W. P. Carey Inc.
Form S-4/A
May 04, 2012
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**As filed with the Securities and Exchange Commission on May 4, 2012**

**Registration No. 333-180328**

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# AMENDMENT NO. 1

# TO

# FORM S-4

# REGISTRATION STATEMENT

***UNDER***

***THE SECURITIES ACT OF 1933***

# W. P. CAREY INC.

**(Exact name of registrant as specified in its charter)**

| Maryland<br>(State or other jurisdiction of<br>incorporation or organization) | 6798<br>(Primary Standard Industrial<br>Classification Code Number) | 45-4549771<br>(I.R.S. Employer<br>Identification Number) |
|---|---|---|

**50 Rockefeller Plaza**

**New York, New York 10020**

**(212) 492-1100**

**(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)**

**Trevor P. Bond**

**Chief Executive Officer**

**W. P. Carey Inc.**

**50 Rockefeller Plaza**

**New York, New York 10020**

**(212) 492-1100**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

***Copies To:***

| Christopher P. Giordano, Esq.<br>Michael J. Stein, Esq.<br>DLA Piper LLP (US)<br>1251 Avenue of the Americas<br>New York, New York 10020-1104<br>Tel: (212) 335-4500 | Kathleen L. Werner, Esq.<br>Audrey S. Leigh, Esq.<br>Clifford Chance US LLP<br>31 West 52nd Street<br>New York, New York 10019<br>Tel: (212) 878-8000 |
|---|---|

**Fax: (212) 335-4501** **Fax: (212) 878-8375**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | x | Accelerated filer | ¨ |
| Non-accelerated filer | ¨ (Do not check if a smaller reporting company) | Smaller reporting company | ¨ |

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

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**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. W. P. Carey Inc. may not sell or exchange these securities until the Registration Statement is effective. This joint proxy statement/prospectus is not an offer to sell or exchange these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MAY 4, 2012**

JOINT PROXY STATEMENT/PROSPECTUS

**YOUR VOTE IS VERY IMPORTANT**

Dear W. P. Carey Shareholders and CPA®:15 Stockholders:

W. P. Carey & Co. LLC ( W. P. Carey ) and Corporate Property Associates 15 Incorporated ( CPA®:15 ) are proposing a combination of their companies by a merger and related transactions, which we refer to collectively as the Merger, pursuant to a definitive agreement and plan of merger dated as of February 17, 2012, which we refer to as the Merger Agreement. In the Merger, each holder of CPA 15 common stock issued and outstanding immediately prior to the effective time of the Merger will receive for each share of CPA 15 common stock consideration consisting of: (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. (as defined below) common stock (the Merger Consideration ). Based on the number of shares of CPA 15 common stock outstanding on [ ], 2012, the record date for CPA®:15 s special meeting of stockholders, W. P. Carey Inc. expects to issue approximately [ ] million shares of W. P. Carey Inc. common stock in connection with the Merger. Based on the closing price of $[ ] per W. P. Carey listed share on the New York Stock Exchange ( NYSE ) on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus, the Merger Consideration has a total value of approximately $[ ] per share of CPA®:15 common stock. We anticipate that the common stock of W. P. Carey Inc. issued in the Merger will be listed on the NYSE at the time of issuance under the symbol WPC. **Due to the fixed stock component of the Merger Consideration, the value of the Merger Consideration will fluctuate with changes in the market price of W. P. Carey s listed shares. We urge you to obtain current market quotations of W. P. Carey s listed shares.**

In addition, the board of directors of W. P. Carey has unanimously approved a plan to reorganize the business operations of W. P. Carey to allow W. P. Carey to qualify as a real estate investment trust ( REIT ) for federal income tax purposes. The conversion of W. P. Carey to a REIT will be implemented through a series of reorganizations and transactions (the REIT Conversion ), including, among other things (i) certain mergers of W. P. Carey subsidiaries with and into W. P. Carey Inc., a wholly-owned subsidiary of W. P. Carey ( W. P. Carey Inc. ), (ii) the merger of W. P. Carey with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger (the W. P. Carey Merger ) pursuant to a definitive agreement and plan of merger dated as of February 17, 2012 between W. P. Carey and W. P. Carey Inc., which we refer to as the REIT Conversion Agreement, and (iii) the qualification by W. P. Carey Inc. as a REIT for federal income tax purposes. In the W. P. Carey Merger, W. P. Carey shareholders will receive one share of W. P. Carey Inc. common stock for each W. P. Carey listed share that they own. Based on the number of W. P. Carey listed shares and the number of shares of common stock of W. P. Carey s subsidiaries outstanding on [ ], 2012, the record date for W. P. Carey s special meeting of shareholders, W. P. Carey Inc. expects to issue approximately [ ] million shares of W. P. Carey Inc. common stock in connection with the REIT Conversion.

The affirmative vote of the holders of a majority of the outstanding W. P. Carey listed shares and shares of CPA®:15 common stock entitled to vote is required for the approval of the Merger. The affirmative vote of the holders of a majority of the outstanding W. P. Carey listed shares entitled to vote is required for the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

After careful consideration, the board of directors of W. P. Carey has unanimously declared both the Merger and the W. P. Carey Merger are advisable and recommends that all W. P. Carey shareholders vote **FOR** approval of the Merger and **FOR** adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. After careful consideration, following the recommendation of a special committee of independent directors, the board of directors of CPA®:15 has unanimously declared that the Merger is advisable and recommends that all CPA®:15 stockholders vote **FOR** approval of the Merger.

Your vote is very important regardless of the number of shares you own. Whether or not you plan to attend the special meeting of shareholders of W. P. Carey or of stockholders of CPA®:15, please take the time to vote by completing, signing and mailing the enclosed proxy cards. **If you do not vote, in the case of W. P. Carey, the effect will be the same as voting against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger, and in the case of CPA®:15, the effect will be the same as voting against approval of the Merger. In addition, failure to vote may result in W. P. Carey or CPA®:15 not having a sufficient quorum of a majority of its outstanding shares represented in person or by proxy at the meetings. A meeting cannot be held unless a quorum is present.**

Each of W. P. Carey and CPA®:15 has scheduled a special meeting for its respective shareholders and stockholders to vote on the proposals described in this joint proxy statement/prospectus. The date, place and time of the meetings are as follows:

| FOR W. P. CAREY SHAREHOLDERS: | FOR CPA®:15 STOCKHOLDERS: |
|---|---|
| [ ], 2012, [ ], Eastern Time at [ ] | [ ], 2012, [ ], Eastern Time at [ ] |

This joint proxy statement/prospectus is a prospectus of W. P. Carey Inc. as well as a proxy statement for W. P. Carey and CPA®:15 and provides you with detailed information about the Merger, the REIT Conversion and the special meetings. **We encourage you to read carefully this entire joint proxy statement/prospectus, including all its annexes, and we especially encourage you to read the section entitled Risk Factors beginning on page 35.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SHARES OF W. P. CAREY INC. COMMON STOCK TO BE ISSUED UNDER THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Sincerely,

| | |
|---|---|
| **Trevor P. Bond** | **Richard J. Pinola** |
| Chief Executive Officer | Director and Co-Chair of the Special Committee |
| W. P. Carey & Co. LLC | Corporate Property Associates 15 Incorporated |

*This joint proxy statement/prospectus is dated [ ], 2012 and is expected to be first mailed to holders of W. P. Carey listed shares and CPA 15 common stock on or about [ ], 2012.*

W. P. CAREY & CO. LLC

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [ ], 2012

To the shareholders of W. P. Carey & Co. LLC:

A special meeting of shareholders of W. P. Carey & Co. LLC ( W. P. Carey ) will be held on [ ], 2012, at [ ] Eastern Time, at [ ] for the following purposes:

1. To consider and vote upon a proposal to approve the transactions described in the Agreement and Plan of Merger dated as of February 17, 2012 (the Merger Agreement ) by and among Corporate Property Associates 15 Incorporated ( CPA®:15 ), CPA 15 Holdco, Inc., a wholly-owned subsidiary of CPA®:15 ( CPA 15 Holdco ), W. P. Carey, W. P. Carey REIT, Inc. (now named W. P. Carey Inc.), a wholly-owned subsidiary of W. P. Carey ( W. P. Carey Inc. ), CPA 15 Merger Sub Inc., an indirect subsidiary of W. P. Carey Inc. ( CPA 15 Merger Sub ), and the other parties thereto. As contemplated by the Merger Agreement:

CPA®:15 will merge with an indirect wholly-owned subsidiary of CPA®:15, with CPA®:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and immediately thereafter, CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the merger as an indirect subsidiary of W. P. Carey Inc. and CPA®:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc.

Each issued and outstanding share of CPA®:15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter into the right to receive (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock (the Merger Consideration ).

Based on the closing price of $[ ] per W. P. Carey listed share on the New York Stock Exchange on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus, the total Merger Consideration was valued at approximately $[ ] per share of CPA®:15 common stock.

We refer to the transactions described above collectively as the Merger.

2. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated February 17, 2012 (the REIT Conversion Agreement ) between W. P. Carey and W. P. Carey Inc., and approve the merger of W. P. Carey with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger (the W. P. Carey Merger ), pursuant to the REIT Conversion Agreement, as part of the conversion of W. P. Carey to a real estate investment trust for federal income tax purposes through a series of reorganizations and transactions, including the W. P. Carey Merger (the REIT Conversion ). In the W. P. Carey Merger, W. P. Carey shareholders will receive one share of W. P. Carey Inc. common stock for each W. P. Carey listed share that they own.

3. To transact such other business as may properly come before W. P. Carey s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the proposals above.

**AT A MEETING ON FEBRUARY 17, 2012, W. P. CAREY S BOARD OF DIRECTORS UNANIMOUSLY ADOPTED A RESOLUTION DECLARING THAT BOTH THE MERGER AND THE W. P. CAREY MERGER ARE ADVISABLE AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE MERGER AND FOR THE ADOPTION OF THE REIT CONVERSION AGREEMENT AND APPROVAL OF THE W. P. CAREY MERGER.**

The Merger and the Merger Agreement and the W. P. Carey Merger and the REIT Conversion Agreement are each described in more detail in the accompanying joint proxy statement/prospectus, which you should read

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in its entirety before authorizing a proxy to vote. Copies of the Merger Agreement and the REIT Conversion Agreement are attached as Annexes A and B, respectively, to the accompanying joint proxy statement/prospectus. If you do not vote, the effect will be the same as voting against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

Only those shareholders whose names appear in W. P. Carey s records as owning W. P. Carey listed shares at the close of business on [ ], 2012, referred to as the W. P. Carey record date, are entitled to notice of, and to vote at, W. P. Carey s special meeting.

The affirmative vote of shareholders entitled to cast a majority of all the votes entitled to be cast by W. P. Carey shareholders on the matter on the W. P. Carey record date is necessary to approve the proposals relating to the approval of the Merger and the adoption of the REIT Conversion Agreement and the approval of the W. P. Carey Merger. If that vote is not obtained, the Merger and the W. P. Carey Merger cannot be completed.

All shareholders of W. P. Carey are cordially invited to attend W. P. Carey s special meeting in person. To ensure your representation at W. P. Carey s special meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope or to authorize a proxy via telephone or Internet as instructed in the enclosed proxy card. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at W. P. Carey s special meeting.

By Order of the Board of Directors,

Susan C. Hyde

Managing Director and Secretary

New York, New York

[ ], 2012

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CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [ ], 2012

To the stockholders of Corporate Property Associates 15 Incorporated:

A special meeting of stockholders of Corporate Property Associates 15 Incorporated ( CPA®:15 ) will be held on [ ], 2012, at [ ] Eastern Time, at [ ] for the following purposes:

1. To consider and vote upon a proposal to approve the transactions described in the Agreement and Plan of Merger dated as of February 17, 2012 (the Merger Agreement ) by and among CPA®:15, CPA 15 Holdco, Inc., a wholly-owned subsidiary of CPA®:15 ( CPA 15 Holdco ), W. P. Carey & Co. LLC ( W. P. Carey ), W. P. Carey REIT, Inc. (now named W. P. Carey Inc.), a wholly-owned subsidiary of W. P. Carey ( W. P. Carey Inc. ), CPA 15 Merger Sub Inc., an indirect subsidiary of W. P. Carey Inc. ( CPA 15 Merger Sub ), and the other parties thereto. As contemplated by the Merger Agreement:

CPA®:15 will merge with an indirect wholly-owned subsidiary of CPA®:15, with CPA®:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and immediately thereafter, CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the merger as an indirect subsidiary of W. P. Carey Inc. and CPA®:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc.

Each issued and outstanding share of CPA®:15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into the right to receive (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock (the Merger Consideration ).

Based on the closing price of $[ ] per W. P. Carey listed share on the New York Stock Exchange on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus, the total Merger Consideration was valued at approximately $[ ] per share of CPA®:15 common stock.

We refer to the transactions described above collectively as the Merger.

2. To transact such other business as may properly come before CPA®:15 s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the proposal above.

**AT A MEETING ON FEBRUARY 17, 2012, CPA®:15 S BOARD OF DIRECTORS, AFTER RECEIVING THE RECOMMENDATION OF A SPECIAL COMMITTEE OF INDEPENDENT DIRECTORS OF CPA®:15 S BOARD OF DIRECTORS, UNANIMOUSLY ADOPTED A RESOLUTION DECLARING THAT THE MERGER IS ADVISABLE AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE MERGER.**

The Merger Agreement and the proposed Merger are each described in more detail in the accompanying joint proxy statement/prospectus, which you should read in its entirety before authorizing a proxy to vote. A copy of the Merger Agreement is attached as Annex A to the accompanying joint proxy statement/prospectus. If you do not vote, the effect will be the same as voting against approval of the Merger.

Only those stockholders whose names appear in CPA®:15 s records as owning shares of CPA®:15 common stock at the close of business on [ ], 2012, referred to as the CPA®:15 record date, are entitled to notice of, and to vote at, CPA®:15 s special meeting.

The affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast by holders of CPA®:15 common stock on the matter on the CPA®:15 record date is necessary to approve the Merger. If that

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vote is not obtained, the Merger cannot be completed. CPA®:15 s bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger.

All stockholders of CPA®:15 are cordially invited to attend CPA®:15 s special meeting in person. To ensure your representation at CPA®:15 s special meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope or to authorize a proxy via telephone or Internet as instructed in the enclosed proxy card. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at CPA®:15 s special meeting.

By Order of the Board of Directors,

Susan C. Hyde

Managing Director and Secretary

New York, New York

[ ], 2012

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**ANNEXES**

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## GLOSSARY

In this joint proxy statement/prospectus, unless the context otherwise requires, when used herein, the following terms shall have the meanings set forth below.

**Advisory Agreement** means the Amended and Restated Advisory Agreement, dated as of October 1, 2009, between CPA®:15 and CAM.

**AFFO** means FFO as modified to also exclude certain non-cash charges such as amortization of intangibles, deferred income tax benefits and expenses, straight-line rents, stock compensation, gains or losses from extinguishment of debt and deconsolidation of subsidiaries and unrealized foreign currency exchange gains and losses. However, for purposes of the section titled Opinion of Financial Advisor to W. P. Carey, AFFO means FFO adjusted for company-specific revenue and expense items, as applicable, including recurring capital expenditures, differences in the amount of distributions from equity investments in real estate and pro rata share of FFO from equity investments in real estate, and non-cash revenue amounts. See the section entitled Prospective Financial Information.

**Asset Management Agreement** means the Asset Management Agreement, dated as of July 1, 2008, between CPA®:15 and BV.

**BV** means W. P. Carey & Co. B.V., a private limited liability company organized in the Netherlands.

**CAM** means Carey Asset Management Corp., a Delaware corporation and a wholly-owned subsidiary of W. P. Carey.

**Carey Storage** means Carey Storage Management LLC, a Delaware limited liability company.

**combined company** refers to W. P. Carey Inc. after completion of the Merger.

**CPA®:14** means Corporate Property Associates 14 Incorporated, a Maryland corporation.

**CPA®:14/16 Merger** means the merger of CPA®:14 with a subsidiary of CPA®:16 Global.

**CPA®:15** means Corporate Property Associates 15 Incorporated, a Maryland corporation, and its subsidiaries.

**CPA®:15 Advisory Agreements** means the Advisory Agreement and the Asset Management Agreement.

**CPA®:15 Bylaws** means the amended and restated bylaws of CPA®:15.

**CPA®:15 Charter** means the charter of CPA®:15.

**CPA 15 common stock** means, as the context requires, the common stock of CPA®:15 outstanding immediately prior to the effective time of the Merger and/or the common stock of CPA 15 Holdco outstanding immediately prior to the effective time of the merger with and into CPA 15 Merger Sub.

**CPA 15 Holdco** means CPA 15 Holdco, Inc., a Maryland corporation and a wholly-owned subsidiary of CPA®:15.

**CPA 15 Merger Sub** means CPA 15 Merger Sub Inc., a Maryland corporation and an indirect subsidiary of W. P. Carey Inc.

**CPA®:16 Global** means Corporate Property Associates 16 Global Incorporated, a Maryland corporation.

**CPA®:17 Global** means Corporate Property Associates 17 Global Incorporated, a Maryland corporation.

**CPA® REITs** means CPA®:15, CPA®:16 Global and CPA®:17 Global.

**CWI** means Carey Watermark Investors Incorporated, a Maryland corporation.

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**FFO** means the non-GAAP financial measure defined by NAREIT as net income or loss (as computed in accordance with GAAP) excluding: depreciation and amortization expense from real estate assets, impairment charges on real estate, gains or losses from sales of depreciated real estate assets and extraordinary items; however, FFO related to assets held for sale, sold or otherwise transferred and included in the results of discontinued operations are included. These adjustments also incorporate the pro rata share of unconsolidated subsidiaries. See the section entitled Prospective Financial Information.

**GAAP** means United States generally accepted accounting principles.

**Livho** means Livho, Inc., a Delaware corporation.

**Merger** means the combination of W. P. Carey and CPA®:15 accomplished by, collectively, the merger of an indirect, wholly-owned subsidiary of CPA®:15 with and into CPA®:15, with CPA®:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and the merger immediately thereafter of CPA 15 Holdco with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the merger as an indirect subsidiary of W. P. Carey Inc. and CPA®:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc.

**Merger Agreement** means the definitive Agreement and Plan of Merger dated as of February 17, 2012 by and among CPA®:15, CPA 15 Holdco, CPA 15 Merger Sub, W. P. Carey, W. P. Carey Inc. and, for the limited purposes set forth therein, CAM and BV.

**Merger Consideration** means the right of each share of CPA 15 common stock to receive (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock.

**Merger Sub 2** means WPC REIT Merger Sub, a Maryland corporation and a wholly-owned subsidiary of WPC Holdco LLC, a disregarded limited liability company organized under the laws of Maryland and a wholly-owned subsidiary of W. P. Carey Inc.

**MFFO** means the NAREIT computation of FFO as modified in accordance with the guidelines and definition of MFFO of the Investment Program Association (the IPA ), an industry trade group, and excludes acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments or derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. See the section entitled Prospective Financial Information.

**NAREIT** means the National Association of Real Estate Investment Trusts.

**NAV** means net asset value.

**QRS** means a qualified REIT subsidiary.

**REIT** means a real estate investment trust.

**REIT Conversion** means the conversion of W. P. Carey to a REIT, implemented through a series of reorganizations and transactions, including, among other things, (i) certain mergers of W. P. Carey subsidiaries with and into W. P. Carey Inc., (ii) the W. P. Carey Merger, and (iii) the qualification by W. P. Carey Inc. as a REIT for federal income tax purposes.

**REIT Conversion Agreement** means the definitive Agreement and Plan of Merger dated as of February 17, 2012, by and between W. P. Carey and W. P. Carey Inc., whereby W. P. Carey will merge with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger.

**TRS** means a taxable REIT subsidiary.

**W. P. Carey** means W. P. Carey & Co. LLC, a Delaware limited liability company.

**W. P. Carey Bylaws** means the amended and restated bylaws of W. P. Carey.

**W. P. Carey Inc.** means W. P. Carey Inc., a Maryland corporation formerly named W. P. Carey REIT, Inc. and a wholly-owned subsidiary of W. P. Carey.

**W. P. Carey Inc. Bylaws** means the amended and restated bylaws of W. P. Carey Inc.

**W. P. Carey Inc. Charter** means the charter of W. P. Carey Inc., including W. P. Carey Inc. s articles of amendment and restatement.

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**W. P. Carey Inc. common stock** means the common stock, $0.001 par value per share, of W. P. Carey Inc.

**W. P. Carey LLC Agreement** means W. P. Carey s Amended and Restated Limited Liability Company Agreement.

**W. P. Carey listed share** means each outstanding listed share of W. P. Carey.

**W. P. Carey Merger** means the merger of W. P. Carey with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger.

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**QUESTIONS AND ANSWERS FOR W. P. CAREY SHAREHOLDERS AND CPA®:15 STOCKHOLDERS REGARDING THE MERGER AND THE SPECIAL MEETINGS**

*The following questions and answers for W. P. Carey shareholders and CPA®:15 stockholders briefly address some frequently asked questions about the Merger and the special meetings of shareholders of W. P. Carey and of stockholders of CPA®:15. They may not include all the information that is important to you. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes.*

***Q. What are we planning to do?***

A. W. P. Carey and CPA®:15 are proposing a combination of their companies through the Merger. In addition, W. P. Carey is proposing a plan to reorganize the business operations of W. P. Carey to allow W. P. Carey Inc. to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc.

***Q. What will holders of CPA 15 common stock receive in connection with the Merger? When will they receive it?***

A. In the Merger, each issued and outstanding share of CPA 15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into the right to receive total consideration valued at approximately $ [ ] per share of CPA 15 common stock (based on the closing price of $[ ] per W. P. Carey listed share on the New York Stock Exchange (the NYSE ) on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), and consisting of (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. We anticipate that the shares of W. P. Carey Inc. common stock will trade on the NYSE under the symbol WPC, upon the consummation of the Merger.

***Q. How was the Merger Consideration determined?***

A. The Merger Consideration, including the stock component of 0.2326 shares of W. P. Carey Inc. common stock for one share of CPA 15 common stock, was determined by the board of directors of W. P. Carey and a special committee of the board of directors of CPA®:15 following negotiations based in part upon (i) the historical market price of the W. P. Carey listed shares as quoted on the NYSE, and (ii) the estimated NAV per share for CPA®:15 of $10.40 as of September 30, 2011. The estimated NAV was determined on behalf of CPA®:15 by W. P. Carey, in its capacity as CPA®:15 s advisor, based in part upon a valuation of CPA®:15 s real estate portfolio as of September 30, 2011, as prepared by Robert A. Stanger & Co., Inc. ( Stanger ), a third-party valuation firm, with adjustments for indebtedness, cash and other items.

***Q. What is the expected ongoing rate of return of a CPA®:15 stockholder on his or her original investment?***

A. Each CPA®:15 stockholder currently receives $0.729 of annual distributions per share, which represents an annual rate of return of 7.35% on invested capital of $9.92 per share (an original investment of $10.00 per share of CPA®:15 common stock, less a special distribution of $0.08 per share on January 15, 2008). Following the Merger, CPA®:15 stockholders will be entitled to receive ongoing distributions paid by W. P. Carey Inc. Based on W. P. Carey Inc. s anticipated annualized distribution rate of $2.60 per share following completion of the Merger, divided by the stock component of the Merger Consideration of 0.2326, each holder of CPA 15 common stock is expected to receive $0.605 in distributions on the 0.2326 shares of W. P. Carey Inc. common stock received in exchange for each CPA®:15 share they own. This represents an annual rate of return of 6.98% on invested capital of $8.67 per share (an original investment of $10.00 per share of CPA®:15 common stock less the $0.08 per share special distribution on January 15, 2008 and the $1.25 of cash received as part of the Merger Consideration).

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| | Current Invested Capital of $9.92 | After the Merger Invested Capital of $8.67 |
|---|---|---|
| **Rate of Return on Invested Capital** | 7.35% | 6.98% |

On a NAV basis, CPA®:15 s current annual distribution of $0.729 per share represents an annual rate of return of 7.01% on the estimated NAV per share of CPA®:15 common stock of $10.40 as of September 30, 2011. W. P. Carey Inc. s anticipated annualized distribution of $0.605 per share of W. P. Carey Inc. common stock (calculated as described above) represents an annual rate of return of 6.61% on the estimated NAV per share of CPA 15 common stock of $9.15 (after deducting the $1.25 of cash received as part of the Merger Consideration) as of September 30, 2011.

| | Current Net Asset Value of $10.40 | After the Merger Net Asset Value of $9.15 |
|---|---|---|
| **Rate of Return on Net Asset Value** | 7.01% | 6.61% |

Future distributions by W. P. Carey Inc. are not guaranteed and there can be no assurance of the future returns that CPA®:15 stockholders might receive as stockholders of W. P. Carey Inc. W. P. Carey Inc. s anticipated distribution rate is based upon its current estimates of its annual REIT taxable income and its intention to qualify as a REIT. While W. P. Carey Inc. believes that its estimates are reasonable, they are subject to uncertainty and to factors outside of its control. See the Risk Factors section of this joint proxy statement/prospectus for a discussion of factors which may affect W. P. Carey Inc. s payment of distributions. Pursuant to the terms of W. P. Carey s amended and restated credit facility, following the completion of the REIT Conversion, W. P. Carey may make Restricted Payments (as such term is defined in the amended and restated credit facility) in an aggregate amount in any fiscal year not to exceed the greater of 95% of (i) the adjusted funds from operations, and (ii) the amount of Restricted Payments required to be paid in order to maintain its status as a REIT. There is a prohibition on W. P. Carey making Restricted Payments if the obligations under its amended and restated credit facility are declared immediately due and payable upon an event of default, as defined in the amended and restated credit facility. In addition, the ability of W. P. Carey to make Restricted Payments will be either automatically reduced to an amount required in order to maintain W. P. Carey s status as a REIT, or prohibited, as the case may be, upon the occurrence of certain specified events of default.

***Q. Are there any conditions to completion of the Merger?***

A. Yes. The Merger is subject to a number of conditions, including, among others, the following:

approval of the Merger by the requisite vote of the W. P. Carey shareholders and the CPA®:15 stockholders;

the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the Securities and Exchange Commission (the SEC ) with regard to the registration statement and all necessary state securities or blue sky authorizations shall have been received;

no order, injunction or other legal restraint or prohibition preventing the consummation of the Merger will be in effect;

all consents and waivers from third parties will have been obtained or waived;

the closing of the REIT Conversion will have occurred;

the merger of CPA®:15 with and into an indirect wholly-owned subsidiary of CPA®:15 will have occurred; and the shares of W. P. Carey Inc. common stock shall have been approved for listing on the NYSE.

If any of these conditions or any of the other conditions specified in the Merger Agreement are not satisfied, the Merger may be abandoned by either W. P. Carey or CPA®:15.

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*Q.* ***Who will be the board of directors and management of the surviving entity after the Merger?***

A. The board of directors and executive management of W. P. Carey immediately prior to the Merger and the REIT Conversion will be the board of directors and executive management, respectively, of W. P. Carey Inc.

*Q.* ***What fees will CPA®:15 s advisor receive in connection with the Merger?***

A. CAM and its affiliates serve as the advisor for CPA®:15. CAM and its affiliates will not receive any subordinated disposition or termination fees in connection with the Merger but will continue to receive all other accrued fees in the ordinary course of business until the closing of the Merger.

*Q.* ***Will W. P. Carey or any of its subsidiaries receive any consideration for the shares of CPA 15 common stock that they own?***

A. No. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and cease to exist and neither W. P. Carey nor any W. P. Carey subsidiary will receive any Merger Consideration for those shares.

*Q.* ***Will CPA®:15 and W. P. Carey continue to pay distributions prior to the effective time of the Merger?***

A. Yes. The Merger Agreement permits CPA®:15 to continue to pay a regular quarterly distribution and any distribution that is necessary for CPA®:15 to maintain its REIT qualification and to avoid other adverse tax consequences. W. P. Carey intends to continue to pay a regular quarterly distribution to its shareholders with respect to quarters completed prior to the Merger.

*Q.* ***Will CPA®:15 stockholders who participated in CPA®:15 s distribution reinvestment and stock purchase plan immediately prior to its suspension, and who desire to participate in the distribution reinvestment and stock purchase plan of W. P. Carey Inc. following completion of the Merger, be able to continue to participate in such plan?***

A. CPA®:15 has suspended its distribution reinvestment and stock purchase plan (the CPA®:15 DRIP ) because of the Merger. Each CPA®:15 stockholder who was a participant in the CPA®:15 DRIP immediately prior to its suspension and who desires to take part in the distribution reinvestment and stock purchase plan of W. P. Carey Inc. (the W. P. Carey Inc. DRIP ) following completion of the Merger will automatically be enrolled in such plan. Each CPA®:15 stockholder who was a participant in the CPA®:15 DRIP but who does not desire to take part in the W. P. Carey Inc. DRIP should contact W. P. Carey s investor relations department by calling 1-800-WPCAREY. Each CPA®:15 stockholder who desires to take part in the W. P. Carey Inc. DRIP but is not a participant in the CPA®:15 DRIP will be allowed to follow the procedures applicable to participation in the W. P. Carey Inc. DRIP. Such stockholders should contact W. P. Carey s investor relations department by calling 1-800-WPCAREY.

*Q.* ***When and where are the special meetings?***

A. The special meeting of W. P. Carey shareholders will be held on [ ], 2012, at [ ], Eastern Time, at [ ].
The special meeting of CPA®:15 stockholders will be held on [ ], 2012, at [ ], Eastern Time, at [ ].

***Q. What will I be voting on at the special meetings?***

A. W. P. Carey shareholders are requested to vote on two proposals: (i) to approve the Merger and (ii) to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger. CPA®:15 stockholders are requested to vote on the proposal to approve the Merger. In addition, W. P. Carey shareholders and CPA®:15

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stockholders are each requested to vote on the proposal to adjourn the special meetings of the respective entities, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meetings to approve the respective proposals.

***Q. Are the proposals being voted on at the special meetings conditioned on each other?***

A. The proposal for the W. P. Carey shareholders to approve the Merger is not conditioned upon the proposal for the W. P. Carey shareholders to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger; however, CPA®:15 s obligations to consummate the Merger are subject to the completion of the REIT Conversion and the approval of the Merger by W. P. Carey s shareholders.

***Q. Who can vote at the special meetings?***

A. If you are a shareholder of record of W. P. Carey or a stockholder of record of CPA®:15 at the close of business on [ ], 2012, the record date for W. P. Carey s and CPA®:15 s special meeting, which we refer to as the W. P. Carey record date or the CPA®:15 record date, as applicable, or the record date, you may vote the W. P. Carey listed shares and the shares of CPA 15 common stock, as applicable, that you hold on the record date at each of the respective special meetings.

***Q. Why is my vote important?***

A. If you do not submit a proxy or vote in person at the meetings, it will be more difficult for us to obtain the necessary quorum to hold the special meetings. In addition, if you are a holder of W. P. Carey listed shares, your failure to submit a proxy or to vote in person will have the same effect as a vote against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger and if you are a holder of CPA 15 common stock, your failure to submit a proxy or to vote in person will have the same effect as a vote against approval of the Merger.

If you hold your W. P. Carey listed shares through a broker, bank, or other nominee, your broker, bank, or other nominee will not be able to cast a vote on the proposal to approve the Merger or the proposal to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger without instructions from you.

***Q. What constitutes a quorum for the special meetings?***

A. A majority of the outstanding W. P. Carey listed shares being present in person or represented by proxy constitutes a quorum for the W. P. Carey special meeting. A majority of the outstanding shares of CPA 15 common stock being present in person or represented by proxy constitutes a quorum for the CPA®:15 special meeting.

***Q. What vote is required?***

A. The affirmative vote of the holders of a majority of the outstanding W. P. Carey listed shares entitled to vote is required to approve the Merger and to approve the adoption of the REIT Conversion Agreement and approve the W. P. Carey Merger. The affirmative vote of the holders of a majority of the outstanding shares of CPA 15 common stock entitled to vote is required to approve the Merger.

As of the close of business on the W. P. Carey record date and the CPA®:15 record date, respectively, there were [ ] W. P. Carey listed shares and [ ] shares of CPA 15 common stock outstanding and entitled to vote at the special meetings. Each outstanding W. P. Carey listed share and share of CPA 15 common stock on the record date is entitled to one vote on each proposal submitted to you for consideration. The CPA®:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. As of the close of business on the record date, CPA®:15 s directors and affiliates, including W. P. Carey and its subsidiaries, owned [ ] shares of CPA 15 common stock, or approximately [ ]% of the outstanding shares of CPA 15 common stock.

***Q. How do the boards of directors recommend I vote on the proposals?***

A. The board of directors of W. P. Carey believes that both the Merger and the W. P. Carey Merger are advisable and in the best interests of W. P. Carey and its shareholders. **The W. P. Carey board of directors unanimously recommends that you vote FOR approval of the Merger and FOR adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.**

The board of directors of CPA®:15 believes that the Merger is advisable and in the best interests of CPA®:15 and its stockholders. **The board of directors of CPA®:15 unanimously recommends that you vote FOR approval of the Merger.**

***Q. When is the Merger expected to be completed?***

A. W. P. Carey and CPA®:15 expect to complete the Merger by the third quarter of 2012 or as soon as possible thereafter; however, there can be no assurance as to when, or if, the Merger will be completed. W. P. Carey and CPA®:15 reserve the right to abandon the Merger even if W. P. Carey shareholders and CPA®:15 stockholders vote to approve the Merger and other conditions to the completion of the Merger are satisfied or waived, if the boards of directors determine that the Merger is no longer in the best interests of W. P. Carey shareholders or CPA®:15 stockholders, respectively.

***Q. Are there risks associated with the Merger that I should consider in deciding how to vote?***

A. Yes. There are a number of risks related to the Merger that are discussed in this joint proxy statement/prospectus. In evaluating the Merger, you should read carefully the detailed description of the risks associated with the Merger described in the section entitled Risk Factors and other information included in this joint proxy statement/prospectus.

***Q. Will holders of W. P. Carey listed shares have to pay federal income taxes as a result of the Merger?***

A. No. Holders of W. P. Carey listed shares (who will become holders of W. P. Carey Inc. common stock in the REIT Conversion) are generally not expected to recognize gain in the Merger for federal income tax purposes.

The federal income tax treatment of holders of W. P. Carey listed shares and W. P. Carey Inc. common stock depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular shareholder will depend on that shareholder s particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, regarding the specific tax consequences, including the federal, state, local, and foreign tax consequences, to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging or otherwise disposing of W. P. Carey Inc. common stock.

***Q. Will holders of CPA 15 common stock have to pay federal income taxes as a result of the Merger?***

A. Although holders of CPA 15 common stock generally will not recognize gain in the Merger for federal income tax purposes with respect to their receipt of W. P. Carey Inc. common stock, they will recognize gain on their CPA 15 common stock for federal income tax purposes up to the amount of cash that they receive in the Merger, which is $1.25 per share for each share of CPA 15 common stock. In addition, a holder of CPA 15 common stock who receives cash in lieu of a fractional share of W. P. Carey Inc.

common stock in the Merger will generally be treated as having received the cash in redemption of the fractional share interest. Any gain or loss recognized by a holder of CPA 15 common stock in the Merger will generally be treated as capital gain or loss. Any capital gain or loss recognized in connection with the Merger will be long-term capital gain or loss if a holder of CPA 15 common stock has held the surrendered shares for more than one year.

The federal income tax treatment of holders of CPA 15 common stock in the Merger depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of participating in the Merger and of holding W. P. Carey Inc. common stock to any particular shareholder will depend on that shareholder s particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, as defined in the section entitled Material Federal Income Tax Considerations Taxation of Shareholders Taxation of Non-U.S. Holders, regarding the specific tax consequences, including the federal, state, local, and foreign tax consequences, to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging or otherwise disposing of, your shares of CPA 15 common stock or W. P. Carey Inc. common stock.

***Q. Am I entitled to dissenters rights of appraisal in connection with the Merger?***

A. CPA®:15 stockholders who do not vote in favor of the merger of CPA®:15 with its indirect wholly-owned subsidiary are entitled to dissenters and appraisal rights with respect to that merger under Maryland law. For holders of CPA 15 common stock, you can vote against approval of that merger by (i) indicating a vote against approval of the Merger on your proxy card and signing and mailing your proxy card in accordance with the instructions provided, (ii) authorizing your proxy by telephone or the Internet and indicating a vote against approval of the Merger or (iii) voting against approval of the Merger in person at CPA®:15 s special meeting. If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the stockholder has abstained from voting on the Merger, the shares of CPA 15 common stock represented by the proxy will not be considered to have been voted on the Merger. Abstentions will have the same effect as a vote against approval of the Merger. To qualify as an objecting CPA®:15 stockholder, you must deliver to CPA®:15 s corporate secretary, at or prior to CPA®:15 s special meeting, your written objection to the Merger. The written objection must be separate from and in addition to any proxy or vote against the Merger. In addition, if you wish to exercise your right to demand payment of the fair value of your common stock, within 20 days following the date the articles of merger for the merger of CPA®:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, you must make a written demand on CPA®:15 for the payment of your shares of CPA 15 common stock, stating the number and class of shares for which you demand payment. Strict compliance with statutory procedures is necessary in order to perfect your rights to an appraisal and to receive fair value for your shares of CPA 15 common stock. A copy of the relevant provisions of Maryland law appears as Annex E to this joint proxy statement/prospectus.

***Q. How do I vote without attending the special meetings?***

A. If you are a holder of W. P. Carey listed shares or shares of CPA 15 common stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy by telephone or over the Internet or by mailing a proxy card will not limit your right to attend the special meetings and vote your shares in person. Those shareholders and stockholders of record who choose to authorize a proxy by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on [ ], 2012.

***Q. Can I attend the special meetings and vote my shares in person?***

A. Yes. All holders of W. P. Carey listed shares and all holders of CPA 15 common stock are invited to attend the special meetings for the entity in which they hold shares. Shareholders and stockholders of record at the close

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of business on the record date are invited to attend and vote at the special meetings. If your W. P. Carey listed shares are held by a broker, bank or other nominee, then you are not the shareholder of record. Therefore, to vote at the W. P. Carey special meeting, you must bring the appropriate documentation from your broker, bank or other nominee confirming your beneficial ownership of the W. P. Carey listed shares.

***Q. If my W. P. Carey listed shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my W. P. Carey listed shares for me?***

A. No. If your W. P. Carey listed shares are held in street name by your broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee. Your broker, bank or other nominee will vote your W. P. Carey listed shares only if you provide instructions on how you would like your shares to be voted.

***Q. Once the Merger has been completed, do CPA®:15 stockholders have to do anything to receive their shares of W. P. Carey Inc. common stock?***

A. No. Following completion of the Merger, W. P. Carey Inc. will cause a third party transfer agent to record the issuance of the shares of W. P. Carey Inc. common stock to the holders of CPA 15 common stock on its stock records. We will issue shares of W. P. Carey Inc. common stock to holders of CPA 15 common stock in uncertificated book-entry form. No physical share certificates will be delivered.

***Q. What do I need to do now?***

A. You should carefully read and consider the information contained in this joint proxy statement/prospectus, including its annexes. It contains important information about the factors that the board of directors of each of W. P. Carey and CPA®:15 considered in evaluating whether to vote to approve the Merger.

You should then complete and sign your proxy card and return it in the enclosed envelope as soon as possible so that your shares will be represented at the special meetings, or authorize your proxy by telephone or over the Internet in accordance with the instructions on your proxy card. If your W. P. Carey listed shares are held through a broker, bank or other nominee, you should receive a separate voting instruction form with this joint proxy statement/prospectus.

***Q. Can I change my vote after I have mailed my signed proxy card?***

A. Yes. You can change your vote at any time before your proxy is voted at your special meeting. To revoke your proxy, you must either (i) notify the secretary of either W. P. Carey or CPA®:15, as applicable, in writing, (ii) mail a new proxy card dated after the date of the proxy you wish to revoke, (iii) submit a later dated proxy by telephone or over the Internet by following the instructions on your proxy card or (iv) attend the special meetings and vote your shares in person. Merely attending the special meetings will not constitute revocation of your proxy. If your W. P. Carey listed shares are held through a broker, bank, or other nominee, you should contact your broker, bank or other nominee to change your vote.

***Q. Where will my W. P. Carey Inc. common stock be publicly traded?***

A. W. P. Carey Inc. will apply to have the new shares of W. P. Carey Inc. common stock listed on the NYSE upon the closing of the Merger. We anticipate that the shares of W. P. Carey Inc. common stock issued in the Merger will trade on the NYSE under the symbol WPC, upon the consummation of the Merger.

*Q.* ***Will a proxy solicitor be used?***

A. Yes. We may utilize some of the officers and employees of W. P. Carey s wholly-owned subsidiaries, CAM and Carey Management Services, Inc. (who will receive no compensation in addition to their regular

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salaries), to solicit proxies personally and by telephone. In addition, we have engaged Computershare Fund Services ( Computershare ) to assist in the solicitation of proxies for the meeting and estimate we will pay Computershare a fee of approximately $115,000. We have also agreed to reimburse Computershare for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Computershare against certain losses, costs and expenses. No portion of the amount that W. P. Carey is required to pay Computershare is contingent upon the closing of the Merger or the REIT Conversion.

***Q. Who can help answer my questions?***

A. If you have more questions about the Merger, or would like additional copies of this joint proxy statement/prospectus, please contact:
For W. P. Carey shareholders:

W. P. CAREY & CO. LLC

Investor Relations Department

50 Rockefeller Plaza

New York, New York 10020

Telephone: (800) WP-CAREY

Facsimile: (212) 492-8922

For CPA®:15 stockholders:

CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED

Investor Relations Department

50 Rockefeller Plaza

New York, New York 10020

Telephone: (800) WP-CAREY

Facsimile: (212) 492-8922

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**QUESTIONS AND ANSWERS FOR W. P. CAREY SHAREHOLDERS**

**REGARDING THE REIT CONVERSION**

*The following questions and answers for W. P. Carey shareholders briefly address some frequently asked questions about the REIT Conversion. They may not include all the information that is important to you. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes.*

***Q. What are we planning to do?***

A. In addition to the Merger, W. P. Carey is proposing a plan to reorganize its business operations to allow W. P. Carey Inc. to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. W. P. Carey shareholders will not become holders of W. P. Carey Inc. common stock unless and until the Merger and the REIT Conversion are consummated.

***Q. What is a REIT?***

A. A REIT is an entity that qualifies for special treatment for federal income tax purposes provided that it meets certain requirements including, among other things, that it derives most of its income from real estate-based sources and makes a special election under the Internal Revenue Code of 1986, as amended (the Code ). A corporation that qualifies as a REIT generally is not subject to federal income tax on its corporate income and gains that it distributes to its shareholders, reducing its corporate level income taxes and substantially eliminating the double taxation of corporate income.

Even if we qualify as a REIT, we may continue to be required to pay federal income tax on earnings from all or a portion of our non-REIT assets or operations, which consists primarily of the investment management business of W. P. Carey. In addition, our international assets and operations will continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted. We also may be subject to federal income and excise taxes in certain circumstances, as well as state, local, and foreign income, franchise, property and other taxes.

***Q. What will happen in the REIT Conversion?***

A. The REIT Conversion involves the following key elements:

*REIT Conversion*. Following certain reorganizations of most of W. P. Carey s subsidiaries, W. P. Carey will then merge with and into W. P. Carey Inc. with W. P. Carey Inc. surviving the merger. Effective at the time of the W. P. Carey Merger, W. P. Carey Inc. will hold, directly or indirectly through its subsidiaries, the assets currently held by W. P. Carey and will conduct the existing businesses of W. P. Carey and its subsidiaries and assume the obligations of W. P. Carey. The REIT Conversion will facilitate W. P. Carey s compliance with REIT tax rules by ensuring the effective adoption of the charter provisions that implement the transfer restrictions that are intended to assist us in meeting the share ownership requirements of the REIT tax rules.

As a consequence of the REIT Conversion, among other things:

- there will be no change in the assets W. P. Carey holds or in the businesses it conducts;

there will be no fundamental change to W. P. Carey s discretionary capital allocation strategy or current operational strategy;

effective at the time of the REIT Conversion, W. P. Carey Inc. will, subject to approval by the NYSE, become a publicly traded NYSE-listed company that will continue to operate, directly or indirectly, all of W. P. Carey s existing business; and

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the rights of the stockholders of W. P. Carey Inc. will be governed by the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws. See the section entitled Structure of the Merger and the REIT Conversion.

*Other Reorganization Transactions*. W. P. Carey s existing subsidiaries that are taxable as REITs will become QRSs of W. P. Carey Inc., and W. P. Carey s existing subsidiaries that are taxable as corporations will jointly elect with W. P. Carey Inc. to be treated as TRSs in order to comply with certain REIT qualification requirements. See the section entitled Material Federal Income Tax Considerations Subsidiary Entities for a more detailed description of the requirements and limitations regarding our expected use of TRSs.

The business that we expect to contribute to, or retain in, one or more subsidiaries that will elect to be treated as TRSs effective upon the REIT Conversion principally consists of our investment management business. Net income from our TRSs either will be retained by our TRSs and used to fund their operations, or will be distributed to us, where it either will be reinvested by us into our business or will be contributed to the income available for distribution to our stockholders.

***Q. What are the reasons for the REIT Conversion?***

A. The REIT Conversion, together with the Merger, is being proposed primarily for the following reasons:

- the Merger and the REIT Conversion are part of a larger transformation that implements W. P. Carey s overall business strategy of expanding real estate assets under ownership which in turn is expected to provide a platform for future growth;

- the Merger and the REIT Conversion substantially increase W. P. Carey s scale and liquidity, which in turn provide a basis for an expected continuation of stable dividend growth;

- the Merger and the REIT Conversion are expected to provide income contribution from owned properties, while preserving the investment management business; and

- the Merger and the REIT Conversion are expected to increase analyst coverage and the combined company s access to capital markets by creating a company with increased scale and trading volume and enhanced liquidity.

To review the background of, and reasons for, the REIT Conversion in greater detail, and the related risks associated with the reorganization, see the sections entitled The Merger and the REIT Conversion Background of the Merger and the REIT Conversion, The Merger and the REIT Conversion W. P. Carey s Reasons for the Merger and the REIT Conversion and the W. P. Carey Merger and Risk Factors.

***Q. What will W. P. Carey shareholders receive in connection with the REIT Conversion and when will they receive it?***

A. At the effective time of the W. P. Carey Merger, W. P. Carey shareholders will receive one share of W. P. Carey Inc. common stock in exchange for each W. P. Carey listed share that they then own. In addition, as a REIT, W. P. Carey Inc. will be required to distribute annually at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain).

If the REIT Conversion is approved by W. P. Carey shareholders and the Merger is approved by both W. P. Carey shareholders and CPA®:15 stockholders, W. P. Carey Inc. expects to commence declaring regular quarterly distributions beginning in the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment, by the board of directors. W. P. Carey Inc. anticipates that its annualized distribution rate will be $2.60 per share of W. P. Carey Inc. common stock. The actual timing and amount of the distributions will be as determined and authorized by the board of directors and will

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depend on, among other factors, our financial condition, earnings, debt covenants, applicable provisions under the Maryland General Corporation Law (the MGCL ) and other possible uses of such funds. See the section entitled Dividend and Distribution Policy.

**If you dispose of your shares before the record date for the first quarterly distribution, you will not receive the first quarterly distribution or any other regular quarterly distribution.**

Any W. P. Carey subsidiaries currently taxable as REITs will distribute their current and accumulated earnings and profits to W. P. Carey prior to the REIT Conversion.

***Q. Should I send in my W. P. Carey listed share certificates (or share certificates of W. P. Carey s predecessor, Carey Diversified, LLC) now or at all?***

A. No. As soon as practicable following the effective time of the W. P. Carey Merger, W. P. Carey Inc. will cause a third party transfer agent to record the transfer on the stock records of W. P. Carey Inc. of the amount of W. P. Carey Inc. common stock issued pursuant to the terms of the REIT Conversion Agreement. We will issue shares of W. P. Carey Inc. common stock to holders of W. P. Carey listed shares in uncertificated book-entry form. No physical share certificates will be delivered. See Terms of the REIT Conversion Recordation of Exchange. **Please do not send in your W. P. Carey share certificates (or share certificates of W. P. Carey s predecessor, Carey Diversified, LLC) with your proxy or following completion of the W. P. Carey Merger. Any share certificate or book entry representing W. P. Carey listed shares or its predecessor, Carey Diversified, LLC, will instead automatically represent shares of W. P. Carey Inc. common stock following completion of the W. P. Carey Merger.**

***Q. Will converting to a REIT change W. P. Carey s business objectives and strategy?***

A. No. W. P. Carey s business objectives and strategy will remain the same.

***Q. When is the REIT Conversion expected to be completed and the REIT election expected to be made?***

A. We expect to complete the REIT Conversion by the third quarter of 2012, or as soon as possible thereafter, prior to the Merger. However, there can be no assurance as to when, or if, the REIT Conversion will be completed. If the REIT Conversion and the Merger are completed in 2012, we expect W. P. Carey Inc. to elect to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. W. P. Carey reserves the right to abandon the REIT Conversion even if the shareholders of W. P. Carey vote to adopt the REIT Conversion Agreement, which sets forth the terms and conditions of the W. P. Carey Merger, and approve the W. P. Carey Merger, and other conditions to the completion of the REIT Conversion are satisfied or waived, if the W. P. Carey board of directors determines that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders. See the section entitled Terms of the REIT Conversion for a more detailed description of the REIT Conversion.

***Q. Are there risks associated with the REIT Conversion that I should consider in deciding how to vote?***

A. Yes. There are a number of risks related to the REIT Conversion that are discussed in this joint proxy statement/prospectus. In evaluating the REIT Conversion, you should read carefully the detailed description of the risks associated with the REIT Conversion described under the heading Risk Factors Risks Related to the REIT Conversion and REIT Structure and other information included in this joint proxy statement/prospectus.

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***Q. Will I have to pay federal income taxes as a result of the REIT Conversion?***

A. You should not recognize gain or loss for federal income tax purposes as a result of the exchange of W. P. Carey listed shares for shares of W. P. Carey Inc. common stock in the REIT Conversion except to the extent that your allocable share of W. P. Carey indebtedness exceeds your basis in your listed shares of W. P. Carey.

The federal income tax treatment of holders of W. P. Carey shares in the REIT Conversion depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of participating in the REIT Conversion and of holding W. P. Carey Inc. common stock to any particular shareholder will depend on that shareholder s particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, as defined in the section entitled Material Federal Income Tax Considerations Taxation of Shareholders Taxation of Non-U.S. Holders, regarding the specific tax consequences, including the federal, state, local, and foreign tax consequences, to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging or otherwise disposing of, W. P. Carey listed shares or W. P. Carey Inc. common stock.

***Q. Am I entitled to dissenters rights of appraisal in connection with the REIT Conversion?***

A. No. Under Delaware law, you are not entitled to any dissenters rights of appraisal in connection with the REIT Conversion.

***Q. If my W. P. Carey listed shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?***

A. No. If your W. P. Carey listed shares are held in street name by your broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee. Your broker, bank or other nominee will vote your shares only if you provide instructions on how you would like your W. P. Carey listed shares to be voted.

***Q. Where will my W. P. Carey Inc. common stock be publicly traded?***

A. W. P. Carey Inc. will apply to have the new shares of W. P. Carey Inc. common stock listed on the NYSE upon the closing of the REIT Conversion. We anticipate that the shares of W. P. Carey Inc. common stock issued in the W. P. Carey Merger will trade on the NYSE under the symbol WPC, upon the consummation of the Merger.

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## STRUCTURE OF THE MERGER AND THE REIT CONVERSION

The following diagrams summarize the corporate structure of W. P. Carey Inc. before and after the Merger and the REIT Conversion.

**Before the Merger and REIT Conversion:**

**After the Merger and REIT Conversion:**

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## SUMMARY

*This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers to fully understand the Merger and the REIT Conversion. In particular, you should read the annexes attached to this joint proxy statement/prospectus, including the Merger Agreement and the REIT Conversion Agreement, which are attached as Annexes A and B, respectively, as they are the legal documents that govern the Merger and the W. P. Carey Merger. You also should read the form of W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws, attached as Annexes F and G, respectively, as they are the legal documents that will govern your rights as a stockholder of W. P. Carey Inc. following the Merger and the REIT Conversion. See the section entitled Where You Can Find More Information. For a discussion of the risk factors that you should carefully consider, see the section entitled Risk Factors.*

**The Companies**

W. P. Carey & Co. LLC

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

W. P. Carey provides long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. W. P. Carey invests primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. W. P. Carey also earns revenue as the advisor to the CPA® REITs and invests in similar properties. W. P. Carey is currently the advisor to the following CPA® REITs: CPA®:15, CPA®:16 Global and CPA®:17 Global. W. P. Carey is also the advisor to CWI, which W. P. Carey formed in March 2008 for the purpose of acquiring interests in lodging and lodging-related properties.

Collectively, at December 31, 2011, W. P. Carey owned and managed over 980 properties domestically and internationally, including its owned portfolio. W. P. Carey s portfolio was comprised of its full or partial ownership interest in 157 properties, substantially all of which were triple-net leased to 73 tenants, and totaled approximately 13.0 million square feet (on a pro rata basis) with an occupancy rate of approximately 93%. In addition, through its Carey Storage and Livho subsidiaries, W. P. Carey had interests in 21 self-storage properties and a hotel property, respectively, with an aggregate of approximately 0.8 million square feet (on a pro rata basis) at December 31, 2011.

Most of W. P. Carey s properties were either acquired as a result of its consolidation with certain affiliated Corporate Property Associates limited partnerships or subsequently acquired from other CPA® REIT programs in connection with the provision of liquidity to stockholders of those CPA® REITs. Because its advisory agreements with each of the existing CPA® REITs and CWI require that W. P. Carey use its best efforts to present to them a continuing and suitable program of investment opportunities that meet their investment criteria, W. P. Carey generally provides investment opportunities to these funds first and earn revenues from transaction and asset management services performed on their behalf. W. P. Carey s principal focus on its owned real estate portfolio in recent years has therefore been on enhancing the value of its existing properties. Under the advisory agreements with the CPA® REITs and CWI, W. P. Carey performs various services, including but not limited to the day-to-day management of the CPA® REITs and CWI and transaction-related services, for which W, P. Carey earns revenue. The advisory agreements allow W. P. Carey to elect to receive stock in lieu of cash for any revenue due from the CPA® REITs and CWI. W. P. Carey also receives a percentage of distributions of

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available cash from the operating partnerships of CPA®:16 Global, CPA®:17 Global and CWI. W. P. Carey may also earn incentive and disposition revenue and receive other compensation in connection with providing liquidity alternatives to the stockholders of the CPA® REITs and CWI. The CPA® REITs and CWI also reimburse W. P. Carey for certain costs, primarily broker-dealer commissions paid on their behalf and marketing and personnel costs. As a result of electing to receive certain payments for services in shares, W. P. Carey holds ownership interests in the CPA® REITs and CWI.

W. P. Carey was formed as a limited liability company under the laws of Delaware on July 15, 1996. On January 1, 1998 the limited partnership interests of nine CPA® partnerships were combined and became listed on the NYSE under the name Carey Diversified and the symbol CDC. In 2000, Carey Diversified merged with W. P. Carey after W. P. Carey became listed on the NYSE under the symbol WPC.

At December 31, 2011, W. P. Carey employed 212 individuals through its wholly-owned subsidiaries. W. P. Carey s website is www.wpcarey.com. On the website, investors can find press releases, financial filings and other information about W. P. Carey. The SEC website, www.sec.gov, also offers access to reports and documents that W. P. Carey has electronically filed with or furnished to the SEC. These website addresses are not intended to function as hyperlinks, and the information contained on W. P. Carey s website and in the SEC s website is not intended to be a part of this joint proxy statement/prospectus.

Corporate Property Associates 15 Incorporated

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

CPA®:15 is a publicly owned, non-listed REIT that primarily invests in commercial properties leased to companies both domestically and internationally. At December 31, 2011, CPA®:15 s portfolio consisted of full or partial ownership interest in 315 properties, substantially all of which were triple-net leased to 77 tenants and totaled approximately more than 28.0 million square feet (on a pro rata basis). CPA®:15 s core investment strategy is to own and manage a portfolio of properties leased to a diversified group of companies on a single tenant net lease basis. CPA®:15 s triple-net leases generally require the tenant to pay substantially all of the costs associated with operating and maintaining the property such as maintenance, insurance, taxes, structural repairs and other operating expenses.

