

CPA:18 - Global Funds \$29 Million Development of “INNSIDE by Melia” Hotel in Hamburg, Germany

25-year net lease of hotel to commence upon completion



New York, NY- June 24, 2015 - W. P. Carey Inc., a global net lease REIT specializing in corporate [sale-leaseback](#), [build-to-suit construction financing](#) and the acquisition of single-tenant net lease properties, announced that CPA[®]:18 – Global has entered into an agreement to fund the development of a new hotel in Hamburg, Germany. CPA[®]:18 – Global will provide approximately \$29 million (€25 million) for the construction of the property, which will be leased to the German affiliate of Melia Hotels International, S. A. (Melia) for a period of 25 years upon completion. This transaction follows CPA[®]:18 – Global’s recently announced construction, funding and acquisition of an \$85 million (€76 million) hotel in Munich, Germany.

Key Facts

- **Market leading hotel brand:** Upon completion, which is expected in summer 2017, the hotel will be operated under the INNSIDE by Melia flag, a leading European hotel brand with 14 locations across Germany and Spain. The INNSIDE by Melia hotel in Hamburg will consist of approximately 207 rooms. Amenities will include conference space, a bar, restaurant and fitness center, underground parking and a boat dock on the adjacent canal.
- **Convenient location in Hamburg:** The hotel will be situated on the edge of the HafenCity district adjacent to the route 4 thoroughfare and in close proximity to the city’s central train station. HafenCity, formerly a port area, is an urban regeneration district that includes ten neighborhoods covering 388 acres. The area features a variety of residential buildings and offices, as well as leisure, retail and cultural facilities, and was connected to Hamburg’s subway line in 2012. It is anticipated that when the redevelopment of HafenCity is completed

during the next decade, it will be home to approximately 12,000 residents and 45,000 employees.

- **Strong Hamburg hospitality fundamentals:** Hamburg is Germany's second largest city, with a long history of commercial and cultural vibrancy. The city is one of Europe's top destinations and attracts a strong mix of leisure and business visitors. Hotel room supply in Hamburg has grown at a cumulative average growth rate of 3.2% since 2010, while demand has increased 5.8% during the same period.
- **Experienced hotel operator to manage the property:** The hotel operator, Melia, is Europe's third largest hotel group by room count. The company has a well-diversified global portfolio, operating more than 350 hotels in the midscale to premium segment in 30 nations and across four continents. The company is listed on the Madrid Stock Exchange with a market capitalization of approximately \$2.5 billion.
- **Experienced developer and general contractor:** The developer on this project is Mr. Pino Sergio, who has approximately 24 years of experience in real estate management and development. The general contractor on the project is the Dutch Ten Brinke group. More than 110 years of expertise in construction have formed Ten Brinke into an international real estate company with a turnover of almost €500 million and branches in the Netherlands, Germany, Spain, Belgium and Greece.
- **Attractive deal structure:** The 25-year lease provides for CPI indexation and is backed by a parent company guarantee from Melia.

Management Commentary

Arvi Luoma, Executive Director of W. P. Carey, commented: "This transaction represented an opportunity for CPA[®]:18 – Global to secure a high quality hotel property in Germany's second largest city at attractive pricing. The deal structure highlights our ability to evaluate build-to-suit opportunities and invest in well-positioned areas undergoing value-enhancing development. This transaction is our second hotel investment in Europe in 2015 and we are delighted to add a recognized global brand with strong financial standing to CPA[®]:18 – Global's growing list of tenants."

Gabriel Escarrer, CEO of Melia Hotels International S. A., noted: "W. P. Carey's global investing perspective and experience, particularly in Germany, was invaluable in our decision to partner with them on this transaction. Their ability to deliver on the required structure, along with their long-term investment philosophy, made them the ideal partner for us. We look forward to opening this hotel in 2017 and working with W. P. Carey over the length of the lease."

Pino Sergio as the developer of this project, noted: "W. P. Carey's CPA[®]:18 – Global is an investor focused on long-term investments. The negotiations with this investor were on a very high level and we are glad CPA[®]:18 – Global decided to invest in the Hamburg location, as well as in the brand Ininside operated by Melia, which is a strong growing hotel company in the robust market for business hotels."

Albert Ten Brinke noted: "We are very happy to realize this project with our experience and knowledge of W. P. Carey and the global operator Melia."

W. P. Carey Inc.

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This press release contains forward-looking statements within the meaning of the Federal securities laws. The statements of Mr. Luoma are examples of forward looking statements. A number of factors could cause CPA[®]:18 – Global's actual results, performance or achievement to differ materially from those anticipated. Among those risks, trends and uncertainties are the general economic climate; the supply of and demand for hotels and office and industrial properties; interest rate levels; the availability of financing; and other risks associated with the acquisition and ownership of properties, including risks that the tenants will not pay rent, or that costs may be greater than anticipated. For further information on factors that could impact CPA[®]:18 – Global, reference is made to its filings with the Securities and Exchange Commission. Statements about past performance, which are presented for informational purposes only, are not a guarantee of future results.

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