
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2025**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **001-32319**

Sunstone Hotel Investors, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of
Incorporation or Organization)

15 Enterprise, Suite 200

Aliso Viejo, California

(Address of Principal Executive Offices)

20-1296886

(I.R.S. Employer
Identification Number)

92656

(Zip Code)

Registrant's telephone number, including area code: **(949) 330-4000**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	SHO	New York Stock Exchange
Series H Cumulative Redeemable Preferred Stock, \$0.01 par value	SHO.PRH	New York Stock Exchange
Series I Cumulative Redeemable Preferred Stock, \$0.01 par value	SHO.PRI	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of April 30, 2025, there were 198,858,961 shares of Sunstone Hotel Investors, Inc.'s common stock, \$0.01 par value per share, outstanding.

**SUNSTONE HOTEL INVESTORS, INC.
QUARTERLY REPORT ON
FORM 10-Q**

For the Quarterly Period Ended March 31, 2025

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

SUNSTONE HOTEL INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	March 31, 2025 <i>(unaudited)</i>	December 31, 2024
ASSETS		
Investment in hotel properties, net	\$ 2,855,188	\$ 2,856,032
Operating lease right-of-use assets, net	7,782	8,464
Cash and cash equivalents	72,334	107,199
Restricted cash	76,460	73,078
Accounts receivable, net	50,371	34,109
Prepaid expenses and other assets, net	34,547	27,757
Total assets	\$ 3,096,682	\$ 3,106,639
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Debt, net of unamortized deferred financing costs	\$ 841,559	\$ 841,047
Operating lease obligations	11,196	12,019
Accounts payable and accrued expenses	58,264	52,722
Dividends and distributions payable	22,742	24,137
Other liabilities	85,413	72,694
Total liabilities	1,019,174	1,002,619
Commitments and contingencies (Note 13)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized:		
Series G Cumulative Redeemable Preferred Stock, 2,650,000 shares issued and outstanding at both March 31, 2025 and December 31, 2024, stated at liquidation preference of \$25.00 per share	66,250	66,250
6.125% Series H Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding at both March 31, 2025 and December 31, 2024, stated at liquidation preference of \$25.00 per share	115,000	115,000
5.70% Series I Cumulative Redeemable Preferred Stock, 4,000,000 shares issued and outstanding at both March 31, 2025 and December 31, 2024, stated at liquidation preference of \$25.00 per share	100,000	100,000
Common stock, \$0.01 par value, 500,000,000 shares authorized, 200,369,510 shares issued and outstanding at March 31, 2025 and 200,824,993 shares issued and outstanding at December 31, 2024	2,004	2,008
Additional paid in capital	2,385,648	2,395,702
Distributions in excess of retained earnings	(591,394)	(574,940)
Total stockholders' equity	2,077,508	2,104,020
Total liabilities and stockholders' equity	\$ 3,096,682	\$ 3,106,639

See accompanying notes to unaudited consolidated financial statements.

SUNSTONE HOTEL INVESTORS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended March 31,	
	2025	2024
REVENUES		
Room	\$ 144,921	\$ 135,815
Food and beverage	67,128	61,339
Other operating	22,016	20,012
Total revenues	234,065	217,166
OPERATING EXPENSES		
Room	39,110	35,551
Food and beverage	48,821	44,315
Other operating	5,860	5,944
Advertising and promotion	13,116	12,132
Repairs and maintenance	9,685	8,710
Utilities	6,741	5,944
Franchise costs	4,459	4,205
Property tax, ground lease and insurance	18,897	18,925
Other property-level expenses	29,725	27,623
Corporate overhead	8,905	7,518
Depreciation and amortization	32,275	29,040
Total operating expenses	217,594	199,907
Interest and other income	1,564	5,453
Interest expense	(12,682)	(11,010)
Gain on sale of assets, net	—	457
Gain on extinguishment of debt	—	21
Income before income taxes	5,353	12,180
Income tax (provision) benefit, net	(98)	855
NET INCOME	5,255	13,035
Preferred stock dividends	(3,931)	(3,683)
INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 1,324	\$ 9,352
Basic and diluted per share amounts:		
Basic income attributable to common stockholders per common share	\$ 0.01	\$ 0.05
Diluted income attributable to common stockholders per common share	\$ 0.01	\$ 0.05
Basic weighted average common shares outstanding	200,410	202,631
Diluted weighted average common shares outstanding	201,444	202,958

See accompanying notes to unaudited consolidated financial statements.

SUNSTONE HOTEL INVESTORS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except share and per share data)

	Preferred Stock		Common Stock		Additional Paid in Capital	Distributions in Excess of Retained Earnings	Total Equity
	Number of Shares	Amount	Number of Shares	Amount			
Balance at December 31, 2024 (audited)	11,250,000	\$ 281,250	200,824,993	\$ 2,008	\$ 2,395,702	\$ (574,940)	\$ 2,104,020
Amortization of deferred stock compensation	—	—	—	—	2,236	—	2,236
Issuance of restricted common stock, net	—	—	367,149	4	(4,282)	—	(4,278)
Forfeiture of restricted common stock	—	—	(861)	—	—	—	—
Common stock distributions declared at \$0.09 per share	—	—	—	—	—	(17,778)	(17,778)
Series G preferred stock dividends declared at \$0.281250 per share	—	—	—	—	—	(745)	(745)
Series H preferred stock dividends declared at \$0.382813 per share	—	—	—	—	—	(1,761)	(1,761)
Series I preferred stock dividends declared at \$0.356250 per share	—	—	—	—	—	(1,425)	(1,425)
Repurchases of outstanding common stock	—	—	(821,771)	(8)	(8,008)	—	(8,016)
Net income	—	—	—	—	—	5,255	5,255
Balance at March 31, 2025	<u>11,250,000</u>	<u>\$ 281,250</u>	<u>200,369,510</u>	<u>\$ 2,004</u>	<u>\$ 2,385,648</u>	<u>\$ (591,394)</u>	<u>\$ 2,077,508</u>

See accompanying notes to unaudited consolidated financial statements.

SUNSTONE HOTEL INVESTORS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except share and per share data)

	Preferred Stock		Common Stock		Additional Paid in Capital	Distributions in Excess of Retained Earnings	Total Equity
	Number of Shares	Amount	Number of Shares	Amount			
Balance at December 31, 2023 (audited)	11,250,000	\$ 281,250	203,479,585	\$ 2,035	\$ 2,416,417	\$ (533,064)	\$ 2,166,638
Amortization of deferred stock compensation	—	—	—	—	2,887	—	2,887
Issuance of restricted common stock, net	—	—	194,813	2	(3,219)	—	(3,217)
Common stock distributions declared at \$0.07 per share	—	—	—	—	—	(14,364)	(14,364)
Series G preferred stock dividends declared at \$0.187500 per share	—	—	—	—	—	(497)	(497)
Series H preferred stock dividends declared at \$0.382813 per share	—	—	—	—	—	(1,761)	(1,761)
Series I preferred stock dividends declared at \$0.356250 per share	—	—	—	—	—	(1,425)	(1,425)
Net income	—	—	—	—	—	13,035	13,035
Balance at March 31, 2024	<u>11,250,000</u>	<u>\$ 281,250</u>	<u>203,674,398</u>	<u>\$ 2,037</u>	<u>\$ 2,416,085</u>	<u>\$ (538,076)</u>	<u>\$ 2,161,296</u>

See accompanying notes to unaudited consolidated financial statements.

SUNSTONE HOTEL INVESTORS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,255	\$ 13,035
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	76	80
Gain on sale of assets, net	—	(457)
Gain on extinguishment of debt	—	(21)
Noncash interest on derivatives, net	982	(2,042)
Depreciation	31,894	28,782
Amortization of franchise fees and other intangibles	381	258
Amortization of deferred financing costs	863	739
Amortization of deferred stock compensation	2,064	2,770
Gain on insurance recoveries	(99)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(16,312)	(5,568)
Prepaid expenses and other assets	(7,633)	(6,400)
Accounts payable and other liabilities	14,701	7,319
Operating lease right-of-use assets and obligations	(141)	(11)
Net cash provided by operating activities	<u>32,031</u>	<u>38,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from property insurance	73	—
Renovations and additions to hotel properties and other assets	(28,189)	(27,664)
Net cash used in investing activities	<u>(28,116)</u>	<u>(27,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchases of outstanding common stock	(8,016)	—
Repurchases of common stock for employee tax obligations	(4,278)	(3,217)
Payments on notes payable	—	(537)
Dividends and distributions paid	(23,104)	(29,769)
Net cash used in financing activities	<u>(35,398)</u>	<u>(33,523)</u>
Net decrease in cash and cash equivalents and restricted cash	(31,483)	(22,703)
Cash and cash equivalents and restricted cash, beginning of period	180,277	493,698
Cash and cash equivalents and restricted cash, end of period	<u>\$ 148,794</u>	<u>\$ 470,995</u>

See accompanying notes to unaudited consolidated financial statements.

SUNSTONE HOTEL INVESTORS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

Supplemental Disclosure of Cash Flow Information

	March 31,	
	2025	2024
Cash and cash equivalents	\$ 72,334	\$ 400,678
Restricted cash	76,460	70,317
Total cash and cash equivalents and restricted cash shown on the consolidated statements of cash flows	\$ 148,794	\$ 470,995

	Three Months Ended March 31,	
	2025	2024
Cash paid for interest, net of capitalized interest	\$ 13,004	\$ 15,306
Cash (refunds) paid for income taxes, net	\$ (145)	\$ 3,137
Operating cash flows used for operating leases	\$ 1,505	\$ 1,360
Changes in operating lease right-of-use assets	\$ 1,203	\$ 1,136
Changes in operating lease obligations	(1,344)	(1,147)
Changes in operating lease right-of-use assets and lease obligations, net	\$ (141)	\$ (11)

Supplemental Disclosure of Noncash Investing and Financing Activities

	Three Months Ended March 31,	
	2025	2024
Accrued renovations and additions to hotel properties and other assets	\$ 19,642	\$ 14,512
Operating lease right-of-use asset obtained in exchange for operating lease obligation	\$ 521	\$ —
Amortization of deferred stock compensation — construction activities	\$ 172	\$ 117
Dividends and distributions payable	\$ 22,742	\$ 18,243

See accompanying notes to unaudited consolidated financial statements.

SUNSTONE HOTEL INVESTORS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Sunstone Hotel Investors, Inc. (the “Company”) was incorporated in Maryland on June 28, 2004 in anticipation of an initial public offering of common stock, which was consummated on October 26, 2004. The Company elected to be taxed as a real estate investment trust (“REIT”) for federal income tax purposes, commencing with its taxable year ended on December 31, 2004. The Company, through its 100% controlling interest in Sunstone Hotel Partnership, LLC (the “Operating Partnership”), of which the Company is the sole managing member, and the subsidiaries of the Operating Partnership, including Sunstone Hotel TRS Lessee, Inc. (the “TRS Lessee”) and its subsidiaries, invests in hotels where it can add value through capital investment, hotel repositioning, and asset management. In addition, the Company seeks to capitalize on its portfolio’s embedded value and balance sheet strength to actively recycle past investments into new growth and value creation opportunities in order to deliver strong stockholder returns and superior per share net asset value growth.

As a REIT, certain tax laws limit the amount of “non-qualifying” income the Company can earn, including income derived directly from the operation of hotels. The Company leases all of its hotels to its TRS Lessee, which in turn enters into long-term management agreements with third parties to manage the operations of the Company’s hotels, in transactions that are intended to generate qualifying income.

As of March 31, 2025, the Company owned 15 hotels.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Principles of Consolidation

The accompanying consolidated financial statements as of March 31, 2025 and December 31, 2024, and for the three months ended March 31, 2025 and 2024, include the accounts of the Company, the Operating Partnership, the TRS Lessee and their controlled subsidiaries. All significant intercompany balances and transactions have been eliminated. If the Company determines that it has an interest in a variable interest entity, the Company will consolidate the entity when it is determined to be the primary beneficiary of the entity.

The accompanying interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and in conformity with the rules and regulations of the Securities and Exchange Commission (“SEC”). In the Company’s opinion, the interim financial statements presented herein reflect all adjustments, consisting solely of normal and recurring adjustments, which are necessary to fairly present the interim financial statements. These financial statements should be read in conjunction with the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 21, 2025. Operating results for the three months ended March 31, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

The Company does not have any comprehensive income other than what is included in net income. If the Company has any comprehensive income in the future such that a statement of comprehensive income would be necessary, the Company will include such statement in one continuous consolidated statement of operations.

The Company has evaluated subsequent events through the date of issuance of these financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Summary of Significant Accounting Policies

The Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 21, 2025, contains a discussion of significant accounting policies. There have been no changes to our significant accounting policies since December 31, 2024.

New Accounting Standards and Accounting Changes

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update No. 2024-03, "Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"), to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, and amortization) in each income statement line item that contains those expenses. All entities are required to apply the guidance prospectively and may apply it retrospectively. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating ASU 2024-03's additional disclosure requirements.

3. Investment in Hotel Properties

Investment in hotel properties, net consisted of the following (in thousands):

	March 31, 2025 (unaudited)	December 31, 2024
Land	\$ 645,884	\$ 645,884
Buildings and improvements	2,849,713	2,824,364
Furniture, fixtures and equipment	462,531	445,696
Intangible assets	44,063	44,063
Construction in progress	136,355	147,250
Investment in hotel properties, gross	4,138,546	4,107,257
Accumulated depreciation and amortization	(1,283,358)	(1,251,225)
Investment in hotel properties, net	<u>\$ 2,855,188</u>	<u>\$ 2,856,032</u>

4. Fair Value Measurements and Interest Rate Derivatives

Fair Value Measurements

As of March 31, 2025 and December 31, 2024, the carrying amount of certain financial instruments, including cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued expenses were representative of their fair values due to the short-term maturity of these instruments.

A fair value measurement is based on the assumptions that market participants would use in pricing an asset or liability in an orderly transaction. The hierarchy for inputs used in measuring fair value is as follows:

- Level 1 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or the liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs reflecting the Company's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

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As of both March 31, 2025 and December 31, 2024, the Company measured its interest rate derivatives at fair value on a recurring basis. The Company estimated the fair value of its interest rate derivatives using Level 2 measurements based on quotes obtained from the counterparties, which are based upon the consideration that would be required to terminate the agreements.

Fair Value of Debt

As of March 31, 2025 and December 31, 2024, 52.7% and 40.8%, respectively, of the Company's outstanding debt had fixed interest rates, including the effects of interest rate swap derivatives. The Company uses Level 3 measurements to estimate the fair value of its debt by discounting the future cash flows of each instrument at estimated market rates.

The Company's principal balances and fair market values of its consolidated debt as of March 31, 2025 (unaudited) and December 31, 2024 were as follows (in thousands):

	March 31, 2025		December 31, 2024	
	Carrying Amount (1)	Fair Value (2)	Carrying Amount (1)	Fair Value (2)
Debt	\$ 845,000	\$ 839,666	\$ 845,000	\$ 841,027

- (1) The principal balance of debt is presented before any unamortized deferred financing costs.
- (2) Due to changes in market conditions and the economic environment, actual interest rates could vary materially from those estimated, which would result in variances in the Company's calculations of the fair market value of its debt.

Interest Rate Derivatives

The Company's interest rate derivatives, which are not designated as effective cash flow hedges, consisted of the following at March 31, 2025 (unaudited) and December 31, 2024 (in thousands):

Hedged Debt	Type	Fixed Rate	Index	Effective Date	Maturity Date	Notional Amount	Estimated Fair Value of Assets (Liabilities) (1)	
							March 31, 2025	December 31, 2024
Term Loan 1	Swap	3.675 %	CME Term SOFR	March 17, 2023	March 17, 2026	\$ 75,000	\$ 193	\$ 370
Term Loan 1	Swap	3.931 %	CME Term SOFR	September 14, 2023	September 14, 2026	\$ 100,000	(206)	186
Term Loan 4	Swap	4.020 %	CME Term SOFR	January 31, 2025	November 7, 2026	\$ 100,000	(413)	—
							\$ (426)	\$ 556

- (1) The fair values of the swap derivative assets were included in prepaid expenses and other assets, net on the accompanying consolidated balance sheets as of March 31, 2025 and December 31, 2024. The fair values of the swap derivative liabilities were included in other liabilities on the accompanying consolidated balance sheet as of March 31, 2025.

Noncash changes in the fair values of the Company's interest rate derivatives resulted in an increase (decrease) to interest expense for the three months ended March 31, 2025 and 2024 as follows (unaudited and in thousands):

	Three Months Ended March 31,	
	2025	2024
Noncash interest on derivatives, net	\$ 982	\$ (2,042)

5. Prepaid Expenses and Other Assets

Prepaid expenses and other assets, net consisted of the following (in thousands):

	March 31, 2025	December 31, 2024
	(unaudited)	
Prepaid expenses	\$ 17,807	\$ 10,488
Inventory	10,820	10,497
Deferred financing costs	1,872	2,223
Property and equipment, net	2,078	2,267
Interest rate derivatives	193	556
Deferred rent on straight-lined third-party tenant leases	413	369
Liquor licenses	930	930
Other	434	427
Total prepaid expenses and other assets, net	<u>\$ 34,547</u>	<u>\$ 27,757</u>

6. Debt

Debt consisted of the following (in thousands):

	March 31, 2025		Maturity Date	Balance Outstanding as of		
	Rate Type	Interest Rate		March 31, 2025	December 31, 2024	
(unaudited)						
Unsecured Corporate Credit Facilities (1)						
Term Loan 1	Fixed	(2)	5.32 %	July 25, 2027	\$ 175,000	\$ 175,000
Term Loan 2	Variable		5.82 %	January 25, 2028	175,000	175,000
Term Loan 3	Variable	(3)	5.77 %	May 1, 2025	225,000	225,000
Term Loan 4	Fixed	(4)	5.52 %	November 7, 2025	100,000	100,000
Total unsecured corporate credit facilities					<u>\$ 675,000</u>	<u>\$ 675,000</u>
Unsecured Senior Notes						
Series A	Fixed		4.69 %	January 10, 2026	\$ 65,000	\$ 65,000
Series B	Fixed		4.79 %	January 10, 2028	105,000	105,000
Total unsecured senior notes					<u>\$ 170,000</u>	<u>\$ 170,000</u>
Total debt					845,000	845,000
Unamortized deferred financing costs					(3,441)	(3,953)
Debt, net of unamortized deferred financing costs					<u>\$ 841,559</u>	<u>\$ 841,047</u>

- (1) The variable interest rates on the Company's unsecured corporate credit facilities are based on a pricing grid depending on the Company's leverage ratio, plus SOFR and additional adjustments pursuant to the applicable credit agreement.
- (2) Term Loan 1 is subject to two interest rate swap derivatives (see Note 4).
- (3) Term Loan 3 has an initial maturity of May 1, 2025 with an option to extend the term by 12 months at the Company's election, which would result in an extended maturity of May 1, 2026, upon the payment of applicable fees and the satisfaction of certain customary conditions (see Note 14).
- (4) Term Loan 4 is subject to an interest rate swap derivative (see Note 4). Term Loan 4 has an initial maturity of November 7, 2025 with two six-month extensions at the Company's election, which would result in an extended maturity of November 7, 2026, upon the payment of applicable fees and the satisfaction of certain customary conditions.

As of March 31, 2025, the Company had no amount outstanding on its credit facility, with \$500.0 million of capacity available for borrowing under the facility (see Note 14). The Company's ability to draw on the credit facility is subject to the Company's compliance with various covenants.

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Interest Expense

Total interest incurred and expensed on the Company's debt was as follows (unaudited and in thousands):

	Three Months Ended March 31,	
	2025	2024
Interest expense on debt	\$ 11,865	\$ 12,313
Noncash interest on derivatives, net	982	(2,042)
Amortization of deferred financing costs	863	739
Capitalized interest	(1,028)	—
Total interest expense	<u>\$ 12,682</u>	<u>\$ 11,010</u>

7. Other Liabilities

Other liabilities consisted of the following (in thousands):

	March 31,	December 31,
	2025 (unaudited)	2024
Advance deposits	\$ 60,980	\$ 48,635
Property, sales and use taxes payable	10,902	10,088
Accrued interest	2,937	5,105
Deferred rent	1,099	1,433
Interest rate derivative	619	—
Management fees payable	899	1,168
Other	7,977	6,265
Total other liabilities	<u>\$ 85,413</u>	<u>\$ 72,694</u>

During the three months ended March 31, 2025 and 2024, the Company recognized approximately \$23.8 million and \$20.2 million, respectively, in revenue related to its outstanding contract liabilities.

