

## Bacara Resort & Spa Acquired by Carey Watermark Investors and Carey Watermark Investors 2

*Recently Renovated Oceanfront Property to be Rebranded as The Ritz-Carlton Bacara, Santa Barbara*

Company Release - 09/29/2017 07:30

NEW YORK, September 29, 2017/PRNewswire/ -- Carey Watermark Investors Incorporated (CWI 1) and Carey Watermark Investors 2 Incorporated (CWI 2), two non-traded real estate investment trusts (REITs) that invest in lodging and lodging-related properties, announced that they have acquired Bacara Resort & Spa. Strategically located on 78 oceanfront acres in close proximity to Santa Barbara and the Santa Ynez Valley wineries, the irreplaceable 358-key resort is one of a limited number of luxury oceanfront resorts on the California coast.



### Key Facts

- **Extensively renovated, luxury oceanfront resort:** The property recently completed a four year renovation totaling approximately \$27 million (\$75,500 per guest room). The renovation included new soft and case goods in all guest rooms, technology upgrades and a repositioning of Bacara's food and beverage outlets. CWI 1 and CWI 2 plan to invest a significant amount of additional capital to further upgrade the resort including enhancements to the meeting space, lobby, food & beverage outlets, fitness center, pool and the 42,000 square foot spa, one of the largest spas on the West Coast.
- **Central location:** Bacara is located just minutes from Santa Barbara. The beachfront luxury hotel is situated on 78 acres along the coastline, 10 minutes from the Santa Barbara Airport and 35 minutes from the Santa Ynez Valley wine country. The resort is located 90 miles north of Los Angeles and is nestled between the Pacific Ocean and the Santa Ynez Mountains.
- **Ritz-Carlton rebranding:** The hotel was rebranded as a Ritz-Carlton resort upon acquisition and will be managed by The Ritz-Carlton Hotel Company, L.L.C., part of Marriott International. As a member of the Ritz-Carlton portfolio, the resort will benefit from The Ritz-Carlton's service and dedication to providing genuine care and comfort to all guests. Guests of the rebranded hotel – The Ritz-Carlton Bacara, Santa Barbara – will also enjoy access to The Ritz-Carlton Rewards program, as well as the industry's award-winning loyalty program, Marriott Rewards.
- **Strong lodging market with high barriers to entry:** Given extremely high barriers to entry, the property is one of a limited number of luxury oceanfront resorts on the California coast. California luxury oceanfront resorts have outperformed the national lodging market, achieving average annual occupancy of 70% since 2013 and annual RevPAR growth of 5.7% over the same period. The local Santa Barbara market has performed very strongly as well, with average occupancy of 79% and annual RevPAR growth of 7.7% since 2013. As of June 2017, Santa Barbara's year-to-date RevPAR was up 6.1%, materially above the national average of 3.0%.
- **Property and amenities:**
  - Luxury resort comprised of 24 buildings situated on 78 acres of California coastline
  - 358 guest rooms (including 49 suites), with all rooms featuring private balconies or patios
  - 70,000 square feet of event space including 33,000 square feet of indoor space
  - Six food and beverage outlets including Angel Oak, the resort's signature restaurant
  - 42,000 square-foot luxury spa with 36 treatment rooms, salon, spa retail boutique and fitness facility
  - Three zero-edge saline pools with 26 full-service cabanas and two whirlpools
  - Four lighted tennis courts
  - Direct beach access
  - Golf at adjacent Sandpiper Golf Club
  - Seasonal kids' club
  - On-site hiking trails
  - Business center

## Management Commentary

Michael Medzigian, Chief Executive Officer of CWI 1 and CWI 2, said: “The acquisition of Bacara Resort & Spa represented the opportunity to acquire one of a select few true luxury California oceanfront resorts in a one-of-a-kind location. Given the lack of comparable sites, the difficulty, time and effort associated with obtaining approvals and entitlements as well as the enormous cost to construct a property of this scale and caliber, the property is truly irreplaceable from both a cost and opportunity standpoint. In conjunction with the acquisition we are extremely pleased to continue to expand on our already important relationship with The Ritz-Carlton and Marriott International and to work in partnership with them in the conversion of the property to a best-in-class Ritz-Carlton resort that will continue to serve as an integral part of the local community. This acquisition will represent the fifth Ritz-Carlton property in the CWI 1 and CWI 2 portfolios which include The Ritz-Carlton Fort Lauderdale, The Ritz-Carlton Key Biscayne, The Ritz-Carlton Philadelphia and The Ritz-Carlton San Francisco.

“We believe that the extensive, recently completed renovations and the Ritz-Carlton rebranding, in combination with our further investment in strategic property improvements and implementation of value-add operational enhancements, will increase overall profitability and reposition the property at the top of its competitive set within both the Santa Barbara and the luxury Southern California oceanfront resort markets. Consequently, we see Bacara as both a strategic and opportunistic acquisition that will enhance the overall quality of our portfolio, capitalizing on the significant potential for generating additional cash flow and building incremental long-term value for CWI 1 and CWI 2 investors.”

## Carey Watermark Investors

Carey Watermark Investors 1 Incorporated (CWI 1) and Carey Watermark Investors 2 Incorporated (CWI 2) are publicly registered real estate investment trusts (REITs) that were formed to make investments primarily in the lodging and lodging-related sectors and in recent years have been one of the largest and most active investors in the lodging industry. Affiliates of W. P. Carey Inc. and Watermark Capital Partners advise CWI 1 and CWI 2 and manage their overall portfolios. [www.careywatermark.com](http://www.careywatermark.com), [www.careywatermark2.com](http://www.careywatermark2.com)

*This press release contains forward-looking statements within the meaning of the Federal securities laws. The statements of Mr. Medzigian are examples of forward-looking statements. A number of factors could cause CWI 1 and CWI 2'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; interest rate levels; the availability of financing; other risks associated with the acquisition and ownership of hotels. For further information on factors that could impact CWI 1 and CWI 2, reference is made to their filings with the Securities and Exchange Commission. Statements about past performance (including RevPAR growth) are presented for informational purposes only and are not a guarantee of future results.*

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