CPA®:15 is managed by W. P. Carey through certain of its wholly-owned subsidiaries. W. P. Carey provides both strategic and day-to-day management services for CPA®:15, including capital funding services, investment research and analysis, investment financing and other investment-related services, asset management, disposition of assets, investor relations and administrative services. W. P. Carey also provides office space and other facilities for CPA®:15. CPA®:15 pays asset management fees and certain transactional fees to W. P. Carey and also reimburses W. P. Carey for certain expenses incurred in providing services, including those associated with providing personnel for the administration of CPA®:15 s operations.

CPA®:15 was formed as a Maryland corporation in February 2001. In two offerings, between November 2001 and August 2003, CPA®:15 sold a total of 104,617,606 shares of its common stock for a total of $1.0 billion in gross offering proceeds. Through December 31, 2011, CPA®:15 also issued 15,161,997 shares ($172.3 million) through the CPA®:15 DRIP. CPA®:15 repurchased 16,524,274 shares ($173.9 million) under its redemption plan from inception through December 31, 2011. In June 2009, as a result of redemptions reaching the 5% limitation under the terms of its redemption plan and CPA®:15 s desire to preserve capital and liquidity, CPA®:15 s board of directors suspended its redemption plan, effective for all redemption requests received subsequent to June 1, 2009, with limited exceptions in cases of death, qualifying disability or confinement to a long-term care facility. The suspension will remain in effect until its board of directors, in its discretion, determines to reinstate the plan.

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W. P. Carey Inc.

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

W. P. Carey Inc. is a wholly-owned subsidiary of W. P. Carey and was incorporated in Maryland as W. P. Carey REIT, Inc. on February 15, 2012 with the purpose of succeeding and continuing the business of W. P. Carey. Prior to the Merger and the REIT Conversion, W. P. Carey Inc. will conduct no business other than that incident to the REIT Conversion. Following completion of the Merger and the REIT Conversion, W. P. Carey Inc. will succeed to and continue the businesses of W. P. Carey and CPA®:15. There will be no fundamental change to the core investment strategies and methods of operation of either W. P. Carey or CPA®:15. The combined company s board of directors and senior management team will consist of members of the board of directors and senior management team of W. P. Carey immediately prior to the Merger and the REIT Conversion. The combined company will own and operate properties encompassing approximately 42.0 million square feet diversified across geographies, industries and property types in the U.S. and European markets. As of December 31, 2011, the pro forma combined portfolio was more than 95% leased.

CPA 15 Holdco, Inc.

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

CPA 15 Holdco, Inc. is a wholly-owned subsidiary of CPA®:15 and was incorporated in Maryland on February 16, 2012 with the sole purpose of engaging in the Merger. CPA 15 Holdco will conduct no business other than that incident to the Merger.

**The Merger**

The board of directors of W. P. Carey has determined that the Merger satisfies many objectives of W. P. Carey for its growth and future return to its shareholders. The principal reasons for the board of directors of W. P. Carey entering into the Merger Agreement are:

- the Merger and the REIT Conversion are part of a larger transformation that implements W. P. Carey s overall business strategy of expanding real estate assets under ownership which in turn is expected to provide a platform for future growth;

- the Merger and the REIT Conversion substantially increase W. P. Carey s scale and liquidity, which in turn provide a basis for an expected continuation of stable dividend growth;

- the Merger and the REIT Conversion are expected to provide income contribution from owned properties, while preserving the investment management business; and

- the Merger and the REIT Conversion are expected to increase analyst coverage and the combined company s access to capital markets by creating a company with increased scale and trading volume and enhanced liquidity.

The board of directors of W. P. Carey also considered a number of potentially negative factors about the Merger, including:

the possibility that the Merger and the REIT Conversion may not be completed, or that completion may be unduly delayed, for reasons beyond the control of W. P. Carey or CPA®:15;

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- the risk that failure to complete the Merger and the REIT Conversion could negatively affect the price of the W. P. Carey listed shares; and

- the potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Merger and the REIT Conversion.

At a meeting on February 17, 2012, the CPA®:15 board of directors and CPA®:15 special committee unanimously determined that the Merger is advisable and directed that a proposal to approve the Merger be submitted to CPA®:15 s stockholders at a special meeting of stockholders. In making their determination, the CPA®:15 board of directors and CPA®:15 special committee considered a variety of factors, including the following:

- the fact that the Merger Consideration to be received by CPA®:15 s stockholders, valued at approximately $11.73 based upon the closing price of W. P. Carey s listed shares on February 17, 2012, represented an approximately 13% premium to CPA®:15 s estimated NAV per share of $10.40 as of September 30, 2011;

- the decision of W. P. Carey Inc. to elect to qualify as a REIT and the belief that, based upon W. P. Carey s anticipated dividends per share after its conversion to a REIT, the stock component of the Merger Consideration will enable CPA®:15 s stockholders to continue to receive attractive dividends;

- the expectation that the proposed transaction with W. P. Carey will provide liquidity to CPA®:15 s stockholders by delivering shares in a publicly-traded listed company with a broad stockholder base;

- the receipt of the stock component of the Merger Consideration will be tax deferred to CPA®:15 stockholders, until such time as the shares of W. P. Carey Inc. received in the Merger are sold;

- the fact that the combined company will be self-managed, thereby eliminating the external advisory structure under which CPA®:15 presently operates;

- the CPA®:15 board of directors and CPA®:15 special committee s belief that the proposed transaction will be immediately accretive to the combined company s AFFO per share and cash available for distributions per share and provide the opportunity for continuation of stable dividend growth;

- the expectation that the combined company will be among the largest publicly-traded REITs with an expected total market capitalization of approximately $5 billion, plus approximately $12 billion in assets under management (including assets owned by the combined company), and a more diversified portfolio of approximately 450 net-leased assets. As a result of its larger size and enhanced balance sheet, the combined company is expected to have greater operating and financial flexibility and better access to capital markets with a lower cost of capital than CPA®:15 on a stand-alone basis;

- after the proposed transaction, the combined company would have greater geographic diversification and greater tenant diversification than CPA®:15 on a stand-alone basis, which could provide the combined company with greater cash flow stability. In addition, the combined company s geographic exposure to European countries would be 30% (compared to CPA®:15 s 35.0%) and its exposure to the top two tenants by annualized rent would be 8.2% and 5.7%, respectively (compared to 11.4% and 8.0%, respectively, for CPA®:15);

the proposed transaction would increase the combined company s weighted average debt maturity from 6.0 years to 6.1 years while lowering the average interest rate from approximately 5.7% to 5.1%, in each case compared to CPA®:15;

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the CPA®:15 board of directors and CPA®:15 special committee s conclusion, after consideration and review with its legal and financial advisors, that the transaction with W. P. Carey was superior to other possible liquidity alternatives for a number of reasons, including the CPA®:15 special committee s view that:

the current climate for initial public offerings is not favorable, particularly for REITs that are externally managed;

it could be challenging to retain a management team in order to pursue a listing as an internally-managed REIT;

there was a low probability that a third party would have the desire or ability to merge with CPA®:15 or otherwise acquire its entire portfolio and related debt at a value comparable to the proposed Merger;

a sale of CPA®:15 s entire portfolio to unrelated third parties may involve difficulties in obtaining consents from lenders and high transaction costs;

if a liquidation is not conducted all at once, since the fixed operating expenses of CPA®:15 are not tied to the size of its asset base, such expenses would become a larger percentage of cash flow and revenues over time, thereby reducing the total net amount realized from the liquidation; and

the costs associated with separate sales of each property could become significant, thus decreasing returns to CPA®:15 stockholders.

the provisions in the Merger Agreement that permit the CPA®:15 board of directors under specified circumstances to withdraw its recommendation of the Merger in connection with, or approve or recommend, a CPA®:15 superior competing transaction (as defined in the section titled The Merger Agreement No Solicitation of Transactions CPA®:15 ) and to terminate the Merger Agreement in order to enter into an agreement with respect to a CPA®:15 superior competing transaction, upon the payment of the expense reimbursement (see The Merger Agreement Expenses );

the absence of a typical break-up fee under the Merger Agreement;

the provisions in the Merger Agreement that require W. P. Carey to reimburse CPA®:15 for its out-of-pocket expenses incurred in connection with the proposed transaction if W. P. Carey s stockholders do not approve the Merger and the REIT Conversion;

the high likelihood that the Merger and the REIT Conversion will be completed in a timely manner;

the financial analyses presented to the CPA®:15 board of directors by Deutsche Bank that, as of February 17, 2012 and based upon and subject to the assumptions and limitations set forth in its opinion, the Merger Consideration was fair, from a financial point of view, to CPA®:15 stockholders, as more fully described elsewhere in this joint proxy statement/prospectus; and

the Merger is subject to the approval of CPA®:15 s stockholders who therefore have the option to reject the Merger. In addition, CPA®:15 s stockholders have the right to demand appraisal of their shares in accordance with the procedures established by Maryland law. See The Merger Agreement Objecting Stockholders Rights of Appraisal.

The board of directors of CPA®:15 also considered a number of potentially negative factors about the Merger, including:

W. P. Carey and its affiliates serve as advisor to other CPA® REITs that have investment and rate of return objectives substantially similar to those of the combined company, and the conflicts of interest that may arise from such advisor s role as well as the possibility that CPA® REITs may compete with the combined company after the Merger with respect to properties, potential purchasers, sellers and lessees of properties and mortgage financing for properties;

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the average lease maturity of the combined company s portfolio would be lowered after the Merger compared to that of CPA®:15. The average lease maturity of CPA®:15 s portfolio is currently approximately 10.4 years. The average lease maturity in the combined company s portfolio will be approximately 9.2 years, thereby increasing overall risks related to re-leasing or sale of properties upon expiration of such leases;

the challenges inherent in the combination of two business enterprises the size of CPA®:15 and W. P. Carey and the risks and costs to CPA®:15 if the Merger does not close;

the possibility that the transaction with W. P. Carey would not be completed or may be delayed, and the possible adverse effects on the future liquidity options for CPA®:15 that might result if the proposed transaction with W. P. Carey were announced and not completed;

the risk that a different liquidity alternative could ultimately prove to be more beneficial to CPA®:15 stockholders than the proposed transaction with W. P. Carey;

the Merger Consideration is fixed and will not be adjusted for changes in the price of W. P. Carey s listed shares or changes in the NAV of CPA®:15 prior to the Merger, which means that the value of the Merger Consideration could decrease prior to the closing of the Merger if the trading price of W. P. Carey s listed shares decreases, even if the NAV of CPA®:15 increases;

the cash component of the Merger Consideration to be received by CPA®:15 stockholders in the Merger would be taxable to such stockholders to the extent of any gain in such CPA®:15 shares;

the risk that the anticipated strategic and financial benefits of the Merger and the REIT Conversion may not be fully realized;

the expenses to be incurred in connection with pursuing the Merger; and

the restrictions on the conduct of CPA®:15 s business between the date of the Merger Agreement and the date of the consummation of the proposed Merger.

The foregoing discussion of the factors considered by the CPA®:15 board of directors and the CPA®:15 special committee is not intended to be exhaustive but rather summarizes the material factors considered by the CPA®:15 board of directors and the CPA®:15 special committee. In view of the wide variety of factors considered, the CPA®:15 board of directors and the CPA®:15 special committee did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual directors may have given different weights to different factors. The CPA®:15 board of directors and the CPA®:15 special committee considered the positive and negative factors relating to the Merger and the related transactions and believed the negative factors to be outweighed by the positive factors.

**The Merger Agreement**

The board of directors of each of W. P. Carey and CPA®:15 have approved the Merger. Each share of CPA 15 common stock outstanding immediately prior to the Merger, other than shares owned by holders of CPA 15 common stock who perfect their appraisal rights, will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter into consideration valued at approximately $[ ] per share (based on the closing price of $[ ] per W. P. Carey listed share on the NYSE on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), consisting of (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and will cease to exist and neither W. P. Carey nor any W. P. Carey subsidiary will receive any Merger Consideration for those shares.

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W. P. Carey intends to fund the cash portion of the Merger Consideration with borrowings from a term loan to be made pursuant to its amended and restated credit agreement dated as of February 17, 2012. In the event that W. P. Carey is unable to borrow under the term loan, W. P. Carey will fund the cash portion of the Merger Consideration by borrowing under its existing lines of credit, which have sufficient availability to cover such amounts. The Merger is not subject to a financing condition.

The closing of the Merger is subject to the satisfaction or waiver of several conditions at or prior to the closing date, including:

- approval of the Merger by the requisite vote of the W. P. Carey shareholders and the CPA®:15 stockholders;
- the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the SEC with regard to the registration statement and all necessary state securities or blue sky authorizations shall have been received;
- no order, injunction or other legal restraint or prohibition preventing the consummation of the Merger will be in effect;
- all consents, approvals, permits and authorizations required by the Merger Agreement to be obtained from certain specified governmental entities will have been obtained or waived;
- the closing of the REIT Conversion will have occurred;
- the closing of the merger of CPA®:15 with its indirect wholly-owned subsidiary will have occurred; and
- the shares of W. P. Carey Inc. common stock shall have been approved for listing on the NYSE.

Either W. P. Carey or CPA®:15 can terminate the Merger Agreement at any time prior to the effective time of the Merger:

- by mutual written consent duly authorized by the board of directors of each of W. P. Carey and CPA®:15;
- by either party, if the other party has breached any representation, warranty, covenant or agreement set forth in the Merger Agreement, or if any representation or warranty by the other party has become untrue, in either case such that either party s related closing condition would be incapable of being satisfied by September 30, 2012, provided that CPA®:15 and CPA 15 Holdco shall not be deemed to have breached a representation, warranty, covenant or agreement set forth in the Merger Agreement to the extent the actions or inactions of W. P. Carey or any W. P. Carey subsidiary in its capacity as advisor to CPA®:15 pursuant to the CPA®:15 Advisory Agreements resulted in such breach;
- by either party upon the entry of any judgment, injunction, order, decree or action by any governmental entity or other competent authority preventing the consummation of the Merger that has become final and nonappealable;
- by either party, if the Merger shall not have been consummated before September 30, 2012; *provided, however*, that

a party that has materially breached a representation, warranty, covenant or agreement of such party set forth in the Merger Agreement is not entitled to exercise its right to terminate under this provision, and

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W. P. Carey is not entitled to exercise its right to terminate under this provision to the extent it or any of its subsidiaries actions or inactions in its capacity as advisor to CPA®:15 pursuant to the CPA®:15 Advisory Agreements resulted in a breach by CPA®:15 or a failure of CPA®:15 to perform its obligations under the Merger Agreement;

*provided further that* the termination date of September 30, 2012 shall be automatically extended until October 31, 2012 (the Extended Termination Date ), if the condition to closing with respect to the obtaining of all consents, approvals, permits and authorizations from governmental entities is not capable of being satisfied as of September 30, 2012, but is reasonably likely to be satisfied by the Extended Termination Date;

by either party, if, upon a vote at a duly held special meeting of CPA®:15 stockholders or any adjournment or postponement thereof, CPA®:15 stockholders do not approve the Merger;

by CPA®:15, if CPA®:15 s board of directors or any committee thereof shall have withdrawn its recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA®:15 superior competing transaction and CPA®:15 has paid, or has agreed in writing to pay, W. P. Carey s out-of-pocket expenses;

by W. P. Carey, if (i) prior to CPA®:15 s special meeting, the board of directors of CPA®:15 or any committee thereof shall have withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, any CPA®:15 superior competing transaction or (ii) CPA®:15 shall have entered into any agreement with respect to any CPA®:15 superior competing transaction; and

by either party, if, upon a vote at a duly held special meeting of W. P. Carey shareholders or any adjournment or postponement thereof, W. P. Carey shareholders do not approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

CPA®:15 has agreed to pay W. P. Carey s out-of-pocket expenses (including, without limitation, all attorneys , accountants and investment bankers fees and expenses), if the Merger Agreement is terminated (i) by W. P. Carey, due to a breach of any representation, warranty, covenant or agreement on the part of CPA®:15 or CPA 15 Holdco such that the related closing condition is not satisfied by September 30, 2012, (ii) by CPA®:15, due to CPA®:15 s board of directors withdrawing its recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a CPA®:15 superior competing transaction or (iii) by W. P. Carey if (y) prior to the meeting of CPA®:15 stockholders, CPA®:15 s board of directors has withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA®:15 superior competing transaction or (z) CPA®:15 has entered into an agreement with respect to a CPA®:15 superior competing transaction.

W. P. Carey has agreed to pay CPA®:15 s out-of-pocket expenses (including, without limitation, all attorneys , accountants , investment bankers and CPA®:15 special committee fees and expenses), if the Merger Agreement is terminated (i) by CPA®:15, due to a breach of any representation, warranty, covenant or agreement on the part of W. P. Carey, W. P. Carey Inc. or CPA 15 Merger Sub such that the related closing condition is not satisfied by September 30, 2012 or (ii) by CPA®:15 or W. P. Carey, due to the failure of the W. P. Carey shareholders to approve the Merger and the failure to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

Except as set forth above, W. P. Carey and CPA®:15 will each pay their own out-of-pocket costs and expenses incurred in connection with the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. W. P. Carey and CPA®:15 shall each bear one-half of the costs of filing, printing and mailing this joint proxy statement/prospectus.

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**REIT Conversion**

The board of directors of W. P. Carey has approved a plan to reorganize its business operations to facilitate the qualification of W. P. Carey Inc., as the successor of its assets and business operations following the REIT Conversion, as a REIT for federal income tax purposes. The REIT Conversion is designed to enable W. P. Carey Inc. to hold its assets and business operations in a manner that will enable W. P. Carey Inc. to elect to be treated as a REIT for federal income tax purposes. If W. P. Carey Inc. qualifies as a REIT, it generally will not be subject to federal corporate income taxes on that portion of its capital gain and ordinary income from its REIT operations that is distributed to its stockholders. This treatment would substantially eliminate the federal double taxation on earnings from REIT operations, or taxation once at the corporate level and again at the stockholder level, that generally results from an investment in a regular C corporation. However, as explained more fully below, W. P. Carey Inc. s non-REIT operations, which consist primarily of its investment management business, would continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those operations are located. W. P. Carey Inc. will also own real estate in certain foreign jurisdictions and such assets will be subject to tax in these jurisdictions.

The completion of the REIT Conversion is a condition to the closing of the Merger. The W. P. Carey board of directors reserves the right to abandon the REIT Conversion even if its shareholders vote to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger and the other conditions to the completion of the REIT Conversion are satisfied or waived if the board determines, in its sole discretion, that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders.

W. P. Carey estimates that its one-time transaction costs incurred in connection with the Merger and the REIT Conversion will be approximately $18.0 million in the aggregate.

CPA®:15 estimates that its one-time transaction costs incurred in connection with the Merger will be approximately $10.0 million in the aggregate.

**Recommendation of the Board of Directors of W. P. Carey**

AT A MEETING ON FEBRUARY 17, 2012, W. P. CAREY S BOARD OF DIRECTORS VOTED UNANIMOUSLY TO APPROVE AND DECLARE ADVISABLE BOTH THE MERGER AND THE W. P. CAREY MERGER. W. P. CAREY S BOARD OF DIRECTORS BELIEVES THAT BOTH THE MERGER AND THE W. P. CAREY MERGER ARE IN THE BEST INTERESTS OF W. P. CAREY AND ITS SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT W. P. CAREY SHAREHOLDERS VOTE FOR THE APPROVAL OF THE MERGER AND FOR THE ADOPTION OF THE REIT CONVERSION AGREEMENT AND APPROVAL OF THE W. P. CAREY MERGER.

**Recommendation of the Board of Directors of CPA®:15**

AT A MEETING ON FEBRUARY 17, 2012, CPA®:15 S BOARD OF DIRECTORS, AFTER RECEIVING THE RECOMMENDATION OF A SPECIAL COMMITTEE OF INDEPENDENT DIRECTORS OF CPA®:15 S BOARD OF DIRECTORS, VOTED UNANIMOUSLY TO APPROVE AND DECLARED ADVISABLE THE MERGER. CPA®:15 S BOARD OF DIRECTORS BELIEVES THAT THE MERGER IS IN THE BEST INTERESTS OF CPA®:15 AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT CPA®:15 STOCKHOLDERS VOTE FOR THE APPROVAL OF THE MERGER.

**Vote Required**

The affirmative vote of shareholders entitled to cast a majority of the outstanding W. P. Carey listed shares entitled to vote and the affirmative vote of stockholders entitled to cast a majority of the outstanding shares of CPA 15 common stock entitled to vote are required for the approval of the Merger. The CPA®:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. As of the close of business on the CPA®:15 record date, CPA®:15 s directors and affiliates, including W. P. Carey and its subsidiaries, owned [ ] shares of CPA 15 common stock, or approximately [ ]% of the outstanding shares of CPA 15 common stock. Abstentions and broker non-votes, if any, will have the effect of a vote against the proposal to approve the Merger.

The affirmative vote of shareholders entitled to cast a majority of the outstanding W. P. Carey listed shares entitled to vote is required for the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. Abstentions and broker non-votes, if any, will have the effect of a vote against the proposal to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

The affirmative vote of shareholders entitled to cast a majority of the outstanding W. P. Carey listed shares entitled to vote and the affirmative vote of stockholders entitled to cast a majority of the outstanding shares of CPA 15 common stock entitled to vote are required for the approval of the proposal to transact such other business as may properly come before W. P. Carey s and CPA®:15 s special meetings or any adjournment or postponement of such special meetings, including, without limitation, a motion to adjourn the special meetings to another time for the purpose of soliciting additional proxies.

**Date, Time, Place and Purpose of Special Meeting**

The special meeting of shareholders of W. P. Carey will be held on [ ], 2012, at [ ] Eastern Time, at [ ] for the following purposes: (i) to consider and vote upon a proposal to approve the Merger; (ii) to consider and vote upon a proposal to adopt REIT Conversion Agreement and approve the W. P. Carey Merger; and (iii) to transact such other business as may properly come before W. P. Carey s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

The special meeting of stockholders of CPA®:15 will be held on [ ], 2012, at [ ], Eastern Time, at [ ] for the following purposes: (i) to consider and vote upon a proposal to approve the Merger; and (ii) to transact such other business as may properly come before CPA®:15 s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

**W. P. Carey Shareholders and CPA®:15 Stockholders Entitled to Vote**

The W. P. Carey board of directors has fixed the close of business on [ ], 2012 as the record date for the determination of W. P. Carey shareholders entitled to receive notice of, and to vote at, the W. P. Carey special meeting. As of [ ], 2012, there were [ ] million W. P. Carey listed shares outstanding and entitled to vote and [ ] holders of record.

The CPA®:15 board of directors has fixed the close of business on [ ], 2012 as the record date for the determination of CPA®:15 stockholders entitled to receive notice of, and to vote at, the CPA®:15 special meeting. As of [ ], 2012, there were [ ] million shares of CPA 15 common stock outstanding and entitled to vote and [ ] holders of record.

**Opinion of Financial Advisor to W. P. Carey**

In connection with the Merger, W. P. Carey s financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BofA Merrill Lynch ), delivered a written opinion, dated February 17, 2012, to the W. P. Carey board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to W. P. Carey of the Merger Consideration to be paid by W. P. Carey. The full text of BofA Merrill Lynch s written opinion, dated

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February 17, 2012, is attached as Annex C to this joint proxy statement/prospectus and sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by BofA Merrill Lynch in rendering its opinion. **BofA Merrill Lynch delivered its opinion to the W. P. Carey board of directors for the benefit and use of the W. P. Carey board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the Merger Consideration from a financial point of view to W. P. Carey. BofA Merrill Lynch s opinion did not address any other aspect of the Merger or any related transactions and no opinion or view was expressed as to the relative merits of the Merger and related transactions in comparison to other strategies or transactions that might be available to W. P. Carey or in which W. P. Carey might engage or as to the underlying business decision of W. P. Carey to proceed with or effect the Merger and related transactions. BofA Merrill Lynch also expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the Merger or any related matter.**

**Opinion of Financial Advisor to the Special Committee and Board of Directors of CPA®:15**

At a meeting of the special committee of CPA®:15 s board of directors on February 17, 2012, Deutsche Bank Securities Inc. ( Deutsche Bank ), delivered its oral opinion, subsequently confirmed in writing, dated as of February 17, 2012, to the special committee and board of directors of CPA®:15 that, as of that date, based upon and subject to the various considerations, assumptions and limitations set forth in the opinion, the Merger Consideration to be received by CPA®:15 stockholders (other than W. P. Carey or any subsidiary of W. P. Carey that holds CPA 15 common stock) in connection with the Merger is fair to such stockholders from a financial point of view.

The full text of Deutsche Bank s opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered, and limitations of the scope of the review undertaken by Deutsche Bank in rendering its opinion, is attached as Annex D to this joint proxy statement/prospectus. CPA®:15 s stockholders are urged to, and should, read Deutsche Bank s opinion carefully and in its entirety. Deutsche Bank s opinion was directed to CPA®:15 s special committee and its board of directors and is not intended to be, and does not constitute, a recommendation to CPA®:15 s special committee, CPA®:15 s board of directors or CPA®:15 to proceed with the Merger, nor does it constitute a recommendation to any CPA®:15 stockholder as to how they should vote on, or take any other action with respect to, the Merger. The summary of Deutsche Bank s opinion set forth in this joint proxy statement/prospectus is qualified by reference to the full text of such opinion.

**CPA®:15 Real Estate Portfolio Appraisal**

Stanger was engaged by CPA®:15 to appraise the CPA®:15 real estate portfolio and has delivered its opinion, based upon the review, analysis, scope and assumptions and limitations described in its report and summarized in this joint proxy statement/prospectus of the market value of the CPA®:15 portfolio as of September 30, 2011. CPA®:15 selected Stanger to provide the appraisal because of its reputation and experience in valuing assets similar to those in the CPA®:15 real estate portfolio. Additionally, in selecting Stanger, the CPA®:15 special committee and W. P. Carey, as CPA®:15 s advisor, considered factors such as the appraisal fee quoted by Stanger relative to historical fees paid by CPA®:15 to similar third-party appraisal firms, as well as the high level of service offered by Stanger.

The appraisal reflects Stanger s valuation of the CPA®:15 real estate portfolio as of September 30, 2011 in the context of the information available at or around such date. Events occurring after such date could affect the assumptions used in preparing the appraisal and/or the CPA®:15 portfolio value opinion. Stanger has no obligation to update its appraisal on the basis of subsequent events.

**Board of Directors and Management of W. P. Carey Inc.**

The board of directors and executive management of W. P. Carey immediately prior to the REIT Conversion and the Merger will be the board of directors and executive management, respectively, of W. P. Carey Inc. immediately following the Merger and the REIT Conversion.

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**Regulatory Approvals**

We are not aware of any federal, state or local regulatory requirements that must be complied with or approvals that must be obtained prior to the effective times of the transactions contemplated by the Merger Agreement and the REIT Conversion Agreement, other than compliance with applicable federal and state securities laws, the filing of a certificate or articles of merger as required under the Delaware Limited Liability Company Act (the DLLCA ) and the MGCL, respectively, and obtaining various state governmental authorizations.

**Comparison of Rights of CPA®:15 Stockholders and W. P. Carey Inc. Stockholders**

The rights of holders of CPA 15 common stock are currently governed by the MGCL, the CPA®:15 Charter and the CPA®:15 Bylaws. If the Merger is approved by the shareholders of W. P. Carey and the stockholders of CPA®:15 and subsequently completed, all existing CPA®:15 stockholders will become stockholders of W. P. Carey Inc. and their rights as stockholders of W. P. Carey Inc. will be governed by the MGCL, the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws. Some important differences exist between your rights as a holder of CPA 15 common stock and your rights as a holder of W. P. Carey Inc. common stock. For more detail regarding the differences between your rights as a holder of CPA 15 common stock and your rights as a holder of W. P. Carey Inc. common stock, see the sections entitled Description of W. P. Carey Inc. Shares and Comparison of Rights of CPA®:15 Stockholders and W. P. Carey Inc. Stockholders.

The forms of the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws are attached as Annex F and Annex G to this joint proxy statement/prospectus, respectively.

**Comparison of Rights of Shareholders of W. P. Carey and Stockholders of W. P. Carey Inc.**

The rights of holders of W. P. Carey listed shares are currently governed by the DLLCA, the W. P. Carey LLC Agreement and the W. P. Carey Bylaws. If the REIT Conversion Agreement is adopted and the W. P. Carey Merger is approved by W. P. Carey s shareholders and the REIT Conversion is completed, all existing W. P. Carey shareholders will become stockholders of W. P. Carey Inc. and their rights as a stockholder of W. P. Carey Inc. will be governed by the MGCL, the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws. Some important differences exist between your rights as a holder of W. P. Carey listed shares and your rights as a holder of W. P. Carey Inc. common stock.

One major difference is that, to satisfy REIT requirements under the Code and to address other concerns relating to stock ownership in W. P. Carey Inc., the W. P. Carey Inc. Charter generally prohibits any stockholder from either (i) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of stock of W. P. Carey Inc. or (ii) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc. s common stock excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. These limitations are subject to exemption or modification by the board of directors of W. P. Carey Inc. and the estate of Wm. Polk Carey will be granted an exemption to own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc. s stock. For more detail regarding the differences between your rights as a holder of W. P. Carey listed shares and your rights as a holder of W. P. Carey Inc. common stock, see the sections entitled Description of W. P. Carey Inc. Shares and Comparison of Rights of Shareholders of W. P. Carey and Stockholders of W. P. Carey Inc.

The forms of the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws are attached as Annex F and Annex G to this joint proxy statement/prospectus, respectively.

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**Material Federal Income Tax Consequences of the Merger and the REIT Conversion**

As a condition to and prior to the closing of the Merger, (i) W. P. Carey Inc. and CPA 15 Merger Sub shall receive an opinion of Clifford Chance US LLP, relying on customary assumptions and representations of CPA®:15, to the effect that, at all times since its taxable year ended December 31, 2008 through the closing date of the Merger, CPA®:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and (ii) W. P. Carey Inc., W. P. Carey and CPA 15 Merger Sub shall receive an opinion from DLA Piper LLP (US) to the effect that for federal income tax purposes (A) the mergers of Carey REIT II Holdings, Inc., Carey REIT III, Inc., 308 Route 38, Inc. and Keystone Capital Company, Inc. with Merger Sub 2 Inc. in the REIT Conversion will each qualify as a reorganization under Section 368(a) of the Code; (B) the merger of CAM with a wholly-owned subsidiary of W. P. Carey Inc. in the reorganization will qualify as a reorganization within the meaning of Section 368(a) of the Code; (C) the transfer of shares of BV to W. P. Carey Inc. by operation of law pursuant to the REIT Conversion should qualify as a transfer under Section 351 of the Code; and (D) the deemed distribution of voting stock of W. P. Carey Inc. to W. P. Carey s partners should be tax-free under Treasury Regulation section 1.731-2(d)(1)(ii) to the extent W. P. Carey received the voting shares of W. P. Carey Inc. in non-recognition transactions.

Clifford Chance US LLP is of the opinion that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, holders of CPA®:15 common stock will recognize any gain on their CPA®:15 common stock for federal income tax purposes up to the amount of cash that they receive in the Merger. Holders of CPA®:15 common stock generally will not recognize gain in the Merger for federal income tax purposes in excess of the amount of cash received.

As a condition to and prior to the closing of the Merger, Clifford Chance US LLP will provide an opinion to CPA®:15 and CPA 15 Holdco to the effect that each of the merger of CPA®:15 with and into an indirect and wholly-owned subsidiary of CPA®:15 and the Merger will qualify as a reorganization under Section 368(a) of the Code. The opinion will rely on customary assumptions and representations of CPA®:15, CPA 15 Holdco, W. P. Carey, W. P. Carey Inc. and CPA 15 Merger Sub.

In addition, W. P. Carey s tax counsel, DLA Piper LLP (US), is of the opinion that the REIT Conversion will be treated for federal income tax purposes as a series of tax-free reorganizations qualifying under Section 368 of the Code followed by a transaction that should be treated as a tax-free contribution of the remaining property of W. P. Carey to W. P. Carey Inc. under Section 351 of the Code and a distribution in complete liquidation of W. P. Carey under Section 731 of the Code. Accordingly, we expect for federal income tax purposes that no gain or loss will be recognized by W. P. Carey or W. P. Carey Inc. as a result of the REIT Conversion and that you will not recognize any gain or loss upon the conversion of your W. P. Carey listed shares into W. P. Carey Inc. common stock except to the extent that your allocable share of W. P. Carey indebtedness exceeds your tax basis in your W. P. Carey shares.

The federal income tax treatment of the Merger and the REIT Conversion to holders of W. P. Carey listed shares, CPA 15 common stock and W. P. Carey Inc. common stock depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of the Merger and the REIT Conversion to any particular shareholder or stockholder will depend on your particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, regarding the specific tax consequences, including the federal, state, local and foreign tax consequences, to you in light of your particular investment or tax circumstances of the Merger, the REIT Conversion, and acquiring, holding, exchanging or otherwise disposing of W. P. Carey listed shares, CPA 15 common stock and W. P. Carey Inc. common stock.

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**Qualification of W. P. Carey Inc. Following the REIT Conversion**

W. P. Carey Inc. expects to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey Inc. expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. If W. P. Carey Inc. so qualifies, it will be permitted to deduct distributions of taxable income paid to its stockholders, allowing the income represented by such distributions not to be subject to taxation at the entity level and to be taxed only at the stockholder level. Nevertheless, the income of W. P. Carey Inc. s TRSs, which will hold its assets and operations that may not be REIT compliant as currently structured and operated, and certain REIT assets located in foreign jurisdictions will be subject, as applicable, to federal corporate income tax and to foreign income taxes where those operations are conducted. In addition, W. P. Carey Inc. will be subject to a separate corporate tax on any gain recognized during a specified period (generally ten years) following the REIT Conversion that is attributable to built-in gain with respect to its interests in CAM, Carey Management Services, Inc., BV, and Asiainvest LLC, to the extent that interests in W. P. Carey were held, directly or indirectly, by a taxable C corporation at the time of the W. P. Carey Merger.

W. P. Carey Inc. s ability to qualify as a REIT will depend upon its continuing compliance following the REIT Conversion with various requirements, including requirements related to the nature of its assets, the sources of its income and the distributions to its stockholders. If W. P. Carey Inc. fails to qualify as a REIT, W. P. Carey Inc. will be subject to federal income tax at regular corporate rates. Even if W. P. Carey Inc. qualifies for taxation as a REIT, it may be subject to federal, state, local and foreign taxes on its income and property.

W. P. Carey s tax counsel, DLA Piper LLP (US), is of the opinion that, after the transactions described in this joint proxy statement/prospectus are completed, W. P. Carey Inc. will be organized in conformity with the requirements for qualification as a REIT under the Code and that its current and anticipated investments and its plan of operation will enable it to meet and continue to meet the requirements for qualification and taxation as a REIT under the Code. W. P. Carey s tax counsel s opinions rely on (i) the assumption that the W. P. Carey Inc. Charter, the W. P. Carey Inc. Bylaws, its licenses and all other applicable legal documents have been and will be complied with by all parties to those documents, (ii) the accuracy and completeness of the factual matters described in this joint proxy statement/prospectus, (iii) representations made by W. P. Carey and W. P. Carey Inc. as to certain factual matters relating to W. P. Carey Inc. s organization and operations and its expected manner of operation and (iv) in part, on an opinion from Clifford Chance US LLP, counsel to CPA®:15, to the effect that at all times since its taxable year ended December 31, 2008, CPA®:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code.

The opinions of W. P. Carey s tax counsel are based upon the law as it will exist as of the date of the opinion, but the law may change in the future, possibly with retroactive effect. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by DLA Piper LLP (US) or us that W. P. Carey Inc. will so qualify for any particular year. The opinion of DLA Piper LLP (US) as to W. P. Carey Inc. s qualification as a REIT will be expressed as of the date issued. DLA Piper LLP (US) will have no obligation to advise W. P. Carey Inc. or its stockholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. Also, the opinions of tax counsel are not binding on either the Internal Revenue Service (the IRS ) or a court, and either could take a position different from that expressed by tax counsel.

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**Potential Conflicts**

In considering the recommendations of W. P. Carey s board of directors to approve the Merger and adopt the REIT Conversion and approve the W. P. Carey Merger and CPA®:15 s board of directors to approve the Merger, you should be aware that W. P. Carey, CPA®:15, and their respective officers and directors may have interests in the proposed transactions that are different from or in addition to your interests as shareholders and stockholders generally. These interests include the following:

- CAM and its affiliates serve as the external advisor for CPA®:15. They will continue to receive advisory fees accrued prior to the closing of the Merger. CAM and its affiliates have waived their right to receive a termination fee and a subordinated disposition fee in connection with the Merger. At December 31, 2011, W. P. Carey had accrued and unpaid fees of $2.3 million pursuant to the CPA®:15 Advisory Agreements. On a monthly basis, W. P. Carey earns approximately $2.2 million in asset management fees from CPA®:15.

- All of CPA®:15 s officers are officers of W. P. Carey. In addition, prior to his death on January 2, 2012, Wm. Polk Carey, W. P. Carey s founder and former chairman, served as a director of CPA®:15. Mr. Carey did not serve on the CPA®:15 special committee, which was comprised solely of independent directors of CPA®:15.

- In its capacity as CPA®:15 s external advisor, CAM performed an initial review of potential liquidity alternatives available to CPA®:15 and recommended the Merger as the best available alternative. In addition, the CPA®:15 special committee s financial advisor and the third party valuation firm that performed CPA®:15 s real estate portfolio valuation as of September 30, 2011 relied, in part, on financial information and property information provided by W. P. Carey in conducting their respective analyses.

- CPA®:15 did not solicit third party bids for the company or its assets. The Merger Consideration to be paid by W. P. Carey may be less than CPA®:15 s stockholders could obtain from an unaffiliated third party.

- As of the CPA®:15 record date, W. P. Carey and its subsidiaries owned [ ] shares of CPA 15 common stock, all of which will be cancelled in the Merger. As of the CPA®:15 record date, executive officers and directors of W. P. Carey owned [ ] shares of CPA 15 common stock, all of which will be converted into the right to receive the Merger Consideration.

- After the Merger, W. P. Carey Inc. and its affiliates will continue to manage other CPA® REITs along with other entities that have investment and rate of return objectives substantially similar to those of the combined company and will receive fees for those services. Those entities may compete with the combined company for investment, tenant and financing opportunities.

The members of W. P. Carey s and CPA®:15 s respective boards of directors and the special committee of CPA®:15 s board of directors were informed of the foregoing potential conflicts, and W. P. Carey s and CPA®:15 s board of directors and the special committee of CPA®:15 s board of directors considered such potential conflicts when they approved the proposals described in this joint proxy statement/prospectus.

**Shares Owned by Directors and Executive Officers**

As of [ ], 2012, the directors and executive officers of W. P. Carey owned and were entitled to vote [ ] W. P. Carey listed shares, or [ ]% of the shares outstanding on that date entitled to vote with respect to each of the proposals. As of [ ], 2012, the directors and executive officers of W. P. Carey and directors of CPA®:15 owned and were entitled to vote [ ] shares of CPA 15 common stock, or [ ]% of the shares outstanding on that date entitled to vote with respect to each of the proposals. The CPA®:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any

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transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger.

We currently expect that each director and executive officer of W. P. Carey will vote the shares of CPA 15 common stock beneficially owned by such director or executive officer **FOR** approval of the Merger and **FOR** the proposal to adjourn or postpone the special meeting. We also currently expect that each director and executive officer of W. P. Carey will vote the W. P. Carey listed shares beneficially owned by such director or executive officer **FOR** approval of the Merger and **FOR** adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger and **FOR** the proposal to adjourn or postpone the special meeting.

The independent directors of CPA®:15 also serve as independent directors of CPA:16 Global and CPA:17 Global. In order to satisfy the independence requirements set forth in the organizational documents of those CPA REITs, the independent directors must divest themselves of the shares of W. P. Carey Inc. common stock that the independent directors will receive in the Merger in respect of their CPA 15 common stock. W. P. Carey Inc. will purchase such shares for cash based on the average closing price of the W. P. Carey Inc. common stock for the five trading days after the closing of the Merger.

**Dissenters and Appraisal Rights**

Under the DLLCA, W. P. Carey shareholders will not be entitled to dissenters rights of appraisal as a result of the REIT Conversion.

If you hold CPA 15 common stock and do not wish to receive the consideration in the merger of CPA®:15 with its indirect wholly-owned subsidiary, you are entitled to obtain payment of the fair value of your shares in cash. Your shares will then be known as objecting shares. In order to receive payment for objecting shares, you must file a written objection to the Merger at or before CPA®:15 s special meeting, you must not vote in favor of the Merger, and within 20 days following the date the articles of merger for the merger of CPA®:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, you must make a written demand on CPA®:15 for the payment of your shares of CPA 15 common stock, stating the number and class of shares for which you demand payment. Strict compliance with statutory procedures is necessary in order to perfect your rights to an appraisal and to receive fair value for your shares of CPA 15 common stock. A copy of the relevant sections of the MGCL is attached to this joint proxy statement/prospectus as Annex E.

Once a demand for cash payment is filed, holders of objecting shares will cease to have any rights of a stockholder, including the right to vote or to receive W. P. Carey Inc. common stock, except the right to receive payment of the fair value of their shares. Once you make a demand for payment, you may withdraw that demand only with the consent of CPA®:15 s successor. If you do not properly file a written objection to the Merger, if you vote in favor of the Merger, or if you otherwise fail to comply with the requirements of the MGCL, then you will receive one share of CPA 15 Holdco common stock, which immediately will be converted into cash in an amount equal to $1.25 per share and 0.2326 shares of W. P. Carey Inc. common stock in the Merger for each share of CPA 15 common stock you hold.

If you object to the Merger and demand payment of the fair value of your shares, the fair value will be determined by a court. How the court will value shares of CPA 15 common stock cannot be predicted, and the fair value may be higher, lower, or equal in value to the Merger Consideration being paid in the Merger. For more information on rights of appraisal, see The Merger Agreement Objecting Stockholders Rights of Appraisal.

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## SUMMARY FINANCIAL INFORMATION

The following information has been derived from the audited consolidated financial statements of each of W. P. Carey and CPA®:15 for the five years ended December 31, 2011. This information is only a summary and should be read in conjunction with the unaudited pro forma financial statements of W. P. Carey Inc. included elsewhere in this joint proxy statement/prospectus, and the historical financial statements and related notes thereto for W. P. Carey and CPA®:15 included in this joint proxy statement/prospectus.

**Selected Historical and Pro Forma Financial Data of W. P. Carey**

The unaudited pro forma consolidated operating and balance sheet data is presented as if the Merger and the REIT Conversion occurred on December 31, 2011 for the consolidated balance sheet and January 1, 2011 for the consolidated statements of income. THE PRO FORMA INFORMATION BELOW IS HYPOTHETICAL AND DOES NOT NECESSARILY REFLECT THE FINANCIAL PERFORMANCE THAT WOULD HAVE ACTUALLY RESULTED IF THE MERGER AND THE REIT CONVERSION HAD BEEN COMPLETED ON THOSE DATES. FURTHERMORE, THIS INFORMATION DOES NOT NECESSARILY REFLECT FUTURE FINANCIAL POSITION AND RESULTS OF OPERATIONS IF THE MERGER AND THE REIT CONVERSION ACTUALLY OCCUR.

See W. P. Carey Inc. Pro Forma Consolidated Financial Statements included in this joint proxy statement/prospectus for a more detailed explanation of this analysis.

| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | | | Historical W. P. Carey | | | Pro Forma W. P. Carey Inc. |
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 (Unaudited) |
| | (In thousands except per share amounts) | | | | | |
| **Operating Data** [(1)] | | | | | | |
| Revenues from continuing operations [(2)] | $ 336,409 | $ 269,854 | $ 228,381 | $ 230,714 | $ 249,721 | $ 542,758 |
| Income from continuing operations [(2)] | 141,388 | 86,241 | 63,867 | 68,758 | 66,955 | 181,821 |
| **Net income** | 139,138 | 74,951 | 70,568 | 78,605 | 88,789 | N/A |
| Add: Net loss (income) attributable to noncontrolling interests | 1,864 | 314 | 713 | 950 | (4,781) | N/A |
| Less: Net income attributable to redeemable noncontrolling interests | (1,923) | (1,293) | (2,258) | (1,508) | (4,756) | N/A |
| Net income attributable to W. P. Carey shareholders | 139,079 | 73,972 | 69,023 | 78,047 | 79,252 | N/A |
| **Basic Earnings Per Share:** | | | | | | |
| Income from continuing operations attributable to W. P. Carey shareholders | 3.50 | 2.14 | 1.57 | 1.73 | 1.51 | 2.48 |
| Net income attributable to W. P. Carey shareholders | 3.44 | 1.86 | 1.74 | 1.98 | 2.08 | N/A |
| **Diluted Earnings Per Share:** | | | | | | |
| Income from continuing operations attributable to W. P. Carey shareholders | 3.47 | 2.14 | 1.57 | 1.71 | 1.51 | 2.47 |
| Net income attributable to W. P. Carey shareholders | 3.42 | 1.86 | 1.74 | 1.95 | 2.05 | N/A |
| Cash distributions declared per share [(3)] | 2.19 | 2.03 | 2.00 | 1.96 | 1.88 | N/A |
| **Balance Sheet Data** | | | | | | |
| Net investments in real estate [(4)] | $ 1,217,931 | $ 946,975 | $ 884,460 | $ 918,741 | $ 918,734 | $ 3,387,140 |
| Total assets | 1,462,623 | 1,172,326 | 1,093,336 | 1,111,136 | 1,153,284 | 4,625,311 |
| Long-term obligations [(5)] | 589,369 | 396,982 | 326,330 | 326,874 | 316,751 | 2,018,782 |
| Book value per share [(6)] | 14.01 | 13.62 | 13.79 | 13.81 | 13.63 | 14.98 |
| **Other Information** | | | | | | |
| Cash provided by operating activities | $ 80,116 | $ 86,417 | $ 74,544 | $ 63,247 | $ 47,471 | $ N/A |
| Cash distributions paid | 85,814 | 92,591 | 78,618 | 87,700 | 71,608 | N/A |

| | | | | | | |
|---|---|---|---|---|---|---|
| Payment of mortgage principal [7] | 25,327 | 14,324 | 9,534 | 9,678 | 16,072 | N/A |

(1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
(2) The year ended December 31, 2011 includes $52.5 million of incentive, termination and subordinated disposition revenue recognized in connection with the CPA®: 14/16 Merger, and for 2007, includes revenue earned in connection with CPA®:16 Global meeting its performance criterion. Additionally, the pro forma figures presented in this table include the impact of the Merger discussed in this joint proxy statement/prospectus as well as the impact of the CPA®: 14/16 Merger.
(3) The years ended December 31, 2009 and 2007 exclude special distributions of $0.30 per share and $0.27 per share paid in January 2010 and January 2008 to shareholders of record at December 31, 2009 and December 31, 2007, respectively.
(4) Net investments in real estate consists of net investments in properties, net investments in direct financing leases, equity investments in real estate and the REITs and assets held for sale, as applicable.
(5) Represents non-recourse and limited-recourse mortgages and note obligations.
(6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period on a pro forma basis. The total shares of common stock included in the pro forma book value per share calculation are approximately 68.0 million.
(7) Represents scheduled mortgage principal payments.

**Selected Historical Financial Data of CPA®:15**

The following selected financial data should be read in conjunction with the consolidated financial statements of CPA®:15 and related notes in Item 8 of the accompanying consolidated financial statements of CPA®:15 (in thousands, except per share data):

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| **Operating Data** [1] | | | | | |
| Total revenues | $ 249,889 | $ 251,163 | $ 264,789 | $ 270,784 | $ 259,564 |
| Income from continuing operations | 78,970 | 93,954 | 32,419 | 79,960 | 86,686 |
| Net income [2] | 76,552 | 100,256 | 29,900 | 51,194 | 124,124 |
| Less: Net income attributable to noncontrolling interests | (19,859) | (40,479) | (30,148) | (22,500) | (36,934) |
| Net income (loss) attributable to CPA®:15 stockholders | 56,693 | 59,777 | (248) | 28,694 | 87,190 |
| Earnings (loss) per share: | | | | | |
| Income from continuing operations attributable to CPA®:15 shareholders | 0.44 | 0.49 | 0.07 | 0.39 | 0.49 |
| Net income (loss) attributable to CPA®:15 stockholders | 0.43 | 0.47 | | 0.22 | 0.68 |
| Cash distributions declared per share [3] | 0.7286 | 0.7246 | 0.7151 | 0.6902 | 0.6691 |
| **Balance Sheet Data** | | | | | |
| Total assets | $ 2,452,884 | $ 2,694,055 | $ 2,959,088 | $ 3,189,205 | $ 3,464,637 |
| Net investments in real estate [4] | 2,034,144 | 2,297,754 | 2,540,012 | 2,715,417 | 2,882,357 |
| Long-term obligations [5] | 1,323,131 | 1,498,296 | 1,686,154 | 1,819,443 | 1,943,724 |
| Book value per share [6] | 5.15 | 5.23 | 5.09 | 5.57 | 6.14 |
| **Other Information** | | | | | |
| Cash provided by operating activities | $ 163,566 | $ 168,725 | $ 164,475 | $ 180,789 | $ 162,985 |
| Cash distributions paid | 94,272 | 91,743 | 88,939 | 98,153 | 85,327 |
| Payments of mortgage principal [7] | 73,675 | 79,905 | 92,765 | 42,662 | 54,903 |

(1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
(2) Net income in 2011, 2010, 2009 and 2008 reflected impairment charges totaling $31.9 million, $25.3 million, $66.6 million and $42.1 million, respectively, of which $6.7 million, $1.5 million, $4.4 million and $7.6 million were attributable to noncontrolling interests, respectively. In 2007, income from equity investments in real estate included $2.4 million of impairment charges attributable to other-than-temporary declines in the fair market value of two real estate equity investments.

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(3) Cash distributions declared per share for 2007 excluded a special cash distribution of $0.08 per share that was paid in January 2008 to stockholders of record at December 31, 2007.
(4) Net investments in real estate consists of net investments in properties, net investment in direct financing leases, equity investments in real estate, real estate under construction and assets held for sale, as applicable.
(5) Represents mortgage obligations and deferred acquisition fee installments.
(6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period.
(7) Represents scheduled mortgage principal payments.

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## W. P. CAREY LISTED SHARES HISTORICAL MARKET PRICE AND DISTRIBUTION INFORMATION

W. P. Carey s listed shares are listed on the NYSE under the ticker symbol WPC. The following table sets forth, for the periods indicated, the high and low sale prices of the common stock on the NYSE and quarterly cash distributions declared. On February 17, 2012, the last full trading day prior to the public announcement of the proposed Merger and REIT Conversion, the closing sale price of W. P. Carey listed shares on the NYSE was $45.07 per share. You should obtain a current stock price quotation for W. P. Carey listed shares.

| | High | Low | Distributions |
|---|---|---|---|
| **2010** | | | |
| First quarter | $ 30.32 | $ 24.69 | $ 0.504 (1) |
| Second quarter | 31.00 | 26.61 | 0.506 |
| Third quarter | 30.86 | 26.49 | 0.508 |
| Fourth quarter | 33.97 | 28.83 | 0.510 |
| **2011** | | | |
| First quarter | $ 38.00 | $ 29.75 | $ 0.512 |
| Second quarter | 41.82 | 34.75 | 0.550 |
| Third quarter | 42.72 | 32.76 | 0.560 |
| Fourth quarter | 44.71 | 34.50 | 0.563 |
| **2012** | | | |
| First quarter | $ 49.70 | $ 41.28 | $ 0.565 |
| Second quarter (through May 3, 2012) | 48.39 | 45.18 | |

(1) Excludes a special distribution of $0.30 per share that was paid in January 2010 to shareholders of record at December 31, 2009. The special distribution was approved by W. P. Carey s board of directors as a result of an increase in its 2009 taxable income.

On [ ], 2012, the latest practicable date before the printing of this joint proxy statement/prospectus, the closing sale price of W. P. Carey listed shares on the NYSE was $[ ] per share.

It is expected that, at the closing of the REIT Conversion, W. P. Carey Inc. common stock will be listed and traded on the NYSE in the same manner in which W. P. Carey listed shares currently trade on that exchange. The historical trading prices of W. P. Carey listed shares are not necessarily indicative of the future trading prices of W. P. Carey Inc. s common stock because, among other things, the current stock price of W. P. Carey reflects the current market valuation of W. P. Carey s current business and assets and may not reflect the proposed transactions. See the section entitled Risk Factors Risks Related to the REIT Conversion and the REIT Structure The current market price of W. P. Carey listed shares may not be indicative of the market price of W. P. Carey Inc. s common stock following the Merger and the REIT Conversion.

W. P. Carey is proposing a plan to reorganize the business operations of W. P. Carey to allow W. P. Carey Inc. to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. If the REIT Conversion is approved by W. P. Carey shareholders and the Merger is approved by W. P. Carey shareholders and CPA®:15 stockholders, W. P. Carey Inc. expects to commence declaring regular quarterly distributions beginning in the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment, by the board of directors. The actual timing and amount of the distributions will be as determined and authorized by the board of directors and will depend on, among other factors, our financial condition, earnings, debt covenants, applicable provisions under the MGCL and other possible uses of such funds. See the section entitled Dividend and Distribution Policy.

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### CPA®:15 COMMON STOCK DISTRIBUTION INFORMATION

There is no established public trading market for shares of CPA 15 common stock. The following table sets forth, for the periods indicated, the quarterly cash distributions paid on CPA 15 common stock.

| | Distributions Declared per Share | Annualized Rate (At $9.92 per Share (1)) | Amount per $1,000 Invested |
|---|---|---|---|
| **2010** | | | |
| First quarter | $ 0.1807 | 7.29% | $ 18.07 |
| Second quarter | $ 0.1810 | 7.30% | $ 18.10 |
| Third quarter | $ 0.1813 | 7.31% | $ 18.13 |
| Fourth quarter | $ 0.1816 | 7.32% | $ 18.16 |
| **2011** | | | |
| First quarter | $ 0.1819 | 7.33% | $ 18.19 |
| Second quarter | $ 0.1821 | 7.34% | $ 18.21 |
| Third quarter | $ 0.1823 | 7.35% | $ 18.23 |
| Fourth quarter | $ 0.1823 | 7.35% | $ 18.23 |
| **2012** | | | |
| First quarter | $ 0.1823 | 7.35% | $ 18.23 |

(1) Reflects an original investment of $10.00 per share of CPA 15 common stock, less a special distribution of $0.08 per share on January 15, 2008. The annualized rate equals the quarterly distribution multiplied by four and divided by the per share amounts shown.

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## RISK FACTORS

*In addition to the other information in this joint proxy statement/prospectus, you should carefully consider the following risk factors relating to the proposed Merger and REIT Conversion in determining whether or not to vote for the approval of the Merger and for the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. This section includes or refers to certain forward-looking statements. See the section entitled Cautionary Statement Concerning Forward-Looking Statements for the qualifications and limitations of these forward-looking statements. When used in this section, unless otherwise specifically stated or the context otherwise requires, the terms we, our and us refer to W. P. Carey Inc. and its subsidiaries, including the taxable REIT subsidiaries, with respect to the period after the Merger and the REIT Conversion.*

### Risks Related to the Merger

***Holders of CPA 15 common stock may be adversely affected if the Merger fails to qualify as a tax-deferred transaction.***

If the Merger were to fail to qualify as a reorganization under the Code and were to be treated as a taxable transaction, then CPA 15 Holdco will be treated as if it had sold all of its assets to W. P. Carey Inc. in exchange for W. P. Carey Inc. common stock and cash in a taxable transaction and liquidated. As a result, CPA 15 Holdco would recognize gain or loss equal to the difference between the amount of cash and the value of the W. P. Carey Inc. common stock received, plus any CPA 15 Holdco liabilities treated as assumed in the Merger, and the basis of its assets, but should generally be entitled to a dividends paid reduction in an equivalent amount. Holders of CPA 15 common stock would generally recognize gain or loss equal to the difference between the amount of cash and the value of the W. P. Carey Inc. common stock received and their basis in their shares of CPA 15 common stock.

