

For Immediate Release

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Sunstone Moves Forward With Capton

Capton announced today that Sunstone Hotel Investors, after experiencing positive results with Beverage Tracker pilot installations in its Renaissance Washington DC and Marriott Boston Long Wharf hotels, will be moving forward with Capton projects in other Sunstone properties.

ABOUT CAPTON

Headquartered in Northern California, Capton is the leading developer of RFID-based business control solutions for hospitality. Capton solutions are installed in hotels, restaurants, nightclubs and bars, resorts, casinos, cruise lines, sports stadiums and many other types of hospitality venues across the United States and around the world. Capton products are marketed via a global sales and support network.

FOR FURTHER INFORMATION

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Sunstone Hotel Investors is one of the most respected REITS in the hospitality world. Its 27 property portfolio flies the flags of many prestigious brands including Marriott, Hyatt, Fairmont and Hilton. Sunstone has consistently produced impressive net operating income performance improvement, in partnership with their operators, by funding profit-impacting capital projects. Although severe capital funding restrictions have existed across the industry during the past year, Sunstone moved forward with Capton pilot projects in early 2009.

"Our first project came as the result of a contract signed between Capton and Marriott in the summer of 2008. Marriott was looking for owners who were interested in funding a Capton technology purchase and we thought Capton's product seemed like a 'winner'," said Marc Hoffman, VP Asset Management for Sunstone. "We installed the Renaissance Washington DC in December 2008, and within 90 days we started seeing a liquor cost reduction that was jaw-dropping. The Renaissance Washington DC has always had one of our best performing food and beverage teams, but we felt putting the Capton system into the hands of this team might solve a liquor shrinkage problem which we know exists in every hotel we own."

It is estimated that \$7B of liquor disappears annually into over poured and/or free drinks served by bartenders in hundreds of thousands of bars across the USA. That adds up to an average of \$23,000 per bar. To combat the problem, Sunstone focused on inventory-based beverage control solutions in its properties – yet shrinkage problems remained.

"We could see the problem particularly in our larger properties, but not the individual acts which were causing the problem," said Hoffman. "Capton spotlights every single individual act that occurs when drinks are prepared incorrectly or not correctly rung up as revenue. The day the system goes in, that kind of behavior stops and liquor costs plummet."

"After the initial success at the Renaissance Washington DC, Sunstone then installed the system at the Marriott Boston Long Wharf," continued Hoffman. "It was a smaller operation, but we got the same result. The system paid for itself in short order with liquor cost savings, positioning us to increase net operating income, and therefore, immediately increase our portfolio value."

Ownership groups prefer the Capton technology because it directly impacts net operating income by reducing costs without increasing operating expenses. Sunstone in particular values its role of partnering with hotel operating teams to provide tools which can immediately help improve profitability. Even during this economic period, proven solutions which can reduce operating costs are not optional. Sunstone plans on implementing Capton in another half dozen locations immediately, and looks forward to continuing the Capton rollout in 2010.

"The great thing about Capton is that when we check back in with our property teams, the ROI result is clear," concluded Hoffman, "and the teams always comment about how much they appreciate the focus and the commitment of Capton to work with them over time to produce and maintain the ROI results. These guys are truly bar operations experts who can make a difference across the board in any beverage operation."