Forward-Looking Statements

This presentation 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 opinions, 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: 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 U.S. recession, government shutdown, changes in the European Union or global economic slowdown, as well as any type of flu, disease-related pandemic or the adverse effects of climate change, affecting the lodging and travel industry; the ability to maintain sufficient liquidity and our access to capital markets; terrorist attacks or civil unrest, 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 disruption; our ability to continue to satisfy complex rules in order for us to qualify as a REIT for federal income tax purposes; severe weather events or other natural disasters; risks impacting our ability to pay anticipated future dividends; 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 provided herein is as of the date of this presentation, 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.

This presentation should be read together with the consolidated financial statements and notes thereto included in our most recent reports on Form 10-K and Form 10-Q. 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.
We are Sunstone. We . . .

✓ Own and invest in *Long-Term Relevant Real Estate®* (“LTRR®”) in the hospitality sector.

✓ Maintain a *long-term and holistic view* of our business and balance the long-term goals of multiple stakeholders, including our *shareholders, employees, the hotel associates, the communities in which we operate and the environment*.

✓ Proactively drive successful outcomes at our hotels through *robust in-house expertise* in asset management, design & construction, engineering, legal and finance.

✓ Have *substantially upgraded our portfolio* over this operating cycle through the capital recycling of 21 generally commodity hotels ($1.7 billion) into the acquisition of 11 LTRR® hotels ($2.1 billion).

✓ Employ *multiple investment tactics* to increase our holdings in LTRR®.

✓ Believe in a low leverage business model and have a *fortress balance sheet* that provides *significant financial optionality* and currently represents *unrealized earnings and future value potential*.

✓ Are proud to maintain *best-in-class, shareholder friendly corporate governance*.

✓ *Stand shoulder-to-shoulder with our shareholders* as a significant portion of our executive compensation is at-risk and tied directly to shareholder returns.
Long-Term Relevant Real Estate® Is . . .

- Desirably Located
- Difficult to Replicate
- Enduring Demand Drivers
- Generally Owned Fee Simple
- Stands the Test of Time
- Superior Economics for Capital Costs & Owner Profit
Long-Term Relevant Real Estate® Is . . .
Long-Term Relevant Real Estate® is Not . . .

- Located in low barrier-to-entry locations.
- A commodity product that competes only on price.
- Easily susceptible to new supply, including limited service hotels.
- Overly burdened by long-term capital costs that weigh heavily on returns.
- Subject to short-term or onerous ground leases.
- Susceptible to the vicious cycle of deteriorating physical offerings in secondary locations which ultimately lead to down-branding.
Substantially Upgraded Portfolio . . .

Executed on a multi-year portfolio repositioning plan which has significantly enhanced the quality and long-term relevance of the remaining in-place portfolio.

**2010 RevPAR vs. EBITDA per Key**

- **Disposd of many small, non-LTRR® hotels, and exited a number of secondary and tertiary markets . . .**

**2019 RevPAR vs. EBITDA per Key**

- . . . and redeployed capital into higher quality assets with better long-term growth and value creation potential.

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**Note:** Bubble size represents relative annual Hotel EBITDA contribution.

(1) Includes acquisition price and initial repositioning / renovation investment.

(2) Excludes Royal Palm which was owned for less than one year and Doubletree Guest Suites Times Square which was purchased subsequent to 2010 and sold before 2019.

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- **Sold 19 of the 30 hotels owned at year-end 2010 ($994 million of proceeds). Hotels sold had an average RevPAR of $83 and EBITDA per key of less than $10,000 in 2010.**

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- **Bought 9 hotels since 2010 ($2.0 billion of total investment)**. Acquired hotels have an average RevPAR of $224 and EBITDA per Key of over $37,000 in 2019.

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**Portfolio RevPAR and EBITDA per Key have increased 88% and 127%, respectively, since 2010.**
84% of LTM Hotel EBITDA was derived by properties on the coasts, while 98% of LTM Hotel EBITDA was generated by properties in major U.S. gateway, convention and resort markets.

