

**SUNSTONE HOTEL INVESTORS, INC.
COMPENSATION RECOVERY POLICY**

This Compensation Recovery Policy (the “Policy”) is intended to maintain a culture of focused, diligent and responsible management that discourages conduct detrimental to Sunstone Hotel Investors, Inc. and its subsidiaries (together, the “Company”). Accordingly, as set forth in this Policy, it may be appropriate for the Company to recover certain incentive compensation paid to its officers and other employees, to the extent permitted by governing laws, in the event that they engage in conduct that is detrimental to the Company. This Policy shall be effective as of June 7, 2019 (the “Effective Date”).

1. Applicability. This Policy applies to all Section 16 reporting officers of the Company and such other employees of the Company who may from time to time be determined to be deemed subject to the Policy by the Board (as defined below) (collectively the “Covered Employees”).

2. Administration. The Policy will be administered by the Board of Directors of the Company (the “Board”). The Board shall have full and final authority to make all determinations under this Policy, including, without limitation, whether the Policy applies and if so, the amount of compensation to be repaid or forfeited by the Covered Employee, except as otherwise limited herein. All determinations and decisions made by the Board pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and employees. The Board may delegate ministerial administrative duties with respect to the Policy to one or more officers or employees of the Company.

3. Recoverable Amounts. In the event that the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under United States securities laws as a result of fraudulent, willful or grossly negligent misconduct (a “Recoverable Event”), the Board (i) shall seek to recover from any Covered Employee who has engaged in such fraudulent, willful or grossly negligent misconduct, and (ii) may, in its sole discretion, seek to recover from any other Covered Employee, the amount of Incentive Compensation paid to such Covered Employee after the Effective Date if and to the extent the amount of the Incentive Compensation paid was calculated based on the achievement of certain financial results that were subsequently revised due to the Recoverable Event, and the amount of the Incentive Compensation that would have been paid to such Covered Employee had the financial results been properly reported would have been lower than the amount actually paid (the “Recoverable Amount”). The Recoverable Amount shall not exceed the differential between the amount of Incentive Compensation paid to such Covered Employee in connection with the Recoverable Event and the amount of Incentive Compensation that would have been paid to such Covered Employee had the Recoverable Event not occurred.

For purposes of this Policy, “Incentive Compensation” shall mean any bonus, incentive payment or other cash compensation or equity-based award granted, earned and/or received by such Covered Employee by the Company on or after the Effective Date and during the three completed fiscal years immediately preceding the date on which the Company is required to prepare a restatement based on the Recoverable Event, the amount, payment and/or vesting of which was calculated based wholly or in part on the application of quantitative performance criteria measured during the fiscal periods covered by the accounting restatement in connection with a Recoverable Event; provided, however, that “Incentive Compensation” shall not include a Covered Employee’s wages or base salary or any compensation that vests or is paid solely based on the passage of time.

4. Determinations in Discretion of the Board. The Board shall determine in its sole and absolute discretion:

- (a) whether or not a Recoverable Event has occurred,
- (b) the amount of any Recoverable Amount,
- (c) whether or not to take any action upon discovery of a Recoverable Event,
- (d) the manner of recovery of any Recoverable Amount, including, without limitation, through the repayment by the Covered Employee of the Recoverable Amount, the reduction of future awards or payments, unpaid amounts or awards, or any other compensation or payments due to the Covered

Employee from the Company (under any compensation agreement or arrangement between the Covered Employee and the Company) or other legal action.

Any action or inaction by the Board with respect to a Covered Employee under this Policy shall in no way limit the Board's actions or decision not to act with respect to any other Covered Employee subject to a similar policy, agreement, or arrangement. The Board may apply these provisions differently to each such Covered Employee, in its discretion, taking into account (i) whether the assertion of a claim may violate applicable law or prejudice the interests of the Company (including but not limited to any prejudice to the interests of the Company in any proceeding or investigation), (ii) whether other penalties or punishments are being imposed on the Covered Employee, including by third parties, or any governmental or regulatory authority (including, without limitation action taken under Section 304 of the Sarbanes-Oxley Act of 2002), (iii) the nature of the events that led to the Recoverable Event, (iv) the Covered Employee's conduct, role and responsibilities with respect to the events that led to a Recoverable Event, and (v) such other factors as determined by the Board.

5. Enforceability. The Board may determine that any employment agreement, bonus plan or similar agreement or plan entered into or amended on or after the Effective Date shall, as a condition to the grant of any benefit covered by such agreement or plan, require a Covered Employee to contractually agree to abide by the terms of this Policy. Incentive Compensation subject to any such agreement, notwithstanding the terms of such agreement, shall not be deemed earned so long as such Incentive Compensation is subject to recovery under this Policy. Further, the adoption of this Policy does not mitigate, and is intended to enhance, the effect of any recoupment, forfeiture or similar policies in any employment agreement, bonus plan or similar agreement in effect prior to the Effective Date. The remedy specified in this policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company.

6. Severability. The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

7. Dodd-Frank Act. In connection with the Dodd-Frank Act's requirement that the Company implement a policy providing for the recovery of erroneously paid incentive based compensation following a required accounting restatement, the Company may revisit this Policy and related implementing provisions following the issuance of the final rules by the Securities and Exchange Commission.