8. Leases

As of both March 31, 2025 and December 31, 2024, the Company had operating leases for ground, office, equipment, and airspace leases with maturity dates ranging from 2025 through 2097, excluding renewal options. Including renewal options available to the Company, the lease maturity date extends to 2147.

Operating leases were included on the Company's consolidated balance sheets as follows (in thousands):

	March 31,	December 31,
	2025 (unaudited)	2024
Right-of-use assets, net	\$ 7,782	\$ 8,464
Lease obligations	\$ 11,196	\$ 12,019
Weighted average remaining lease term	19 years	
Weighted average discount rate	5.6 %	

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The components of lease expense were as follows (unaudited and in thousands):

	Three Months Ended March 31,	
	2025	2024
Operating lease cost	\$ 1,367	\$ 1,352
Variable lease cost (1)	1,986	2,135
Sublease income (2)	(297)	(297)
Total lease cost	\$ 3,056	\$ 3,190

- (1) Several of the Company's hotels pay percentage rent, which is calculated on operating revenues above certain thresholds.
- (2) Sublease income is included in corporate overhead in the accompanying consolidated statements of operations for the three months ended March 31, 2025 and 2024.

9. Stockholders' Equity

Series G Cumulative Redeemable Preferred Stock

The Series G preferred stock, which is callable at its \$25.00 redemption price plus accrued and unpaid dividends by the Company at any time, initially accrued dividends at a rate equal to the Montage Healdsburg's annual net operating income yield on the Company's total investment in the resort. In January 2024, the annual dividend rate increased to the greater of 3.0% or the rate equal to the Montage Healdsburg's annual net operating income yield on the Company's total investment in the resort. Beginning with the third quarter of 2024, the annual dividend rate increased to the greater of 4.5% or the rate equal to the Montage Healdsburg's annual net operating income yield on the Company's total investment in the resort. Beginning in the third quarter of 2025, the annual dividend rate will increase to the greater of 6.5% or the rate equal to the Montage Healdsburg's annual net operating income yield on the Company's total investment in the resort. The Series G preferred stock is not convertible into any other security.

Series H Cumulative Redeemable Preferred Stock

On or after May 24, 2026, the Series H preferred stock will be redeemable at the Company's option, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends up to, but not including, the redemption date. Upon the occurrence of a change of control, as defined by the Articles Supplementary for Series H preferred stock, the Company may at its option redeem the Series H preferred stock for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends up to, but not including, the redemption date. If the Company chooses not to redeem the Series H preferred stock upon the occurrence of a change of control, holders of the Series H preferred stock may convert their preferred shares into shares of the Company's common stock.

Series I Cumulative Redeemable Preferred Stock

On or after July 16, 2026, the Series I preferred stock will be redeemable at the Company's option, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends up to, but not including, the redemption date. Upon the occurrence of a change of control, as defined by the Articles Supplementary for Series I preferred stock, the Company may at its option redeem the Series I preferred stock for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends up to, but not including, the redemption date. If the Company chooses not to redeem the Series I preferred stock upon the occurrence of a change of control, holders of the Series I preferred stock may convert their preferred shares into shares of the Company's common stock.

Common Stock

Stock Repurchase Program. In February 2023, the Company's board of directors reauthorized and restored the Company's existing stock repurchase program, allowing the Company to acquire up to an aggregate of \$500.0 million of its common and preferred stock. The stock repurchase program has no stated expiration date.

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Details of the Company's repurchases were as follows (dollars in thousands):

	Three Months Ended March 31,	
	2025	2024
Number of common shares repurchased	821,771	—
Cost, including fees and commissions	\$ 8,016	\$ —
Number of preferred shares repurchased	—	—

As of March 31, 2025, \$419.5 million remains available for repurchase under the stock repurchase program. Future repurchases will depend on various factors, including the Company's capital needs and restrictions under its various financing agreements, as well as the price of the Company's common and preferred stock (see Note 14).

ATM Agreements. In March 2023, the Company entered into separate "At the Market" Agreements (the "ATM Agreements") with several financial institutions. In accordance with the terms of the ATM Agreements, the Company may from time to time offer and sell shares of its common stock having an aggregate offering price of up to \$300.0 million. No common stock was issued under the ATM Agreements during the three months ended March 31, 2025 or 2024, leaving \$300.0 million available for sale.

10. Incentive Award Plan

The Company's Incentive Award Plan (the "Plan") provides for granting discretionary awards to employees, consultants, and non-employee directors. The awards may be made in the form of options, restricted stock awards, dividend equivalents, stock payments, restricted stock units, other incentive awards, LTIP units, or share appreciation rights.

Should a stock grant be forfeited prior to its vesting, the shares covered by the stock grant are added back to the Plan and remain available for future issuance. Shares of common stock tendered or withheld to satisfy the grant or exercise price or tax withholding obligations upon the vesting of a stock grant are not added back to the Plan.

Restricted shares and units are measured at fair value on the date of grant and amortized as compensation expense over the relevant requisite service period or derived service period. The Company has elected to account for forfeitures as they occur.

As of both March 31, 2025 and 2024, the Company's issued and outstanding awards consisted of both time-based and performance-based restricted stock grants. The Company's amortization expense, including forfeitures related to restricted shares was as follows (unaudited and in thousands):

	Three Months Ended March 31,	
	2025	2024
Amortization expense, including forfeitures	\$ 2,064	\$ 2,770
Capitalized compensation cost (1)	\$ 172	\$ 117

- (1) The Company capitalizes compensation costs related to restricted shares granted to certain employees whose work is directly related to the Company's capital investment in its hotels.

Restricted Stock Awards

The Company's restricted stock awards are time-based restricted shares that generally vest over periods ranging from three years to five years from the date of grant. The following is a summary of non-vested restricted stock award activity:

	Number of Shares	Weighted-Average Grant Date Fair Value	
		\$	
Unvested at January 1, 2025	688,288	\$	10.70
Granted	309,565	\$	11.27
Vested	(311,927)	\$	10.95
Forfeited	(861)	\$	11.27
Unvested at March 31, 2025	685,065	\$	10.84

Restricted Stock Units

The Company's restricted stock units are performance-based restricted shares that generally vest based on the Company's total relative shareholder return ("RSR") or the achievement of pre-determined stock price targets during performance periods ranging from three years to five years. The following is a summary of non-vested restricted stock unit activity at target performance:

	Target Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2025	1,382,074	\$ 10.90
Granted	429,587	\$ 11.48
Vested (1)	(257,911)	\$ 12.44
Forfeited	(118,018)	\$ 11.29
Unvested at March 31, 2025	1,435,732	\$ 10.77

- (1) Includes vested shares at target performance. In January 2025, the 2022 RSR Three-Year Performance Period restricted stock units vested between the target and maximum levels at 169.2% of target, resulting in the additional vesting of 176,286 shares of the Company's common stock with a grant date fair value of \$12.46.

The restricted stock units granted during the first three months of 2025 vest based on the Company's total relative shareholder return following a three-year performance period. The number of shares that may become vested ranges from zero to 200% of the amount granted. The grant date fair values of the restricted stock units were determined using a Monte Carlo simulation model with the following assumptions:

Expected volatility	30.0 %
Dividend yield (1)	—
Risk-free rate	4.47 %
Expected term	3 years

- (1) Dividend equivalents are assumed to be reinvested in shares of the Company's common stock and dividend equivalents will only be paid to the extent the award vests.

11. Earnings Per Share

The Company applies the two-class method when computing its earnings per share. Net income per share for each class of stock is calculated assuming all of the Company's net income is distributed as dividends to each class of stock based on their contractual rights.

Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid), which include the Company's time-based restricted stock awards, are considered participating securities and are included in the computation of earnings per share.

Basic earnings attributable to common stockholders per common share is computed based on the weighted average number of shares of common stock outstanding during each period, including shares of the Company's performance-based restricted stock units for which all necessary conditions have been satisfied except for the passage of time. Diluted earnings attributable to common stockholders per common share is computed based on the weighted average number of shares of common stock outstanding during each period, plus potential common shares considered outstanding during the period, as long as the inclusion of such awards is not anti-dilutive. Potential common shares consist of time-based unvested restricted stock awards and performance-based restricted stock units, using the more dilutive of either the two-class method or the treasury stock method. The Company's performance-based restricted stock units are considered for computing diluted net income per common share as of the beginning of the period in which all necessary conditions have been satisfied and the only remaining vesting condition is a service vesting condition.

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The following table sets forth the computation of basic and diluted earnings per common share (unaudited and in thousands, except per share data):

	Three Months Ended March 31,	
	2025	2024
Numerator:		
Net income	\$ 5,255	\$ 13,035
Preferred stock dividends	(3,931)	(3,683)
Distributions paid to participating securities	(62)	(65)
Numerator for basic and diluted income attributable to common stockholders	<u>\$ 1,262</u>	<u>\$ 9,287</u>
Denominator:		
Weighted average basic common shares outstanding	200,410	202,631
Unvested restricted stock units	1,034	327
Weighted average diluted common shares outstanding	<u>201,444</u>	<u>202,958</u>
Basic income attributable to common stockholders per common share	<u>\$ 0.01</u>	<u>\$ 0.05</u>
Diluted income attributable to common stockholders per common share	<u>\$ 0.01</u>	<u>\$ 0.05</u>

In its calculation of diluted earnings per share, the Company excluded 685,065 and 929,928 anti-dilutive unvested time-based restricted stock awards for the three months ended March 31, 2025 and 2024, respectively (see Note 10).

The Company also had 1,435,732 and 1,382,074 unvested performance-based restricted stock units as of March 31, 2025 and 2024, respectively, that are not considered participating securities as the awards contain forfeitable rights to dividends or dividend equivalents. The performance-based restricted stock units were granted based on either target market condition thresholds or pre-determined stock price targets (see Note 10). Based on the Company's total relative shareholder return and the Company's common stock performance, the Company excluded 617,591 anti-dilutive performance based restricted stock units from its calculation of diluted earnings per share for the three months ended March 31, 2025. Based on the Company's common stock performance, the Company excluded 188,004 anti-dilutive performance-based restricted stock units from its calculations of diluted earnings per share for the three months ended March 31, 2024.

12. Segment Information

The Company considers each of its hotels to be an operating segment and allocates resources and assesses the operating performance for each hotel individually. The Company has aggregated its hotels into a single reportable segment, Hotel Ownership, based on the following aggregation criteria:

- All of the Company's hotels offer similar products and services to their customers in the form of hotel rooms, food and beverage, and ancillary services;
- The Company utilizes third-party hotel management companies to deliver its products and services to its customers across all of its hotels;
- The Company's hotels are designed and operated to appeal to similar individuals, groups, leisure, and business customers that travel to its hotels; and
- The Company's third-party hotel managers utilize the same methods (direct hotel sales and various online booking portals) to distribute the Company's products and services across all of its hotels.

The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The CODM reviews and makes decisions on all facets of the Company's business using all available financial and non-financial data for each hotel individually. Capital allocation decisions to acquire, sell, enhance, redevelop, or perform renewal and replacement expenditures are determined on a hotel-by-hotel basis. Specifically, the CODM reviews the results of each hotel to assess the hotel's profitability. The CODM does not use aggregated data by brand, property type, or geography to formulate the Company's operating and investment strategy, to manage its business, or to make decisions about resource allocation. The key measure the CODM uses to allocate resources and assess performance is individual hotel net income (loss) before interest expense, income taxes, depreciation, and amortization for REITs, adjusted to exclude the following items that are not reflective of its ongoing operating performance or incurred in the normal course of business ("Hotel Adjusted EBITDA_{re}"):

- Business interruption insurance proceeds;
- Property-level hurricane-related restoration expenses and legal fees;

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- Pre-opening costs associated with extensive renovation projects;
- Property-level legal settlements, restructuring, severance, and management transition costs;
- Taxes assessed on commercial rents; and
- Other nonrecurring identified adjustments.

The following tables include revenues, significant hotel operating expenses, and Hotel Adjusted EBITDAre for the Company's hotels, reconciled to the consolidated amounts included in the Company's consolidated statements of operations, which the CODM uses to manage its business, such as how to allocate capital to its hotels and how to determine the Company's acquisition and disposition strategies (in thousands):

	Three Months Ended March 31,	
	2025	2024
Revenues		
Total revenues	\$ 234,065	\$ 217,166
Operating Expenses		
Room	38,266	35,551
Food and beverage	47,891	44,315
Other operating	5,771	5,944
Advertising and promotion	12,501	12,132
Repairs and maintenance	9,537	8,710
Utilities	6,741	5,944
Franchise costs	4,459	4,205
Property tax, ground lease and insurance	19,029	19,104
Other property-level expenses (1)	29,098	28,966
	<u>173,293</u>	<u>164,871</u>
Hotel Adjusted EBITDAre	<u>\$ 60,772</u>	<u>\$ 52,295</u>

	Three Months Ended March 31,	
	2025	2024
Reconciliation of Hotel Adjusted EBITDAre to Net Income		
Hotel Adjusted EBITDAre	\$ 60,772	\$ 52,295
Non-hotel operating expenses, net (2)	7	(10)
Pre-opening expenses (3)	(3,253)	—
Property-level COVID-19 relief grant (3)	—	1,343
Taxes assessed on commercial rents (3)	(163)	(99)
Amortization of right-of use assets and obligations	288	288
Corporate overhead	(8,905)	(7,518)
Depreciation and amortization	(32,275)	(29,040)
Interest and other income	1,564	5,453
Interest expense	(12,682)	(11,010)
Gain on sale of assets, net	—	457
Gain on extinguishment of debt	—	21
Income tax (provision) benefit, net	(98)	855
Net income	<u>\$ 5,255</u>	<u>\$ 13,035</u>

- (1) Other property-level expenses include property-level general and administrative expenses, such as payroll, benefits, and other employee-related expenses, contract and professional fees, credit and collection expenses, employee recruitment, relocation and training expenses, labor dispute expenses, consulting fees, management fees, and other expenses.
- (2) Non-hotel operating expenses, net are included in property tax, ground lease and insurance on the Company's consolidated statements of operations for the three months ended March 31, 2025 and 2024, and include corporate-level current year property taxes and insurance, as well as any prior year property taxes assessed on sold hotels, net of any refunds received.
- (3) When assessing a hotel's operating performance, the CODM excludes certain items that are not indicative of the ongoing operating performance of the Company's hotels, such as pre-opening expenses associated with extensive renovation projects such as the work being performed at Andaz Miami Beach, property-level grants, and taxes assessed on commercial rents.

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The CODM does not receive asset information by segment. Assets reported to the CODM are consistent with those included on the Company's consolidated balance sheets, with particular emphasis on the Company's cash and cash equivalents, restricted cash, and debt.

13. Commitments and Contingencies

Management Agreements

Management agreements with the Company's third-party hotel managers currently require the Company to pay between 2.0% and 3.0% of total revenue of the managed hotels to the third-party managers each month as a basic management fee. In addition to basic management fees, provided that certain operating thresholds are met, the Company may also be required to pay incentive management fees to certain of its third-party managers.

Total basic management and incentive management fees were included in other property-level expenses on the Company's consolidated statements of operations as follows (unaudited and in thousands):

	Three Months Ended March 31,	
	2025	2024
Basic management fees	\$ 6,397	\$ 5,974
Incentive management fees	1,585	3,029
Total basic and incentive management fees	\$ 7,982	\$ 9,003

License and Franchise Agreements

The Company has entered into license and franchise agreements related to certain of its hotels. The license and franchise agreements require the Company to, among other things, pay monthly fees that are calculated based on specified percentages of certain revenues. The license and franchise agreements generally contain specific standards for, and restrictions and limitations on, the operation and maintenance of the hotels which are established by the franchisors to maintain uniformity in the system created by each such franchisor. Such standards generally regulate the appearance of the hotel, quality and type of goods and services offered, signage, and protection of trademarks. Compliance with such standards may from time to time require the Company to make significant expenditures for capital improvements.

Total license and franchise fees were included in franchise costs on the Company's consolidated statements of operations as follows (unaudited and in thousands):

	Three Months Ended March 31,	
	2025	2024
Franchise assessments (1)	\$ 4,061	\$ 3,882
Franchise royalties	398	323
Total franchise costs	\$ 4,459	\$ 4,205

(1) Includes advertising, reservation and frequent guest program assessments.

Renovation and Construction Commitments

At March 31, 2025, the Company had various contracts outstanding with third parties in connection with the ongoing renovations of certain of its hotels. The remaining commitments under these contracts at March 31, 2025 totaled \$51.3 million.

Concentration of Risk

The concentration of the Company's hotels in California, Florida, Hawaii, and Washington, DC exposes the Company's business to economic and severe weather conditions, competition, and real and personal property tax rates unique to these locales.

As of March 31, 2025, our hotels were geographically concentrated as follows (unaudited):

	Number of Hotels	Percentage of Total Rooms	Trailing 12-Month Total Consolidated Revenue
Northern California	3	14 %	21 %
Southern California	2	22 %	22 %
Florida	3	17 %	12 %
Hawaii	1	8 %	15 %
Washington, DC	1	11 %	10 %

Other

The Company has provided customary unsecured indemnities to certain lenders, including in particular, environmental indemnities. The Company has performed due diligence on the potential environmental risks, including obtaining an independent environmental review from outside environmental consultants. These indemnities obligate the Company to reimburse the indemnified parties for damages related to certain environmental matters. There is no term or damage limitation on these indemnities; however, if an environmental matter arises, the Company could have recourse against other previous owners or a claim against its environmental insurance policies.

At March 31, 2025, the Company had \$0.2 million of outstanding irrevocable letters of credit to guarantee the Company's financial obligations related to workers' compensation insurance programs from prior policy years. The beneficiaries of these letters of credit may draw upon the letters of credit in the event of a contractual default by the Company relating to each respective obligation. No draws have been made through March 31, 2025.

The Company is subject to various claims, lawsuits and legal proceedings, including routine litigation arising in the ordinary course of business, regarding the operation of its hotels, its managers and other Company matters. While it is not possible to ascertain the ultimate outcome of such matters, the Company believes that the aggregate identifiable amount of such liabilities, if any, in excess of amounts covered by insurance will not have a material adverse impact on its financial condition or results of operations. The outcome of claims, lawsuits and legal proceedings brought against the Company, however, is subject to significant uncertainties.

14. Subsequent Events

On April 1, 2025, the Company exercised its option to extend the maturity of its \$225.0 million unsecured Term Loan 3 from May 1, 2025 to May 1, 2026.

On April 10, 2025, the Company drew down \$27.0 million on its \$500.0 million credit facility, leaving \$473.0 million of capacity available for borrowing under the facility. The Company intends to use the proceeds for general corporate purposes and expects to repay all, or substantially all, of the draw in the second quarter of 2025. The Company's ability to draw on the credit facility is subject to the Company's compliance with various covenants.

On May 3, 2025, the Company opened Andaz Miami Beach, following a complete transformation of the property.

Subsequent to the end of the first quarter of 2025 and through the date of issuance of these financial statements, the Company repurchased 1,510,549 shares of its common stock for \$12.8 million, including fees and commissions, leaving \$406.8 million remaining for repurchase under the Company's stock repurchase program.

