

Sunstone Hotel Investors, Inc.  
Form 8-K  
November 01, 2005

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

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**FORM 8-K**

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

Date of Report (Date of earliest event reported): October 26, 2005

**Sunstone Hotel Investors, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**001-32319**  
(Commission  
File Number)

**20-1296886**  
(IRS Employer  
Identification No.)

**903 Calle Amanecer, Suite 100**

**San Clemente, California**  
(Address of Principal Executive Office)

**92673**  
(Zip Code)

**(949) 369-4000**

(Registrant's telephone number, including area code)

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N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 3.02. UNREGISTERED SALES OF EQUITY SECURITIES.**

Pursuant to rights granted to Security Capital Preferred Growth Incorporated ( Security Capital ) in the Series C Cumulative Convertible Redeemable Preferred Stock Purchase Agreement among Sunstone Hotel Investors, Inc. ( Sunstone ), Sunstone Hotel Partnership, LLC and Security Capital dated as of April 27, 2005, as amended, and pursuant to the Stock Purchase Agreement (the Agreement ), dated as of October 26, 2005, Sunstone agreed to sell Security Capital 599,355 shares of common stock at a purchase price of \$23.85 per share. The aggregate purchase price for these shares is \$14,294,616.75. The closing of the sale of these shares is scheduled to occur, if all conditions to close in the Agreement have been satisfied or waived, on the first business day prior to the next record date with respect to any dividend on the common stock of Sunstone. These shares are covered by a registration rights agreement Sunstone entered into with Security Capital granting it the right to cause Sunstone to register these shares.

The sale of the shares of common stock to Security Capital is exempt from registration under the Securities Act of 1933 (as amended, the Securities Act ) pursuant to Section 4(2) thereof and Rule 506 promulgated thereunder, as there was no public offering of the securities.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Sunstone Hotel Investors, Inc.**

Date: November 1, 2005

By: /s/ JON D. KLINE

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Jon D. Kline

Executive Vice President and

Chief Financial Officer