

Sunstone Hotel Investors, Inc.
 Form 424B5
 May 11, 2016

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Filed pursuant to Rule 424(b)(5)
 Reg. Statement No. 333-193311

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
6.450% Series F Cumulative Redeemable Preferred Stock, \$0.01 par value per share	3,000,000	\$25.00	\$75,000,000	\$7,552.50(1)
Common Stock, \$0.01 par value per share	11,637,000(2)			

(1) The filing fee of \$7,552.50 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended (the "Securities Act"). In accordance with Rules 456(b) and 457(r), the registrant initially deferred payment of all of the registration fees for Registration Statement No. 333-193311 filed by the registrant on January 10, 2014.

(2) Represents the maximum number of shares of common stock that could be issuable upon conversion of the 6.450% Series F Cumulative Redeemable Preferred Stock, \$0.01 par value per share (the "series F preferred"), based on the share cap, as described in the prospectus supplement. Pursuant to Rule 457(i) under the Securities Act, there is no filing fee payable with respect to the shares of common stock issuable upon conversion of the series F preferred because no additional consideration will be received in connection with any conversion.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated January 10, 2014)

3,000,000 Shares

Sunstone Hotel Investors, Inc.

**6.450% Series F Cumulative Redeemable
Preferred Stock
(Liquidation Preference \$25.00 Per Share)**

We are offering 3,000,000 shares of our 6.450% Series F Cumulative Redeemable Preferred Stock, par value \$0.01 per share, which we refer to in this prospectus supplement as our series F preferred. We will pay cumulative dividends on our series F preferred in the amount of \$1.6125 per share each year, which is equivalent to 6.450% of the \$25.00 liquidation preference per share. Dividends on our series F preferred sold in this offering will be payable quarterly in arrears on the 15th day of each of January, April, July and October of each year, commencing July 15, 2016. Our series F preferred is not subject to any sinking fund. Upon liquidation, dissolution or winding up, our series F preferred will rank senior to our common stock, par value \$0.01 per share (the "common stock"), with respect to the payment of distributions.

We are not allowed to redeem our series F preferred prior to May 17, 2021, except as described in the immediately following paragraph and in limited circumstances to preserve our status as a real estate investment trust, or REIT. On or after May 17, 2021, we may, at our option, redeem our series F preferred, in whole or from time to time in part, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends on such series F preferred up to, but not including, the redemption date.

In addition, upon the occurrence of a Change of Control (as defined herein), we may, at our option, redeem the series F preferred, in whole or in part and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption.

If we exercise any of our redemption rights relating to the series F preferred, the holders of series F preferred will not have the conversion right described below. The series F preferred have no maturity date and will remain outstanding indefinitely unless redeemed by us or converted in connection with a Change of Control by the holders of series F preferred. Holders of our series F preferred will generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other events.

Upon the occurrence of a Change of Control, each holder of series F preferred will have the right (unless, prior to the Change of Control Conversion Date (as defined herein), we have provided or provide notice of our election to redeem the series F preferred) to convert some or all of the series F preferred held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per series F preferred to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a series F preferred dividend payment and prior to the corresponding series F preferred dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Share Price (as defined herein); and

3.879, or the Share Cap, subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in this prospectus supplement.

The series F preferred ranks *pari passu* with our 6.950% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share.

The series F preferred are subject to certain restrictions on ownership designed to preserve our qualification as a REIT for federal income tax purposes.

We intend to file an application to list the series F preferred on the New York Stock Exchange ("NYSE") under the symbol "SHO PR F." If the application is approved, we expect trading of the series F preferred on the NYSE to commence within 30 days after the initial date of issuance.

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Investing in the series F preferred involves a high degree of risk. Before buying any series F preferred, you should carefully read the discussion of material risks of investing in the series F preferred under the heading "Risk Factors" beginning on page S-10 of this prospectus supplement and beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2015.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price(1)	\$ 25.00	\$ 75,000,000
Underwriting discount	\$ 0.7875	\$ 2,362,500
Proceeds to Sunstone Hotel Investors, Inc. (before expenses)	\$ 24.2125	\$ 72,637,500

(1) Plus accrued dividends, if any, from May 17, 2016.