Cautionary Statement

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. The Company intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and includes this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "anticipate," "believe," "estimate," "expect," "intend," "project," or similar expressions. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the Company's control, and which could materially affect actual results, performances or achievements. Accordingly, there is no assurance that the Company's expectations will be realized. In evaluating these statements, you should specifically consider the risks outlined in detail in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 21, 2025, under the caption "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, including but not limited to the following factors:

- we own upper upscale and luxury hotels located in urban and resort destinations in an industry that is highly competitive;
- events beyond our control, including economic slowdowns or recessions, uncertainty in connection with certain international economic and political relationships, including political disputes and the imposition of tariffs affecting commodity costs, pandemics, natural disasters, civil unrest and terrorism may harm the operating performance of the hotel industry generally and the performance of our hotels;
- inflation may adversely affect our financial condition and results of operations;
- system security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt the information technology network and systems used by us, our suppliers, our third-party managers or our franchisors;
- a significant portion of our hotels are geographically concentrated and, accordingly, we could be disproportionately harmed by economic conditions, competition, new hotel supply, real and personal property tax rates, or natural disasters in these areas of the country;
- we face possible risks associated with the physical and transitional effects of climate change;
- uninsured or underinsured losses could harm our financial condition;
- the operating results of some of our hotels are significantly reliant upon group and transient business generated by large corporate customers, and the loss of such customers for any reason could harm our operating results;
- the increased use of virtual meetings and similar technologies could lessen the need for business-related travel and, therefore, demand for rooms in our hotels may be adversely affected;
- our hotels require ongoing capital investment and we may incur significant capital expenditures in connection with acquisitions, repositionings, and other improvements, some of which are mandated by applicable laws or regulations or agreements with third parties, and the costs of such renovations, repositionings, or improvements, including commodity cost increases resulting from inflation or the implementation of international tariffs, and delays due to supply chain disruptions, may exceed our expectations or cause other problems;
- delays in the acquisition, renovation or repositioning of hotel properties may have adverse effects on our results of operations and returns to our stockholders;
- accounting for the acquisition of a hotel property or other entity involves assumptions and estimations to determine fair value that could differ materially from the actual results achieved in future periods;
- volatility in the debt and equity markets may adversely affect our ability to acquire, renovate, refinance or sell our hotels;
- we may pursue joint venture investments that could be adversely affected by our lack of sole decision-making authority, our reliance on a co-venturer's financial condition and disputes between us and our co-venturer;
- we may be subject to unknown or contingent liabilities related to recently sold or acquired hotels, as well as hotels we may sell or acquire in the future;
- we may seek to acquire a portfolio of hotels or a company, which could present more risks to our business and financial results than the acquisition of a single hotel;
- the sale of a hotel or portfolio of hotels is typically subject to contingencies, risks and uncertainties, any of which may cause us to be unsuccessful in completing the disposition;
- the illiquidity of real estate investments and the lack of alternative uses of hotel properties could significantly limit our ability to respond to adverse changes in the performance of our hotels;
- we may issue or invest in hotel loans, including subordinated or mezzanine loans, which could involve greater risks of loss than senior loans secured by income-producing real properties;
- if we make or invest in mortgage loans with the intent of gaining ownership of the hotel secured by or pledged to the loan, our ability to perfect an ownership interest in the hotel is subject to the sponsor's willingness to forfeit the property in lieu of the debt;

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- one of our hotels is subject to a ground lease with an unaffiliated party, the termination of which by the lessor for any reason, including due to our default on the lease, could cause us to lose the ability to operate the hotel altogether and may adversely affect our results of operations;
- because we are a REIT, we depend on third parties to operate our hotels;
- we are subject to risks associated with our operators' employment of hotel personnel;
- most of our hotels operate under a brand owned by Marriott, Hyatt, Hilton, Four Seasons or Montage. Should any of these brands experience a negative event, or receive negative publicity, our operating results may be harmed;
- our franchisors and brand managers may adopt new policies or change existing policies, which could result in increased costs that could negatively impact our hotels;
- future adverse litigation judgments or settlements resulting from legal proceedings could have an adverse effect on our financial condition;
- claims by persons regarding our properties could affect the attractiveness of our hotels or cause us to incur additional expenses;
- the hotel business is seasonal and seasonal variations in business volume at our hotels will cause quarterly fluctuations in our revenue and operating results;
- changes in the debt and equity markets may adversely affect the value of our hotels;
- certain of our hotels have in the past become impaired and additional hotels may become impaired in the future;
- laws and governmental regulations may restrict the ways in which we use our hotel properties and increase the cost of compliance with such regulations. Noncompliance with such regulations could subject us to penalties, loss of value of our properties or civil damages;
- corporate responsibility, specifically related to environmental sustainability, social responsibility and corporate governance ("ESG") factors and commitments, may impose additional costs and expose us to new risks that could adversely affect our results of operations, financial condition and cash flows;
- our franchisors and brand managers may require us to make capital expenditures pursuant to property improvement plans or to comply with brand standards, and the failure to make the required expenditures could cause the franchisors or hotel brands to terminate the franchise, management or operating lease agreements;
- termination of any of our franchise, management or operating lease agreements could cause us to lose business;
- the growth of alternative reservation channels could adversely affect our business and profitability;
- the failure of tenants in our hotels to make rent payments or otherwise comply with the material terms of our retail and restaurant leases may adversely affect our results of operations;
- we rely on our corporate and hotel senior management teams, the loss of whom may cause us to incur costs and harm our business;
- we could be harmed by inadvertent errors, misconduct or fraud that is difficult to detect;
- if we fail to maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or identify and prevent fraud;
- we have outstanding debt which may restrict our financial flexibility;
- our debt agreements contain various covenants, restrictions, requirements and other limitations, and should we default, we may be required to pay additional fees, provide additional security or repay the debt. Defaulting on existing debt may limit our ability to access additional debt financing in the future;
- certain of our unsecured term loans are subject to variable interest rates, which creates uncertainty in the amount of interest expense we will incur in the future and may negatively impact our operating results;
- we may not be able to refinance our debt on favorable terms or at all;
- our organizational documents contain no limitations on the amount of debt we can incur so we may become too highly leveraged;
- if we fail to qualify as a REIT, our distributions will not be deductible by us and our income will be subject to federal and state taxation;
- even as a REIT, we may become subject to federal, state or local taxes on our income or property;
- if the leases between our hotels and the TRS Lessee are not respected as true leases for federal income tax purposes, we would fail to qualify as a REIT;
- we may be subject to taxes in the event our operating leases are not held to be on an arm's-length basis;
- legislative or other actions affecting REITs could have a negative effect on us; and
- our stock repurchase program may not enhance long-term stockholder value, could cause volatility in the price of our common and preferred stock and could diminish our cash reserves.

These factors may cause our actual events to differ materially from the expectations expressed or implied by any forward-looking statement. Except as otherwise required by federal securities laws, the Company disclaims any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in the

Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Sunstone Hotel Investors, Inc. (the "Company," "we," "our" or "us") is a Maryland corporation. We operate as a self-managed and self-administered real estate investment trust ("REIT"). A REIT is a corporation that directly or indirectly owns real estate assets and has elected to be taxable as a real estate investment trust for federal income tax purposes. To qualify for taxation as a REIT, the REIT must meet certain requirements, including regarding the composition of its assets and the sources of its income. REITs generally are not subject to federal income taxes at the corporate level as long as they pay stockholder dividends equivalent to 100% of their taxable income. REITs are required to distribute to stockholders at least 90% of their REIT taxable income. We own, directly or indirectly, 100% of the interests of Sunstone Hotel Partnership, LLC (the "Operating Partnership"), which is the entity that directly or indirectly owns our hotels. We also own 100% of the interests of our taxable REIT subsidiary, Sunstone Hotel TRS Lessee, Inc. (the "TRS Lessee"), which, directly or indirectly, leases all of our hotels from the Operating Partnership, and engages independent third-parties to manage our hotels.

We own hotels in convention, urban, and resort destinations that benefit from significant barriers to entry by competitors and diverse economic drivers. As of March 31, 2025, we owned 15 hotels (the "15 Hotels"), which average 484 rooms in size. All of our hotels are operated under nationally recognized brands, except the Oceans Edge Resort & Marina, which has established itself in a resort destination market.

Operating Activities

Revenues. Substantially all of our revenues are derived from the operation of our hotels. Specifically, our revenues consist of the following:

- *Room revenue*, which is comprised of revenue realized from the sale of rooms at our hotels;
- *Food and beverage revenue*, which is comprised of revenue realized in the hotel food and beverage outlets as well as banquet and catering events; and
- *Other operating revenue*, which includes ancillary hotel revenue and other items primarily driven by occupancy such as telephone/internet, parking, spa, destination and resort fees, entertainment, and other guest services. Additionally, this category includes, among other things, attrition and cancellation revenue, tenant revenue derived from hotel space and marina slips leased by third parties, winery revenue, any business interruption proceeds and any performance guarantee or reimbursements to offset net losses.

Expenses. Our expenses consist of the following:

- *Room expense*, which is primarily driven by occupancy and, therefore, has a significant correlation with room revenue;
- *Food and beverage expense*, which is primarily driven by hotel food and beverage sales and banquet and catering bookings and, therefore, has a significant correlation with food and beverage revenue;
- *Other operating expense*, which includes the corresponding expense of other operating revenue, advertising and promotion, repairs and maintenance, utilities and franchise costs;
- *Property tax, ground lease and insurance expense*, which includes the expenses associated with property tax, ground lease and insurance payments, each of which is primarily a fixed expense, however property tax is subject to regular revaluations based on the specific tax regulations and practices of each municipality, along with our cash and noncash operating lease expenses, general excise tax assessed by Hawaii and taxes assessed on commercial rents by San Francisco and Texas;
- *Other property-level expenses*, which includes our property-level general and administrative expenses, such as payroll, benefits, and other employee-related expenses, contract and professional fees, credit and collection expenses, employee recruitment, relocation and training expenses, labor dispute expenses, consulting fees, management fees, and other expenses;

- *Corporate overhead expense*, which includes our corporate-level expenses, such as payroll, benefits, and other employee-related expenses, amortization of deferred stock compensation, business acquisition and due diligence expenses, legal expenses, contract and professional fees, board of director expenses, entity-level state franchise and minimum taxes, travel expenses, office rent, and other customary expenses; and
- *Depreciation and amortization expense*, which includes depreciation on our hotel buildings, improvements, furniture, fixtures and equipment (“FF&E”), along with amortization on our franchise fees and certain intangibles. Additionally, this category includes depreciation and amortization related to FF&E for our corporate office.

Other Revenue and Expense. Other revenue and expense consists of the following:

- *Interest and other income*, which includes interest we have earned on our restricted and unrestricted cash accounts, as well as any energy or other rebates, property insurance proceeds we have received, miscellaneous income, and any gains or losses we have recognized on sales or redemptions of assets other than real estate investments;
- *Interest expense*, which includes interest expense incurred on our outstanding fixed and variable rate debt, gains or losses on interest rate derivatives, amortization of deferred financing costs, and any loan fees incurred on our debt, net of any capitalized interest;
- *Gain on sale of assets, net*, which includes the gains we recognized on our hotel sales, including the net gains related to the resolution of contingencies, that do not qualify as discontinued operations;
- *Gain (loss) on extinguishment of debt, net*, which includes gains related to the resolution of contingencies on extinguished debt and losses recognized on amendments or early repayments of mortgages or other debt obligations from the accelerated amortization of deferred financing costs, along with any other costs;
- *Income tax (provision) benefit, net*, which includes federal and state income taxes charged to the Company net of any refundable credits or refunds received, any adjustments to deferred tax assets, liabilities or valuation allowances, and any adjustments to unrecognized tax positions, along with any related interest and penalties incurred; and
- *Preferred stock dividends*, which includes dividends accrued on our Series G Cumulative Redeemable Preferred Stock (“Series G preferred stock”), Series H Cumulative Redeemable Preferred Stock (“Series H preferred stock”) and Series I Cumulative Redeemable Preferred Stock (“Series I preferred stock”).

Operating Performance Indicators. The following performance indicators are commonly used in the hotel industry:

- *Occupancy*, which is the quotient of total rooms sold divided by total rooms available;
- *Average daily room rate*, or ADR, which is the quotient of room revenue divided by total rooms sold;
- *Revenue per available room*, or RevPAR, which is the product of occupancy and ADR, and does not include food and beverage revenue, or other operating revenue;
- *RevPAR index*, which is the quotient of a hotel’s RevPAR divided by the average RevPAR of its competitors, multiplied by 100. A RevPAR index in excess of 100 indicates a hotel is achieving higher RevPAR than the average of its competitors. In addition to absolute RevPAR index, we monitor changes in RevPAR index;
- *EBITDAre*, which is net income excluding: interest expense; benefit or provision for income taxes, including any changes to deferred tax assets, liabilities or valuation allowances and income taxes applicable to the sale of assets; depreciation and amortization; gains or losses on disposition of depreciated property (including gains or losses on change in control); and any impairment write-downs of depreciated property;
- *Adjusted EBITDAre*, which is EBITDAre adjusted to exclude: amortization of deferred stock compensation; amortization of contract intangibles; amortization of right-of-use assets and obligations; the impact of any gain or loss from undepreciated asset sales or property damage from natural disasters; any lawsuit settlement costs; the write-off of development costs associated with abandoned projects; property-level restructuring, severance, and management transition costs; pre-opening costs associated with extensive renovation projects such as the work being performed at Andaz Miami Beach; debt resolution costs; and any other nonrecurring identified adjustments;

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- *Funds from operations (“FFO”) attributable to common stockholders*, which is net income and preferred stock dividends and any redemption charges, excluding: gains and losses from sales of property; real estate-related depreciation and amortization (excluding amortization of deferred financing costs and right-of-use assets and obligations); and any real estate-related impairment losses; and
- *Adjusted FFO attributable to common stockholders*, which is FFO attributable to common stockholders adjusted to exclude: amortization of deferred stock compensation; amortization of contract intangibles; real estate-related amortization of right-of-use assets and obligations; noncash interest on our derivatives; income tax benefits or provisions associated with any changes to deferred tax assets, liabilities or valuation allowances, the application of net operating loss carryforwards, uncertain tax positions or with the sale of assets; gains or losses due to property damage from natural disasters; any lawsuit settlement costs; the write-off of development costs associated with abandoned projects; non-real estate-related impairment losses; property-level restructuring, severance, and management transition costs; pre-opening costs associated with extensive renovation projects such as the work being performed at Andaz Miami Beach; debt resolution costs; preferred stock redemption charges; and any other nonrecurring identified adjustments.

Factors Affecting Our Operating Results. The primary factors affecting our operating results include overall demand for hotel rooms, the pace of new hotel development, or supply, and the relative performance of our operators in increasing revenue and controlling hotel operating expenses.

- *Demand.* The demand for lodging has traditionally been closely linked with the performance of the general economy. Our hotels are classified as either upper upscale or luxury hotels. In periods of economic difficulties, including those caused by inflation or recession, these types of hotels may be more susceptible to a decrease in revenue, as compared to hotels in other categories that have lower room rates in part because upper upscale and luxury hotels generally target business and leisure travelers at higher price points, and these groups may seek to curtail spending in periods of economic decline. In addition, operating results at our hotels in resort markets may be negatively affected by reduced demand from domestic travelers and by changes in the value of the U.S. dollar in relation to other currencies, which may make international travel more affordable; whereas operating results at our hotels in gateway markets may be negatively affected by reduced demand from international travelers due to uncertainty in connection with certain international and political relationships, including political disputes and the imposition of tariffs, financial conditions in their home countries or a material strengthening of the U.S. dollar in relation to other currencies which makes travel to the U.S. less affordable. Also, volatility in transportation fuel costs, increases in air and ground travel costs, decreases in airline capacity, and prolonged periods of inclement weather in our markets may reduce the demand for our hotels.
- *Supply.* The addition of new competitive hotels affects the ability of existing hotels to absorb demand for lodging and, therefore, impacts the ability to generate growth in RevPAR and profits. The development of new hotels is largely driven by construction costs, the cost and availability of financing, and the expected performance of existing hotels. In the years since the COVID-19 pandemic, U.S. hotel supply growth has been below historic levels in most markets as the cost of construction and the cost and availability of financing have not been conducive to the development of new hotels. More recently, tariffs are expected to increase the commodity costs associated with the development of new hotels. Separate from the development of new hotels, an increase in the supply of vacation rental or sharing services such as Airbnb may negatively affect the ability of existing hotels to generate growth in RevPAR and profits.
- *Revenues and expenses.* We believe that marginal improvements in RevPAR index, even in the face of declining revenues, are a good indicator of the relative quality and appeal of our hotels, and our operators’ effectiveness in maximizing revenues. Similarly, we also evaluate our operators’ effectiveness in minimizing incremental operating expenses in the context of increasing revenues or, conversely, in reducing operating expenses in the context of declining revenues. Inflationary pressures could increase operating costs, which could limit our operators’ effectiveness in minimizing expenses.

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Operating Results. The following table presents our unaudited operating results for the three months ended March 31, 2025 and 2024, including the amount and percentage change in the results between the two periods.

	Three Months Ended March 31,			
	2025	2024	Change \$	Change %
	(in thousands, except statistical data)			
REVENUES				
Room	\$ 144,921	\$ 135,815	\$ 9,106	6.7 %
Food and beverage	67,128	61,339	5,789	9.4 %
Other operating	22,016	20,012	2,004	10.0 %
Total revenues	234,065	217,166	16,899	7.8 %
OPERATING EXPENSES				
Hotel operating	146,689	135,726	10,963	8.1 %
Other property-level expenses	29,725	27,623	2,102	7.6 %
Corporate overhead	8,905	7,518	1,387	18.4 %
Depreciation and amortization	32,275	29,040	3,235	11.1 %
Total operating expenses	217,594	199,907	17,687	8.8 %
Interest and other income	1,564	5,453	(3,889)	(71.3)%
Interest expense	(12,682)	(11,010)	(1,672)	(15.2)%
Gain on sale of assets, net	—	457	(457)	(100.0)%
Gain on extinguishment of debt	—	21	(21)	(100.0)%
Income before income taxes	5,353	12,180	(6,827)	(56.1)%
Income tax (provision) benefit, net	(98)	855	(953)	(111.5)%
NET INCOME	5,255	13,035	(7,780)	(59.7)%
Preferred stock dividends	(3,931)	(3,683)	(248)	(6.7)%
INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 1,324	\$ 9,352	\$ (8,028)	(85.8)%

Summary of Operating Results. The following items significantly impact the year-over-year comparability of our operations:

- **Hotel Acquisition:** In April 2024, we acquired the Hyatt Regency San Antonio Riverwalk. As a result, our revenues, operating expenses, and depreciation expense in the first quarter of 2025 are not comparable to the same period in 2024.
- **Hotel Renovations:** During 2024, operations at The Confidante Miami Beach and the Renaissance Long Beach (the “Two Renovation Hotels”) were negatively impacted by renovations as they transitioned to Andaz Miami Beach and the Marriott Long Beach Downtown, respectively. In March 2024, we temporarily suspended operations at The Confidante Miami Beach to allow the extensive renovation work to be performed more efficiently. The resort resumed operations as Andaz Miami Beach in May 2025. The Renaissance Long Beach converted to Marriott Long Beach Downtown in March 2024. Renovation work at the hotel continued through the end of the second quarter of 2024, and the hotel began to ramp-up operations in the third quarter of 2024. As a result of these two renovations, our revenues and operating expenses in the first quarter of 2025 are not comparable to the same period in 2024.

Room revenue. Room revenue increased \$9.1 million, or 6.7%, in the first quarter of 2025 as compared to the first quarter of 2024 as follows:

- The acquisition of the Hyatt Regency San Antonio Riverwalk caused room revenue to increase by \$7.7 million. Occupancy was 68.6% and the average daily rate was \$196.95, resulting in RevPAR of \$135.11.

- Room revenue at the 12 hotels we owned during the entirety of the first quarters of both 2025 and 2024, excluding the Two Renovation Hotels (the “Comparable Portfolio”) increased \$1.3 million. Occupancy increased 70 basis points and the average daily room rate increased 1.0%, resulting in a 2.0% increase in RevPAR. The Comparable Portfolio’s room revenue was positively impacted by continued strength in group activity, primarily at the Hyatt Regency San Francisco, Wailea Beach Resort, The Bidwell Marriott Portland, and JW Marriott New Orleans, as well as increased inauguration-related demand at The Westin Washington, DC Downtown. These positive impacts were partially reduced by the negative effects of an island-wide moderation in leisure demand in Maui combined with a soft goods renovation at the Wailea Beach Resort negatively affecting transient demand, and the reduction of government groups, as well as organizations whose conferences are partially funded by the government, at the Hilton San Diego Bayfront and The Westin Washington, DC Downtown. We expect government-related travel may continue to decline in 2025 due to the current administration’s cost controlling initiatives.

	Three Months Ended March 31,								
	2025			2024			Change		
	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR
Comparable Portfolio	73.2 %	\$ 333.19	\$ 243.90	72.5 %	\$ 329.75	\$ 239.07	70 bps	1.0 %	2.0 %

- The Two Renovation Hotels caused room revenue to increase by \$0.2 million. Occupancy increased 660 basis points and the average daily room rate decreased 5.2%, resulting in an 11.8% increase in RevPAR.

	Three Months Ended March 31,								
	2025			2024			Change		
	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR
Two Renovation Hotels	43.3 %	\$ 236.24	\$ 102.29	36.7 %	\$ 249.29	\$ 91.49	660 bps	(5.2) %	11.8 %

Food and beverage revenue. Food and beverage revenue increased \$5.8 million, or 9.4%, in the first quarter of 2025 as compared to the first quarter of 2024, as follows:

- The acquisition of the Hyatt Regency San Antonio Riverwalk caused food and beverage revenue to increase by \$3.4 million.
- Food and beverage revenue at the Comparable Portfolio increased \$1.2 million due to increased banquet revenues, partially offset by decreased outlet revenues. Banquet revenue increased at the Hyatt Regency San Francisco due to increases in the number of in-house groups as well as spend per group. In addition, banquet revenue increased at the Hilton San Diego Bayfront due to growth in attendance from repeat groups, at the JW Marriott New Orleans due to the Super Bowl in February 2025, and at the Wailea Beach Resort due to increased group occupancy. These increases in banquet revenue were partially offset by decreased banquet revenue at the Renaissance Orlando at SeaWorld® as either groups did not repeat from last year or they decreased their spending. Outlet revenue decreased at the Hilton San Diego Bayfront and the Wailea Beach Resort due to lower transient occupancy.
- The Two Renovation Hotels caused food and beverage revenue to increase by \$1.2 million.

