

Carey Watermark Investors Acquires Hawks Cay Resort

NEW YORK, Oct. 24, 2013 /PRNewswire/ -- Carey Watermark Investors Incorporated (CWI) announced today that it has acquired the Hawks Cay Resort, the largest destination resort in the Florida Keys. Located on Duck Key—approximately 100 miles south of Miami and 60 miles northeast of Key West—Hawks Cay includes 177 resort guestrooms and a resort residential management program that includes over 250 two-three-and four-bedroom villas.

(Photo: <http://photos.prnewswire.com/prnh/20131024/NY03555>)

(Logo: <http://photos.prnewswire.com/prnh/20130530/NY22864LOGO-b>)

CWI's total investment in the property is approximately \$149.4 million, including a \$133.8 million purchase price and \$15.6 million of planned capital improvements and other acquisition-related costs. The acquisition was financed with \$79.0 million of debt. The property will be managed by Pyramid Hotel Group.

With the widest array of facilities and amenities in the Keys, the resort includes 14,800 square feet of indoor meeting space, six food and beverage outlets, a private saltwater lagoon, the 7,000 square foot Calm Waters Spa, five swimming pools, an 85-slip marina, the Indies Kids' Club, Cliff Drysdale tennis center, and 10,000 square feet of retail and office space. Surrounded by the Atlantic Ocean and Gulf of Mexico, Hawks Cay also features an abundance of water activities, including fishing, scuba diving and snorkeling, parasailing, powerboat rentals, sunset cruises, kayak excursions, kite boarding, and Dolphin Connection, an educational and interactive experience that allows guests to swim with Atlantic bottlenose dolphins.

Capital improvement plans include a wide variety of projects throughout the resort, including the renovation of guestrooms and public spaces, the redevelopment of the marina restaurant and other enhancements to the marina area, enhancement of the pool and recreational area at the Indies Kids' Club, complete renovation of the two penthouse suites, and the creation of 16 family suites.

Commenting on the investment, Michael Medzigian, Chief Executive Officer of CWI, said, "Given the limited number of existing resorts and restrictions on new development, the Florida Keys is one of the strongest lodging markets in the country. Our acquisition of Hawks Cay is consistent with our strategy of applying our lodging investment and asset management disciplines to exceptional properties. We believe that, through our planned improvements and upgrades, as well as the introduction of the Pyramid Hotel Group management team, we will be able to enhance and reposition the resort, create a solid financial platform for future operations and achieve attractive risk-adjusted returns for our investors."

Carey Watermark Investors

Established in 2010 as a joint undertaking of W. P. Carey Inc. and Watermark Capital Partners, Carey Watermark Investors Incorporated is a publicly registered non-traded real estate investment trust (REIT) that invests primarily in the lodging and lodging-related sectors.

www.careywatermark.com

Pyramid Hotel Group

Pyramid Hotel Group is a Boston-based Hotel and Resort company with over 60 assets comprising more than 22,000 rooms and over 9,000 employees. The company provides hotel management, asset management and project management services to a broad array of lodging assets, including many complex resorts. Pyramid manages and asset manages a diverse portfolio of resorts in one of kind destinations across the United States and the Caribbean.

www.pyramidhotelgroup.com

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Federal securities laws. The statements of Mr. Medzigian are examples of forward looking statements. A number of factors could cause actual results, performance or achievement to differ materially from those anticipated. Among those risks, trends and uncertainties are the risks related to CWI's public offering; the general economic climate; the supply of and demand

for hotels; interest rate levels; the availability of financing; and other risks associated with the acquisition and ownership of hotels. For further information on factors that could impact CWI, reference is made to its filings with the Securities and Exchange Commission

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SOURCE Carey Watermark Investors Incorporated