The underwriter expects that the shares will be delivered in global form through the book-entry delivery system of The Depository Trust Company on or about May 17, 2016.

Wells Fargo Securities

The date of this Prospectus Supplement is May 10, 2016.

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should read this prospectus supplement along with the accompanying prospectus, as well as the information incorporated by reference herein and therein, carefully before you invest in our series F preferred. These documents contain important information that you should consider before making your investment decision. This prospectus supplement and the accompanying prospectus contain the terms of this offering of our series F preferred. The accompanying prospectus contains information about our securities generally, some of which does not apply to the series F preferred covered by this prospectus supplement. This prospectus supplement may add, update or change information contained in or incorporated by reference in the accompanying prospectus. If the information in this prospectus supplement is inconsistent with any information contained in or incorporated by reference in the accompanying prospectus, the information in this prospectus supplement will apply and will supersede the inconsistent information contained in or incorporated by reference in the accompanying prospectus.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus before making your investment decision. You should also read and consider the additional information incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision. See "Incorporation of Certain Information by Reference" in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission, or the SEC. Neither we nor the underwriter has authorized any other person to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. Neither we nor the underwriter are making an offer to sell the series F preferred in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless this prospectus supplement otherwise indicates or the context otherwise requires, the terms "our," "us," "our company," "the company" and "we" as used in this prospectus supplement refer to Sunstone Hotel Investors, Inc. and its consolidated subsidiaries. We also use the term "Operating Partnership" to specifically refer to Sunstone Hotel Partnership, LLC and its consolidated subsidiaries in cases where it is important to distinguish between us and the Operating Partnership.

This prospectus supplement and the accompanying prospectus contain registered trademarks that are the exclusive property of their respective owners, which are companies other than us. None of the owners of these trademarks, their affiliates or any of their respective officers, directors, agents or employees, has or will have any responsibility or liability for any information contained in this prospectus supplement or the accompanying prospectus.

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INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC's rules allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus supplement and the accompanying prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that the offering of the series F preferred by means of this prospectus supplement is terminated will automatically update and, where applicable, supersede any information contained, or incorporated by reference, in this prospectus supplement or in the accompanying prospectus.

We incorporate by reference into this prospectus supplement and the accompanying prospectus:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 23, 2016;

our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, filed with the SEC on May 3, 2016;

our Current Report on Form 8-K filed with the SEC on February 22, 2016 (but only with respect to Items 5.02 and 8.01), March 3, 2016, March 10, 2016, March 11, 2016, April 22, 2016 and April 29, 2016; and

all documents we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, on or after the date of this prospectus supplement and before the termination of this offering.

We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed above or filed in the future, that are not deemed "filed" with the SEC. The documents incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 23, 2016 and Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, filed with the SEC on May 3, 2016, contain important information about us.

You should read "Incorporation of Certain Information by Reference" in the accompanying prospectus for information about how to obtain the documents incorporated by reference.

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SUMMARY

The information below is a summary of the more detailed information included elsewhere, or incorporated by reference, in this prospectus supplement. You should read carefully the following summary in conjunction with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein. This summary is not complete and does not contain all of the information you should consider before purchasing shares of our series F preferred. You should carefully read the "Risk Factors" section beginning on page S-10 of this prospectus supplement and beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2015 to determine whether an investment in our series F preferred is appropriate for you.

Sunstone Hotel Investors, Inc.

We were incorporated in Maryland on June 28, 2004. We are a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code. As of March 31, 2016, we had interests in 29 hotels, or our 29 hotels. Our 29 hotels are comprised of 13,850 rooms, located in 13 states and in Washington, D.C.

Our primary business is to acquire, own, asset manage and renovate full-service hotel properties and select focus-service hotel properties in the United States. As part of our ongoing portfolio management strategy, we may also sell hotel properties from time to time. All but one (the Boston Park Plaza) of our 29 hotels are operated under nationally recognized brands such as Marriott, Hilton, Hyatt, Fairmont and Sheraton, which we believe are among the most respected and widely recognized brands in the lodging industry. While independent hotels may do well in strong market locations, we believe the largest and most stable segment of travelers prefer the consistent service and quality associated with nationally recognized brands and well-known independent hotels. Our portfolio primarily consists of urban, upper upscale hotels in the United States. As of March 31, 2016, our 29 hotels include two luxury hotels and 27 hotels classified as either upscale or upper upscale. The classifications luxury, upper upscale and upscale are defined by Smith Travel Research, an independent provider of lodging industry statistical data. Smith Travel Research classifies hotel chains into the following segments: luxury; upper upscale; upscale; upper midscale; midscale; economy; and independent.