Other operating revenue. Other operating revenue increased \$2.0 million, or 10.0%, in the first quarter of 2025 as compared to the first quarter of 2024 as follows:

- The acquisition of the Hyatt Regency San Antonio Riverwalk caused other operating revenue to increase by \$1.7 million.
- Other operating revenue at the Comparable Portfolio increased \$0.3 million, primarily due to increased cancellation and attrition fees, residential-related housekeeping and maintenance revenues at the Montage Healdsburg, and retail revenues. These increases were partially offset by decreased parking revenues, destination and resort fees, and spa revenues due to the decrease in transient occupancy.
- The Two Renovation Hotels caused other operating revenue to decrease by a nominal amount.

Hotel operating expenses. Hotel operating expenses, which are comprised of room, food and beverage, advertising and promotion, repairs and maintenance, utilities, franchise costs, property tax, ground lease and insurance, and other hotel operating expenses increased \$11.0 million, or 8.1%, in the first quarter of 2025 as compared to the first quarter of 2024 as follows:

- The acquisition of the Hyatt Regency San Antonio Riverwalk caused hotel operating expenses to increase by \$6.8 million.
- Hotel operating expenses at the Comparable Portfolio increased \$3.6 million, primarily corresponding to the increases in the Comparable Portfolio’s revenues and occupancy rates, along with increased property taxes and liability insurance. These increases were partially offset by decreased property insurance due to successful policy renewals in

the third quarter of 2024, as well as decreased general excise tax assessed by Hawaii due to the decline in revenue at the Wailea Beach Resort.

- The Two Renovation Hotels caused hotel operating expenses to increase by \$0.6 million.

Other property-level expenses. Other property-level expenses increased \$2.1 million, or 7.6%, in the first quarter of 2025 as compared to the first quarter of 2024 as follows:

- The acquisition of the Hyatt Regency San Antonio Riverwalk caused other property-level expenses to increase by \$1.5 million.
- Other property-level expenses at the Comparable Portfolio increased \$0.4 million, primarily due to increases in payroll and related expenses, and supply expenses. The increase in payroll and related expenses was primarily due to a \$1.3 million COVID-19 relief grant received in the first quarter of 2024 at the Marriott Boston Long Wharf with no corresponding grant received in the first quarter of 2025. These increased expenses were partially offset by decreases in management fees, contract and professional fees, credit card commissions, and employee recruiting and training expenses.
- The Two Renovation Hotels caused other property-level expenses to increase by \$0.3 million.

Corporate overhead expense. Corporate overhead expense increased \$1.4 million, or 18.4%, in the first quarter of 2025 as compared to the first quarter of 2024, primarily due to increased payroll and related expenses resulting from a severance payment related to the elimination of the Chief Operating Officer position in the first quarter of 2025 in connection with the restructuring of our executive team. The increase in corporate overhead expense was also due to increased due diligence fees, professional fees, and entity-level state franchise and minimum taxes. These increased expenses were partially offset by decreased deferred stock amortization expense.

Depreciation and amortization expense. Depreciation and amortization expense increased \$3.2 million, or 11.1%, in the first quarter of 2025 as compared to the first quarter of 2024 as follows:

- The acquisition of the Hyatt Regency San Antonio Riverwalk resulted in an increase in depreciation and amortization expense of \$2.2 million.
- Depreciation and amortization expense related to the Comparable Portfolio increased \$0.3 million as increased expense at our newly renovated hotels was partially offset by reduced expense due to fully depreciated assets.
- The Two Renovation Hotels caused a \$0.8 million increase in depreciation and amortization expense.

Interest and other income. Interest and other income totaled \$1.6 million and \$5.5 million in the first quarters of 2025 and 2024, respectively.

During the first quarters of 2025 and 2024, we recognized interest income of \$1.4 million and \$5.5 million, respectively. Interest income decreased in the first quarter of 2025 as compared to the first quarter of 2024 due to decreases in our cash balances following our acquisition of the Hyatt Regency San Antonio Riverwalk in April 2024. In addition, during the first quarter of 2025, we recognized property insurance recoveries of \$0.1 million related to 2023 fire damage at the Hilton San Diego Bayfront, as well as other miscellaneous income of \$0.1 million.

Interest expense. We incurred interest expense as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Interest expense on debt	\$ 11,865	\$ 12,313
Noncash interest on derivatives, net	982	(2,042)
Amortization of deferred financing costs	863	739
Capitalized interest	(1,028)	—
Total interest expense	\$ 12,682	\$ 11,010

Interest expense increased \$1.7 million, or 15.2%, in the first quarter of 2025 as compared to the same period in 2024.

The increase in interest expense during the first quarter of 2025 as compared to the same period in 2024 was primarily due to a \$3.0 million noncash change in the fair market value of our derivatives, and a \$0.1 million increase in the amortization of deferred financing costs due to costs incurred on Term Loan 4. These increases to interest expense were partially offset by \$1.0 million of interest capitalized in the first quarter of 2025 related to the extensive renovation work at The Confidante Miami Beach as it transitions to Andaz Miami Beach, with no corresponding credit to interest expense in the first quarter of 2024. In addition, interest

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incurred on our debt decreased \$0.4 million primarily due to decreased interest on our variable rate debt and our December 2024 repayment of the \$72.1 million loan secured by the JW Marriott New Orleans, partially offset by increased interest expense due to our draw of the \$100.0 million available under Term Loan 4 in December 2024.

Our weighted average interest rate per annum, including our variable rate debt obligations and excluding capitalized interest, was approximately 5.5% and 5.8% at March 31, 2025 and 2024, respectively. Approximately 52.7% and 51.1% of our outstanding debt had fixed interest rates or had been swapped to fixed interest rates at March 31, 2025 and 2024, respectively.

Gain on sale of assets, net. Gain on sale of assets, net totaled zero and \$0.5 million for the first quarters of 2025 and 2024, respectively. In the first quarter of 2024, we recognized an additional \$0.5 million net gain related to a contingency resolution at a hotel sold in a prior year.

Gain on extinguishment of debt. Gain on extinguishment of debt totaled zero and a nominal amount for the first quarters of 2025 and 2024, respectively. In the first quarter of 2024, we recorded a nominal gain associated with reassessments of the remaining potential employee-related obligations held in escrow associated with our assignment of a hotel to the hotel's mortgage holder in 2020.

Income tax (provision) benefit, net. We lease our hotels to the TRS Lessee and its subsidiaries, which are subject to federal and state income taxes. In addition, we and the Operating Partnership may also be subject to various state and local income taxes.

In the first quarter of 2025, we recognized a current income tax provision of \$0.1 million, resulting from current state and federal income tax expenses.

In the first quarter of 2024, we recognized a net current income tax benefit of \$0.9 million, resulting from current state and federal income tax expenses, net of any refunds.

Preferred stock dividends. Preferred stock dividends were incurred as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Series G preferred stock	\$ 745	\$ 497
Series H preferred stock	1,761	1,761
Series I preferred stock	1,425	1,425
Total preferred stock dividends	\$ 3,931	\$ 3,683

In the first two quarters of 2024, the annual dividend rate on the Series G preferred stock was the greater of 3.0% or the rate equal to the Montage Healdsburg's annual net operating income yield on our total investment in the resort. Beginning in the third quarter of 2024, the dividend rate increased to the greater of 4.5% or the rate equal to the Montage Healdsburg's annual net operating income yield on our total investment in the resort. In the third quarter of 2025, the dividend rate will increase to the greater of 6.5% or the rate equal to the Montage Healdsburg's annual net operating income yield on the Company's total investment in the resort.

Non-GAAP Financial Measures. We use the following "non-GAAP financial measures" that we believe are useful to investors as key supplemental measures of our operating performance: EBITDA_{re}; Adjusted EBITDA_{re}; FFO attributable to common stockholders; and Adjusted FFO attributable to common stockholders. These measures should not be considered in isolation or as a substitute for measures of performance in accordance with accounting principles generally accepted in the United States ("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 present EBITDA_{re} in accordance with guidelines established by the National Association of Real Estate Investment Trusts ("Nareit"), as defined in its September 2017 white paper "Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate." We believe EBITDA_{re} is a useful performance measure to help investors evaluate and compare the results of our operations from period to period in comparison to our peers. Nareit defines EBITDA_{re} as net income (calculated in accordance with GAAP) plus interest expense, income tax expense, depreciation and amortization, gains or losses on the disposition of depreciated property (including gains or losses on change in control), impairment write-downs of depreciated property and of investments in

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unconsolidated affiliates caused by a decrease in the value of depreciated property in the affiliate, and adjustments to reflect the entity's share of EBITDA_{re} of unconsolidated affiliates.

We make additional adjustments to EBITDA_{re} when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful information to investors regarding our operating performance, and that the presentation of Adjusted EBITDA_{re}, when combined with the primary GAAP presentation of net income, is beneficial to an investor's complete understanding of our operating performance. In addition, we use both EBITDA_{re} and Adjusted EBITDA_{re} as measures in determining the value of hotel acquisitions and dispositions.

We adjust EBITDA_{re} for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA_{re}:

- *Amortization of deferred stock compensation*: we exclude the noncash expense incurred with the amortization of deferred stock compensation as this expense is based on historical stock prices at the date of grant to our corporate employees and does not reflect the underlying performance of our hotels.
- *Amortization of contract intangibles*: we exclude the noncash amortization of any favorable or unfavorable contract intangibles recorded in conjunction with our hotel acquisitions. We exclude the noncash amortization of contract intangibles because it is based on historical cost accounting and is of lesser significance in evaluating our actual performance for the current period.
- *Amortization of right-of-use assets and obligations*: we exclude the amortization of our right-of-use assets and related lease obligations, as these expenses are based on historical cost accounting and do not reflect the actual rent amounts due to the respective lessors or the underlying performance of our hotels.
- *Undepreciated asset transactions*: we exclude the effect of gains and losses on the disposition of undepreciated assets because we believe that including them in Adjusted EBITDA_{re} is not consistent with reflecting the ongoing performance of our assets.
- *Gains or losses from debt transactions*: we exclude the effect of finance charges and premiums associated with the extinguishment of debt, including the acceleration of deferred financing costs from the original issuance of the debt being redeemed or retired because, like interest expense, their removal helps investors evaluate and compare the results of our operations from period to period by removing the impact of our capital structure.
- *Cumulative effect of a change in accounting principle*: from time to time, the Financial Accounting Standards Board ("FASB") promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments, which include the accounting impact from prior periods, because they do not reflect our actual performance for that period.
- *Other adjustments*: we exclude other adjustments that we believe are outside the ordinary course of business because we do not believe these costs reflect our actual performance for the period and/or the ongoing operations of our hotels. Such items may include: lawsuit settlement costs; the write-off of development costs associated with abandoned projects; property-level restructuring, severance, and management transition costs; pre-opening costs associated with extensive renovation projects such as the work being performed at Andaz Miami Beach; debt resolution costs; lease terminations; property insurance restoration proceeds or uninsured losses; and other nonrecurring identified adjustments.

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The following table reconciles our unaudited net income to EBITDA_{re} and Adjusted EBITDA_{re} for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Net income	\$ 5,255	\$ 13,035
Depreciation and amortization	32,275	29,040
Interest expense	12,682	11,010
Income tax provision (benefit), net	98	(855)
Gain on sale of assets, net	—	(457)
EBITDA _{re}	<u>50,310</u>	<u>51,773</u>
Amortization of deferred stock compensation	2,064	2,770
Amortization of right-of-use assets and obligations	(141)	(11)
Gain on extinguishment of debt	—	(21)
Gain on insurance recoveries	(99)	—
Pre-opening costs	3,253	—
Management transition costs	1,869	—
Adjustments to EBITDA _{re} , net	<u>6,946</u>	<u>2,738</u>
Adjusted EBITDA _{re}	<u>\$ 57,256</u>	<u>\$ 54,511</u>

Adjusted EBITDA_{re} increased \$2.7 million, or 5.0%, in the first quarter of 2025 as compared to the first quarter of 2024 primarily due to the following:

- The Hyatt Regency San Antonio Riverwalk recorded Adjusted EBITDA_{re} of \$4.6 million in the first quarter of 2025.
- Adjusted EBITDA_{re} at the Two Renovation Hotels increased \$3.7 million, or 163.8%, in the first quarter of 2025 as compared to the same period in 2024 primarily due to the changes in the Two Renovation Hotels' revenues and expenses included in the discussion above regarding the operating results for the first quarter of 2025.
- Adjusted EBITDA_{re} at the Comparable Portfolio increased nominally in the first quarter of 2025 as compared to the same period in 2024 primarily due to the changes in the Comparable Portfolio's revenues and expenses included in the discussion above regarding the operating results for the first quarter of 2025.
- Corporate-level Adjusted EBITDA_{re} decreased \$5.6 million in the first quarter of 2025 as compared to the same period in 2024 primarily due to a \$3.9 million decrease in interest and other income and a \$1.4 million increase in corporate overhead expense.

We believe that the presentation of FFO attributable to common stockholders provides useful information to investors regarding our operating performance because it is a measure of our operations without regard to specified noncash items such as real estate depreciation and amortization, any real estate impairment loss and any gain or loss on sale of real estate assets, all of which are based on historical cost accounting and may be of lesser significance in evaluating our current performance. Our presentation of FFO attributable to common stockholders conforms to the Nareit definition of "FFO applicable to common shares." Our presentation may not be comparable to FFO reported by other REITs that do not define the terms in accordance with the current Nareit definition, or that interpret the current Nareit definition differently than we do.

We also present Adjusted FFO attributable to common stockholders when evaluating our operating performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance and may facilitate comparisons of operating performance between periods and our peer companies.

We adjust FFO attributable to common stockholders for the following items, which may occur in any period, and refer to this measure as Adjusted FFO attributable to common stockholders:

- *Amortization of deferred stock compensation*: we exclude the noncash expense incurred with the amortization of deferred stock compensation as this expense is based on historical stock prices at the date of grant to our corporate employees and does not reflect the underlying performance of our hotels.
- *Amortization of contract intangibles*: we exclude the noncash amortization of any favorable or unfavorable contract intangibles recorded in conjunction with our hotel acquisitions. We exclude the noncash amortization of contract intangibles because it is based on historical cost accounting and is of lesser significance in evaluating our actual performance for the current period.

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- *Real estate amortization of right-of-use assets and obligations:* we exclude the amortization of our real estate right-of-use assets and related lease obligations (with the exception of our corporate operating lease) as these expenses are based on historical cost accounting and do not reflect the actual rent amounts due to the respective lessors or the underlying performance of our hotels.
- *Gains or losses from debt transactions:* we exclude the effect of finance charges and premiums associated with the extinguishment of debt, including the acceleration of deferred financing costs from the original issuance of the debt being redeemed or retired, as well as the noncash interest on our derivatives. We believe that these items are not reflective of our ongoing finance costs.
- *Cumulative effect of a change in accounting principle:* from time to time, the FASB promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments, which include the accounting impact from prior periods, because they do not reflect our actual performance for that period.
- *Other adjustments:* we exclude other adjustments that we believe are outside the ordinary course of business because we do not believe these costs reflect our actual performance for that period and/or the ongoing operations of our hotels. Such items may include: lawsuit settlement costs; the write-off of development costs associated with abandoned projects; changes to deferred tax assets, liabilities or valuation allowances; property-level restructuring, severance, and management transition costs; pre-opening costs associated with extensive renovation projects such as the work being performed at Andaz Miami Beach; debt resolution costs; preferred stock redemption charges; lease terminations; property insurance restoration proceeds or uninsured losses; income tax benefits or provisions associated with the application of net operating loss carryforwards, uncertain tax positions or with the sale of assets; and other nonrecurring identified adjustments.

The following table reconciles our unaudited net income to FFO attributable to common stockholders and Adjusted FFO attributable to common stockholders for the three months ended March 31, 2025 and 2024 (in thousands):

	Three Months Ended March 31,	
	2025	2024
Net income	\$ 5,255	\$ 13,035
Preferred stock dividends	(3,931)	(3,683)
Real estate depreciation and amortization	31,918	28,755
Gain on sale of assets, net	—	(457)
FFO attributable to common stockholders	33,242	37,650
Amortization of deferred stock compensation	2,064	2,770
Real estate amortization of right-of-use assets and obligations	(126)	(122)
Amortization of contract intangibles, net	315	231
Noncash interest on derivatives, net	982	(2,042)
Gain on extinguishment of debt	—	(21)
Gain on insurance recoveries	(99)	—
Pre-opening costs	3,253	—
Management transition costs	1,869	—
Prior year income tax benefit, net	—	(948)
Adjustments to FFO attributable to common stockholders, net	8,258	(132)
Adjusted FFO attributable to common stockholders	\$ 41,500	\$ 37,518

Adjusted FFO attributable to common stockholders increased \$4.0 million, or 10.6%, in the first quarter of 2025 as compared to the first quarter of 2024 primarily due to the same reasons noted in the discussion above regarding Adjusted EBITDAre.

Liquidity and Capital Resources

During the periods presented, our sources of cash included our operating activities and working capital, as well as proceeds from property insurance. Our primary uses of cash were for capital expenditures for hotels and other assets, operating expenses, repurchases of our common stock, repayments of notes payable, and dividends and distributions on our preferred and common stock. We cannot be certain that traditional sources of funds will be available in the future.

Operating activities. Our net cash provided by or used in operating activities fluctuates primarily as a result of changes in the net cash generated by our hotels, offset by the cash paid for corporate expenses. Our net cash provided by or used in operating activities may also be affected by changes in our portfolio resulting from hotel acquisitions, dispositions or renovations. Net cash

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provided by operating activities was \$32.0 million in the first three months of 2025 as compared to \$38.5 million in the first three months of 2024. The net decrease in cash provided by operating activities during the first three months of 2025 as compared to the same period in 2024 was primarily due to decreases in interest income resulting from our lower cash balances and increases in corporate-level expenses, partially offset by additional operating cash provided by the increase in travel demand benefiting our hotels as well as the acquisition of the Hyatt Regency San Antonio Riverwalk.

Investing activities. Our net cash provided by or used in investing activities fluctuates primarily as a result of acquisitions, dispositions and renovations of hotels and other assets. Net cash used in investing activities during the first three months of 2025 as compared to the first three months of 2024 was as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Proceeds from property insurance	\$ 73	\$ —
Renovations and additions to hotel properties and other assets	(28,189)	(27,664)
Net cash used in investing activities	<u>\$ (28,116)</u>	<u>\$ (27,664)</u>

During the first three months of 2025, we invested \$28.2 million for renovations and additions to our portfolio and other assets and received \$0.1 million in property insurance proceeds related to 2023 fire damage at the Hilton San Diego Bayfront.

During the first three months of 2024, we invested \$27.7 million for renovations and additions to our portfolio and other assets.

Financing activities. Our net cash provided by or used in financing activities fluctuates primarily as a result of our dividends and distributions paid, issuance and repurchase of common stock, issuance and repayment of debt, including draws on our credit facility and term loans, and issuance and redemption of other forms of capital, including preferred equity. Net cash used in financing activities during the first three months of 2025 as compared to the first three months of 2024 was as follows (in thousands):

	Three Months Ended March 31,	
	2025	2024
Repurchases of outstanding common stock	\$ (8,016)	\$ —
Repurchases of common stock for employee tax obligations	(4,278)	(3,217)
Payments on notes payable	—	(537)
Dividends and distributions paid	(23,104)	(29,769)
Net cash used in financing activities	<u>\$ (35,398)</u>	<u>\$ (33,523)</u>

During the first three months of 2025, we paid \$8.0 million to repurchase 821,771 shares of our outstanding common stock, \$4.3 million to repurchase common stock to satisfy the tax obligations in connection with the vesting of restricted common stock issued to employees and \$23.1 million in dividends and distributions to our preferred and common stockholders.

During the first three months of 2024, we paid \$3.2 million to repurchase common stock to satisfy the tax obligations in connection with the vesting of restricted common stock issued to employees, \$0.5 million in scheduled principal payments on the loan secured by the JW Marriott New Orleans and \$29.8 million in dividends and distributions to our preferred and common stockholders.

Future. We expect our primary sources of cash will continue to be our operating activities, working capital, borrowing under our credit facility, additional issuances of debt, dispositions of hotel properties and proceeds from offerings of common and preferred stock. However, there can be no assurance that our future asset sales, debt issuances or equity offerings will be successfully completed. As a result of potential increases in inflation rates and interest rates, as well as possible recessionary periods in the future, certain sources of capital may not be as readily available to us as they have in the past or may only be available at higher costs.