The Merger is intended to qualify as a tax-deferred reorganization under Section 368(a)(1)(A) of the Code. There is no guarantee, however, that the IRS will agree with this treatment.

Even if the Merger is treated as a tax-deferred transaction as described above, you will still recognize any gain in either transaction to the extent that you receive cash in the Merger. In addition, special tax rules may trigger tax to non-U.S. holders of W. P. Carey listed shares and/or CPA 15 common stock in the Merger, although these rules are not expected to be applicable.

***Failure to complete the Merger could negatively affect W. P. Carey and CPA®:15.***

It is possible that the Merger may not be completed. The parties respective obligations to complete the Merger are subject to the satisfaction or waiver of specified conditions, some of which are beyond the control of W. P. Carey and CPA®:15. For example, the Merger is conditioned on the receipt of the required approvals of W. P. Carey shareholders and CPA®:15 stockholders. If these approvals are not received, the Merger cannot be completed even if all of the other conditions to the Merger are satisfied or waived. In addition to receiving the required W. P. Carey shareholder and CPA®:15 stockholder approvals, the Merger is also conditioned upon, among other things, the closing of the REIT Conversion.

If the Merger is not completed, W. P. Carey and CPA®:15 may be subject to a number of material risks, including the following:

- CPA®:15 stockholders will not have had the opportunity to achieve the liquidity event provided by the Merger and the directors of CPA®:15 will have to review other alternatives for liquidity, which may not occur in the near term or on terms as attractive as the terms of the Merger;

- W. P. Carey and CPA®:15 will have incurred substantial costs related to the Merger, such as legal, accounting and financial advisor fees, which will be payable by W. P. Carey and/or CPA®:15 even if the Merger is not completed and will only be subject to reimbursement under certain circumstances;

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CPA®:15 may be required to pay W. P. Carey s out-of-pocket expenses incurred in connection with the Merger if the Merger Agreement is terminated (i) by W. P. Carey, due to a breach of any representation, warranty, covenant or agreement on the part of CPA®:15 or CPA 15 Holdco such that the closing condition relating to the accuracy of CPA®:15 s and CPA 15 Holdco s representations, warranties, covenants and agreements would be incapable of being satisfied by September 30, 2012, (ii) by CPA®:15, due to CPA®:15 s board of directors withdrawing its recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a superior competing transaction, or (iii) by W. P. Carey, due to CPA®:15 s board of directors withdrawing or modifying in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a superior competing transaction or CPA®:15 having entered into any agreement with respect to a superior competing transaction; and

W. P. Carey may be required to pay CPA®:15 s out-of-pocket expenses incurred in connection with the Merger Agreement if the Merger Agreement is terminated (i) by CPA®:15, due to a breach of any representation, warranty, covenant or agreement on the part of W. P. Carey, W. P. Carey Inc. or CPA 15 Merger Sub such that the closing condition relating to the accuracy of W. P. Carey s, W. P. Carey Inc. s and CPA 15 Merger Sub s representations, warranties, covenants and agreements would be incapable of being satisfied by September 30, 2012, or (ii) by W. P. Carey or CPA®:15, due to the failure of the W. P. Carey shareholders to approve the Merger and the failure to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

***Because the Merger Consideration is fixed and will not be adjusted for changes in share value, the value of the consideration received by the holders of CPA®:15 may be higher or lower than the value of these shares when the Merger was negotiated.***

The Merger Consideration, including the stock component of 0.2326 shares of W. P. Carey common stock for one share of CPA 15 common stock, was determined by the board of directors of W. P. Carey and a special committee of the board of directors of CPA®:15 following negotiations based in part upon (i) the historical market price of the W. P. Carey listed shares as quoted on the NYSE, and (ii) the estimated NAV per share for CPA®:15 of $10.40 as of September 30, 2011. The estimated NAV was determined on behalf of CPA®:15 by W. P. Carey in its capacity as CPA®:15 s advisor, based in part upon a valuation of CPA®:15 s real estate portfolio as of September 30, 2011, as prepared by Stanger, a third-party valuation firm, with adjustments for indebtedness, cash and other items. The Merger Consideration is fixed and will not be adjusted for changes in the price of W. P. Carey s listed shares or changes in the NAV of CPA®:15 prior to the Merger. There can be no assurance that, either individually or in the aggregate, material changes have not occurred, or will not occur, in the value of W. P. Carey s listed shares or the NAV of CPA®:15 either before or after the date of the Merger Agreement, and the value of the CPA 15 common stock surrendered in the Merger may be higher or lower than the value of these shares at the time the Merger was negotiated or approved by W. P. Carey s board of directors and CPA®:15 s special committee and board of directors.

***CPA® :15 did not solicit third party bids for the company or its assets and accordingly, the Merger Consideration W. P. Carey Inc. is paying may be less than could be obtained from an unaffiliated third party or parties on an arm s-length basis.***

If CPA®:15 were selling its real estate properties to a non-affiliated third party or parties, either singly or on a portfolio basis, such purchaser or purchasers might assign different values to such properties, either singly or in the aggregate, as a result of using different valuation methodologies or assumptions, or more current market information, and therefore might be willing to pay an aggregate purchase price for such properties greater than the valuations used to determine the Merger Consideration.

In addition, CPA®:15 did not solicit third-party bids for CPA®:15 as a whole, which could have resulted in a purchase price for CPA®:15 greater than the value of the Merger Consideration being received by CPA®:15 stockholders in the Merger.

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***The terms of the Merger may not be as favorable to the CPA®:15 stockholders as if only independent representatives were involved in analyzing the transactions and providing information.***

While the board of directors of CPA®:15 formed a separate committee of independent directors and retained separate legal and financial advisors to assist CPA®:15 in evaluating the Merger, representatives of W. P. Carey, who also serve as officers of CPA®:15, performed an initial review of potential liquidity alternatives for CPA®:15 and analyzed the terms and conditions of the Merger. If only independent representatives of CPA®:15 were involved in considering liquidity alternatives for CPA®:15 and analyzing the transactions, the terms of the Merger might have been different. In addition, the CPA®:15 special committee s financial advisor and the third party valuation firm that performed CPA®:15 s real estate portfolio valuation at September 30, 2011 relied, in part, on financial information and property information provided by W. P. Carey in conducting their respective analyses.

***The Merger Agreement prohibits each of CPA®:15 and W. P. Carey from soliciting competing transactions, and places conditions on CPA®:15 s ability to negotiate and accept a superior competing transaction, which may adversely affect each company s stockholders.***

In the Merger Agreement, each of CPA®:15 and W. P. Carey agreed on behalf of itself and its respective affiliates and agents, beginning as of the date of the Merger Agreement, not to initiate, solicit, encourage or facilitate certain competing transactions to the Merger, subject, in the case of CPA®:15, to CPA®:15 s rights to (i) enter into negotiations with respect to a competing transaction proposal that CPA®:15 s board of directors has determined is reasonably likely to be superior to the Merger after giving W. P. Carey notice and the opportunity to make a new proposal; and (ii) approve, recommend or enter into a superior competing transaction after reimbursing W. P. Carey for its out of pocket expenses in connection with the Merger and the other transactions contemplated by the Merger Agreement. The prohibition on CPA®:15 s and W. P. Carey s ability to initiate or solicit certain competing transactions and the conditions that CPA®:15 must satisfy in order to negotiate, approve or recommend a superior competing transaction may make it more unlikely that a competing transaction would emerge for either party and may make it more difficult and expensive for CPA®:15 to accept a competing transaction that its board of directors determines to be superior to the Merger.

***If a substantial number of CPA®:15 stockholders demand appraisal rights, our ability to pay distributions could be adversely affected.***

Objecting CPA®:15 stockholders may have the right to appraisal of their shares as described elsewhere in this joint proxy statement/prospectus. If an objecting stockholder demands payment of the fair value of its shares, the fair value may be determined by a court. If a substantial number of stockholders demand appraisal rights and the court determines that they are entitled to such rights, the combined company would be required to pay sums out-of-pocket to satisfy the dissenters rights to fair value as objecting stockholders will not receive any Merger Consideration. We cannot predict the amount of cash it may be required to provide to any dissenter seeking appraisal rights. If those amounts are substantial, they could have a material adverse effect on the combined company s ability to pay distributions. Neither W. P. Carey nor CPA®:15 has a right to terminate the Merger Agreement based upon shareholders or stockholders exercising their appraisal rights.

**Risks Related to the REIT Conversion and REIT Structure**

***If the REIT Conversion fails to qualify as a tax-deferred transaction, holders of W. P. Carey listed shares would be required to recognize taxable gains.***

The REIT Conversion has been structured in a manner intended to result in no recognition of gain for federal income tax purpose. Specifically, the REIT Conversion is intended to qualify in part as (i) a tax-deferred reorganization under Section 368 of the Code, (ii) a tax-deferred contribution under Section 351 of the Code and (iii) a tax-deferred distribution in complete liquidation under Section 731 of the Code. There is no guarantee, however, that the IRS will agree with this treatment.

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We intend to take the position that each of the mergers under the REIT Conversion qualifies as a tax-deferred reorganization under Section 368 of the Code. In addition, we intend to take the position that the BV Contribution, as defined on page 294, qualifies as a Section 351 contribution. If these transactions do not qualify as tax-deferred, they would generally be treated as taxable asset sales in which the holders of W. P. Carey listed shares would be required to recognize taxable gain.

Even if the REIT Conversion is treated as a tax-deferred transaction as described above, you will still recognize any gain in the REIT Conversion to the extent that you are deemed to be relieved of liabilities in excess of your adjusted tax basis in your W. P. Carey listed shares. In addition, special tax rules may trigger tax to non-U.S. holders of W. P. Carey listed shares in the REIT Conversion, although these special tax rules are not expected to be applicable.

***While we expect our tax counsel to opine that we will be properly organized as a REIT in accordance with applicable law upon effecting the REIT Conversion and the transactions contemplated thereby, those opinions are not binding on the IRS or any court and do not guarantee our qualification as a REIT.***

We expect our tax counsel, DLA Piper LLP (US), to provide an opinion prior to the closing of the Merger that, following completion of the proposed transactions for the REIT Conversion, and we will be organized in conformity with the requirements for qualification as a REIT under the Code beginning with our 2012 taxable year (we expect the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc.), and that our current and anticipated investments and plan of operation will enable us to meet and continue to meet the requirements for qualification and taxation as a REIT under the Code. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court, and either could take a position different from that expressed by counsel. The opinion of DLA Piper LLP (US) will represent only their view based on a review and analysis of existing law and will rely on (i) the assumption that the W. P. Carey Inc. Charter, the W. P. Carey Inc. Bylaws, our licenses and all other applicable legal documents have been and will be complied with by all parties to those documents; (ii) the accuracy and completeness of the factual matters described in this joint proxy statement/prospectus; (iii) representations made by us as to certain factual matters relating to W. P. Carey Inc. s (and its subsidiaries ) organization, operations and expected manner of operation; and (iv) in part, upon an opinion from Clifford Chance US LLP, counsel to CPA®:15, to the effect that at all times since its taxable year ended December 31, 2008, CPA®:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code. Given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by DLA Piper LLP (US) or us that we will so qualify for any particular year. Any opinion of DLA Piper LLP (US) as to our qualification and taxation as a REIT will be expressed as of the date issued. DLA Piper LLP (US) will have no obligation to advise us or our stockholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law.

Furthermore, both the validity of any opinion of DLA Piper LLP (US) and our qualification and taxation as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the quarterly asset tests under applicable Code provisions and Treasury Regulations will depend in part upon the W. P. Carey Inc. board of directors good faith analysis of the fair market values of our assets, some of which are not susceptible to a precise determination. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. While we believe that we will satisfy these tests, DLA Piper LLP (US) will not review compliance with these tests on a continuing basis.

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***Because the current market price of W. P. Carey listed shares may not be indicative of the market price of W. P. Carey Inc. s common stock following the Merger and the REIT Conversion, the stock price of W. P. Carey Inc. s common stock following the Merger could be lower.***

W. P. Carey s current share price may not be indicative of how the market will value W. P. Carey Inc. s common stock following the Merger and the REIT Conversion because of the change in W. P. Carey s organization from a limited liability company to a corporation qualified as a REIT and the change in W. P. Carey s distribution policy. W. P. Carey s listed share price does not necessarily take into account these effects, and the stock price after the Merger and the REIT Conversion could be lower than the current price. Furthermore, one of the factors that may influence the price of W. P. Carey Inc. common stock will be the yield from distributions on W. P. Carey Inc. common stock compared to yields on other financial instruments. If, for example, an increase in market interest rates results in higher yields on other financial instruments, the market price of our common stock could be adversely affected. In addition, our use of TRSs may cause the market to value our common stock differently than the shares of other REITs, which may not use TRSs as extensively as we currently expect to do so. The market price of W. P. Carey Inc. s common stock will also be affected by general market conditions (as the price of the W. P. Carey listed shares currently is) and will be potentially affected by the economic and market perception of REIT securities.

***If we fail to qualify as a REIT or fail to remain qualified as a REIT, we would be subject to federal income tax at corporate income tax rates and would not be able to deduct distributions to shareholders when computing our taxable income.***

We are currently not treated as a REIT for federal income tax purposes. The W. P. Carey board of directors has authorized us to take the steps necessary to elect to be treated as a REIT for federal income tax purposes beginning with our 2012 taxable year. We expect the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. In order to qualify as a REIT, we plan to hold our non-qualifying REIT assets and conduct our non-qualifying REIT income activities in or through one or more TRSs.

If, in any taxable year, we fail to qualify for taxation as a REIT, and are not entitled to relief under the Code:

- we will not be allowed a deduction for distributions to stockholders in computing our taxable income;
- we will be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates; and
- we would not be eligible to qualify as a REIT for the four taxable years following the year during which we were so disqualified.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for distributions to our stockholders, which in turn could have an adverse impact on the value of our common stock. This adverse impact could last for five or more years because, unless we are entitled to relief under certain statutory provisions, we will be taxed as a corporation, beginning in the year in which the failure occurs, and we will not be allowed to re-elect to be taxed as a REIT for the following four years.

If we fail to qualify for taxation as a REIT, we may need to borrow funds or liquidate some investments to pay the additional tax liability. Were this to occur, funds available for investment would be reduced.

REIT qualification involves the application of highly technical and complex provisions of the Code to our operations, as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Although we plan to operate in a manner consistent with the REIT qualification rules, we cannot assure you that we will so qualify or remain so qualified.

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***If we fail to make required distributions, we may be subject to federal corporate income tax.***

Following the completion of the Merger and the REIT Conversion, we intend to declare regular quarterly distributions commencing with the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment, by the W. P. Carey Inc. board of directors. To qualify and be taxed as a REIT, we will generally be required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all or substantially all of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain the proposed quarterly distributions that approximate our taxable income, and may fail to qualify for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments.

To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders for a calendar year is less than a minimum amount specified under the Code.

In addition, to qualify as a REIT, any C corporation earnings and profits to which we succeed (such as by a deemed liquidation of a taxable corporate subsidiary) must be distributed as of the close of the taxable year in which the REIT accumulates or acquires such C corporation s earnings and profits. At a result, we would be required to distribute any earnings and profits acquired from any taxable corporate subsidiary liquidation prior to the close of the taxable year in which the Merger and the REIT Conversion transactions occur, though we do not expect any such earnings and profits to be acquired.

***Because certain covenants in our future debt instruments may limit our ability to make required REIT distributions, we could be subject to taxation.***

Our future debt instruments may include covenants that limit our ability to make required REIT distributions. If the limits set forth in these covenants prevent us from satisfying our REIT distribution requirements, we could fail to qualify for taxation as a REIT. If the limits set forth in these covenants do not jeopardize our qualification for taxation as a REIT but do nevertheless prevent us from distributing 100% of our REIT taxable income, we will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts.

***Because we will be required to satisfy numerous requirements imposed upon REITs, we may be required to borrow funds, sell assets, or raise equity on terms that are not favorable to us.***

In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings. Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt, to sell assets, or to offer equity securities in order to fund distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our total leverage. For a discussion of risks related to our level of indebtedness, see Risks Related to our Business Our use of debt to finance investments could adversely affect our cash flow.

In addition, if we fail to comply with certain asset ownership tests described below under Material Federal Income Tax Considerations at the end of any calendar quarter, we must generally correct the failure within

30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders.

***Because the REIT rules require us to satisfy certain rules on an ongoing basis, our flexibility or ability to pursue otherwise attractive opportunities may be limited.***

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of W. P. Carey Inc. common stock. Thus, compliance with these tests will require us to refrain from certain activities discussed in Material Federal Income Tax Considerations and may hinder our ability to make certain attractive investments, including the purchase of non-qualifying assets, the expansion of non-real estate activities, and investments in the businesses to be conducted by our TRSs, and to that extent limit our opportunities and our flexibility to change our business strategy. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require the target company to comply with some REIT requirements prior to closing. In addition, our conversion to a REIT may result in investor pressures not to pursue growth opportunities that are not immediately accretive.

To meet our annual distribution requirements, we may be required to distribute amounts that may otherwise be used for our operations, including amounts that may otherwise be invested in future acquisitions, capital expenditures or repayment of debt and it is possible that we might be required to borrow funds, sell assets or raise equity to fund these distributions, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings.

***Because the REIT provisions of the Code limit our ability to hedge effectively, the cost of our hedging may increase, and we may incur tax liabilities.***

The REIT provisions of the Code limit our ability to hedge assets as well as liabilities which are not incurred to acquire or carry real estate. Generally, income from hedging transactions which have been properly identified for tax purposes and that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets and income from certain currency hedging transactions related to our non-U.S. operations does not constitute gross income for purposes of the REIT gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs could be subject to tax on income or gains resulting from hedges entered into by them or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in any of our TRSs generally will not provide any tax benefit, except for being carried forward for use against future taxable income in the TRSs.

***Because the REIT rules limit our ability to receive distributions from TRSs, our ability to fund distribution payments using cash generated through our TRSs may be limited.***

Our ability to receive distributions from our TRSs is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from real estate-related sources, which principally includes gross income from the leasing of our communications sites and rental-related services. Consequently, no more than 25% of our gross income may consist of dividend income from our TRSs and other non-qualifying types of income. Thus, our ability to receive distributions from our TRSs may be limited, and may impact our ability to fund distributions to our stockholders using cash flows from our TRSs. Specifically, if our TRSs became highly profitable, we might become limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability.

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***We intend to extensively use TRSs, which may cause us to fail to qualify as a REIT.***

The net income of our TRSs is not required to be distributed to us, and income that is not distributed to us generally will not be subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our securities in our TRSs and certain other non-qualifying assets to exceed 25% of the fair market value of our assets, we would fail to qualify as a REIT.

***Our ownership of our TRSs will be subject to limitations that could prevent us from growing our investment management business and our transactions with our TRSs could cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on an arm s-length basis.***

Overall, no more than 25% of the value of a REIT s assets may consist of stock or securities of one or more TRSs, and compliance with this limitation could limit our ability to grow our investment management business. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm s-length basis. We will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRSs on terms that we believe are arm s-length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% TRS limitation or to avoid application of the 100% excise tax.

***Because the W. P. Carey Inc. board of directors determine in their sole discretion the dividend on a quarterly basis, our cash distributions are not guaranteed and may fluctuate.***

The W. P. Carey Inc. board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity, applicable provisions of the MGCL and other factors, including debt covenant restrictions that may impose limitations on cash payments, and future acquisitions and divestitures. Consequently, our distribution levels may fluctuate.

***Because distributions payable by REITs generally do not qualify for reduced tax rates, the value of W. P. Carey Inc. s common stock could be adversely affected.***

Certain distributions payable by domestic or qualified foreign corporations to individuals, trusts and estates that are U.S. shareholders, as defined below under Material Federal Income Tax Considerations, are currently eligible for federal income tax at a maximum rate of 15% and are scheduled to be taxed at ordinary income rates for taxable years beginning after December 31, 2012. Distributions payable by REITs, in contrast, generally are not eligible for the current reduced rates unless the distributions are attributable to dividends received by the REIT from other corporations which would be eligible for the reduced rates. The more favorable rates applicable to regular corporate distributions could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay distributions, which could adversely affect the value of the stock of REITs, including W. P. Carey Inc. s common stock.

***Even if we qualify as a REIT, certain of our business activities will be subject to corporate level income tax and foreign taxes, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.***

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and state,

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local or foreign income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT.

Any TRS assets and operations would continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. Any of these taxes would decrease our earnings and our cash available for distributions to shareholders.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on all or a portion of the gain recognized from a sale of assets formerly held by any C corporation that we acquire in a carry over basis transaction occurring within a specified period (generally, ten years) after we acquire such assets, to the extent the built-in gain based on the fair market value of those assets on the effective date of the REIT election is in excess of our then tax basis. The tax on subsequently sold assets will be based on the fair market value and built-in gain of those assets as of the beginning of W. P. Carey Inc. s holding period. Gains from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We expect to have only a de minimis amount of assets subject to these corporate tax rules and do not expect to dispose of any significant assets subject to these corporate tax rules.

***Because dividends received by non-U.S. shareholders are generally taxable, we may be required to withhold a portion of our distributions to such persons.***

Ordinary dividends received by non-U.S. shareholders that are not effectively connected with the conduct of a United States trade or business generally are subject to United States withholding tax at a rate of 30%, unless reduced by an applicable income tax treaty. Additional rules will apply to any non-U.S. shareholders that will own more than 5% of W. P. Carey Inc. common stock with respect to certain capital gain distributions.

***The ability of the W. P. Carey Inc. board of directors to revoke our REIT qualification, without stockholder approval, may cause adverse consequences to our stockholders.***

The W. P. Carey Inc. Charter provides that the board of directors may revoke or otherwise terminate the REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income, and we will be subject to federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our stockholders.

***Federal income tax laws governing REITs and related interpretations may change at any time and any such legislative or other actions affecting REITs could have a negative effect on us and our stockholders.***

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the United States Department of the Treasury, and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us or our stockholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us or our stockholders may be changed. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to you or us of such qualification.

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**Risks Related to Our Business**

***The recent financial and economic crisis adversely affected our business, and the continued uncertainty in the global economic environment may adversely affect our business in the future.***

We and our managed funds are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. During 2011 we saw slow improvement in the U.S. economy following the significant distress experienced in 2008 and 2009. Toward the end of 2011, however, there was an increase in international economic uncertainty as a result of the sovereign debt crisis and a deterioration of economic fundamentals in Europe. To date, these crises have had a limited impact on our business, primarily in that a number of tenants, particularly in the portfolios of the CPA® REITs, have experienced increased levels of financial distress, with several having filed for bankruptcy protection, although our experience in 2011 reflected an improvement from 2009 and 2010. Currently, conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain.

If the economic situation worsens, we could in the future experience a number of additional effects on our business, including higher levels of default in the payment of rent by our tenants, additional bankruptcies and impairments in the value of our property investments, as well as difficulties in financing transactions and refinancing existing loans as they come due. Any of these conditions may negatively affect our earnings, as well as our cash flow and, consequently, our ability to sustain the payment of dividends at current levels.

Our managed funds may also be adversely affected by these conditions, and their earnings or cash flow may also be adversely affected by other events, such as increases in the value of the U.S. Dollar relative to other currencies in which they receive rent, as well as the need to expend cash to fund increased redemptions. Additionally, the ability of CPA®:17 Global and CWI to make new investments will be affected by the availability of financing as well as their ability to raise new funds. Decreases in the value of the assets held by the REITs will adversely affect the asset management revenues payable to us, as well as the value of the stock we hold in the REITs, and decreases in these funds earnings or ability to pay distributions may also affect their ability to make the payments due to us, as well as our income and cash flow from the REIT distribution payments.

***Revenue and earnings from our investment management operations are subject to volatility, which may cause our investment management revenue to fluctuate.***

Growth in revenue from our investment management operations is dependent in large part on future capital raising in existing or future managed entities, as well as on our ability to make investments that meet the investment criteria of these entities, both of which are subject to uncertainty with respect to capital market and real estate market conditions. This uncertainty creates volatility in our earnings because of the resulting fluctuation in transaction-based revenue. Asset management revenue may be affected by factors that include not only our ability to increase the REITs portfolio of properties under management, but also changes in valuation of those properties, as well as sales of the REIT properties. In addition, revenue from our investment management operations, including our ability to earn performance revenue, as well as the value of our holdings of the REIT interests and dividend income from those interests, may be significantly affected by the results of operations of the REITs, in particular, those of CPA®:15 and CPA®:16 Global, since at December 31, 2011 we owned 7.7% and 17.9% of their outstanding shares, respectively. Each of the CPA® REITs has invested substantially all of its assets (other than short-term investments) in triple-net leased properties substantially similar to those we hold, and consequently the results of operations of, and cash available for distribution by, each of the CPA® REITs, is likely to be substantially affected by the same market conditions, and subject to the same risk factors, as the properties we own. Four of the sixteen CPA® funds temporarily reduced the rate of distributions to their investors as a result of adverse developments involving tenants.

Each of the REITs we currently manage may incur significant debt, which either due to liquidity problems or restrictive covenants contained in their borrowing agreements, could restrict their ability to pay revenue owed

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to us when due. In addition, the revenue payable under each of our current investment advisory agreements is subject to a variable annual cap based on a formula tied to the assets and income of that REIT. This cap may limit the growth of our management revenue. Furthermore, our ability to earn revenue related to the disposition of properties is primarily tied to providing liquidity events for the REIT investors. Our ability to provide that liquidity, and to do so under circumstances that will satisfy the applicable subordination requirements noted below in Information about W. P. Carey Business Objectives and Strategy Investment Management Other Revenue, will depend on market conditions at the relevant time, which may vary considerably over a period of years. In any case, liquidity events typically occur several years apart, and income from our investment management operations is likely to be significantly higher in those years in which such events occur.

***Because the revenue streams from the investment advisory agreements with the CPA®REITs are subject to limitation or cancellation, any such termination could have a material adverse effect on our business, results of operations and financial condition.***

The agreements under which we provide investment advisory services are renewable annually in September and may generally be terminated by each REIT upon 60 days notice, with or without cause, and are currently scheduled to expire on the earlier of September 30, 2012 and the closing date of the Merger, unless otherwise renewed. There can be no assurance that these agreements will not expire or be terminated. If the Merger is consummated, we have agreed to waive fees to which we were formerly entitled to be paid by CPA®:15 in connection with a liquidity event, including termination fees and subordinated disposition fees. CPA®:17 Global, CPA®:16 Global and CWI have the right, but not the obligation, upon certain terminations to repurchase our interests in their operating partnerships at fair market value. If such right is not exercised, we would remain as a limited partner of the operating partnerships. Nonetheless, any such termination could have a material adverse effect on our business, results of operations and financial condition.

***Changes in investor preferences or market conditions could limit our ability to raise funds or make new investments.***

Substantially all of our and the CPA® REITs current investments, as well as the majority of the investments we expect to originate for the CPA® REITs in the near term, are investments in single-tenant commercial properties that are subject to triple-net leases. In addition, we have relied predominantly on raising funds from individual investors through the sale by participating selected dealers to their customers of publicly-registered, non-traded securities of the REITs. Although we have increased the number of broker-dealers we use for fundraising, historically the majority of our fundraising efforts have been through one major selected dealer. If, as a result of changes in market receptivity to investments that are not readily liquid and involve high selected dealer fees, or for other reasons, this capital raising method were to become less available as a source of capital, our ability to raise funds for the REIT programs, and consequently our ability to make investments on their behalf, could be adversely affected. While we are not limited to this particular method of raising funds for investment (and, among other things, the REITs may themselves be able to borrow additional funds to invest), our experience with other means of raising capital is limited. Also, many factors, including changes in tax laws or accounting rules, may make these types of investments less attractive to potential sellers and lessees, which could negatively affect our ability to increase the amount of assets of this type under management.

***We face active competition for investments.***

We face active competition for our investments from many sources, including insurance companies, credit companies, pension funds, private individuals, financial institutions, finance companies and investment companies, among others. These institutions may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. In addition, our evaluation of the acceptability of rates of return on behalf of the REITs is affected by such factors as the cost of raising capital, the amount of revenue we can earn and the performance hurdle rates of the relevant REITs. Thus, the effect of the cost of raising capital and the revenue we can earn may be to limit the amount of new investments we make on behalf of the REITs, which will

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in turn limit the growth of revenues from our investment management operations. The investment community continues to remain risk averse. We believe that the net lease financing market is perceived as a relatively conservative investment vehicle. Accordingly, we expect increased competition for investments, both domestically and internationally. It is possible that further capital inflows into our marketplace will place additional pressure on the returns we can generate from our investments and our willingness and ability to execute transactions.

***A substantial amount of our leases will expire within the next five years, and we may have difficulty in re-leasing or selling our properties if tenants do not renew their leases.***

Within the next five years, approximately 27% of the combined company s leases, based on annualized contractual minimum base rent, are due to expire. If these leases are not renewed, or if the properties cannot be re-leased on terms that yield payments comparable to those currently being received, then the lease revenues of the combined company could be substantially adversely affected. The terms of any new or renewed leases of these properties may depend on market conditions prevailing at the time of lease expiration. In addition, if properties are vacated by the current tenants, the combined company may incur substantial costs in attempting to re-lease such properties. The combined company may also seek to sell these properties, in which event we may incur losses, depending upon market conditions prevailing at the time of sale.

Real estate investments generally lack liquidity compared to other financial assets, and this lack of liquidity will limit our ability to quickly change our portfolio in response to changes in economic or other conditions. Some of our net leases are for properties that are specially suited to the particular needs of the tenant. With these properties, we may be required to renovate the property or to make rent concessions in order to lease the property to another tenant. In addition, if we are forced to sell the property, we may have difficulty selling it to a party other than the tenant due to the special purpose for which the property may have been designed. These and other limitations may affect our ability to re-lease or sell properties without adversely affecting returns to shareholders.

***Due to our investment advisory agreements with the REITs, our portfolio growth is constrained by our obligations to offer property transactions to the REITs.***

Under our investment advisory agreements with the REITs, we are required to use our best efforts to present a continuing and suitable investment program to them. In recent years, new property investment opportunities have generally been made available by us to the REITs. While the allocation of new investments to the REITs fulfills our duty to present a continuing and suitable investment program and enhances the revenues from our investment management operations, it also restricts the potential growth of revenues from our real estate ownership and our ability to diversify our portfolio.

***Because we invest in properties located outside the U.S., we are exposed to additional risks.***

We have invested in and may continue to invest in properties located outside the U.S. At December 31, 2011, our directly-owned real estate properties located outside of the U.S. represented 10% of current annualized contractual minimum base rent. These investments may be affected by factors particular to the laws of the jurisdiction in which the property is located. These investments may expose us to risks that are different from and in addition to those commonly found in the U.S., including:

- changing governmental rules and policies;
- enactment of laws relating to the foreign ownership of property and laws relating to the ability of foreign entities to remove invested capital or profits earned from activities within the country to the U.S.;
- expropriation of investments;
- legal systems under which the ability to enforce contractual rights and remedies may be more limited than would be the case under U.S. law;

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- difficulty in conforming obligations in other countries and the burden of complying with a wide variety of foreign laws, which may be more stringent than U.S. laws, including tax requirements and land use, zoning, and environmental laws, as well as changes in such laws;
- adverse market conditions caused by changes in national or local economic or political conditions;
- tax requirements vary by country and we may be subject to additional taxes as a result of our international investments;
- changes in relative interest rates;
- changes in the availability, cost and terms of mortgage funds resulting from varying national economic policies;
- changes in real estate and other tax rates and other operating expenses in particular countries;
- changes in land use and zoning laws;
- more stringent environmental laws or changes in such laws; and.
- restrictions and/or significant costs in repatriating cash and cash equivalents held in foreign bank accounts.

In addition, the lack of publicly available information in accordance with GAAP could impair our ability to analyze transactions and may cause us to forego an investment opportunity for ourselves or the REITs. It may also impair our ability to receive timely and accurate financial information from tenants necessary to meet our and the REITs reporting obligations to financial institutions or governmental or regulatory agencies. Certain of these risks may be greater in emerging markets and less developed countries. Our expertise to date is primarily in the U.S. and Europe, and we have less experience in other international markets. We may not be as familiar with the potential risks to our and the REITs investments outside the U.S. and Europe and we could incur losses as a result.

Also, we may rely on third-party asset managers in international jurisdictions to monitor compliance with legal requirements and lending agreements with respect to properties we own or manage on behalf of the REITs. Failure to comply with applicable requirements may expose us or our operating subsidiaries to additional liabilities.

Moreover, we are subject to changes in foreign exchange rates due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. Our principal currency exposure is to the Euro. We attempt to mitigate a portion of the risk of currency fluctuation by financing our properties in the local currency denominations, although there can be no assurance that this will be effective. Because we generally place both our debt obligation to the lender and the tenant s rental obligation to us in the same currency, our results of foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies; that is, absent other considerations, a weaker U.S. dollar will tend to increase both our revenues and our expenses, while a stronger U.S. dollar will tend to reduce both our revenues and our expenses.

***If we recognize substantial impairment charges on our properties, our net income may be reduced.***

We have recognized impairment charges of $39.5 million, $42.1 million and $77.1 million for the years ended December 31, 2011, 2010 and 2009, respectively. In the future, we may incur substantial impairment charges, which we are required to recognize whenever we sell a property for less than its carrying value or we determine that the carrying amount of the property is not recoverable and exceeds its fair value (or, for direct financing leases, that the unguaranteed residual value of the underlying property has declined). By their nature, the timing or extent of impairment charges are not predictable. We may incur non-cash impairment charges in the future, which may reduce our net income.

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***Because we use debt to finance investments, our cash flow could be adversely affected.***

Most of our investments are made by borrowing a portion of the total investment and securing the loan with a mortgage on the property. We generally borrow on a non-recourse basis to limit our exposure on any property to the amount of equity invested in the property. If we are unable to make our debt payments as required, a lender could foreclose on the property or properties securing its debt. Additionally, lenders for our international mortgage loan transactions typically incorporate covenants and other provisions that can cause a loan default, including a loan to value ratio, a debt service coverage ratio and a material adverse change in the borrower s or tenant s business. Accordingly, if the real estate value declines or the tenant defaults, the lender would have the right to foreclose on its security. If any of these events were to occur, it could cause us to lose part or all of our investment, which in turn could cause the value of our portfolio, and revenues available for distribution to our stockholders, to be reduced.

Some of our financing may also require us to make a balloon payment at maturity. Our ability to make balloon payments on debt will depend upon our ability either to refinance the obligation when due, invest additional equity in the property or to sell the related property. When the balloon payment is due, we may be unable to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. Our ability to accomplish these goals will be affected by various factors existing at the relevant time, such as the state of the national and regional economies, local real estate conditions, available mortgage or interest rates, availability of credit, our equity in the mortgaged properties, our financial condition, the operating history of the mortgaged properties and tax laws. A refinancing or sale could affect the rate of return to shareholders and the projected time of disposition of our assets.

***Our leases may permit tenants to purchase a property at a predetermined price, which could limit our realization of any appreciation or result in a loss.***

In some circumstances, we may grant tenants a right to repurchase the property they lease from us. The purchase price may be a fixed price or it may be based on a formula or the market value at the time of exercise. If a tenant exercises its right to purchase the property and the property s market value has increased beyond that price, we could be limited in fully realizing the appreciation on that property. Additionally, if the price at which the tenant can purchase the property is less than our carrying value (for example, where the purchase price is based on an appraised value), we may incur a loss.

***We do not fully control the management of our net properties.***

The tenants or managers of net leased properties are responsible for maintenance and other day-to-day management of the properties. If a property is not adequately maintained in accordance with the terms of the applicable lease, we may incur expenses for deferred maintenance expenditures or other liabilities once the property becomes free of the lease. While our leases generally provide for recourse against the tenant in these instances, a bankrupt or financially troubled tenant may be more likely to defer maintenance and it may be more difficult to enforce remedies against such a tenant. In addition, to the extent tenants are unable to conduct their operation of the property on a financially successful basis, their ability to pay rent may be adversely affected. Although we endeavor to monitor, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of our properties, such monitoring may not in all circumstances ascertain or forestall deterioration either in the condition of a property or the financial circumstances of a tenant.

***The value of our real estate is subject to fluctuation.***

We are subject to all of the general risks associated with the ownership of real estate. While the revenues from our leases and those of the REITs are not directly dependent upon the value of the real estate owned, significant declines in real estate values could adversely affect us in many ways, including a decline in the residual values of properties at lease expiration; possible lease abandonments by tenants; a decline in the attractiveness of REIT investments that may impede our ability to raise new funds for investment by the REITs

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and a decline in the attractiveness of triple-net lease transactions to potential sellers. We also face the risk that lease revenue will be insufficient to cover all corporate operating expenses and debt service payments on indebtedness we incur. General risks associated with the ownership of real estate include:

- adverse changes in general or local economic conditions;
- changes in the supply of or demand for similar or competing properties;
- changes in interest rates and operating expenses;
- competition for tenants;
- changes in market rental rates;
- inability to lease or sell properties upon termination of existing leases;
- renewal of leases at lower rental rates;
- inability to collect rents from tenants due to financial hardship, including bankruptcy;
- changes in tax, real estate, zoning and environmental laws that may have an adverse impact upon the value of real estate;
- uninsured property liability, property damage or casualty losses;
- unexpected expenditures for capital improvements or to bring properties into compliance with applicable federal, state and local laws;
- exposure to environmental losses;
- changes in foreign exchange rates; and
- acts of God and other factors beyond the control of our management.

***Because most of our properties are occupied by a single tenant, our success is materially dependent upon their financial stability.***

Most of the properties of the combined company will be occupied by a single tenant and, therefore, the success of the combined company s investments is materially dependent on the financial stability of these tenants. Revenues from several of the combined company s tenants/guarantors will constitute a significant percentage of its lease revenues. The combined company s five largest tenants/guarantors represented approximately 26% of total lease revenues in 2011. Lease payment defaults by tenants negatively impact our, and will negatively impact the combined company s, net income and reduce the amounts available for distributions to shareholders. As some of these tenants may not have a recognized credit rating, these tenants may have a higher risk of lease defaults than if those tenants had a recognized credit rating. In addition, the bankruptcy of a tenant could cause the loss of lease payments as well as an increase in the costs incurred to carry the property until it can be re-leased or sold. We have had, and the combined company may have, tenants file for bankruptcy protection. In the event of a default, the combined company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting the investment and re-leasing the property. If a lease is terminated, there is no assurance that the combined company will be able to re-lease the property for the rent previously received or sell the property without incurring a loss.

***The bankruptcy or insolvency of tenants or borrowers may cause a reduction in our revenue and expenses.***

Bankruptcy or insolvency of a tenant or borrower could cause:

- the loss of lease or interest and principal payments;
- an increase in the costs incurred to carry the property;
- litigation;
- a reduction in the value of our shares; and
- a decrease in distributions to our stockholders.

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Under U.S. bankruptcy law, a tenant who is the subject of bankruptcy proceedings has the option of assuming or rejecting any unexpired lease. If the tenant rejects the lease, any resulting claim we have for breach of the lease (excluding collateral securing the claim) will be treated as a general unsecured claim. The maximum claim will be capped at the amount owed for unpaid rent prior to the bankruptcy unrelated to the termination, plus the greater of one year s lease payments or 15% of the remaining lease payments payable under the lease (but no more than three years lease payments). In addition, due to the long-term nature of our leases and, in some cases, terms providing for the repurchase of a property by the tenant, a bankruptcy court could recharacterize a net lease transaction as a secured lending transaction. If that were to occur, we would not be treated as the owner of the property, but we might have rights as a secured creditor. Those rights would not include a right to compel the tenant to timely perform its obligations under the lease but may instead entitle us to adequate protection, a bankruptcy concept that applies to protect against a decrease in the value of the property if the value of the property is less than the balance owed to us.

Insolvency laws outside of the U.S. may not be as favorable to reorganization or to the protection of a debtor s rights as tenants under a lease as are the laws in the U.S. Our rights to terminate a lease for default may be more likely to be enforceable in countries other than the U.S., in which a debtor/ tenant or its insolvency representative may be less likely to have rights to force continuation of a lease without our consent. Nonetheless, such laws may permit a tenant or an appointed insolvency representative to terminate a lease if it so chooses.

However, in circumstances where the bankruptcy laws of the U.S. are considered to be more favorable to debtors and to their reorganization, entities that are not ordinarily perceived as U.S. entities may seek to take advantage of the U.S. bankruptcy laws if they are eligible. An entity would be eligible to be a debtor under the U.S. bankruptcy laws if it had a domicile (state of incorporation or registration), place of business or assets in the U.S. If a tenant became a debtor under the U.S. bankruptcy laws, then it would have the option of assuming or rejecting any unexpired lease. As a general matter, after the commencement of bankruptcy proceedings and prior to assumption or rejection of an expired lease, U.S. bankruptcy laws provide that until an unexpired lease is assumed or rejected, the tenant (or its trustee if one has been appointed) must timely perform obligations of the tenant under the lease. However, under certain circumstances, the time period for performance of such obligations may be extended by an order of the bankruptcy court.

W. P. Carey and the CPA® REITs have had tenants file for bankruptcy protection and have been involved in bankruptcy-related litigation (including several international tenants). Four prior REITs under the Corporate Property Associates brand name reduced the rate of distributions to their investors as a result of adverse developments involving tenants.

Similarly, if a borrower under one of our loan transactions declares bankruptcy, there may not be sufficient funds to satisfy its payment obligations to us, which may adversely affect our revenue and distributions to our stockholders. The mortgage loans in which we may invest and the mortgage loans underlying the mortgage-backed securities in which we may invest may be subject to delinquency, foreclosure and loss, which could result in losses to us.

***Because we are subject to possible liabilities relating to environmental matters, we could incur unexpected costs and our ability to sell or otherwise dispose of a property may be negatively impacted.***

We own commercial properties and are subject to the risk of liabilities under federal, state and local environmental laws. These responsibilities and liabilities also exist for properties owned by the REITs and if they become liable for these costs, their ability to pay for our services could be materially affected. Some of these laws could impose the following on us:

- responsibility and liability for the cost of investigation and removal or remediation of hazardous or toxic substances released on or from our property, generally without regard to our knowledge of, or responsibility for, the presence of these contaminants;

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- liability for the costs of investigation and removal or remediation of hazardous substances at disposal facilities for persons who arrange for the disposal or treatment of such substances;

- liability for claims by third parties based on damages to natural resources or property, personal injuries, or costs of removal or remediation of hazardous or toxic substances in, on, or migrating from our property;

- responsibility for managing asbestos-containing building materials, and third-party claims for exposure to those materials; and

- claims being made against us by the REITs for inadequate due diligence.

Our costs of investigation, remediation or removal of hazardous or toxic substances, or for third-party claims for damages, may be substantial. The presence of hazardous or toxic substances at any of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination or otherwise adversely affect our ability to sell or lease the property or to borrow using the property as collateral. While we attempt to mitigate identified environmental risks by contractually requiring tenants to acknowledge their responsibility for complying with environmental laws and to assume liability for environmental matters, circumstances may arise in which a tenant fails, or is unable, to fulfill its contractual obligations. In addition, environmental liabilities, or costs or operating limitations imposed on a tenant to comply with environmental laws, could affect its ability to make rental payments to us. Also, and although we endeavor to avoid doing so, we may be required, in connection with any future divestitures of property, to provide buyers with indemnification against potential environmental liabilities.

***A potential change in U.S. accounting standards regarding operating leases may make the leasing of facilities less attractive to our potential domestic tenants, which could reduce overall demand for our leasing services.***

Under current authoritative accounting guidance for leases, a lease is classified by a tenant as a capital lease if the significant risks and rewards of ownership are considered to reside with the tenant. This situation is considered to be met if, among other things, the non-cancelable lease term is more than 75% of the useful life of the asset or if the present value of the minimum lease payments equals 90% or more of the leased property s fair value. Under capital lease accounting for a tenant, both the leased asset and liability are reflected on their balance sheet. If the lease does not meet any of the criteria for a capital lease, the lease is considered an operating lease by the tenant and the obligation does not appear on the tenant s balance sheet; rather, the contractual future minimum payment obligations are only disclosed in the footnotes thereto. Thus, entering into an operating lease can appear to enhance a tenant s balance sheet in comparison to direct ownership. In response to concerns caused by a 2005 SEC study that the current model does not have sufficient transparency, the Financial Accounting Standards Board ( FASB ) and the International Accounting Standards Board ( IASB ) issued an Exposure Draft on a joint proposal that would dramatically transform lease accounting from the existing model. The FASB and IASB met during July 2011 and voted to re-expose the proposed standard. A revised exposure draft for public comment is currently expected to be issued in the first half of 2012, with a final standard expected to be issued during 2012. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized. Changes to the accounting guidance could affect both our and the REITs accounting for leases as well as that of our and the REITs tenants. These changes would impact most companies but are particularly applicable to those that are significant users of real estate. The proposal outlines a completely new model for accounting by lessees, whereby their rights and obligations under all leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize.

***We depend on key personnel for our future success, and the loss of key personnel or inability to attract and retain personnel could harm our business.***

Our future success depends in large part on our ability to hire and retain a sufficient number of qualified personnel. Our future success also depends upon the continued service of our executive officers: Trevor P. Bond,

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our President and Chief Executive Officer; Mark J. DeCesaris, our Chief Financial Officer; Thomas E. Zacharias, our Chief Operating Officer and the head of our Asset Management Department; John D. Miller, our Chief Investment Officer; and Mark Goldberg, President of Carey Financial, LLC. The loss of the services of any of these officers could have a material adverse effect on our operations.

***Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations, and they require management to make estimates, judgments and assumptions about matters that are inherently uncertain.***

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations. We have identified several accounting policies as being critical to the presentation of our financial position and results of operations because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be recorded under different conditions or using different assumptions. Because of the inherent uncertainty of the estimates, judgments and assumptions associated with these critical accounting policies, we cannot provide any assurance that we will not make subsequent significant adjustments to our consolidated financial statements. If our judgments, assumptions and allocations prove to be incorrect, or if circumstances change, our business, financial condition, revenues, operating expense, results of operations, liquidity, ability to pay dividends or stock price may be materially adversely affected.

***Our governing documents and capital structure, which will govern until the closing of the Merger, may discourage a takeover.***

The W. P. Carey LLC Agreement provides that Control Shares (as defined below) acquired in a Control Share Acquisition (as defined below) have no voting rights, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Control Shares are defined in the W. P. Carey LLC Agreement as voting shares that, if aggregated with all other shares owned by an acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiring person to exercise voting power within one of the following ranges of voting power:

- one-fifth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control Shares do not include shares the acquiring person is entitled to vote as a result of having previously obtained shareholder approval. A Control Share Acquisition means the acquisition of Control Shares, subject to certain exceptions. A person who has made or proposes to make a Control Share Acquisition may compel our board of directors to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, we may present the question at any shareholders meeting.

If an acquiring person delivers to us an Acquiring Person Statement (the substance of which is described in the W. P. Carey LLC Agreement) within 10 days of acquiring Control Shares, we may redeem, at the fair value, any or all of Control Shares within 60 days of the shareholder meeting where voting rights were not approved, except for those Control Shares where two-thirds of disinterested shareholders have given prior approval for the exercise of the voting rights. If an Acquiring Person does not deliver to us an Acquiring Person statement within 10 days of acquiring Control Shares, we may redeem, at the fair value, all Control Shares, including those for which voting rights have been previously approved, during a period that begins on the 11th day following the acquisition of Control Shares and ending 60 days after the acquiring person delivers the Acquiring Person statement. Fair value is determined as of the date of the last Control Share Acquisition by the acquiror or of any meeting of shareholders at which the voting rights of the shares were considered. The Control Share Acquisition provision does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction.

The Control Share provision outlined above may discourage a tender offer for our shares or a hostile takeover, even though these may be attractive to shareholders.

***The W. P. Carey Inc. Charter and Maryland law contain provisions that may delay or prevent a change of control transaction.***

Our charter contains 7.9% ownership limits. Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to limit any person to beneficial or constructive ownership of either (i) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of stock of W. P. Carey Inc. or (ii) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc. s common stock excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. Our board of directors, in its sole discretion, may exempt a person from the ownership limits and our board of directors has elected to grant the estate of Wm. Polk Carey an exemption to own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc. s stock. However, our board of directors may not grant an exemption from the ownership limits to any person unless our board of directors obtains such representations, covenants and undertakings as our board of directors may deem appropriate in order to determine that granting the exemption would not result in losing our status as a REIT. Our board of directors may also increase or decrease the common stock ownership limit and/or the aggregate stock ownership limit so long as the change would not result in five or fewer persons beneficially owning more than 49.9% in value of our outstanding stock. The ownership limits and the other restrictions on ownership of our stock contained in our charter may delay or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. See Description of W. P. Carey Inc. Shares Restrictions on Ownership and Transfer.

*The W. P. Carey Inc. board of directors may modify our authorized shares of stock of any class or series and may create and issue a class or series of common stock or preferred stock without stockholder approval.* Our board of directors is empowered under our charter from time to time to amend our charter to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue, and from time to time to classify any unissued shares of common stock or preferred stock and to or reclassify any previously classified, but unissued, shares of common stock or preferred stock into one or more classes or series of stock and to issue such shares of stock so classified or reclassified, without stockholder approval. Our board of directors may determine the relative rights, preferences and privileges of any class or series of common stock or preferred stock issued. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, senior to the rights of holders of our common stock. The issuance of any such classes or series of common stock or preferred stock could also have the effect of delaying or preventing a change of control transaction that might otherwise be in the best interests of our stockholders.

*Certain provisions of Maryland law could inhibit changes in control.* Certain provisions of the MGCL may have the effect of inhibiting a third party from making a proposal to acquire us or impeding a change of control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock, including:

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock), or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose special appraisal rights and supermajority voting requirements on these combinations; and

- control share provisions that provide that holders of control shares of our company (defined as voting shares which, when aggregated with all other shares owned or controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of issued and outstanding control shares ) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder. Prior to the consummation of the Merger and the REIT Conversion, our board of directors, by resolution, intends to exempt any business combination between us and any person who is an existing, or becomes in the future an, interested stockholder. Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any such person. As a result, such person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute. Additionally, this resolution may be altered, revoked or repealed in whole or in part at any time and we may opt back into the business combination provisions of the MGCL. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. In the case of the control share provisions of the MGCL, we have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws.

Additionally, Title 3, Subtitle 8 of the MGCL, permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or our bylaws, to implement certain governance provisions, some of which (for example, a classified board) we do not currently have. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change in control of our company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-current market price.

The W. P. Carey Inc. Charter, the W. P. Carey Inc. Bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. See Certain Material Provisions of Maryland Law and of Our Charter and Bylaws Our Board of Directors, Business Combinations, Control Share Acquisitions, Maryland Unsolicited Takeovers Act, and Advance Notice of Director Nominations and New Business.

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## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Except for historical information contained in this joint proxy statement/prospectus, certain of the matters discussed in this joint proxy statement/prospectus constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. The forward-looking statements can be identified by the use of words such as may, will, should, would, assume, outlook, seek, plan, believe, expect, anticipate, intend, estimate fo of similar substance used in connection with any discussion of future plans, actions, or events. These statements are based on the current expectations of the management of W. P. Carey and CPA®: 15, as applicable.

These forward-looking statements include, but are not limited to, statements regarding revenues, regulatory activities, expenses, earnings per share, liquidity and capital resources, trends, synergies, efficiencies, cost savings, projected FFO, projected AFFO, asset portfolios and the completion of and the timetable for completion of the Merger and the REIT Conversion.

These risks and uncertainties include those set forth under the section entitled Risk Factors, as well as, among others, the following:

- legislative, regulatory, or other changes in the real estate industry which increase the costs of, or otherwise affect our operations;
- competition for tenants with respect to new leases and the renewal or rollover of existing leases;
- the ability of our tenants to operate their businesses in a manner sufficient to maintain or increase revenue and to generate sufficient income to make rent payments;
- changes in national or regional economic conditions, including changes in interest rates and the availability and cost of capital;
- failure to complete the Merger and the REIT Conversion; and
- potential liability under, and change in, environmental, zoning, tax and other laws.

Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the combined company. In light of the foregoing risks, uncertainties, assumptions and factors, the forward-looking events discussed in this joint proxy statement/prospectus may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus. Except as required under the federal securities laws and the rules and regulations of the SEC, neither W. P. Carey nor CPA®: 15 undertake any obligation to release publicly any revisions to the forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events.

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## THE MERGER AND THE REIT CONVERSION

This joint proxy statement/prospectus constitutes a prospectus of W. P. Carey Inc., which is a part of the registration statement on Form S-4 filed by W. P. Carey Inc. with the SEC under the Securities Act of 1933, as amended (the Securities Act ), in order to register the shares of W. P. Carey Inc. common stock to be issued to holders of CPA 15 common stock in the Merger and holders of W. P. Carey listed shares in the W. P. Carey Merger. It also constitutes a proxy statement of CPA®:15 in connection with the solicitation of the approval by CPA®:15 stockholders of the Merger, and a proxy statement of W. P. Carey in connection with the solicitation of the approval by W. P. Carey shareholders of the Merger and approval of the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

### The Merger

CPA®:15 will become a subsidiary of W. P. Carey Inc. through the following transactions: CPA®:15 will merge with an indirect, wholly-owned subsidiary of CPA®:15, with CPA®:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and immediately thereafter CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the Merger as an indirect subsidiary of W. P. Carey Inc. and CPA®:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc. Each issued and outstanding share of CPA 15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into the right to receive total consideration valued at approximately $[ ] per share of CPA 15 common stock (based on the closing price of $[ ] per W. P. Carey listed share on the NYSE on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), consisting of (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and will cease to exist without any conversion thereof or payment therefor. We anticipate that the shares of W. P. Carey Inc. common stock issued in the Merger will trade on the NYSE under the symbol WPC.

### The REIT Conversion

Prior to the Merger, W. P. Carey will merge with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger pursuant to the REIT Conversion Agreement. Each issued and outstanding W. P. Carey listed share will immediately be converted into one share of W. P. Carey Inc. common stock.

We anticipate that the shares of W. P. Carey Inc. common stock issued in the W. P. Carey Merger will trade on the NYSE under the symbol WPC.

### Background of the Merger and the REIT Conversion

W. P. Carey was formed as a limited liability company under the laws of Delaware on July 15, 1996. The company commenced operations on January 1, 1998 by combining the limited partnership interests of nine CPA® partnerships, at which time it became listed on the NYSE. The company was formed to provide long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. W. P. Carey invests primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. The company also earns revenue as the advisor to publicly-owned, non-listed REITs, which are sponsored by the company under the CPA® brand name, including CPA®:15, and which invest in similar properties.

Most of W. P. Carey s properties were either acquired as a result of its consolidation with certain affiliated CPA® limited partnerships or subsequently acquired from other CPA® REIT programs in connection with the provision of liquidity to shareholders of those CPA® REITs. W. P. Carey s advisory agreements with each of the existing CPA® REITs, including its advisory agreement with CPA®:15, require that it use its best efforts to

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present to the CPA® entity a continuing and suitable program of investment opportunities that meets its investment criteria. Additionally, as the external advisor to each of the CPA® entities, W. P. Carey also reviews potential liquidity alternatives for the CPA® REITs and presents its analyses and recommendations to the boards of directors of the CPA® REITs for their consideration.

CPA®:15 was formed in 2001 and raised approximately $1 billion in net investment capital through public offerings of its common stock. CPA®:15 has invested substantially all of the net proceeds from its public offerings in real estate and owns a diversified portfolio of interests in 315 properties as of December 31, 2011.

CPA®:15 was formed to hold its investments for a number of years; therefore, in the early years of its existence, CPA®:15 concentrated on making investments and maximizing the cash flow from its properties, with an intention to begin considering liquidity events for its stockholders generally commencing eight years following the investment of substantially all of the proceeds from its public offerings, which occurred in January 2004.