Our hotels are operated by third-party managers pursuant to long-term management agreements with our subsidiary, Sunstone Hotel TRS Lessee, Inc., or its subsidiaries. As of March 31, 2016, our third-party managers included: subsidiaries of Marriott International, Inc. or Marriott Hotel Services, Inc., managers of 11 of our 29 hotels; Interstate Hotels & Resorts, Inc., manager of six of our 29 hotels; Highgate Hotels L.P. and an affiliate, manager of three of our 29 hotels; Crestline Hotels & Resorts, Hilton Worldwide and Hyatt Corporation, each a manager of two of our 29 hotels; and Davidson Hotels & Resorts, Fairmont Hotels & Resorts (U.S.) and HEI Hotels & Resorts, each a manager of one of our 29 hotels.

We have entered into a contract to sell our leasehold interest in the Sheraton Cerritos (the "Hotel") for a gross sale price of \$42.0 million. The sale of the Hotel is expected to close during the second quarter of 2016. The potential buyer has deposited \$2.0 million in non-refundable funds into escrow towards the purchase of the Hotel; however, the sale of the Hotel remains subject to the satisfactory completion of customary closing conditions. Accordingly, there can be no assurance that the sale of the Hotel will be completed in a timely manner or at all.

Our headquarters are located at 120 Vantis, Suite 350, Aliso Viejo, California 92656, and our telephone number is (949) 330-4000.

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The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of our series F preferred, see "Description of the Series F Preferred" in this prospectus supplement and "Description of our Capital Stock Preferred Stock" on page 11 of the accompanying prospectus. We will contribute the net proceeds of the sale of our series F preferred to the Operating Partnership and the Operating Partnership will issue to us series F preferred units, the economic terms of which will be substantially similar to the series F preferred.

Issuer	Sunstone Hotel Investors, Inc.
Securities Offered	3,000,000 shares of our series F preferred.
Ranking	The series F preferred ranks, with respect to dividend rights and rights upon our liquidation, dissolution or winding-up: senior to all classes or series of our common stock, and to any other class or series of our capital stock expressly designated as ranking junior to the series F preferred; on parity with any class or series of our capital stock expressly designated as ranking on parity with the series F preferred, including the 6.950% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share, or the series E preferred; and junior to any other class or series of our capital stock expressly designated as ranking senior to the series F preferred. Any future authorization or issuance of a class or series of our capital stock expressly designated as ranking senior to the series F preferred would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of series F preferred.
Dividends	Investors that purchase our series F preferred in this offering will be entitled to receive cumulative cash dividends on the series F preferred, payable quarterly in arrears on the 15th day of each January, April, July and October of each year (or if not a business day, on the next succeeding business day), commencing July 15, 2016, at the rate of 6.450% per annum of the \$25.00 liquidation preference per share (equivalent to an annual rate of \$1.6125 per annum per share). Any dividend payable on the series F preferred for any partial or longer dividend period (including the first dividend period after the sale of shares of series F preferred in this offering) shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends on the series F preferred will accrue whether or not we have earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are authorized or declared.

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Generally, dividends paid by regular C corporations to persons or entities that are taxed as United States individuals are taxed for U.S. federal income tax purposes at the rate applicable to long-term capital gains, which is currently a maximum of 20%, subject to certain limitations. Because we are a REIT, however, our dividends, including dividends paid on our series F preferred, generally will continue to be taxed at regular ordinary income tax rates for such purposes, except to the extent that the special rules relating to qualified dividend income and capital gains dividends paid by a REIT apply. See "Supplemental Material U.S. Federal Income Tax Considerations" and the discussions under the heading "U.S. Federal Income Tax Considerations" contained in Exhibit 99.1 to our Current Report on Form 8-K filed on March 3, 2016.