Hotel sits directly within the path of growth, immediately adjacent to the Walter E. Washington Convention Center and just a few blocks from the White House.

Luxury retail, dining and residential destination opened in late 2015
First adjacent luxury hotel opened in February 2019
Flagship Apple Store opened in May 2019
New Anthem Row, class-A office, retail and fitness space
Property Spotlight: Renaissance Washington DC

The hotel is situated in a highly desirable location next to the convention center, and adjacent to a growing number of corporate, government and leisure demand drivers.
### How We Do What We Do . . .

| Asset Management                                      | Develops long-term hotel positioning, business plans and operating results.  
|                                                      | Works with third-party operators and focuses on sales, revenue management, operating efficiencies, guest & associate satisfaction and ESG initiatives. |

| Design, Construction & Engineering                   | Executes all capital projects, including significant hotel repositioning, routine renovations or capital needs, and building systems.  
|                                                      | Promotes guest & associate satisfaction and building longevity. |

| Investments                                          | We employ a wide range of investment tactics, including:  
|                                                      | ✓ Capital-intensive value add  
|                                                      | ✓ Hotels that would benefit from professional asset management  
|                                                      | ✓ Stabilized assets in strong growth markets  
|                                                      | ✓ Newly built hotels that have significant growth opportunities |
How We Create Value . . .
Wailea Beach Resort Repositioning

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### Property Overview

<table>
<thead>
<tr>
<th>Metric</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Wailea, Maui, HI</td>
<td></td>
</tr>
<tr>
<td>Current Number of Rooms</td>
<td>547 (1)</td>
<td></td>
</tr>
<tr>
<td>Square Feet of Meeting Space</td>
<td>41,000</td>
<td></td>
</tr>
<tr>
<td>Total Property Size</td>
<td>22 acres</td>
<td></td>
</tr>
<tr>
<td>Ownership Type</td>
<td>Fee Simple</td>
<td></td>
</tr>
</tbody>
</table>

### Acquisition Overview

<table>
<thead>
<tr>
<th>Metric</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Closed</td>
<td></td>
<td>July 2014</td>
</tr>
<tr>
<td>Purchase Price / Post-Reposition (2)</td>
<td>$326 million / $436 million</td>
<td></td>
</tr>
<tr>
<td>Purchase Price per Key</td>
<td>$598,400</td>
<td></td>
</tr>
<tr>
<td>Investment per Key Post Repositioning (2)</td>
<td>$796,200</td>
<td></td>
</tr>
</tbody>
</table>

### Value Creation

<table>
<thead>
<tr>
<th>Metric ($MM, except where noted)</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Net Operating Income</td>
<td>$45</td>
<td>$45</td>
</tr>
<tr>
<td>Estimated Cap Rate</td>
<td>6.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Implied Total Value</td>
<td>$742</td>
<td>$809</td>
</tr>
<tr>
<td>Implied Value per Key ($000s)</td>
<td>$1,356</td>
<td>$1,479</td>
</tr>
<tr>
<td>Initial Investment Post-Repositioning (2)</td>
<td>$436</td>
<td>$436</td>
</tr>
<tr>
<td>Implied Total Value Creation</td>
<td>$306</td>
<td>$374</td>
</tr>
</tbody>
</table>

*Estimated $300 million to $375 million of value created since acquisition*

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(1) At the time of acquisition, the hotel comprised 544 rooms. Three additional rooms were subsequently added during renovation.

(2) Based on initial purchase price plus $110 million in repositioning related capital investment.
How We Create Value . . .

Accretive Capital Allocation

Track record of patient and disciplined accessing of the equity capital markets

- Issued $263 million at $14.60 in June 2014. Acquired Wailea Beach Resort.
- Issued $55 million at $15.47 in December 2016. Acquired Oceans Edge Resort & Marina.
- Issued $79 million at $17.42 in June 2018.
How We Approach the Balance Sheet . . .

Net Debt & Preferred to EBITDA

Over the past five years, we have executed on our business plan, selling over $1 billion of non-LTRR® hotels at attractive pricing while acquiring one LTRR® hotel for $175 million. This leaves us with a far better portfolio, low leverage in a typically cyclical business and significant financial optionality.