On March 16, 2011, members of the senior management team of W. P. Carey made a presentation to the strategic planning committee of the board of directors of W. P. Carey outlining various strategic initiatives, which included a discussion of whether the company should remain a limited liability company and continue to focus on its existing asset management business, or whether it should convert to a REIT and augment its real estate portfolio while retaining its asset management business. The presentation included (i) a review of W. P. Carey s existing portfolio including the age of the properties in the portfolio, (ii) an overview of the existing business model as well as proposed changes to the business model, and (iii) a review of the means by which W. P. Carey could increase its access to the capital markets, including via the potential conversion of W. P. Carey into a REIT. The board discussed the fact that the alternative of the status quo limited the company s access to capital and did not address the company s key risks such as its existing portfolio and dependence on retail equity capital. Alternatively, the board was of the opinion that the REIT Conversion and increasing W. P. Carey s owned assets (either through individual deals or through portfolio acquisition like CPA®:15) would improve the company s access to capital and valuation and allow the company to continue its profitable asset management business which would be a smaller component of its business following the proposed REIT Conversion. Following a discussion period, the strategic planning committee of the board of directors of W. P. Carey concluded that W. P. Carey should engage an external financial advisor to assist W. P. Carey with its evaluation of potential strategic alternatives.

At a meeting of the board of directors of W. P. Carey on March 17, 2011, at the recommendation of the strategic planning committee, the board of directors authorized management to engage BofA Merrill Lynch as W. P. Carey s external financial advisor. Additionally, the senior management team instructed W. P. Carey s regular external corporate and securities counsel, DLA Piper LLP (US), or DLA Piper, to assist in evaluating the feasibility of the various proposed strategic initiatives, including an exploration of the potential tax implications of such initiatives.

In the second quarter of 2011, W. P. Carey, in its capacity as the external advisor to CPA®:15, began reviewing possible liquidity alternatives for CPA®:15. On May 17, 2011, members of the W. P. Carey senior management team, in the company s capacity as the external advisor to CPA®:15, made a presentation to the executive committee of the board of directors of W. P. Carey regarding various potential liquidity alternatives for CPA®:15, including the sale of CPA®:15 s portfolio in a single transaction or a series of transactions, the listing of CPA®:15 s shares on a national securities exchange, or the acquisition of CPA®:15 by another CPA® entity, a third party, or W. P. Carey. In evaluating the potential alternatives, the management team reviewed various issues surrounding the previous merger of CPA®:14 with and into a subsidiary of CPA®:16 Global completed on May 2, 2011. In light of this discussion, the management team highlighted CPA®:15 s greater size relative to CPA®:14 and discussed the challenges of liquidating the entity in a similar manner. Following the presentation, the executive committee of the board of directors of W. P. Carey discussed the potential benefits and risks

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associated with the various proposed liquidity alternatives, including the potential acquisition of CPA®:15 by W. P. Carey and a concurrent conversion by W. P. Carey into a REIT, as a means by which to provide a liquidity event for CPA®:15 while simultaneously addressing many of the issues discussed with the strategic planning committee of the board of directors of W. P. Carey regarding W. P. Carey s existing portfolio, including the age of the properties in the portfolio.

On June 15, 2011, the strategic planning committee of the board of directors of W. P. Carey held a regularly scheduled meeting at W. P. Carey s offices, together with representatives of management and W. P. Carey s financial advisor. At the meeting, the strategic planning committee of the board of directors of W. P. Carey discussed with W. P. Carey s management team and financial advisor various potential liquidity alternatives for CPA®:15, such as the sale of CPA®:15 s portfolio in a single transaction or a series of transactions, the listing of CPA®:15 s shares on a national securities exchange, and the acquisition of CPA®:15 by another CPA® entity, a third party, or W. P. Carey and the concurrent conversion of W. P. Carey into a REIT. The discussion included a review of the potential benefits and risks associated with the various liquidity alternatives for CPA®:15. With respect to the potential acquisition of CPA®:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT, the strategic planning committee discussed with W. P. Carey s management team and financial advisor various considerations, including potential alternatives for the form of consideration and the structure of the surviving company, the availability of funds and the sources of financing, the timing of the transaction with respect to the state of the domestic capital markets, and the potential pro forma financial impact on W. P. Carey attributable to the proposed acquisition of CPA®:15.

On June 16, 2011, the strategic planning committee of the board of directors of W. P. Carey summarized its June 15, 2011 meeting for the entire W. P. Carey board of directors and gave an overview of, among other things, the potential acquisition of CPA®:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT. Following a discussion period, the board of directors of W. P. Carey instructed the management team of W. P. Carey, as the external advisor to CPA®:15, to review potential liquidity alternatives with CPA®:15 s board of directors.

Accordingly, at a meeting on June 23, 2011, members of the W. P. Carey senior management team presented various potential liquidity alternatives to CPA®:15 s board of directors for preliminary consideration, including the listing of CPA®:15 s shares on a national securities exchange, selling CPA®:15 s portfolio in a single transaction or a series of transactions, and the acquisition of CPA®:15 by a third party, another CPA® entity, or W. P. Carey and the concurrent conversion of W. P. Carey into a REIT. As part of its presentation, the W. P. Carey management team discussed the potential acquisition of CPA®:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT, and outlined various considerations in connection with this liquidity alternative, including the resulting company s potential long-term valuation outlook and enhanced access to the capital markets, alternatives for the form of consideration, and the structure of the surviving company. Following the presentation there was a discussion period. The board of directors of CPA®:15 expressed an interest in obtaining greater detail about the potential acquisition of CPA®:15 by W. P. Carey and a concurrent conversion of W. P. Carey into a REIT, to assist the board of directors of CPA®:15 in its evaluation of the available liquidity alternatives. The analyses presented by the W. P. Carey management team were preliminary and no formal action was taken by the CPA®:15 board of directors at this meeting.

On July 18, 2011, CPA®:15 s board of directors formed a special committee, referred to as the CPA®:15 special committee, comprised of all of the independent directors of CPA®:15, namely, Marshall E. Blume, Elizabeth P. Munson, Richard J. Pinola and James D. Price. The board of directors delegated to the CPA®:15 special committee the authority to review possible liquidity alternatives, including a potential business combination involving another CPA® REIT or W. P. Carey. The CPA®:15 special committee was delegated the sole authority to negotiate the terms of a transaction and to make a recommendation to the full board, which could include a recommendation to reject any transaction. The CPA®:15 special committee was authorized to retain its own legal and financial advisors.

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During the remainder of July 2011, the CPA®:15 special committee interviewed several candidates to be its legal and financial advisors. Following this process, the CPA®:15 special committee retained Pepper Hamilton LLP, or Pepper Hamilton, as its legal advisor and Deutsche Bank Securities Inc., or Deutsche Bank, as its financial advisor.

On August 1, 2011, W. P. Carey provided Deutsche Bank with a preliminary outline of selected transaction terms for a proposed acquisition of CPA®:15 via the merger of CPA®:15 with an affiliate of W. P. Carey. The preliminary term sheet set forth a nominal offer price of $10.50 per share of CPA 15 common stock to be paid 100% in stock of W. P. Carey, provided that W. P. Carey would have the right to elect to pay up to 25% of the transaction consideration in cash. The exchange ratio would be set based on W. P. Carey s stock price at the time of public announcement of the transaction, and adjusted based upon W. P. Carey s stock price at the time of mailing of the proxy statement for the transaction. The proposed terms also contemplated that W. P. Carey would convert from a publicly-traded limited liability company to a publicly traded REIT as part of the transaction, but would maintain W. P. Carey s then-current dividend policy, subject to REIT distribution requirements.

On August 8, 2011, the CPA®:15 special committee held a teleconference meeting with representatives of Deutsche Bank and Pepper Hamilton and representatives of Clifford Chance US LLP, or Clifford Chance, counsel for CPA®:15. At the meeting, the CPA®:15 special committee and other meeting participants discussed W. P. Carey s preliminary outline of selected transaction terms. The CPA®:15 special committee members and their advisors discussed the potential benefits to both parties of the proposed merger and the concurrent conversion of W. P. Carey to a REIT. The CPA®:15 special committee noted its preliminary view that a fixed exchange ratio could be preferable because it would enable CPA®:15 s stockholders to participate in any appreciation in W. P. Carey s stock price between the public announcement and the closing of the transaction. The CPA®:15 special committee also noted that the proposed nominal value of the consideration was essentially equivalent to CPA®:15 s estimated net asset value per share as of December 31, 2010 of $10.40 per share. The Deutsche Bank representatives summarized the valuation work being undertaken by their firm, after which they reviewed with the CPA®:15 special committee a variety of potential strategic alternatives for CPA®:15 in addition to the transaction proposed by W. P. Carey. The CPA®:15 special committee instructed Deutsche Bank to seek clarity on the proposed transaction terms and to continue its due diligence on the potential transaction, its valuation work and its analyses regarding potential strategic alternatives.

For the next several weeks, W. P. Carey and CPA®:15, with the assistance of their respective external legal and financial advisors, continued to discuss various considerations concerning the proposed transaction, including alternatives for the form of consideration and the structure of the surviving company, the availability of funds and the sources of financing, and the timing of the transaction with respect to the state of the domestic capital markets. During this period, the W. P. Carey management team also periodically updated the executive committee on the discussions and negotiations between W. P. Carey and CPA®:15.

The CPA®:15 special committee held a telephonic meeting on August 22, 2011. Representatives from Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. The Deutsche Bank representatives updated the CPA®:15 special committee on actions taken since the CPA®:15 special committee s last meeting and summarized the status of their outstanding due diligence requests to W. P. Carey s advisors.

Throughout August 2011, W. P. Carey and DLA Piper worked to refine an initial draft of a proposed Merger Agreement and to outline, from a tax perspective, the requisite internal reorganizational steps required to effect the proposed REIT Conversion.

On September 15, 2011, the W. P. Carey board of directors had a regularly scheduled meeting in Baltimore, Maryland. Members of the W. P. Carey senior management team as well as W. P. Carey s financial advisor were present at the meeting. BofA Merrill Lynch discussed with the W. P. Carey board of directors certain financial matters relating to CPA®:15 and W. P. Carey. The W. P. Carey board of directors also discussed with W. P.

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Carey s management and financial advisor various considerations, including alternatives for the form of consideration and the structure of the surviving company, the availability of funds and the sources of financing, the timing of the transaction with respect to the state of the domestic capital markets, and the potential pro forma financial impact on W. P. Carey attributable to the proposed acquisition of CPA®:15. The W. P. Carey management team then made a presentation that discussed various potential liquidity alternatives for CPA®:15, including the sale of CPA®:15 s portfolio in a single transaction or a series of transactions, the listing of CPA®:15 s shares on a national securities exchange, or the acquisition of CPA®:15 by another CPA® entity, a third party, or W. P. Carey. The W. P. Carey management team also discussed the potential benefits and risks associated with the REIT Conversion including the resulting company s potential long-term valuation outlook and enhanced access to the capital markets, analyzed the strengths and weaknesses of W. P. Carey s current and proposed future business models, and reviewed strategic options for W. P. Carey which included a discussion of whether the company should remain a limited liability company and continue to focus on its existing asset management business, or whether it should convert to a REIT and augment its real estate portfolio while retaining its asset management business. Following this discussion, the general view of the W. P. Carey board of directors was that the Merger and REIT Conversion offered the best long term opportunity for W. P. Carey shareholders as well as the best liquidity alternative for CPA®:15 as compared to the other available liquidity alternatives. The meeting of the W. P. Carey board of directors was adjourned so that the W. P. Carey board of directors could meet with the CPA®:15 special committee, which, as noted below, had been meeting separately, to discuss the potential acquisition of CPA®:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT.

The CPA®:15 special committee also met on September 15, 2011 prior to its regularly scheduled board meeting held in Baltimore, Maryland. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance were present at the meeting. Deutsche Bank presented preliminary valuation summaries to the CPA®:15 special committee regarding each of CPA®:15 and W. P. Carey, as well as preliminary implied exchange ratios based upon those valuations. During the meeting, the CPA®:15 special committee took note of CPA®:15 s previously-stated intention to consider liquidity events generally commencing in 2012, and discussed potential liquidity alternatives to the proposed merger with W. P. Carey, including an initial public offering, sales of individual assets and/or portfolios of assets, and a business combination with a party other than W. P. Carey. Based upon discussions with its advisors, the CPA®:15 special committee s general view was that such other alternatives were likely to be less attractive to CPA®:15 than the proposed merger with W. P. Carey and its concurrent conversion to a REIT. The CPA®:15 special committee meeting was adjourned so that the CPA®:15 special committee could meet with the W. P. Carey board of directors, which, as noted above, had been meeting separately, to discuss the potential acquisition of CPA®:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT.

During the joint meeting, the CPA®:15 special committee identified to the W. P. Carey board of directors certain issues of importance to the CPA®:15 special committee, including: (i) the need for CPA®:15 to obtain an updated valuation of its net assets; (ii) the dividend policy of W. P. Carey after the proposed Merger; (iii) clarity regarding any cash component of the Merger Consideration; and (iv) the desirability of a fixed exchange ratio. The parties did not reach agreement on any proposed transaction terms at this meeting. After the meeting, the CPA®:15 special committee instructed W. P. Carey to identify a third-party firm to prepare an appraisal of CPA®:15 s real estate portfolio as of September 30, 2011 to be used by W. P. Carey in preparing an estimated net asset valuation of CPA®:15 as of such date. W. P. Carey recommended that CPA®:15 retain, and CPA®:15 did retain, Stanger based on its experience in real estate portfolio valuations and its competitive fee proposal, among other factors. See Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for additional information about Stanger s qualifications.

On September 21, 2011, W. P. Carey provided the CPA®:15 special committee with an updated preliminary transaction proposal. This proposal stated that the nominal value of the consideration would be equal to CPA®:15 s estimated net asset value per share as of September 30, 2011 and would be paid in $1.25 of cash with the balance in W. P. Carey Inc. common stock. Similar to the original proposal, the exchange ratio would be set based on W. P.

Carey s stock price prior to the public announcement and would be subject to adjustment prior to mailing the proxy statement. Additionally, at the request of the management team of W. P. Carey, in early October 2011, DLA Piper sent an initial draft of the Merger Agreement to Clifford Chance reflecting the revised offer.

The CPA®:15 special committee held a telephonic meeting on October 12, 2011. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. Deutsche Bank provided the CPA®:15 special committee with an update on the status of the real estate appraisal being undertaken by Stanger. The CPA®:15 special committee and its advisors also discussed the management of the combined company after completion of the proposed transaction. The CPA®:15 special committee and its advisors also reviewed the updated preliminary proposal made by W. P. Carey on September 21, 2011. The CPA®:15 special committee noted its continued preference for a fixed exchange ratio that was based on an historical average of W. P. Carey s stock price, and also reiterated its view that the stock portion of the merger consideration should deliver CPA®:15 s stockholders a total dividend more consistent with the dividend they received as holders of CPA 15 common stock. The CPA®:15 special committee instructed Deutsche Bank to continue its due diligence and discussions with W. P. Carey and its advisors.

Throughout October and November 2011, members of the senior W. P. Carey management team met, telephonically and in person, with certain members of the W. P. Carey board of directors to inform them of the status of discussions regarding the proposed transactions. The W. P. Carey management team continued to discuss various potential liquidity alternatives for CPA®:15, including the sale of CPA®:15 s portfolio in a single transaction or a series of transactions, the listing of CPA®:15 s shares on a national securities exchange, or the acquisition of CPA®:15 by another CPA® entity, a third party, or W. P. Carey. The W. P. Carey management team also discussed the potential benefits and risks associated with the REIT Conversion, analyzed the strengths and weaknesses of W. P. Carey s current and proposed future business models, and reviewed strategic options for W. P. Carey. Additionally, during this time, W. P. Carey, CPA®:15 and their respective advisors continued negotiating the terms of the potential acquisition of CPA®:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT, including the exchange ratio and form of consideration. The W. P. Carey management team and DLA Piper also worked together with CPA®:15 and its legal advisors to revise a proposed Merger Agreement, and to refine, from a tax perspective, the requisite internal reorganizational steps that W. P. Carey would be required to implement in order to effect the REIT Conversion.

The CPA®:15 special committee held a meeting on December 8, 2011 at the offices of Clifford Chance with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance. The Deutsche Bank representatives reviewed the results of the appraisal that had been conducted by Stanger as of September 30, 2011, which W. P. Carey used to derive a preliminary estimated net asset value of $10.30 per CPA®:15 share. The appraisal was prepared based on the income method of valuation, specifically a discounted cash flow analysis (see Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for a more detailed summary of the valuation methodology). After discussion, Deutsche Bank indicated its view that the methodologies employed by Stanger and the market assumptions utilized by Stanger were reasonable. The CPA®:15 special committee reviewed a dividend sensitivity analysis prepared by Deutsche Bank and confirmed the committee s view of the importance of the combined company s dividend policy, in light of the fact that CPA®:15 had historically delivered an attractive dividend to its shareholders. The CPA®:15 special committee instructed Deutsche Bank to seek an improvement in the exchange ratio and to seek, to the extent possible, dividend equivalence on a per share basis for CPA®:15 s stockholders after the transaction.

The CPA®:15 special committee met by teleconference on December 16, 2011 together with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance. The Deutsche Bank representatives provided an update on the valuation, based on an updated estimated net asset value of $10.40 per share, and the dividend model for the combined company after the transaction, which indicated a higher dividend than had previously been assumed. Deutsche Bank also reviewed with the CPA®:15 special committee implied valuation ranges for CPA®:15 and W. P. Carey and the implied exchange ratio, based upon various methodologies, including discounted cash flow, dividend yield and historical trading price metrics. The CPA®:15 special committee and its

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advisors noted that CPA®:15 was not under any current or near-term obligation to complete a liquidity event. The CPA®:15 special committee instructed Deutsche Bank to pursue a more favorable exchange ratio and to seek a fixed exchange ratio for the proposed transaction, rather than a ratio that would be subject to adjustment.

Also on December 16, 2011, CPA®:15 proposed a fixed exchange ratio with no collar at a range of 0.2660 to 0.2867 of a share of W. P. Carey listed shares for each outstanding share of CPA 15 common stock, with the exchange ratio to be adjusted for the $1.25 per share of cash consideration.

On December 18, 2011, W. P. Carey proposed an exchange ratio of 0.23402 of a share of W. P. Carey listed shares plus $1.25 per share in cash for each outstanding share of CPA 15 common stock.

The CPA®:15 special committee and representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance held a teleconference meeting on December 19, 2011. The Deutsche Bank representatives updated the CPA®:15 special committee on the negotiations with W. P. Carey. As part of this discussion, the Deutsche Bank representatives informed the CPA®:15 special committee that W. P. Carey was willing to proceed with a fixed exchange ratio based upon the six-month average stock price for W. P. Carey. The Deutsche Bank representatives noted that, at the proposed exchange ratio, there would be approximate dividend equivalence for each share of CPA15 common stock after the transaction, based on W. P. Carey s estimate of a $2.60 annualized dividend for the year ending December 31, 2012. The CPA®:15 special committee discussed next steps and confirmed that it would seek a voting agreement from W. P. Carey s principal shareholder if the transaction were to proceed. The CPA®:15 special committee also instructed Clifford Chance and Pepper Hamilton to begin reviewing the draft Merger Agreement that had previously been provided by DLA Piper.

On December 20, 2011, CPA®:15 proposed an exchange ratio of 0.23554 of a share of W. P. Carey listed shares and $1.25 per share of cash consideration in exchange for each outstanding share of CPA 15 common stock. Following this discussion, W. P. Carey and CPA®:15 agreed to continue with due diligence and preparation of definitive documentation, and to reconvene on exchange ratio negotiations upon completion of due diligence.

At the request of the CPA®:15 special committee, representatives of Deutsche Bank organized a meeting on January 12, 2012 with the CPA®:15 special committee and representatives of W. P. Carey, together with their respective financial advisors. At this meeting, W. P. Carey reviewed the combined company s business plan, dividend policy, investment allocation policy, leverage policy, capital raising plans and conflict resolution policies.

The CPA®:15 special committee held a teleconference meeting on January 18, 2012. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. The Deutsche Bank representatives reviewed alternative methodologies proposed by CPA®:15 and W. P. Carey for calculating the exchange ratio. After discussion and consideration, the CPA®:15 special committee determined that, since each of the approaches was reasonable, an implied transaction price at either of, or between, the two alternatives could be reasonable and acceptable if the transaction were to proceed. Representatives of Clifford Chance reported on the status of the Merger Agreement and the tax treatment of the transaction to CPA®:15 s stockholders. The CPA®:15 special committee noted its prior discussion of alternatives to the proposed transaction with W. P. Carey and requested that the Deutsche Bank representatives prepare an updated review of such alternatives for an upcoming meeting.

On January 20, 2012, certain members of the board of directors of W. P. Carey held a telephonic meeting, together with various members of the W. P. Carey senior management team and W. P. Carey s legal and financial advisors. The members of the board of directors of W. P. Carey were updated on the status of the negotiations with the CPA®:15 special committee and its financial advisor. The members also discussed the topics reviewed with the CPA®:15 special committee and its advisors, including, among other topics, the combined company s business plan, dividend policy, investment allocation policy, leverage policy, capital

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raising plans and conflict resolution policies. The members also discussed the potential benefits and risks associated with the potential REIT Conversion and instructed W. P. Carey s management and advisors to continue negotiations of the terms of the potential transaction with CPA®:15.

On January 25, 2012, the strategic planning committee held its regularly scheduled meeting, together with representatives of W. P. Carey s management and legal and financial advisors. The strategic planning committee of the board of directors of W. P. Carey was updated on the status of the exchange ratio negotiations with CPA®:15. The strategic planning committee discussed with W. P. Carey s management and advisors the potential benefits and risks of the proposed transaction and reviewed financial metrics, geographic diversification, contract terms, pro forma business mix, and the lease expiration schedule of each of W. P. Carey and CPA®:15. The strategic planning committee also reviewed the timing of the transaction with respect to the state of the domestic capital markets and the pro forma financial impact on W. P. Carey attributable to the proposed acquisition of CPA®:15. Following this discussion, the meeting was adjourned so that the independent directors of the board of directors of W. P. Carey could meet in order to evaluate the proposed transaction. Following that meeting, the independent directors of the board of directors of W. P. Carey requested that W. P. Carey s management and advisors negotiate the final remaining open items, including the proposed stock exchange ratio and the reimbursement of CPA®:15 s expenses in the event that the requisite shareholder approval was not obtained.

The CPA®:15 special committee held a meeting at the offices of Clifford Chance on January 25, 2012. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. Deutsche Bank provided an update on the status of the exchange ratio negotiations with W. P. Carey. Deutsche Bank also reviewed an updated presentation regarding alternatives to the proposed transaction with W. P. Carey, including a liquidation of CPA®:15 s portfolio through sales of assets, a listing of CPA®:15 s shares on a national securities exchange and a merger or other corporate level transaction with a third party. The CPA®:15 special committee and its advisors discussed pros and cons of the alternatives, including the challenging conditions in the capital markets generally and, in particular, for initial public offerings of REITs, the challenge of identifying and retaining a management team dedicated to CPA®:15 if the company were to proceed with a stock exchange listing, the potential expense and difficulties in obtaining consents from lenders to a transaction involving a third party, the length of time it could take to liquidate the portfolio in a series of asset sales and the risks of market volatility during that time. The CPA®:15 special committee also reviewed a list of potential third party merger partners prepared by Deutsche Bank and concluded that there was a low probability that any of the potential third parties would have the appetite or ability to merge with CPA®:15 or otherwise acquire its entire portfolio and related debt at a value comparable to the proposed W. P. Carey transaction. After considering the potential benefits and other considerations of each of the alternatives and taking into consideration the time, expense, distraction, challenging market conditions, low probability of third-party interest and other factors described above, and weighing them against the W.P. Carey proposal, the CPA®:15 special committee affirmed its view that the proposed transaction with W. P. Carey was superior to each of the alternatives, and that the alternatives should not be pursued currently. During the meeting, representatives of Clifford Chance updated the CPA®:15 Special Committee on the status of negotiations of the Merger Agreement, which were proceeding satisfactorily.

For the remainder of January and the early part of February 2012, various members of the W. P. Carey senior management team, with the assistance of DLA Piper and BofA Merrill Lynch, worked with Clifford Chance and Deutsche Bank to try and reach a mutually agreeable position.

As part of the negotiations, the CPA®:15 special committee and its advisors had inquired as to the possibility of obtaining a voting agreement from the estate of Wm. Polk Carey, the founder and chairman of W. P. Carey, who passed away on January 2, 2012, with regard to the proposed transaction. On January 27, 2012, representatives of W. P. Carey advised representatives of Deutsche Bank and Clifford Chance that the estate had informed W. P. Carey that it was not prepared to enter into a voting agreement at such time because the co-executors of the Estate planned to retain a financial advisor to assist in their review of the proposed transaction.

At a telephonic meeting on February 1, 2012, the CPA®:15 special committee, together with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance, discussed the position of the estate and the potential merits and detriments of delaying its consideration of the proposed transaction until after the estate completed its review. After discussion, the CPA®:15 special committee determined to continue its consideration without waiting for the estate s review to be completed primarily based on the CPA®:15 special committee s conclusion that the proposed transaction was attractive for the CPA®:15 stockholders and superior to other liquidity alternatives and the CPA®:15 special committee s belief that it would be in the CPA®:15 stockholders best interests not to delay the transaction. The CPA®:15 special committee instructed the legal and financial advisors to request that W. P. Carey agree to reimburse CPA®:15 s expenses if the shareholders of W. P. Carey failed to approve the proposed transaction. After discussion and negotiation, W. P. Carey agreed to reimburse CPA®:15 for its transaction expenses if W. P. Carey s shareholders do not approve the proposed transaction.

On February 3, 2012, W. P. Carey proposed an exchange ratio of 0.2240 of a share of W. P. Carey listed shares plus $1.25 per share in cash for each outstanding share of CPA 15 common stock.

The CPA®:15 special committee met by teleconference on February 3, 2012. Representatives from Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. The Deutsche Bank representatives updated the CPA®:15 special committee on the status of negotiations with respect to the proposed merger, including a revised position expressed by W. P. Carey as to the proposed stock exchange ratio. After discussion, the CPA®:15 special committee determined that the new proposed stock exchange ratio was not acceptable and instructed its advisors to communicate to W. P. Carey s representatives that CPA®:15 would not proceed on the revised terms at that time.

During the week of February 6, 2012, CPA®:15 proposed an exchange ratio of 0.2343 of a share of W. P. Carey listed shares and $1.25 per share in cash for each outstanding share of CPA 15 common stock.

The CPA®:15 special committee met by teleconference on February 7, 2012 with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance. The Deutsche Bank representatives reported positive discussions with representatives of W. P. Carey with respect to the exchange ratio. The CPA®:15 special committee instructed Deutsche Bank to seek to finalize those discussions.

Following a series of discussions, at a telephonic meeting on February 8, 2012, W. P. Carey s senior management team agreed on a proposed exchange ratio, and asked Deutsche Bank to communicate such exchange ratio to the CPA®:15 special committee. The proposed exchange ratio was a fixed ratio of 0.2326 of a share of W. P. Carey listed shares plus $1.25 of cash, for each outstanding share of CPA 15 common stock. W. P. Carey s senior management team conveyed this development to individual members of the W. P. Carey board of directors. Additionally, at a teleconference meeting later that day, Deutsche Bank reported the proposed exchange ratio to the CPA®:15 special committee. The CPA®:15 special committee noted that, based on W. P. Carey s closing stock price as of February 3, 2012, the nominal value of the merger consideration represented a premium of approximately 11% to CPA®:15 s NAV per share as of September 30, 2011 and also reflected significantly improved dividend equivalence. The CPA®:15 special committee believed that it had reached a favorable result and determined to continue its consideration of the transaction on the terms discussed, subject to receipt of Deutsche Bank s fairness analysis and opinion and finalization of the Merger Agreement.

On February 17, 2012, W. P. Carey s board of directors met by teleconference with representatives of W. P. Carey s management and legal and financial advisors at the offices of W. P. Carey. W. P. Carey s management and representatives of DLA Piper reviewed with the board of directors the principal terms and conditions of the Merger Agreement. At the meeting, BofA Merrill Lynch reviewed with the W. P. Carey board of directors its financial analysis of the Merger Consideration and delivered to the W. P. Carey board of directors an oral opinion, confirmed by delivery of a written opinion dated February 17, 2012, to the effect that, as of that date and based on and subject to various assumptions and limitations described in the opinion, the Merger Consideration to be paid by W. P. Carey was fair, from a financial point of view, to W. P. Carey. After discussion, the Board of Directors of W. P. Carey unanimously determined that the Merger and the REIT

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Conversion were in the best interests of W. P. Carey and to recommend that the Merger, the REIT Conversion and the other transactions contemplated by the Merger Agreement and the REIT Conversion Agreement be submitted to the W. P. Carey shareholders for their approval.

On February 17, 2012, CPA®:15 s special committee met with its legal and financial advisors at the offices of Clifford Chance. This meeting also constituted a meeting of CPA®:15 s board of directors. At the meeting, the representatives of Deutsche Bank delivered the firm s fairness opinion analysis to CPA®:15 s special committee. Following Deutsche Bank s presentation and a discussion period with the CPA®:15 special committee, representatives of Deutsche Bank reviewed the financial terms of the proposed transaction and orally advised the CPA®:15 special committee and the CPA®:15 board of directors that in Deutsche Bank s opinion, the proposed merger consideration was fair, from a financial point of view, to CPA®:15 s stockholders (other than W P. Carey and its subsidiaries). The representatives of Deutsche Bank further advised the CPA®:15 special committee that they were prepared to confirm their opinion in writing. In addition, representatives of Clifford Chance and Pepper Hamilton reviewed with the board of directors the fiduciary duties of CPA®:15 s directors under Maryland law and the principal terms and conditions of the Merger Agreement. After the conclusion of the presentations, the CPA®:15 special committee and the CPA®:15 board determined that the merger was in the best interests of CPA®:15 and voted unanimously to recommend that the merger and other transactions contemplated by the Merger Agreement be submitted to the CPA®:15 stockholders for their approval.

On February 17, 2012, W. P. Carey executed the REIT Conversion Agreement and W. P. Carey and CPA®:15 executed the Merger Agreement.

**W. P. Carey s Reasons For the Merger and the REIT Conversion and the W. P. Carey Merger**

After careful consideration, W. P. Carey s board of directors, by a unanimous vote at a meeting held on February 17, 2012, determined that the Merger and the REIT Conversion, including the W. P. Carey Merger, are advisable and in the best interests of W. P. Carey and its shareholders, and approved the Merger and adopted the REIT Conversion Agreement and approved the W. P. Carey Merger. In its evaluation, the W. P. Carey board of directors consulted with W. P. Carey s senior management and legal and financial advisors, and considered a number of factors that the board of directors believed supported its decision, including the following material factors:

- the Merger and the REIT Conversion are part of a larger transformation that implements W. P. Carey s overall business strategy of expanding real estate assets under ownership, which in turn is expected to provide a platform for future growth;

- the Merger and the REIT Conversion substantially increase W. P. Carey s scale and liquidity, which in turn provide a basis for an expected continuation of stable dividend growth;

- the Merger and the REIT Conversion are expected to provide income contribution from owned properties, while preserving the investment management business;

- the Merger and the REIT Conversion are expected to increase analyst coverage and the combined company s access to capital markets by creating a company with increased scale and trading volume and enhanced liquidity;

- given the increased market capitalization of the combined company, the Merger and the REIT Conversion are expected to enhance W. P. Carey Inc. s potential acquisition currency and, therefore, expand W. P. Carey Inc. s growth potential;

- the REIT Conversion is expected to simplify tax reporting for stockholders of W. P. Carey Inc. and expand the W. P. Carey shareholder base;

- the Merger and the REIT Conversion are expected to create a company with a high quality combined real estate portfolio of premium assets that is well diversified across tenants, geographies and property types;

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- the Merger and the REIT Conversion will provide liquidity to CPA®:15 stockholders without the incurrence of significant indebtedness by W. P. Carey Inc. or CPA®:15;

- the high likelihood that the Merger and the REIT Conversion will be completed in a timely manner given the commitment of both parties to complete the Merger and the REIT Conversion pursuant to their respective obligations under the Merger Agreement, the absence of any significant closing conditions under the Merger Agreement, other than the shareholder and stockholder approvals and third-party consents, and the fact that W. P. Carey s obligation to consummate the Merger is not subject to any financing contingency;

- because W. P. Carey and its affiliates act as CPA®:15 s advisor and manage the day-to-day activities of CPA®:15, the Merger would require less real estate due diligence than would otherwise occur with an unrelated third party, which would reduce the potential cost of the transaction and make its execution more certain; and

- the opinion, dated February 17, 2012, of BofA Merrill Lynch to the W. P. Carey board of directors as to the fairness, from a financial point of view and as of such date, to W. P. Carey of the Merger Consideration to be paid by W. P. Carey, which opinion was based on and subject to the assumptions made, procedures followed, factors considered and limitations on the review undertaken as more fully described below in the section entitled Opinion of Financial Advisor to W. P. Carey.

W. P. Carey s board of directors also considered the following potentially negative factors in its deliberations concerning the Merger and REIT Conversion, including the W. P. Carey Merger:

- the possibility that the Merger and the REIT Conversion may not be completed, or that completion may be unduly delayed, for reasons beyond the control of W. P. Carey or CPA®:15;

- the risk that failure to complete the Merger and the REIT Conversion could negatively affect the price of the W. P. Carey listed shares;

- the substantial costs to be incurred in connection with the Merger and the REIT Conversion, including the costs of integrating the business of CPA®:15;

- the obligation of W. P. Carey to pay certain expenses upon termination of the Merger if the Merger is terminated under certain conditions;

- the risk that failure to complete the Merger could negatively affect the future business and financial results of W. P. Carey;

- the risk that the announcement of the Merger and the REIT Conversion and the efforts necessary to complete the Merger and the REIT Conversion could result in a disruption in the operations of W. P. Carey by, among other things, diverting management focus and other resources of W. P. Carey from operational matters, strategic opportunities and its day-to-day business; and

- the other factors described under the section titled Risk Factors.

W. P. Carey did not quantify any anticipated cost savings with respect to the Merger since they were expected to be relatively immaterial in light of the size of the overall proposed transaction since CPA®:15 is managed by W. P. Carey, does not have any employees, and has very little in terms of operational costs or overhead aside from the advisory fees paid to W. P. Carey.

**CPA®:15 s Reasons for the Merger**

At a meeting on February 17, 2012, the CPA®:15 board of directors and CPA®:15 special committee unanimously determined that the Merger is advisable and directed that a proposal to approve the Merger be submitted to CPA®:15 s stockholders at a special meeting of stockholders. In making their determination, the CPA®:15 board of directors and CPA®:15 special committee considered a variety of factors, including the following:

the fact that the Merger Consideration to be received by CPA®:15 s stockholders, valued at approximately $11.73 based upon W. P. Carey s closing stock price on February 17, 2012, represented

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an approximately 13% premium to CPA®:15 s estimated NAV per share of $10.40 as of September 30, 2011;

the decision of W. P. Carey Inc. to elect to qualify as a REIT and the belief that, based upon W. P. Carey s anticipated dividends per share after its conversion to a REIT, the stock component of the Merger Consideration will enable CPA®:15 s stockholders to continue to receive attractive dividends;

the proposed transaction with W. P. Carey will provide liquidity to CPA®:15 s stockholders by delivering shares in a publicly-traded listed company with a broad stockholder base;

the CPA®:15 board of directors and CPA®:15 special committee s review of the financial performance, business operations, financial condition and prospects of each of CPA®:15 and W. P. Carey, independently and as a combined entity after W. P. Carey converts to a REIT, and their belief that the combination of W. P. Carey and CPA®:15 will allow CPA®:15 s stockholders to participate in a stronger combined company based on the anticipated greater operational and financial flexibility of the combined company;

the receipt of the stock component of the Merger Consideration will be tax deferred to CPA®:15 stockholders, until such time as the shares of W. P. Carey Inc. received in the Merger are sold;

the fact that the combined company will be self-managed, thereby eliminating the external advisory structure under which CPA®:15 presently operates and the CPA®:15 board of directors and CPA®:15 special committee s belief that internally managed REITs are typically viewed more favorably by the public capital markets than externally managed REITs;

the CPA®:15 board of directors and CPA®:15 special committee s belief that the proposed transaction will be immediately accretive to the combined company s AFFO per share and cash available for distributions per share and provide for continuation of stable dividend growth;

the expectation that the combined company will be among the largest publicly-traded REITs with an expected total market capitalization of approximately $5 billion, plus approximately $12 billion in assets under management (including assets owned by the combined company), and a more diversified portfolio of approximately 450 net-leased assets. As a result of its larger size and enhanced balance sheet, the combined company is expected to have greater operating and financial flexibility and better access to capital markets with a lower cost of capital than CPA®:15 on a stand-alone basis;

after the proposed transaction, the combined company would have greater geographic diversification and greater tenant diversification than CPA®:15 on a stand-alone basis, which could provide the combined company with greater cash flow stability. In addition, the combined company s geographic exposure to European countries would be 30% (compared to CPA®:15 s 35.0%) and its exposure to the top two tenants by annualized rent would be 8.2% and 5.7%, respectively (compared to 11.4% and 8.0%, respectively, for CPA®:15);

the proposed transaction would increase the combined company s weighted average debt maturity from 6.0 years to 6.1 years while lowering the average interest rate from approximately 5.7% to 5.1%, in each case compared to CPA®:15;

the stock component of the Merger Consideration is a fixed exchange ratio which will not fluctuate as a result of changes in the price of W. P. Carey listed shares prior to the Merger, which limits the impact of external factors on the transaction and provides certainty to the stockholders of both parties as to their respective pro forma percentage ownership of the combined company;

the CPA®:15 board of directors and CPA®:15 special committee s conclusion, after consideration and review with its legal and financial advisors, that the transaction with W. P. Carey was superior to other possible liquidity alternatives for a number of reasons, including the CPA®:15 special committee s view that:

the current climate for initial public offerings is not favorable, particularly for REITs that are externally managed;

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it could be challenging to retain a management team in order to pursue a listing as an internally-managed REIT;

there was a low probability that a third party would have the desire or ability to merge with CPA®:15 or otherwise acquire its entire portfolio and related debt at a value comparable to the proposed W. P. Carey transaction;

a sale of CPA®:15 s entire portfolio to unrelated third parties may involve difficulties in obtaining consents from lenders and high transaction costs;

if a liquidation is not conducted all at once, since the fixed operating expenses of CPA®:15 are not tied to the size of its asset base, such expenses would become a larger percentage of cash flow and revenues over time, thereby reducing the total net amount realized from the liquidation; and

the costs associated with separate sales of each property could become significant, thus decreasing returns to CPA®:15 stockholders.

the provisions in the Merger Agreement that permit the CPA®:15 board of directors under specified circumstances to withdraw its recommendation of the Merger in connection with, or approve or recommend, a CPA®:15 superior competing transaction (as defined in the section titled The Merger Agreement No Solicitation of Transactions CPA®:15 ) and to terminate the Merger Agreement in order to enter into an agreement with respect to a CPA®:15 superior competing transaction, upon the payment of the expense reimbursement (see The Merger Agreement Expenses );

the absence of a typical break-up fee under the Merger Agreement, making it financially more attractive for a third-party to make a competing offer after signing and public announcement, and for CPA®:15 to accept such offer, than would be the case if there were such a break-up fee ;

the provisions in the Merger Agreement that require W. P. Carey to reimburse CPA®:15 for its out-of-pocket expenses incurred in connection with the proposed transaction if W. P. Carey s shareholders do not approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger;

the high likelihood that the Merger and the REIT Conversion will be completed in a timely manner given the commitment of both parties to complete the Merger and the REIT Conversion pursuant to their respective obligations under the Merger Agreement, the absence of any significant closing conditions under the Merger Agreement, other than the shareholder and stockholder approvals and third-party consents, and the fact that W. P. Carey s obligation to consummate the Merger is not subject to any financing contingency;

the financial analyses presented to the CPA®:15 board of directors by Deutsche Bank that, as of February 17, 2012 and based upon and subject to the assumptions and limitations set forth in its opinion, the Merger Consideration was fair, from a financial point of view, to CPA®:15 stockholders, as more fully described elsewhere in this joint proxy statement/prospectus;

because W. P. Carey and its affiliates act as CPA®:15 s advisor and manage the day-to-day activities of CPA®:15, the Merger would require less real estate due diligence than would otherwise occur with an unrelated third party, which would reduce the potential cost of the transaction and make its execution more certain; and the Merger is subject to the approval of CPA®:15 s stockholders who therefore have the option to reject the Merger. In addition, CPA®:15 s stockholders have the right to demand appraisal of their shares in accordance with the procedures established by Maryland law. See The Merger Agreement Objecting Stockholders Rights of Appraisal.

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The CPA®:15 board of directors and CPA®:15 special committee also considered a variety of risks and other potentially negative factors concerning the proposed transaction with W. P. Carey, including the following:

W. P. Carey and its affiliates serve as advisor to other CPA® REITs that have investment and rate of return objectives substantially similar to those of the combined company, and the conflicts of interest that may arise in such advisor s role as well as the possibility that CPA® REITs may compete with the combined company after the Merger with respect to properties, potential purchasers, sellers and lessees of properties and mortgage financing for properties;

the average lease maturity of the combined company s portfolio would be lowered after the Merger compared to that of CPA®:15. The average time to lease maturity of the CPA®:15 s portfolio is currently approximately 10.4 years. The average time remaining on all leases in the combined company s portfolio will be reduced to approximately 9.2 years, thereby increasing overall risks related to re-leasing or sale of properties upon expiration of such leases;

the challenges inherent in the combination of two business enterprises the size of CPA®:15 and W. P. Carey and the risks and costs to CPA®:15 if the Merger does not close;

the various conditions to CPA®:15 s obligations to complete the Merger and the possibility that the transaction with W. P. Carey would not be completed and in evaluating this risk, the particular circumstances under which CPA®:15, on the one hand, or W. P. Carey, on the other hand, could terminate the Merger Agreement, and the possible adverse effects on the future liquidity options for CPA®:15 that might result if the proposed transaction with W. P. Carey were announced and not completed;

the risk that a different liquidity alternative could ultimately prove to be more beneficial to CPA®:15 stockholders than the proposed transaction with W. P. Carey;

the Merger Consideration is fixed and will not be adjusted for changes in the price of W. P. Carey s listed shares or changes in the NAV of CPA®:15 prior to the Merger, which means that the value of the Merger Consideration could decrease prior to the closing of the Merger if the trading price of W. P. Carey s listed shares decreases, even if the NAV of CPA®:15 increases;

the cash component of the Merger Consideration to be received by CPA®:15 stockholders in the Merger would be taxable to such stockholders to the extent of any gain in such CPA®:15 shares;

the possibility that the REIT Conversion or the Merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of W. P. Carey or CPA®:15;

the risk that failure to complete the Merger could negatively affect the future business and financial results of CPA®:15 because CPA®:15 may be perceived as having diminished value and CPA®:15 may be unable to identify and execute an alternative liquidity transaction for CPA®:15 stockholders on terms as attractive as the terms of the Merger;

the risk that the anticipated strategic and financial benefits of the REIT Conversion and the Merger may not be fully realized;

the expenses to be incurred in connection with pursuing the Merger; and

- the restrictions on the conduct of CPA®:15 s business between the date of the Merger Agreement and the date of the consummation of the proposed Merger.

The foregoing discussion of the factors considered by the CPA®:15 board of directors and CPA®:15 special committee is not intended to be exhaustive but rather summarizes the material factors considered by the CPA®:15 board of directors and CPA®:15 special committee. In view of the wide variety of factors considered, the CPA®:15 board of directors and CPA®:15 special committee did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual directors may have given different weights to different factors. The CPA®:15 board of directors and CPA®:15 special committee considered the positive and negative factors relating to the Merger and the related transactions and believed the negative factors to be outweighed by the positive factors.

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## OPINION OF FINANCIAL ADVISOR TO W. P. CAREY

W. P. Carey has retained BofA Merrill Lynch to act as W. P. Carey s financial advisor in connection with the Merger. At a February 17, 2012 meeting of the W. P. Carey board of directors held to evaluate the Merger, BofA Merrill Lynch rendered to the W. P. Carey board of directors an oral opinion, confirmed by delivery of a written opinion, dated February 17, 2012, to the effect that, as of that date and based on and subject to various assumptions and limitations described in the opinion, the Merger Consideration to be paid by W. P. Carey was fair, from a financial point of view, to W. P. Carey.

The full text of BofA Merrill Lynch s written opinion, dated February 17, 2012, is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by BofA Merrill Lynch in rendering its opinion. The following summary of BofA Merrill Lynch s opinion is qualified in its entirety by reference to the full text of the opinion. **BofA Merrill Lynch delivered its opinion to the W. P. Carey board of directors for the benefit and use of the W. P. Carey board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the Merger Consideration from a financial point of view to W. P. Carey. BofA Merrill Lynch s opinion did not address any other aspect of the Merger or any related transactions and no opinion or view was expressed as to the relative merits of the Merger and related transactions in comparison to other strategies or transactions that might be available to W. P. Carey or in which W. P. Carey might engage or as to the underlying business decision of W. P. Carey to proceed with or effect the Merger and related transactions. BofA Merrill Lynch also expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the Merger or any related matter.**

In connection with its opinion, BofA Merrill Lynch, among other things:

- reviewed certain publicly available business and financial information relating to CPA®:15 and W. P. Carey;

- reviewed certain internal financial and operating information with respect to the business, operations and prospects of CPA®:15 furnished to or discussed with BofA Merrill Lynch by W. P. Carey as the parent of CAM, CPA®:15 s external advisor, including certain financial forecasts relating to CPA®:15 prepared by such external advisor and further discussed with BofA Merrill Lynch by W. P. Carey s management, referred to as the CPA®:15 forecasts;

- reviewed an appraisal of CPA®:15 s real estate portfolio as of September 30, 2011 prepared by Stanger, an independent third-party appraiser, provided to BofA Merrill Lynch by W. P. Carey in December 2011, referred to as the appraisal;

- reviewed certain internal financial and operating information with respect to the business, operations and prospects of W. P. Carey furnished to or discussed with BofA Merrill Lynch by W. P. Carey s management, including certain financial forecasts relating to W. P. Carey prepared by W. P. Carey s management, referred to as the W. P. Carey forecasts;

- discussed the past and current business, operations, financial condition and prospects of CPA®:15 and W. P. Carey and certain trends and recent developments in, and prospects for, the commercial real estate market and related credit and financial markets with members of W. P. Carey s senior management;

- reviewed the potential pro forma financial impact of the Merger on the future financial performance of W. P. Carey, including the potential effect on W. P. Carey s estimated FFO and AFFO;

- reviewed the trading history of, and indexed total returns relating to, W. P. Carey listed shares and a comparison of such indexed total returns with those of other companies BofA Merrill Lynch deemed relevant;

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compared certain financial information of CPA®:15 and certain financial and stock market information of W. P. Carey with similar information of other companies BofA Merrill Lynch deemed relevant;

reviewed the Merger Agreement and certain related documents; and

performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of W. P. Carey s management that it was not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the CPA®:15 forecasts, BofA Merrill Lynch was advised by W. P. Carey as the parent of CAM, CPA®:15 s external advisor, and assumed, with W. P. Carey s consent, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of such external advisor and W. P. Carey s management as to the future financial performance of CPA®:15. With respect to the W. P. Carey forecasts, BofA Merrill Lynch assumed, at W. P. Carey s direction, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of W. P. Carey s management as to the future financial performance of W. P. Carey. With respect to the appraisal, BofA Merrill Lynch assumed, with W. P. Carey s consent, that it was reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the preparer of such appraisal as to CPA®:15 s real estate portfolio. At W. P. Carey s direction, BofA Merrill Lynch relied upon the assessments of W. P. Carey s management as to certain trends and recent developments in, and prospects for, the commercial real estate market and related credit and financial markets.

BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of CPA®:15 (other than the appraisal which BofA Merrill Lynch reviewed without independent verification for purposes of its opinion), W. P. Carey or any other entity, nor did BofA Merrill Lynch make any physical inspection of the properties or assets of CPA®:15, W. P. Carey or any other entity. BofA Merrill Lynch also did not make an analysis of, nor did it express any opinion or view as to, the adequacy or sufficiency of allowances for credit losses with respect to leases or any other matters and BofA Merrill Lynch was advised and therefore assumed that any such allowances for losses were, and on a pro forma basis would be, in the aggregate appropriate to cover such losses. BofA Merrill Lynch further did not evaluate the solvency or fair value of CPA®:15, W. P. Carey or any other entity under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at W. P. Carey s direction, that the Merger and related transactions would be consummated in accordance with their respective terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Merger and related transactions, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on CPA®:15, W. P. Carey, W. P. Carey Inc. or the contemplated benefits of the Merger. BofA Merrill Lynch also assumed, at W. P. Carey s direction, that the Merger would qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a)(1)(A) of the Code. BofA Merrill Lynch was advised that CPA®:15 has operated in conformity with the requirements for qualification as a REIT for federal income tax purposes since its formation as a REIT and further assumed, at W. P. Carey s direction, that W. P. Carey Inc. would qualify as a REIT for federal income tax purposes and that the Merger would not adversely affect such status or operations of CPA®:15 or W. P. Carey Inc. In addition, BofA Merrill Lynch assumed, with W. P. Carey s consent, that the value of W. P. Carey Inc. common stock issuable in the Merger would be equivalent to the market value of W. P. Carey listed shares.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects or implications of the Merger (other than the Merger Consideration to the extent expressly specified in its opinion) or any related transactions, including, without limitation, the form or structure of the Merger Consideration or the Merger or any terms, aspects or implications of the REIT Conversion, the merger of CPA®:15 with its indirect wholly-owned subsidiary or any other arrangements, agreements or understandings entered into in connection with or related to the Merger or otherwise. BofA Merrill Lynch s opinion was limited to the fairness, from a financial point of view, to W. P. Carey of the Merger Consideration and no opinion or view was expressed with respect to any consideration received in connection with the Merger or related transactions by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any officers, directors or employees of any party to the Merger or related transactions, or class of such persons, relative to the Merger Consideration or otherwise. BofA Merrill Lynch expressed no view or opinion with respect to, and relied, with W. P. Carey s consent, upon the assessments of W. P. Carey s representatives regarding, legal, regulatory, accounting, tax and similar matters relating to CPA®:15, W. P. Carey, W. P. Carey Inc., any related entity and the Merger and related transactions (including the contemplated benefits thereof) as to which BofA Merrill Lynch understood that W. P. Carey obtained such advice as it deemed necessary from qualified professionals. BofA Merrill Lynch further did not express any opinion as to what the value of W. P. Carey Inc. common stock actually would be when issued or the prices at which W. P. Carey listed shares or W. P. Carey Inc. common stock would trade at any time.

BofA Merrill Lynch s opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. The credit, financial and stock markets have been experiencing unusual volatility and BofA Merrill Lynch expressed no opinion or view as to any potential effects of such volatility on W. P. Carey, CPA®:15, W. P. Carey Inc. or the Merger and related transactions. It should be understood that subsequent developments may affect BofA Merrill Lynch s opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch s opinion was approved by BofA Merrill Lynch s Americas Fairness Opinion Review Committee. Except as described in this summary, W. P. Carey imposed no other instructions or limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

The following represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to the W. P. Carey board of directors in connection with its opinion, dated February 17, 2012. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.** For purposes of the financial analyses summarized below, the term implied consideration value refers to $11.80 per share calculated as (i) the cash consideration of $1.25 per share and (ii) the implied value of the stock component of the Merger Consideration based on the 0.2326 exchange ratio and the closing stock price of W. P. Carey listed shares of $45.37 per share on February 15, 2012.

**Selected Companies Analyses**

BofA Merrill Lynch performed separate selected companies analyses of CPA®:15 and W. P. Carey utilizing financial data of the selected publicly traded companies listed below based on Wall Street research consensus estimates, public filings and other publicly available information. Financial data of CPA®:15 and W. P. Carey were based on the CPA®:15 forecasts, the W. P. Carey forecasts, their respective public filings and other publicly available information.

***CPA® :15***. In performing a selected companies analysis of CPA®:15, BofA Merrill Lynch reviewed financial information of CPA®:15 and the following five selected publicly traded triple-net lease REITs, referred to as the selected REITs:

CapLease, Inc.

Entertainment Properties Trust

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Lexington Realty Trust

National Retail Properties, Inc.

Realty Income Corporation

BofA Merrill Lynch reviewed, among other things, enterprise values of the selected REITs, calculated as equity values based on closing stock prices on February 15, 2012, plus debt, less cash and other adjustments, as a multiple of calendar year 2012 estimated earnings before interest, taxes, depreciation and amortization, referred to as EBITDA. BofA Merrill Lynch also reviewed closing stock prices of the selected REITs on February 15, 2012 as a multiple of calendar year 2012 estimated FFO per share. BofA Merrill Lynch further reviewed annualized quarterly dividends of the selected REITs as a percentage of the closing stock prices of the selected REITs on February 15, 2012, referred to as dividend yield, and such dividend yields divided by calendar year 2012 estimated AFFO per share of the selected REITs, referred to as the AFFO payout ratio. The overall observed low to high calendar year 2012 EBITDA and FFO multiples for the selected REITs were 12.0x to 17.1x and 6.6x to 17.9x, respectively, and low to high dividend yields and AFFO payout ratios for the selected REITs were 4.8% to 6.6% and 40% to 88%, respectively. BofA Merrill Lynch then applied a selected range of calendar year 2012 EBITDA multiples of 13.0x to 14.0x and calendar year 2012 FFO multiples of 13.0x to 15.0x derived from the selected REITs to corresponding data of CPA®:15 and a selected range of dividend yields of 5.5% to 6.5% and AFFO payout ratios of 80% to 90% derived from the selected REITs to CPA®:15 s annualized dividend and calendar year 2012 AFFO per share. This implied the following approximate per share equity value reference ranges for CPA®:15 on a standalone basis, as compared to the implied consideration value of $11.80 per share:

| Implied Per Share Equity Value Reference Ranges Based On | | | |
|---|---|---|---|
| 2012 EBITDA | 2012 FFO | Annual Dividend Yield/2012 AFFO | Implied Consideration Value |
| $12.80 - $14.40 | $ 10.80 - $12.50 | $10.20 - $13.60 | $11.80 |

BofA Merrill Lynch noted that, after reduction for liquidation payments by CPA®:15 to CAM, CPA®:15 s external advisor and a wholly owned subsidiary of W. P. Carey, such implied equity value reference ranges for CPA®:15 would be approximately $12.10 to $13.50 per share, $10.40 to $11.90 per share and $9.90 to $12.80 per share, respectively.