Liquidation Preference

If we liquidate, dissolve or wind-up, holders of the series F preferred will have the right to receive \$25.00 per share, plus accrued and unpaid dividends (whether or not earned or declared) up to, but not including, the date of payment, before any payment is made to holders of our common stock and any other class or series of capital stock ranking junior to the series F preferred as to liquidation rights. The rights of holders of series F preferred to receive their liquidation preference will be subject to the proportionate rights of any other class or series of our capital stock ranking senior to or on parity with the series F preferred as to liquidation, including our series E preferred.

Optional Redemption

We may not redeem the series F preferred prior to May 17, 2021, except as described below under "Special Optional Redemption" and in limited circumstances to preserve our status as a REIT. On and after May 17, 2021, the series F preferred will be redeemable at our 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 all accrued and unpaid dividends up to, but not including, the redemption date. Any partial redemption will be on a pro rata basis or by lot.

Special Optional Redemption

Upon the occurrence of a Change of Control (as defined in "Description of the Series F Preferred Special Optional Redemption"), we may, at our option, redeem the series F preferred, in whole or in part and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control Conversion Date (as defined below), we exercise our redemption right (whether our optional redemption right or our special optional redemption right), you will not have the conversion right described below.

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No Maturity, Sinking Fund or Mandatory Redemption	The series F preferred has no maturity date and we are not required to redeem the series F preferred at any time. Accordingly, the series F preferred will remain outstanding indefinitely, unless we decide, at our option, to exercise our redemption right or, under circumstances where the holders of series F preferred have a conversion right, the holders of series F preferred decide to convert the series F preferred. The series F preferred is not subject to any sinking fund.
Further Issuances	We may classify and issue further series F preferred ranking equally and ratably with the series F preferred offered by this prospectus supplement in all respects, so that such further series F preferred will be consolidated and form a single series with the series F preferred offered by this prospectus supplement and will have the same terms as to status, redemption or otherwise.
Limited Voting Rights	<p>Holders of series F preferred will generally have no voting rights. However, if we are in arrears on dividends on the series F preferred for six or more quarterly periods, whether or not consecutive, holders of the series F preferred (voting together as a class with the holders of all other classes or series of parity preferred stock upon which like voting rights have been conferred and are exercisable) will be entitled to vote at a special meeting or at our next annual meeting and each subsequent annual meeting of stockholders for the election of two additional directors to serve on our board of directors until all unpaid dividends and the dividend for the then current period with respect to the series F preferred and any other class or series of parity preferred stock have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In addition, we may not make certain material adverse changes to the terms of the series F preferred without the affirmative vote of the holders of at least two-thirds of the outstanding shares of series F preferred and all other shares of any class or series ranking on parity with the series F preferred that are entitled to similar voting rights (voting together as a single class).</p> <p>Among other things, we may, without any vote of the holders of the series F preferred, issue additional shares of series F preferred.</p>

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Information Rights

During any period in which we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and any series F preferred are outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of series F preferred as their names and addresses appear in our record books and without cost to such holders, copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the series F preferred. We will mail (or otherwise provide) the reports to the holders of series F preferred within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

Listing

We intend to file an application to list the series F preferred on the NYSE under the symbol "SHO PR F." If the application is approved, we expect trading of the series F preferred on the NYSE to commence within 30 days after initial delivery of the series F preferred.

Restrictions on Ownership and Transfer

For us to qualify as a REIT under the Code, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the Code. In order to assist us in meeting these requirements, among other purposes, no one person may own, actually or constructively, more than 9.8% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our series F preferred or more than 9.8% in value of the aggregate of the outstanding shares of our classes of stock. See "Description of the Series F Preferred Restrictions on Ownership and Transfer."

Conversion Rights

Upon the occurrence of a Change of Control, each holder of the series F preferred will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the series F preferred) to convert some or all of the shares of the series F preferred held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per series F preferred to be converted equal to the lesser of:

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the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a series F preferred dividend payment and prior to the corresponding series F preferred dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Share Price (as defined below); and

3.879, or the Share Cap, subject to certain adjustments; subject, in each case, to provisions for the receipt of alternative consideration, as described in the prospectus supplement.