We expect our primary uses of cash to be for operating expenses, capital investments in our hotels, repayment of principal on our debt and credit facility, interest expense, repurchases of our common stock, distributions on our common stock, dividends on our preferred stock, and acquisitions of hotels or interests in hotels.

While inflation began to decrease in 2024, the recent uncertainty in the market in connection with certain international economic and political relationships, including political disputes and the imposition of tariffs affecting commodity costs, has had a negative effect on our operations. Prior to the recently announced tariffs, we experienced increases in wages, employee-related benefits, food costs, commodity costs, including those used to renovate or reposition our hotels, property taxes, liability insurance, utilities, and borrowing costs. The imposition of recently announced tariffs could exacerbate existing cost pressures and create additional inflationary pressures that could further impact our results of operations. The ability of our hotel operators to adjust rates has historically mitigated the impact of increased operating costs on our financial position and results of operations. In addition, any

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increases in interest rates by the Federal Reserve Board in response to increases in inflation will negatively affect our variable rate debt, resulting in increased interest payments.

Cash Balance. As of March 31, 2025, our unrestricted cash balance was \$72.3 million. We believe that our current unrestricted cash balance and our ability to draw the \$500.0 million capacity available for borrowing under the unsecured revolving credit facility will enable us to successfully manage our Company.

Debt. As of March 31, 2025, we had \$845.0 million of debt, \$148.8 million of cash and cash equivalents, including restricted cash, and total assets of \$3.1 billion. We believe that by maintaining appropriate debt levels, staggering maturity dates, and maintaining a highly flexible structure, we will have lower capital costs than more highly leveraged companies, or companies with limited flexibility due to restrictive covenants.

In January 2025, we entered into an interest rate swap on Term Loan 4, which is effective January 31, 2025, expires November 7, 2026, and fixes the SOFR rate at 4.02%.

As of March 31, 2025, 52.7% of our outstanding debt had fixed interest rates or had been swapped to fixed interest rates, including our unsecured corporate-level Term Loan 1 and Term Loan 4, which totaled \$275.0 million, and our two unsecured corporate-level senior notes, which totaled \$170.0 million.

The Company's floating rate debt as of March 31, 2025 included our unsecured corporate-level Term Loan 2 and Term Loan 3 which totaled \$400.0 million.

In April 2025, we exercised our option to extend the maturity date of Term Loan 3 from May 2025 to May 2026. In addition, in April 2025, we drew down \$27.0 million on our credit facility. We intend to use the proceeds for general corporate purposes and to repay all, or substantially all, of the draw in the second quarter of 2025.

We may in the future seek to obtain mortgages on one or more of our 15 unencumbered hotels (subject to certain provisions under our unsecured term loans and senior notes), all of which were held by subsidiaries whose interests were pledged to our credit facilities as of March 31, 2025. Should we obtain secured financing on any or all of our unencumbered hotels, the amount of capital available through our credit facility or future unsecured borrowings may be reduced.

Contractual Obligations. The following table summarizes our payment obligations and commitments as of March 31, 2025 (in thousands):

	Payment due by period				
	Total	Less Than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Debt (1)	\$ 845,000	\$ 65,000	\$ 780,000	\$ —	\$ —
Interest obligations on debt (1) (2)	96,498	46,006	50,492	—	—
Operating lease obligations, including imputed interest (3)	12,919	5,145	5,012	1,784	978
Construction commitments	51,274	51,274	—	—	—
Total	\$ 1,005,691	\$ 167,425	\$ 835,504	\$ 1,784	\$ 978

- (1) Debt and interest obligations on debt include the \$225.0 million unsecured Term Loan 3 as if the April 2025 exercise of our option to extend the loan's maturity had occurred on March 31, 2025, and the \$100.0 million unsecured Term Loan 4 assuming we have exercised our two available options to extend the loan's maturity from November 2025 to November 2026, upon payment of applicable fees and the satisfaction of certain customary conditions.
- (2) Interest is calculated based on the loan balances and variable rates, as applicable, at March 31, 2025, and includes the effect of our interest rate derivatives.
- (3) Operating lease obligations include the lease on our current corporate headquarters and the sublease on our former corporate headquarters. In addition, operating lease obligations include a ground lease that expires in 2071 and requires a reassessment of rent payments due after 2025, agreed upon by both us and the lessor; therefore, no amounts are included in the above table for this ground lease after 2025.

Capital Expenditures and Reserve Funds

We believe we maintain each of our hotels in good repair and condition and in general conformity with applicable franchise and management agreements, ground lease, laws, and regulations. Our capital expenditures primarily relate to the ongoing maintenance of our hotels and are budgeted in the reserve accounts described in the following paragraph. We also incur capital expenditures for cyclical renovations, hotel repositionings, and development. We invested \$28.2 million and \$27.7 million in our portfolio and other assets during the first three months of 2025 and 2024, respectively. As of March 31, 2025, we have contractual construction commitments totaling \$51.3 million for ongoing renovations. If we renovate additional hotels in the future, our capital expenditures will likely increase.

With respect to our hotels that are operated under management or franchise agreements with major national hotel brands, we are obligated to maintain an FF&E reserve account for future planned and emergency-related capital expenditures at these hotels. The amount funded into each of these reserve accounts is determined pursuant to the management and franchise agreements for each of the respective hotels, ranging between 3.0% and 5.5% of the respective hotel's applicable annual revenue. As of March 31, 2025, our balance sheet includes restricted cash of \$76.3 million, which was held in FF&E reserve accounts for future capital expenditures at the majority of our hotels. According to certain management agreements, reserve funds are to be held by the managers in restricted cash accounts, and we are not required to spend the entire amount in such reserve accounts each year.

Inflation

Inflation affects our expenses, including, without limitation, by increasing such costs as wages, employee-related benefits, food costs, commodity costs, including those used to renovate or reposition our hotels, property taxes, property and liability insurance, utilities and borrowing costs. We rely on our hotel operators to adjust room rates and pricing for hotel services to reflect the effects of inflation. However, previously contracted rates, competitive pressures, or other factors may limit the ability of our operators to respond to inflation. As a result, our expenses may increase at higher rates than our revenue.

Seasonality and Volatility

As is typical of the lodging industry, we experience seasonality in our business. Demand at certain of our hotels is affected by seasonal business patterns that can cause quarterly fluctuations in our revenues.

Quarterly revenue also may be adversely affected by renovations and repositionings, our managers' effectiveness in generating business and by events beyond our control, such as economic and business conditions, including a U.S. recession or increased inflation, trade conflicts and tariffs, changes impacting global travel, regional or global economic slowdowns, any flu or disease-related pandemic that impacts travel or the ability to travel, weather patterns, the adverse effects of climate change, the threat of terrorism, terrorist events, civil unrest, government shutdowns, events that reduce the capacity or availability of air travel, increased competition from other hotels in our markets, new hotel supply or alternative lodging options and unexpected changes in business, commercial travel, leisure travel, and tourism.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities.

We evaluate our estimates on an ongoing basis. We base our estimates on historical experience, information that is currently available to us and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect the most significant judgments and estimates used in the preparation of our consolidated financial statements.

- ***Impairment of investments in hotel properties.*** Impairment losses are recorded on investments in hotel properties to be held and used by us whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Factors we consider when assessing whether impairment indicators exist include, but are not limited to, hotel disposition strategy and hold period, a significant decline in operating results not related to renovations or repositionings, significant changes in the manner in which the Company uses the asset, physical damage to the property due to unforeseen events such as natural disasters, and other market and economic conditions.

Recoverability of assets that will continue to be used is measured by comparing the carrying amount of the asset to the related total future undiscounted net cash flows. If an asset's carrying value is not recoverable through those cash flows, the asset is considered to be impaired. The impairment is measured by the difference between the asset's carrying amount and its fair value. We perform a fair value assessment using valuation techniques such as discounted cash flows and

comparable sales transactions in the market to estimate the fair value of the hotel and, if appropriate and available, current estimated net sales proceeds from pending offers. Our judgment is required in determining the discount rate, terminal capitalization rate, the estimated growth of revenues and expenses, revenue per available room and margins, as well as specific market and economic conditions.

- **Income Taxes.** To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we currently distribute at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gains) to our stockholders. As a REIT, we generally will not be subject to federal corporate income tax on that portion of our taxable income that is currently distributed to stockholders. We are subject to certain state and local taxes on our income and property, and to federal income and excise taxes on our undistributed taxable income. In addition, our wholly owned TRS, which leases our hotels from the Operating Partnership, is subject to federal and state income taxes. We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and for net operating loss, capital loss and tax credit carryforwards. The deferred tax assets and liabilities are measured using the enacted income tax rates in effect for the year in which those temporary differences are expected to be realized or settled. The effect on the deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period when the new rate is enacted. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of all available evidence, including the future reversals of existing taxable temporary differences, future projected taxable income and tax planning strategies. Valuation allowances are provided if, based upon the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We review any uncertain tax positions and, if necessary, we will record the expected future tax consequences of uncertain tax positions in the consolidated financial statements. Tax positions not deemed to meet the “more-likely-than-not” threshold are recorded as a tax benefit or expense in the current year. We are required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and certain states.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

To the extent that we incur debt with variable interest rates, our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We use interest rate derivatives to manage our exposure to the interest rate risks related to our floating rate debt. We have no derivative financial instruments held for trading purposes.

As of March 31, 2025, 52.7% of our debt obligations were fixed in nature or were subject to interest rate swap derivatives, which mitigates the effect of changes in interest rates on our cash interest payments. If the market rate of interest on our variable rate debt increases or decreases by 50 basis points, interest expense on an annualized basis would increase or decrease, respectively, our future consolidated earnings and cash flows by approximately \$2.0 million based on the variable rates at March 31, 2025.

Item 4. Controls and Procedures

Attached as exhibits to this Form 10-Q are the certifications required by Rule 13a-14 of the Securities Exchange Act of 1934, as amended. This section includes information concerning the controls and control evaluations referred to in the certifications.

Evaluation of Disclosure Controls and Procedures. Based upon an evaluation of the effectiveness of disclosure controls and procedures, our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission and is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. During our fiscal quarter to which this Quarterly Report on Form 10-Q relates, there has not occurred any change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) None.
- (b) None.
- (c) In February 2023, our board of directors reauthorized and restored the Company’s existing stock repurchase program, allowing the Company to acquire up to \$500.0 million amount of its aggregate common and preferred stock. The stock repurchase program has no stated expiration date. During the three months ended March 31, 2025, the Company repurchased 821,771 shares of its common stock for a total purchase price of \$8.0 million, including fees and commissions, leaving \$419.5 million remaining under the stock repurchase program. Future repurchases will depend on various factors, including our capital needs and restrictions under our various financing agreements, as well as the price of our common and preferred stock.

During the three months ended March 31, 2025, the Company withheld 376,613 shares of its restricted stock at an average market value of \$11.36 per share and used the proceeds to satisfy the tax obligations in connection with the vesting of restricted common shares issued to employees.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2025 - January 31, 2025	240,093	\$ 11.47	—	\$ 427,510,479
February 1, 2025 - February 28, 2025	129,770	\$ 11.20	—	\$ 427,510,479
March 1, 2025 - March 31, 2025	828,521	\$ 9.74	821,771	\$ 419,510,517
Total	1,198,384	\$ 10.25	821,771	\$ 419,510,517

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

- (a) None.
- (b) None.
- (c) During the quarter ended March 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” as each such term is defined in Item 408(a) of Regulation S-K.

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Item 6. Exhibits

The following Exhibits are filed as a part of this report:

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Sunstone Hotel Investors, Inc. (incorporated by reference to Exhibit 3.1 to the registration statement on Form S-11 (File No. 333-117141) filed by the Company).
3.2	Third Amended and Restated Bylaws of Sunstone Hotel Investors, Inc. effective as of February 9, 2023 (incorporated by reference to Exhibit 3.1 to Form 8-K, filed by the Company on February 10, 2023).
3.3	Articles Supplementary Prohibiting the Company From Electing to be Subject to Section 3-803 of the Maryland General Corporation Law Absent Shareholder Approval (incorporated by reference to Exhibit 3.1 to Form 8-K, filed by the Company on April 29, 2013).
3.4	Articles Supplementary for Series G preferred stock (incorporated by reference to Exhibit 3.1 to Form 8-K, filed by the Company on April 28, 2021).
3.5	Articles Supplementary for Series H preferred stock (incorporated by reference to Exhibit 3.3 to the registration statement on Form 8-A, filed by the Company on May 20, 2021).
3.6	Articles Supplementary for Series I preferred stock (incorporated by reference to Exhibit 3.3 to the registration statement on Form 8-A, filed by the company on July 15, 2021).
3.7	Eighth Amended and Restated Limited Liability Agreement of Sunstone Hotel Partnership LLC (incorporated by reference to Exhibit 3.2 to Form 8-K, filed by the Company on July 16, 2021).
10.1	Fifth Amended and Restated Employment Agreement, dated February 18, 2025, by and among Sunstone Hotel Investors, Inc., Sunstone Hotel Partnership, LLC and Bryan A. Giglia. * #
10.2	Amended and Restated Employment Agreement, dated February 18, 2025, by and among Sunstone Hotel Investors, Inc., Sunstone Hotel Partnership, LLC and Aaron Reyes. * #
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document. *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document. *
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document. *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. *
104	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 formatted in Inline XBRL (included in Exhibit 101).

* Filed herewith.

Management contract or compensatory plan arrangement.

FIFTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS FIFTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “**Agreement**”), dated as of February 18, 2025 (the “**Effective Date**”), is entered into by and among Sunstone Hotel Investors, Inc., a Maryland corporation (“**Sunstone**”), Sunstone Hotel Partnership, LLC, a Delaware limited liability company (the “**Operating Partnership**,” and together with Sunstone, the “**Company**”), and Bryan A. Giglia (the “**Executive**”).

WHEREAS, the Company and the Executive are parties to that certain Fourth Amended and Restated Employment Agreement, dated August 29, 2022 (the “**Prior Agreement**”);

WHEREAS, the Company and the Executive desire to terminate the Prior Agreement;

WHEREAS, the Company desires to enter into a new agreement embodying the terms of Executive’s continued employment with the Company; and

WHEREAS, the Executive desires to continue employment with the Company, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive’s employment hereunder shall be for a term (the “**Employment Period**”) commencing on the Effective Date and continuing indefinitely until terminated in accordance with the terms of this Agreement. Notwithstanding anything herein, the Executive’s employment hereunder is terminable at will by the Company or by the Executive at any time (for any reason or for no reason), subject to the provisions of Section 4 hereof.

2. Terms of Employment.

(a) Position and Duties

(i) During the Employment Period, the Executive shall serve as Chief Executive Officer of Sunstone and the Operating Partnership and shall perform such employment duties as are usual and customary for such positions and such other duties as the Company shall from time to time reasonably assign to the Executive. The Executive shall report directly to the Board of Directors of the Company (the “**Board**”).

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote substantially all of his business time, energy, skill and best efforts to the performance of his duties hereunder in a manner that will faithfully and diligently further the business and interests of the Company. Notwithstanding the foregoing, during the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees consistent with the Company’s conflicts of interests policies and corporate governance guidelines in effect from time to time; provided, however, service on a corporate board shall require the prior written approval of the Nominating and Corporate Governance Committee, or (B) manage his personal

investments, so long as such activities do not materially interfere with the performance of the Executive's responsibilities as an executive officer of the Company.

(iii) The Executive agrees that he will not take personal advantage of any business opportunity that arises during his employment by the Company and which may be of benefit to the Company; provided, however, that the Executive may take advantage of any such opportunities to the extent the Executive satisfies all conditions precedent to doing so, as required by the Company's Code of Business Conduct and Ethics.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "**Base Salary**") of \$700,000 per annum. The Base Salary shall be paid in installments at such intervals as the Company pays executive salaries generally, but not less often than monthly. During the Employment Period, the Base Salary shall be reviewed at least annually for possible increase in the Company's sole discretion, as determined by the compensation committee (the "**Compensation Committee**") of the Board. The term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so adjusted. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement.

(ii) Annual Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each calendar year ending during the Employment Period, an annual cash performance bonus (an "**Annual Bonus**") under the Company's bonus plan or plans applicable to senior executives. The amount of any Annual Bonus and the performance goals applicable to such Annual Bonus for the relevant year shall be determined by the Compensation Committee in accordance with the terms and conditions of said bonus plan as in effect from time to time, provided that, subject to the terms of such bonus plan and the attainment of performance goals established by the Compensation Committee, Executive's threshold level, target level and maximum level Annual Bonus shall be equal to 75%, 150% and 225%, respectively, of the Executive's Base Salary for such year. The Annual Bonus payable, if any, in respect of any calendar year shall be paid no later than the March 15 immediately following such calendar year performance period, subject to the Executive's continued employment through the payment date.

(iii) Equity Awards. During the Employment Period, the Executive shall be eligible to receive equity awards under the Company's long-term incentive plan, subject to vesting and other conditions determined by the Compensation Committee, in its sole discretion. The form, amount and terms of any such equity awards, if any, shall be determined by the Compensation Committee in its sole discretion in accordance with the terms and conditions of plans as in effect from time to time.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, policies and programs, in each case that are applicable generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible to participate in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, vision, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives, but in no event shall the Executive accrue less than four weeks of vacation per calendar year (pro-rated for any partial year of service); provided, however, that the Executive shall not accrue any vacation time in excess of 1.5 times the Executive's applicable annual vacation accrual (the "**Accrual Limit**"), and shall cease accruing vacation time if the Executive's accrued vacation reaches the Accrual Limit until such time as the Executive's accrued vacation time drops below the Accrual Limit.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate upon the Executive's death or Disability during the Employment Period. For purposes of this Agreement, "**Disability**" means the Executive's inability by reason of permanent physical or mental illness to fulfill his obligations hereunder for 120 consecutive days or on a total of 180 days in any 12 month period which, in the reasonable opinion of an independent physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative, renders the Executive unable to perform the essential functions of his job, even after reasonable accommodations are made by the Company. The Company is not, however, required to make unreasonable accommodations for the Executive or accommodations that would create an undue hardship on the Company. For purposes of clarity, this provision is not intended to, and does not, alter or affect any and all rights the Executive has to avail himself of leaves of absence in accordance with Company policies applicable to senior executives or his rights under applicable disability and leave of absences laws, including, without limitation, the Americans with Disabilities Act, the Family and Medical Leave Act, the California Fair Employment and Housing Act, and the California Family Rights Act.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "**Cause**" shall mean the occurrence of one or more of the following events:

(i) The Executive's continued and willful failure to perform or gross negligence in performing his duties owed to the Company, which is not cured within 15 days following a written notice being delivered to the Executive, which notice specifies such failure or negligence;

(ii) The Executive's willful commission of an act of fraud or material dishonesty in the performance of his duties, the nature of which, and the support for which, shall be provided to the Executive in writing;

(iii) The indictment of the Executive, conviction of the Executive, or entry by the Executive of a guilty or no contest plea to any felony or any other felony or misdemeanor involving moral turpitude;

(iv) Any material breach by the Executive of his fiduciary duty or duty of loyalty to the Company; or

(v) The Executive's material breach of any of the provisions of this Agreement, or any other written agreement between the Executive and the Company, which is not cured within 15 days following written notice thereof from the Company.

(c) Termination by the Executive. The Executive's employment may be terminated by the Executive for Good Reason or without Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) A material reduction in the Executive's title, duties, authority, responsibilities, reporting relationships, including, without limitation, the Company ceasing to be a public company or ceasing to be traded on the New York Stock Exchange (or similar exchange) following a Change in Control, or the assignment to the Executive of any duties materially inconsistent with the Executive's position, title, authority, duties or responsibilities;

(ii) During the Employment Period, a reduction by the Company of the Executive's annual Base Salary (as in effect or as may be increased from time to time) by greater than three percent (3%);

(iii) The relocation of the Company's headquarters to a location more than 35 miles from the Company's current headquarters in Irvine, California; and

(iv) The Company's material breach of its obligations under this Agreement.

For purposes of this Agreement, a termination of employment by the Executive shall not be deemed to be for Good Reason unless (A) the Executive gives the Company written notice describing the event or events which are the basis for such termination within 90 days after the event or events occur, (B) such grounds for termination (if susceptible to correction) are not corrected by the Company within 30 days after the Company's receipt of such notice, and (C) the

Executive terminates his employment no later than 45 days after the Executive provides notice to the Company in accordance with clause (A) of this paragraph.