***W. P. Carey***. In performing a selected companies analysis of W. P. Carey, BofA Merrill Lynch reviewed financial and stock market information of W. P. Carey, the selected REITs referred to above under Selected Companies Analyses CPA®:15 and the following 17 selected publicly traded asset managers, referred to as the selected asset managers:

| | |
|---|---|
| Affiliated Managers Group, Inc. | Gamco Investors, Inc. |
| AllianceBernstein Holding L.P. | Invesco Ltd. |
| Artio Global Investors Inc. | Janus Capital Group Inc. |
| Blackrock, Inc. | Legg Mason, Inc. |
| Calamos Asset Management, Inc. | Pzena Investment Management, Inc. |
| Cohen & Steers, Inc. | T. Rowe Price Group, Inc. |
| Eaton Vance Corp. | Waddell & Reed Financial, Inc. |
| Federated Investors, Inc. | WisdomTree Investments, Inc. |
| Franklin Resources, Inc. | |

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BofA Merrill Lynch reviewed, among other things, enterprise values of the selected REITs and the selected asset managers, calculated as equity values based on closing stock prices on February 15, 2012, plus debt, less cash and other adjustments, as a multiple of calendar year 2012 estimated EBITDA. BofA Merrill Lynch also reviewed closing stock prices of the selected REITs as a multiple of calendar year 2012 estimated FFO per share and of the selected asset managers as a multiple of calendar year 2012 estimated earnings, referred to as PE. BofA Merrill Lynch further reviewed the dividend yields of the selected REITs based on closing stock prices on February 15, 2012 and the AFFO payout ratios based on calendar year 2012 estimated AFFO per share of the selected REITs. The overall observed low to high calendar year 2012 EBITDA multiples for the selected REITs and the selected asset managers were 12.0x to 17.1x and 5.8x to 14.5x, respectively, low to high calendar year 2012 FFO per share multiples for the selected REITs and calendar year 2012 PE multiples for the selected asset managers were 6.6x to 17.9x and 10.4x to 20.8x, respectively, and low to high dividend yields and AFFO payout ratios for the selected REITs were 4.8% to 6.6% and 40% to 88%, respectively. BofA Merrill Lynch then applied a selected range of calendar year 2012 EBITDA multiples of 12.5x to 13.5x derived from the selected REITs and calendar year 2012 EBITDA multiples of 9.0x to 10.0x derived from the selected asset managers to W. P. Carey s calendar year 2012 estimated EBITDA attributed to its real estate business and asset management business, respectively. BofA Merrill Lynch also applied a selected range of calendar year 2012 FFO multiples of 12.5x to 14.5x derived from the selected REITs and calendar year 2012 PE multiples of 12.0x to 15.0x derived from the selected asset managers to W. P. Carey s calendar year 2012 estimated FFO attributed to its real estate business and estimated net earnings attributed to its asset management business, respectively. In addition, BofA Merrill Lynch applied a selected range of dividend yields of 5.5% to 6.5% and AFFO payout ratios of 80% to 90% derived from the selected REITs to W. P. Carey s annualized dividend and calendar year 2012 AFFO per share. This implied the following approximate per share equity value reference ranges for W. P. Carey, as compared to W. P. Carey s closing stock price on February 15, 2012:

| Implied Per Share Equity Value Reference Ranges Based On | | | W. P. Carey Closing Stock Price |
|---|---|---|---|
| 2012 EBITDA | 2012 FFO/PE | Annual Dividend Yield/2012 AFFO | on February 15, 2012 |
| $35.50 - $40.10 | $ 41.60 - $49.70 | $33.90 - $45.00 | $45.37 |

Based on the standalone implied per share equity value reference ranges for CPA®:15 described above (less the $1.25 per share cash consideration) and the implied per share equity value reference ranges for W. P. Carey described above, BofA Merrill Lynch calculated implied exchange ratio reference ranges. The implied reference ranges derived from the calendar year 2012 EBITDA multiples, calendar year 2012 FFO and PE multiples and annual dividend yield and calendar year 2012 AFFO payout ratios described above indicated implied exchange ratio reference ranges of 0.288x to 0.370x, 0.192x to 0.270x and 0.199x to 0.364x, respectively, as compared to the 0.2326 exchange ratio in the Merger.

No company used in these analyses is identical to CPA®:15 or W. P. Carey. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which CPA®:15 and W. P. Carey were compared.

**Selected Capitalization Rate Analyses**

BofA Merrill Lynch performed separate selected capitalization rate analyses of CPA®:15 and W. P. Carey utilizing financial data of the selected REITs listed above under the heading Selected Companies Analyses based on Wall Street research consensus estimates, public filings and other publicly available information. Financial data of CPA®:15 and W. P. Carey were based on the CPA®:15 forecasts, the W. P. Carey forecasts, their respective public filings and other publicly available information.

***CPA® :15***. In performing a selected capitalization rate analysis of CPA®:15, BofA Merrill Lynch reviewed implied capitalization rates of the selected REITs calculated as implied market values of the real estate of the selected REITs based on closing stock prices on February 15, 2012 and calendar year 2012 estimated

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capitalization rates applied to such real estate as reported by Wall Street research analysts. The overall observed low to high implied capitalization rates and estimated capitalization rates for the selected REITs were 6.0% to 8.8% and 6.5% to 9.0%, respectively. BofA Merrill Lynch then applied a selected range of capitalization rates of 8.0% to 9.0% derived from the selected REITs to CPA®:15 s calendar year 2012 estimated net operating income. This implied the following approximate per share equity value reference range for CPA®:15 on a standalone basis, as compared to the implied consideration value of $11.80 per share:

| Implied Per Share Equity Value Reference Range | Implied Consideration Value |
|---|---|
| $10.50 - $12.80 | $ 11.80 |

BofA Merrill Lynch noted that, after reduction for liquidation payments by CPA®:15 to CAM, CPA®:15 s external advisor and a wholly owned subsidiary of W. P. Carey, such implied per share equity value reference range for CPA®:15 would be approximately $10.20 to $12.10 per share.

***W. P. Carey***. In performing a selected capitalization rate analysis of W. P. Carey, BofA Merrill Lynch reviewed implied capitalization rates of the selected REITs calculated as implied market values of the real estate of the selected REITs based on closing stock prices on February 15, 2012 and calendar year 2012 estimated capitalization rates applied to such real estate as reported by Wall Street research analysts. BofA Merrill Lynch also reviewed enterprise values of the selected asset managers, calculated as equity values based on closing stock prices on February 15, 2012, plus debt, less cash and other adjustments, as a multiple of calendar year 2012 estimated EBITDA. The overall observed low to high implied capitalization rates and estimated capitalization rates for the selected REITs were 6.0% to 8.8% and 6.5% to 9.0%, respectively, and low to high calendar year 2012 EBITDA multiples for the selected asset managers were 5.8x to 14.5x, respectively. BofA Merrill Lynch then applied a selected range of capitalization rates of 8.0% to 9.0% derived from the selected REITs to W. P. Carey s calendar year 2012 estimated net operating income attributed to its real estate business and a selected range of calendar year 2012 EBITDA multiples of 9.0x to 10.0x derived from the selected asset managers to W. P. Carey s calendar year 2012 estimated EBITDA attributed to its asset management business. This implied the following approximate per share equity value reference range for W. P. Carey, as compared to W. P. Carey s closing stock price on February 15, 2012:

| Implied Per Share Equity Value Reference Range | W. P. Carey Closing Stock Price on February 15, 2012 |
|---|---|
| $32.20 - $36.90 | $ 45.37 |

Based on the standalone implied per share equity value reference range for CPA®:15 described above (less the $1.25 per share cash consideration) and the implied per share equity value reference range for W. P. Carey described above, BofA Merrill Lynch calculated an implied exchange ratio reference range of 0.251x to 0.359x, as compared to the 0.2326 exchange ratio in the Merger.

No company used in these analyses is identical to CPA®:15 or W. P. Carey. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which CPA®:15 and W. P. Carey were compared.

**Discounted Cash Flow Analyses**

BofA Merrill Lynch performed separate discounted cash flow analyses of CPA®:15 and W. P. Carey by calculating the estimated present value of the standalone unlevered, after-tax free cash flows that CPA®:15 and W. P. Carey were forecasted to generate during calendar years 2012 through 2015 based on the CPA®:15 forecasts and the W. P. Carey forecasts, respectively.

***CPA® :15***. BofA Merrill Lynch calculated terminal values for CPA®:15 by applying to CPA®:15 s 2016 terminal year estimated EBITDA a range of terminal value multiples of 13.0x to 14.0x. The cash flows and terminal

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values were then discounted to present value as of December 31, 2011 using discount rates ranging from 8.0% to 9.0%. This implied the following approximate per share equity value reference range for CPA®:15 on a standalone basis, as compared to the implied consideration value of $11.80 per share:

| Implied Per Share Equity Value Reference Range | Implied Consideration Value |
| --- | --- |
| $11.60 - $13.40 | $ 11.80 |

BofA Merrill Lynch noted that, after reduction for liquidation payments by CPA®:15 to CAM, CPA®:15 s external advisor and a wholly owned subsidiary of W. P. Carey, such implied per share equity value reference range for CPA®:15 would be approximately $11.10 to $12.60 per share.

***W. P. Carey***. BofA Merrill Lynch calculated terminal values for W. P. Carey by applying to W. P. Carey s 2016 terminal year estimated EBITDA a range of terminal value multiples of 11.0x to 12.0x. The cash flows and terminal values were then discounted to present value as of December 31, 2011 using discount rates ranging from 8.0% to 10.0%. This implied the following approximate per share equity value reference range for W. P. Carey, as compared to W. P. Carey s closing stock price on February 15, 2012:

| Implied Per Share Equity Value Reference Range | W. P. Carey Closing Stock Price on February 15, 2012 |
| --- | --- |
| $37.00 - $44.50 | $ 45.37 |

Based on the standalone implied per share equity value reference range for CPA®:15 described above (less the $1.25 per share cash consideration) and the implied per share equity value reference range for W. P. Carey described above, BofA Merrill Lynch calculated an implied exchange ratio reference range of 0.233x to 0.328x, as compared to the 0.2326 exchange ratio in the Merger.

**Other Factors**

BofA Merrill Lynch also noted certain additional factors that were not considered part of BofA Merrill Lynch s financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

historical trading performance of W. P. Carey listed shares during the 52-week period ended February 15, 2012, which reflected low and high closing prices for W. P. Carey listed shares during such period of $32.76 to $45.52 per share;

a publicly available Wall Street research analyst report relating to W. P. Carey, including a NAV of W. P. Carey and stock price target for W. P. Carey listed shares, which indicated a range of approximately $44.25 to $45.00 per share; and

potential pro forma financial effects of the Merger on W. P. Carey s calendar years 2012 and 2013 estimated FFO per share, FFO per share excluding non-cash rental revenue adjustments from asset step-up, referred to as core FFO, and AFFO per share based on the CPA®:15 forecasts, the W. P. Carey forecasts, their respective public filings and other publicly available information, which indicated that the Merger could be neutral to W. P. Carey s calendar years 2012 and 2013 estimated FFO per share, accretive to W. P. Carey s calendar years 2012 and 2013 estimated core FFO per share by approximately 5% and accretive to W. P. Carey s calendars years 2012 and 2013 estimated AFFO per share by approximately 18% and 17%, respectively. The actual results achieved by the combined company may vary from forecasted results and the variations may be material.

**Miscellaneous**

As noted above, the discussion set forth above is a summary of the material financial analyses presented by BofA Merrill Lynch to the W. P. Carey board of directors in connection with its opinion and is not a

comprehensive description of all analyses undertaken or factors considered by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that the analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses considered or focusing on information presented in tabular format, without considering all analyses or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch s analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of W. P. Carey and CPA®:15. The estimates of the future performance of W. P. Carey and CPA®:15 in or underlying BofA Merrill Lynch s analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch s analyses. These analyses were prepared solely as part of BofA Merrill Lynch s analysis of the fairness, from a financial point of view, to W. P. Carey of the Merger Consideration to be paid by W. P. Carey and were provided to the W. P. Carey board of directors in connection with the delivery of BofA Merrill Lynch s opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch s view of the actual value of W. P. Carey or CPA®:15.

The type and amount of consideration payable in the Merger was determined through negotiations between W. P. Carey and CPA®:15, rather than by any financial advisor, and was approved by the W. P. Carey board of directors. BofA Merrill Lynch was not requested to, and it did not, recommend the specific consideration payable in the Merger or that any given consideration constituted the only appropriate consideration for the Merger. The decision to enter into the Merger Agreement was solely that of the W. P. Carey board of directors. As described above, BofA Merrill Lynch s opinion and analyses were only one of many factors considered by the W. P. Carey board of directors in its evaluation of the Merger and should not be viewed as determinative of the views of W. P. Carey s board of directors, management or any other party with respect to the Merger or the Merger Consideration.

In connection with BofA Merrill Lynch s services as W. P. Carey s financial advisor, W. P. Carey has agreed to pay BofA Merrill Lynch an aggregate fee of $6.5 million, a portion of which was payable upon delivery of the opinion, a portion of which is payable upon completion of the REIT Conversion and $3.5 million of which is contingent upon consummation of the Merger. W. P. Carey also has agreed to reimburse BofA Merrill Lynch for its expenses, including fees and expenses of BofA Merrill Lynch s legal counsel, incurred in connection with BofA Merrill Lynch s engagement and to indemnify BofA Merrill Lynch and related persons against liabilities, including liabilities under the federal securities laws, arising out of BofA Merrill Lynch s engagement.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of its businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of W. P. Carey, CPA®:15, W. P. Carey Inc. and certain of their respective affiliates.

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BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to W. P. Carey and certain of its affiliates and have received or in the future may receive compensation for the rendering of these services, including (i) having acted or acting as administrative agent, arranger and book runner for, and as a lender under, certain credit facilities, term loans, real estate loans and letters of credit of W. P. Carey and certain of its affiliates, (ii) having provided or providing certain foreign exchange trading services to W. P. Carey and certain of its affiliates and (iii) having provided or providing certain treasury management services and products to W. P. Carey and certain of its affiliates. BofA Merrill Lynch and its affiliates in the future also may provide investment banking, commercial banking and other financial services to W. P. Carey Inc., for which services BofA Merrill Lynch and its affiliates would expect to receive compensation.

BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. W. P. Carey selected BofA Merrill Lynch to act as its financial advisor in connection with the Merger on the basis of BofA Merrill Lynch s experience in similar transactions, its reputation in the investment community and its familiarity with W. P. Carey and its business.

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## OPINION OF FINANCIAL ADVISOR TO THE SPECIAL COMMITTEE AND BOARD OF DIRECTORS OF CPA®:15

Pursuant to an engagement letter dated as of July 26, 2011, Deutsche Bank acted as financial advisor to the special committee of CPA®:15 and the board of directors of CPA®:15 in connection with the Merger. At the February 17, 2012 meeting of the CPA®:15 special committee and board of directors, Deutsche Bank delivered its opinion, subsequently confirmed in writing, to the effect that, as of the date of such opinion, based upon and subject to the assumptions, limitations, qualifications and other conditions set forth in the opinion, the Merger Consideration was fair, from a financial point of view, to the stockholders of CPA®:15, other than W. P. Carey and any W. P. Carey subsidiary that holds CPA 15 common stock.

The full text of Deutsche Bank s written opinion, dated as of February 17, 2012, which sets forth, among other things, the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken by Deutsche Bank in connection with its opinion, is attached as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference in its entirety. **Deutsche Bank s opinion has been approved and authorized for issuance by a fairness opinion review committee and is addressed to, and is for the use and benefit of, the board of directors of CPA®:15 in connection with and for the purpose of its evaluation of the Merger. Deutsche Bank s opinion is limited to the fairness of the Merger Consideration, from a financial point of view, to the stockholders of CPA®:15, other than W. P. Carey and any W. P. Carey subsidiary that holds CPA 15 common stock. Deutsche Bank s opinion does not address any other terms of the Merger or the Merger Agreement, nor does it address the terms of any other agreement entered into or to be entered into in connection with the Merger. Deutsche Bank was not asked to, and Deutsche Bank s opinion did not, address the fairness of the Merger, or any consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of CPA®:15, nor did it address the fairness of the contemplated benefits of the Merger. Deutsche Bank expressed no opinion as to the merits of the underlying decision by CPA®:15 to engage in the Merger nor did it express any opinion, and Deutsche Bank s opinion did not constitute a recommendation, as to how any CPA®:15 stockholders should vote on the Merger.** Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of CPA®:15 s officers, directors, or employees of any parties to the Merger, or any class of such persons, in connection with the Merger relative to the Merger Consideration to be received by the stockholders of CPA®:15. Deutsche Bank was not requested to, and did not, solicit third party indications of interest in the possible acquisition of all or part of CPA®:15, and Deutsche Bank s opinion does not address the relative merits of the Merger as compared to any alternative transaction or business strategies. Deutsche Bank s opinion does not in any manner address the prices at which the common stock of W. P. Carey, W. P. Carey Inc. or other W. P. Carey Inc. securities will trade following the announcement or consummation of the Merger. The summary of Deutsche Bank s opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of Deutsche Bank s opinion set forth as Annex D to this joint proxy statement/prospectus. CPA®:15 stockholders are urged to read Deutsche Bank s opinion in its entirety.

In connection with Deutsche Bank s role as financial advisor to the special committee of CPA®:15, and in arriving at its opinion, Deutsche Bank has, among other things, reviewed certain publicly available financial and other information concerning CPA®:15 and W. P. Carey and certain internal analyses, financial forecasts and other information relating to CPA®:15 and W. P. Carey prepared and furnished to Deutsche Bank by representatives of W. P. Carey and approved for Deutsche Bank s use by CPA®:15. Deutsche Bank also held discussions with certain senior officers and other representatives and advisors of W. P. Carey regarding the businesses and prospects of CPA®:15 and W. P. Carey. In addition, Deutsche Bank has:

- reviewed the reported prices and trading activity for the W. P. Carey listed shares;

- compared certain financial and stock market information for W. P. Carey with, to the extent publicly available, similar information for certain other companies we considered relevant whose securities are publicly traded;

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- reviewed the NAV estimates for CPA®:15 provided by W. P. Carey and derived in part from a third party appraisal of CPA®:15 s real estate portfolio as of September 30, 2011 (see Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for a discussion of the third party appraisal);

- reviewed, to the extent publicly available, the financial terms of certain recent business combinations which we deemed relevant;

- reviewed a draft dated February 15, 2012 of the Merger Agreement; and

- performed such other studies and analyses and considered such other factors as we deemed appropriate.

In preparing its opinion, Deutsche Bank did not assume responsibility for the independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning CPA®:15 or W. P. Carey, including, without limitation, any financial information or the NAV estimates considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, with the permission of CPA®:15 s special committee, Deutsche Bank assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare, obtain or (other than the NAV estimates) review any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of CPA®:15 or W. P. Carey, nor did Deutsche Bank evaluate the solvency or fair value of CPA®:15 or W. P. Carey under any law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts made available to Deutsche Bank, Deutsche Bank, with the knowledge and permission of CPA®:15 s special committee, assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of representatives of W. P. Carey as to the matters covered thereby and that such forecasts will be realized in the amounts and time periods currently estimated by W. P. Carey. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections, or the assumptions on which they are based. Deutsche Bank s opinion was necessarily based upon the economic, market and other conditions as in effect on, and the information made available to Deutsche Bank as of, the date of such opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting Deutsche Bank s opinion of which it becomes aware after the date of the opinion.

For purposes of rendering its opinion, Deutsche Bank, with the knowledge and permission of CPA®:15 s special committee, has assumed that, in all respects material to its analysis:

- the Merger will be consummated in accordance with the terms of the Merger Agreement, without any waiver, modification or amendment of any term, condition or agreement that would be material to Deutsche Bank s analysis;

- all material governmental, regulatory or other approvals and consents required in connection with the consummation of the Merger will be obtained and in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions, terms or conditions will be imposed that would be material to Deutsche Bank s analysis; and

- the final terms of the Merger Agreement did not differ materially from the terms set forth in the draft Deutsche Bank reviewed; and

- consistent with information presented to Deutsche Bank by CPA®:15 s special committee, the Merger will be tax-free to CPA®:15 and tax-free, with respect to the stock consideration, to the stockholders of CPA®:15.

Deutsche Bank is not a legal, regulatory, tax or accounting expert and Deutsche Bank relied on the assessments made by CPA®:15 s special committee and its other advisors with respect to these issues.

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**Deutsche Bank s Financial Analyses**

The following is a summary of the material financial analyses contained in the presentation that was made by Deutsche Bank to the special committee of CPA®:15 and the board of directors of CPA®:15 on February 17, 2012 and that were used by Deutsche Bank in connection with rendering its opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Deutsche Bank, nor does the order of the analyses described below represent the relative importance or weight given to those analyses by Deutsche Bank or the special committee and the board of directors of CPA®:15. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Deutsche Bank s financial analyses. Certain financial, comparative and other analyses summarized below include information presented in tabular format. The tables must be read together with the text of each summary and are alone not a complete description of Deutsche Bank s financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 16, 2012, and is not necessarily indicative of current market conditions. In performing its analyses, Deutsche Bank made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of CPA®:15 and W. P. Carey. None of CPA®:15, W. P. Carey, Deutsche Bank or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or to reflect the prices at which the businesses could actually be sold.

***Transaction Overview***

Based on (i) the $1.25 in cash payment per share of CPA 15 common stock and (ii) the stock component of the Merger Consideration of 0.2326 shares of W. P. Carey Inc. common stock per share of CPA 15 common stock, Deutsche Bank noted that the implied value of the Merger Consideration pursuant to the Merger Agreement was approximately $11.82 per share of CPA 15 common stock based on the closing price per W. P. Carey listed shares on February 16, 2012 of $45.46.

***Analysis of Selected Publicly Traded Companies***

Deutsche Bank compared certain financial information and commonly used valuation measurements for CPA®:15 and W. P. Carey to corresponding information and measurements of certain publicly traded companies that Deutsche Bank considered relevant for each company. In determining the universe of comparable companies for each of CPA®:15 and W. P. Carey, Deutsche Bank considered a variety of factors, based on publicly available information, including the following material factors: similarity in company portfolio, size, primary lease structure and geographic exposure. However, because of the inherent differences between the businesses, operations and prospects of CPA®:15, W. P. Carey and those of the selected comparable companies, Deutsche Bank believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected publicly traded company analysis. Accordingly, Deutsche Bank also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of CPA®:15, W. P. Carey and the selected comparable companies that could affect the values of each in order to provide a context in which to consider the results of the quantitative analysis for each of CPA®:15 and W. P. Carey. Deutsche Bank selected the following three companies as comparable companies because, although publicly traded, they operate on a triple net lease basis with portfolio characteristics that are comparable to the portfolio characteristics of CPA®:15:

Lexington Realty Trust

National Retail Properties, Inc.

Realty Income Corp.

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In addition to the three companies listed above, Deutsche Bank selected W. P. Carey as a comparable company for the CPA®:15 analysis. The comparable companies listed above (together with W. P. Carey only for purposes of the CPA®:15 analysis) are referred to as the selected companies.

To calculate the trading multiples for the selected companies, Deutsche Bank used publicly available information concerning historical and projected financial performance, including published historical financial information and forecasted estimates based on widely used industry data and research providers and public filings made by the selected companies. Using such financial information, Deutsche Bank reviewed for each of these companies, among other things: (i) the ratio of price to FFO estimates for the fiscal year 2012, which we refer to as P/FFO, (ii) the ratio of price to AFFO estimates for fiscal year 2012, which we refer to as P/AFFO, and (iii) the current dividend yields.

AFFO is generally accepted by the REIT industry to be a more accurate measure of residual cash flow. Deutsche Bank notes that while AFFO is a recognizable measure of operating performance and residual cash flow for REITs created by the REIT industry, measures of AFFO may not be directly in accordance with GAAP and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP, as a measure of liquidity, and AFFO is not necessarily indicative of cash available to fund cash needs.

*FFO Multiple Analyses*. Based upon the results of the selected publicly traded company analysis, Deutsche Bank developed a range of multiples to apply to each of W. P. Carey s and CPA®:15 s projected 2012 FFO values provided by W. P. Carey, and calculated an implied per share stock price using a range of multiples for P/FFO of (i) 9.5x through 15.5x for CPA®:15 and (ii) 9.5x through 15.5x for W. P. Carey. The results of the analyses for each of W. P. Carey and CPA®:15 are summarized as follows:

| Company | Implied Price per Share |
|---|---|
| CPA®:15 | $ 7.81 - $12.74 |
| W. P. Carey | $ 31.35 - $51.16 |

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1282x 0.3664x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.1526x 0.4063x to 0.2601x, the total exchange ratio in the Merger. See Implied Exchange Ratio Analysis.

*AFFO Multiple Analyses*. Based upon the results of the selected publicly traded company analysis, Deutsche Bank developed a range of multiples to apply to each of CPA®:15 s projected 2012 AFFO values provided by W. P. Carey and calculated an implied per share stock price using a range of multiples for P/AFFO of 10.0x through 15.0x for both W. P. Carey and CPA®:15. The results of the analyses for each of W. P. Carey and CPA®:15 are summarized as follows:

| Company | Implied Price per Share |
|---|---|
| CPA®:15 | $ 8.22 - $12.33 |
| W. P. Carey | $ 36.03 - $54.04 |

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1290x 0.3075x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.1521x 0.3422x to 0.2601x, the total exchange ratio in the Merger. See Implied Exchange Ratio Analysis.

*Dividend Yield Analysis*. Based upon the results of the selected publicly traded company analyses, Deutsche Bank determined that the 2012 estimated dividend yields for the selected companies (in the case of both W. P. Carey and CPA®:15) ranged from 4.75% to 5.50%, based on the assumption that 90% to 100% of cash available for distribution would be paid out in dividends. Applying these results to the projected cash available for distribution values provided by W. P. Carey for each of W. P. Carey and CPA®:15, Deutsche Bank calculated a range of implied common equity values per share for each of W. P. Carey and CPA®:15 as follows:

| Company | Implied Price per Share |
|---|---|
| CPA®:15 | $ 9.02 - $11.60 |
| W. P. Carey | $ 40.45 - $52.04 |

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1493x 0.2559x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.1733x 0.2868x to 0.2601x, the total exchange ratio in the Merger. See below Implied Exchange Ratio Analysis.

None of the selected companies utilized as a comparison is identical to CPA®:15 and none of the selected companies utilized as a comparison (other than W. P. Carey) is identical to W. P. Carey. Accordingly, Deutsche Bank believes that the analysis of selected publicly traded companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank s opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such selected companies.

***Discounted Cash Flow Analysis***

*CPA®:15 Analysis*. As part of its analysis, and in order to estimate the present value of the common stock of CPA®:15, Deutsche Bank performed a discounted cash flow analysis of CPA®:15 based upon the projected stand-alone unlevered after-tax cash flows for CPA®:15 provided by W. P. Carey.

Deutsche Bank calculated a range of NAVs per share of the company s common stock based upon the sum of the discounted net present values of the company s unlevered after-tax free cash flows for the fiscal years 2012 through 2015, plus the discounted net present value of the company s terminal value as of year-end 2016. To determine the terminal valuation, a range of capitalization rates of 7.5% to 9.5% were applied to the 2016 projected net operating income. The expected net operating income and future cash flow attributable to each company and its components were determined using information provided by W. P. Carey. Deutsche Bank discounted the unlevered free cash flow streams and the estimated terminal values of each company to present value as of December 31, 2011 using a range of discount rates from 8.0% to 10% in each case. The capitalization rates used in these analyses were chosen by Deutsche Bank based on its expertise and experience with the REIT industry and its analysis of triple-net lease public selected companies listed above under Analysis of Selected Publicly Traded Companies. The discount ranges were derived from the calculation of the weighted average cost of capital of CPA®:15.

Deutsche Bank calculated per-share NAVs by first determining a range of enterprise values of CPA®:15 by adding the present values of the company s after-tax unlevered free cash flows and terminal value at each discount rate, subtracting from these enterprise values the net debt (which is total debt minus cash) of $1,055 million as of December 31, 2011 ( CPA®:15 Net Debt ), and then dividing these amounts by the number of outstanding shares of common stock of the company. Deutsche Bank observed that the resulting ranges of implied common NAVs per share for the companies were $8.53 to $13.08, as compared to the estimated NAV at September 30, 2011 of $10.40 per share.

*W. P. Carey Analysis*. As part of its analysis, and in order to estimate the present value of the common stock of W. P. Carey, Deutsche Bank also performed a discounted cash flow analysis of W. P. Carey based upon the projected unlevered cash flows for the company provided by W. P. Carey.

Deutsche Bank calculated a range of equity values per share of W. P. Carey s listed shares based upon the sum of the discounted net present values of the company s unlevered free cash flows for the fiscal years 2012 through 2015, plus the discounted net present value of the company s terminal value as of year-end 2016. To determine the terminal valuation, Deutsche Bank separately calculated the terminal values of each of the real estate and asset management businesses of W. P. Carey. Deutsche Bank determined the terminal valuation of (i) W. P. Carey s real estate business by applying a range of capitalization rates of 7.5% to 9.5% to a forward year of projected net operating income from the real estate business and (ii) W. P. Carey s asset management business by applying a range of EBITDA multiples from 9.0x to 12.0x to a forward year of projected EBITDA for the asset management business. Deutsche Bank then added the terminal values of the real estate business to the terminal values of the asset management business to obtain the estimated terminal values of W. P. Carey. Deutsche Bank discounted the unlevered free cash flow streams and the estimated terminal values of W. P. Carey to present value using two discount rates of 8.0% and 10% in each case.

The expected net operating income, future cash flow and EBITDA attributable to W. P. Carey and its components were determined using information provided by W. P. Carey. The capitalization rates used in these analyses were chosen by Deutsche Bank based on its expertise and experience with the REIT industry and in its analysis of triple-net lease public selected companies listed above in Analysis of Selected Publicly Traded Companies. The EBITDA multiples were chosen by Deutsche Bank based on its expertise in the asset management industry and its analysis of the following asset management companies: The Blackstone Group, Kohlberg Kravis Roberts & Co. and Apollo Global Management. The discount rates were derived from the calculation of the weighted average cost of capital of W. P. Carey.

Deutsche Bank calculated per-share equity values by first determining a range of enterprise values of W. P. Carey by adding the present values of the company s after-tax unlevered free cash flows and terminal value at each discount rate, subtracting from these enterprise values the net debt (which is total debt minus cash) of $668 million as of December 31, 2011, and then dividing those amounts by the number of outstanding shares of common stock of the company. Deutsche Bank observed that the resulting ranges of implied common equity values per share for the companies were $27.32 to $40.27, as compared to the share price of W. P. Carey as of February 16, 2012 of $45.46 per share.

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1808x 0.4331x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.2119x 0.4788x to 0.2601x, the total exchange ratio in the Merger. See Implied Exchange Ratio Analysis.

***Net Operating Income Capitalization Analyses***

In order to estimate the value of the common stock of CPA®:15, Deutsche Bank performed a net operating income capitalization rate analysis. In this analysis, Deutsche Bank calculated adjusted enterprise values by dividing projected 2012 net operating income values of CPA®:15, provided by W. P. Carey, by a range of capitalization rates, based on how W. P. Carey categorizes the tenants and leases of each company. Leases are categorized based on tenant credit quality, length of lease and real estate quality, organized by W. P. Carey on behalf of CPA®:15 into five categories, which in turn results in five categories of net operating income values. Ranges of low, medium and high capitalization rates were applied to each portfolio lease category to calculate adjusted total equity values. The capitalization rates applied to each lease category were adjusted based on the credit quality for the applicable properties. Deutsche Bank calculated such adjustment based on its expertise and experience with the REIT industry and its analysis of triple-net lease selected companies listed above under Analysis of Selected Publicly Traded Companies. The resulting adjusted enterprise values were used to calculate a range of implied per share prices by subtracting CPA®:15 Net Debt from these values and dividing by the number of shares of common stock outstanding to CPA®:15. The following table presents the results of these analyses:

| Company | Implied Price per Share Low | Implied Price per Share High |
|---|---|---|
| CPA®:15 | $ 9.24 | $ 12.44 |

In addition, Deutsche Bank compared the range of implied per share prices for CPA®:15 of $9.24 to $12.44 based on this analysis to $10.40, the estimated NAV per share of CPA®:15 at September 30, 2011.

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***Analysis of Selected Precedent Transactions***

Deutsche Bank reviewed the financial terms, to the extent publicly available, of ten selected real estate portfolio transactions since July 1, 2006 involving companies that operate on a triple-net lease basis where the targeted assets were in industrial, office, retail and other diversified portfolios, which we refer to as the selected transactions. Deutsche Bank calculated various financial multiples based on certain publicly available information for each of the selected transactions. The transactions reviewed were as follows:

| Month and Year Announced | Target | Acquiror | Implied Cap Rate |
|---|---|---|---|
| August 2011 | Washington Real Estate Investment Trust | Area Property Partners | 6.1% |
| December 2010 | Corporate Property Associates 14 Incorporated | Corporate Property Associates 16 - Global Incorporated | 9.3% |
| October 2010 | ProLogis | The Blackstone Group | 8.0% |
| May 2010 | iStar Financial Inc. | Dividend Capital Total Realty Trust, Inc. | 8.6% |
| June 2009 | ProLogis | Various Parties | 8.9% |
| November 2007 | American Financial Realty Trust | Gramercy Capital Corp. | 7.9% |
| March 2007 | Spirit Finance Corporation | Macquarie Bank Limited and other PE | 7.3% |
| June 2006 | Corporate Property Associates 12 Incorporated | Corporate Property Associates 14 Incorporated | N/A |
| October 2006 | Government Properties Trust, Inc. | Record Realty Trust | 7.3% |
| July 2006 | NewKirk Realty Trust, Inc. | Lexington Corporate Properties Trust | 11.0% |

In its analysis, Deutsche Bank derived and compared, among other things, the mean and median values of multiples for the ratio of price to AFFO and implied net operating income capitalization rates for the selected transactions. To calculate the comparative data for the selected transactions, Deutsche Bank used publicly available information from Wall Street equity research, press releases and filings made by the companies and SNL Financial equity research.

The analysis indicated the following:

| Ratio | Selected Transactions Valuation Multiples Mean | Median |
|---|---|---|
| P/AFFO | | |
| LTM | 12.3x | 12.7x |
| FY + 1 | 11.2x | 12.0x |
| FY + 2 | 11.1x | 11.9x |
| Implied cap rate | 8.3% | 8.0% |

The ratio of price to AFFO for 2012 was applied to the estimate of AFFO for fiscal year 2012 for CPA®:15 provided by W. P. Carey, and the determined implied capitalization rates were applied to the estimate of net operating income for 2012 for CPA®:15 that was provided by W. P. Carey. Based upon the transaction multiples, Deutsche Bank calculated the following range of implied share prices for CPA®:15:

| Metric | Multiples of Ratio of Price to AFFO (2012E) | Implied Price per Share |
|---|---|---|
| AFFO | 10.0x -12.5x | $ 8.22 - $10.27 |
| | **Net Operating Income Capitalization Rates** | |
| Net Operating Income | 7.5% - 9.5% | $ 9.60 - $14.31 |

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In addition, Deutsche Bank compared the range of prices per share based on these analyses of $8.22 to $10.27 and $9.60 to $14.31 to $10.40, the estimated NAV per share of CPA®:15 at September 30, 2011.

Because the reasons for, and circumstances surrounding, including without limitation differing markets and other conditions, each of the precedent transactions analyzed were so diverse, and due to the inherent differences between the operations and financial conditions of CPA®:15 and the companies involved in the selected transactions, Deutsche Bank believes that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank s opinion, concerning differences between the characteristics of these selected transactions and the Merger that could affect the value of the subject companies and businesses and W. P. Carey.

***Implied Exchange Ratio Analysis***

Using the range of implied prices per share for CPA 15 common stock and the range of implied prices per W. P. Carey listed share for each of the trading comparables and discounted cash flow valuation method described above, Deutsche Bank calculated implied stock exchange ratios and implied total exchange ratios for each such valuation method and compared to the stock exchange ratio and total exchange ratio in the Merger. The implied stock exchange ratio is the implied exchange ratio of W. P. Carey listed shares for one share of CPA 15 common stock, without taking into account the $1.25 in cash portion of the Merger Consideration. The implied total exchange ratio is the implied exchange ratio of W. P. Carey listed shares for one share of CPA 15 common stock, taking into account the $1.25 in cash portion of the Merger Consideration.

***Implied Stock Exchange Ratio Analysis***

Deutsche Bank performed the implied stock exchange ratio analysis by (i) dividing the lowest implied stock price per share of CPA 15 common stock for a given valuation method by the highest implied stock price per W. P. Carey listed share for such valuation method to arrive at the low end of the implied stock exchange ratio range for such valuation method and (ii) dividing the highest implied stock price per share of CPA 15 common stock for a given valuation method by the lowest implied stock price per W. P. Carey listed share for such valuation method to arrive at the high end of the implied stock exchange ratio range for such valuation method. This analysis indicated a range of implied stock exchange ratios for each valuation method as set forth below:

| Valuation Method | Implied Stock Exchange Ratio | Stock Exchange Ratio in the Merger |
|---|---|---|
| **Trading Comparables** | | |
| *P/2012E FFO Multiple* | 0.1282x 0.3664x | |
| *P/2012E AFFO Multiple* | 0.1290x 0.3075x | 0.2326x |
| *Dividend Yield 2012E* | 0.1493x 0.2559x | |
| **Discounted Cash Flow** | 0.1808x 0.4331x | |

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*Implied Total Exchange Ratio Analysis*

Deutsche Bank performed the implied total exchange ratio analysis by (i) dividing the lowest implied total price per share of CPA 15 common stock for a given valuation method by the highest implied total price per W. P. Carey listed share for such valuation method to arrive at the low end of the implied total exchange ratio range for such valuation method and (ii) dividing the highest implied total price per share of CPA 15 common stock for a valuation method by the lowest implied total price per W. P. Carey listed share for such valuation method to arrive at the high end of the implied total exchange ratio range for such valuation method. This analysis indicated a range of implied total exchange ratios for each valuation method as set forth below:

| Valuation Method | Implied Total Exchange Ratio | Total Exchange Ratio in the Merger |
|---|---|---|
| **Trading Comparables** | | |
| *P/2012E FFO Multiple* | 0.1526x 0.4063x | |
| *P/2012E AFFO Multiple* | 0.1521x 0.3422x | 0.2601x |
| *Dividend Yield 2012E* | 0.1733x 0.2868x | |
| **Discounted Cash Flow** | 0.2119x 0.4788x | |

The foregoing summary is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to a summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinion, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the special committee of CPA®:15 as to the fairness, from a financial point of view, to the holders of common stock of CPA®:15, of the Merger Consideration consisting of, for each share of common stock of CPA®:15, (i) $1.25 in cash and (ii) 0.2326 shares of common stock of W. P. Carey Inc. In connection with its analyses, Deutsche Bank made, and was provided by representatives of W. P. Carey with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond CPA®:15 s control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of CPA®:15 or its advisor, neither CPA®:15 nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the Merger were determined through negotiations between CPA®:15 and W. P. Carey and were approved by the special committee and board of directors of CPA®:15. Although Deutsche Bank provided advice to the special committee of CPA®:15 during the course of these negotiations, the decision to enter into the Merger was solely that of the special committee of CPA®:15. As described above, the opinion and presentation of Deutsche Bank to the special committee and board of directors of CPA®:15 were only one of a number of factors taken into consideration by CPA®:15 s special committee and board of directors in making its determination to approve the Merger. Deutsche Bank s opinion was provided to the special committee and board of directors of CPA®:15 to assist it in connection with its consideration of the Merger and does not constitute a recommendation to any CPA®:15 stockholder as to how to vote on any matter.

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**Additional Information**

The special committee of CPA®:15 selected Deutsche Bank as its financial advisor in connection with the Merger based on Deutsche Bank s qualifications, expertise, reputation and experience in mergers and acquisitions. CPA®:15 has retained Deutsche Bank pursuant to an engagement letter dated as of July 26, 2011. As compensation for Deutsche Bank s services in connection with the Merger, CPA®:15 has agreed to pay to Deutsche Bank the following fees:

(a) a transaction fee of $4,000,000 contingent on the consummation of the Merger;

(b) an opinion fee of $750,000 upon delivery of its fairness opinion (or upon notice from Deutsche Bank that it was unable to render the opinion), which shall reduce the transaction fee paid in connection with the consummation of the Merger or any fee payable pursuant to (d) below;

(c) in the event that CPA®:15 requests that Deutsche Bank renders an additional opinion with respect to a materially amended or revised offer(s), an additional opinion fee of $250,000 payable upon delivery of such additional opinion (or upon notice from Deutsche Bank that it was unable to render the opinion), which shall reduce the transaction fee paid in connection with the consummation of the Merger or any fee payable pursuant to (d) below; and

(d) if the transaction is not consummated and CPA®:15 is entitled to any payment (including, without limitation, any termination fee, discounted pricing for services or any settlement in connection with a litigation or other proceeding related to the failure of the Merger), a fee equal to 20% of any such payment, provided that such fee shall not exceed $4,000,000.

Regardless of whether the Merger is consummated, CPA®:15 has agreed to reimburse Deutsche Bank for reasonable fees, expenses and disbursements of Deutsche Bank s counsel and all of Deutsche Bank s reasonable travel and other out-of-pocket expenses incurred in connection with the Merger or otherwise arising out of the engagement of Deutsche Bank under the engagement letter, provided that any such fees in excess of $75,000 will only be reimbursed if incurred with the consent of CPA®:15. CPA®:15 has also agreed to indemnify Deutsche Bank and certain related persons to the full extent lawful against certain liabilities arising out of its engagement or the Merger.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG, which, together with its affiliates, are referred to in this joint proxy statement/prospectus as the DB Group. One or more members of the DB Group have, from time to time, provided, and are currently providing, investment banking and other financial services to W. P. Carey or its affiliates for which they have received, and in the future may receive, compensation, including acting as financial advisor to the special committee of the board of directors of CPA®:16 Global in December 2010. The DB Group may also provide investment and commercial banking services to CPA®:15 and W. P. Carey Inc. in the future, for which we would expect the DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of W. P. Carey Inc. and their respective affiliates for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

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**PROSPECTIVE FINANCIAL INFORMATION**

Certain forecasted operating information, including estimated FFO and AFFO, for both W. P. Carey and CPA®:15 was provided to W. P. Carey s board of directors and CPA®:15 s special committee and board of directors. This prospective financial information also was provided to the respective financial advisors to W. P. Carey and CPA®:15 s special committee and board of directors. The forecasted information presents, to the best knowledge and belief of W. P. Carey and CPA®:15, their expected results. Neither W. P. Carey nor CPA®:15 can give you any assurance that their forecasted results will be achieved. There will likely be differences between W. P. Carey s and CPA®:15 s forecasts and actual results, and those differences could be material.

Each of W. P. Carey and CPA®:15 uses the definition of FFO adopted by the National Association of Real Estate Investment Trusts, which is referred to in this joint proxy statement/prospectus as NAREIT, as interpreted by the SEC. FFO is a non-GAAP measure defined by NAREIT as net income or loss (computed in accordance with GAAP), excluding depreciation and amortization expense from real estate assets, impairment charges on real estate, gains or losses from sales of depreciated real estate assets and extraordinary items; however, FFO related to assets held for sale, sold or otherwise transferred and included in the results of discontinued operations are included. These adjustments also incorporate the pro rata share of unconsolidated subsidiaries. FFO includes each of W. P. Carey s and CPA®:15 s share of FFO of unconsolidated real estate ventures and discontinued operations and excludes minority interests in real estate depreciation and amortization expenses. Each of W. P. Carey and CPA®:15 believes that FFO is a meaningful measure as a supplement to net earnings because net earnings assumes that the values of real estate assets diminish predictably over time as reflected through depreciation and amortization expenses. Each of W. P. Carey and CPA®:15 believes that the values of real estate assets fluctuate due to market conditions. W. P. Carey s and CPA®:15 calculation of FFO may not be comparable to similarly titled measures reported by other companies because not all companies calculate FFO in the same manner.

W. P. Carey modifies the NAREIT computation of FFO to include other adjustments to GAAP net income for certain non-cash charges, where applicable, such as non-cash charges such as amortization of intangibles, deferred income tax benefits and expenses, straight-line rents, stock compensation, gains or losses from extinguishment of debt and deconsolidation of subsidiaries and unrealized foreign currency exchange gains and losses. W. P. Carey refers to its modified definition of FFO as AFFO and employs AFFO as one measure of its operating performance when it formulates corporate goals and evaluates the effectiveness of its strategies. CPA®:15 modifies the NAREIT computation of FFO in accordance with the guidelines and definition of MFFO of the IPA, an industry trade group. In calculating MFFO, CPA®:15 excludes acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments or derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. CPA®:15 refers to its modified definition of FFO as MFFO and employs MFFO as one measure of its operating performance when it formulates corporate goals and evaluates the effectiveness of its strategies. Each of W. P. Carey and CPA®:15 excludes these items from GAAP net income as they are not the primary drivers in its decision-making process. Each of W. P. Carey s and CPA®:15 s assessment of its respective operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. As a result, W. P. Carey believes that AFFO, and CPA®:15 believes MFFO, is a useful supplemental measure for investors to consider because it will help them to better understand and measure the performance of W. P. Carey s and CPA®:15 s respective business over time without the potentially distorting impact of these short-term fluctuations. See Information about W. P. Carey Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Measures FFO as Adjusted and Information about CPA®:15 Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Measures FFO and MFFO.

The forecasted information for W. P. Carey and CPA®:15 has been prepared by and is the responsibility of W. P. Carey s management and was prepared based on actual tenant lease terms based on expected performance under those leases and in-place fixed rate debt. In determining the expected performance under a lease, W. P. Carey s management made certain assumptions. These assumptions were based primarily on

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contractual clauses that provide for increases in rent over the term of the lease. As a general matter, these increases are fixed or tied generally to increases in indices such as the Consumer Price Index ( CPI ) or other similar index in the jurisdiction in which the property is located, but may contain caps or other limitations, either on an annual or overall basis. However, in some jurisdictions (notably Germany), these clauses must provide for rent adjustments based on increases or decreases in the relevant index. In addition, with respect to retail stores and hotels, the assumptions were based in part on the terms of the lease which may provide for participation in gross revenues of the tenant at the property above a stated level, or percentage rent. The forecasted information has been prepared under the same accounting policies used in historical periods for each entity as described in Information About W. P. Carey Management s Discussion and Analysis of Financial Condition and Results of Operation and Information About CPA®:15 Management s Discussion and Analysis of Financial Condition and Results of Operation. PricewaterhouseCoopers LLP has neither examined nor compiled the prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP reports included in this joint proxy statement/prospectus relate to each of W. P. Carey s and CPA®:15 s historical financial information. Such reports do not extend to the prospective financial information and should not be read to do so. This prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

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**REAL ESTATE PORTFOLIO APPRAISAL BY ROBERT A. STANGER & CO., INC.**

Robert A. Stanger & Co., Inc. ( Stanger ) was engaged by CPA®:15 to appraise the CPA®:15 real estate portfolio and has delivered its opinion, based upon the review, analysis, scope and limitations described in its report and summarized below, of the market value of the CPA®:15 portfolio as of September 30, 2011. CPA®:15 selected Stanger to provide the appraisal because of its experience and reputation.

**Experience of Stanger**

Stanger provides consulting and valuation services for real estate assets and investment portfolios owned by individuals or institutions. Stanger s valuation services relate principally to real estate portfolio valuations, single property appraisals, and the valuation of general partner and limited partner interests. Stanger has valued over $20.0 billion of real estate assets and currently provides confirming opinions or appraisals annually on over $3.0 billion of properties. Properties reviewed are located throughout North America, Europe and Asia and include office, industrial, retail, multifamily, hotels, self-storage, net lease, land and other property types. Stanger maintains a wide range of industry contacts and a database of asset performance information, industry publications, and information on real estate markets.

**Summary of Methodology**

Pursuant to its engagement agreement with CPA®:15, Stanger provided its opinion of the market value of the real estate portfolio of CPA®:15 as of September 30, 2011 based on the income method of valuation, specifically a discounted cash flow analysis. The income method is a customary valuation method for income-producing properties, such as the corporate tenant net-leased properties owned by CPA®:15. While Stanger was engaged to provide its opinion of the market value of the CPA®:15 real estate portfolio in the aggregate, the appraisal was based on an analysis of each property in the CPA®:15 portfolio. In performing this analysis, Stanger reviewed property level information provided by CPA®:15 s advisor, W.P. Carey, including: (i) lease abstracts and leases which encumber the properties in the CPA®:15 portfolio; (ii) lease guaranty agreements, as appropriate; (iii) information related to the credit-quality of the tenants or guarantors under such leases, as available, including the most recent available tenant financial statements; (iv) property operating data, including current rent and property operating expenses borne by CPA®:15; (v) prior appraisals of the properties, as available; (vi) information on pending leases or pending lease modifications; (vii) information concerning current tenant usage of the properties; (viii) purchase and sale agreements for those properties under contract for sale at or around the date of valuation; (ix) acquisition information for those properties in the CPA®:15 real estate portfolio acquired in the three years preceding the valuation date; (x) the current ownership interest held by CPA®:15 in each property; and (xi) other property-level information, as appropriate. In addition, Stanger (a) discussed each property in the CPA®:15 real estate portfolio with CPA®:15 s advisor; (b) visited the properties in the CPA®:15 real estate portfolio; and (c) reviewed information from a variety of sources about market conditions for each individual property in the CPA®:15 real estate portfolio.

After the reviews above, Stanger developed a discounted cash flow analysis for each property in the CPA®:15 real estate portfolio which included: (1) estimated net cash flow for each property in the portfolio during the remaining anticipated lease term unencumbered by mortgage debt; and (2) an estimated residual value of each property from a hypothetical sale of the property upon the assumed expiration of the lease. The hypothetical sale amount was derived by capitalizing the estimated stabilized net operating income of each property for the year following the assumed lease expiration, after considering the re-tenanting of such property at an estimated then current market rental rate, at a selected capitalization rate and deducting costs of sale estimated at 2.0%. Stanger s discounted cash flow analysis also included re-tenanting costs at the end of the assumed lease term, as appropriate, including downtime costs, tenant improvement allowances, rental concessions and leasing commissions. In the case where a tenant had a purchase option deemed by Stanger to be materially favorable to the tenant, or the tenant had long-term renewal options at rental rates materially below estimated market rental rates, the appraisal assumed the exercise of such purchase option or long-term renewal options in its determination of residual value. Where a property was deemed to have excess land, the discounted cash flow analysis included the estimated excess land value at the assumed expiration of the lease, based upon an analysis of comparable land sales or listings in the general market area of the property grown at estimated market growth rates through the assumed year of lease expiration. For those properties in the CPA®:15 portfolio that were currently under contract for sale, the appraised value of the portfolio reflects the current contractual sale price of such properties.

The discount rates and residual capitalization rates used to value the CPA®:15 real estate portfolio were applied on a property-by-property basis, and were selected based on several factors, including the creditworthiness of the tenants, industry surveys, discussions with industry professionals, property type, location and age, current lease rates relative to estimated market lease rates, and other factors deemed appropriate. The discount rates applied to the estimated net operating cash flow projection of each property for CPA®:15 ranged from approximately 3.75% to 14.00%. The discount rates applied to the estimated residual value of each property for CPA®:15 ranged from approximately 7.75% to 12.50%. The residual capitalization rates applied to the properties in CPA®:15 ranged from approximately 7.00% to 11.75%.

**Conclusion as to CPA®:15 Portfolio Value**

The result of the analysis outlined above was then adjusted where appropriate to reflect the ownership interest of CPA®:15 in each property and to convert each non-domestically located property value to U.S. dollars based upon foreign exchange rates as of the valuation date. Based on the analyses outlined above, and subject to the assumptions and limitations below, the as is market value of the CPA®:15 portfolio as of September 30, 2011 was $2,569,721,000. The resulting imputed capitalization rate based on the estimated net operating income of the CPA®:15 portfolio for the twelve month period following the valuation date was 8.8%.

**Assumptions and Limitations of the Appraisal**

The appraisal reflects Stanger s valuation of the CPA®:15 real estate portfolio as of September 30, 2011 in the context of the information available at or around such date. Events occurring after the date of valuation could affect the assumptions used in preparing the appraisal and/or Stanger s opinion of value. Stanger has no obligation to update its appraisal on the basis of subsequent events.

The appraisal is subject to certain assumptions and limiting conditions, including: (i) Stanger assumes no responsibility for matters of a legal nature affecting any of the properties in the CPA®:15 portfolio and title to each property is assumed to be good and marketable and each property is assumed to be free and clear of all liens unless otherwise stated; (ii) the appraisal assumes (a) responsible ownership and competent management of each property, (b) no hidden or unapparent conditions of any property s subsoil or structure that would render such property more or less valuable, (c) full compliance with all applicable federal, state and local zoning, access and environmental regulations and laws, and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which Stanger s opinion of value contained in the appraisal is based; (iii) the information upon which Stanger s appraisal is based has been provided by or gathered from sources assumed to be reliable and accurate, including information that has been provided to Stanger by CPA®:15 and W. P. Carey, or their representatives, as outlined in Summary of Methodology above, and Stanger shall not be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, exhibits and other factual matters; (iv) any necessary repairs or alterations to any property in the CPA®:15 portfolio are assumed to be completed in a workmanlike manner; (v) the physical condition of the property improvements are based on representations by CPA®:15 and Stanger assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components; (vi) Stanger has made no survey of the properties in the portfolio and has assumed that there are no soil, drainage or environmental issues that would impair Stanger s opinion of value; (vii) any projections of income and expenses included in the appraisal and the valuation parameters utilized are not predictions of the future; rather, they are Stanger best estimate of current market thinking as of the valuation date relating to future income and expenses and Stanger makes no warranty or representation that any such projections will materialize; (viii) Stanger s opinion of value represents normal consideration for the CPA®:15 portfolio sold unaffected by special terms, services, fees, costs, or credits incurred in a transaction; (ix) the existence of hazardous materials, which may or may not be present at any property, was not disclosed to Stanger by CPA®:15 or W. P. Carey, and Stanger has no knowledge of the existence of such materials on or in any property, nor is Stanger qualified to detect such hazardous substances and Stanger assumes no responsibility for the detection or existence of such conditions as such considerations are not within the scope of Stanger s engagement; (x) Stanger has assumed that each property is free of any negative impact with regard to the Environmental Cleanup Responsibility Act or any other environmental problems or with respect to non-compliance with the Americans with Disabilities Act (the ADA ) and no investigation has been made by Stanger with respect to any potential environmental or ADA problems as such investigation is not within the scope of Stanger s engagement; (xi) Stanger s opinion of value does not reflect any potential premium or discount a potential buyer may assign to an assembled portfolio of properties or to a group of properties in a particular local market; and (xii) Stanger s opinion of the CPA®:15 real estate portfolio value was based upon Stanger s engagement agreement with CPA®:15 which called for the sole use of the income approach to value, specifically a discounted cash flow analysis, the assumption that the highest and best use of each property was as currently improved, and CPA®:15 s request that any property under contract for sale at or around the valuation date be valued at its contractual sale price, as provided to us by CPA®:15 or its advisor. The use of other valuation methodologies might produce a higher or lower value.

**Compensation and Material Relationships**

Stanger has been paid an aggregate fee of $360,000 for preparation of the appraisal of the CPA®:15 portfolio. Stanger will also be reimbursed for all related out-of-pocket expenses, and is entitled to indemnification against certain liabilities. Stanger s engagement in this assignment, including its fee, was not dependent upon developing or reporting predetermined results or upon the consummation of the Merger. Stanger s appraisal was rendered to CPA®:15 for its sole use and reliance. However, Stanger has agreed that its appraisal may also be relied upon by W. P. Carey in its role as CPA®:15 s advisor for CPA®:15 s financial reporting, determination of NAV and general internal management purposes, and that Stanger s appraisal may be one of a number of factors taken into consideration by CPA®:15 s financial advisor in connection with the Merger. Stanger has no present or prospective interest in the CPA®:15 real estate portfolio or any specific property therein, nor does it have any interest in CPA®:15, W. P. Carey or any of their affiliates. Stanger has provided other financial advisory and valuation services to W. P. Carey and its affiliates in the past and has been paid normal and customary compensation for such services. Stanger may provide such services to W. P. Carey and its affiliates in the future.

## CONFLICTS OF INTEREST

A number of conflicts of interest are inherent in the relationship between W. P. Carey and CPA®:15. The boards of directors of W. P. Carey and CPA®:15 recognized these conflicts and the need to independently determine that the Merger is in the best interests of their respective companies and respective shareholders and stockholders, and therefore CPA®:15 formed a special committee comprised entirely of independent directors. The special committee of CPA®:15 engaged independent legal and financial advisors. In considering the recommendation of the boards of directors of W. P. Carey and CPA®:15 to approve the Merger, W. P. Carey shareholders and CPA®:15 stockholders should be aware that conflicts of interest exist because W. P. Carey and its affiliates serve as the advisor for CPA®:15, and the officers and directors of W. P. Carey and CPA®:15 may have certain interests in the proposed transactions that are different from or in addition to the interests of W. P. Carey shareholders and CPA®:15 stockholders generally. The boards of directors of W. P. Carey and CPA®:15 (including the independent directors of CPA®:15) knew about these additional interests, and considered them, when they approved the Merger and the other transactions described in this joint proxy statement/prospectus. Certain of these interests are set forth below.

### Common Management

CAM and its affiliates invest in and serve as the advisor for CPA®:15. Additionally, the executive management of CPA®:15 is comprised of the same individuals as the executive management of W. P. Carey.

The directors of each of W. P. Carey and CPA®:15 have an independent obligation to ensure that the participation in the Merger of each individual company on whose board they serve is fair and equitable, considering all factors unique to each company and without regard to whether the Merger is fair and equitable to the other company. Although the directors have sought to discharge faithfully this obligation to each of the companies, their respective shareholders and stockholders should bear in mind that until his death on January 2, 2012, Mr. Carey, one of the directors of CPA®:15, also served as a director of W. P. Carey and the other CPA® REITs.

