



For Immediate Release

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Davidson Hotel Company to Manage Embassy Suites Chicago-Downtown

First Contract with Major Hotel REIT Sunstone Hotel Investors, Inc.

CHICAGO, Ill., June 3, 2010—Davidson Hotel Company, one of the nation’s largest independent hotel management companies, today announced that it has been selected to manage the 367-suite Embassy Suites Chicago-Downtown in Illinois. It is the first hotel Davidson will manage on behalf of Sunstone Hotel Investors, Inc, a lodging real estate investment trust (REIT).

The hotel is scheduled to undergo a complete renovation of all 367 suites, as well as all bathrooms, corridors, lobby and public space. Renovation is expected to begin during the fourth quarter of 2010.

“The third largest city in the U.S., Chicago is a major travel destination, as well as a transportation and telecommunications hub and global financial center, with numerous business and leisure demand generators, from the Magnificent Mile to the Loop,” said John Belden, Davidson president and CEO. “With two other Chicagoland properties, we have a deep understanding of this market, and the Embassy Suites will benefit greatly from that local experience.”

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Located in the heart of downtown Chicago at 600 North State Street, the hotel is within walking distance of world famous shopping, dining and cultural activities ranging from the Shedd Aquarium to Soldier Field. The hotel also is a short distance from numerous Fortune 500 companies in the LaSalle Street Financial District, and just 11 miles from Midway Airport and 14 miles from O'Hare International Airport. Hotel amenities include an onsite restaurant and wine bar, Osteria Via Stato & Enoteca; 6,000 square feet of meeting space, accommodating groups ranging from 10 to 300; high speed and wireless Internet access throughout the hotel; fully equipped fitness center; 24-hour business center; indoor, heated swimming pool; and Embassy's hallmark complimentary, cooked-to-order breakfast and evening manager's reception.

"We look forward to collaborating with Davidson Hotel Company and benefiting from their market and industry knowledge to maximize the hotel's cash flow," said Arthur Buser, Sunstone president and CEO.

Marc Hoffman, Sunstone executive vice president and COO, noted that, "Davidson has an exceptional reputation as an operator who understands the value creation process. This will be invaluable in the post-renovation repositioning of the property and is one of the primary reasons we selected Davidson."

Guest suites feature separate living room with a sofa bed and dining/work table, remote-control console television, and two phones with high-speed Internet access and private voicemail. The bedroom is highlighted by Bierdermeier furnishings, armoires, remote-control television, and AM/FM radio. Each suite also is furnished with a microwave, coffeemaker, and

refrigerator, as well as on-demand movies, iron and ironing board, and hairdryer. Guests may bring their own video game systems with connections to hook up to the hotel's 32" flat panel televisions.

"Major destination market hotels require a very specific set of lodging management skills," noted Steve Margol, Davidson's chief investment officer. "The Embassy Suites Downtown-Chicago will benefit from the implementation of our proprietary management, sales and revenue management systems that have enabled us to historically create significant asset value on behalf of our owners with hotels in major markets. Following completion of the renovation, we believe we will be successful in quickly re-establishing the hotel's standing as the city's upscale, all-suite market leader."

"Sunstone Hotel Investors is a premier ownership group that aligns well with our portfolio in terms of quality, branding philosophies and value creation strategies," Belden added. "Davidson has one of the purest full-service, upper-upscale portfolios in the industry, and the Embassy Suites Downtown-Chicago will fit perfectly. We look forward to a long and mutually beneficial collaboration with Sunstone."

About Sunstone Hotel Investors, Inc.

Sunstone Hotel Investors, Inc. is a lodging real estate investment trust (REIT) that owns 29 hotels comprised of 10,966 rooms. Sunstone's hotels are primarily in the upper upscale segment and are generally operated under nationally recognized brands, such as Marriott, Fairmont, Hilton, Hyatt and Starwood. For further information, please visit Sunstone's website at www.sunstonehotels.com.

About Davidson Hotel Company

Headquartered in Memphis, Tenn., Davidson Hotel Company is an award-winning, full-service hotel owner and third-party management company that provides management, development/renovation, acquisition, consulting and accounting expertise for the hospitality industry. The company currently owns and/or manages 39 upscale, independent and branded hotels with more than 11,000 rooms across the United States, including such affiliations as Westin, Marriott, Hyatt, Hilton, Sheraton, Embassy Suites, Doubletree, Renaissance, Radisson, Crowne Plaza, Hilton Garden Inn and Holiday Inn. Additional information on Davidson may be found at the company's Web site, www.davidsonhotels.com.