

Nontraded REIT Industry Review: Second Quarter 2014



Carey Watermark Investors Incorporated

Total Assets.....	\$1,458.6 Million
Real Estate Assets.....	\$1,278.7 Million
Cash.....	\$52.5 Million
Securities.....	\$0.0 Million
Other.....	\$127.4 Million

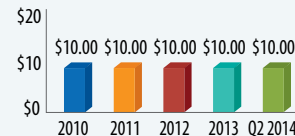


Cash to Total Assets Ratio:.....	3.6%
Asset Type:.....	Hospitality
Number of Properties:.....	23
Square Feet / Units / Rooms / Acres:.....	5,408 Rooms
Occupancy:.....	80.3%*
Weighted Average Lease Term Remaining:.....	Not Applicable
LifeStage:.....	Stabilizing
Investment Style:.....	Value Add
Weighted Average Shares Outstanding:.....	76,074,511

*Consolidated hotels only

Initial Offering Date:.....	September 15, 2010
Offering Status.....	Follow-On
Number of Months Fundraising:.....	45
Offering Close Date:.....	December 12, 2014
Current Price per Share:.....	\$10.00
Reinvestment Price per Share:.....	\$9.50

Historical Price



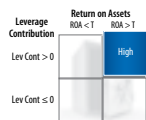
Contact Information

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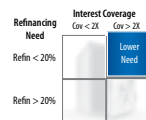
Performance Profiles

Operating Performance



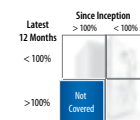
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

Financing Outlook



Interest coverage ratio exceeds the 2.0X benchmark and 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, and has sufficient earnings to cover interest expense.

Cumulative MFFO Payout

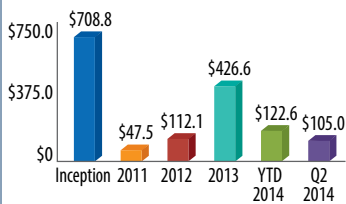


The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

Summary

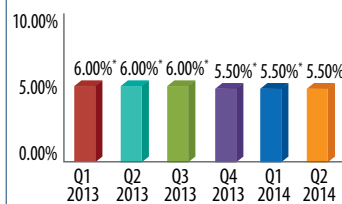
The REIT's return on assets was 6.41% over the last 12 months, above the yield on 10-year Treasuries, and its leverage contribution was therefore positive, due to its 57% debt ratio and 4.50% average cost of debt. The 12-month interest coverage ratio of 2.0X is just at the 2.0X benchmark, but with no variable-rate debt and only 4% of debt maturing within two years, there is no significant need for refinancing. The REIT has paid out a cumulative 128% of MFFO in cash distributions exclusive of DRP since inception, and over the last 12 months has reduced the cash payout ratio to 126% of MFFO, with a large MFFO increase in 2Q 2014. This cash payout ratio must fall to be sustainable.

Gross Dollars Raised*



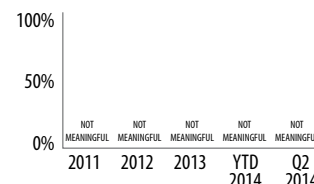
*Includes reinvested distributions (in millions)

Historical Distribution



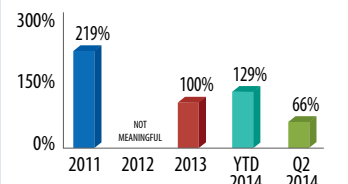
*See notes.

Historical FFO Payout Ratio



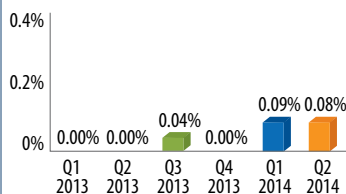
2014 YTD Dist. Paid: ... \$18,737,000
 2014 YTD FFO: (\$1,271,000)

Historical MFFO Payout Ratio

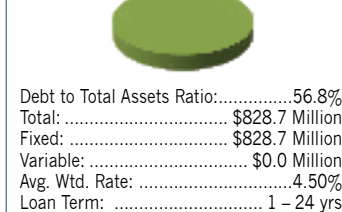


2014 YTD Dist. Paid: ... \$18,737,000
 2014 YTD MFFO: \$14,506,000
 Company reported MFFO - see notes

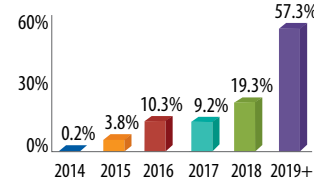
Redemptions



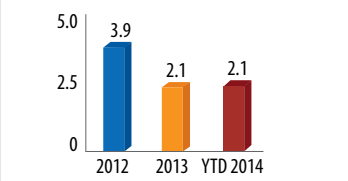
Debt Breakdown



Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 2Q 2014 the Company acquired five properties for \$415.3 million on a consolidated basis.
- As of August 11, 2014 the Company has issued 15,487,146 shares of common stock in connection with the follow-on offering raising aggregate gross proceeds of \$154,414,598. In addition, as of August 11, 2014 it has also issued 2,948,462 shares of common stock (\$28,010,388) pursuant to the DRIP.
- The Company intends to close the follow-on offering on December 12, 2014.
- The REIT's Cash to Total Assets ratio decreased to 3.6% as of 2Q 2014 compared to 15.1% as of 2Q 2013.
- The REIT's Debt to Total Assets ratio increased to 56.8% as of 2Q 2014 compared to 48.0% as of 2Q 2013.
- Fixed rate debt includes variable rate debt that has been swapped for fixed rate payments. The Company has hedged \$238.3 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 June 30, 2014, the Company declared distributions, excluding distributions paid in shares of common stock, to stockholders totaling \$47.1 million, which were comprised of cash distributions of \$19.7 million and \$27.4 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 June 30, 2014 from the proceeds of the initial public offering, with a portion being funded from FFO.