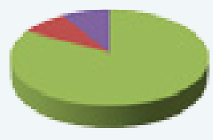
EFFECTIVE REIT

Nontraded REIT Industry Review: Third Quarter 2014

BlueVault PARTNERS, LLC

Carey Watermark Investors Incorporated

Total Assets......................... $1,539.4 Million
- Real Estate Assets .... $1,276.4 Million
- Cash .... $130.3 Million
- Securities .... $0.0 Million
- Other .... $132.8 Million



Cash to Total Assets Ratio: 8.5%
Asset Type: .... Hospitality
Number of Properties: 23
Square Feet / Units / Rooms / Acres: .... 5,660 Rooms
Occupancy: 77.3%*
Weighted Average Lease Term Remaining:................ Not Applicable
LifeStage:.. Stabilizing
Investment Style: .... Value Add
Weighted Average Shares Outstanding: 86,081,584
*Consolidated hotels only

Initial Offering Date: .... September 15, 2010
Offering Status... Follow-On
Number of Months Fundraising: 48
Offering Close Date: .... December 19, 2014
Current Price per Share: $10.00
Reinvestment Price per Share: $9.50

Historical Price

Contact Information

www.CareyWatermark.com

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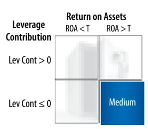
50 Rockefeller Plaza
New York, NY 10020

800-WP CAREY

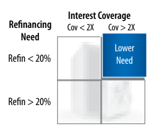
Performance Profiles

Operating Performance



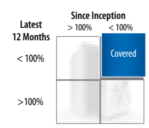
The REIT's recent 12-month average return on assets exceeds yields on 10-year Treasuries, indicating potential for positive risk-adjusted returns. At its current cost of debt and level of borrowing, its use of debt is not increasing returns to shareholders.

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

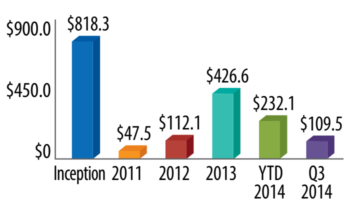


Cumulative MFFO since inception exceeds the cumulative cash distributions to common shareholders, indicating the REIT has fully funded cash distributions from its real estate operations. At the current distribution rate and level of modified funds from operations, trends suggest the distributions can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

Summary

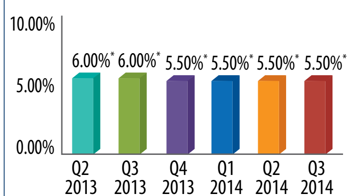
The REIT's return on assets was 6.72% over the last 12 months, above the yield on 10-Year Treasuries, and its leverage contribution was therefore positive, due to its 53.8% debt ratio and 4.60% average cost of debt. The 12-month interest coverage ratio of 2.1X is just above the 2.0X benchmark, but with 4% variable-rate debt and only 3.9% of debt maturing within two years, there is no significant need for refinancing. The REIT has paid out a cumulative 52% of MFFO in cash distributions exclusive of DRP since inception, and over the last 12 months has a cash payout ratio of 48% of MFFO. These cash payout ratios are clearly sustainable.

Gross Dollars Raised*



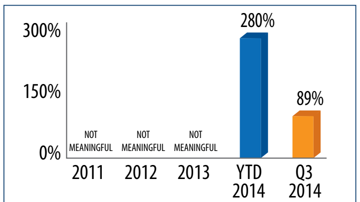
*Includes reinvested distributions (in millions)

Historical Distribution



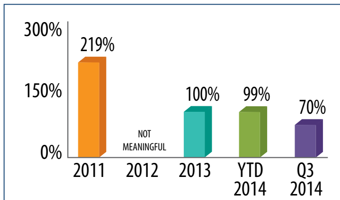
*See notes.

Historical FFO Payout Ratio



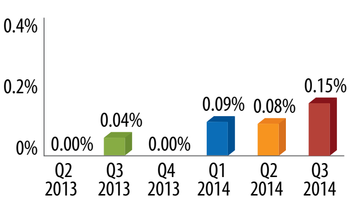
2014 YTD Dist. Paid:... $29,171,000
2014 YTD FFO:............$10,424,000

Historical MFFO Payout Ratio



2014 YTD Dist. Paid:.... $29,171,000
2014 YTD MFFO:......... $29,334,000
Company Reported MFFO – see notes

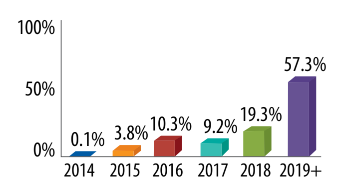
Redemptions



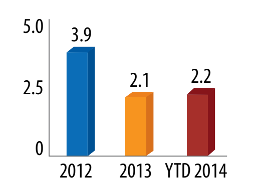
Debt Breakdown

Debt to Total Assets Ratio:...............53.8%
Total: .... $828.0 Million
Fixed: .... $794.0 Million
Variable: .... $34.0 Million
Avg. Wtd. Rate: 4.60%
Loan Term: .... 1 – 24 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- The Company did not acquire any properties during the third quarter.
- During October 2014, the Company acquired three hotel properties for a total purchase price of $166.9 million.
- At September 30, 2014, seven hotels were either undergoing renovation or in the planning stage of renovation. Two of the renovations will be completed during the fourth quarter of 2014, four will be completed during the second half of 2015 and one will be completed during the first half of 2016.
- The Company intends to close the follow-on offering on December 19, 2014.
- The REIT's Cash to Total Assets ratio decreased to 8.5% as of 3Q 2014 compared to 26.3% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 53.8% as of 3Q 2014 compared to 42.9% as of 3Q 2013.
- Fixed rate debt includes variable rate debt that has been swapped for fixed rate payments. The Company has hedged $203.99 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 September 30, 2014, the Company declared distributions, excluding distributions paid in shares of common stock, to stockholders totaling $58.9 million, which were comprised of cash distributions of $23.7 million and $35.2 million of distributions that were 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 its distributions; therefore, it funded substantially all of its cash distributions through September 30, 2014 from the proceeds of its initial public offering and follow-on offering.