



Carey Watermark Investors Incorporated

Total Assets	\$1,083.9 Million
Real Estate Assets	\$862.7 Million
Cash	\$106.9 Million
Securities	\$0.0 Million
Other	\$114.4 Million



Cash to Total Assets Ratio	9.9%
Asset Type	Hospitality
Number of Properties	18
Square Feet / Units / Rooms / Acres	3,967 Rooms
Occupancy	70.8%*
Weighted Average Lease Term Remaining	Not Applicable
LifeStage	Stabilizing
Investment Style	Value Add
Weighted Average Shares Outstanding	68,575,077

*Consolidated hotels only

Initial Offering Date	September 15, 2010
Offering Status	Follow-On
Number of Months Fundraising	42
Offering Close Date	December 31, 2014
Current Price per Share	\$10.00
Reinvestment Price per Share	\$9.50

Historical Price



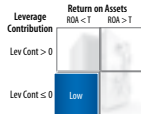
Contact Information

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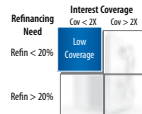
Performance Profiles

Operating Performance



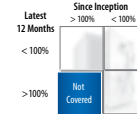
The REIT's recent 12-month average return on assets is less than yields on 10-year Treasuries, indicating negative risk adjusted returns. At its current cost of debt and level of borrowing, the use of debt is not increasing returns to shareholders. Earnings must improve to cover costs of debt.

Financing Outlook



The REIT's interest coverage ratio is below the 2.0X benchmark but the REIT does not have over 20% of debt maturing within 2 years or at unhedged variable rates. The REIT does not face an immediate need to refinance a significant portion of its debt, but may need to increase earnings to provide lenders with sufficient interest coverage.

Cumulative MFFO Payout

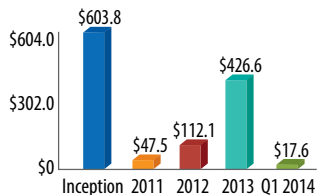


The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

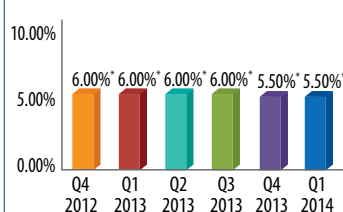
The REIT's return on assets was 1.66% over the last 12 months, below the yield on 10-Year Treasuries, but its leverage contribution was therefore negative, due to its 52% debt ratio and 4.71% average cost of debt. The interest coverage ratio of 1.8X is below the 2.0X benchmark, but with no variable-rate debt and only 5.9% of debt maturing within two years, there is no significant need for refinancing. The REIT has paid out a cumulative 189% of MFFO in cash distributions exclusive of DRP since inception, and over the last 12 months has reduced the cash payout ratio to 161% of MFFO despite decreased MFFO since 3Q 2013. This cash payout ratio must fall to be sustainable.

Gross Dollars Raised*



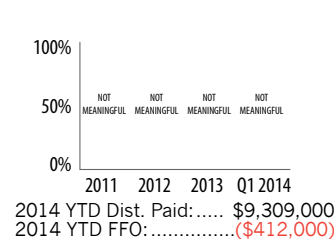
*Includes reinvested distributions (in millions)

Historical Distribution

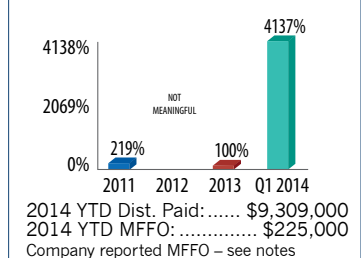


*See notes.

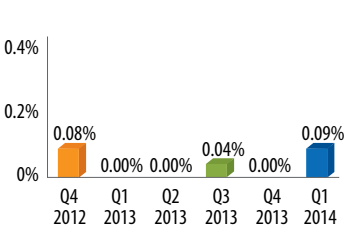
Historical FFO Payout Ratio



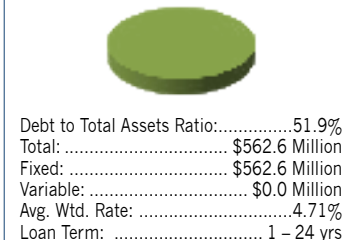
Historical MFFO Payout Ratio



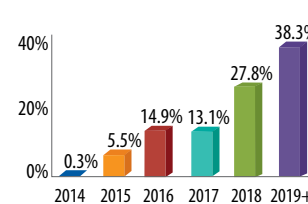
Redemptions



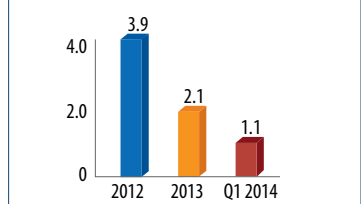
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- The Company commenced a follow-on public offering of up to an additional \$350.0 million of common stock and an additional \$300.0 million in shares of common stock through the DRIP on December 20, 2013.
- The Company's NAV was estimated at \$10.24 per share based on shares outstanding at November 30, 2013. In December 2013, the Company declared a special stock dividend where stockholders of record as of the close of business on December 16, 2013 received 0.1375 shares of common stock for each share owned. Shares were issued on December 19, 2013. As a result of the increased number of outstanding shares of common stock due to the special stock dividend, the estimated per share NAV was adjusted from \$10.24 to \$9.00. This adjustment facilitates equivalent treatment of investors in the initial public offering and investors in the follow-on offering and enables the Company to offer stock in the follow-on offering at a consistent price of \$10.00 per share, inclusive of commissions and offering costs.
- During 1Q 2014 the Company did not acquire or sell any properties.
- On April 1, 2014, the Company acquired a 100% interest in the Hyatt Place Austin Downtown for \$87.0 million from White Lodging Services Corporation. It also paid acquisition fees of approximately \$2.7 million. The 296-room select-service hotel is located in Austin, Texas.
- The second quarter 2014 declared daily distribution of \$0.0015109 per share, payable in cash, which equates to \$0.5500 per share on an annualized basis, will be paid on or about July 15, 2014 to stockholders of record on each day during the second quarter.
- The REIT's Cash to Total Assets ratio decreased to 9.9% as of 1Q 2014 compared to 12.7% as of 1Q 2013.
- The REIT's Debt to Total Assets ratio increased to 51.9% as of 1Q 2014 compared to 46.5% as of 1Q 2013.
- Fixed rate debt includes variable rate debt that has been swapped for fixed rate payments. The Company has hedged \$204.6 million of its variable rate debt.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- From inception through March 31, 2014, the Company declared distributions, excluding distributions paid in shares of common stock, to stockholders totaling \$36.7 million, which were comprised of cash distributions of \$15.0 million and \$21.7 million reinvested by stockholders in shares of common stock pursuant to the DRIP. To date, the Company has not yet generated sufficient FFO to fund all of the distributions; therefore, the Company funded substantially all of the cash distributions through March 31, 2014 from the proceeds of the initial public offering, with a portion being funded from FFO.