



**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION
IN THE UNITED STATES**

**SUNSTONE U.S. OPPORTUNITY (NO. 3) REALTY TRUST ANNOUNCES SALE OF
FINAL TWO PROPERTY INTERESTS**

Vancouver, B.C. – January 10, 2017: Sunstone U.S. Opportunity (No.3) Realty Trust (“Sunstone”) announced today that it has completed the sales of both the Embassy Suites Tempe Hotel (the “Embassy Suites Tempe”) in Tempe, AZ and its 10% interest in Grand Parkway Apartments in Houston, TX.

Embassy Suites Tempe was sold on January 6, 2017 for gross proceeds of US\$22,000,000, less closing costs and adjustments. The proceeds consisted of a combination of cash and publically traded limited partnership units (the “AHIP Units”) of American Hotel Income Properties REIT LP (“AHIP”) (TSX: HOT.UN). AHIP and Sunstone have a director in common. Embassy Suites Tempe was acquired by Sunstone in May, 2011 for a purchase price of US\$19,000,000.

The 10% interest in Grand Parkway Apartments was sold on January 6, 2017 for US\$4,040,000, less closing costs and adjustments. The interest in Grand Parkway Apartments was acquired by Sunstone in June, 2011 for a purchase price of US\$3,250,000.

Steve Evans, a principal of Sunstone, said, “We are pleased to complete the sale of the two remaining assets, which permits us to commence the profitable wind-up of Sunstone U.S. Opportunity (No.3) Realty Trust. Additionally, investors will benefit from the re-patriation of the invested capital at an exchange rate that results in a significant currency gain.”

Sunstone intends to complete closing audits on the sales prior to distributing the net proceeds therefrom to unitholders, including a detailed summary of applicable cash or unit distributions. Sunstone anticipates this process to be completed by mid-2017. The AHIP Units are subject to a four-month hold period, during which Sunstone unitholders will benefit from any distributions paid by AHIP.

As all the properties in the fund have now been sold, and subsequent to the payment of the final distribution, Sunstone will begin processes to terminate and dissolve the fund.

Tax Information:

Please note that as these sales completed in 2017, U.S. tax filing obligations, if any, will be completed next year. In early 2018, Sunstone will create an online questionnaire that will allow unitholders of record to receive tax slips and tax returns for the 2017 tax year as required by the Internal Revenue Service. This website will be the only opportunity for unitholders to receive their U.S. tax slips. Sunstone will provide additional information in due course.

This news release is intended for distribution in Canada only and is not intended for distribution to United States newswire services or dissemination in the United States. The securities being offered have not, nor will they be registered under the United States Securities Act of 1933, as amended, and may not be offered

SUNSTONE U.S. OPPORTUNITY (NO. 3) REALTY TRUST

Suite 910, 925 West Georgia Street • Vancouver • British Columbia • Canada • V6C 3L2 • Telephone (604) 681-5959 • Fax (604) 681-5969



or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

Additional information about Sunstone is available at www.sunstoneadvisors.com or www.sedar.com.

For more information please contact:

Andrew Greig, Director of Business Development

Sunstone U.S. Opportunity (No. 3) Realty Trust

Suite 910, 925 West Georgia Street

Vancouver, BC V6C 3L2

Phone: (604) 681-5959 or (888) 681-5959

E-mail: Andrew@sunstoneadvisors.com

Forward-looking Statements

This press release may contain forward-looking statements with respect to Sunstone, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe” or “continue” or the negative thereof or similar variations. The actual results and performance of Sunstone discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and other factors. These cautionary statements qualify all forward-looking statements attributable to Sunstone and persons acting on Sunstone’s behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the parties have no obligation to update such statements.