The Share Cap is subject to pro rata adjustments for any Share Splits (as defined below) with respect to shares of our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product of (i) the Share Cap in effect immediately prior to such Share Split multiplied by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

If we have provided or provide a redemption notice, whether pursuant to our special optional redemption right in connection with a Change of Control or our optional redemption right, holders of the series F preferred will not have any right to convert the series F preferred in connection with the Change of Control Conversion Right (as defined below) and any of the series F preferred subsequently selected for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

For definitions of "Change of Control Conversion Right," "Change of Control Conversion Date," "Common Share Price" and "Share Split" and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see "Description of the Series F Preferred Conversion Rights." Except as provided above in connection with a Change of Control, the series F preferred are not convertible into or exchangeable for any other securities or property.

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	<p>Notwithstanding any other provision of the series F preferred, no holder of the series F preferred will be entitled to convert such series F preferred for shares of our common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to exceed the share ownership limits contained in our charter, including the articles supplementary setting forth the terms of the series F preferred. See "Description of Our Capital Stock Restrictions on Ownership and Transfer" in the accompanying prospectus.</p>
Use of Proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$72.4 million, after deducting the underwriting discount and other estimated offering expenses payable by us. We will contribute the net proceeds from this offering to our Operating Partnership in exchange for series F preferred units, the economic terms of which are substantially similar to the series F preferred. The Operating Partnership will subsequently use the net proceeds from this offering, along with cash on hand, to repay in full the outstanding mortgage loan secured by the Renaissance Orlando at SeaWorld®, and, to the extent of any excess net proceeds, for general corporate purposes. See "Use of Proceeds."</p>
Tax Considerations	<p>The material federal income tax considerations of purchasing, owning and disposing of the series F preferred are summarized in "Supplemental Material U.S. Federal Income Tax Considerations" and under the heading "U.S. Federal Income Tax Considerations" contained in Exhibit 99.1 to our Current Report on Form 8-K filed on March 3, 2016.</p>
Form	<p>The series F preferred will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company, except under limited circumstances.</p>

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RISK FACTORS

See the information under the heading "Risk Factors" beginning on page 11 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 23, 2016, which information has been incorporated by reference into this prospectus supplement, and other information included in this prospectus supplement and the accompanying prospectus and reports we file from time to time with the SEC that we incorporate by reference herein for a discussion of factors you should carefully consider before deciding to invest in shares of our series F preferred. In addition to the risk factors incorporated by reference herein, please see the additional risk factors referenced below:

Our series F preferred has not been rated and is subordinated to our existing and future debt, and your interest could be diluted by the issuance of additional parity preferred securities and by other transactions.

Our series F preferred has not been rated by any nationally recognized statistical rating organization, which may negatively affect its market value and your ability to sell it. It is possible that one or more rating agencies might independently determine to issue such a rating or that such a rating, if issued, could adversely affect the market price of our series F preferred. In addition, we may elect in the future to obtain a rating of our series F preferred, which could adversely impact their market price. Ratings only reflect the views of the rating agency or agencies issuing the ratings and they could be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of our series F preferred.

The payment of amounts due on the series F preferred will be subordinated to all of our existing and future debt. We may also issue additional shares of series F preferred or additional preferred shares in the future which are on a parity with (or, upon the affirmative vote or consent of the holders of two-thirds of the outstanding series F preferred and each other class or series of preferred stock ranking on a parity with the series F preferred which are entitled to similar voting rights, voting as a single class, senior to) the series F preferred with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up. In addition to our Series F preferred, as of the date of this prospectus supplement, we also have 4,600,000 shares of series E preferred outstanding, which is parity stock. Any of these factors may affect the trading price for the series F preferred.

As a holder of series F preferred, you have extremely limited voting rights.

Your voting rights as a holder of series F preferred will be limited. Our shares of common stock are the only class carrying full voting rights. Voting rights for holders of series F preferred exist primarily with respect to adverse changes in the terms of the series F preferred, the creation of additional classes or series of preferred shares that are senior to the series F preferred and our failure to pay dividends on the series F preferred for six or more quarterly periods (whether or not consecutive).

The change of control conversion feature may not adequately compensate you, and the change of control conversion and redemption features of the series F preferred may make it more difficult for a party to take over our company or discourage a party from taking over our company.

