

Sunstone Hotel Investors, Inc.
Form SC 13D/A
June 16, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. 2)

Sunstone Hotel Investors, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

867892101

(CUSIP Number)

Sunstone Hotel Investors, L.L.C.

Edgar Filing: Sunstone Hotel Investors, Inc. - Form SC 13D/A

903 Calle Amanecer, Suite 100

San Clemente, California 92673

Attn: Jon D. Kline

(949) 369-4000

with a copy to:

Patrick K. Fox, Esq.

General Counsel

Westbrook Real Estate Partners, L.L.C.

13155 Noel Road, Suite 700

Dallas, Texas 75240

(972) 934-7404

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

June 10, 2005

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this Schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (the Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Sunstone Hotel Investors, L.L.C.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of 229,820 (1)(2)

Shares 8. SHARED VOTING POWER

Beneficially

Owned By -0-

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person 229,820 (1)(2)

With 10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

229,820 (1)(2)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.6%

14. TYPE OF REPORTING PERSON

OO

- (1) Power is exercised through Westbrook Real Estate Partners, L.L.C., which is the managing member of Westbrook Sunstone Investors, LLC, which is the managing member of Westbrook SHP, L.L.C., which is a member of Sunstone Hotel Investors, L.L.C. Westbrook Real Estate Partners, L.L.C. is also the managing member of Westbrook Real Estate Partners Management III, LLC, which is the general partner of each of Westbrook Real Estate Fund III, L.P. and Westbrook Real Estate Co-Investment Partnership III, L.P., which together with Westbrook SHP, LLC have the power to appoint three-fourths of the members of the executive committee of Sunstone Hotel Investors, L.L.C.
- (2) Sunstone Hotel Investors, L.L.C. is also the holder of 1,671,985 membership units of Sunstone Hotel Partnership, LLC. Holders of units are entitled to present them for redemption for a cash amount equal to the then-fair market value of an equal number of shares of Sunstone Hotel Investors, Inc. or, in Sunstone Hotel Investors, Inc.'s sole discretion, an equal number of shares of Common Stock. Units are eligible to be presented for redemption beginning on October 27, 2005.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

WB Hotel Investors, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of 42,356 (1)(2)

Shares 8. SHARED VOTING POWER

Beneficially

Owned By -0-

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person 42,356 (1)(2)

With 10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

42,356 (1)(2)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.1%

14. TYPE OF REPORTING PERSON

OO

- (1) Power is exercised through Westbrook Real Estate Partners, L.L.C., which is the managing member of Westbrook Real Estate Partners Management III, LLC, which is the general partner of Westbrook Real Estate Fund III, L.P. and Westbrook Real Estate Co-Investment Partnership III, L.P., which together have the power to appoint a majority of the members of the executive committee of WB Hotel Investors, LLC.
- (2) WB Hotel Investors, LLC is a holder of 330,409 membership units of Sunstone Hotel Partnership, LLC. Holders of units are entitled to present them for redemption for a cash amount equal to the then-fair market value of an equal number of shares of Sunstone Hotel Investors, Inc. or, in Sunstone Hotel Investors, Inc.'s sole discretion, an equal number of shares of Common Stock. Units are eligible to be presented for redemption beginning on October 27, 2005.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Sunstone/WB Hotel Investors IV, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of 537,956 (1)(2)

Shares 8. SHARED VOTING POWER

Beneficially

Owned By -0-

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person 537,956 (1)(2)

With 10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

537,956 (1)(2)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.4%

14. TYPE OF REPORTING PERSON

OO

- (1) Power is exercised through Westbrook Real Estate Partners, L.L.C., which is the managing member of Westbrook Real Estate Partners Management IV, LLC, which is the general partner of each of Westbrook Real Estate Fund IV, L.P. and Westbrook Real Estate Co-Investment Partnership IV, L.P., which together have the power to appoint a majority of the members of the executive committee of Sunstone/WB Hotel Investors IV, LLC.
- (2) Sunstone/WB Hotel Investors IV, LLC is a holder of 1,257,439 membership units of Sunstone Hotel Partnership, LLC. Sunstone/WB Hotel Investors IV, LLC also has the power to control 439,739 membership units of Sunstone Hotel Partnership, LLC held by Sunstone/WB Manhattan Beach, LLC. Holders of units are entitled to present them for redemption for a cash amount equal to the then-fair market value of an equal number of shares of Sunstone Hotel Investors, Inc. or, in Sunstone Hotel Investors, Inc.'s sole discretion, an equal number of shares of Common Stock. Units are eligible to be presented for redemption beginning on October 27, 2005.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Sunstone/WB Manhattan Beach, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of 0 (1)(2)

Shares 8. SHARED VOTING POWER

Beneficially

Owned By -0-

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person 0 (1)(2)

With 10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0 (1)(2)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14. TYPE OF REPORTING PERSON

OO

- (1) Power is exercised through Westbrook Real Estate Partners, L.L.C., which is the managing member of Westbrook Real Estate Partners Management IV, LLC, which is the general partner of each of Westbrook Real Estate Fund IV, L.P. and Westbrook Real Estate Co-Investment Partnership IV, L.P., which together have the power to appoint a majority of the members of the executive committee of Sunstone/WB Hotel Investors IV, LLC. Sunstone/WB Hotel Investors IV, LLC has the power to appoint a majority of the members of the executive committee of Sunstone/WB Manhattan Beach, LLC.
- (2) Sunstone/WB Manhattan Beach, LLC is a holder of 439,739 membership units of Sunstone Hotel Partnership, LLC. Holders of units are entitled to present them for redemption for a cash amount equal to the then-fair market value of an equal number of shares of Sunstone Hotel Investors, Inc. or, in Sunstone Hotel Investors, Inc.'s sole discretion, an equal number of shares of Common Stock. Units are eligible to be presented for redemption beginning on October 27, 2005.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Westbrook Real Estate Partners, L.L.C.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of -0-

Shares 8. SHARED VOTING POWER

Beneficially

Owned By 810,132 (1)

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person -0-

With 10. SHARED DISPOSITIVE POWER

810,132 (1)

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

810,132 (1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.2%

14. TYPE OF REPORTING PERSON

OO

(1) Westbrook Real Estate Partners, L.L.C. beneficially holds 3,699,572 membership units of Sunstone Hotel Partnership, LLC.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Westbrook Sunstone Investors, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of 229,820(1)

Shares 8. SHARED VOTING POWER

Beneficially

Owned By -0-

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person 229,820(1)

With 10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

229,820(1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.6%

14. TYPE OF REPORTING PERSON

OO

(1) Excludes 1,671,985 membership units of Sunstone Hotel Partnership, LLC.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Westbrook SHP, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of -0-

Shares 8. SHARED VOTING POWER

Beneficially

Owned By 229,820(1)

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person -0-

With 10. SHARED DISPOSITIVE POWER

229,820(1)

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

229,820(1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.6%

14. TYPE OF REPORTING PERSON

OO

(1) Excludes 1,671,985 membership units of Sunstone Hotel Partnership, LLC.

CUSIP No. 867892101

1. NAME OF REPORTING PERSON

Westbrook Real Estate Partners Management III, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

Number Of 272,176(1)

Shares 8. SHARED VOTING POWER

Beneficially

Owned By -0-

Each 9. SOLE DISPOSITIVE POWER

Reporting

Person 272,176(1)

With 10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

272,176(1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.7%

14. TYPE OF REPORTING PERSON

OO

(1) Excludes 2,002,394 membership units of Sunstone Hotel Partnership, LLC.