel Net Operating Income (after an assumed FF&E Reserve equal to 4% of Total Revenue) divided by gross sale price.