Upon a Change of Control, holders of our series F preferred will have the right (subject to our special optional redemption right) to convert some or all of their series F preferred into shares of our common stock (or equivalent value of alternative consideration) and under these circumstances we will also have a special optional redemption right to redeem the series F preferred. See "Description of the Series F Preferred Special Optional Redemption" and " Conversion Rights." Upon such a

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conversion, holders will be limited to a maximum number of shares equal to the Share Cap. If the Common Share Price is less than \$6.445 (which is approximately 50% of the per-share closing sale price of our common stock on May 9, 2016), subject to adjustment, holders will receive a maximum of 3.879 shares of our common stock per share of series F preferred, which may result in a holder receiving value that is less than the liquidation preference of the series F preferred. In addition, those features of our series F preferred may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change in control of our company under circumstances that otherwise could provide the holders of shares of our common stock and series F preferred with the opportunity to realize a premium over the then current market price or that stockholders may otherwise believe is in their best interests.

There is no established trading market for the series F preferred, listing on the NYSE does not guarantee a market for the series F preferred and the market price and trading volume of the series F preferred may fluctuate significantly.

The series F preferred are a new issue of securities with no trading market. We intend to file an application to list the series F preferred on the NYSE. However, an active and liquid trading market to sell the series F preferred may not develop after the issuance of the series F preferred offered hereby or, even if it develops, may not be sustained. Because the series F preferred have no stated maturity date, investors seeking liquidity may be limited to selling their shares in the secondary market. If an active trading market does not develop, the market price and liquidity of the series F preferred may be adversely affected. Even if an active public market does develop, we cannot guarantee you that the market price for the series F preferred will equal or exceed the price you pay for your shares of series F preferred.

The market determines the trading price for the series F preferred and may be influenced by many factors, including our history of paying dividends on the series F preferred, variations in our financial results, the market for similar securities, investors' perception of us, our issuance of additional preferred equity or indebtedness and general economic, industry, interest rate and market conditions. Because the series F preferred carry a fixed dividend rate, their value in the secondary market will be influenced by changes in interest rates and will tend to move inversely to such changes. In particular, an increase in market interest rates may result in higher yields on other financial instruments and may lead purchasers of series F preferred to demand a higher yield on the price paid for the series F preferred, which could adversely affect the market price of the series F preferred.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$72.4 million, after deducting the underwriting discount and other estimated offering expenses payable by us. We will contribute the net proceeds that we receive to the Operating Partnership in exchange for series F Preferred units in the Operating Partnership, the economic terms of which are substantially similar to the series F preferred. The Operating Partnership will subsequently use those net proceeds, along with cash on hand, to repay in full the outstanding mortgage loan secured by the Renaissance Orlando at SeaWorld®, and to the extent of any excess net proceeds, for general corporate purposes. As of April 30, 2016, the mortgage loan secured by the Renaissance Orlando had an outstanding principal balance of approximately \$72.8 million and bore interest at a rate of 5.52% per annum.

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SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will" or the negative of such terms and other comparable terminology. These statements are only predictions. Actual events or results may differ materially from those expressed or implied by these forward-looking statements. In evaluating these statements, you should specifically consider the risks outlined in detail under the heading "Risk Factors" in our Annual Report on Form 10-K, filed with the SEC on February 23, 2016, and under the heading "Risk Factors" on page S-10 of this prospectus supplement, and in the reports we file from time to time with the SEC and incorporated by reference herein, including, but not limited to, the following factors:

general economic and business conditions, including a U.S. recession or global economic slowdown, which may diminish the desire for leisure travel or the need for business travel, as well as any type of flu or disease-related pandemic, affecting the lodging and travel industry, internationally, nationally and locally;

our need to operate as a REIT and comply with other applicable laws and regulations;

rising hotel operating expenses, including the impact of the Patient Protection and Affordable Care Act;

relationships with, and the requirements and reputation of, our franchisors and hotel brands;

relationships with, and the requirements, performance and reputation of, the managers of our hotels;

the ground, building or air leases for eight of the 29 hotels held for investment as of March 31, 2016;

competition for the acquisition of hotels, and our ability to complete acquisitions and dispositions;

performance of hotels after they are acquired;

new hotel supply, or alternative lodging options such as timeshare, vacation rentals or sharing services such as Airbnb, in our markets, which could harm our occupancy levels and revenue at our hotels;

competition from hotels not owned by us;

the need for renovations, repositionings and other capital expenditures for our hotels;

the impact, including any delays, of renovations and repositionings on hotel operations;

changes in our business strategy or acquisition or disposition plans;