(d) Notice of Termination. Any termination other than due to death shall be communicated by Notice of Termination to the other parties hereto given in accordance with Section 12(c) below. For purposes of this Agreement, a “**Notice of Termination**” means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice or, in the case of a termination by the Executive for Good Reason more than 45 days after the date on which the Executive provides written notice of intent to terminate for Good Reason in accordance with Section 3(c) above). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive’s or the Company’s rights hereunder.

(e) Date of Termination. For purposes of this Agreement, “**Date of Termination**” means (i) if the Executive’s employment is terminated by the Company, the date of receipt by the Executive of the Notice of Termination or any later date specified therein (which date shall not be more than 30 days after date of receipt by the Executive of such notice), (ii) if the Executive’s employment is terminated by the Executive, the Date of Termination shall be the 30th day after the date on which the Executive notifies the Company of such termination (or, in the case of a termination by the Executive for Good Reason on the 45th day after the date on which the Executive provides written notice in accordance with Section 3(c) above), unless otherwise agreed by the Company and the Executive, and (iii) if the Executive’s employment is terminated by reason of death or Disability, the Date of Termination shall be the date the death or Disability of the Executive is determined as described in Section 3(a) above, as the case may be.

4. Obligations of the Company Upon Termination.

(a) Accrued Obligations. If, during the Employment Period, the Executive’s employment is terminated for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary, (ii) accrued but unpaid vacation pay through the Date of Termination, (iii) any vested amounts due to the Executive under any plan, program or policy of the Company, to the extent not previously paid (if any) (together, the “**Accrued Obligations**”). The Accrued Obligations described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law) and the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Without Cause or for Good Reason. If, during the Employment Period, the Executive’s employment is terminated by the Company without Cause or the Executive resigns for Good Reason, then, in addition to the Accrued Obligations, the Executive shall be paid or receive:

(i) An amount (the “**Severance Amount**”) equal to the sum of:

(A) Two times the sum of (i) the Base Salary in effect on the Date of Termination (but in no event less than the highest Base Salary paid to the Executive during the Employment Period) and (ii) the greater of (x) Executive’s target Annual Bonus (the “**Target Annual Bonus**”) in effect on the Date of Termination and (y) the Annual Bonus actually paid to the Executive in respect of the calendar year immediately preceding the Date of Termination,

(B) Any Annual Bonus earned by the Executive pursuant to Section 2(b)(ii) above for any calendar year of the Company that ends on or before the Date of Termination, to the extent not previously paid (if any), and

(C) A pro rata portion of the Annual Bonus for the partial calendar year in which the Date of Termination occurs, determined by multiplying the Target Annual Bonus for such year (or such higher amount in the sole discretion of the Compensation Committee) by a fraction, the numerator of which is the number of days elapsed in the calendar year during which the Date of Termination occurs through the Date of Termination and the denominator of which is 365.

Subject to Section 12(e) below, the Severance Amount shall be paid within 15 days following the date on which the Release (as defined below) becomes effective and irrevocable in accordance with Section 4(b)(v) below.

(ii) The portion of any then-outstanding restricted stock, restricted stock unit or other equity-based awards granted to the Executive under any of the Company’s equity incentive plans (or awards substituted therefor covering the securities of a successor company) which were granted prior to January 1, 2022 that would have become vested and, as applicable, exercisable during the 12 month period immediately following the Executive’s Date of Termination had the Executive remained continuously employed by the Company during such period shall become immediately vested and, as applicable, exercisable; provided, however, that if the termination occurs on or within 12 months following a Change in Control (as defined in the Sunstone Hotel Investors, Inc. and Sunstone Hotel Partnership, LLC 2022 Incentive Award Plan), any such equity awards shall vest and become exercisable in full (together with the accelerated vesting under Section 4(b)(iii) below, the “**Vesting Acceleration**”). The accelerated portion of such equity awards shall remain outstanding and shall vest upon the effectiveness of the Release. The portion of any outstanding restricted stock and other equity awards granted prior to January 1, 2022 that does not become vested and, as applicable, exercisable in accordance with this Section 4(b)(ii) (whether because such portion would not have vested during the 12 month period immediately following the Executive’s Date of Termination or because the Executive does not timely execute and not revoke the Release) shall automatically be cancelled and forfeited, and the Executive shall have no further interest therein.

(iii) Any then-outstanding restricted stock, restricted stock unit or other equity-based awards granted to the Executive under any of the Company's equity incentive plans (or awards substituted therefor covering the securities of a successor company) which were granted on or after January 1, 2022 and are outstanding and unvested as of the Date of Termination that vest based solely on Executive's continued employment or service with the Company shall remain outstanding and shall vest in full upon the effectiveness of the Release.

(iv) During the period commencing on the Date of Termination and ending on the earlier to occur of (i) the 18 month anniversary of the Date of Termination and (ii) the date on which the Executive becomes eligible for coverage under the group health plan of a subsequent employer (of which eligibility the Executive hereby agrees to give prompt notice to the Company), subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code and the regulations thereunder (together, the "**Code**"), the Company shall continue to provide, at the Company's expense, the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination (the "**COBRA Coverage**"), provided, however, that (x) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a) (5), or (y) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to 150% of each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof).

(v) Notwithstanding anything herein to the contrary, it shall be a condition to the Executive's right to receive any of the Severance Amount, the Vesting Acceleration and/or the COBRA Coverage that the Executive timely execute and deliver to the Company within 21 days (or 45 days, if required by applicable law) and not revoke within 7 days following such execution and delivery a release of claims in substantially the form attached hereto as Exhibit A (the "**Release**").

(c) Death or Disability. If, during the Employment Period, the Executive's employment is terminated by reason of the Executive's death or Disability then, in addition to the Accrued Obligations:

(i) An amount equal to 100% of the Executive's annual Base Salary, as in effect on the Date of Termination, shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, within 30 days after the Date of Termination;

(ii) An amount equal to a pro rata portion of the Annual Bonus for the partial calendar year in which the Date of Termination occurs, determined by multiplying the Executive's Target Annual Bonus for such year under the applicable Company bonus

program (or such higher amount in the sole discretion of the Compensation Committee) by a fraction, the numerator of which is the number of days elapsed in the calendar year during which the Date of Termination occurs through the Date of Termination and the denominator of which is 365, shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, within 30 days after the Date of Termination;

(iii) Any Annual Bonus earned by the Executive pursuant to Section 2(b)(ii) above for any calendar year of the Company that ends on or before the Date of Termination shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, to the extent not previously paid (if any), within 30 days after the Date of Termination;

(iv) Any then-outstanding restricted stock, restricted stock unit or other equity-based awards granted to the Executive under any of the Company's equity incentive plans (or awards substituted therefor covering the securities of a successor company) which are outstanding and unvested as of the Date of Termination that vest based solely on Executive's continued employment or service with the Company shall vest in full; and

(v) During the 18 month period following the Date of Termination, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide the Executive and the Executive's eligible dependents with COBRA Coverage, provided, however, that (x) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (y) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to 150% of each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof).

(d) Other Terminations. If the Executive's employment with the Company terminates for any reason not described in Section 4(b) or Section 4(c) above, the Company shall pay the Executive only the Accrued Obligations and shall have no further obligations to the Executive under this Agreement.

6. Excess Parachute Payments; Limitations on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "**Total Payments**") would be subject (in whole or part) to the excise tax imposed under Section 4999 of the Code (the "**Excise Tax**") then, if elected by the Executive, after taking into account any reduction in the Total Payments provided by reason of Section 280G

of the Code in such other plan, arrangement or agreement, any cash payments shall first be reduced, and any noncash payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “**Independent Advisors**”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants.

(a) While employed by the Company (whether pursuant to this Agreement or otherwise) and for a period of 12 months following the Executive’s termination of employment for any reason, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its parents, subsidiaries and affiliates to terminate their employment or other relationship with the Company and its parents, subsidiaries and affiliates or to cease to render services to any member of the Company and its parents, subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(b) During his employment with the Company (whether pursuant to this Agreement or otherwise) and thereafter, the Executive shall not use any trade secret of the Company or its parents, subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its parents, subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its parents, subsidiaries and affiliates and the Executive shall not initiate discussion

with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) The Executive agrees not to disparage the Company, and the Executive agrees not to disparage any parent, subsidiary or affiliate of the Company and/or any officers, directors, employees, shareholders and/or agents of the Company or any parent, subsidiary or affiliate of the Company, in any manner intended or reasonably likely to be harmful to them, their business, business reputation or personal reputation. Notwithstanding the foregoing, nothing in this Agreement shall preclude the Executive from making truthful statements or disclosures that are required by applicable law, regulation or legal process, or from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation.

(d) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a), (b) and (c) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Full Settlement

. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as expressly provided, such amounts shall not be reduced whether or not the Executive obtains other employment.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any

successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise, including without limitation, a Change in Control.

10. Payment of Financial Obligations

. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated to the Operating Partnership, Sunstone, Sunstone Hotel TRS Lessee, Inc. and, if applicable, any of their respective subsidiaries and/or affiliates in accordance with any employee sharing and expense allocation agreement, by and between Sunstone and the Operating Partnership, as in effect from time to time.

11. Ancillary Agreements. The Company and the Executive previously executed the Indemnification Agreement attached hereto as Exhibit B (the “**Indemnification Agreement**”). The Executive hereby acknowledges that the Executive previously has entered into an arrangement with the Company containing confidentiality and other protective covenants (the “**Confidentiality Policy**”) and that the Executive shall continue to be bound by the terms and conditions of the Confidentiality Policy.

12. Miscellaneous.

(a) Governing Law; Amendment. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) Arbitration. To the fullest extent allowed by law, any controversy, claim or dispute between the Executive and the Company (and or any of its owners, directors, officers, employees, affiliates, or agents) relating to or arising out of the Executive’s employment or the cessation of that employment will be submitted to final and binding arbitration in the county in which the Executive worked for determination by one arbitrator with hotel industry experience in accordance with the American Arbitration Association’s (“AAA”) National Rules for the Resolution of Employment Disputes, as the exclusive remedy for such controversy, claim or dispute. In any such arbitration, the parties may conduct discovery in accordance with the applicable rules of the arbitration forum, except that the arbitrator shall have the authority to order and permit discovery as the arbitrator may deem necessary and appropriate in accordance with applicable state or federal discovery statutes.

The arbitrator shall issue a reasoned, written decision, and shall have full authority to award all remedies which would be available in court. The parties shall share the filing fees required for the arbitration, provided that the Executive shall not be required to pay an amount in excess of the lesser of the filing fees required by a federal or state court with jurisdiction. The Company shall pay the arbitrator’s fees and any AAA administrative expenses. Any judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Possible disputes covered by the above include (but are not limited to) unpaid wages, breach of contract, torts, violation of public policy, discrimination, harassment, or any other employment-related claims under laws including but not limited to, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act, the California Labor Code, and any other statutes or laws relating to an employee’s relationship with his her employer, regardless of whether

such dispute is initiated by the Executive or the Company. Thus, this bilateral arbitration agreement applies to any and all claims that the Company may have against the Executive, including but not limited to, claims for misappropriation of Company property, disclosure of proprietary information or trade secrets, interference with contract, trade libel, gross negligence, or any other claim for alleged wrongful conduct or breach of the duty of loyalty by the Executive. However, notwithstanding anything to the contrary contained herein, the Company and the Executive shall have their respective rights to seek and obtain injunctive relief with respect to any controversy, claim or dispute to the extent permitted by law. Claims for workers' compensation benefits and unemployment insurance (or any other claims where mandatory arbitration is prohibited by law) are not covered by this arbitration agreement, and such claims may be presented by either the Executive or the Company to the appropriate court or government agency. BY AGREEING TO THIS BINDING ARBITRATION PROVISION, BOTH THE EXECUTIVE AND THE COMPANY GIVE UP ALL RIGHTS TO TRIAL BY JURY. THE EXECUTIVE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. This arbitration agreement is to be construed as broadly as is permissible under applicable law.

(c) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to Sunstone or the Operating Partnership:

Sunstone Hotel Investors, Inc.
15 Enterprise, Suite 200
Irvine, California 92656
Attn: Corporate Secretary

with a copy to:

Latham & Watkins
355 South Grand Ave., Suite 100
Los Angeles, California 90071-1560
Attn: Steven Stokdyk, Esq.

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(d) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer

shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(e) Section 409A.

(i) The parties agree that this Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations promulgated thereunder (“**Section 409A**”) or an exemption from Section 409A.

(ii) For purposes of this Agreement, each amount to be paid or benefit to be provided hereunder (including any right to a series of installment payments) shall be construed as a separate identified payment or a right to a series of separate payments for purposes of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release (including the Release) which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall be paid or commence payment, as applicable, only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A and to the extent an amount is payable within a time period, the time during which such amount is paid shall be in the discretion of the Company.

(iii) With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, the Executive, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (i) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (ii) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(iv) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute “nonqualified deferred compensation” under Section 409A upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service”.

(v) Notwithstanding anything to the contrary in this Agreement, no compensation or benefits payable in connection with a “separation from service” (within the meaning of Section 409A) shall be paid to the Executive during the six-month period following his “separation from service” to the extent that the Company determines that the Executive is a “specified employee” at the time of such “separation from service” and that paying such amounts at the time or times indicated in this Agreement would be a prohibited

distribution under Internal Revenue Code Section 409A(a)(2)(b)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes, including as a result of the Executive's death), the Company shall pay to the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such six-month period, without interest thereon.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision or term hereof is deemed to have exceeded applicable legal authority or shall be in conflict with applicable legal limitations, such provision shall be reformed and rewritten as necessary to achieve consistency with such applicable law.

(g) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(h) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(i) Employment-At-Will. The Executive acknowledges that his employment with the Company is "at-will" for all purposes and, subject to the termination and severance obligations contained in Sections 3 and 4 above, the Executive hereby agrees that the Company may dismiss him and terminate his employment with the Company at any time, with or without Cause. Inclusion under any benefit plan or compensation arrangement will not give the Executive any right or claim to any benefit hereunder except to the extent such right has become fixed under the express terms of this Agreement.

(j) Entire Agreement. As of the Effective Date, this Agreement, together with the Indemnification Agreement and the Confidentiality Agreement, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, made to the Executive by the Company, including, without limitation, the Prior Agreement.

(k) Survival. Section 4 (Obligations of the Company Upon Termination), Section 7 (Restrictive Covenants) and Section 12(b) (Arbitration), as well as the Indemnification Agreement and Confidentiality Policy, shall survive termination or expiration of this Agreement and shall continue in effect.

(l) Representations and Warranties. The Executive represents and warrants to the Company that (i) this Agreement is valid and binding upon and enforceable against him in accordance with its terms, (ii) the Executive is not bound by or subject to any contractual or other obligation that would be violated by his execution or performance of this Agreement, including,

but not limited to, any non-competition agreement presently in effect, and (iii) the Executive is not subject to any pending or, to the Executive's knowledge, threatened claim, action, judgment, order, or investigation that could adversely affect his ability to perform his obligations under this Agreement or the business reputation of the Company. The Executive has not entered into, and agrees that he will not enter into, any agreement either written or oral in conflict herewith.

(m) Consultation with Counsel. The Executive acknowledges that he has had a full and complete opportunity to consult with counsel and other advisors of his own choosing concerning the terms, enforceability and implications of this Agreement, and that the Company has not made any representations or warranties to the Executive concerning the terms, enforceability or implications of this Agreement other than as reflected in this Agreement.

(n) Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[signatures follow on next page]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

SUNSTONE HOTEL INVESTORS, INC.

a Maryland corporation

/S/ BRYAN A. GIGLIA

Bryan A. Giglia

By
Name:
Its:

/S/ AARON R. REYES

Aaron R. Reyes
Chief Financial Officer

SUNSTONE HOTEL PARTNERSHIP, LLC

a Delaware limited liability company

By

Sunstone Hotel Investors, Inc.

Its Managing Member

By:
Name:
Its:

/S/ AARON R. REYES

Aaron R. Reyes
Chief Financial Officer

EXHIBIT A

GENERAL RELEASE

For a valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the “**Releasees**” hereunder, consisting of Sunstone Hotel Investors, Inc., a Maryland corporation, Sunstone Operating Partnership, LLC, a Delaware limited liability company and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys’ fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called “**Claims**”), which the undersigned now has or may have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment, any alleged torts or other alleged legal restrictions on Releasee’s right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this general release (the “**Release**”) shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4(a), 4(b) or 4(c) of that certain Fourth Amended and Restated Employment Agreement, dated as of August 29, 2022, between Sunstone Hotel Investors, Inc., Sunstone Operating Partnership, LLC and the undersigned (the “**Employment Agreement**”), whichever is applicable to the payments and benefits provided in exchange for this Release, (ii) with respect to Section 2(b)(vi) of the Employment Agreement, (iii) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (iv) to any Claims, including claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation of other similar governing document of the Company, (v) to any Claims which cannot be waived by an employee under applicable law or (vi) with respect to the undersigned’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

[IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT: AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.]¹

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of _____, 20__.

Bryan A. Giglia

¹ NTD: Include only if the executive is 40 or older at time release is signed.

EXHIBIT B

[INDEMNIFICATION AGREEMENT]

(attached)

B-1

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made and entered into this 10th day of February, 2021 (“Agreement”), by and between Sunstone Hotel Investors, Inc., a Maryland corporation (the “Company”), and Bryan A. Giglia (“Indemnitee”).

WHEREAS, at the request of the Company, Indemnitee currently serves as an officer of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of his or her service; and

WHEREAS, as an inducement to Indemnitee to continue to serve as an officer, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) “Change in Control” means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “Act”), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if after the Effective Date (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company’s then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (ii) there occurs a proxy contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any period of two consecutive years, other than as a result of an event described in clause (a)(ii) of this Section 1, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(b) "Corporate Status" means the status of a person who is or was a director, trustee, officer, employee or agent of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise (each, an "Enterprise") for which such person is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification or advance of Expenses is sought by Indemnitee.

(d) "Effective Date" means the date set forth in the first paragraph of this Agreement.

(e) "Expenses" shall include all reasonable and out-of-pocket attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premiums, security for, and other costs relating to any cost bond, supersedes bond or other appeal bond or its equivalent.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements), or (ii) any other party to or witness in the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. If a Change of Control has not occurred, Independent Counsel shall be selected by the Board of Directors, with the approval of Indemnitee, which approval will not be unreasonably withheld. If a Change of Control has occurred, Independent Counsel shall be selected by Indemnitee.

(g) "Proceeding" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative (including on appeal), except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee.

(h) Reference to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as an officer, director, committee member or official which imposes duties on, or involves services by, such officer, with respect to an employee benefit plan, its participants or beneficiaries; and action taken or omitted to be taken by Indemnitee with respect to an employer benefit plan in the performance of Indemnitee's duties for a purpose reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to be a purpose that is "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 2. Services by Indemnitee. Indemnitee will serve as an officer of the Company. However, this Agreement shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any, provided that this Agreement shall continue in force after such time as Indemnitee has ceased to serve as an officer of the Company and Indemnitee will retain all rights provided under this Agreement after such time.

Section 3. Indemnification - General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the date hereof and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the date hereof. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418 of the Maryland General Corporation Law ("MGCL"), the charter or bylaws of the Company, a resolution of stockholders or directors, another agreement or otherwise.

Section 4. Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his or her Corporate Status, he or she is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed Proceeding, other than a Proceeding by or in the right of the Company. Pursuant to this Section 4, Indemnitee shall be indemnified against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with a Proceeding by reason of his or her Corporate Status unless it is established that (i) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) Indemnitee actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

Section 5. Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 5 if, by reason of his or her Corporate Status, he or she is, or is threatened to be, made a party to or a witness in any threatened, pending or completed Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 5, Indemnitee shall be indemnified against all amounts paid in settlement and all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with such Proceeding unless it is established that (i) the act or omission of Indemnitee was material to the matter giving rise to such a Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (ii) Indemnitee actually received an improper personal benefit in money, property or services. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to indemnification hereunder (a) if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company or (b) if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit in money, property or services was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in his or her Corporate Status.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification in the following circumstances:

(a) if it determines Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the expenses of securing such reimbursement; or

(b) if it determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee is, by reason of his or her Corporate Status, made a party to and is successful, on the merits or otherwise, in the defense of any Proceeding, he or she shall be indemnified for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses. Notwithstanding any provision herein to the contrary, the Company shall advance all Expenses actually and reasonably incurred by or on behalf of Indemnitee in connection with any Proceeding (other than a Proceeding brought to enforce indemnification under this Agreement, applicable law, the Charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors) to which Indemnitee is, or is threatened to be, made a party or a witness, within ten days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by law and by this Agreement has been met and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be established that the standard of conduct has not been met. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor. Advances shall be unsecured and interest free.