### Lack of Independent Representation of Shareholders and Stockholders

Representatives of W. P. Carey, who also serve as the officers of CPA®:15, performed an initial review of potential liquidity alternatives for CPA®:15 and recommended the Merger as the best alternative. In addition, the CPA®:15 special committee s financial advisor and the third party valuation firm that performed CPA®:15 s real estate portfolio valuation at September 30, 2011 relied, in part, on financial information and property information provided by W.P. Carey in conducting their respective analyses.

To help alleviate potential conflicts, the board of directors of CPA®:15 created a special committee comprised of four independent directors which is represented by separate legal counsel and a separate financial advisor. The purpose of the special committee is to evaluate the Merger from an independent perspective and to make a recommendation to the full board of directors of CPA®:15 regarding the Merger. CPA®:15 s special committee is comprised of Dr. Marshall E. Blume, Elizabeth P. Munson, Richard J. Pinola and James D. Price. The financial advisor to CPA®:15 s special committee and board of directors provided the special committee and board of directors with a fairness opinion regarding the Merger Consideration. See Opinion of Financial Advisor to the Special Committee and Board of Directors of CPA®:15.

### Independent Directors of CPA®:15 Also Serve or Served as Directors of Other CPA® REITs

Directors of CPA®:15 serve, and have served, on the boards of the other CPA® REITs. Dr. Blume has served as an independent director of CPA®:16 Global from June 2011 (having previously served in that capacity from June 2009 to July 2010 and from April 2007 to April 2008) and CPA®:17 Global since 2008. Ms. Munson has also served as an independent director of CPA®:16 Global since April 2004 and CPA®:17 Global since October 2007. Mr. Pinola has also served as an independent director of CPA®:16 Global since August 2006 and as an independent director of CPA®:17 Global since July 2010 (having previously served in

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that capacity, from October 2007 to June 2009). Mr. Price also served as an independent director of CPA®:16 Global from June 2011 (having previously served in that capacity from September 2005 to September 2007) and CPA®:17 Global since October 2007.

**Fees Payable to CPA®:15 s Advisor by CPA®:15 in Connection with the Merger**

Concurrently with and as a condition to the closing of the Merger, the CPA®:15 Advisory Agreements will each automatically terminate and in connection with such termination, CAM and BV each will waive its right to receive any subordinated disposition or termination fees. The parties have agreed that CAM and BV will continue to be entitled to receive any and all other accrued fees pursuant to the CPA®:15 Advisory Agreements prior to the closing of the Merger other than the subordinated disposition and termination fees. The term of the Advisory Agreement has been extended to the earlier of the closing of the Merger or September 30, 2012.

**Share Ownership of Affiliates**

As of the CPA®:15 record date, W. P. Carey and its subsidiaries, and its directors and executive officers, owned [ ] shares of CPA 15 common stock (equal to approximately [ ]% of the outstanding shares of CPA 15 common stock). As of the CPA®:15 record date, the directors of CPA®:15 beneficially owned [ ] shares of CPA 15 common stock in the aggregate, representing approximately [ ]% of the outstanding shares of CPA 15 common stock. The CPA®:15 Bylaws, however, prohibit its directors and their affiliates from voting their shares on any matters submitted to stockholders regarding any transaction between the company and its advisor, or any of its directors or affiliates, including W. P. Carey. Although these shares may not be voted, they will be considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and cease to exist without any conversion thereof or payment therefor.

As described above, the independent directors of CPA®:15 also serve as independent directors of CPA:16 Global and CPA:17 Global. In order to satisfy the independence requirements set forth in the organizational documents of those CPA® REITs, the independent directors must divest themselves of the [ ] shares of W. P. Carey Inc. common stock that the independent directors will receive in the Merger in respect of their CPA 15 common stock. W. P. Carey Inc. will purchase such shares for cash based on the average closing price of the W. P. Carey Inc. common stock for the five trading days after the closing of the Merger.

Each of the directors of W. P. Carey beneficially owns W. P. Carey listed shares, but each owns less than [ ]% of the total outstanding shares. As of the W. P. Carey record date, the estate of Wm. Polk Carey holds approximately [ ]% of W. P. Carey listed shares. Francis J. Carey, Jr., a director of W. P. Carey and co-executor of the estate of Wm. Polk Carey, has shared voting and dispositive power over the W. P. Carey listed shares owned by the estate and therefore may be deemed to beneficially own those shares.

The directors and officers of W. P. Carey immediately prior to the effective time of the Merger will continue to be the directors and officers of the combined company after the Merger. During 2011, the directors of W. P. Carey as a group received cash and equity compensation of $1,795,000.

**Lack of Market Bids**

If CPA®:15 were selling its real estate properties to a non-affiliated third party or parties, either singly or on a portfolio basis, such purchaser or purchasers might assign different values to such properties, either singly or in the aggregate, as a result of using different valuation methodologies or assumptions, or more current market information, and therefore might be willing to pay an aggregate purchase price for such properties greater than the value of the Merger Consideration being received by CPA®:15 stockholders in the Merger.

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In addition, CPA®:15 did not solicit third party bids for CPA®:15 as a whole, which could have resulted in a purchase price for CPA®:15 greater than the value of the Merger Consideration being received by CPA®:15 stockholders in of the Merger.

**Competition with W. P. Carey and its Affiliates in the Sale, Lease and Operation of Properties**

The advisor to CPA®:15 currently manages, and may in the future manage, public and private real estate investment partnerships and other REITs that have investment and rate of return objectives substantially similar to those of W. P. Carey, CPA®:15 and the combined company. In addition, W. P. Carey expects to manage or advise, directly or through affiliates, additional REITs and other investment entities. Therefore, those entities may be in competition with the combined company after the Merger with respect to properties, potential purchasers, sellers and lessees of properties and mortgage financing for properties.

Following completion of the Merger and the REIT Conversion, W. P. Carey Inc. intends to implement certain procedures to help manage any perceived or actual conflicts among it and the other CPA® REITs, including:

- allocating funds based on numerous factors, including cash available, diversification / concentration, transaction size, tax, leverage and fund life;

- all split transactions will be subject to the approval of the independent directors of the CPA® REITs;

- investment allocation among members of W. P. Carey Inc. s affiliates will be reviewed as part of an annual advisory contract renewal process; and

- W. P. Carey Inc. will institute a quarterly review of all investment activities of W. P. Carey Inc. and the CPA® REITs by a committee including representatives of the independent directors of the CPA® REITs.

**Joint Ventures and Other Transactions with Affiliates**

Together with certain affiliates, W. P. Carey and CPA®:15 participate in an entity that leases office space used for the administration of real estate entities. This entity does not have any significant assets, liabilities or operations other than its interest in the office lease. Under the terms of an office cost-sharing agreement among the participants in this entity, rental, occupancy and leasehold improvement costs are allocated among the participants based on gross revenues and are adjusted quarterly.

W. P. Carey and CPA®:15 own interests in entities ranging from 15% to 95%, as well as jointly-controlled tenancy-in-common interests in properties, with the remaining interests generally held by affiliates.

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## THE W. P. CAREY SPECIAL MEETING

**Date, Time and Place**

The special meeting of W. P. Carey shareholders will be held at [ ], Eastern Time, on [ ], 2012, at [ ].

**Purpose**

The purposes of W. P. Carey s special meeting are to:

- consider and vote upon a proposal to approve the Merger;
- consider and vote upon a proposal to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger, as part of the reorganization through which W. P. Carey intends to qualify as a REIT for federal income tax purposes; and
- transact such other business as may properly come before W. P. Carey s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

**Recommendation of the Board of Directors of W. P. Carey**

W. P. Carey s board of directors, after careful consideration, at a meeting on February 17, 2012, unanimously adopted a resolution declaring that the Merger and the W. P. Carey Merger are advisable, and unanimously recommends a vote **FOR** approval of the Merger and **FOR** adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

**Record Date, Outstanding Shares and Voting Rights**

W. P. Carey s board of directors has fixed the close of business on [ ], 2012 as the record date for W. P. Carey s special meeting. Accordingly, only holders of record of W. P. Carey s listed shares on the W. P. Carey record date are entitled to notice of, and to vote at, W. P. Carey s special meeting. As of the W. P. Carey record date, there were [ ] outstanding W. P. Carey listed shares held by approximately [ ] holders of record. At W. P. Carey s special meeting, each W. P. Carey listed share will be entitled to one vote.

**Quorum**

The representation, in person or by properly executed proxy, of the holders of a majority of the W. P. Carey listed shares entitled to vote at W. P. Carey s special meeting is necessary to constitute a quorum at W. P. Carey s special meeting. W. P. Carey listed shares represented in person or by proxy will be counted for the purposes of determining whether a quorum is present at W. P. Carey s special meeting. For the purposes of determining the presence of a quorum, abstentions and broker non-votes (i.e., shares represented in person or by proxy at the meeting held by brokers, as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which the broker does not have discretionary voting power to vote such shares) will be included in determining the number of W. P. Carey listed shares present and entitled to vote at the special meeting.

**Vote Required**

Approval of the Merger and adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger each requires the affirmative vote of the holders of at least a majority of the outstanding listed shares of W. P. Carey entitled to vote as of the W. P. Carey record date. Abstentions and broker non-votes will have the same effect as votes against approval of the Merger and against the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger since these proposals require the affirmative vote of a majority of all the votes entitled to be cast by W. P. Carey shareholders on the matters.

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**Voting of Proxies**

If you are a holder of W. P. Carey listed shares on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy to vote your shares by telephone or over the Internet will not limit your right to attend the special meeting and vote your shares in person. Those shareholders of record who choose to authorize a proxy by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on [ ], 2012. All W. P. Carey listed shares represented by properly executed proxy cards received before or at the W. P. Carey special meeting and all proxies properly submitted by telephone or over the Internet will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxy cards, telephone or Internet submissions. If no instructions are indicated on a properly executed proxy card, the shares will be voted **FOR** each of the proposals. You are urged to indicate how you vote your shares and whether you authorize a proxy by proxy card, by telephone or over the Internet.

If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the shareholder has abstained from voting on one or more of the proposals, the W. P. Carey listed shares represented by the proxy will be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted on the abstained proposals. For the proposals to approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger, abstentions will have the same effect as a vote against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. For the proposal to adjourn the meeting to solicit additional proxies, abstentions (which are not considered votes cast) will have no effect on the vote of such proposal.

If your shares are held in an account at a broker, bank or other nominee, you must instruct them on how to vote your shares. If an executed proxy card is returned by a broker, bank or other nominee holding shares that indicates that the broker, bank or other nominee does not have discretionary authority to vote on the proposals, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will not be considered to have been voted on the proposals. Under applicable rules and regulations of the NYSE, brokers, banks or other nominees have the discretion to vote on routine matters, but do not have the discretion to vote on non-routine matters. The proposals to approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger are non-routine matters. Accordingly, your broker, bank or other nominee will vote your shares only if you provide instructions on how to vote by following the information provided to you by your broker, bank or other nominee. If you do not provide voting instructions, your shares will be considered broker non-votes because the broker, bank or other nominee will not have discretionary authority to vote your shares. Therefore, your failure to provide voting instructions to the broker, bank, or other nominee will have the same effect as a vote against approval of the Merger and against adoption of the REIT Conversion Agreement and against approval of the W. P. Carey Merger.

**Adjournment or Postponement**

Although it is not currently expected, the special meeting may be adjourned to solicit additional proxies if there are not sufficient votes to approve the Merger or adopt the REIT Conversion Agreement and approve the W. P. Carey Merger. In that event, W. P. Carey may ask its shareholders to vote upon the proposal to consider the adjournment of the special meeting to solicit additional proxies, but not the proposals to approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger. If W. P. Carey shareholders approve this proposal, we could adjourn the meeting and use the time to solicit additional proxies. Any W. P. Carey listed shares which were voted against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger will not be voted in favor of the adjournment or postponement of W. P. Carey s special meeting in order to solicit additional proxies.

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**Revocation of Proxies**

Any proxy given pursuant to this solicitation may be revoked, and the vote changed, by the person giving it at any time before it is voted. Proxies may be revoked by:

- delivering to the corporate secretary of W. P. Carey, at or before the vote is taken at W. P. Carey s special meeting, a later-dated written notice stating that you would like to revoke your proxy and change your vote;
- properly executing a later-dated proxy relating to the same shares and delivering it to the corporate secretary of W. P. Carey before the vote is taken at W. P. Carey s special meeting; or
- attending W. P. Carey s special meeting and voting in person, although attendance at W. P. Carey s special meeting will not in and of itself constitute a revocation of a proxy or a change of your vote.

Proxies authorized by telephone or via the Internet may only be revoked in writing in accordance with the above instructions.

Any written notice of revocation or subsequent proxy should be sent to W. P. Carey, 50 Rockefeller Plaza, New York, New York 10020, Attention: Corporate Secretary, so as to be received prior to W. P. Carey s special meeting, or hand delivered to the corporate secretary of W. P. Carey at or before the taking of the vote at W. P. Carey s special meeting.

**Shares Beneficially Owned by W. P. Carey Directors and Officers**

As of the W. P. Carey record date, W. P. Carey s directors and executive officers and their affiliates, as a group, beneficially owned approximately [ ]% of the outstanding W. P. Carey listed shares.

**Solicitation of Proxies; Expenses**

All expenses of W. P. Carey s solicitation of proxies from its shareholders, including the cost of mailing this joint proxy statement/prospectus to W. P. Carey shareholders, will be paid by W. P. Carey. We may utilize some of the officers and employees of W. P. Carey s wholly-owned subsidiaries, CAM and Carey Management Services, Inc. (who will receive no compensation in addition to their regular salaries), to solicit proxies personally and by telephone. In addition, we have engaged Computershare to assist in the solicitation of proxies for the meeting and estimate we will pay Computershare a fee of approximately $115,000. We have also agreed to reimburse Computershare for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Computershare against certain losses, costs and expenses. No portion of the amount that W. P. Carey is required to pay Computershare is contingent upon the closing of the Merger or the REIT Conversion. The agreement between W. P. Carey and Computershare may be terminated (i) by either party for any reason upon 90 days prior written notice, (ii) by the non-defaulting party if the other party fails to cure such default within 90 days of written notice thereof, and (iii) by either party if the other party files a voluntary petition in bankruptcy or an involuntary petition is filed against it, the other party is adjudged bankrupt, a court assumes jurisdiction of the other party s assets under federal reorganization act, a trustee or receiver is appointed by a court for all of a substantial portion of the assets of the other party, the other party becomes insolvent or the other party makes an assignment of its assets for the benefit of its creditors. The agreement between W. P. Carey and Computershare also limits any damages to the fees and costs due and payable to Computershare. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy materials to their principals and to request authority for the execution of proxies and will reimburse such persons for their expenses in so doing.

**Absence of Dissenters Rights of Appraisal**

Under the DLLCA, W. P. Carey shareholders will not be entitled to dissenters rights of appraisal as a result of the REIT Conversion.

## THE CPA®:15 SPECIAL MEETING

**Date, Time and Place**

The special meeting of CPA®:15 stockholders will be held at [ ], Eastern Time, on [ ], 2012, at [ ].

**Purpose**

The purposes of CPA®:15 s special meeting are to:

- consider and vote upon a proposal to approve the Merger; and
- transact such other business as may properly come before CPA®:15 s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

**Recommendation of the Board of Directors of CPA®:15**

CPA®:15 s board of directors, after careful consideration and based on the recommendation of the CPA®:15 special committee, at a meeting on February 17, 2012, unanimously adopted a resolution declaring that the Merger is advisable and unanimously recommends a vote **FOR** approval of the Merger.

**Record Date, Outstanding Shares and Voting Rights**

CPA®:15 s board of directors has fixed the close of business on [ ], 2012 as the record date for CPA®:15 s special meeting. Accordingly, only holders of record of shares of CPA 15 common stock on the CPA®:15 record date are entitled to notice of, and to vote at, CPA®:15 s special meeting. As of the CPA®:15 record date, there were [ ] outstanding shares of CPA 15 common stock held by approximately [ ] holders of record. At CPA®:15 s special meeting, each share of CPA 15 common stock will be entitled to one vote.

**Quorum**

The representation, in person or by properly executed proxy, of the holders of a majority of the shares of CPA 15 common stock entitled to vote at CPA®:15 s special meeting is necessary to constitute a quorum at CPA®:15 s special meeting. Shares of CPA 15 common stock represented in person or by proxy will be counted for the purposes of determining whether a quorum is present at CPA®:15 s special meeting. For the purposes of determining the presence of a quorum, abstentions and broker non-votes will be included in determining the number of shares of CPA 15 common stock present and entitled to vote at the special meeting.

**Vote Required**

Approval of the Merger requires the affirmative vote of the holders of at least a majority of the outstanding shares of CPA 15 common stock entitled to vote as of the CPA®:15 record date. The CPA®:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. Abstentions and broker non-votes will have the same effect as votes against approval of the Merger since the proposal requires the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter.

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**Voting of Proxies**

If you are a holder of CPA 15 common stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy to vote your shares by telephone or over the Internet will not limit your right to attend the special meeting and vote your shares in person. Those stockholders of record who choose to authorize a proxy by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on [ ], 2012. All shares of CPA 15 common stock represented by properly executed proxy cards received before or at the CPA®:15 special meeting and all proxies properly submitted by telephone or over the Internet will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxy cards, telephone or Internet submissions. If no instructions are indicated on a properly executed proxy card, the shares will be voted **FOR** each of the proposals. You are urged to indicate how you vote your shares and whether you authorize a proxy by proxy card, by telephone or over the Internet.

If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the stockholder has abstained from voting on one or more of the proposals, the shares of CPA 15 common stock represented by the proxy will be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted on the abstained proposals. For the proposal to approve the Merger, abstentions will have the same effect as a vote against approval of the Merger. For the proposal to adjourn the meeting to solicit additional proxies, abstentions will have the same effect as votes cast against the proposal.

**Adjournment or Postponement**

Although it is not currently expected, the special meeting may be adjourned to solicit additional proxies if there are not sufficient votes to approve the Merger. In that event, CPA®:15 may ask its stockholders to vote upon the proposal to consider the adjournment of the special meeting to solicit additional proxies, but not the proposal to approve the Merger. If CPA®:15 stockholders approve this proposal, CPA®:15 could adjourn the meeting and use the time to solicit additional proxies. Any shares of CPA 15 common stock which were voted against approval of the Merger will not be voted in favor of the adjournment or postponement of CPA®:15 s special meeting in order to solicit additional proxies.

**Revocation of Proxies**

Any proxy given pursuant to this solicitation may be revoked, and the vote changed, by the person giving it at any time before it is voted. Proxies may be revoked by:

- delivering to the corporate secretary of CPA®:15, at or before the vote is taken at CPA®:15 s special meeting, a later-dated written notice stating that you would like to revoke your proxy and change your vote;

- properly executing a later-dated proxy relating to the same shares and delivering it to the corporate secretary of CPA®:15 before the vote is taken at CPA®:15 s special meeting; or

- attending CPA®:15 s special meeting and voting in person, although attendance at CPA®:15 s special meeting will not in and of itself constitute a revocation of a proxy or a change of your vote.

Proxies authorized by telephone or via the Internet may only be revoked in writing in accordance with the above instructions.

Any written notice of revocation or subsequent proxy should be sent to CPA®:15, 50 Rockefeller Plaza, New York, New York 10020, Attention: Corporate Secretary, so as to be received prior to CPA®:15 s special meeting, or hand delivered to the corporate secretary of CPA®:15 at or before the taking of the vote at CPA®:15 s special meeting.

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**Shares Beneficially Owned by CPA®:15 Directors and Officers**

As of the CPA®:15 record date, CPA®:15 s directors and executive officers and their affiliates, including W. P. Carey and its subsidiaries as a group, beneficially owned approximately [ ]% of the outstanding shares of CPA 15 common stock. The CPA®:15 Bylaws prohibit any of its directors or affiliates from voting their shares on any matters submitted to stockholders regarding any transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger.

**Solicitation of Proxies; Expenses**

All expenses of CPA®:15 s solicitation of proxies from its stockholders, including the cost of mailing this joint proxy statement/prospectus to CPA®:15 stockholders, will be paid by CPA®:15. CPA®:15 may utilize some of the officers and employees of W. P. Carey s wholly-owned subsidiaries, CAM and Carey Management Services, Inc. (who will receive no compensation in addition to their regular salaries), to solicit proxies personally and by telephone. In addition, W. P. Carey has engaged Computershare to assist in the solicitation of proxies for the meeting and estimate W. P. Carey will pay Computershare a fee of approximately $115,000. W. P. Carey has also agreed to reimburse Computershare for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Computershare against certain losses, costs and expenses. No portion of the amount that W. P. Carey is required to pay Computershare is contingent upon the closing of the Merger or the REIT Conversion. The agreement between W. P. Carey and Computershare may be terminated (i) by either party for any reason upon 90 days prior written notice, (ii) by the non-defaulting party if the other party fails to cure such default within 90 days of written notice thereof, and (iii) by either party if the other party files a voluntary petition in bankruptcy or an involuntary petition is filed against it, the other party is adjudged bankrupt, a court assumes jurisdiction of the other party s assets under the federal reorganization act, a trustee or receiver is appointed by a court for all of a substantial portion of the assets of the other party, the other party becomes insolvent or the other party makes an assignment of its assets for the benefit of its creditors. The agreement between W. P. Carey and Computershare also limits any damages to the fees and costs due and payable to Computershare.

**Objecting Stockholders Rights of Appraisal**

If you do not wish to receive the consideration in the merger of CPA®:15 with its indirect wholly-owned subsidiary, you are entitled to obtain payment of the fair value of your shares in cash. Your shares will then be known as objecting shares. In order to receive payment for objecting shares, you must file a written objection to approval of the Merger at or before CPA®:15 s special meeting, you must not vote in favor of the Merger and you must comply with certain other requirements of the MGCL, a copy of which appears as Annex E to this joint proxy statement/prospectus

Once a demand for cash payment is filed, holders of objecting shares will cease to have any rights of a stockholder, including the right to vote or to receive W. P. Carey Inc. common stock, except the right to receive payment of the fair value of their shares. If you do not properly file a written objection to the Merger, if you vote in favor of the Merger, or if you otherwise fail to comply with the requirements of the MGCL, then you will receive one share of CPA 15 Holdco common stock, which immediately will be converted into cash in an amount equal to $1.25 per share and 0.2326 shares of W. P. Carey Inc. common stock in the Merger for each share of CPA 15 common stock you hold.

If you object to the approval of the Merger and demand payment of the fair value of your shares, the fair value will be determined by a court. CPA®:15 cannot predict how the court will value shares of CPA 15 common stock, and the fair value may be higher, lower or equal in value to the Merger Consideration being paid in the Merger. For more information regarding rights of appraisal see The Merger Agreement Objecting Stockholders Rights of Appraisal.

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## THE MERGER AGREEMENT

*The following is a brief summary of the material provisions of the Merger Agreement, a copy of which is attached as Annex A and is incorporated by reference in this joint proxy statement/prospectus. This summary is qualified in its entirety by reference to the Merger Agreement. You should read carefully the Merger Agreement in its entirety as it is the legal document that governs the Merger.*

### The Merger

The Merger Agreement provides that, at the effective time of the Merger, CPA®:15 will merge with and into a wholly-owned subsidiary of CPA 15 Holdco, an indirect, wholly-owned subsidiary of CPA®:15, with CPA®:15 surviving the merger, and immediately thereafter, CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the Merger as an indirect subsidiary of W. P. Carey Inc. and CPA®:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc., all in accordance with the MGCL.

### Closing and Effective Time of the Merger

The Merger Agreement provides that the closing of the Merger will take place commencing at 10:00 a.m., local time, on a date specified by the parties, which will be no later than the third business day after the satisfaction or waiver of the closing conditions set forth in the Merger Agreement (other than those conditions that by their nature are to be satisfied at the closing), at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, 27th Floor, New York, New York 10020, or at such other time and place as the parties to the Merger Agreement agree in writing.

The Merger will become effective at such time specified in the articles of merger, provided that such time does not exceed 30 days after the articles of merger are accepted for record by the State Department of Assessments and Taxation of Maryland. The parties have agreed to cause the effective time of the Merger to occur on the closing date.

### Conversion of Securities

At the effective time of the Merger, each share of CPA 15 common stock issued and outstanding immediately prior to the effective time of the Merger will be cancelled and converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into total consideration per share of CPA 15 common stock valued at approximately $[ ] per share (based on the closing price of $[ ] per W. P. Carey listed share on the NYSE on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), consisting of the right to receive (i) $1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and will cease to exist and neither W. P. Carey nor any W. P. Carey subsidiary will receive any Merger Consideration for those shares. No fractional shares of W. P. Carey Inc. common stock will be issued under the Merger Agreement. To the extent that a holder of CPA 15 common stock would otherwise be entitled to receive a fraction of a share of W. P. Carey Inc. common stock, computed on the basis of the aggregate number of shares of CPA 15 common stock held by such holder, such holder shall instead receive a cash payment in an amount equal to such fraction multiplied by $10.48.

Shares of CPA 15 common stock that are objecting shares, as defined in Subtitle 2 of Title 3 of the MGCL, will not be converted into or represent a right to receive any shares of W. P. Carey Inc. common stock, but the holders thereof will be entitled only to such rights as are granted to dissenting stockholders by the MGCL. However, if a dissenting stockholder, after the effective time of the Merger, withdraws such demand for appraisal or fails to perfect or otherwise loses the right to receive fair value for the objecting shares pursuant to the MGCL, such objecting shares shall be deemed to be converted, as of the effective time of the Merger, into the right to receive cash in an amount of $1.25 per share and 0.2326 shares of W. P. Carey Inc. common stock without interest.

***Cash Portion of Merger Consideration***

W. P. Carey intends to fund the cash portion of the Merger Consideration with borrowings from a term loan to be made pursuant to its amended and restated credit agreement dated as of February 17, 2012. In the event that W. P. Carey is unable to borrow under the term loan, W. P. Carey will fund the cash portion of the Merger Consideration by borrowing under its existing lines of credit, which have sufficient availability to cover such amounts. The Merger is not subject to a financing condition.

***Recordation of Exchange; Payment of Merger Consideration***

As soon as practicable following the effective time of the Merger, W. P. Carey Inc. will cause a third party transfer agent to record the issuance of the shares of W. P. Carey Inc. common stock to the holders of CPA 15 common stock on its stock records. No physical share certificates will be delivered. Prior to the effective time of the Merger, W. P. Carey shall designate a bank or trust company reasonably acceptable to CPA®:15 to act as agent for the payment of the Merger Consideration. W. P. Carey shall take all steps necessary to enable, and shall cause, the surviving corporation to provide to the paying and exchange agent immediately following the effective time of the Merger the aggregate cash portion of the Merger Consideration payable upon cancellation of the CPA 15 common stock pursuant to the terms of the Merger Agreement. As soon as practicable after the effective time of the Merger, and in any event not later than the tenth business day after the effective time of the Merger, the paying and exchange agent shall pay to each holder of CPA 15 common stock the amount of cash such holder is entitled to receive pursuant to the Merger Agreement.

***Stock Transfer Books***

At the close of business on the day on which the closing of the Merger occurs, CPA®:15 and CPA 15 Holdco will close their stock transfer books, and no subsequent transfers of shares of CPA 15 common stock will be recorded on such books.

**Representations and Warranties**

W. P. Carey, W. P. Carey Inc. and CPA 15 Merger Sub, on the one hand, and CPA®:15 and CPA 15 Holdco, on the other hand, have made representations and warranties in the Merger Agreement, many of which are qualified as to materiality or subject to matters disclosed by the parties, and none of which survive the effective time of the Merger, relating to, among other things:

- organization, standing and corporate power;
- capital structures;
- power and authority to enter into, execute, deliver and enforce the Merger Agreement and all other documents to be executed in connection with the transactions contemplated by the Merger Agreement;
- no conflicts with, violations of or defaults under organizational documents, material contracts or judgments, orders or laws;
- consents and regulatory approvals necessary to complete the Merger;
- absence of certain changes or events (with respect to W. P. Carey only);

information supplied relating to the disclosures in the registration statement of which this joint proxy statement/prospectus is a part;

opinion of financial advisor (with respect to CPA®:15 only);

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the requisite vote required;

no brokers;

the Investment Company Act of 1940, as amended (the Investment Company Act );

state takeover statutes and the charter waiver (with respect to CPA®:15 only)

availability of SEC documents, internal accounting controls, disclosure controls and procedures and significant deficiencies and material weaknesses (with respect to W. P Carey only);

no undisclosed material liabilities (with respect to W. P. Carey only);

no default (with respect to W. P. Carey only);

compliance with applicable laws and regulatory matters (with respect to W. P. Carey only);

litigation (with respect to W. P. Carey only);

taxes (with respect to W. P. Carey only);

pension and benefit plans and employee relations (with respect to W. P. Carey only);

intangible property (with respect to W. P. Carey only);

environmental matters (with respect to W. P. Carey only);

properties (with respect to W. P. Carey only);

insurance (with respect to W. P. Carey only);

contracts (with respect to W. P. Carey only);

related party transactions (with respect to W. P. Carey only):

- limited business activities (with respect to W. P. Carey only); and

- availability of funds (with respect to W. P. Carey only).

Certain representations and warranties were made by W. P. Carey only and not CPA®:15 and CPA 15 Holdco because of the advisory role in which W. P. Carey and its affiliates serve with respect to CPA®:15 and the oversight and control W. P. Carey and its affiliates have over such matters to which CPA®:15 would otherwise represent and warrant.

**Covenants**

W. P. Carey and CPA®:15 have agreed that, until the effective time of the Merger, each company will (i) use and cause each of its subsidiaries to use, all commercially reasonable efforts to operate its business in the usual, regular and ordinary course in substantially the same manner as conducted prior to the execution of the Merger Agreement, and to preserve intact in all material respects its current business organization, and (ii) not take certain material actions without the other s consent. W. P. Carey, as the parent of CAM, CPA®:15 s external advisor, also agreed not to cause CPA®:15 to take actions or fail to take any actions which would be in breach of the Merger Agreement.

Each of W. P. Carey Inc., W. P. Carey, CPA 15 Merger Sub, CPA 15 Holdco and CPA®:15 have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other in doing, all things necessary, proper or advisable to fulfill all conditions applicable to such party or its subsidiaries pursuant to the REIT Conversion Agreement and the Merger Agreement and to consummate and make effective, in the most expeditious manner practicable, the Merger, the REIT Conversion and the merger of CPA®:15 with its indirect wholly-owned subsidiary.

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During the period from the date of the Merger Agreement to the earlier of the termination of the Merger Agreement or the effective time of the Merger:

- CPA®:15 and CPA 15 Holdco each agreed that it will not purchase, redeem or otherwise acquire any CPA 15 common stock or stock or other equity interests in any CPA®:15 subsidiary or any options, warrants or rights to acquire, or security convertible into, shares of CPA 15 common stock or stock or other equity interests in any CPA®:15 subsidiary, except that CPA®:15 may complete any qualified redemptions pending as of the date of the Merger Agreement to the extent permitted by applicable law, and

- W. P. Carey and W. P. Carey Inc. each agreed that it will not, other than in the ordinary course of business or in connection with the REIT Conversion, purchase, redeem or otherwise acquire any W. P. Carey listed shares, W. P. Carey Inc. common stock or stock or other equity interests in any W. P. Carey subsidiary or any options, warrants or rights to acquire, or security convertible into, W. P. Carey listed shares or W. P. Carey Inc. common stock or stock or other equity interests in any W. P. Carey subsidiary, in each case other than repurchases from employees or affiliates of W. P. Carey or any W. P. Carey subsidiary (including any holder of 10% or more of (a) the W. P. Carey listed shares or (b) stock or equity interests of any such W. P. Carey subsidiary).

**NYSE Listing and Deregistration**

Each of W. P. Carey and W. P. Carey Inc. has agreed to use its reasonable best efforts to cause the W. P. Carey Inc. common stock to be approved for listing on the NYSE, subject to official notice of issuance, prior to the closing of the Merger. W. P. Carey and W. P. Carey Inc. have also agreed to use reasonable best efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary to enable the deregistration of the CPA 15 common stock under the Securities Exchange Act of 1934, as amended (the Exchange Act ), as promptly as practicable after the effective time of the Merger, and in any event no more than 10 days after the closing of the Merger.

**Fees Payable to Affiliates**

Concurrently with and as a condition to the closing of the Merger, the CPA®:15 Advisory Agreements will each automatically terminate and in connection with such termination, CAM and BV each will waive its right to receive any subordinated disposition or termination fees. The parties have agreed that CAM and BV will continue to be entitled to receive any and all other accrued fees pursuant to the CPA®:15 Advisory Agreements prior to the closing of the Merger other than the subordinated disposition and termination fees. The term of the Advisory Agreement has been extended to the earlier of the closing of the Merger or September 30, 2012. At December 31, 2011, W. P. Carey had accrued and unpaid fees of $2.3 million pursuant to the CPA®:15 Advisory Agreements. On a monthly basis, W. P. Carey earns approximately $2.2 million in asset management fees from CPA®:15.

**No Solicitation of Transactions**

***W. P. Carey***

W. P. Carey and its subsidiaries agreed that they will not, and will not authorize or permit, directly or indirectly, any officer, director, investment advisor, agent, investment banker, financial advisor, attorney, accountant, broker, finder or other agent, representative or controlled affiliate of W. P. Carey and its subsidiaries to initiate, solicit, encourage or facilitate (including by way of furnishing nonpublic information or assistance) any inquiries or the making of any proposal or other action that constitutes, or may reasonably be expected to lead to, a W. P. Carey competing transaction (as defined below) or enter into any discussions or negotiate with any third party in furtherance of such inquiries or to obtain a W. P. Carey competing transaction. W. P. Carey must notify CPA®:15 in writing (as promptly as practicable but in any event within 24 hours of receipt) of the relevant details relating to all inquiries and proposals (including the identity of the parties, price and other

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material terms thereof) which it or any of the W. P. Carey subsidiaries or any of their respective officers, directors, employees, agents, investment bankers, financial advisors, attorneys, accountants, brokers, finders or other representatives or controlled affiliates may receive after the date of the Merger Agreement relating to any of the foregoing matters or otherwise relating to any request for information relating to W. P. Carey or any of the W. P. Carey subsidiaries (other than requests for information unrelated to a W. P. Carey competing transaction). W. P. Carey must keep CPA®:15 reasonably informed on a prompt basis as to any material developments regarding any W. P. Carey competing transaction inquiries or proposals. None of W. P. Carey or any of the W. P. Carey subsidiaries shall, after the date of the Merger Agreement, enter into any confidentiality agreement that would prohibit them from providing such information to CPA®:15. W. P. Carey shall not, and shall not permit any of the W. P. Carey subsidiaries to, terminate, waive, amend or modify any provision of any existing standstill or confidentiality agreement to which W. P. Carey or any of the W. P. Carey subsidiaries is a party, in each case relating to a W. P. Carey competing transaction. W. P. Carey is required to promptly inform CPA®:15 in writing with respect to any such inquiry or proposal that becomes reasonably likely to lead to a proposal for a W. P. Carey competing transaction.

For purposes of the Merger Agreement, a W. P. Carey competing transaction means any of the following (other than the transactions expressly provided for in the Merger Agreement): (i) any merger, consolidation, share exchange, business combination or similar transaction involving W. P. Carey (or any of the material W. P. Carey subsidiaries); (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 50% or more of the assets of W. P. Carey and the W. P. Carey subsidiaries, taken as a whole, in a single transaction or series of related transactions, excluding any bona fide financing transactions which do not, individually or in the aggregate, have as a purpose or effect the sale or transfer of control of such assets; or (iii) any tender offer or exchange offer for 50% or more of the voting power in the election of directors exercisable by the holders of the outstanding W. P. Carey listed shares (or any of the W. P. Carey subsidiaries), in each case excluding any transaction (x) that is conditioned upon the consummation of the transactions contemplated by the Merger Agreement and the REIT Conversion Agreement or (y) the consummation of which would not reasonably be expected to materially impede, interfere with, prevent or delay the consummation of the transactions contemplated by the Merger Agreement and the REIT Conversion Agreement.

***CPA®:15***

None of CPA®:15, CPA 15 Holdco or any CPA®:15 subsidiary shall, nor shall it authorize or permit, directly or indirectly, any officer, director, investment advisor, agent, investment banker, financial advisor, attorney, accountant, broker, finder or other agent, representative or controlled affiliate of CPA®:15, CPA 15 Holdco or any CPA®:15 subsidiary to initiate, solicit, encourage or facilitate (including by way of furnishing nonpublic information or assistance) any inquiries or the making of any proposal or other action that constitutes, or may reasonably be expected to lead to, any CPA®:15 competing transaction (as defined below), or enter into discussions or negotiate with any third party in furtherance of such inquiries or to obtain a CPA®:15 competing transaction.

CPA®:15 must notify W. P. Carey in writing (as promptly as practicable but in any event within 24 hours of receipt) of the relevant details relating to all inquiries and proposals (including the identity of the parties, price and other material terms thereof) which it, CPA 15 Holdco or any CPA®:15 subsidiary or any of their respective officers, directors, employees, agents, investment bankers, financial advisors, attorneys, accountants, brokers, finders or other representatives or controlled affiliates may receive after February 17, 2012, the date of the Merger Agreement, relating to any of the foregoing matters or otherwise relating to any request for information relating to CPA®:15, CPA 15 Holdco or any CPA®:15 subsidiary (other than requests for information unrelated to a CPA®:15 competing transaction or a CPA®:15 superior competing transaction (as defined below)). CPA®:15 must keep W. P. Carey reasonably informed on a prompt basis as to any material developments regarding any such inquiries or proposals. None of CPA®:15, CPA 15 Holdco or any CPA®:15 subsidiary shall, after the date of the Merger Agreement, enter into any confidentiality agreement that would prohibit them from providing such information to W. P. Carey. CPA®:15 must not, and must not permit CPA 15 Holdco or any of the CPA®:15

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subsidiaries to, terminate, waive, amend or modify any provision of any existing standstill or confidentiality agreement to which CPA®:15, CPA 15 Holdco or any CPA®:15 subsidiary is a party, in each case relating to a CPA®:15 competing transaction. CPA®:15 must promptly inform W. P. Carey in writing with respect to any such inquiry or proposal that becomes reasonably likely to lead to a proposal for a CPA®:15 competing transaction, regardless of whether or not such proposal is likely to lead to a CPA®:15 superior competing transaction.

Notwithstanding the no solicitation provisions of the Merger Agreement or any other provision of the Merger Agreement to the contrary, to the extent the board of directors of CPA®:15 determines that the directors duties under law so require, as determined by the board of directors in good faith after consultation with outside counsel, CPA®:15 may:

- disclose to the CPA®:15 stockholders any information required to be disclosed under applicable law;
- to the extent applicable, comply with Rule 14e-2(a) or Rule 14(d)-9 promulgated under the Exchange Act, with respect to a CPA®:15 competing transaction; *provided, however*, that neither CPA®:15 nor its board of directors is permitted to approve or recommend a CPA®:15 competing transaction that is not a CPA®:15 superior competing transaction;
- if it receives a proposal for a CPA®:15 competing transaction (that was not solicited in violation of the no solicitation provisions of the Merger Agreement),
  - furnish non-public information with respect to CPA®:15 and the CPA®:15 subsidiaries to the third party who made such proposal provided that CPA®:15 (i) has previously or concurrently furnished such information to W. P. Carey and (ii) shall furnish such information pursuant to a confidentiality agreement), and
  - contact such third party and its advisors solely for the purpose of clarifying the proposal and any material contingencies and the capability of consummation, so as to determine whether the proposal for a CPA®:15 competing transaction is reasonably likely to lead to a CPA®:15 superior competing transaction;
- if its board of directors determines in good faith (after consulting with its outside counsel and financial advisors) that a proposal for a CPA®:15 competing transaction (which proposal was not solicited in breach of the no solicitation provisions of the Merger Agreement) is reasonably likely to lead to a CPA®:15 superior competing transaction, continue to furnish non-public information and participate in negotiations regarding such proposal; *provided, however*, that not fewer than 72 hours prior to any determination by CPA®:15 s board of directors that the proposal for a CPA®:15 competing transaction is reasonably likely to lead to a CPA®:15 superior competing transaction, W. P. Carey must be notified orally and in writing of the CPA®:15 board of directors intention to take such action and CPA®:15 must negotiate in good faith with W. P. Carey concerning any such new proposal by W. P. Carey prior to the expiration of such 72-hour period; *provided further that* CPA®:15 must promptly notify W. P. Carey if the CPA®:15 board of directors determines that a CPA®:15 competing transaction is not, and is unlikely to become, a CPA®:15 superior competing transaction; and
- approve or recommend (and in connection therewith withdraw or modify its approval or recommendation of the Merger Agreement and the Merger) a CPA®:15 superior competing transaction or enter into an agreement with respect to such CPA®:15 superior competing transaction.

For purposes of the Merger Agreement, a CPA®:15 competing transaction means any of the following (other than the transactions expressly provided for in the Merger Agreement): (i) any merger, consolidation, share exchange, business combination or similar transaction involving CPA®:15 (or any of the material CPA®:15 subsidiaries); (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 50% or more of the assets of CPA®:15 and the CPA®:15 subsidiaries, taken as a whole, in a single transaction or series of related transactions, excluding any bona fide financing transactions which do not, individually or in the aggregate, have as a purpose or effect the sale or transfer of control of such assets; or (iii) any tender offer or exchange offer for 50% or more of the voting power in the election of directors exercisable by the holders of outstanding CPA 15 common stock (or any of the CPA®:15 subsidiaries).

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For purposes of the Merger Agreement, a CPA®:15 superior competing transaction means a bona fide proposal for a CPA®:15 competing transaction made by a third party which the board of directors of CPA®:15 determines (after taking into account any amendment of the terms of the Merger or the REIT Conversion and/or any proposal by W. P. Carey to amend the terms of the Merger Agreement and related agreements, the Merger or the REIT Conversion), in good faith and after consultation with its financial and legal advisors, (i) is on terms which are more favorable from a financial point of view to the CPA®:15 stockholders than the Merger and the other transactions contemplated by the Merger Agreement, (ii) would result in such third party owning, directly or indirectly, all or substantially all of the CPA 15 common stock then outstanding (or all or substantially all of the equity of the surviving entity in a merger) or all or substantially all of the assets of CPA®:15 and the CPA®:15 subsidiaries taken as a whole, (iii) is reasonably capable of being consummated and (iv) was not solicited by CPA®:15, any CPA®:15 subsidiary or any of their respective officers, directors, investment advisors, investment bankers, financial advisors, attorneys, accountants, brokers, finders and any other agents, representatives or controlled affiliates in breach of the no solicitation provisions of the Merger Agreement.

**Conditions to Obligations to Complete the Merger and Other Transactions**

The respective obligations of the parties to the Merger Agreement to complete the Merger are subject to the satisfaction or waiver of several conditions at or prior to the closing date, including:

- W. P. Carey s shareholders will have approved the Merger and adopted the REIT Conversion Agreement and approved the W. P. Carey Merger;
- CPA®:15 s stockholders will have approved the Merger;
- the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the SEC with regard to the registration statement and all necessary state securities or blue sky authorizations shall have been received;
- no order, injunction or other legal restraint or prohibition preventing the consummation of the Merger will be in effect; and
- all consents, approvals, permits and authorizations required by the Merger Agreement to be obtained from any governmental entity will have been obtained.

The obligations of W. P. Carey to effect the Merger are further subject to the satisfaction or waiver on the closing date of several conditions, including:

- the representations and warranties of CPA®:15 and CPA 15 Holdco will be true and correct on the closing date (except for such changes resulting from actions permitted under the provisions of the Merger Agreement addressing the conduct of CPA®:15 s business between the execution date of the Merger Agreement and the closing date and to the extent that any representation or warranty is expressly limited by its terms to another date), except where the failure of such representations and warranties to be true and correct (without giving effect to any materiality, CPA®:15 material adverse effect or similar qualification or limitation), in the aggregate, would not reasonably be likely to have a material adverse effect on CPA®:15;
- CPA®:15 and CPA 15 Holdco will have performed in all material respects all covenants and obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger;
- since the date of the Merger Agreement, there will have occurred no changes, events or circumstances which, individually or in the aggregate, constitute a material adverse effect on CPA®:15;

prior to the closing of the Merger, W. P. Carey Inc. will have received an opinion from CPA®:15 s counsel as to CPA®:15 s REIT qualification;

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all necessary consents and waivers from third parties will have been obtained, except such consents and waivers from third parties, which, if not obtained, would not reasonably be expected to have a material adverse effect on CPA®:15;

prior to the closing of the Merger, W. P. Carey will have received an opinion from its counsel that various transactions being consummated in connection with the REIT Conversion each will qualify as a reorganization under Section 368(a) of the Code or should qualify as a transfer under Section 351 of the Code, as the case may be; and

the closing of the merger of CPA®:15 with and into an indirect and wholly-owned subsidiary of CPA®:15 shall have occurred.

The obligations of CPA®:15 and CPA 15 Holdco to effect the Merger are further subject to the satisfaction or waiver on the closing date of several conditions, including:

the representations and warranties of W. P. Carey, W. P. Carey Inc. and CPA 15 Merger Sub will be true and correct on the closing date (except for such changes resulting from actions permitted under the provisions of the Merger Agreement addressing the conduct of W. P. Carey s business between the execution date of the Merger Agreement and the closing date and to the extent that any representation or warranty is expressly limited by its terms to another date), except where the failure of such representations and warranties to be true and correct (without giving effect to any materiality, W. P. Carey material adverse effect or similar qualification or limitation), in the aggregate, would not reasonably be likely to have a material adverse effect on W. P. Carey;

W. P. Carey and W. P. Carey Inc. will have performed in all material respects all covenants and obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger;

the closing of the REIT Conversion shall have occurred;

the W. P. Carey Inc. common stock will have been approved for listing on the NYSE, subject to official notice of issuance;

since the date of the Merger Agreement, there will have occurred no changes, events or circumstances which, individually or in the aggregate, constitute a material adverse effect on W. P. Carey;

prior to the closing of the Merger, CPA®:15 and CPA 15 Holdco will have received an opinion from DLA Piper LLP (US) as to W. P. Carey Inc. s REIT qualification and tax status;

all necessary consents and waivers from third parties set forth in the Merger Agreement will have been obtained, except such consents and waivers from third parties, which, if not obtained, would not reasonably be expected to have a material adverse effect on W. P. Carey;

prior to the closing of the Merger, CPA®:15 and CPA 15 Holdco shall have received an opinion of Clifford Chance US LLP to the effect that for federal income tax purposes (i) the Merger will qualify as a reorganization under Section 368(a) of the Code and (ii) the merger of CPA®:15 with and into an indirect wholly-owned subsidiary of CPA®:15 will qualify as a reorganization under Section 368(a) of the Code; and prior to the closing of the Merger, CPA®:15 and CPA 15 Holdco shall have received an opinion of DLA Piper LLP (US) to the effect that, at all times since 2008, W. P. Carey has been classified as a partnership and not as an association taxable as a corporation for federal income tax purposes.

For purposes of the Merger Agreement, material adverse effect means, generally, and subject to the exclusions set forth in the Merger Agreement, (i) with respect to CPA®:15, a material adverse effect (A) on the business, properties, financial condition or results of operations of the company and its subsidiaries or (B) that would, or would be reasonably likely to, prevent or materially delay the performance by the company of its

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material obligations under the Merger Agreement or the consummation of the Merger or any other transactions contemplated by the Merger Agreement; and (ii) with respect to W. P. Carey, a material adverse effect (A) on the business, properties, financial condition or results of operations of the company and its subsidiaries or (B) that would, or would be reasonably likely to, prevent or materially delay the performance by the company or any of its subsidiaries of its material obligations under the Merger Agreement or the consummation of the Merger or any other transactions contemplated by the Merger Agreement.

Unless prohibited by law, both W. P. Carey and CPA®:15 could elect to waive any condition in its favor that has not been satisfied and complete the Merger. No waiver will be made that by law requires further approval by shareholders without obtaining such approval. For example, if either W. P. Carey or CPA®:15 elects to waive the condition that each party receive agreed-upon tax opinions, the shareholders of W. P. Carey and the stockholders of CPA®:15 will be informed of such waiver prior to being asked to vote on the Merger.

**Termination**

Either W. P. Carey or CPA®:15 can terminate the Merger Agreement at any time prior to the effective time of the Merger:

- by mutual written consent duly authorized by the board of directors of each of W. P. Carey and CPA®:15;

- by either party, if the other party has breached any representation, warranty, covenant or agreement set forth in the Merger Agreement, or if any representation or warranty by the other party has become untrue, in either case such that either party s related closing condition would be incapable of being satisfied by September 30, 2012, provided that CPA®:15 and CPA 15 Holdco shall not be deemed to have breached a representation, warranty, covenant or agreement set forth in the Merger Agreement to the extent the actions or inactions of W. P. Carey or any W. P. Carey subsidiary in its capacity as advisor to CPA®:15 pursuant to the CPA®:15 Advisory Agreements resulted in such breach;

- by either party upon the entry of any judgment, injunction, order, decree or action by any governmental entity or other competent authority preventing the consummation of the Merger that has become final and nonappealable;

- by either party, if the Merger shall not have been consummated before September 30, 2012; provided, however, that

  - a party that has materially breached a representation, warranty, covenant or agreement of such party set forth in the Merger Agreement is not entitled to exercise its right to terminate under this provisions, and

  - W. P. Carey is not entitled to exercise its right to terminate under this provision to the extent it or any of its subsidiaries actions or inactions in its capacity as advisor to CPA®:15 pursuant to the CPA®:15 Advisory Agreements resulted in a breach by CPA®:15 or a failure of CPA®:15 to perform its obligations under the Merger Agreement;

provided further that the termination date of September 30, 2012 shall be automatically extended until the Extended Termination Date, if the condition to closing with respect to the obtaining of all consents, approvals, permits and authorizations from governmental entities is not capable of being satisfied as of September 30, 2012, but is reasonably likely to be satisfied by the Extended Termination Date;

- by either party, if, upon a vote at a duly held special meeting of CPA®:15 stockholders or any adjournment or postponement thereof, CPA®:15 stockholders do not approve the Merger;

- by CPA®:15, if CPA®:15 s board of directors or any committee thereof shall have withdrawn its recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA®:15 superior competing transaction and CPA®:15 has paid, or has agreed in writing to pay, certain W. P. Carey out-of-pocket expenses;

by W. P. Carey, if (i) prior to CPA®:15 s special meeting, the board of directors of CPA®:15 or any committee thereof shall have withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, any CPA®:15 superior competing transaction or (ii) CPA®:15 shall have entered into any agreement with respect to any CPA®:15 superior competing transaction; and

by either party, if, upon a vote at a duly held special meeting of W. P. Carey shareholders or any adjournment or postponement thereof, W. P. Carey shareholders do not approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

**Effect of Termination**

If either party terminates the Merger Agreement in a manner described above, all obligations of W. P. Carey and CPA®:15 under the Merger Agreement will terminate without any liability or obligation of any party to the other party, except for any liability of a party for willful breaches of the Merger Agreement, failure or refusal by a party to consummate the transactions contemplated by the Merger Agreement, certain expenses and other obligations as provided in the Merger Agreement.

**Expenses**

CPA®:15 has agreed to pay W. P. Carey s out-of-pocket expenses (including, without limitation, all attorneys , accountants and investment bankers fees and expenses), if the Merger Agreement is terminated (i) by W. P. Carey, due to a breach of any representation, warranty, covenant or agreement on the part of CPA®:15 or CPA 15 Holdco such that the related closing condition is not satisfied by September 30, 2012, (ii) by CPA®:15, due to CPA®:15 s board of directors withdrawing its recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a CPA®:15 superior competing transaction or (iii) by W. P. Carey if (y) prior to the meeting of CPA®:15 stockholders, CPA®:15 s board of directors has withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA®:15 superior competing transaction or (z) CPA®:15 has entered into an agreement with respect to a CPA®:15 superior competing transaction.

W. P. Carey has agreed to pay CPA®:15 s out-of-pocket expenses (including, without limitation, all attorneys , accountants , investment bankers and CPA®:15 special committee fees and expenses), if the Merger Agreement is terminated (i) by CPA®:15, due to a breach of any representation, warranty, covenant or agreement on the part of W. P. Carey, W. P. Carey Inc. or CPA 15 Merger Sub such that the related closing condition is not satisfied by September 30, 2012 or (ii) by CPA®:15 or W. P. Carey, due to the failure of the W. P. Carey shareholders to approve the Merger and the failure to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

Except as set forth above, W. P. Carey and CPA®:15 will each pay their own respective out-of-pocket costs and expenses incurred in connection with the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. W. P. Carey and CPA®:15 shall each bear one-half of the costs of filing, printing and mailing this joint proxy statement/prospectus.

**Extension and Waiver**

At any time prior to the effective time of the Merger, each of W. P. Carey and CPA®:15 may:

extend the time for the performance of any of the obligations or other acts of the other party;

waive any inaccuracies in the representations and warranties of the other party contained in the Merger Agreement or in any document delivered pursuant to the Merger Agreement; and

subject to the proviso in the sentence under the caption Amendment, waive compliance with any of the agreements or conditions contained of the other party in the Merger Agreement.

Any agreement on the part of either party to any extension or waiver described above shall be valid only if set forth in writing and signed by the party agreeing to such extension or waiver.

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**Amendment**

The parties to the Merger Agreement may amend the Merger Agreement in writing by action of their respective boards of directors at any time before or after stockholder approval for the Merger is received from CPA®:15 stockholders and prior to the filing of the articles of merger with the State Department of Assessments and Taxation of Maryland; provided that after the approval of the Merger by the CPA®:15 stockholders is obtained, no amendment, modification or supplement may be made that will change the form or amount of the Merger Consideration, or any terms or conditions of the Merger Agreement if such change would adversely affect the CPA®:15 stockholders.

**Accounting Treatment of the Merger**

The Merger will be treated as a business combination in accordance with current authoritative accounting guidance. The fair value of the consideration given by W. P. Carey in the Merger will be allocated to the assets acquired and liabilities assumed as of the completion of the Merger. Additionally, any goodwill will be recognized and measured. All transaction costs will be expensed. The financial statements of W. P. Carey Inc. will reflect the combined operations of W. P. Carey Inc. and CPA®:15 from the effective time of the Merger.

**Determination of Merger Consideration**

The Merger Consideration, including the stock component of 0.2326 shares of W. P. Carey common stock for one share of CPA 15 common stock, was determined by the board of directors of W. P. Carey and a special committee of the board of directors of CPA®:15 following negotiations based in part upon (i) the historical market price of the W. P. Carey listed shares as quoted on the NYSE, and (ii) the estimated NAV per share for CPA®:15 of $10.40 as of September 30, 2011. The estimated NAV was determined on behalf of CPA®:15 by W. P. Carey, in its capacity as CPA®:15 s advisor, based in part upon a valuation of CPA®:15 s real estate portfolio as of September 30, 2011, prepared by Stanger, a third-party valuation firm, with adjustments for indebtedness, cash and other items, the largest of which was the estimated fair market value of the property level debt. The fair market value of such property level debt was determined by a third party based upon available market data for comparable liabilities and applying selected discount rates to the stream of future debt payments. The calculation of the estimated net asset values involved other adjustments, including adjustments for other net tangible assets of CPA®:15 and fees payable by CPA®:15 to the advisor in connection with the Merger.

The breakdown of the net asset valuation is as follows ($ in thousands except per share amount):

| | | CPA®:15 |
|---|---|---|
| | Appraised Real Estate Value | $ 2,569,721 |
| (less) | Fair Market Value of Property Debt | (1,259,577) |
| (plus) | Other Net Tangible Assets | 91,985 |
| (less) | Liquidation Stage Fees | (39,829) |
| (less) | Other Adjustments | (457) |
| | Estimated Net Asset Value | $ 1,361,843 |
| | Shares Outstanding | 130,535,801 |
| | Net Asset Value Per Share (Rounded) | $ 10.40 |

**Regulatory Matters**

W. P. Carey is not aware of any U.S. federal or state regulatory approvals that must be obtained in connection with the Merger or the REIT Conversion. CPA®:15 is also not aware of any U.S. federal or state regulatory approvals that must be obtained in connection with the Merger.