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our level of debt, including secured, unsecured, fixed and variable rate debt;

financial and other covenants in our debt and preferred stock;

our hotels and related goodwill may become impaired, or our hotels and related goodwill which have previously become impaired may become further impaired, in the future, which may adversely affect our financial condition and results of operations;

volatility in the capital markets and the effect on lodging demand or our ability to obtain capital on favorable terms or at all;

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potential adverse tax consequences in the event that our operating leases with our taxable REIT subsidiaries are not held to have been made on an arm's-length basis;

system security risks, data protection breaches, cyber-attacks, including those impacting our hotel managers or other third parties, and systems integration issues; and

other events beyond our control, including potential terrorist attacks or civil unrest.

These factors may cause our actual events to differ materially from the expectations expressed or implied by any forward-looking statement. We do not undertake to update any forward-looking statement.

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DESCRIPTION OF THE SERIES F PREFERRED

This description of the 6.450% Series F Cumulative Redeemable Preferred Stock, par value \$0.01 per share, which we refer to as the series F preferred, supplements the description of the general terms and provisions of our stock, including preferred stock, contained in the accompanying prospectus. You should consult that general description for further information.

General. We are currently authorized to issue up to 100,000,000 shares of preferred stock in one or more classes or series. Each class or series will have the designations, powers, preferences, rights, qualifications, limitations or restrictions as Maryland law permit and our board of directors may determine by adoption of applicable articles supplementary to our charter.

This summary of the terms and provisions of the series F preferred is not complete. Our board of directors will adopt articles supplementary designating the terms of the series F preferred, and you may obtain a complete copy of the articles supplementary designating the series F preferred by contacting us. In connection with this offering, we will file the articles supplementary with the SEC. Our board of directors may authorize the issue and sale of additional series F preferred from time to time.

We will apply to list the series F preferred on the NYSE under the symbol "SHO PR F." If the application is approved, we expect trading to commence within 30 days after initial delivery of the series F preferred.

The transfer agent, registrar and disbursement agent for the series F preferred is American Stock Transfer & Trust Company, LLC.

Ranking. The series F preferred ranks, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding-up of our affairs, senior to all classes or series of our common stock and to any other class or series of our capital stock expressly designated as ranking junior to the series F preferred, on parity with any class of our capital stock expressly designated as ranking on parity with the series F preferred, including our 6.950% Series E Cumulative Redeemable Preferred Stock, \$0.01 par value per share, which we refer to as series E preferred, and junior to any other class or series of our capital stock expressly designated as ranking senior to the series F preferred. Any future authorization or issuance of a class or series of our capital stock expressly designated as ranking senior to the series F preferred would require the affirmative vote of the holders of at least two-thirds of the outstanding shares of series F preferred and all other shares of any class or series ranking on parity with the series F preferred that are entitled to similar voting rights (voting together as a single class).

Dividends. Subject to the preferential rights of any security senior to the series F preferred as to dividends, the holders of series F preferred are entitled to receive, when, as and if authorized by our board of directors and declared by us out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 6.450% per annum of the \$25.00 liquidation preference per share of the series F preferred (equivalent to an annual rate of \$1.6125 per share of the series F preferred). Dividends will be payable quarterly in arrears on the 15th day of each January, April, July and October of each year (or if not a business day, on the next succeeding business day), commencing July 15, 2016. Dividends payable on the series F preferred for any partial or longer period (including the first dividend period after the sale of shares of series F preferred in this offering) will be computed on the basis of a 360-day year consisting of twelve 30-day months. Accrued but unpaid dividends on the series F preferred will accumulate as of the dividend payment date on which they first became payable. Dividends on the series F preferred will accrue whether or not:

we have earnings;

there are funds legally available for the payment of those dividends; or

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those dividends are authorized or declared.