Section 9. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The omission to notify the Company will not relieve the Company from any liability that it may have to Indemnitee other than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 9(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent

Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld or delayed; or (ii) if a Change of Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as herein defined) or by a majority vote of a committee of the Board of Directors consisting of one or more Disinterested Directors designated to act in the matter by a majority vote of the Disinterested Directors, or (B) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by Indemnitee in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (C) if so directed by a majority of the members of the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 9. Any Expenses actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom. The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed, and Indemnitee shall have no responsibility for any such payment.

Section 10. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding by judgment, order, settlement, conviction, a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification,

(c) Unless Indemnitee has reason to believe otherwise, for purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 10(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise, excluding the Indemnitee, shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 11. Remedies of Indemnitee,

(a) If (i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(b) of this Agreement within 30 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 7 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, of his or her entitlement to such indemnification or advance of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 11(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce his or her rights under Section 7 of this Agreement.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 11, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 11, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement

(c) If a determination shall have been made pursuant to Section 9(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 11, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification.

(d) In the event that Indemnitee, pursuant to this Section 11, seeks a judicial adjudication of or an award in arbitration to enforce his or her rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by him or her in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Consistent with the foregoing, the Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

Section 12. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly upon being served with or receiving any summons, citation, subpoena, complaint, indictment, information, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 12(b) and of Section 12(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 12(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 12(b) shall not apply to a Proceeding brought by Indemnitee under Section 11 above or Section 18 below.

(c) Notwithstanding the provisions of Section 12(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel to Indemnitee, that he or she may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 11(d)), to represent Indemnitee in connection with any such matter.

Section 13. Non-Exclusivity; Survival of Rights; Subrogation; Insurance.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any

provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Maryland law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's charter or bylaws or this Agreement, except with respect to suits against the Company relating to this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(d) Notwithstanding any other provision of this Agreement to the contrary, the Company shall not be liable for indemnification or advance of Expenses in connection with any settlement or judgment for insider trading or for disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934.

Section 14. Insurance; Survival of Rights. The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors of the Company, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee for service as a director or officer of the Company and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee for service as a director or officer of the Company. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and reasonable Expenses actually and reasonably incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in the previous sentence.

To the extent that the Company maintains any insurance policy providing liability insurance for directors, officers, employees, or agents of the Company (“D&O Insurance”), Indemnitee shall be covered by such policy in accordance with its terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy. In the event (i) that the Company determines to reduce materially or not to renew its D&O Insurance coverage, the Company will purchase six (6) year tail coverage D&O Insurance, on terms and conditions substantially similar to the existing D&O Insurance (“Comparable Coverage”), for the benefit of the directors, officers, employees or agents of the Company who had served in such capacity prior to the reduction, termination or expiration of the coverage; or (ii) of a Change in Control, the Company will either (A) purchase six (6) year tail coverage D&O Insurance with Comparable Coverage for the benefit of the directors, officers, employees or agents of the Company who had served in such capacity prior to the closing of the transaction or the occurrence of the event constituting the Change in Control. Notwithstanding the foregoing, if the annual premium for any year of such tail coverage or other continuing D&O Insurance coverage would exceed 200% of the annual premium the Company paid for D&O Insurance in its last full fiscal year prior to the reduction, termination or expiration of the D&O Insurance or such Change in Control event, the Company (or the acquiror or successor, as the case may be) will be deemed to have satisfied its obligations under this Section 14 by purchasing as much D&O Insurance for such year as can be obtained for a premium equal to 200% of such annual premium the Company paid for D&O Insurance in its last full fiscal year.

Section 15. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of his or her Corporate Status, a witness in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party but in which the Indemnitee receives a subpoena to testify, he or she shall be advanced all reasonable Expenses and indemnified against all Expenses actually and reasonably incurred by him or her or on his her behalf in connection therewith.

Section 16. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate ten years after the date that Indemnitee’s Corporate Status shall have ceased; provided, that the rights of Indemnitee hereunder shall continue until the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advance of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement relating thereto.

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an

Indemnitee who has ceased to be a director, trustee, officer, employee or agent of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the written request of the Company, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Exception to Right of Indemnification or Advance of Expenses. Notwithstanding any other provision of this Agreement, Indemnitee shall not be entitled to indemnification or advance of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee, unless (a) the Proceeding is brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Sections 8 and 11 of this Agreement, or (b) the Company's Bylaws, as amended, the Charter, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 19. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 20. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to:

Bryan A. Giglia
7 Ninos
Irvine, CA 92620

(b) If to the Company, to:

Sunstone Hotel Investors, Inc.
200 Spectrum Center Drive, 21st Floor
Irvine, California 92618
Attn: Legal Department

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 23. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

Section 24. Entire Agreement. This Agreement, together with all exhibits hereto, constitutes the entire agreement between the Company and Indemnitee pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

Section 25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT A
FORM OF UNDERTAKING TO REPAY EXPENSES ADVANCED

The Board of Directors of Sunstone Hotel Investors, Inc.
Re: Undertaking to Repay Expenses Advanced

Ladies and Gentlemen:

This undertaking is being provided pursuant to that certain Indemnification Agreement dated the ___ day of _____, 20__ , by and between Sunstone Hotel Investors, Inc. (the "Company") and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm that at all times, insofar as I was involved as **[a director] [an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active and deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance of Expenses by the Company for reasonable attorneys' fees and related expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established and which have not been successfully resolved as described in Section 7 of the Indemnification Agreement. To the extent that Advanced Expenses do not relate to a specific claim, issue or matter in the Proceeding, I agree that such Expenses shall be allocated on a reasonable and proportionate basis.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this ___ day of _____, 20__ .

WITNESS:

(SEAL)

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “**Agreement**”), dated as of February 18, 2025 (the “**Effective Date**”), is entered into by and among Sunstone Hotel Investors, Inc., a Maryland corporation (“**Sunstone**”), Sunstone Hotel Partnership, LLC, a Delaware limited liability company (the “**Operating Partnership**,” and together with Sunstone, the “**Company**”), and Aaron Reyes (the “**Executive**”).

WHEREAS, the Company and the Executive are parties to that certain Employment Agreement, dated August 29, 2022 (the “**Prior Agreement**”);

WHEREAS, the Company and the Executive desire to terminate the Prior Agreement;

WHEREAS, the Company desires to enter into a new agreement embodying the terms of Executive’s continued employment with the Company; and

WHEREAS, the Executive desires to continue employment with the Company, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive’s employment hereunder shall be for a term (the “**Employment Period**”) commencing on the Effective Date and continuing indefinitely until terminated in accordance with the terms of this Agreement. Notwithstanding anything herein, the Executive’s employment hereunder is terminable at will by the Company or by the Executive at any time (for any reason or for no reason), subject to the provisions of Section 4 hereof.

2. Terms of Employment.

(a) Position and Duties

(i) During the Employment Period, the Executive shall serve as Senior Vice President – Chief Financial Officer of Sunstone and the Operating Partnership and shall perform such employment duties as are usual and customary for such positions and such other duties as the Company shall from time to time reasonably assign to the Executive. The Executive shall report directly to the Chief Executive Officer of the Company.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote substantially all of his business time, energy, skill and best efforts to the performance of his duties hereunder in a manner that will faithfully and diligently further the business and interests of the Company. Notwithstanding the foregoing, during the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees consistent with the Company’s conflicts of interests policies and corporate governance guidelines in effect from time to time; provided, however, service on a corporate board shall require the prior written approval of

the Nominating and Corporate Governance Committee, or (B) manage his personal investments, so long as such activities do not materially interfere with the performance of the Executive's responsibilities as an executive officer of the Company.

(iii) The Executive agrees that he will not take personal advantage of any business opportunity that arises during his employment by the Company and which may be of benefit to the Company; provided, however, that the Executive may take advantage of any such opportunities to the extent the Executive satisfies all conditions precedent to doing so, as required by the Company's Code of Business Conduct and Ethics.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "**Base Salary**") of \$500,000 per annum. The Base Salary shall be paid in installments at such intervals as the Company pays executive salaries generally, but not less often than monthly. During the Employment Period, the Base Salary shall be reviewed at least annually for possible increase in the Company's sole discretion, as determined by the compensation committee (the "**Compensation Committee**") of the Board of Directors of the Company (the "**Board**"). The term "Base Salary" as utilized in this Agreement shall refer to Base Salary as so adjusted. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement.

(ii) Annual Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each calendar year ending during the Employment Period, an annual cash performance bonus (an "**Annual Bonus**") under the Company's bonus plan or plans applicable to senior executives. The amount of any Annual Bonus and the performance goals applicable to such Annual Bonus for the relevant year shall be determined by the Compensation Committee in accordance with the terms and conditions of said bonus plan as in effect from time to time, provided that, subject to the terms of such bonus plan and the attainment of performance goals established by the Compensation Committee, Executive's threshold level, target level and maximum level Annual Bonus shall be equal to 57.5%, 115% and 172.5%, respectively, of the Executive's Base Salary for such year. The Annual Bonus payable, if any, in respect of any calendar year shall be paid no later than the March 15 immediately following such calendar year performance period, subject to the Executive's continued employment through the payment date.

(iii) Equity Awards. During the Employment Period, the Executive shall be eligible to receive equity awards under the Company's long-term incentive plan, subject to vesting and other conditions determined by the Compensation Committee, in its sole discretion. The form, amount and terms of any such equity awards, if any, shall be determined by the Compensation Committee in its sole discretion in accordance with the terms and conditions of plans as in effect from time to time.

(iv) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, policies and programs, in each case that are applicable generally to senior executives of the Company.

(v) Welfare Benefit Plans. During the Employment Period, the Executive and the Executive's eligible family members shall be eligible to participate in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, vision, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives.

(vi) Business Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to senior executives of the Company.

(vii) Fringe Benefits. During the Employment Period, the Executive shall be entitled to such fringe benefits and perquisites as are provided by the Company to its senior executives from time to time, in accordance with the policies, practices and procedures of the Company.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives, but in no event shall the Executive accrue less than four weeks of vacation per calendar year (pro-rated for any partial year of service); provided, however, that the Executive shall not accrue any vacation time in excess of 1.5 times the Executive's applicable annual vacation accrual (the "**Accrual Limit**"), and shall cease accruing vacation time if the Executive's accrued vacation reaches the Accrual Limit until such time as the Executive's accrued vacation time drops below the Accrual Limit.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate upon the Executive's death or Disability during the Employment Period. For purposes of this Agreement, "**Disability**" means the Executive's inability by reason of permanent physical or mental illness to fulfill his obligations hereunder for 120 consecutive days or on a total of 180 days in any 12 month period which, in the reasonable opinion of an independent physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative, renders the Executive unable to perform the essential functions of his job, even after reasonable accommodations are made by the Company. The Company is not, however, required to make unreasonable accommodations for the Executive or accommodations that would create an undue hardship on the Company. For purposes of clarity, this provision is not intended to, and does not, alter or affect any and all rights the Executive has to avail himself of leaves of absence in accordance with Company policies applicable to senior executives or his rights under applicable disability and leave of absences laws, including, without limitation, the Americans with Disabilities Act, the Family and Medical Leave Act, the California Fair Employment and Housing Act, and the California Family Rights Act.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "**Cause**" shall mean the occurrence of one or more of the following events:

(i) The Executive's continued and willful failure to perform or gross negligence in performing his duties owed to the Company, which is not cured within 15 days following a written notice being delivered to the Executive, which notice specifies such failure or negligence;

(ii) The Executive's willful commission of an act of fraud or material dishonesty in the performance of his duties, the nature of which, and the support for which, shall be provided to the Executive in writing;

(iii) The indictment of the Executive, conviction of the Executive, or entry by the Executive of a guilty or no contest plea to any felony or any other felony or misdemeanor involving moral turpitude;

(iv) Any material breach by the Executive of his fiduciary duty or duty of loyalty to the Company; or

(v) The Executive's material breach of any of the provisions of this Agreement, or any other written agreement between the Executive and the Company, which is not cured within 15 days following written notice thereof from the Company.

(c) Termination by the Executive. The Executive's employment may be terminated by the Executive for Good Reason or without Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent:

(i) A material reduction in the Executive's title, duties, authority, responsibilities, reporting relationships, including, without limitation, the Company ceasing to be a public company or ceasing to be traded on the New York Stock Exchange (or similar exchange) following a Change in Control, or the assignment to the Executive of any duties materially inconsistent with the Executive's position, title, authority, duties or responsibilities;

(ii) During the Employment Period, a reduction by the Company of the Executive's annual Base Salary (as in effect or as may be increased from time to time) by greater than three percent (3%);

(iii) The relocation of the Company's headquarters to a location more than 35 miles from the Company's current headquarters in Irvine, California; and

(iv) The Company's material breach of its obligations under this Agreement.

For purposes of this Agreement, a termination of employment by the Executive shall not be deemed to be for Good Reason unless (A) the Executive gives the Company written notice describing the event or events which are the basis for such termination within 90 days after the event or events occur, (B) such grounds for termination (if susceptible to correction) are not corrected by the Company within 30 days after the Company's receipt of such notice, and (C) the

Executive terminates his employment no later than 45 days after the Executive provides notice to the Company in accordance with clause (A) of this paragraph.

(d) Notice of Termination. Any termination other than due to death shall be communicated by Notice of Termination to the other parties hereto given in accordance with Section 12(c) below. For purposes of this Agreement, a “**Notice of Termination**” means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice or, in the case of a termination by the Executive for Good Reason more than 45 days after the date on which the Executive provides written notice of intent to terminate for Good Reason in accordance with Section 3(c) above). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive’s or the Company’s rights hereunder.

(e) Date of Termination. For purposes of this Agreement, “**Date of Termination**” means (i) if the Executive’s employment is terminated by the Company, the date of receipt by the Executive of the Notice of Termination or any later date specified therein (which date shall not be more than 30 days after date of receipt by the Executive of such notice), (ii) if the Executive’s employment is terminated by the Executive, the Date of Termination shall be the 30th day after the date on which the Executive notifies the Company of such termination (or, in the case of a termination by the Executive for Good Reason on the 45th day after the date on which the Executive provides written notice in accordance with Section 3(c) above), unless otherwise agreed by the Company and the Executive, and (iii) if the Executive’s employment is terminated by reason of death or Disability, the Date of Termination shall be the date the death or Disability of the Executive is determined as described in Section 3(a) above, as the case may be.

4. Obligations of the Company Upon Termination.

(a) Accrued Obligations. If, during the Employment Period, the Executive’s employment is terminated for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary, (ii) accrued but unpaid vacation pay through the Date of Termination, (iii) any vested amounts due to the Executive under any plan, program or policy of the Company, to the extent not previously paid (if any) (together, the “**Accrued Obligations**”). The Accrued Obligations described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law) and the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Without Cause or for Good Reason. If, during the Employment Period, the Executive’s employment is terminated by the Company without Cause or the Executive resigns for Good Reason, then, in addition to the Accrued Obligations, the Executive shall be paid or receive:

(i) An amount (the “**Severance Amount**”) equal to the sum of:

(A) Two times the sum of (i) the Base Salary in effect on the Date of Termination (but in no event less than the highest Base Salary paid to the Executive during the Employment Period) and (ii) the greater of (x) Executive’s target Annual Bonus (the “**Target Annual Bonus**”) in effect on the Date of Termination and (y) the Annual Bonus actually paid to the Executive in respect of the calendar year immediately preceding the Date of Termination,

(B) Any Annual Bonus earned by the Executive pursuant to Section 2(b)(ii) above for any calendar year of the Company that ends on or before the Date of Termination, to the extent not previously paid (if any), and

(C) A pro rata portion of the Annual Bonus for the partial calendar year in which the Date of Termination occurs, determined by multiplying the Target Annual Bonus for such year (or such higher amount in the sole discretion of the Compensation Committee) by a fraction, the numerator of which is the number of days elapsed in the calendar year during which the Date of Termination occurs through the Date of Termination and the denominator of which is 365.

Subject to Section 12(e) below, the Severance Amount shall be paid within 15 days following the date on which the Release (as defined below) becomes effective and irrevocable in accordance with Section 4(b)(v) below.

(ii) The portion of any then-outstanding restricted stock, restricted stock unit or other equity-based awards granted to the Executive under any of the Company’s equity incentive plans (or awards substituted therefor covering the securities of a successor company) which were granted prior to January 1, 2022 that would have become vested and, as applicable, exercisable during the 12 month period immediately following the Executive’s Date of Termination had the Executive remained continuously employed by the Company during such period shall become immediately vested and, as applicable, exercisable; provided, however, that if the termination occurs on or within 12 months following a Change in Control (as defined in the Sunstone Hotel Investors, Inc. and Sunstone Hotel Partnership, LLC 2022 Incentive Award Plan), any such equity awards shall vest and become exercisable in full (together with the accelerated vesting under Section 4(b)(iii) below, the “**Vesting Acceleration**”). The accelerated portion of such equity awards shall remain outstanding and shall vest upon the effectiveness of the Release. The portion of any outstanding restricted stock and other equity awards granted prior to January 1, 2022 that does not become vested and, as applicable, exercisable in accordance with this Section 4(b)(ii) (whether because such portion would not have vested during the 12 month period immediately following the Executive’s Date of Termination or because the Executive does not timely execute and not revoke the Release) shall automatically be cancelled and forfeited, and the Executive shall have no further interest therein.

(iii) Any then-outstanding restricted stock, restricted stock unit or other equity-based awards granted to the Executive under any of the Company's equity incentive plans (or awards substituted therefor covering the securities of a successor company) which were granted on or after January 1, 2022 and are outstanding and unvested as of the Date of Termination that vest based solely on Executive's continued employment or service with the Company shall remain outstanding and shall vest in full upon the effectiveness of the Release.

(iv) During the period commencing on the Date of Termination and ending on the earlier to occur of (i) the 18 month anniversary of the Date of Termination and (ii) the date on which the Executive becomes eligible for coverage under the group health plan of a subsequent employer (of which eligibility the Executive hereby agrees to give prompt notice to the Company), subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code and the regulations thereunder (together, the "**Code**"), the Company shall continue to provide, at the Company's expense, the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination (the "**COBRA Coverage**"), provided, however, that (x) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a) (5), or (y) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to 150% of each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof).

(v) Notwithstanding anything herein to the contrary, it shall be a condition to the Executive's right to receive any of the Severance Amount, the Vesting Acceleration and/or the COBRA Coverage that the Executive timely execute and deliver to the Company within 21 days (or 45 days, if required by applicable law) and not revoke within 7 days following such execution and delivery a release of claims in substantially the form attached hereto as Exhibit A (the "**Release**").

(c) Death or Disability. If, during the Employment Period, the Executive's employment is terminated by reason of the Executive's death or Disability then, in addition to the Accrued Obligations:

(i) An amount equal to 100% of the Executive's annual Base Salary, as in effect on the Date of Termination, shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, within 30 days after the Date of Termination;

(ii) An amount equal to a pro rata portion of the Annual Bonus for the partial calendar year in which the Date of Termination occurs, determined by multiplying the Executive's Target Annual Bonus for such year under the applicable Company bonus

program (or such higher amount in the sole discretion of the Compensation Committee) by a fraction, the numerator of which is the number of days elapsed in the calendar year during which the Date of Termination occurs through the Date of Termination and the denominator of which is 365, shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, within 30 days after the Date of Termination;

(iii) Any Annual Bonus earned by the Executive pursuant to Section 2(b)(ii) above for any calendar year of the Company that ends on or before the Date of Termination shall be paid to the Executive's estate or beneficiaries or to the Executive, as applicable, to the extent not previously paid (if any), within 30 days after the Date of Termination;

(iv) Any then-outstanding restricted stock, restricted stock unit or other equity-based awards granted to the Executive under any of the Company's equity incentive plans (or awards substituted therefor covering the securities of a successor company) which are outstanding and unvested as of the Date of Termination that vest based solely on Executive's continued employment or service with the Company shall vest in full; and

(v) During the 18 month period following the Date of Termination, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide the Executive and the Executive's eligible dependents with COBRA Coverage, provided, however, that (x) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (y) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to 150% of each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof).

(d) Other Terminations. If the Executive's employment with the Company terminates for any reason not described in Section 4(b) or Section 4(c) above, the Company shall pay the Executive only the Accrued Obligations and shall have no further obligations to the Executive under this Agreement.

6. Excess Parachute Payments; Limitations on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "**Total Payments**") would be subject (in whole or part) to the excise tax imposed under Section 4999 of the Code (the "**Excise Tax**") then, if elected by the Executive, after taking into account any reduction in the Total Payments provided by reason of Section 280G

of the Code in such other plan, arrangement or agreement, any cash payments shall first be reduced, and any noncash payments shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “**Independent Advisors**”) selected by the Company, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants.

