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DENIHAN HOSPITALITY GROUP TO MANAGE ROYAL PALM MIAMI BEACH HOTEL
Sunstone Hotel Investors Selects Denihan to Manage Prime Beachfront Property

November 4, 2010 – New York, NY – Sunstone Hotel Investors, Inc. announced today its selection of the Denihan Hospitality Group to manage the 407-key Royal Palm Hotel at 1545 Collins Avenue in South Beach, marking Denihan’s entrée into the Miami hotel scene. The property will undergo a complete renovation, expected to commence in 2011. With the addition of the Royal Palm, Denihan now owns and/or manages 14 properties in four high-profile urban destinations under its signature James and Affinia brands, as well as luxury independent hotels The Surrey and The Benjamin, and several affiliate independent properties.

Denihan was awarded the coveted Royal Palm management contract following an intense search among a diverse group of leading hotel brands and established independents. With its recent successes as third-party managers of the Affinia Liaison in Washington DC (for LaSalle Hotel Properties) and The James New York in SoHo (for Brack Capital Real Estate/BCRE), Denihan rose to the top as the leading operator choice.

“We were impressed by the extensive due diligence that Sunstone executed during this search,” says Ellen Brown, EVP of Acquisitions and Development for Denihan, “and we are delighted to be working with Sunstone as we take the helm of this sought-after property in South Beach.” Miami has long been a growth target for Denihan, and the Royal Palm Hotel is a natural addition to the company’s portfolio. Denihan will operate the hotel as an independent prior to and during the renovations. Plans for the renovation will be unveiled later this year.

Art Buser, President and CEO of Sunstone Hotel Investors, reports that Denihan was selected for several strategic reasons, among them, “Denihan’s perspective as owners makes them invaluable to us as operators, as they understand the essential timing and budget considerations associated with renovations and redevelopment.” Buser also added that, “Denihan impressed us greatly with the depth of their business intelligence about their customer, and they can leverage their strong existing international sales channels to supplement domestic demand.”

This announcement comes on the heels of Denihan’s recent debut of The James New York, a 114-key new build on the corner of Grand and Thompson Streets in SoHo, which the company manages for BCRE. Other recent projects include the redevelopment of The Surrey, a Denihan owned and managed luxury independent property on Manhattan’s sophisticated Upper East Side, which opened in September

2009 following a \$50 million gut renovation and redesign, as well an extensive planned redevelopment of the Affinia Manhattan, which is expected to commence in November of 2010.

About Denihan

New York based Denihan Hospitality Group, one of the nation's fastest growing owner/operators of stylish boutique hotels, draws upon a 50-year family legacy of providing guests with highly individualized service. Denihan's portfolio includes the upper upscale and luxury brands Affinia Hotels and James Hotels, as well as luxury independent properties The Surrey and The Benjamin, and other independent affiliate hotels. A full-service management and development company, Denihan's properties are located in some of the most sought after U.S. locations: New York, Chicago, Washington, D.C., and Miami. For further information, visit www.denihan.com.

About Sunstone Hotel Investors, Inc.

Sunstone Hotel Investors, Inc. ("Sunstone") is a lodging real estate investment trust ("REIT") that, as of the date hereof, owns 31 hotels comprised of 11,722 rooms. Sunstone's hotels are primarily in the upper upscale segment and are generally operated under nationally recognized brands, such as Marriott, Fairmont, Hilton and Hyatt. For further information, please visit Sunstone's website.

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