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**Resales of W. P. Carey Inc. Common Stock Issued in Connection with the Merger**

W. P. Carey Inc. common stock issued in connection with the Merger will be freely transferable, except for shares of W. P. Carey Inc. common stock received by persons who are deemed to be affiliates, as such term is defined by Rule 144 under the Securities Act, of CPA®:15 at the time the Merger proposal is submitted to CPA®:15 stockholders for approval. Shares of W. P. Carey Inc. common stock held by such affiliates may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act (or Rule 144 in the case of such persons who become affiliates of W. P. Carey Inc.) or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of W. P. Carey or CPA®:15 generally include individuals or entities that control, or are controlled by, or are under the common control with, such party and may include directors and executive officers of such party as well as principal shareholders of such party.

**Objecting Stockholders Rights of Appraisal**

Under Subtitle 2 of Title 3 of the MGCL, a copy of which appears as Annex E to this joint proxy statement/prospectus, CPA®:15 stockholders have the right to demand payment from W. P. Carey Inc. of the fair value of their shares of CPA 15 common stock.

To qualify as an objecting stockholder, you must deliver to the corporate secretary of CPA®:15 at 50 Rockefeller Plaza, New York, New York 10020, at or prior to your special meeting, your written objection to the Merger. The written objection must be separate from and in addition to any proxy or vote against the Merger. A proxy or vote against the Merger does not by itself constitute your written objection or demand for appraisal.

In addition, if you are a CPA®:15 stockholder and wish to exercise your right to demand payment of the fair value of your stock, within 20 days following the date the articles of merger with respect to the merger of CPA®:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, you must make a written demand on CPA®:15 for the payment of your CPA 15 common stock stating the number and class of shares for which you demand payment. In addition to making a written demand for the payment of your stock, you must not vote in favor of the Merger. CPA®:15 stockholders who return executed but unmarked proxies will be deemed to have voted in favor of the Merger. If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the stockholder has abstained from voting on the Merger, the shares of CPA 15 common stock represented by the proxy will not be considered to have been voted on the Merger. Abstentions will have the same effect as a vote against approval of the Merger.

Once you have filed a demand for payment, you cease to have any rights as a stockholder, including the right to receive the Merger Consideration or vote the W. P. Carey Inc. common stock, as applicable, except the right to receive payment of the fair value of your shares. Once you make a demand for payment, you may withdraw that demand only with the consent of CPA®:15.

Provided that you do not vote in favor of the Merger, or return an executed but unmarked proxy, and assuming the W. P. Carey shareholders and the CPA®:15 stockholders approve the Merger, then, promptly after the Merger is effective, CPA®:15 must notify you in writing of the date the articles of merger with respect to the merger of CPA®:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland. As part of that notice, CPA®:15 may send a written offer to pay to you a specified price deemed by CPA®:15 to be the fair value for your shares. Each offer will be accompanied by a balance sheet as of a date not more than six months prior to the offer date, a profit and loss statement for the 12 months ending on the date of the balance sheet, and any other information CPA®:15 considers pertinent. Within 50 days after the date the articles of merger with respect to the merger of CPA®:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, if you have not received from CPA®:15 the fair value of your shares, you may file a petition with a court of equity in the county where the principal office of CPA®:15 is located for an appraisal to determine the fair value of your shares.

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IF YOU DO NOT COMPLY WITH THE PROCEDURES FULLY AND THE MERGER IS APPROVED, YOU MAY LOSE YOUR RIGHT TO DEMAND PAYMENT OF THE FAIR VALUE OF YOUR SHARES, AND YOU WILL BE REQUIRED TO ACCEPT THE MERGER CONSIDERATION.

If the court finds you are entitled to an appraisal of your stock, it will appoint three disinterested appraisers to determine the fair value of your stock. Unless the court permits a longer period, the appraisers have 60 days after their appointment to determine the fair value of your stock and file their report with the court, and within 15 days after the appraisers file their report, any party may object to it and request a hearing. The court may, among other things, accept the report or set its own determination of the fair value, and then direct CPA®:15 to pay the appropriate amount.

Neither W. P. Carey nor CPA®:15 can predict how the court will value the respective shares of W. P. Carey Inc. or CPA®:15 common stock, and the fair value may be higher, lower or equal in value to the Merger Consideration being paid in the Merger. Stockholders should note that opinions of investment banking firms as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the Merger, are not opinions as to, and do not otherwise address, fair value under the MGCL.

If the court finds that the failure of a stockholder to accept an offer for the stock was arbitrary and vexatious or not in good faith, the court has the right to apportion among all or some of the parties any expenses of any proceeding to demand the fair or appraised value of shares as it deems equitable.

The above description is a summary of the material provisions of Subtitle 2 of Title 3 of the MGCL. For complete information, you should review the text of Subtitle 2, which appears as Annex E to this joint proxy statement/prospectus.

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## TERMS OF THE REIT CONVERSION

*The following is a brief summary of the material provisions of the REIT Conversion Agreement, a copy of which is attached as Annex B and is incorporated by reference in this joint proxy statement/prospectus. This summary is qualified in its entirety by reference to the REIT Conversion Agreement. You should read carefully the REIT Conversion Agreement in its entirety as it is the legal document that governs the REIT Conversion.*

### The REIT Conversion

W. P. Carey Inc. is a newly formed, wholly-owned subsidiary of W. P. Carey. W. P. Carey Inc. currently holds a small amount of cash as its only asset. The REIT Conversion Agreement provides that W. P. Carey will, after certain mergers of W. P. Carey subsidiaries with and into W. P. Carey Inc., merge with and into W. P. Carey Inc., at which time the separate existence of W. P. Carey as a limited liability company will cease and W. P. Carey Inc. will continue as the surviving corporation.

### Closing and Effective Time of the REIT Conversion

The boards of directors of W. P. Carey and W. P. Carey Inc. have adopted the REIT Conversion Agreement and approved the W. P. Carey Merger, subject to shareholder approval. The W. P. Carey Merger will become effective at the time a certificate of merger and articles of merger are submitted for filing and accepted for record by the Secretary of State of Delaware in accordance with the DLLCA and the State Department of Assessments and Taxation of Maryland in accordance with the MGCL, respectively, or at such later time as specified in the certificate of merger or articles of merger, as the case may be. We anticipate that the REIT Conversion will be completed by the third quarter of 2012 or as soon as possible thereafter. However, there can be no assurance as to when, or if, the REIT Conversion will be completed following the adoption by our shareholders of the REIT Conversion Agreement and approval of the W. P. Carey Merger at the special meeting and the satisfaction or waiver of the other conditions to the W. P. Carey Merger as described in the section Conditions to Completion of the REIT Conversion.

### Conversion of Listed Shares

At the effective time of the W. P. Carey Merger, each outstanding W. P. Carey listed share will be converted into one share of W. P. Carey Inc. common stock, and W. P. Carey Inc. will succeed to and continue to operate the existing business of W. P. Carey.

### Recordation of Exchange

***Recordation of Exchange*.**

As soon as practicable following the effective time of the W. P. Carey Merger, W. P. Carey Inc. will cause a third party transfer agent to record the transfer on the stock records of W. P. Carey Inc. of the amount of W. P. Carey Inc. common stock issued pursuant to the terms of the REIT Conversion Agreement. No physical share certificates will be delivered. See Other Effects of the REIT Conversion.

***Stock Transfer Books*.**

At the completion of the REIT Conversion, W. P. Carey will close its stock transfer books, and no subsequent transfers of W. P. Carey listed shares will be recorded on such books.

### Other Effects of the REIT Conversion

We expect the following to occur in connection with the REIT Conversion:

**Charter Documents of W. P. Carey Inc.** The charter and bylaws of W. P. Carey Inc. in effect immediately prior to the closing of the REIT Conversion will be the charter and bylaws of the surviving corporation, subject to any required amendments. Copies of the form of the W. P. Carey Inc.

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Charter and W. P. Carey Inc. Bylaws are set forth in Annex F and Annex G, respectively, of this joint proxy statement/prospectus. See also the section entitled Description of W. P. Carey Inc. Shares.

**Directors and Officers**. The directors and officers of W. P. Carey serving as directors and officers of W. P. Carey immediately prior to the closing of the REIT Conversion will be the directors and officers of W. P. Carey Inc.

**Options and Other Rights to Purchase or Acquire W. P. Carey Listed Shares**. Each option or other right to purchase or otherwise acquire W. P. Carey listed shares pursuant to stock option or other stock-based plans of W. P. Carey granted and outstanding immediately prior to the effective time of the W. P. Carey Merger shall, without any action on the part of the holder of such option or right, be converted into and become a right to purchase or otherwise acquire the same number of shares of W. P. Carey Inc. common stock at the same price per share and upon the same terms and subject to the same conditions as applicable to such options or other rights immediately prior to the effective time of the W. P. Carey Merger.

**Distributions**. W. P. Carey s obligations with respect to any dividends or other distributions to the shareholders of W. P. Carey that have been declared by W. P. Carey but not paid prior to the effective time of the W. P. Carey Merger will be assumed by W. P. Carey Inc.

**Listing of W. P. Carey Inc. Common Stock**. We anticipate that the shares of W. P. Carey Inc. common stock issued in the W. P. Carey Merger will trade on the NYSE under the symbol WPC following the completion of the REIT Conversion.

**Conditions to Completion of the REIT Conversion**

The closing of the REIT Conversion is a condition to the closing of the Merger. The board of directors of W. P. Carey has the right to abandon the REIT Conversion even if shareholders of W. P. Carey vote to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger and the other conditions to the completion of the REIT Conversion are satisfied or waived, if it determines that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders. The respective obligations of W. P. Carey and W. P. Carey Inc. to complete the REIT Conversion require the satisfaction or, where permitted, waiver, of the following conditions:

adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger by the requisite vote of the shareholders of W. P. Carey;

approval of the Merger by the requisite vote of the W. P. Carey shareholders and the CPA®:15 stockholders;

the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the SEC with regard to the registration statement;

approval for listing on the NYSE of W. P. Carey Inc. common stock, subject to official notice of issuance;

receipt of all governmental approvals and third-party consents to the REIT Conversion, except for consents as would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of W. P. Carey Inc. and its subsidiaries taken as a whole;

determination by the board of directors of W. P. Carey, in its sole discretion, that the transactions constituting the REIT Conversion that have an impact on W. P. Carey Inc.  s qualification as a REIT for federal income tax purposes have occurred or are reasonably likely to occur;

the determination by the board of directors of W. P. Carey, in its sole discretion, that no legislation or proposed legislation with a reasonable possibility of being enacted would have the effect of substantially (i) impairing the ability of W. P. Carey Inc. to qualify as a REIT, (ii) increasing the federal tax liabilities of W. P. Carey Inc. resulting from the REIT Conversion or (c) reducing the expected benefits to W. P. Carey Inc. resulting from the REIT Conversion; and

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execution of a certificate of merger and articles of merger and acceptance for record of such certificate of merger and articles of merger by the Secretary of State of Delaware in accordance with the DLLCA and the State Department of Assessments and Taxation of Maryland in accordance with the MGCL, respectively.

**Termination of the REIT Conversion Agreement**

The REIT Conversion Agreement provides that it may be terminated and the REIT Conversion abandoned at any time prior to its completion, before or after adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger by the shareholders of W. P. Carey, by the mutual consent of the board of directors of W. P. Carey and W. P. Carey Inc.

We have no current intention of abandoning the REIT Conversion subsequent to the special meeting if shareholder approval is obtained and the other conditions to the REIT Conversion are satisfied or waived. However, the board of directors of W. P. Carey reserves the right to abandon the REIT Conversion even if shareholders of W. P. Carey vote to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger, which is an important element of the REIT Conversion, and the other conditions to the completion of the REIT Conversion are satisfied or waived, if it determines that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders.

**Regulatory Approvals**

We are not aware of any federal, state, local or foreign regulatory requirements that must be complied with or approvals that must be obtained prior to completion of the REIT Conversion pursuant to the REIT Conversion Agreement, other than compliance with applicable federal and state securities laws and the filing and acceptance of a certificate of merger and articles of merger as required under the DLLCA and the MGCL, respectively.

**Absence of Dissenters Rights of Appraisal**

Under the DLLCA, W. P. Carey shareholders will not be entitled to dissenters rights of appraisal as a result of the REIT Conversion.

**Restrictions on Sales of W. P. Carey Inc. Common Stock Issued Pursuant to the REIT Conversion**

The shares of W. P. Carey Inc. common stock to be issued in connection with the REIT Conversion will, subject to the restrictions on the transfer and ownership of W. P. Carey Inc. common stock set forth in the W. P. Carey Inc. Charter, be freely transferable under the Securities Act, except for shares issued to any shareholder who may be deemed to be an affiliate of W. P. Carey for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or under the common control with, W. P. Carey and may include the executive officers, directors and significant shareholders of W. P. Carey.

**Accounting Treatment of the REIT Conversion**

For accounting purposes, the W. P. Carey Merger will be treated as a transfer of assets and exchange of shares between entities under common control. The accounting basis used to initially record the assets and liabilities in W. P. Carey Inc. is the carryover basis of W. P. Carey. Shareholder s equity of W. P. Carey Inc. will be that carried over from W. P. Carey.

**Formation of the REIT and Other Subsidiaries**

We will effect certain structural changes in connection with the proposed REIT Conversion. These reorganization transactions are intended to enable us to qualify as a REIT for federal income tax purposes and to

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improve our tax efficiency. W. P. Carey has already commenced these reorganization transactions and will continue to pursue them to completion. See Structure of the Merger and the REIT Conversion.

Following the Merger and REIT Conversion, CPA®:15 will be a QRS of W. P. Carey Inc. The rental and passive activities held by W. P. Carey Inc. will be housed in QRSs while the historic management business of W. P. Carey will be housed in TRSs under W. P. Carey Inc. A QRS is a wholly-owned, domestic or foreign corporate subsidiary of a REIT that has not elected to be treated as a separate corporation from the REIT for federal income tax purposes. The assets, liabilities and items of income, deduction and credit of a QRS are treated as the REIT s for federal income tax purposes. In contrast, a TRS is a domestic or foreign corporate subsidiary that has elected to be taxed separately from a REIT, and thus typically pays corporate tax at regular rates on its taxable income.

REITs are generally required to engage primarily in rental and passive activities permitted by the Code. Accordingly, we will, as appropriate, form QRSs or cause existing subsidiaries to become QRSs, and these QRSs will own our rental real estate. In contrast, our management business and other non-REIT activities, will be conducted through one or more TRSs because those activities are expected to generate non-qualifying REIT income as currently structured and operated. As appropriate, we will form TRSs or elect TRS status for existing subsidiaries in order to hold or acquire assets and operations that we believe are best suited for TRSs.

Net income from our TRSs will either be retained by our TRSs and used to fund their operations, or will be distributed to us, where it will either be reinvested by us into our business or contribute to income available for distribution to our stockholders. To the extent a TRS distribution to us constitutes taxable income, it will increase our REIT taxable income and associated REIT distribution requirements.

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## DIVIDEND AND DISTRIBUTION POLICY

Upon completion of the Merger and the REIT Conversion, we intend to declare regular quarterly distributions to holders of W. P. Carey Inc. common stock commencing in the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment by, W. P. Carey Inc. s board of directors and the preferential rights of any class or series of our stock that we may subsequently classify or reclassify. To qualify as a REIT, we must generally distribute to our stockholders each year an amount at least equal to 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). Generally, we expect to distribute all or substantially all of our REIT taxable income so as to not be subject to the income or excise tax on undistributed REIT taxable income. See the section entitled Material Federal Income Tax Considerations.

We expect that distributions will be declared quarterly. The amount, timing and frequency of distributions, however, will be at the sole discretion of the board of directors and will be declared based upon various factors, many of which are beyond our control, including:

- our financial condition and operating cash flows;
- our operating and other expenses;
- debt service requirements;
- capital expenditure requirements;
- the amount required to maintain REIT status and reduce any income and excise taxes that we otherwise would be required to pay;
- limitations on distributions in our existing and future debt instruments;
- limitations on our ability to fund distributions using cash generated through our TRSs;
- applicable provisions under the MGCL; and
- other factors that the board of directors may deem relevant.

We anticipate that distributions will generally be paid from cash from operations after debt service requirements and non-discretionary capital expenditures. To the extent that our cash available for distribution is insufficient to allow us to satisfy the REIT distribution requirements, we currently intend to borrow funds to make distributions consistent with this policy. Our ability to fund distributions through borrowings is subject to continued compliance with debt covenants, as well as the availability of borrowing capacity under our lending arrangements. If our operations do not generate sufficient cash flows and we are unable to borrow, we may be required to reduce our anticipated quarterly distributions. Our distribution policy enables us to review the alternative funding sources available to us for distributions from time to time. For information regarding risk factors that could materially adversely affect our actual results of operations, please see the section entitled Risk Factors.

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## SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following information has been derived from the audited consolidated financial statements of each of W. P. Carey and CPA®:15 for the five years ended December 31, 2011. This information is only a summary and should be read in conjunction with the unaudited pro forma financial statements of W. P. Carey Inc. included elsewhere in this joint proxy statement/prospectus, and the historical financial statements and related notes thereto for W. P. Carey and CPA®:15 included in this joint proxy statement/prospectus.

**W. P. Carey**

The unaudited pro forma consolidated operating and balance sheet data is presented as if the Merger and REIT Conversion occurred on December 31, 2011 for the consolidated balance sheet and January 1, 2011 for the consolidated statements of income. THE PRO FORMA INFORMATION BELOW IS HYPOTHETICAL AND DOES NOT NECESSARILY REFLECT THE FINANCIAL PERFORMANCE THAT WOULD HAVE ACTUALLY RESULTED IF THE MERGER AND REIT CONVERSION HAD BEEN COMPLETED ON THOSE DATES. FURTHERMORE, THIS INFORMATION DOES NOT NECESSARILY REFLECT FUTURE FINANCIAL POSITION AND RESULTS OF OPERATIONS IF THE MERGER AND THE REIT CONVERSION ACTUALLY OCCUR.

See W. P. Carey Inc. Unaudited Pro Forma Consolidated Financial Information included in this joint proxy statement/prospectus for a more detailed explanation of this analysis.

| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | | | Historical - W. P. Carey | | | Pro Forma - W. P. Carey Inc. |
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 (Unaudited) |
| | (In thousands except per share amounts) | | | | | |
| **Operating Data** [1] | | | | | | |
| Revenues from continuing operations [2] | $ 336,409 | $ 269,854 | $ 228,381 | $ 230,714 | $ 249,721 | $ 542,758 |
| Income from continuing operations[2] | 141,388 | 86,241 | 63,867 | 68,758 | 66,955 | 182,821 |
| **Net income** | 139,138 | 74,951 | 70,568 | 78,605 | 88,789 | N/A |
| Add: Net loss (income) attributable to noncontrolling interests | 1,864 | 314 | 713 | 950 | (4,781) | N/A |
| Less: Net income attributable to redeemable noncontrolling interests | (1,923) | (1,293) | (2,258) | (1,508) | (4,756) | N/A |
| Net income attributable to W. P. Carey shareholders | 139,079 | 73,972 | 69,023 | 78,047 | 79,252 | N/A |
| **Basic Earnings Per Share:** | | | | | | |
| Income from continuing operations attributable to W. P. Carey shareholders | 3.50 | 2.14 | 1.57 | 1.73 | 1.51 | 2.48 |
| Net income attributable to W. P. Carey shareholders | 3.44 | 1.86 | 1.74 | 1.98 | 2.08 | N/A |
| **Diluted Earnings Per Share:** | | | | | | |
| Income from continuing operations attributable to W. P. Carey shareholders | 3.47 | 2.14 | 1.57 | 1.71 | 1.51 | 2.47 |
| Net income attributable to W. P. Carey shareholders | 3.42 | 1.86 | 1.74 | 1.95 | 2.05 | N/A |
| Cash distributions declared per share [3] | 2.19 | 2.03 | 2.00 | 1.96 | 1.88 | N/A |
| **Balance Sheet Data** | | | | | | |
| Net investments in real estate [4] | $ 1,217,931 | $ 946,975 | $ 884,460 | $ 918,741 | $ 918,734 | $ 3,387,140 |
| Total assets | 1,462,623 | 1,172,326 | 1,093,336 | 1,111,136 | 1,153,284 | 4,625,311 |
| Long-term obligations [5] | 589,369 | 396,982 | 326,330 | 326,874 | 316,751 | 2,018,782 |
| Book value per share [6] | 14.01 | 13.62 | 13.79 | 13.81 | 13.63 | 14.98 |
| **Other Information** | | | | | | |
| Cash provided by operating activities | $ 80,116 | $ 86,417 | $ 74,544 | $ 63,247 | $ 47,471 | $ N/A |

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash distributions paid | 85,814 | 92,591 | 78,618 | 87,700 | 71,608 | N/A |
| Payment of mortgage principal [7] | 25,327 | 14,324 | 9,534 | 9,678 | 16,072 | N/A |

(1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
(2) The year ended December 31, 2011 includes $52.5 million of incentive, termination and subordinated disposition revenue recognized in connection with the CPA®: 14/16 Merger, and for 2007, includes revenue earned in connection with CPA®:16 Global meeting its performance criterion. Additionally, the pro forma figures presented in this table include the impact of the Merger discussed in this joint proxy statement/prospectus as well as the impact of the CPA®:14/16 Merger.
(3) The years ended December 31, 2009 and 2007 exclude special distributions of $0.30 per share and $0.27 per share paid in January 2010 and January 2008 to shareholders of record at December 31, 2009 and December 31, 2007, respectively.
(4) Net investments in real estate consists of net investments in properties, net investments in direct financing leases, equity investments in real estate and the REITs and assets held for sale, as applicable.
(5) Represents non-recourse and limited-recourse mortgages and note obligations.
(6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period on a pro forma basis. The total shares of common stock included in the pro forma book value per share calculation are approximately 68.0 million.
(7) Represents scheduled mortgage principal payments.

**CPA®:15**

The following selected financial data should be read in conjunction with the consolidated financial statements of CPA®:15 and related notes in Item 8 (in thousands, except per share data):

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| **Operating Data** (1) | | | | | |
| Total revenues | $ 249,889 | $ 251,163 | $ 264,789 | $ 270,784 | $ 259,564 |
| Income from continuing operations | 78,970 | 93,954 | 32,419 | 79,960 | 86,686 |
| Net income (2) | 76,552 | 100,256 | 29,900 | 51,194 | 124,124 |
| Less: Net income attributable to noncontrolling interests | (19,859) | (40,479) | (30,148) | (22,500) | (36,934) |
| Net income (loss) attributable to CPA®:15 shareholders | 56,693 | 59,777 | (248) | 28,694 | 87,190 |
| Earnings (loss) per share: | | | | | |
| Income from continuing operations attributable to CPA®:15 shareholders | 0.44 | 0.49 | 0.07 | 0.39 | 0.49 |
| Net income (loss) attributable to CPA®:15 shareholders | 0.43 | 0.47 | | 0.22 | 0.68 |
| Cash distributions declared per share (3) | 0.7286 | 0.7246 | 0.7151 | 0.6902 | 0.6691 |
| **Balance Sheet Data** | | | | | |
| Total assets | $ 2,452,884 | $ 2,694,055 | $ 2,959,088 | $ 3,189,205 | $ 3,464,637 |
| Net investments in real estate (4) | 2,034,144 | 2,297,754 | 2,540,012 | 2,715,417 | 2,882,357 |
| Long-term obligations (5) | 1,323,131 | 1,498,296 | 1,686,154 | 1,819,443 | 1,943,724 |
| Book value per share (6) | 5.15 | 5.23 | 5.09 | 5.57 | 6.14 |
| **Other Information** | | | | | |
| Cash provided by operating activities | $ 163,566 | $ 168,725 | $ 164,475 | $ 180,789 | $ 162,985 |
| Cash distributions paid | 94,272 | 91,743 | 88,939 | 98,153 | 85,327 |
| Payments of mortgage principal (7) | 73,675 | 79,905 | 92,765 | 42,662 | 54,903 |

(1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
(2) Net income in 2011, 2010, 2009 and 2008 reflected impairment charges totaling $31.9 million, $25.3 million, $66.6 million and $42.1 million, respectively, of which $6.7 million, $1.5 million, $4.4 million and $7.6 million was attributable to noncontrolling interests, respectively. In 2007, income from equity investments in real estate included $2.4 million of impairment charges attributable to other -than-temporary declines in the fair market value of two real estate equity investments.

(3) Cash distributions declared per share for 2007 excluded a special cash distribution of $0.08 per share that was paid in January 2008 to stockholders of record at December 31, 2007.
(4) Net investments in real estate consists of net investments in properties, net investment in direct financing leases, equity investments in real estate, real estate under construction and assets held for sale, as applicable.
(5) Represents mortgage obligations and deferred acquisition fee installments.
(6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period.
(7) Represents scheduled mortgage principal payments.

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## INFORMATION ABOUT W. P. CAREY

*Set forth below is a description of the business of W. P. Carey. W. P. Carey Inc., a wholly-owned subsidiary of W. P. Carey, was incorporated in Maryland on February 15, 2012 to succeed to and continue the business of W. P. Carey, which is described below, upon completion of the W. P. Carey Merger. Effective at the time of the W. P. Carey Merger, W. P. Carey Inc. will hold, directly or indirectly through its subsidiaries, the assets currently held by W. P. Carey and will conduct the existing businesses of W. P. Carey and its subsidiaries. When used in this section, unless otherwise specifically stated or the context requires otherwise, the terms we, us or our refer to W. P. Carey and its consolidated subsidiaries and predecessors.*

### General Development of Business

***Overview***

W. P. Carey provides long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. A build-to-suit transaction is a form of a sale leaseback transaction that allows companies to expand an existing facility or build a new facility. In a build-to-suit transaction, W. P. Carey works with a company and/or a real estate developer to acquire the land or existing property, finances 100% of the construction costs and enters into a long-term lease with the company that begins upon completion of construction. We invest primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. We also earn revenue as the advisor to the CPA® REITs. We are currently the advisor to the following CPA® REITs: CPA®:15, CPA®:16 Global and CPA®:17 Global. We were the advisor to CPA®:14 until the CPA®:14/16 Merger. We are also the advisor to CWI, which we formed in March 2008 for the purpose of acquiring interests in lodging and lodging-related properties.

Most of our properties were either acquired as a result of our consolidation with certain affiliated Corporate Property Associates limited partnerships or subsequently acquired from other CPA® REIT programs in connection with the provision of liquidity to stockholders of those CPA® REITs, as further described below. Because our advisory agreements with each of the existing CPA® REITs and CWI require that we use our best efforts to present to them a continuing and suitable program of investment opportunities that meet their investment criteria, we generally provide investment opportunities to these funds first and earn revenues from transaction and asset management services performed on their behalf. Our principal focus on our owned real estate portfolio in recent years has therefore been on enhancing the value of our existing properties. See Conflicts of Interest.

We were formed as a limited liability company under the laws of Delaware on July 15, 1996. On January 1, 1998 the limited partnership interests of nine CPA® partnerships were combined and became listed on the NYSE under the name Carey Diversified and the symbol CDC. In 2000, Carey Diversified merged with W. P. Carey after W. P. Carey became listed on the NYSE under the symbol WPC. As a limited liability company, we are not subject to federal income taxation as long as we satisfy certain requirements relating to our operations and pass through any tax liabilities or benefits to our shareholders; however, certain of our subsidiaries are engaged in investment management operations and are subject to U.S. federal, state and local income taxes, and some of our subsidiaries may also be subject to foreign taxes.

Our principal executive offices are located at 50 Rockefeller Plaza, New York, NY 10020, and our telephone number is (212) 492-1100. At December 31, 2011, we employed 212 individuals through our wholly-owned subsidiaries.

***Primary Business Segments***

*Investment Management* We structure and negotiate investments and debt placement transactions for the REITs, for which we earn structuring revenue, and manage their portfolios of real estate investments, for which we may earn asset-based management and performance revenue. Depending on the arrangement with each REIT, we earn asset-based management revenue based on the value of their real estate-related and lodging-related assets under management. We also receive performance revenue from CPA®:15 and, before the CPA®:14/16 Merger, from CPA®:14 and CPA®:16 Global. As funds available to the CPA® REITs and CWI are invested, the asset base from which we earn revenue increases. In addition, we also receive a percentage of distributions of available cash from the operating partnerships of CPA®:17 Global and CWI, as well as from the operating partnership of CPA®:16 Global after the CPA®:14/16 Merger. We may also earn incentive and disposition revenue and receive other compensation in connection with providing liquidity alternatives to CPA® REITs and CWI stockholders.

*Real Estate Ownership* We own and invest in commercial properties in the U.S. and the European Union that are then leased to companies, primarily on a triple-net lease basis. We may also invest in other properties if opportunities arise. Effective as of January 1, 2011, we include our equity investments in the CPA® REITs and CWI in our Real Estate Ownership segment. The equity income or loss from the CPA® REITs and CWI that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the CPA® REITs and CWI. This treatment is consistent with that of our directly-owned properties.

***Significant Developments During 2012***

At December 31, 2011, CPA®:15 s portfolio was comprised of full or partial ownership in 315 properties, substantially all of which were triple-net leased with an average remaining life of 10.4 years and an estimated annual contractual minimum base rent of $223.0 million (on a pro rata basis). We expect to assume the related property debt comprised of 74 fixed-rate and seven variable-rate non-recourse mortgage loans with an aggregate fair value of $1.2 billion and a weighted-average annual interest rate of 5.7% at December 31, 2011 (on a pro rata basis). During 2011, we earned $26.0 million in fees from CPA®:15 and recognized $3.4 million in equity earnings based on our ownership of shares in CPA®:15.

On January 2, 2012, our founder and Chairman, Wm. Polk Carey, passed away. Following the passing of Mr. Carey, on January 4, 2012, the Board of Directors elected Benjamin H. Griswold, IV as Non-Executive Chairman of the Board. Mr. Griswold has been a director since 2006 and served as Lead Director from 2010. He also serves as Chairman of the Compensation Committee of our Board of Directors (the Compensation Committee ).

On February 17, 2012, we entered into an amended and restated credit facility that amended and restated the credit agreement entered into on December 28, 2011 and which includes a new $175.0 million term loan as part of our credit facility in order to pay (in a single draw) for the cash portion of the Merger Consideration. The term loan is available until the earliest of (i) September 30, 2012, (ii) the date (if any) that the Merger occurs, and (iii) the date of the termination of the term facility, pursuant to the terms of the amended and restated credit facility. The term loan draw is subject to a number of closing conditions, including the lenders satisfactory completion of due diligence and determination that no material adverse change has occurred, and there can be no assurance that we will be able to obtain the term loan.

Please see The Combined Company Executive Compensation Employment Agreements for a discussion of the employment agreement between W. P. Carey and Trevor P. Bond, W. P. Carey s Chief Executive Officer. Mr. Bond s employment agreement was not entered into in connection with the Merger Agreement or the REIT Conversion Agreement and Mr. Bond will not receive or be paid any severance in connection with the Merger or the REIT Conversion.

***Significant Developments During 2011***

*Acquisition Activity* During 2011, we structured investments on behalf of the CPA® REITs and CWI totaling approximately $1.2 billion. International investments comprised 54% (on a pro rata basis) of these investments. Amounts are based on the exchange rate of the foreign currency at the date of acquisition, as applicable.

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*Investor Capital Inflows* We raised more than $582.5 million on behalf of CPA®:17 Global during 2011. Of this total, we raised $163.8 million under CPA®:17 Global s initial public offering and $418.7 million under CPA®:17 Global s follow-on offering, as described below. Since beginning fundraising for CPA®:17 Global in December 2007 through December 31, 2011, we have raised more than $1.9 billion on its behalf. CPA®:17 Global s initial public offering was terminated in April 2011 when a registration statement for a continuous public offering of up to an additional $1.0 billion of common stock, which we refer to as the follow-on offering, was declared effective by the SEC on April 7, 2011.

We also raised $47.1 million on behalf of CWI from the beginning of its offering in September 2010 through December 31, 2011.

*Credit Facility* In December 2011, we entered into a $450.0 million unsecured revolving credit facility to replace our then-existing $250.0 million unsecured line of credit and $30.0 million secured line of credit, which were both due to expire in June 2012. At our election, the principal amount available under the new line of credit may be increased by up to an additional $125.0 million, subject to the conditions provided in the credit agreement. The new credit facility matures in December 2014 but may be extended for one year at our option, subject to the conditions provided in the credit agreement. The outstanding amounts under our existing credit facilities aggregated $233.2 million at the time, which we rolled over to the new facility.

*Financing Activity* During 2011, we obtained mortgage financing totaling $576.0 million on behalf of the CPA® REITs and $69.8 million for our owned real estate portfolio, consisting of financing for new transactions and on unencumbered properties and refinancing of maturing debt. These mortgage financings had a weighted-average annual interest rate of approximately 4.5%. Amounts are based on the exchange rate of the foreign currency at the date of financing and the weighted average interest rate on unhedged variable-rate loans is based on the rate on the date of financing, as applicable.

*CPA®:14/16 Merger* In the CPA®:14/16 Merger, CPA®:14 stockholders were entitled to receive $11.50 per share, which was equal to the estimated NAV of CPA®:14 as of September 30, 2010. For each share of CPA®:14 stock owned, each CPA®:14 stockholder received a $1.00 per share special cash dividend and a choice of either (i) $10.50 in cash or (ii) 1.1932 shares of CPA®:16 Global. The merger consideration of $954.5 million was paid by CPA®:16 Global, including payment of $444.0 million to liquidating stockholders and issuing 57,365,145 shares of common stock with a fair value of $510.5 million on the date of closing to stockholders of CPA®:14 in exchange for 48,076,723 shares of CPA®:14 common stock. The $1.00 per share special cash distribution, totaling $90.4 million in the aggregate, was funded from the proceeds of the CPA®:14 Asset Sales described below. In connection with the CPA®:14/16 Merger, we agreed to purchase a sufficient number of shares of CPA®:16 Global common stock from CPA®:16 Global to enable it to pay the merger consideration if the cash on hand and available to CPA®:14 and CPA®:16 Global, including the proceeds of the CPA®:14 Asset Sales and a new $320.0 million senior credit facility of CPA®:16 Global, were not sufficient. Accordingly, we purchased 13,750,000 shares of CPA®:16 Global on May 2, 2011 for $121.0 million, which we funded, along with other obligations, with cash on hand and $121.4 million drawn on our then-existing unsecured line of credit.

In connection with the CPA®:14/16 Merger, on May 2, 2011, we purchased the remaining interests in three ventures from CPA®:14, in which we already had a partial ownership interest, for an aggregate purchase price of $31.8 million, plus the assumption of $87.6 million of indebtedness. The purchase price was based on the appraised values of the ventures underlying properties and debt. In connection with the purchase, we recorded a gain of $27.9 million, which represents the difference between our respective carrying values and the fair values of our previously held interests in these ventures. Together with the three properties sold by CPA®:14 to CPA®:17 Global on that date, as well as certain other properties sold to third parties in anticipation of the CPA®:14/16 Merger, these sales are referred to herein as the CPA®:14 Asset Sales.

Upon consummation of the CPA®:14/16 Merger, we earned revenues of $31.2 million in connection with the termination of the advisory agreement with CPA®:14 and $21.3 million of subordinated disposition revenues.

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We elected to receive our termination revenue in 2,717,138 shares of CPA®:14, which were exchanged into 3,242,089 shares of CPA®:16 Global in the CPA®:14/16 Merger. In addition, we received $11.1 million in cash as a result of the $1.00 per share special cash distribution paid by CPA®:14 to its stockholders. Upon closing of the CPA®:14/16 Merger, we received 13,260,091 million shares of common stock of CPA®:16 Global in respect of our shares of CPA®:14.

CAM, our subsidiary that acts as the advisor to the CPA® REITs, waived any acquisition fees payable by CPA®:16 Global under its advisory agreement with CAM in respect of the properties acquired in the CPA®:14/16 Merger and also waived any disposition fees that may subsequently be payable by CPA®:16 Global upon a sale of such assets. As the advisor to CPA®:14, CAM earned acquisition fees related to those properties acquired by CPA®:14 and disposition fees on those properties upon the liquidation of CPA®:14 and, as a result, CAM and CPA®:16 Global agreed that CAM should not receive fees upon the acquisition or disposition of the same properties by CPA®:16 Global.

*CPA®:16 Global UPREIT Reorganization* Immediately following the CPA®:14/16 Merger on May 2, 2011, CPA®:16 Global completed an internal reorganization whereby CPA®:16 Global formed an umbrella partnership real estate investment trust, or UPREIT, which was approved by CPA®:16 Global stockholders in connection with the CPA®:14/16 Merger. In connection with the formation of the UPREIT, CPA®:16 Global contributed substantially all of its assets and liabilities to an operating partnership in exchange for a managing member interest and units of membership interest in that operating partnership, which together represent a 99.985% capital interest of the Managing Member (representing the CPA®:16 Global stockholders interest). Through our subsidiary, Carey REIT III, Inc. (the Special General Partner or Carey REIT III ), we acquired a special membership interest ( Special Member Interest ) of 0.015% in CPA®:16 Global s operating partnership for $0.3 million, entitling us to receive certain profit allocations and distributions of cash (Note 3 to the accompanying consolidated financial statements of W. P. Carey).

As consideration for the Special Member Interest, we amended our advisory agreement with CPA®:16 Global to give effect to this UPREIT reorganization and to reflect a revised fee structure whereby (i) our asset management fees are prospectively reduced to 0.5% from 1.0% of the asset value of a property under management, (ii) the former 15% subordinated incentive fee and termination fees have been eliminated and replaced by (iii) a 10% Special General Partner Available Cash Distribution, as described in Note 3 to the accompanying consolidated financial statements of W. P. Carey, and (iv) the 15% Final Distribution, as described in Note 3 to the accompanying consolidated financial statements of W. P. Carey. The sum of the new 0.5% asset management fee and the Available Cash Distribution is expected to be lower than the original 1.0% asset management fee; accordingly, the Available Cash Distribution is contractually limited to 0.5% of the value of CPA®:16 Global s assets under management. However, the amount of after-tax cash we receive pursuant to this revised structure is anticipated to be greater than the amount we received under the previous arrangement. The fee structure related to initial acquisition fees, subordinated acquisition fees and subordinated disposition fees for CPA®:16 Global remains unchanged.

*Impairment Charges* During 2011, we recorded impairment charges on our owned portfolio totaling $10.7 million (see Note 10 to the accompanying consolidated financial statements of W. P. Carey). We currently estimate that the CPA® REITs will record impairment charges aggregating approximately $61.7 million for 2011, of which our proportionate share is approximately $7.8 million (see Note 6 to the accompanying consolidated financial statements of W. P. Carey). Our cash distributions from the CPA® REITs are not affected by the impairment charges recognized by them.

**Financial Information About Segments**

Refer to Note 17 in the accompanying consolidated financial statements of W. P. Carey for financial information about W. P. Carey s segments.

**Business Objectives and Strategy**

We have two primary business segments, Investment Management and Real Estate Ownership. These segments are each described below. Our objective is to increase shareholder value and earnings through expansion of our investment management operations and prudent management of our owned real estate assets.

***Investment Management***

We earn revenue as the advisor to the CPA® REITs and CWI. Under the advisory agreements with the CPA® REITs and CWI, we perform various services, including but not limited to the day-to-day management of the CPA® REITs and CWI and transaction-related services. The advisory agreements allow us to elect to receive stock for any revenue due from the CPA® REITs or CWI.

Because of limitations on the amount of non-real estate-related income that may be earned by a limited liability company that is taxed as a publicly traded partnership, our investment management operations are currently conducted primarily through taxable subsidiaries.

From time to time, we explore alternatives for expanding our investment management operations beyond advising the CPA® REITs and CWI. Any such expansion could involve the purchase of properties or other investments as principal, either for our owned portfolio or with the intention of transferring such investments to a newly-created fund, as well as the sponsorship of one or more funds to make investments other than primarily net lease investments.

*Asset Management Revenue* We earn asset management revenue from the CPA® REITs and CWI, which is based on average invested assets and is calculated according to the advisory agreements for the CPA® REITs and CWI. For CPA®:16 Global prior to the CPA®:14/16 Merger and for CPA®:15, this revenue generally totals 1% per annum, with a portion of this revenue, or 0.5%, contingent upon the achievement of specific performance criteria. For CPA®:16 Global subsequent to the CPA®:14/16 Merger, we earn asset management revenue of 0.5% of average invested assets. For CPA®:17 Global, we earn asset management revenue ranging from 0.5% of average market value for long-term net leases and certain other types of real estate investments up to 1.75% of average equity value for certain types of securities. For CWI, we earn asset management revenue of 0.5% of the average market value of lodging-related investments. We do not earn performance revenue from CPA®:17 Global, CWI and, subsequent to the CPA®:14/16 Merger, from CPA®:16 Global, but we receive up to 10% of distributions of available cash, as defined in the respective advisory agreements, from their operating partnership. We seek to increase our asset management revenue and performance revenue by increasing real estate-related assets under management, both as the CPA® REITs and CWI make new investments and from organizing new investment entities. Such revenue may also increase, or decrease, based on changes in the appraised value of the real estate assets of the individual the CPA® REITs and CWI. Assets under management, and the resulting revenue earned by us, may also decrease if investments are disposed of, either individually or in connection with the liquidation of a CPA® REIT or CWI.

*Structuring Revenue* Under the terms of the advisory agreements, we earn revenue in connection with structuring and negotiating investments and related financing for the CPA® REITs and CWI, which we call acquisition revenue. We may receive acquisition revenue of up to an average of 4.5% of the total cost of all investments made by each CPA® REIT. A portion of this revenue (generally 2.5%) is paid when the transaction is completed, while the remainder (generally 2%) is payable in annual installments ranging from three to eight years, provided the relevant CPA® REIT meets its performance criterion. Unpaid installments bear interest at annual rates ranging from 5% to 7%. For certain types of non-long term net lease investments acquired on behalf of CPA®:17 Global, initial acquisition revenue may range from 0% to 1.75% of the equity invested plus the related acquisition revenue, with no deferred acquisition revenue being earned. For CWI, we earn initial acquisition revenue of 2.5% of the total investment cost of the properties acquired and loans originated by us not to exceed 6% of the aggregate contract purchase price of all investments and loans with no deferred acquisition revenue being earned. We may also be entitled, subject to the CPA® REITs and CWI board approval, to fees for structuring loan refinancing of up to 1% of the principal amount. This loan refinancing revenue, together with the acquisition revenue, is referred to as structuring revenue.

*Other Revenue* We may also earn revenue related to the disposition of properties, subject to subordination provisions, which will only be recognized as the relevant conditions are met. Such revenue may include subordinated disposition revenue of no more than 3% of the value of any assets sold, payable only after shareholders have received back their initial investment plus a specified preferred return, and subordinated incentive revenue of 15% of the net cash proceeds distributable to shareholders from the disposition of properties, after recoupment by shareholders of their initial investment plus a specified preferred return. If the Merger is consummated, we have agreed to waive certain fees to which we were formerly entitled to be paid by CPA®:15 in connection with a liquidity event, including subordinated disposition and termination fees. In connection with the termination of the advisory agreement for CPA®:14 during 2011, we received a termination payment of $31.2 million. CPA®:17 Global, CPA®:16 Global, and CWI, will have the right, but not the obligation, upon certain terminations to repurchase our interests in their respective operating partnerships at fair market value. We will not receive a termination payment in circumstances where we receive subordinated incentive revenue.

We may earn substantial disposition and incentive or termination revenue in connection with providing liquidity to the stockholders of the CPA® REITs and CWI. In general, we begin evaluating liquidity alternatives for the CPA® REITs and CWI stockholders about eight years after a CPA® REIT or CWI has substantially invested the net proceeds received in its initial public offering. These liquidity alternatives may include listing the CPA® REITs and CWI s shares on a national securities exchange, selling the assets of the CPA® REIT or CWI or merging the affected CPA® REIT or CWI with another entity, which could include another CPA® REIT. However, the timing of liquidity events depends on market conditions and may also depend on other factors, including approval of the proposed course of action by the independent directors, and in some instances the stockholders, of the affected CPA® REIT or CWI, and may occur well after the eighth anniversary of the date that the net proceeds of an offering have been substantially invested. Because of these factors, the CPA® REIT and CWI liquidity events have not typically taken place every year. In consequence, given the relatively substantial amounts of disposition revenue, as compared with the ongoing revenue earned from asset management and structuring investments, income from this business segment may be significantly higher in those years where a liquidity event takes place. During 2011, we earned incentive and disposition revenue and received other compensation in connection with providing a liquidity alternative to the CPA®:14 stockholders with the CPA®:14/16 Merger.

The CPA® REITs and CWI reimburse us for certain costs, primarily broker-dealer commissions paid on their behalf and marketing and personnel costs. The CPA® REITs and CWI also reimburse us for many of our costs associated with the evaluation of transactions on their behalf that are not completed. These reimbursements may be substantial. These reimbursements, together with asset management revenue payable by a specific CPA® REIT, may be subject to deferral or reduction if they exceed a specified percentage of that CPA® REITs income or invested assets.

Pursuant to our advisory agreement with CWI, we perform certain services, including managing CWI s offering and its overall business, identification, evaluation, negotiation, purchase and disposition of lodging-related properties and the performance of certain administrative duties. We are currently fundraising for CWI. Unreimbursed costs incurred on behalf of CWI totaled $5.1 million through December 31, 2011. We anticipate being reimbursed for all or a portion of these costs in accordance with the terms of the advisory agreement.

*Equity Investments in the CPA® REITs* As discussed above, we may elect to receive certain of our revenues from the CPA® REITs in shares of those entities. At December 31, 2011, we owned 7.7% of the outstanding shares of CPA®:15, 17.9% of the outstanding shares of CPA®:16 Global, 0.9% of the outstanding shares of CPA®:17 Global and 0.5% of the outstanding shares of CWI (Note 6 to the accompanying consolidated financial statements of W. P. Carey).

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***Real Estate Ownership***

We own and invest in commercial properties in the U.S. and the European Union that are then leased to companies, primarily on a single-tenant, triple-net leased basis. While our acquisition of new properties is constrained by our obligation to provide a continuing and suitable investment program to the CPA® REITs and CWI, we seek to maximize the value of our existing portfolio through prudent management of our real estate assets, which may involve follow-on transactions, dispositions and favorable lease modifications, as well as refinancing of existing debt. In connection with providing liquidity alternatives to the CPA® REITs and CWI stockholders, we may acquire additional properties from the liquidating the CPA® REITs and CWI, as we did in 2011 in connection with the CPA®:14/16 Merger. We have also acquired properties and interests in properties through tax-free exchanges and as part of joint ventures with the CPA® REITs and CWI. We may also, in the future, seek to increase our portfolio by making investments, including non-net lease investments and investments in emerging markets, that may not meet the investment criteria of the CPA® REITs and CWI, particularly investments that are not current-income oriented. See Our Portfolio below for an analysis of our portfolio at December 31, 2011.

No single tenant at any of our consolidated investments represented more than 10% of our total lease revenues from our real estate ownership during 2011, 2010 or 2009.

The Investment Strategies, Financing Strategies, Asset Management, Competition and Environmental Matters sections described below pertain to both our Investment Management and Real Estate Ownership segments.

***Investment Strategies***

The following description of our investment process applies to investments we make on behalf of the CPA® REITs. In general, we would expect to follow a similar process in connection with any investments in triple-net lease, single-tenant commercial properties we may make directly, but we are not required to do so.

In analyzing potential investments, we review all aspects of a transaction, including tenant and real estate fundamentals, to determine whether a potential investment and lease can be structured to satisfy the CPA® REITs investment criteria. In evaluating net lease transactions, we generally consider, among other things, the following aspects of each transaction:

*Tenant/Borrower Evaluation* We evaluate each potential tenant or borrower for its creditworthiness, typically considering factors such as management experience, industry position and fundamentals, operating history, and capital structure, as well as other factors that may be relevant to a particular investment. We seek opportunities in which we believe the tenant may have a stable or improving credit profile or credit potential that has not been recognized by the market. In evaluating a possible investment, the creditworthiness of a tenant or borrower often will be a more significant factor than the value of the underlying real estate, particularly if the underlying property is specifically suited to the needs of the tenant; however, in certain circumstances where the real estate is attractively valued, the creditworthiness of the tenant may be a secondary consideration. Whether a prospective tenant or borrower is creditworthy will be determined by our investment department and the investment committee, as described below. Creditworthy does not mean investment grade.

*Properties Important to Tenant/Borrower Operations* We generally will focus on properties that we believe are essential or important to the ongoing operations of the tenant. We believe that these properties provide better protection generally as well as in the event of a bankruptcy, since a tenant/borrower is less likely to risk the loss of a critically important lease or property in a bankruptcy proceeding or otherwise.

*Diversification* We attempt to diversify the portfolios of the CPA® REITs to avoid dependence on any one particular tenant, borrower, collateral type, geographic location or tenant/borrower industry. By diversifying these portfolios, we seek to reduce the adverse effect of a single under-performing investment or a downturn in any particular industry or geographic region. While we have not endeavored to maintain any particular standard of diversity in our owned portfolio, we believe that our owned portfolio is reasonably well diversified (see Our Portfolio below).

*Lease Terms* Generally, the net leased properties in which the CPA® REITs and we invest will be leased on a full recourse basis to the tenants or their affiliates. In addition, we seek to include a clause in each lease that provides for increases in rent over the term of the lease. These increases are fixed or tied generally to increases in indices such as the CPI or other similar index in the jurisdiction in which the property is located, but may contain caps or other limitations, either on an annual or overall basis. Further, in some jurisdictions (notably Germany), these clauses must provide for rent adjustments based on increases or decreases in the relevant index. In the case of retail stores and hotels, the lease may provide for participation in gross revenues of the tenant at the property above a stated level, or percentage rent; however, percentage rent has been insignificant in the recent years. Alternatively, a lease may provide for mandated rental increases on specific dates, and we may adopt other methods in the future.

*Collateral Evaluation* We review the physical condition of the property, and conduct a market evaluation to determine the likelihood of replacing the rental stream if the tenant defaults or of a sale of the property in such circumstances. We also generally engage a third party to conduct, or require the seller to conduct, Phase I or similar environmental site assessments (including a visual inspection for the potential presence of asbestos) in an attempt to identify potential environmental liabilities associated with a property prior to its acquisition. If potential environmental liabilities are identified, we generally require that identified environmental issues be resolved by the seller prior to property acquisition or, where such issues cannot be resolved prior to acquisition, require tenants contractually to assume responsibility for resolving identified environmental issues after the acquisition and provide indemnification protections against any potential claims, losses or expenses arising from such matters. Although we generally rely on our own analysis in determining whether to make an investment on behalf of the CPA® REITs and CWI, each real property to be purchased by them will be appraised by an independent appraiser. The contractual purchase price (plus acquisition fees payable to the advisor, but excluding acquisition expenses, for properties acquired on behalf of the CPA® REITs and CWI) for a real property we acquire for ourselves or on behalf of the CPA® REITs and CWI will not exceed its appraised value. The appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the lessee s credit and the conditions of the credit markets at the time the lease transaction is negotiated. The appraised value may be greater than the construction cost or the replacement cost of a property, and the actual sale price of a property if sold may be greater or less than the appraised value. In cases of special purpose real estate, a property is examined in light of the prospects for the tenant/borrower s enterprise and the financial strength and the role of that asset in the context of the tenant/borrower s overall viability. Operating results of properties and other collateral may be examined to determine whether or not projected income levels are likely to be met. We will also consider factors particular to the laws of foreign countries, in addition to the risks normally associated with real property investments, when considering an investment outside the U.S.

*Transaction Provisions to Enhance and Protect Value* We attempt to include provisions in the leases that we believe may help protect an investment from changes in the operating and financial characteristics of a tenant that may affect its ability to satisfy its obligations to the CPA® REIT or reduce the value of the investment. Such provisions include requiring our consent to specified tenant activity, requiring the tenant to provide indemnification protections, and requiring the tenant to satisfy specific operating tests. We may also seek to enhance the likelihood of a tenant s lease obligations being satisfied through a guaranty of obligations from the tenant s corporate parent or other entity or a letter of credit. This credit enhancement, if obtained, provides additional financial security. However, in markets where competition for net lease transactions is strong, some or all of these provisions may be difficult to negotiate. In addition, in some circumstances, tenants may retain the right to repurchase the property leased by the tenant. The option purchase price is generally the greater of the contract purchase price and the fair market value of the property at the time the option is exercised.

*Other Equity Enhancements* We may attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of the tenant or borrower or their parent. If warrants are obtained, and become exercisable, and if the value of the stock subsequently exceeds the exercise price of the warrant, equity enhancements can help achieve the goal of increasing investor returns.

As other opportunities arise, we may also seek to expand the CPA® REIT portfolios to include other types of real estate-related investments, such as:

- equity investments in real properties that are not long-term net leased to a single-tenant and may include partially leased properties, multi-tenanted properties, vacant or undeveloped properties and properties subject to short-term net leases, among others;
- mortgage loans secured by commercial real properties;
- subordinated interests in first mortgage real estate loans, or B Notes;
- mezzanine loans related to commercial real estate, which are senior to the borrower s equity position but subordinated to other third-party financing;
- commercial mortgage-backed securities, or CMBS; and
- equity and debt securities (including preferred equity and other higher-yielding structured debt and equity investments) issued by companies that are engaged in real-estate-related businesses, including other REITs.

To date, our investments on behalf of the CPA® REITs have not included significant amounts of these types of investments.

*Investment Committee* We have an investment committee that provides services to the CPA® REITs and may provide services to us. CWI has a separate investment committee. Our investment department, under the oversight of our chief investment officer, is primarily responsible for evaluating, negotiating and structuring potential investment opportunities. Before an investment is made on behalf of a CPA® REIT, the transaction is generally reviewed by the investment committee. The investment committee is not directly involved in originating or negotiating potential investments, but instead functions as a separate and final step in the investment process. We place special emphasis on having experienced individuals serve on our investment committee. We generally will not invest in a transaction on behalf of the CPA® REITs unless it is approved by the investment committee; provided, however, that investments of $10.0 million or less may be approved by either the Chairman of the investment committee or the chief investment officer, up to, in the case of investments other than long-term net leases, a cap of $30.0 million or 5% of the CPA® REIT s estimated NAV, whichever is greater, provided that such investments may not have a credit rating of less than BBB-. The investment committee retains the authority to identify other categories of transactions that may be entered into without its prior approval. The investment committee may delegate its authority, such as to investment advisory committees with specialized expertise in the particular geographic market, like our Asia advisory committee for potential investments in China. However, we do not currently expect that the investments delegated to these advisory committees will account for a significant portion of the investments we make in the near term.

In addition, the investment committee may at the request of our board of directors or executive committee also review any initial investment in which we propose to engage directly, although it is not required to do so. Our board of directors or executive committee may also determine that certain investments that may not meet the CPA® REITs investment criteria (particularly transactions in emerging markets and investments that are not current income oriented) may be acceptable to us. For transactions that meet the investment criteria of more than one CPA® REIT, our chief investment officer may allocate the investment to one of the CPA® REITs or among two or more of the CPA® REITs. In cases where two or more CPA® REITs (or one or more CPA® REITs and us) will hold the investment, a majority of the independent directors of each CPA® REIT investing in the property must also approve the transaction.

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The following people currently serve on our investment committee:

*Nathaniel S. Coolidge,* Chairman Former senior vice president and head of the bond and corporate finance department of John Hancock Mutual Life Insurance (currently known as John Hancock Life Insurance Company). Mr. Coolidge s responsibilities included overseeing its entire portfolio of fixed income investments.

*Axel K.A. Hansing* Currently serving as a senior partner at Coller Capital, Ltd., a global leader in the private equity secondary market, and responsible for investment activity in parts of Europe, Turkey and South Africa.

*Frank J. Hoenemeyer* Former vice chairman and chief investment officer of the Prudential Insurance Company of America. As chief investment officer, he was responsible for all of Prudential Insurance Company of America s investments including stocks, bonds and real estate.

*Jean Hoysradt* Currently serving as the chief investment officer of Mousse Partners Limited, an investment office based in New York.

*Richard C. Marston* Currently the James R.F. Guy professor of finance and economics at the Wharton School of the University of Pennsylvania.

