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Carey Watermark Investors Announces \$95 Million Acquisition of Courtyard Times Square West Hotel

Centrally Located New York City Property Added to Portfolio



New York – May 28, 2014 – Carey Watermark Investors Incorporated (CWI), a non-traded real estate investment trust (“REIT”) focused on investing in lodging properties, announced that it has acquired the Courtyard Times Square West, a 224-room select-service hotel, located at 307 West 37th Street in the Times Square area of midtown Manhattan. CWI’s total investment in the property is approximately \$95 million.

Key Facts

- **Strong market:** The New York City lodging market is the strongest performing hotel market in the U.S., benefitting from strong corporate demand as well as leisure demand from both domestic and international travelers. NYC occupancy averaged 78.3% from 1991 to 2013 as compared to 61.8% nationally over the same period. Year-to-date through March, New York City achieved a RevPAR of \$161, outperforming the U.S. by 142%.

- **Central Times Square location:** The Courtyard Times Square West benefits from its location on West 37th Street in the heart of Midtown Manhattan, which is within walking distance of many of the city’s most popular tourist and entertainment destinations, including Times Square, Madison Square Garden, the Fashion District, the Theater District and the Jacob Javits Center. Midtown Manhattan also houses more than 75% of New York City’s 389 million square feet of office space, making the hotel ideal for both business and leisure travelers.
- **Attractive all-in acquisition cost:** \$95 million investment includes purchase price, acquisition-related costs and planned capital expenditures. The acquisition was financed with \$56 million of debt.
- **Strong brand affiliation:** The Courtyard brand is one of the most highly desirable select-service brands in the lodging industry. The hotel benefits from its affiliation with Marriott International, utilizing its strong reservation system and loyalty program—Marriott Rewards—which has garnered more accolades than any other hotel loyalty program. Marriott benefits from excellent brand recognition and demand among both domestic and international travelers.
- **New construction:** Built in 2013, the hotel was designed with a more open, expansive lobby and larger guestrooms and public spaces when compared to the select-service supply in the market.
- **Property and amenities:**
 - 224 rooms housed in 27 stories
 - 655 square feet of meeting space
 - Constructed in 2013
 - Outdoor patio
 - Fitness and business centers
 - Complimentary wireless internet access
 - Bistro restaurant (breakfast and dinner), full service bar

Management Commentary

Michael Medzigian, Chief Executive Officer of CWI: “The acquisition of the Courtyard Times Square West represented the opportunity to invest in a newly built, high quality, select-service property with strong brand affiliation in one of the strongest domestic hotel markets. Given these attributes, we believe that the investment will be a solid cash flow-generating addition to our growing portfolio.”

Carey Watermark Investors

Carey Watermark Investors Incorporated (CWI) is a publicly registered real estate investment trust (REIT) that was formed to make investments primarily in the lodging and lodging-related sectors. Affiliates of W. P. Carey Inc. and Watermark Capital Partners advise CWI and manage its overall portfolio. www.careywatermark.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.