(a) While employed by the Company (whether pursuant to this Agreement or otherwise) and for a period of 12 months following the Executive’s termination of employment for any reason, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its parents, subsidiaries and affiliates to terminate their employment or other relationship with the Company and its parents, subsidiaries and affiliates or to cease to render services to any member of the Company and its parents, subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(b) During his employment with the Company (whether pursuant to this Agreement or otherwise) and thereafter, the Executive shall not use any trade secret of the Company or its parents, subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its parents, subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its parents, subsidiaries and affiliates and the Executive shall not initiate discussion

with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) The Executive agrees not to disparage the Company, and the Executive agrees not to disparage any parent, subsidiary or affiliate of the Company and/or any officers, directors, employees, shareholders and/or agents of the Company or any parent, subsidiary or affiliate of the Company, in any manner intended or reasonably likely to be harmful to them, their business, business reputation or personal reputation. Notwithstanding the foregoing, nothing in this Agreement shall preclude the Executive from making truthful statements or disclosures that are required by applicable law, regulation or legal process, or from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation.

(d) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a), (b) and (c) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

8. Full Settlement

. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as expressly provided, such amounts shall not be reduced whether or not the Executive obtains other employment.

9. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any

successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise, including without limitation, a Change in Control.

10. Payment of Financial Obligations

. The payment or provision to the Executive by the Company of any remuneration, benefits or other financial obligations pursuant to this Agreement shall be allocated to the Operating Partnership, Sunstone, Sunstone Hotel TRS Lessee, Inc. and, if applicable, any of their respective subsidiaries and/or affiliates in accordance with any employee sharing and expense allocation agreement, by and between Sunstone and the Operating Partnership, as in effect from time to time.

11. Ancillary Agreements. The Company and the Executive previously executed the Indemnification Agreement attached hereto as Exhibit B (the “**Indemnification Agreement**”). The Executive hereby acknowledges that the Executive previously has entered into an arrangement with the Company containing confidentiality and other protective covenants (the “**Confidentiality Policy**”) and that the Executive shall continue to be bound by the terms and conditions of the Confidentiality Policy.

12. Miscellaneous.

(a) Governing Law; Amendment. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) Arbitration. To the fullest extent allowed by law, any controversy, claim or dispute between the Executive and the Company (and or any of its owners, directors, officers, employees, affiliates, or agents) relating to or arising out of the Executive’s employment or the cessation of that employment will be submitted to final and binding arbitration in the county in which the Executive worked for determination by one arbitrator with hotel industry experience in accordance with the American Arbitration Association’s (“**AAA**”) National Rules for the Resolution of Employment Disputes, as the exclusive remedy for such controversy, claim or dispute. In any such arbitration, the parties may conduct discovery in accordance with the applicable rules of the arbitration forum, except that the arbitrator shall have the authority to order and permit discovery as the arbitrator may deem necessary and appropriate in accordance with applicable state or federal discovery statutes. The arbitrator shall issue a reasoned, written decision, and shall have full authority to award all remedies which would be available in court. The parties shall share the filing fees required for the arbitration, provided that the Executive shall not be required to pay an amount in excess of the lesser of the filing fees required by a federal or state court with jurisdiction. The Company shall pay the arbitrator’s fees and any AAA administrative expenses. Any judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Possible disputes covered by the above include (but are not limited to) unpaid wages, breach of contract, torts, violation of public policy, discrimination, harassment, or any other employment-related claims under laws including but not limited to, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act, the California Labor Code, and any other statutes or laws relating to an employee’s relationship with his her employer, regardless of whether

such dispute is initiated by the Executive or the Company. Thus, this bilateral arbitration agreement applies to any and all claims that the Company may have against the Executive, including but not limited to, claims for misappropriation of Company property, disclosure of proprietary information or trade secrets, interference with contract, trade libel, gross negligence, or any other claim for alleged wrongful conduct or breach of the duty of loyalty by the Executive. However, notwithstanding anything to the contrary contained herein, the Company and the Executive shall have their respective rights to seek and obtain injunctive relief with respect to any controversy, claim or dispute to the extent permitted by law. Claims for workers' compensation benefits and unemployment insurance (or any other claims where mandatory arbitration is prohibited by law) are not covered by this arbitration agreement, and such claims may be presented by either the Executive or the Company to the appropriate court or government agency. BY AGREEING TO THIS BINDING ARBITRATION PROVISION, BOTH THE EXECUTIVE AND THE COMPANY GIVE UP ALL RIGHTS TO TRIAL BY JURY. THE EXECUTIVE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. This arbitration agreement is to be construed as broadly as is permissible under applicable law.

(c) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to Sunstone or the Operating Partnership:

Sunstone Hotel Investors, Inc.
15 Enterprise, Suite 200
Aliso Viejo, California 92656
Attn: Corporate Secretary

with a copy to:

Latham & Watkins
355 South Grand Ave., Suite 100
Los Angeles, California 90071-1560
Attn: Steven Stokdyk, Esq.

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(d) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Exchange Act and the rules and regulations promulgated thereunder, then such transfer or deemed transfer

shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(e) Section 409A.

(i) The parties agree that this Agreement is intended to comply with the requirements of Section 409A of the Code and the regulations promulgated thereunder (“**Section 409A**”) or an exemption from Section 409A.

(ii) For purposes of this Agreement, each amount to be paid or benefit to be provided hereunder (including any right to a series of installment payments) shall be construed as a separate identified payment or a right to a series of separate payments for purposes of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release (including the Release) which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall be paid or commence payment, as applicable, only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A and to the extent an amount is payable within a time period, the time during which such amount is paid shall be in the discretion of the Company.

(iii) With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, the Executive, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (i) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (ii) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(iv) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute “nonqualified deferred compensation” under Section 409A upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service”.

(v) Notwithstanding anything to the contrary in this Agreement, no compensation or benefits payable in connection with a “separation from service” (within the meaning of Section 409A) shall be paid to the Executive during the six-month period following his “separation from service” to the extent that the Company determines that the Executive is a “specified employee” at the time of such “separation from service” and that paying such amounts at the time or times indicated in this Agreement would be a prohibited

distribution under Internal Revenue Code Section 409A(a)(2)(b)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes, including as a result of the Executive's death), the Company shall pay to the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such six-month period, without interest thereon.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision or term hereof is deemed to have exceeded applicable legal authority or shall be in conflict with applicable legal limitations, such provision shall be reformed and rewritten as necessary to achieve consistency with such applicable law.

(g) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(h) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(i) Employment-At-Will. The Executive acknowledges that his employment with the Company is "at-will" for all purposes and, subject to the termination and severance obligations contained in Sections 3 and 4 above, the Executive hereby agrees that the Company may dismiss him and terminate his employment with the Company at any time, with or without Cause. Inclusion under any benefit plan or compensation arrangement will not give the Executive any right or claim to any benefit hereunder except to the extent such right has become fixed under the express terms of this Agreement.

(j) Entire Agreement. As of the Effective Date, this Agreement, together with the Indemnification Agreement and the Confidentiality Agreement, constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, made to the Executive by the Company, including, without limitation, the Prior Agreement.

(k) Survival. Section 4 (Obligations of the Company Upon Termination), Section 7 (Restrictive Covenants) and Section 12(b) (Arbitration), as well as the Indemnification Agreement and Confidentiality Policy, shall survive termination or expiration of this Agreement and shall continue in effect.

(l) Representations and Warranties. The Executive represents and warrants to the Company that (i) this Agreement is valid and binding upon and enforceable against him in accordance with its terms, (ii) the Executive is not bound by or subject to any contractual or other obligation that would be violated by his execution or performance of this Agreement, including,

but not limited to, any non-competition agreement presently in effect, and (iii) the Executive is not subject to any pending or, to the Executive's knowledge, threatened claim, action, judgment, order, or investigation that could adversely affect his ability to perform his obligations under this Agreement or the business reputation of the Company. The Executive has not entered into, and agrees that he will not enter into, any agreement either written or oral in conflict herewith.

(m) Consultation with Counsel. The Executive acknowledges that he has had a full and complete opportunity to consult with counsel and other advisors of his own choosing concerning the terms, enforceability and implications of this Agreement, and that the Company has not made any representations or warranties to the Executive concerning the terms, enforceability or implications of this Agreement other than as reflected in this Agreement.

(n) Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[signatures follow on next page]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE

SUNSTONE HOTEL INVESTORS, INC.
a Maryland corporation

 /S/ AARON R. REYES
Aaron R. Reyes

By /S/ BRYAN A. GIGLIA
Name: BRYAN A. GIGLIA
Its: Chief Executive Officer

SUNSTONE HOTEL PARTNERSHIP, LLC
a Delaware limited liability company

By **Sunstone Hotel Investors, Inc.**
Its Managing Member
By: /S/ BRYAN A. GIGLIA
Name: Bryan A. Giglia
Its: Chief Executive Officer

EXHIBIT A

GENERAL RELEASE

For a valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the “**Releasees**” hereunder, consisting of Sunstone Hotel Investors, Inc., a Maryland corporation, Sunstone Operating Partnership, LLC, a Delaware limited liability company and each of their partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys’ fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called “**Claims**”), which the undersigned now has or may have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment, any alleged torts or other alleged legal restrictions on Releasee’s right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act, and the California Fair Employment and Housing Act. Notwithstanding the foregoing, this general release (the “**Release**”) shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4(a), 4(b) or 4(c) of that certain Employment Agreement, dated as of August 29, 2022, between Sunstone Hotel Investors, Inc., Sunstone Operating Partnership, LLC and the undersigned (the “**Employment Agreement**”), whichever is applicable to the payments and benefits provided in exchange for this Release, (ii) with respect to Section 2(b)(vi) of the Employment Agreement, (iii) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (iv) to any Claims, including claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company, (v) to any Claims which cannot be waived by an employee under applicable law or (vi) with respect to the undersigned’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

THE UNDERSIGNED ACKNOWLEDGES THAT HE HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

[IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(A) HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE;

(B) HE HAS TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE BEFORE SIGNING IT: AND

(C) HE HAS SEVEN (7) DAYS AFTER SIGNING THIS RELEASE TO REVOKE THIS RELEASE, AND THIS RELEASE WILL BECOME EFFECTIVE UPON THE EXPIRATION OF THAT REVOCATION PERIOD.]¹

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of _____, 20__.

Aaron Reyes

¹ NTD: Include only if the executive is 40 or older at time release is signed.

EXHIBIT B

[INDEMNIFICATION AGREEMENT]

(attached)

B-1

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made and entered into this 29th day of August, 2022 (“Agreement”), by and between Sunstone Hotel Investors, Inc., a Maryland corporation (the “Company”), and Aaron Reyes (“Indemnitee”).

WHEREAS, at the request of the Company, Indemnitee currently serves as an officer of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of his or her service; and

WHEREAS, as an inducement to Indemnitee to continue to serve as an officer, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) “Change in Control” means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “Act”), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if after the Effective Date (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company’s then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (ii) there occurs a proxy contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any period of two consecutive years, other than as a result of an event described in clause (a)(ii) of this Section 1, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(b) “Corporate Status” means the status of a person who is or was a director, trustee, officer, employee or agent of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise (each, an “Enterprise”) for which such person is or was serving at the request of the Company.

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification or advance of Expenses is sought by Indemnitee.

(d) “Effective Date” means the date set forth in the first paragraph of this Agreement.

(e) “Expenses” shall include all reasonable and out-of-pocket attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premiums, security for, and other costs relating to any cost bond, supersedes bond or other appeal bond or its equivalent.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements), or (ii) any other party to or witness in the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. If a Change of Control has not occurred, Independent Counsel shall be selected by the Board of Directors, with the approval of Indemnitee, which approval will not be unreasonably withheld. If a Change of Control has occurred, Independent Counsel shall be selected by Indemnitee.

(g) "Proceeding" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative (including on appeal), except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee.

(h) Reference to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as an officer, director, committee member or official which imposes duties on, or involves services by, such officer, with respect to an employee benefit plan, its participants or beneficiaries; and action taken or omitted to be taken by Indemnitee with respect to an employer benefit plan in the performance of Indemnitee's duties for a purpose reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to be a purpose that is "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 2. Services by Indemnitee. Indemnitee will serve as an officer of the Company. However, this Agreement shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any, provided that this Agreement shall continue in force after such time as Indemnitee has ceased to serve as an officer of the Company and Indemnitee will retain all rights provided under this Agreement after such time.

Section 3. Indemnification - General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the date hereof and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the date hereof. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418 of the Maryland General Corporation Law ("MGCL"), the charter or bylaws of the Company, a resolution of stockholders or directors, another agreement or otherwise.

Section 4. Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his or her Corporate Status, he or she is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed Proceeding, other than a Proceeding by or in the right of the Company. Pursuant to this Section 4, Indemnitee shall be indemnified against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with a Proceeding by reason of his or her Corporate Status unless it is established that (i) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) Indemnitee actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

Section 5. Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 5 if, by reason of his or her Corporate Status, he or she is, or is threatened to be, made a party to or a witness in any threatened, pending or completed Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 5, Indemnitee shall be indemnified against all amounts paid in settlement and all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with such Proceeding unless it is established that (i) the act or omission of Indemnitee was material to the matter giving rise to such a Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (ii) Indemnitee actually received an improper personal benefit in money, property or services. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to indemnification hereunder (a) if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company or (b) if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit in money, property or services was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in his or her Corporate Status.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification in the following circumstances:

(a) if it determines Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the expenses of securing such reimbursement; or

(b) if it determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee is, by reason of his or her Corporate Status, made a party to and is successful, on the merits or otherwise, in the defense of any Proceeding, he or she shall be indemnified for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses. Notwithstanding any provision herein to the contrary, the Company shall advance all Expenses actually and reasonably incurred by or on behalf of Indemnitee in connection with any Proceeding (other than a Proceeding brought to enforce indemnification under this Agreement, applicable law, the Charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors) to which Indemnitee is, or is threatened to be, made a party or a witness, within ten days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by law and by this Agreement has been met and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be established that the standard of conduct has not been met. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor. Advances shall be unsecured and interest free.

Section 9. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The omission to notify the Company will not relieve the Company from any liability that it may have to Indemnitee other than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 9(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent

Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld or delayed; or (ii) if a Change of Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as herein defined) or by a majority vote of a committee of the Board of Directors consisting of one or more Disinterested Directors designated to act in the matter by a majority vote of the Disinterested Directors, or (B) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by Indemnitee in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (C) if so directed by a majority of the members of the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 9. Any Expenses actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom. The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed, and Indemnitee shall have no responsibility for any such payment.

Section 10. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding by judgment, order, settlement, conviction, a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification,

(c) Unless Indemnitee has reason to believe otherwise, for purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 10(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise, excluding the Indemnitee, shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 11. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(b) of this Agreement within 30 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 7 of this Agreement within ten days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, of his or her entitlement to such indemnification or advance of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 11(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce his or her rights under Section 7 of this Agreement.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 11, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 11, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement

(c) If a determination shall have been made pursuant to Section 9(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 11, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification.

(d) In the event that Indemnitee, pursuant to this Section 11, seeks a judicial adjudication of or an award in arbitration to enforce his or her rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by him or her in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Consistent with the foregoing, the Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

Section 12. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly upon being served with or receiving any summons, citation, subpoena, complaint, indictment, information, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 12(b) and of Section 12(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 12(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 12(b) shall not apply to a Proceeding brought by Indemnitee under Section 11 above or Section 18 below.

(c) Notwithstanding the provisions of Section 12(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel to Indemnitee, that he or she may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 11(d)), to represent Indemnitee in connection with any such matter.

Section 13. Non-Exclusivity; Survival of Rights; Subrogation; Insurance.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any

provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Maryland law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's charter or bylaws or this Agreement, except with respect to suits against the Company relating to this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(d) Notwithstanding any other provision of this Agreement to the contrary, the Company shall not be liable for indemnification or advance of Expenses in connection with any settlement or judgment for insider trading or for disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934.

Section 14. Insurance; Survival of Rights. The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors of the Company, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee for service as a director or officer of the Company and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee for service as a director or officer of the Company. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and reasonable Expenses actually and reasonably incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in the previous sentence.

To the extent that the Company maintains any insurance policy providing liability insurance for directors, officers, employees, or agents of the Company ("D&O Insurance"), Indemnitee shall be covered by such policy in accordance with its terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy. In the event (i) that the Company determines to reduce materially or not to renew its D&O Insurance coverage, the Company will purchase six (6) year tail coverage D&O Insurance, on terms and conditions substantially similar to the existing D&O Insurance ("Comparable Coverage"), for the benefit of the directors, officers, employees or agents of the Company who had served in such capacity prior to the reduction, termination or expiration of the coverage; or (ii) of a Change in Control, the Company will either (A) purchase six (6) year tail coverage D&O Insurance with Comparable Coverage for the benefit of the directors, officers, employees or agents of the Company who had served in such capacity prior to the closing of the transaction or the occurrence of the event constituting the Change in Control. Notwithstanding the foregoing, if the annual premium for any year of such tail coverage or other continuing D&O Insurance coverage would exceed 200% of the annual premium the Company paid for D&O Insurance in its last full fiscal year prior to the reduction, termination or expiration of the D&O Insurance or such Change in Control event, the Company (or the acquiror or successor, as the case may be) will be deemed to have satisfied its obligations under this Section 14 by purchasing as much D&O Insurance for such year as can be obtained for a premium equal to 200% of such annual premium the Company paid for D&O Insurance in its last full fiscal year.

Section 15. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of his or her Corporate Status, a witness in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party but in which the Indemnitee receives a subpoena to testify, he or she shall be advanced all reasonable Expenses and indemnified against all Expenses actually and reasonably incurred by him or her or on his her behalf in connection therewith.

Section 16. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate ten years after the date that Indemnitee's Corporate Status shall have ceased; provided, that the rights of Indemnitee hereunder shall continue until the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advance of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement relating thereto.

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an

Indemnitee who has ceased to be a director, trustee, officer, employee or agent of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the written request of the Company, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Exception to Right of Indemnification or Advance of Expenses. Notwithstanding any other provision of this Agreement, Indemnitee shall not be entitled to indemnification or advance of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee, unless (a) the Proceeding is brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Sections 8 and 11 of this Agreement, or (b) the Company's Bylaws, as amended, the Charter, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 19. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 20. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and received for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to:

Aaron Reyes
417 ½ Heliotrope Ave
Corona del mar, CA 92625

(b) If to the Company, to:

Sunstone Hotel Investors, Inc.
15 Enterprise, Suite 200
Aliso Viejo, CA 92656
Attn: Legal Department

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 23. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

Section 24. Entire Agreement. This Agreement, together with all exhibits hereto, constitutes the entire agreement between the Company and Indemnitee pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

Section 25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT A
FORM OF UNDERTAKING TO REPAY EXPENSES ADVANCED

The Board of Directors of Sunstone Hotel Investors, Inc.
Re: Undertaking to Repay Expenses Advanced

Ladies and Gentlemen:

This undertaking is being provided pursuant to that certain Indemnification Agreement dated the ___ day of _____, 20__ , by and between Sunstone Hotel Investors, Inc. (the “Company”) and the undersigned Indemnitee (the “Indemnification Agreement”), pursuant to which I am entitled to advance of expenses in connection with **[Description of Proceeding]** (the “Proceeding”).

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm that at all times, insofar as I was involved as **[a director] [an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active and deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance of Expenses by the Company for reasonable attorneys’ fees and related expenses incurred by me in connection with the Proceeding (the “Advanced Expenses”), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established and which have not been successfully resolved as described in Section 7 of the Indemnification Agreement. To the extent that Advanced Expenses do not relate to a specific claim, issue or matter in the Proceeding, I agree that such Expenses shall be allocated on a reasonable and proportionate basis.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this ___ day of _____, 20__ .

WITNESS:

(SEAL)

**Certification of Principal Executive Officer Pursuant to
Securities Exchange Act Rules 13a-14 and 15d-14
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Bryan A. Giglia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sunstone Hotel Investors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

/s/ Bryan A. Giglia

Bryan A. Giglia
Chief Executive Officer

**Certification of Principal Financial Officer Pursuant to
Securities Exchange Act Rules 13a-14 and 15d-14
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Aaron R. Reyes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sunstone Hotel Investors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

/s/ Aaron R. Reyes

Aaron R. Reyes
Chief Financial Officer

**Certification of Principal Executive Officer and Principal Financial Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Sunstone Hotel Investors, Inc. (the “Company”), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each hereby certifies that to his knowledge on the date hereof:

(a) The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2025, filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2025

/s/ Bryan A. Giglia

Bryan A. Giglia
Chief Executive Officer

Date: May 6, 2025

/s/ Aaron R. Reyes

Aaron R. Reyes
Chief Financial Officer