Later Cycle Leverage Target of 2.5x to 3.0x
How We Approach the Balance Sheet . . .
Significant Financial Flexibility with Access to Multiple Forms of Capital

Our greatest focus, at this time, is maximizing the value of the significant financial optionality we have built in recent years.

We could acquire nearly $600 million of LTRR® or repurchase an additional $500 million of stock and remain at or below 3.0x leverage (1)

Peer Average: 3.9x

(1) Assumes acquisitions completed at a blended EBITDA multiple of 15.0x.

Note: Capitalization data per most recent company public information and is shown pro forma for transactions completed subsequent to that date. Consensus EBITDA estimate per FactSet. Debt balances presented on a pro rata basis where possible and applicable.
### Our priority is to maximize shareholder value. Our board structure, corporate charter and culture of transparency place us at the top of the REIT space in terms of corporate governance.

- Ranked among highest in corporate governance by Green Street Advisors
- Culture of transparency with best-in-class disclosure and quarterly supplemental
- Opted-out of MUTA, limitations on rights plans, adopted proxy access and stockholder’s right to amend bylaws, do not allow hedging or pledging of shares held by executives
- Non-classified board with annual election of all directors
- Directors have open access to senior management and all employees and regularly review ESG practices and initiatives
- 2019 adoption of CEO and CFO compensation clawback policy and double trigger provision upon change of control
How We Are Aligned with Shareholders . . .

- Nearly all Sunstone employees are shareholders.
- Senior management and directors own approximately 1% of outstanding shares.
- Approximately 45% of total senior management compensation is tied to absolute and relative shareholder returns over a three and five-year period.
- 100% of senior management bonuses (cash and stock) are at-risk and subject to individual and company performance.

*Compensation plan structure is designed to create strong alignment between company employees and shareholders*
What’s Going On . . .

• U.S. lodging industry appears to be experiencing late-cycle dynamics with moderating top-line growth and ongoing margin pressure due to rising wages & benefit costs.

• Outlook for supply growth is manageable and appears to be moderating.

• Following a softer 2019, many of our key markets are expected to have more favorable citywide calendars in 2020.

• Recently completed renovation projects and capital investments at several of our properties will provide tailwinds into next year.

<table>
<thead>
<tr>
<th>2020 Outlook by Major Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Washington, D.C.</td>
</tr>
<tr>
<td>✓ Boston</td>
</tr>
<tr>
<td>✓ Chicago</td>
</tr>
<tr>
<td>✓ Maui</td>
</tr>
<tr>
<td>✓ Los Angeles</td>
</tr>
<tr>
<td>✓ San Diego</td>
</tr>
</tbody>
</table>

(Displacement in 2019)

(New meeting space)
## Our Outlook . . .

<table>
<thead>
<tr>
<th>Metric</th>
<th>2020 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable RevPAR Growth</td>
<td>-1.5% to +1.5%</td>
</tr>
<tr>
<td>Comparable Hotel EBITDA&lt;sub&gt;re&lt;/sub&gt; Margin Growth</td>
<td>-150 bps to -175 bps</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sub&gt;re&lt;/sub&gt; ($MM)</td>
<td>$280 to $305</td>
</tr>
<tr>
<td>Adjusted FFO per Diluted Share</td>
<td>$0.95 to $1.05</td>
</tr>
</tbody>
</table>

*Our 2020 outlook does not assume any unannounced acquisitions, dispositions, share repurchases or other capital markets activity. It also does not include the investment of over $680 million of current adjusted unrestricted cash, which represents over $3.00 per share of available cash.*
Potential Avenues to Maximize Shareholder Value . . .

✓ Invest in our portfolio, including renovations and ESG investments.

✓ Acquire LTRR® at rational prices.

✓ Opportunistically repurchase common stock at compelling valuations.

✓ Methodically recycle assets that do not fit our strategic profile and reinvest into Long-Term Relevant Real Estate®, including the repurchase of our common stock.