

## Carey Watermark Investors 2 Acquires the Iconic Ritz-Carlton, San Francisco

*Landmark Nob Hill property, only AAA Five-Diamond hotel in San Francisco*

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NEW YORK, Jan. 3, 2017 /PRNewswire/ -- Carey Watermark Investors 2 Incorporated (CWI 2), a non-traded real estate investment trust (REIT) focused on investing in lodging and lodging-related properties, announced that it has acquired The Ritz-Carlton, San Francisco, a landmark hotel in the heart of downtown San Francisco's Nob Hill neighborhood.



### Key Facts

- **Iconic, irreplaceable asset:** The 18-column, nine-story building spanning Stockton Street was originally developed in 1909 and designed by Napoleon Le Brun & Sons of New York. In 1984, the neo-classical treasure received landmark status from the City of San Francisco and, after an extensive four-year renovation, re-opened in 1991 as the 336-room Ritz-Carlton, San Francisco.
- **Newly renovated, high-quality hotel:** Over \$20 million of capital improvements have been completed since 2014, including the renovation of all guest rooms and comprehensive updates to the lobby, restaurant, meeting and event space, and spa. Two new retail outlets and a fitness center were also added during the renovation. The hotel has received several industry awards and continues to serve as San Francisco's only AAA Five-Diamond hotel.
- **Strong hotel market with high barriers to entry:** The densely developed, downtown San Francisco market includes nearly 50 million square feet of rentable office space and has limited developable land. Barriers to entry are very high and the local hotel market is strong. As of October 2016, San Francisco's year-to-date RevPAR was up 4.3%, significantly above the national average of 3.2%. The last luxury hotel to open in San Francisco was the St. Regis, which opened more than a decade ago.
- **Premier, downtown location:** Located in the heart of the iconic Nob Hill neighborhood, The Ritz-Carlton, San Francisco is situated along the famed California Street cable car line. The property's central location provides business and leisure visitors easy access to major city destinations, including the Financial District, Union Square and Fisherman's Wharf, as well as several popular shopping and dining options. The property is less than one mile from the Moscone Center, San Francisco's main convention center, which is undergoing an approximately \$500 million renovation and expansion that is expected to be completed in late 2018.
- **Strong Marriott brand affiliation:** The hotel will continue to be managed by The Ritz-Carlton Company, L.L.C. (The Ritz Carlton), an affiliate of Marriott International. As part of The Ritz-Carlton portfolio, the hotel benefits from its luxury branding and Marriott's management platform, including access to The Ritz-Carlton global distribution system and The Ritz-Carlton Rewards program.
- **Property and amenities:**
  - Nine-story institutional quality, iconic building
  - 336 guest rooms
  - 23,000 square feet of newly-renovated meeting space, including a 9,400 square feet ballroom and 2,200 square feet of interior courtyard and function space
  - Two food and beverage outlets (restaurant and lobby lounge)
  - L'Occitane Spa, wine tasting lounge and jewelry boutiques
  - Fitness and business centers

## Management Commentary

Michael Medzigian, Chief Executive Officer of CWI 2, said: "As the highest-rated luxury property in a globally recognized destination, the acquisition of The Ritz-Carlton, San Francisco is a significant addition to the CWI 2 portfolio. In combination with the strength of The Ritz-Carlton brand, the hotel represents a unique and attractive opportunity as we continue to build out our portfolio. San Francisco's consistently rising property values, limited land availability for hotel development and high cost of construction will support the long-term value of the asset. We believe the expansion of Moscone Center, as well as our ability to implement value-add enhancements, will increase profitability and reinforce the property's already enviable competitive position within the luxury sector of the market. We are extremely pleased to continue to expand on our already important relationships with both The Ritz-Carlton and Marriott International."

## Carey Watermark Investors 2

Carey Watermark Investors 2 (CWI 2) is a publicly registered, non-traded REIT that was formed to make investments primarily in the lodging and lodging-related sectors. Affiliates of W. P. Carey Inc. and Watermark Capital Partners advise CWI 2 and manage its overall portfolio. [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 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; and risks related to CWI 2's offering of shares. For further information on factors that could impact CWI 2, reference is made to its 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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