Except as described in the next paragraph, unless full cumulative dividends on the series F preferred for all past dividend periods shall have been, or contemporaneously are, declared and paid in cash or declared and a sum sufficient for the payment thereof in cash is set aside for payment, we will not:

declare or pay or set aside for payment of dividends, and we will not declare or make any distribution of cash or other property, directly or indirectly, on or with respect to any shares of our common stock or series E preferred, or any other class or series of stock ranking as to dividends on parity with or junior to the series F preferred for any period; or

redeem, purchase or otherwise acquire for any consideration, or make any other distribution of cash or other property, directly or indirectly, on or with respect to, or pay or make available any monies for a sinking fund for the redemption of, any common stock or series E preferred, or any other class or series of stock ranking, with respect to dividends and upon liquidation, on parity with or junior to our series F preferred.

The foregoing sentence, however, will not prohibit:

dividends payable solely in capital stock ranking junior to the series F preferred;

the conversion into or exchange for other shares of any class or series of capital stock ranking junior to the series F preferred; and

our purchase of shares of series F preferred, preferred stock ranking on parity with the series F preferred as to payment of dividends or capital stock or equity securities ranking junior to the series F preferred pursuant to our charter to the extent necessary to preserve our status as a REIT.

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, and before any distribution or payment shall be made to holders of our common stock or any other class or series of our stock ranking, as to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, junior to the series F preferred, the holders of shares of series F preferred are entitled to be paid out of our assets legally available for distribution to our stockholders, after payment or provision for our debts and other liabilities, a liquidation preference of \$25.00 per share of series F preferred, plus an amount equal to any accrued and unpaid dividends (whether or not earned or declared) up to, but not including, the date of payment. The rights of holders of series F preferred to receive their liquidation preference will be subject to the proportionate rights of any other class or series of our capital stock ranking senior or on parity with the series F preferred as to liquidation, including our series E preferred. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of series F preferred will have no right or claim to any of our remaining assets. Our consolidation, conversion or merger with or into any other corporation, trust or other entity, or the voluntary sale, lease, transfer or conveyance of all or substantially all of our property or business, will not be deemed to constitute a liquidation, dissolution or winding-up of our affairs.

Optional Redemption. We may not redeem the series F preferred prior to May 17, 2021, except as described below under " Special Optional Redemption" and " Restrictions on Ownership and Transfer." On and after May 17, 2021, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the series F preferred, 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 all accrued and unpaid dividends (whether or not declared) up to, but not including, the date fixed for redemption, without interest, to the extent we have funds legally available for that purpose. Unless full cumulative dividends on all outstanding shares of series F preferred shall have been or contemporaneously are authorized, declared

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and paid in cash or declared and a sufficient sum set aside for payment of all past dividend periods and the then-current dividend period, no shares of series F preferred shall be redeemed unless all outstanding shares of series F preferred are simultaneously redeemed. All shares of the series F preferred that we redeem or repurchase will be retired and restored to the status of authorized but unissued shares of preferred stock, without designation as to series or class.

If (i) we have given a notice of redemption, (ii) have set aside sufficient funds for the redemption in trust for the benefit of the holders of the series F preferred called for redemption and (iii) irrevocable instructions have been given to pay the redemption price and all accrued and unpaid dividends, then from and after the redemption date, those series F preferred will be treated as no longer being outstanding, no further dividends will accrue and all other rights of the holders of those series F preferred will terminate, except the right to receive the redemption price plus any accrued and unpaid dividends payable upon such redemption, without interest. The holders of those series F preferred will retain their right to receive the redemption price for their shares and any accrued and unpaid dividends payable upon such redemption, without interest.

The holders of series F preferred at the close of business on a dividend record date will be entitled to receive the dividend payable with respect to the series F preferred on the corresponding payment date notwithstanding the redemption of the series F preferred between such record date and the corresponding payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on series F preferred to be redeemed.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, redeem the series F preferred, in whole or in part and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption. If, prior to the Change of Control Conversion Date, we have provided or provide notice of redemption with respect to the series F preferred (whether pursuant to our optional redemption right or our special optional redemption right), you will not have the conversion right described below under " Conversion Rights."

We will mail to you, if you are a record holder of the series F preferred, a notice of redemption no less than 30 days nor more than 60 days before the redemption date. We will send the notice to your address, as shown on our share transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any series F preferred except as to the holder to whom notice was defective. Each notice will state the following:

the redemption date;

the redemption price;