



Sunstone Hotel Investors, Walton Street Capital and Marriott International to Purchase 32 Hotels from CTF Holdings

Transaction Slightly Accretive to Marriott After One-Time Charge

WASHINGTON, April 27, 2005 /PRNewswire-FirstCall via COMTEX/ -- Sunstone Hotel Investors, Inc. (NYSE: SHO), Walton Street Capital, L.L.C. and Marriott International, Inc. (NYSE: MAR) have today signed purchase and sale agreements that will result in their separately acquiring 32 hotels and certain joint venture interests from CTF Holdings Ltd. Marriott International or its subsidiaries operate 29 of the hotels under the Renaissance Hotels & Resorts brand and three of the hotels under the Courtyard by Marriott brand.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20030605/MARRIOTTLOGO>)

As part of this transaction, Marriott signed a purchase and sale agreement with CTF Holdings Ltd. where Marriott agreed to purchase all the properties from CTF for an aggregate price of \$1.452 billion. That agreement permits Marriott to designate substitute purchasers at closing. Sunstone Hotel Investors and Walton Street Capital signed separate agreements with Marriott to be substitute purchasers and acquire 13 hotels and certain joint venture interests from CTF for approximately \$1 billion at the transaction's closing. Sunstone will purchase five hotels and one joint venture interest for \$419 million. Walton Street will purchase eight hotels for \$578 million. Marriott will purchase the remaining 19 hotels and one joint venture interest for approximately \$455 million.

In addition, Walton Street agreed to purchase Marriott's minority interest in one CTF hotel for approximately \$12 million.

Walton Street and Sunstone have also agreed to invest a combined \$68 million to further upgrade their respective 13 hotels and enter into new long-term management agreements with Marriott.

"The Renaissance brand has made tremendous strides since Marriott acquired it in 1997," said J.W. Marriott, Jr., chairman and chief executive officer of Marriott International. "In 2004, the revenue per available room index, or REVPAR index, for the Renaissance brand in the U.S. totaled 104 compared to less than 99 in 1997. Results for early 2005 show Renaissance's overall REVPAR index increasing another three points to date. And recently renovated hotels are doing even better. For Renaissance hotels that were renovated between 2001 and 2003, the REVPAR index was 117 in 2004. In its 2004 Top U.S. Hotel Chain survey, Business Travel News ranked Renaissance Hotels & Resorts third behind only Marriott and Disney.

"Travelers are discovering that Renaissance Hotels & Resorts are unique places to explore and savor. Each hotel includes fashionable and whimsical designs and each has its own story to tell. With the product renovations that this transaction will advance, the brand's emergence as one of the leading 'style' brands in the world will be accelerated," said Mr. Marriott. "Our new owner partners and Marriott International are fully aligned on the brand's direction. We're tremendously excited about the future," he added.

As part of the transaction, Marriott and CTF have agreed to dismiss all litigation currently pending between them, including litigation and arbitration involving CTF and its affiliates.

Marriott expects it will sell 13 of the hotels to third-party owners, recovering its purchase price for those hotels over the next 12 months. The purchase price of this portfolio of hotels is approximately 10 times forecasted 2005 income for the hotels. The remaining six hotels account for approximately \$10 million of the allocated purchase price, and are operated under leases, five of which expire by 2012.

Other CTF-affiliated Hotels

In addition to the transactions outlined above, Marriott and CTF have agreed to modify management agreements on 29 CTF-leased hotels, 28 located in Europe and one in the U.S. Marriott became secondarily liable for annual rent payments for these hotels when it acquired the Renaissance Hotel Group N.V. in 1997.

Marriott will continue to manage 16 of these hotels under new long-term management agreements. CTF has agreed to place approximately \$95 million in trust accounts to cover possible shortfalls in cash flow necessary to meet rent payments under these leases. In turn, Marriott has agreed to release CTF affiliates from their guarantees in connection with these leases. Once the transaction is complete, Marriott's financial statements will reflect Marriott as lessee on these hotels with minimum annual lease payments of approximately \$48 million.

