

# Nontraded REIT Industry Review: Second Quarter 2015

## Carey Watermark Investors, Inc.

Total Assets.....	\$2,441.6 Million
Real Estate Assets .....	\$2,109.9 Million
Cash .....	\$110.9 Million
Securities .....	\$0.0 Million
Other .....	\$220.8 Million

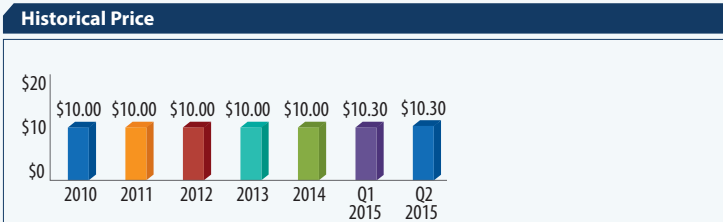


Initial Offering Date: .....	September 15, 2010
Offering Close Date: .....	December 31, 2014
Current NAV per Share: .....	\$10.30*
Reinvestment Price per Share: .....	\$9.79
Cumulative Capital Raised during Offering (including DRP):.....	\$1,188.4 Million

\* See Notes

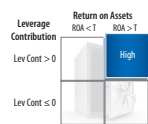
Cash to Total Assets Ratio: .....	4.5%
Asset Type: .....	Hospitality
Number of Properties: .....	29*
Square Feet / Units / Rooms / Acres: .....	7,014 Rooms
Occupancy: .....	80.7%*
Weighted Average Lease Term Remaining:.....	Not Applicable
LifeStage: .....	Maturing
Investment Style: .....	Value Add
Weighted Average Shares Outstanding: .....	130,859,012

\*Consolidated hotels as of 6/30/15 \*\*See notes below.



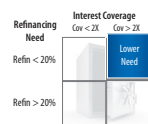
### Performance Profiles

#### Operating Performance



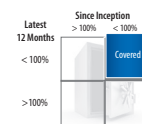
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is contributing to increased returns for shareholders.

#### 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



Cumulative MFFO since inception exceeds the cumulative cash distributions to common shareholders, indicating the REIT has fully funded cash distributions from its real estate operations. At the current distribution rate and level of modified funds from operations, trends suggest the distributions can be maintained.

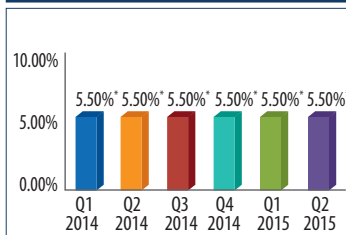
#### Summary

The REIT's return on assets was 6.83% over the last 12 months, above the yield on 10-Year Treasuries, and its leverage contribution was therefore positive, due to its 54% debt ratio and 4.50% average cost of debt. The 12-month interest coverage ratio of 2.5X is above the 2.0X benchmark, but with 12.1% unhedged variable-rate debt and only 6.7% of debt maturing within two years, there is no significant need for refinancing and little interest rate risk. The REIT has paid out a cumulative 46% of MFFO in cash distributions exclusive of DRIP since inception, and over the last 12 months has a cash payout ratio of 36% of MFFO. These cash payout ratios are clearly sustainable.

### Contact Information

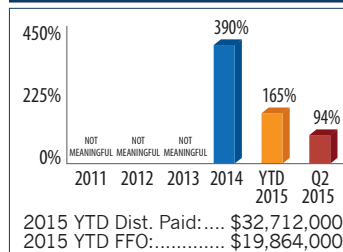
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### Historical Distribution

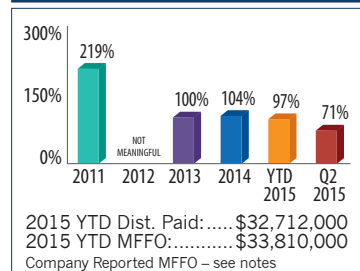


\*See notes.

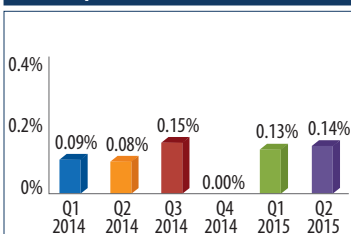
### Historical FFO Payout Ratio



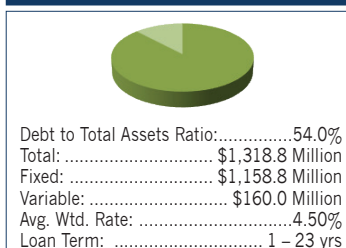
### Historical MFFO Payout Ratio



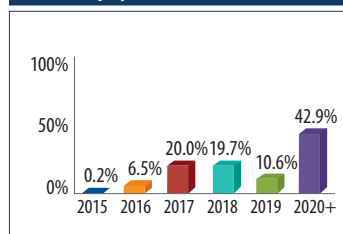
### Redemptions



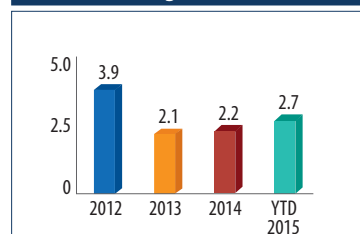
### Debt Breakdown



### Debt Repayment Schedule



### Interest Coverage Ratio



### Source of Distributions, Trends and Items of Note

- On January 13, 2015 the company announced the estimated gross net asset value for its common shares at \$10.30 per share. Starting January 2015, the NAV of \$10.30 will be used for purposes of redemptions of common stock and issuing shares pursuant to the distribution reinvestment plan. The redemption price is \$9.79.
- Occupancy for consolidated portfolio for three months ended June 30, 2015 was 80.7%.
- During the six months ended June 30, 2015, the REIT acquired five consolidated hotels, with real estate and other hotel assets, net of assumed liabilities and contributions from noncontrolling interests, totaling \$424.9 million.
- On April 1, 2015, the REIT sold a 50% controlling interest in the Marriott Sawgrass Golf Resort & Spa, which it acquired in October 2014, to Carey Watermark 2, for a contractual sales price of \$37.2 million.
- The REIT's Cash to Total Assets ratio increased to 4.5% as of 2Q 2015 compared to 3.6% as of 2Q 2014.
- The REIT's Debt to Total Assets ratio decreased to 54.0% as of 2Q 2015 compared to 56.8% as of 2Q 2014.
- The Company uses modified funds from operations ("MFFO") as defined by the Investment Program Association ("IPA").
- For the six months ended June 30, 2015, the Company paid distributions to stockholders of \$32.7 million, which were comprised of cash distributions of \$12.4 million and distributions that were reinvested in shares of common stock by stockholders through DRIP of \$20.3 million. Cash flows from operations for the same period were \$32.7 million, or 100% of total distributions.