For the remaining 13 European leased hotels, CTF will be permitted to terminate management agreements with Marriott as CTF obtains releases from landlords of Marriott's back-up guarantees. Pending completion of the CTF- landlord agreements, Marriott will continue to manage these hotels under short-term management agreements and will remain secondarily liable under these leases. CTF will make available \$35 million (approximately \$46 million) in cash collateral in the event Marriott is required to fund under such guarantees. As CTF obtains releases from the landlords and these hotels exit the system, Marriott's contingent liabilities will decline.

Marriott will continue to manage three hotels in the United Kingdom under amended management agreements with CTF-affiliated companies. Marriott will also continue to manage 14 properties in Asia on behalf of New World Development Company Limited and its affiliates. CTF's principals are officers, directors and stockholders of New World Development Company Limited. The owners of the U.K. and Asian hotels have agreed to invest \$17 million to renovate these properties.

Financial Impact

Marriott expects to record a \$91 million one-time, non-cash write-off in the second quarter of 2005 primarily associated with the termination of the existing management agreements. Marriott will enter into new, long-term management agreements with Walton Street and Sunstone at the closing of the transactions, which are expected to occur by June 30, 2005. The new management agreements will be longer and more valuable than the existing agreements, but because the existing agreements will be terminated, accounting rules require Marriott to record the charge.

On an ongoing basis, Marriott expects improved performance of properties involved in the transaction as renovations are completed and the hotels benefit more fully from Marriott's programs and systems. Excluding the one-time charge discussed above, the transaction is expected to be slightly accretive to Marriott in 2005 and thereafter.

Completion of these transactions is subject to certain conditions, as well as a variety of consents from owners of certain leased properties and debt that encumbers certain of the hotels. There can be no assurance that all of the necessary conditions will be met or consents obtained. If CTF meets all of its conditions to close and Marriott fails to close the transaction, Marriott is subject to paying a \$45 million breakup fee. Similarly, if Sunstone and Walton Street fail to close their transactions under the same circumstances, they are subject to comparable breakup fees.

Note: This press release contains "forward-looking statements" within the meaning of the federal securities laws, including the anticipated closing on the transactions described above, anticipated asset sale proceeds and timing, and expected contribution to future earnings. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including the completion of satisfactory landlord negotiations; the impact of the renovations and integration with Marriott systems; the pace and extent of the current recovery in both the economy and the lodging industry; supply and demand changes for hotel rooms around the world; competitive conditions in the lodging industry. These statements are made as of the date of this press release, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

MARRIOTT INTERNATIONAL, INC. (NYSE: MAR) is a leading lodging company with more than 2,600 lodging properties in the United States and 65 other countries and territories. Marriott International operates and franchises hotels under the Marriott, JW Marriott, The Ritz-Carlton, Renaissance, Residence Inn, Courtyard, TownePlace Suites, Fairfield Inn, SpringHill Suites, and Bulgari brand names; develops and operates vacation ownership resorts under the Marriott Vacation Club International, Horizons, The Ritz-Carlton Club and Marriott Grand Residence Club brands; operates Marriott Executive Apartments; provides furnished corporate housing through its Marriott ExecuStay division; and operates conference centers. The company is headquartered in Washington, D.C., and has approximately 133,000 employees as of December 31, 2004. It is ranked as the lodging industry's most admired company and one of the best places to work for by Fortune® magazine. In fiscal year 2004, Marriott International reported sales from continuing operations of \$10 billion. For more information or reservations, please visit our web site at <http://www.marriott.com>.

WALTON STREET CAPITAL, L.L.C. is a private real estate investment company based in Chicago that has received total equity commitments of \$1.8 billion through its four opportunistic and value-added Funds, of which \$1.4 billion has been invested to date with a gross asset cost of over \$4.0 billion. Fund investors include government and corporate pension funds, foreign pension funds, endowments, foundations, banks, insurance companies, fund of funds, high net worth individuals and the Principals of Walton Street, who have personally committed \$151 million to the Funds. Walton Street invests across all property types, both domestically and internationally.

SUNSTONE HOTEL INVESTORS, INC. is a Southern California-based lodging real estate investment trust (REIT). Sunstone Hotel Investors currently owns 52 hotels primarily in the upper-upscale and upscale segments operated under franchises owned by nationally recognized brands such as Marriott, Hilton, InterContinental, Hyatt and Fairmont. For further information, please visit the Company's website at <http://www.sunstonehotels.com>.

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