*Nick J.M. van Ommen* Former chief executive officer of the European Public Real Estate Association ( EPRA ), currently serves on the supervisory boards of several companies, including Babis Vovos International Construction SA, a listed real estate company in Greece, Intervest Retail and Intervest Offices, listed real estate companies in Belgium, BUWOG / ESG, a residential leasing and development company in Austria and IMMOFINANZ, a listed real estate company in Austria.

*Dr. Karsten von Köller* Currently chairman of Lone Star Germany GmbH, a US private equity firm ( Lone Star ), Chairman of the Supervisory Boards of Düsseldorfer Hypothekenbank AG, a subsidiary of Lone Star, and MHB Bank AG Vice Chairman of the Supervisory Boards of IKB Deutsche Industriebank AG and Corealcredit Bank AG.

Messrs. Coolidge, Hansing, Marston, van Ommen and von Köller also serve as members of our board of directors.

We are required to use our best efforts to present a continuing and suitable investment program to the REITs but we are not required to present to the REITs any particular investment opportunity, even if it is of a character which, if presented, could be taken by one or more of the REITs.

***Self-Storage Investments***

In November 2006, we formed a subsidiary, Carey Storage, for the purpose of investing in self-storage real estate properties and their related businesses within the U.S. In January 2009, Carey Storage completed a transaction whereby it received cash proceeds, plus a commitment to invest additional equity, from a third party (the Investor ) to fund the purchase of self-storage assets in the future in exchange for an interest of approximately 60% in its self-storage portfolio. During 2010, Carey Storage amended its agreement with the Investor to, among other things; remove a contingent purchase option held by Carey Storage to repurchase the Investor s interest in the venture at fair value. Further information about current Carey Storage activity is described in Note 4. Net Investments in Properties Operating Real Estate of the accompanying consolidated financial statements of W. P. Carey.

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***Our Portfolio***

At December 31, 2011, we owned and managed over 980 properties domestically and internationally, including our owned portfolio. Our portfolio was comprised of our full or partial ownership interest in 157 properties, substantially all of which were triple-net leased to 73 tenants, and totaled approximately 13 million square feet (on a pro rata basis) with an occupancy rate of approximately 93%. In addition, through our Carey Storage and Livho subsidiaries, we had interests in 21 self-storage properties and a hotel property, respectively, with an aggregate of approximately 0.8 million square feet (on a pro rata basis) at December 31, 2011. Our net lease portfolio has the following property and lease characteristics:

*Geographic Diversification* Information regarding the geographic diversification of our properties at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| **Region** | **Annualized Contractual Minimum Base Rent [(a)]** | **% of Annualized Contractual Minimum Base Rent** | **Annualized Contractual Minimum Base Rent [(b)]** | **% of Annualized Contractual Minimum Base Rent** |
| **United States** | | | | |
| South | $ 33,031 | 48% | $ 150 | 1% |
| West | 18,979 | 27 | 3,590 | 15 |
| East | 5,709 | 8 | 6,744 | 28 |
| Midwest | 4,776 | 7 | 909 | 4 |
| Total U.S. | 62,495 | 90 | 11,393 | 48 |
| **International** | | | | |
| Europe [(c)] | 7,121 | 10 | 12,379 | 52 |
| Total | $ 69,616 | 100% | $ 23,772 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

(c) Represents investments in France, Germany, Poland and Spain.

*Property Diversification* Information regarding our property diversification at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| **Property Type** | **Annualized Contractual Minimum Base Rent [(a)]** | **% of Annualized Contractual Minimum Base Rent** | **Annualized Contractual Minimum Base Rent [(b)]** | **% of Annualized Contractual Minimum Base Rent** |
| Office | $ 30,773 | 44% | $ 8,579 | 36% |
| Industrial | 21,078 | 30 | 4,448 | 19 |
| Warehouse/Distribution | 11,242 | 16 | 7,475 | 31 |
| Retail | 5,412 | 8 | | |
| Other Properties [(c)] | 1,111 | 2 | 3,270 | 14 |
| Total | $ 69,616 | 100% | $ 23,772 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(c) Other properties include education and childcare, healthcare, land and leisure properties.

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*Tenant Diversification* Information regarding our tenant diversification at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| **Tenant Industry** [(a)] | **Annualized Contractual Minimum Base Rent** [(b)] | **% of Annualized Contractual Minimum Base Rent** | **Annualized Contractual Minimum Base Rent** [(c)] | **% of Annualized Contractual Minimum Base Rent** |
| Business and Commercial Services | $ 13,378 | 19% | $ 791 | 3% |
| Transportation Cargo | 7,535 | 11 | | |
| Retail Stores | 6,435 | 9 | 7,419 | 31 |
| Telecommunications | 5,830 | 8 | | |
| Beverages, Food, and Tobacco | 5,026 | 7 | | |
| Aerospace and Defense | 4,931 | 7 | | |
| Banking | 3,862 | 6 | | |
| Forest Products and Paper | 3,772 | 6 | | |
| Electronics | 3,055 | 4 | 1,374 | 6 |
| Media: Printing and Publishing | 2,580 | 4 | 4,423 | 19 |
| Grocery | 2,408 | 4 | | |
| Healthcare, Education and Childcare | 2,358 | 3 | 3,269 | 14 |
| Consumer Goods | 2,161 | 3 | | |
| Chemicals, Plastics, Rubber, and Glass | 1,179 | 2 | | |
| Leisure, Amusement, Entertainment | 952 | 1 | | |
| Construction and Building | 878 | 1 | | |
| Textiles, Leather, and Apparel | 872 | 1 | | |
| Federal, State and Local Government | 698 | 1 | | |
| Mining, Metals, and Primary Metal Industries | 265 | 1 | 948 | 4 |
| Transportation Personal | 207 | | 3,297 | 14 |
| Machinery | 179 | | 2,251 | 9 |
| Other [(d)] | 1,055 | 2 | | |
| | $ 69,616 | 100% | $ 23,772 | 100% |

(a) Based on the Moody s Investors Service, Inc. s classification system and information provided by the tenant.
(b) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(c) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(d) Includes revenue from tenants in our consolidated investments in the following industries: automobile, and hotels and gaming.

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*Lease Expirations* At December 31, 2011, lease expirations of our properties are as follows (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| Year of Lease Expiration | Annualized Contractual Minimum Base Rent [(a)] | % of Annualized Contractual Minimum Base Rent | Annualized Contractual Minimum Base Rent [(b)] | % of Annualized Contractual Minimum Base Rent |
| 2012 | $ 8,862 | 13% | $ | % |
| 2013 | 4,346 | 6 | | |
| 2014 | 8,518 | 12 | 3,297 | 14 |
| 2015 | 6,681 | 10 | 6,418 | 27 |
| 2016 | 5,072 | 7 | 1,561 | 7 |
| 2017 | 6,435 | 9 | | |
| 2018 | 4,626 | 7 | | |
| 2019 | 14,451 | 21 | | |
| 2020 - 2030 | 10,625 | 15 | 12,496 | 52 |
| Total | $ 69,616 | 100% | $ 23,772 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

***Financing Strategies***

Consistent with our investment policies, we use leverage when available on terms we believe are favorable. Substantially all of our mortgage loans, as well as those of the CPA® REITs and CWI, are non-recourse and bear interest at fixed rates, or have been converted to fixed rates through interest rate caps or swap agreements. We may refinance properties or defease a loan when a decline in interest rates makes it profitable to prepay an existing mortgage loan, when an existing mortgage loan matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include an increased cash flow resulting from reduced debt service requirements, an increase in distributions from proceeds of the refinancing, if any, and/or an increase in property ownership if some refinancing proceeds are reinvested in real estate. We may be required to pay a yield maintenance premium to the lender in order to pay off a loan prior to its maturity.

A lender of non-recourse mortgage debt generally has recourse only to the property collateralizing such debt and not to any of our other assets, while full recourse financing would give a lender recourse to all of our assets. The use of non-recourse debt, therefore, helps us to limit the exposure of all of our assets to the equity related to a single investment. Lenders may, however, have recourse to our other assets in limited circumstances not related to the repayment of the indebtedness, such as under an environmental indemnity or in the case of fraud.

We also have an unsecured line of credit that can be used in connection with refinancing existing debt and making new investments, as well as to meet other working capital needs. Our line of credit is discussed below under Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Cash Resources and Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Line of Credit.

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Some of our financing may require us to make a lump-sum or balloon payment at maturity. We are actively seeking to refinance loans that mature within the next several years but believe we have sufficient financing alternatives and/or cash resources to make these payments, if necessary. At December 31, 2011, scheduled balloon payments for the next five years were as follows (in thousands):

| | |
|---|---|
| 2012 | $ 28,260 |
| 2013 | |
| 2014 [(a) (b)] | 236,960 |
| 2015 [(c)] | 40,182 |
| 2016 [(a) (c)] | 51,369 |

(a) Excludes our pro rata share of scheduled balloon payments of equity investments in real estate totaling $49.1 million in 2014 and $6.1 million in 2016.

(b) Includes amounts that will be due upon maturity of our new unsecured $450.0 million revolving line of credit, which is scheduled to occur in December 2014, unless extended pursuant to its terms. At December 31, 2011, we had drawn $233.2 million from this line of credit.

(c) Inclusive of amounts attributable to noncontrolling interests of $0.2 million in 2015 and $5.2 million in 2016.

***Asset Management***

We believe that effective management of our assets is essential to maintain and enhance property values. Important aspects of asset management include restructuring transactions to meet the evolving needs of current tenants, re-leasing properties, refinancing debt, selling properties and knowledge of the bankruptcy process.

We monitor, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of any of our properties. Monitoring involves receiving assurances that each tenant has paid real estate taxes, assessments and other expenses relating to the properties it occupies and confirming that appropriate insurance coverage is being maintained by the tenant. For international compliance, we often rely on third-party asset managers. We review financial statements of tenants and undertake regular physical inspections of the condition and maintenance of properties. Additionally, we periodically analyze each tenant s financial condition, the industry in which each tenant operates and each tenant s relative strength in its industry.

***Competition***

In our Investment Management segment, we face active competition in raising funds for investment by the CPA® REITs and CWI, from other funds with similar investment objectives that seek to raise funds from investors through publicly registered, non-traded funds, publicly-traded funds and private funds, such as hedge funds. In addition, we face broad competition from other forms of investment. Currently, we raise substantially all of our funds for investment in the CPA® REITs and CWI within the U.S.; however, in the future we may seek to raise funds for investment from outside the U.S.

We face active competition in both our Investment Management segment and our Real Estate Ownership segment from many sources for investment opportunities in commercial properties net leased to major corporations both domestically and internationally. In general, we believe that our management s experience in real estate, credit underwriting and transaction structuring should allow us to compete effectively for commercial properties. However, competitors may be willing to accept rates of return, lease terms, other transaction terms or levels of risk that we may find unacceptable.

*Environmental Matters*

We and the CPA® REITs and CWI have invested, and expect to continue to invest, in properties currently or historically used as industrial, manufacturing and commercial properties. Under various federal, state and local environmental laws and regulations, current and former owners and operators of property may have liability for the cost of investigating, cleaning-up or disposing of hazardous materials released at, on, under, in or from the property. These laws typically impose responsibility and liability without regard to whether the owner or operator knew of or was responsible for the presence of hazardous materials or contamination, and liability under these laws is often joint and several. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous materials. As part of our efforts to mitigate these risks, we typically engage third parties to perform assessments of potential environmental risks when evaluating a new acquisition of property and we frequently obtain contractual protection (indemnities, cash reserves, letters of credit or other instruments) from property sellers, tenants, a tenant s parent company or another third party to address known or potential environmental issues.

**Financial Information About Geographic Areas**

See Our Portfolio and Note 17 of the consolidated financial statements of W. P. Carey for financial data pertaining to our geographic operations.

**Properties**

Our principal corporate offices are located at 50 Rockefeller Plaza, New York, NY 10020 and our primary international investment offices are located in London and Amsterdam. We also have office space domestically in Dallas, Texas and internationally in Shanghai. We lease all of these offices and believe these leases are suitable for our operations for the foreseeable future.

See Our Portfolio for a discussion of the properties we hold for rental operations and Schedule III Real Estate and Accumulated Depreciation of the accompanying consolidated financial statements of W. P. Carey for a detailed listing of such properties.

**Legal Proceedings**

At December 31, 2011, we were not involved in any material litigation.

Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

**Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

***Listed Shares and Distributions***

Our common stock is listed on the NYSE under the ticker symbol WPC. At December 31, 2011, there were approximately 39,893 holders of record of our common stock. The following table shows the high and low prices per share and quarterly cash distributions declared for the past two fiscal years:

| | 2012 | | | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Period** | **High** | **Low** | **Cash Distributions Declared** | **High** | **Low** | **Cash Distributions Declared** | **High** | **Low** | **Cash Distributions Declared** |
| First quarter | $ 49.70 | $ 41.28 | $ 0.565 | $ 38.00 | $ 29.75 | $ 0.512 | $ 30.32 | $ 24.69 | $ 0.504 |
| Second quarter | 48.39(1) | 45.18(1) | | 41.82 | 34.75 | 0.550 | 31.00 | 26.61 | 0.506 |
| Third quarter | | | | 42.72 | 32.76 | 0.560 | 30.86 | 26.49 | 0.508 |
| Fourth quarter | | | | 44.71 | 34.50 | 0.563 | 33.97 | 28.83 | 0.510 |

(1) Through May 3, 2012

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As described in Note 11 to the accompanying consolidated financial statements of W. P. Carey, our unsecured line of credit contains covenants that restrict the amount of distributions that we can pay.

***Stock Price Performance Graph***

The graph below provides an indicator of cumulative total shareholder returns for our common stock for the period December 31, 2006 to December 31, 2011 compared with the S&P 500 Index and the FTSE NAREIT Equity REITs Index. The graph assumes a $100 investment on December 31, 2006, together with the reinvestment of all dividends.

| | At December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| W. P. Carey & Co. LLC | $ 100.00 | $ 117.94 | $ 89.51 | $ 115.42 | $ 139.77 | $ 193.33 |
| S&P 500 Index | 100.00 | 105.49 | 66.46 | 84.05 | 96.71 | 98.76 |
| FTSE NAREIT Equity REITs Index | 100.00 | 84.31 | 52.50 | 67.20 | 85.98 | 93.11 |

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

**Management s Discussion and Analysis of Financial Condition and Results of Operations.**

Management s discussion and analysis of financial condition and results of operations ( MD&A ) is intended to provide the reader with information that will assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. MD&A also provides the reader with our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results. The discussion also provides information about the financial results of the segments of our business to provide a better understanding of how these segments and their results affect our financial condition and results of operations.

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**Business Overview**

As described above in Business Objectives and Strategy, we operate in two operating segments, Investment Management and Real Estate Ownership. Within our Investment Management segment, we are currently the advisor to the following affiliated publicly-owned, non-listed real estate investment trusts: CPA®:15, CPA®:16 Global, CPA®:17 Global, and CWI. Effective January 1, 2011, we include our equity investments in the CPA® REITs and CWI in our Real Estate Ownership segment. The equity income or loss from the CPA® REITs and CWI that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the REITs. This treatment is consistent with that of our directly-owned properties. Results for the years ended December 31, 2010 and 2009 have been reclassified to conform to the current year presentation.

**Financial Highlights**

(in thousands)

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Total revenues (excluding reimbursed costs from affiliates) | $ 271,580 | $ 209,831 | $ 180,847 |
| Net income attributable to W. P. Carey members | 139,079 | 73,972 | 69,023 |
| Cash flow from operating activities | 80,116 | 86,417 | 74,544 |
| Distributions paid | 85,814 | 92,591 | 78,618 |
| Supplemental financial measures: | | | |
| Funds from operations as adjusted (AFFO) | 188,853 | 130,870 | 122,876 |
| Adjusted cash flow from operating activities | 98,588 | 88,634 | 93,880 |

We consider the performance metrics listed above, including certain supplemental metrics that are not defined by GAAP ( non-GAAP ), such as AFFO and adjusted cash flow from operating activities, to be important measures in the evaluation of our results of operations, liquidity and capital resources. We evaluate our results of operations with a primary focus on increasing and enhancing the value, quality and amount of assets under management by our Investment Management segment and the ability to generate the cash flow necessary to meet our objectives in our Real Estate Ownership segment. Results of operations by reportable segment are described below in Results of Operations. See Supplemental Financial Measures below for our definition of these non-GAAP measures and reconciliations to their most directly comparable GAAP measure.

Total revenue increased in 2011 as compared to 2010. The incentive, termination and subordinated disposition revenue recognized in connection with providing a liquidity event for CPA®:14 stockholders in May 2011 and a higher volume of investments structured on behalf of the CPA® REITs and CWI contributed to increases in revenues from our Investment Management segment. New investments that we entered into during 2010 and 2011, including the properties we purchased in May 2011 from CPA®:14 in connection with the CPA®:14 Asset Sales (see Note 4 to the accompanying consolidated financial statements of W. P. Carey), contributed to the increases in revenues in our Real Estate Ownership segment.

Net income increased in 2011 as compared to 2010. Results from operations in our Investment Management segment were significantly higher during the current year as a result of the incentive, termination and subordinated disposition revenue recognized in May 2011 in connection with providing a liquidity event for CPA®:14 stockholders and higher volume of investments structured on behalf of the CPA® REITs and CWI. Results from operations in our Real Estate Ownership segment benefited from income generated from and gains recognized on the properties we purchased from CPA®:14 in connection with the CPA®:14 Asset Sales as well as income generated from our equity interests in the CPA® REITs and CWI as a result of our $121.0 million incremental investment in CPA®:16 Global in connection with the CPA®:14/16 Merger.

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Cash flow from operating activities decreased in 2011 as compared to 2010, primarily due to a decrease in cash received from providing asset-based management services to the CPA® REITs and CWI as we no longer receive cash asset management fees from CPA®:14 and CPA®:16 Global subsequent to the CPA®:14/16 Merger, partially offset by the disposition revenues received, net of income taxes paid, in connection with providing a liquidity event to CPA®:14 stockholders through the CPA®:14/16 Merger.

Distributions paid decreased in 2011 as compared to 2010, primarily due to a special distribution of $0.30 per share paid in January 2010 to stockholders of record at December 31, 2009.

Our AFFO supplemental measure increased in 2011 as compared to 2010. AFFO attributable to our Investment Management segment benefited from the incentive, termination and subordinated disposition revenue recognized in connection with providing a liquidity event for CPA®:14 stockholders in May 2011. AFFO attributable to our Real Estate Ownership segment increased in the current year as a result of increased income generated from our equity interests in the CPA® REITs and CWI due to our $121.0 million incremental investment in CPA®:16 Global in connection with the CPA®:14/16 Merger as well as investments that we entered into during 2011 and 2010, including the properties that we purchased from CPA®:14 in connection with the CPA®:14 Asset Sales.

Adjusted cash flow from operating activities increased in 2011 as compared to 2010 as a result of the $1.00 per share special distribution received from CPA®:14 in connection with the CPA®:14/16 Merger, higher cash distributions received from CPA®:17 Global s operating partnership as a result of new investments entered into during 2010 and 2011, and the initial distributions of available cash received from the CPA®:16 Global s operating partnership. These increases were partially offset by the fact that we no longer receive cash asset management fees from CPA®:14 and CPA®:16 Global subsequent to the CPA®:14/16 Merger.

**Significant Developments**

On January 2, 2012, our founder and Chairman, Wm. Polk Carey, passed away. Following the passing of Mr. Carey, on January 4, 2012, the Board of Directors elected Benjamin H. Griswold, IV as Non-Executive Chairman of the Board. Mr. Griswold has been a director since 2006 and served as Lead Director from 2010. He also serves as Chairman of the Compensation Committee.

**Current Trends**

***General Economic Environment***

We and our managed funds are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. During 2011, we saw slow improvement in the U.S. economy following the significant distress experienced in 2008 and 2009. Towards the end of 2011, however, there was an increase in international economic uncertainty as a result of the sovereign debt crisis and a deterioration of economic fundamentals in Europe. Currently, conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain. It is not possible to predict with certainty the outcome of these trends. Nevertheless, our views of the effects of the current financial and economic trends on our business, as well as our response to those trends, are presented below.

*Foreign Exchange Rates* Fluctuations in foreign currency exchange rates impact both our Real Estate Ownership and Investment Management segments. In our Real Estate Ownership segment, we are impacted through our ownership of properties in the European Union, primarily France, and through our equity ownership in the CPA® REITs, which each have significant foreign investments, primarily in Euro denominated countries and to a lesser extent in other currencies. In our Investment Management segment, significant unhedged foreign currency exchange rate fluctuations would impact the asset management revenue we receive for managing the portfolios of the CPA® REITs as well as the quarterly distributions of available cash we receive from the operating partnerships of CPA®:16 Global and CPA®:17 Global.

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Our results of foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies. Investments denominated in the Euro accounted for approximately 10% of our annualized contractual minimum base rent and 33% of aggregate annualized contractual minimum base rent for the CPA® REITs at December 31, 2011. International investments carried on our balance sheet are marked to the spot exchange rate as of the balance sheet date. The U.S. dollar strengthened at December 31, 2011 versus the spot rate at December 31, 2010. The Euro/U.S. dollar exchange rate at December 31, 2011, $1.2950, represented a 2% decrease from the December 31, 2010 rate of $1.3253. This strengthening had an unfavorable impact on our balance sheet, and especially those of the CPA® REITs, at December 31, 2011 as compared to our balance sheet at December 31, 2010.

The operational impact of our international investments is measured throughout the year. Due to the volatility of the Euro/U.S. dollar exchange rate during 2011, which ranged between a low of $1.3188 and a high of $1.4439, the average rate we utilized to measure these operations increased by 5% versus 2010. This increase had a favorable impact on 2011 results of operations of the CPA® REITs as compared to the prior year period. As a result, our equity in earnings was modestly impacted; however, as a result of hedging, distributions from CPA®:16 Global or CPA®:17 Global were not significantly impacted. While we actively manage our foreign exchange risk, a significant unhedged decline in the value of the Euro could have a material negative impact on our NAVs, future results, financial position and cash flows. Such a decline would particularly impact the CPA® REITs, which have higher levels of international investments than we have in our owned portfolio.

*Capital Markets* During 2011, capital markets conditions in the U.S. exhibited some signs of post-crisis improvement, including new issuances of CMBS debt and increasing capital inflows to both commercial real estate debt and equity markets, which helped increase the availability of mortgage financing and sustained transaction volume. Despite increased volatility in the CMBS market as key market participants began to withdraw, and a credit downgrade of U.S. Treasury debt obligations, we have seen the cost for domestic debt stabilize while the Federal Reserve has kept interest rates low and new lenders, including insurers, have introduced capital. Events in the Euro-zone have impacted the price and availability of financing and have affected global commercial real estate capitalization rates, which vary depending on a variety of factors including asset quality, tenant credit quality, geography and lease term.

*Investment Opportunities* Through our Investment Management segment, we earn structuring revenue on the investments we structure on behalf of the CPA® REITs and CWI. Our ability to complete these investments on behalf of the CPA® REITs and CWI, and thereby earn structuring revenue, fluctuates based on the pricing and availability of transactions and financing, among other factors.

Times of economic uncertainty may also present opportunities in the sale-leaseback market. We continue to see investment opportunities that we believe will allow us to structure transactions on behalf of the CPA® REITs and CWI on favorable terms. Although capitalization rates have begun to vary widely, we believe that the investment environment remains attractive and that we will be able to achieve the targeted returns of our managed funds. We have benefited from commercial de-leveraging and recent new construction activity that has provided attractive investment opportunities for net lease investors such as W. P. Carey and the CPA® REITs. To the extent that these trends continue and we are able to achieve sufficient levels of fundraising, we believe that our investment volume will benefit. While the investment community continues to remain risk averse, we expect to experience increased competition for investments, both domestically and internationally, because we believe that net lease financing market is perceived as a relatively more conservative investment vehicle, and further capital inflows into the marketplace could put additional pressure on the returns that we can generate from our investments and our willingness and ability to execute transactions. In addition, we expect to continue to expand our ability to source deals in other markets.

We structured investments on behalf of the CPA® REITs and CWI totaling approximately $1.2 billion during 2011, and based on current conditions, we expect that we will be able to continue to take advantage of the investment opportunities we are seeing in the U.S. and internationally through the near term. International investments comprised 54% (on a pro rata basis) of total investments structured during 2011. While international activity fluctuates from quarter to quarter, we currently expect that such transactions will continue to form a significant portion of the investments we structure, although the relative portion of international investments in any given period will vary.

We calculate net operating income for each property as the rent that we receive from a tenant, less debt service for any financing obtained for our investment in such property. The capitalization rate for an investment is a function of the purchase price that we are willing to pay for an investment, the rent that the tenant is willing to pay and the risk we are willing to assume. In our target markets for the CPA® REITs, we have recently seen capitalization rates in the U.S. ranging from 6.25% to 11.0% and ranging from 6.5% to 12.0% internationally. The variability is due largely to the quality of the underlying assets, tenant credit quality, and the terms of the leases.

*Financing Conditions* Through our Investment Management segment, we earn structuring revenue related in part to the debt we obtain for the CPA® REITs. In addition, through our Real Estate Ownership segment, we are impacted by the cost and availability of financing for our owned properties and, through our equity interests, for properties owned by the CPA® REITs and CWI. During 2011, we saw continued improvement in the U.S. credit and real estate financing markets despite the U.S. sovereign credit downgrade as new lenders entered the marketplace and the U.S. Treasury kept interest rates low. However, the sovereign debt issues in Europe that began in the second quarter of 2011 had the impact of increasing the cost of debt in certain international markets and made it more challenging for us to obtain debt for certain international deals. During 2011, we obtained non-recourse and limited-recourse mortgage financing totaling $576.0 million on behalf of the CPA® REITs, including $126.9 million on international investments, and $69.8 million for our owned real estate portfolio (each on a pro rata basis).

***Real Estate Sector***

As noted above, the commercial real estate market is impacted by a variety of macro-economic factors, including but not limited to growth in gross domestic product, unemployment, interest rates, inflation and demographics. We have seen modest improvements in these domestic macro-economic factors since the beginning of the credit crisis. However, internationally these fundamentals have not significantly improved, which may result in higher vacancies, lower rental rates and lower demand for vacant space in future periods related to international properties. We and the CPA® REITs are chiefly affected by changes in the appraised values of our properties, tenant defaults, inflation, lease expirations and occupancy rates.

*Net Asset Values of the REITs* We own shares in each of the CPA® REITs and CWI, which we report in our Real Estate Ownership segment, and we earn asset management revenue through our Investment Management segment based on a percentage of average invested assets for each REIT. As such, we benefit from rising investment values and are negatively impacted when these values decrease.

The following table presents recent NAVs for the CPA® REITs:

| | December 31, 2011 | September 30, 2011 | June 30, 2011 | December 31, 2010 | September 30, 2010 | December 31, 2009 |
|---|---|---|---|---|---|---|
| CPA®:14 | N/A | N/A | N/A | N/A | $ 11.50 | $ 11.80 |
| CPA®:15 | $ 10.40 | $ 10.40 | N/A | $ 10.40 | N/A | 10.70 |
| CPA®:16 Global | $ 9.10 | N/A | $ 8.90 | N/A | 8.80 | 9.20 |

The NAV for CPA®:16 Global at June 30, 2011 was higher than the NAV at September 30, 2010 primarily due to the favorable impact of foreign currency exchange rate fluctuations. The NAVs for CPA®:14 and CPA®:15 in 2010 were lower than those NAVs at December 31, 2009 primarily due to continued weakness in the economy and a weakening of the Euro versus the U.S. dollar during 2010 and 2009. On May 2, 2011, CPA®:14 merged into a subsidiary of CPA®:16 Global and as a result, we will no longer compute NAV for CPA®:14. We have not computed NAV for CPA®:17 Global as it is still in its offering period. The NAVs of the CPA® REITs are based on a number of variables, including individual tenant credits, lease terms, lending credit spreads, foreign currency exchange rates and tenant defaults, among others. We do not control these variables and, as such, cannot predict how they will change in the future.

*Credit Quality of Tenants* The credit quality of tenants primarily impacts our Real Estate Ownership segment. As a net lease investor, we are exposed to credit risk within our tenant portfolio, which can reduce our results of operations and cash flow from operations if our tenants are unable to pay their rent. Within our managed portfolios, tenant defaults can reduce the asset management revenue in our Investment Management segment if they lead to a decline in the appraised value of the assets of the CPA® REITs and can also reduce our income and distributions from equity investments in the CPA® REITs in our Real Estate Ownership segment. Tenants experiencing financial difficulties may become delinquent on their rent and/or default on their leases and, if they file for bankruptcy protection, may reject our lease in bankruptcy court, resulting in reduced cash flow, which may negatively impact NAVs and require us or the CPA® REITs to incur impairment charges. Even where a default has not occurred and a tenant is continuing to make the required lease payments, we may restructure or renew leases on less favorable terms, or the tenant s credit profile may deteriorate, which could affect the value of the leased asset and could in turn require us or the CPA® REITs to incur impairment charges.

Despite signs of improvement in domestic general business conditions during 2011, which had a favorable impact on the overall credit quality of our tenants, we believe that there still remain significant risks to an economic recovery, particularly in the Euro-zone. As of the date of this joint proxy statement/prospectus, we have no significant exposure to tenants operating under bankruptcy protection in our owned portfolio, while in the CPA® REIT portfolios, tenants operating under bankruptcy protection, administration or receivership account for less than 1% of aggregate annualized contractual minimum base rent, a decrease from levels experienced during the crisis. It is possible, however, that tenants may file for bankruptcy or default on their leases in the future and that economic conditions may again deteriorate.

To mitigate credit risk, we have historically looked to invest in assets that we believe are critically important to our tenants operations and have attempted to diversify our owned portfolio and the CPA® REITs portfolios by tenant, tenant industry and geography. We also monitor tenant performance through review of rent delinquencies as a precursor to a potential default, meetings with tenant management and review of tenants financial statements and compliance with any financial covenants. When necessary, our asset management process includes restructuring transactions to meet the evolving needs of tenants, re-leasing properties, refinancing debt and selling properties, as well as protecting our rights when tenants default or enter into bankruptcy.

*Inflation* Inflation impacts our lease revenues and, through our equity ownership in the CPA® REITs and joint ventures, our equity in earnings within our Real Estate Ownership segment because our leases and those of the CPA® REITs generally have rent adjustments that are either fixed or based on formulas indexed to changes in CPI or other similar indices for the jurisdiction in which the property is located. Because these rent adjustments may be calculated based on changes in the CPI over a multi-year period, changes in inflation rates can have a delayed impact on our results of operations. We have seen a return of moderate inflation during 2011 that we expect will drive increases in our owned portfolio and in the portfolios of the CPA® REITs in coming years.

*Lease Expirations and Occupancy* Lease expirations and occupancy rates impact our revenues and, through our equity ownership in the CPA® REITs and joint ventures, our equity in earnings within our Real Estate Ownership segment. Within our managed portfolios, vacancies can reduce the asset management revenue in our Investment Management segment if they lead to a decline in the appraised value of the assets of the CPA® REITs and can also reduce our income and distributions from equity investments in the CPA® REITs.

We actively manage our owned real estate portfolio and the portfolios of the CPA® REITs and begin discussing options with tenants in advance of scheduled lease expirations. In certain cases, we may obtain lease renewals from our tenants; however, tenants may elect to move out at the end of their term or may elect to exercise purchase options, if any, in their leases. In cases where tenants elect not to renew, we may seek replacement tenants or try to sell the property. As of December 31, 2011, 13% of the annualized contractual minimum base rent in our owned portfolio is scheduled to expire in the next twelve months. Subsequent to December 31, 2011 and through the date of this joint proxy statement/prospectus, properties under two leases representing approximately 7% of our annualized contractual minimum base rent at December 31, 2011 have been contracted for sale, although there can be no assurance that the properties can be sold at favorable prices or at all. We currently anticipate that we will be able to renew a majority of the remaining leases scheduled to expire in 2012. For those leases that we believe will be renewed, it is possible that renewed rents may be below the tenants existing contractual rents and that lease terms may be shorter than historical norms.

The occupancy rate for our owned real estate portfolio increased from 89% at December 31, 2010 to approximately 93% as of December 31, 2011, reflecting the sales of several vacant properties.

***Investor Capital Inflows***

Trends for investor capital inflows primarily impact our Real Estate Ownership segment because the REITs we manage that are in an offering period are dependent upon the funds raised to acquire assets and maintain portfolio diversification. Additionally, the presence of sufficient capital enables us to structure investments and earn structuring revenue in our Investment Management segment.

CPA®:17 Global s initial public offering was terminated when its registration statement for the follow-on offering was declared effective by the SEC on April 7, 2011. Through the termination of CPA®:17 Global s initial public offering, we raised $163.8 million during 2011 and more than $1.5 billion on its behalf since beginning fundraising in December 2007. From the beginning of the follow-on offering through December 31, 2011, we raised $418.7 million for CPA®:17 Global.

For CWI, we raised $47.1 million from the beginning of its offering in September 2010 through December 31, 2011. CWI filed a registration statement to sell up to $1.0 billion of common stock in an initial public offering for the purpose of acquiring interests in lodging and lodging-related properties and we raised the minimum amount required to commence the issuance of shares on March 3, 2011.

***Proposed Accounting Changes***

The following proposed accounting changes may potentially impact our Investment Management and Real Estate Ownership segments if the outcome has a significant influence on sale-leaseback demand in the marketplace:

The IASB and FASB have issued an Exposure Draft on a joint proposal that would dramatically transform lease accounting from the existing model. These changes would impact most companies but are particularly applicable to those that are significant users of real estate. The proposal outlines a completely new model for accounting by lessees, whereby their rights and obligations under all leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize. The FASB and IASB met during July 2011 and voted to re-expose the proposed standard. A revised exposure draft for public comment is currently expected to be issued in the first half of 2012, and a final standard is currently expected to be issued by the end of 2012. The boards also reached decisions, which are tentative and subject to change, on a single lessor accounting model and the accounting for variable lease payments, along with several presentation and disclosure issues. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized, and as such we are unable to determine whether this proposal will have a material impact on our business.

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In October 2011, the FASB issued an exposure draft that proposes a new accounting standard for investment property entities. Currently, an entity that invests in real estate properties, but is not an investment company under the definition set forth by GAAP, is required to measure its real estate properties at cost. The proposed amendments would require all entities that meet the criteria to be investment property entities to follow the proposed guidance, under which investment properties acquired by an investment property entity would initially be measured at transaction price, including transaction costs, and subsequently measured at fair value with all changes in fair value recognized in net income. A detailed analysis is required to determine whether an entity is within the scope of the amendments in this proposed update. An entity in which substantially all of its business activities are investing in a real estate property or properties for total return, including an objective to realize capital appreciation (including certain real estate investment trusts and real estate funds) would be affected by the proposed amendments. The proposed amendments also would introduce additional presentation and disclosure requirements for an investment property entity. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized, and as such we are unable to determine whether we meet the definition of a real estate property entity and if the proposal will have a material impact on our business.

**How We Evaluate Results of Operations**

We evaluate our results of operations with a primary focus on increasing and enhancing the value, quality and amount of assets under management by our Investment Management segment and seeking to increase value in our Real Estate Ownership segment. We focus our efforts on improving underperforming assets through re-leasing efforts, including negotiation of lease renewals, or selectively selling assets in order to increase value in our real estate portfolio. The ability to increase assets under management by structuring investments on behalf of the CPA® REITs and CWI is affected, among other things, by the CPA® REITs and CWI s ability to raise capital and our ability to identify and enter into appropriate investments and financing.

Our evaluation of operating results includes our ability to generate necessary cash flow in order to fund distributions to our shareholders. As a result, our assessment of operating results gives less emphasis to the effects of unrealized gains and losses, which may cause fluctuations in net income for comparable periods but have no impact on cash flows, and to other non-cash charges such as depreciation and impairment charges. We do not consider unrealized gains and losses resulting from short-term foreign currency fluctuations when evaluating our ability to fund distributions. Our evaluation of our potential for generating cash flow includes an assessment of the long-term sustainability of both our real estate portfolio and the assets we manage on behalf of the CPA® REITs and CWI.

We consider cash flows from operating activities, cash flows from investing activities, cash flows from financing activities and certain non-GAAP performance metrics to be important measures in the evaluation of our results of operations, liquidity and capital resources. Cash flows from operating activities are sourced primarily by revenues earned from structuring investments and providing asset-based management services on behalf of the CPA® REITs and CWI we manage and long-term lease contracts from our real estate ownership. Our evaluation of the amount and expected fluctuation of cash flows from operating activities is essential in evaluating our ability to fund operating expenses, service debt and fund distributions to shareholders.

We consider adjusted cash flows from operating activities as a supplemental measure of liquidity in evaluating our ability to sustain distributions to shareholders. We consider this measure useful as a supplemental measure to the extent the source of distributions in excess of equity income is the result of non-cash charges, such as depreciation and amortization, because it allows us to evaluate the cash flows from consolidated and unconsolidated investments in a comparable manner. In deriving this measure, we exclude cash distributions from equity investments in real estate and the CPA® REITs and CWI that are sourced from sales of equity investee s assets or refinancing of debt because they are deemed to be returns on our investment.

We focus on measures of cash flows from investing activities and cash flows from financing activities in our evaluation of our capital resources. Investing activities typically consist of the acquisition or disposition of

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investments in real property and the funding of capital expenditures with respect to real properties. Financing activities primarily consist of the payment of distributions to shareholders, borrowings and repayments under our lines of credit and the payment of mortgage principal amortization.

**Results of Operations**

Effective January 1, 2011, we include our equity investments in the CPA® REITs and CWI in our Real Estate Ownership segment. The equity income or loss from the CPA® REITs and CWI that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the CPA® REITs and CWI. This treatment is consistent with that of our directly-owned properties. Results for 2010 and 2009 have been reclassified to conform to the current period presentation. A summary of comparative results of these business segments is as follows:

***Investment Management*** (in thousands)

| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2011** | **2010** | **Change** | **2010** | **2009** | **Change** |
| **Revenues** | | | | | | |
| Asset management revenue | $ 66,808 | $ 76,246 | $ (9,438) | $ 76,246 | $ 76,621 | $ (375) |
| Structuring revenue | 46,831 | 44,525 | 2,306 | 44,525 | 23,273 | 21,252 |
| Incentive, termination and subordinated disposition revenue | 52,515 | | 52,515 | | | |
| Wholesaling revenue | 11,664 | 11,096 | 568 | 11,096 | 7,691 | 3,405 |
| Reimbursed costs from affiliates | 64,829 | 60,023 | 4,806 | 60,023 | 47,534 | 12,489 |
| | 242,647 | 191,890 | 50,757 | 191,890 | 155,119 | 36,771 |
| **Operating Expenses** | | | | | | |
| General and administrative | (89,251) | (69,007) | (20,244) | (69,007) | (58,819) | (10,188) |
| Reimbursable costs | (64,829) | (60,023) | (4,806) | (60,023) | (47,534) | (12,489) |
| Depreciation and amortization | (3,464) | (4,652) | 1,188 | (4,652) | (3,807) | (845) |
| | (157,544) | (133,682) | (23,862) | (133,682) | (110,160) | (23,522) |
| **Other Income and Expenses** | | | | | | |
| Other interest income | 1,911 | 1,145 | 766 | 1,145 | 1,538 | (393) |
| Income from equity investments in the REITs | 21,196 | 4,468 | 16,728 | 4,468 | 2,160 | 2,308 |
| Other income and (expenses) | 140 | 334 | (194) | 334 | 4,099 | (3,765) |
| | 23,247 | 5,947 | 17,300 | 5,947 | 7,797 | (1,850) |
| Income from continuing operations before income taxes | 108,350 | 64,155 | 44,195 | 64,155 | 52,756 | 11,399 |
| Provision for income taxes | (34,971) | (23,661) | (11,310) | (23,661) | (21,813) | (1,848) |
| Net income from investment management | 73,379 | 40,494 | 32,885 | 40,494 | 30,943 | 9,551 |
| Add: Net loss attributable to noncontrolling interests | 2,542 | 2,372 | 170 | 2,372 | 2,374 | (2) |
| Less: Net income attributable to redeemable noncontrolling interest | (1,923) | (1,293) | (630) | (1,293) | (2,258) | 965 |
| Net income from investment management attributable to W. P. Carey members | $ 73,998 | $ 41,573 | $ 32,425 | $ 41,573 | $ 31,059 | $ 10,514 |

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***Asset Management Revenue***

We earn asset-based management and performance revenue from the CPA® REITs and CWI based on the value of their real estate-related assets under management. This asset management revenue may increase or decrease depending upon (i) increases in the CPA® REITs and CWI asset bases as a result of new investments; (ii) decreases in the CPA® REITs and CWI asset bases as a result of sales of investments; (iii) increases or decreases in the appraised value of the real estate-related assets in the CPA® REITs and CWI investment portfolios; and (iv) whether the CPA® REITs are meeting their performance criteria. Each CPA® REIT met its performance criteria for all periods presented. The availability of funds for new investments is substantially dependent on our ability to raise funds for investment by the CPA® REITs and CWI.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, asset management revenue decreased by $9.4 million. Asset management decreased by $18.0 million, primarily due to recent property sales by the CPA® REITs and the change in our fee arrangement with CPA®:16 Global under its new UPREIT structure after the CPA®:14/16 Merger. As discussed in Note 3 to the accompanying consolidated financial statements of W. P. Carey, immediately after the CPA®:14/16 Merger, our asset management fee from CPA®:16 Global was reduced from 1% to 0.5% of the property value of the assets under management and we now receive a distribution of up to 10% of the available cash, as defined, of CPA®:16 Global s operating partnership, which we record as Income from equity investments in the CPA® REITs and CWI within the Investment Management segment. This decrease was partially offset by an increase in revenue of $8.4 million during 2011 from CPA®:17 Global as a result of new investments that it entered into during 2010 and 2011.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, asset management revenue decreased by $0.4 million. Asset management revenue from the CPA® REITs decreased by $3.1 million as a result of declines in the appraised value of the real estate-related assets of CPA®:14, CPA®:15 and CPA®:16 Global at December 31, 2009. This decrease was substantially offset by an increase in revenue of $2.6 million from CPA®:17 Global as a result of new investments entered into during 2009 and 2010.

***Structuring Revenue***

We earn structuring revenue when we structure and negotiate investments and debt placement transactions for the CPA® REITs and CWI. Structuring revenue is dependent on investment activity, which is subject to significant period-to-period variation. We structured real estate investments on behalf of the CPA® REITs and CWI totaling approximately $1.2 billion during 2011, including a $395.5 million transaction in Italy in the third quarter on behalf of CPA®:17 Global with a capitalization rate of approximately 8.0%, compared to $1.0 billion in 2010 and $507.7 million in 2009. Included in the 2011 investment activity were $169.3 million of self-storage properties acquired on behalf of CPA®:17 Global, for which we earned structuring revenue of 1.75% of total equity invested and $75.9 million of hotel properties acquired on behalf of CWI, for which we earned structuring revenue of 2.5% of the total investment cost of the properties, compared to an average of 4.5% that we generally earn for structuring long-term net lease investments on behalf of the CPA® REITs. Additionally, included in the 2011 and 2010 investment activity were $73.7 million and $91.7 million, respectively, of real estate-related loans originated by us on behalf of CPA®:17 Global, for which we earned structuring revenue of 1%. We waived any structuring revenue due from CPA®:16 Global under its advisory agreement with us in connection with its acquisition of assets from CPA®:14 in the CPA®:14/16 Merger.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, structuring revenue increased by $2.3 million, primarily due to higher investment volume in the current year, partially offset by a lower rate of structuring revenue earned on the self-storage and hotel properties that we acquired on behalf of the CPA® REITs and CWI in 2011.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, structuring revenue increased by $21.3 million, primarily due to higher investment volume in 2010 compared to 2009.

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***Incentive, Termination and Subordinated Disposition Revenue***

Incentive, termination and subordinated disposition revenue is generally earned in connection with events in which we provide liquidity or alternatives to the CPA® REITs and CWI s stockholders. These events typically do not occur every year, and no such event occurred during 2010 or 2009. However, in connection with providing a liquidity event for CPA®:14 stockholders in May 2011 in the form of the CPA®:14/16 Merger, we earned subordinated disposition revenue of $21.3 million in cash and termination revenue of $31.2 million, which we received in shares of CPA®:14 that were subsequently converted into shares of CPA®:16 Global. As a condition of the Merger, we have agreed to waive our subordinated disposition and termination fees from CPA®:15.

***Wholesaling Revenue***

We earned a wholesaling fee of $0.15 per share sold in connection with CPA® 17 Global s initial public offering through April 7, 2011. In addition, as discussed in Note 3 to the accompanying consolidated financial statements of W. P. Carey, we earn a dealer manager fee of up to $0.35 per share sold in connection with CPA® 17 Global s follow-on offering and $0.30 per share sold in connection with CWI s initial public offering. We re-allow all or a portion of the dealer manager fees to selected dealers in the offerings. Dealer manager fees that are not re-allowed are classified as wholesaling revenue. Wholesaling revenue earned is generally offset by underwriting costs incurred in connection with the offerings, which are included in general and administrative expenses.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, wholesaling revenue increased by $0.6 million primarily due to shares sold in connection with CWI s initial public offering, for which the issuance of shares commenced on March 3, 2011, partially offset by a decrease in the numbers of shares sold related to CPA®:17 Global s offerings.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, wholesaling revenue increased by $3.4 million primarily due to an increase in the number of shares sold related to CPA®:17 Global s initial public offering in 2010 compared to 2009.

***Reimbursed and Reimbursable Costs***

Reimbursed costs from affiliates (revenue) and reimbursable costs (expenses) represent costs incurred by us on behalf of the CPA® REITs and CWI, consisting primarily of broker-dealer commissions and marketing and personnel costs, which are reimbursed by the CPA® REITs and CWI. Revenue from reimbursed costs from affiliates is offset by corresponding charges to reimbursable costs.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, reimbursed and reimbursable costs increased by $4.8 million, primarily due to $3.9 million of commissions paid to broker-dealers related to CWI s initial public offering and a $1.7 million increase in personnel costs reimbursed by the CPA® REITs and CWI primarily as a result of increased headcount in 2011.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, reimbursed and reimbursable costs increased by $12.5 million, primarily due to a higher level of commissions paid to broker-dealers related to CPA®:17 Global s initial public offering related to a corresponding increase in funds raised.

***General and Administrative***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, general and administrative expenses increased by $20.2 million, primarily due to increases in compensation-related costs of $15.0 million and professional fees of $2.9 million. Compensation-related costs were higher in 2011 due to several factors, including: an increase of $10.4 million in the amortization of stock-based compensation and an increase of $2.2 million in our expected bonus payout as a result of higher investment volumes in 2011. Stock-based compensation increased in 2011 as a result of changes in the expected vesting of performance share units ( PSUs ) granted in 2009 and 2010 and an increase in the number of restricted share units ( RSUs ) and PSUs awards issued to employees in 2011 in connection with entering into employment agreements with certain key employees during the year. Professional fees increased in 2011 primarily due to costs incurred in connection with exploring liquidity alternatives for certain of the CPA® REITs, including the CPA®:14/16 Merger and the Merger.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, general and administrative expenses increased by $10.2 million, primarily due to increases in compensation-related costs of $5.8 million, underwriting costs of $3.7 million and business development costs of $0.9 million. A $6.8 million increase in compensation-related costs that was primarily due to an increase in commissions to investment officers and our expected bonus payout as a result of the higher investment volume during 2010 was partially offset by a $2.0 million decrease in stock-based compensation expense due to the resignations of two senior officers during 2010. Underwriting costs related to CPA®:17 Global s offering are generally offset by wholesaling revenue, which we earn based on the number of shares of CPA®:17 Global sold.

***Depreciation and Amortization***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, depreciation and amortization expenses decreased by $1.2 million, primarily due to one of the management contracts with CPA®:14 becoming fully amortized in December 2010.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, depreciation and amortization expenses increased by $0.8 million, primarily due to an increase in amortization expense as a result of costs incurred with upgrading our computer equipment and software in 2009.

***Income from Equity Investments in the REITs***

Distributions of available cash representing a portion of our proportionate share of earnings from the operating partnerships of CPA®:17 Global, CWI and, subsequent to the CPA®:14/16 Merger, CPA®:16 Global are recorded as income from equity investments in the CPA® REITs and CWI within the Investment Management segment. In addition, subsequent to the CPA®:14/16 Merger, amortization of deferred revenue related to our Special Member Interest in CPA®:16 Global s operating partnership is also included in income from equity investments in the REITs within the Investment Management segment.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, income from equity investments in the CPA® REITs and CWI increased by $16.7 million. This increase was due in part to $6.2 million of initial cash distributions of our proportionate share of earnings received and earned from CPA®:16 Global s operating partnership after the CPA®:14/16 Merger and $5.7 million of deferred revenue earned from our Special Member Interest in CPA®:16 Global s operating partnership during 2011. In addition, cash distributions of our proportionate share of earnings received and earned from CPA®:17 Global s operating partnership increased by $4.9 million as a result of new investments entered into during 2011 and 2010. As of December 31, 2011, we had not received any cash distributions of our proportionate share of earnings from CWI s operating partnership as it did not have earnings.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, income from equity investments in the CPA® REITs and CWI increased by $2.3 million, primarily due to higher cash distributions of our proportionate share of earnings from CPA®:17 Global s operating partnership as a result of higher investment volume.

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*Other Income and (Expenses)*

*2011* During 2011, we recognized other income of $0.1 million primarily due to gains realized on foreign currency transactions for the repatriation of cash from foreign countries.

*2010* During 2010, we recognized other income of $0.3 million primarily due to gains realized on foreign currency transactions for the repatriation of cash from foreign countries.

*2009* During 2009, we recognized other income of $4.1 million primarily related to a settlement of a dispute with a vendor regarding certain fees we paid in prior years for services they performed.

*Provision for Income Taxes*

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, provision for income taxes increased by $11.3 million, primarily due to $9.3 million of income taxes incurred during 2011 as a result of the $52.5 million incentive, termination and subordinated disposition income that we recognized in connection with the CPA®:14/16 Merger. Provision for income taxes also increased in the current year as a result of increased volume of investments structured on behalf of the CPA® REITs and CWI.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, our provision for income taxes increased by $1.8 million, primarily due to an increase in income from continuing operations before income taxes.

*Net Income from Investment Management Attributable to W. P. Carey Members*

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, the resulting net income from investment management attributable to W. P. Carey members increased by $32.4 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, the resulting net income from investment management attributable to W. P. Carey members increased by $10.5 million.

*Funds from Operations as Adjusted*

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, AFFO from our Investment Management segment increased by $51.4 million, primarily as a result of the incentive, termination and subordinated disposition revenue that we recognized in connection with providing a liquidity event for CPA®:14 stockholders in May 2011 in the form of the CPA®:14/16 Merger. AFFO is a non-GAAP measure that we use to evaluate our business. For a definition of AFFO and reconciliation to net income attributable to W. P. Carey members, see Supplemental Financial Measures below.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, AFFO from our Investment Management segment increased by $12.7 million, primarily due to higher investment volume.

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***Real Estate Ownership*** (in thousands)

| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | Change | 2010 | 2009 | Change |
| **Revenues** | | | | | | |
| Lease revenues | $ 70,206 | $ 59,881 | $ 10,325 | $ 59,881 | $ 58,564 | $ 1,317 |
| Other real estate income | 23,556 | 18,083 | 5,473 | 18,083 | 14,698 | 3,385 |
| | 93,762 | 77,964 | 15,798 | 77,964 | 73,262 | 4,702 |
| **Operating Expenses** | | | | | | |
| Depreciation and amortization | (25,054) | (17,952) | (7,102) | (17,952) | (17,072) | (880) |
| Property expenses | (13,241) | (10,416) | (2,825) | (10,416) | (6,699) | (3,717) |
| General and administrative | (4,456) | (4,422) | (34) | (4,422) | (4,999) | 577 |
| Other real estate expenses | (10,784) | (8,121) | (2,663) | (8,121) | (7,308) | (813) |
| Impairment charges | (10,432) | (1,140) | (9,292) | (1,140) | (3,516) | 2,376 |
| | (63,967) | (42,051) | (21,916) | (42,051) | (39,594) | (2,457) |
| **Other Income and Expenses** | | | | | | |
| Income from equity investments in real estate and the REITs | 30,032 | 26,524 | 3,508 | 26,524 | 11,265 | 15,259 |
| Gain on change in control of interests | 27,859 | | 27,859 | | | |
| Other income and (expenses) | 4,500 | 1,196 | 3,304 | 1,196 | 3,433 | (2,237) |
| Interest expense | (21,920) | (15,725) | (6,195) | (15,725) | (14,462) | (1,263) |
| | 40,471 | 11,995 | 28,476 | 11,995 | 236 | 11,759 |
| Income from continuing operations before income taxes | 70,266 | 47,908 | 22,358 | 47,908 | 33,904 | 14,004 |
| Provision for income taxes | (2,257) | (2,161) | (96) | (2,161) | (980) | (1,181) |
| Income from continuing operations | 68,009 | 45,747 | 22,262 | 45,747 | 32,924 | 12,823 |
| (Loss) income from discontinued operations | (2,250) | (11,290) | 9,040 | (11,290) | 6,701 | (17,991) |
| Net income from real estate ownership | 65,759 | 34,457 | 31,302 | 34,457 | 39,625 | (5,168) |
| Less: Net income attributable to noncontrolling interests | (678) | (2,058) | 1,380 | (2,058) | (1,661) | (397) |
| Net income from real estate ownership attributable to W. P. Carey members | $ 65,081 | $ 32,399 | $ 32,682 | $ 32,399 | $ 37,964 | $ (5,565) |

The following table presents the components of our lease revenues (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Rental income | $ 59,549 | $ 49,787 | $ 47,945 |
| Interest income from direct financing leases | 10,657 | 10,094 | 10,619 |
| | $ 70,206 | $ 59,881 | $ 58,564 |

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The following table sets forth the net lease revenues (i.e., rental income and interest income from direct financing leases) that we earned from lease obligations through our direct ownership of real estate (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| **Lessee** | **2011** | **2010** | **2009** |
| CheckFree Holdings, Inc. [(a)] | $ 5,216 | $ 5,103 | $ 4,964 |
| The American Bottling Company [(b)] | 4,943 | 4,390 | 4,591 |
| Federal Express Corporation [(c)] | 4,922 | | |
| Bouygues Telecom, S.A. [(a) (d) (e)] | 4,002 | 3,852 | 6,410 |
| JP Morgan Chase Bank, N.A. [(f)] | 3,862 | 3,448 | |
| Orbital Sciences Corporation [(g)] | 3,312 | 3,611 | 2,771 |
| Eroski Sociedad Cooperativa [(a) (d) (h)] | 3,235 | 1,710 | |
| Titan Corporation | 2,913 | 2,912 | 2,912 |
| Amylin Pharmaceuticals, Inc. [(c)] | 2,908 | | |
| AutoZone, Inc. [(b)] | 2,818 | 2,241 | 2,228 |
| Google, Inc. (formerly leased to Omnicom Group Inc.) [(i)] | 2,173 | 1,518 | 1,251 |
| Quebecor Printing, Inc. | 1,936 | 1,916 | 1,919 |
| Unisource Worldwide, Inc. [(j)] | 1,926 | 1,923 | 1,668 |
| CSS Industries, Inc. [(k)] | 1,855 | 1,516 | 1,570 |
| Jarden Corporation | 1,614 | 1,614 | 1,614 |
| Sybron Dental Specialties Inc. [(l)] | 1,596 | 1,816 | 1,953 |
| BE Aerospace, Inc. | 1,580 | 1,580 | 1,580 |
| Eagle Hardware & Garden, a subsidiary of Lowe s Companies | 1,492 | 1,568 | 1,574 |
| Sprint Spectrum, L.P. | 1,486 | 1,425 | 1,425 |
| Enviro Works, Inc. | 1,216 | 1,255 | 1,426 |
| Other [(d)] | 15,201 | 16,483 | 18,708 |
| | $ 70,206 | $ 59,881 | $ 58,564 |

(a) These revenues are generated in consolidated ventures, generally with our affiliates, and on a combined basis, include lease revenues applicable to noncontrolling interests totaling $2.6 million, $3.8 million and $3.7 million for the years ended December 31, 2011, 2010 and 2009, respectively.

(b) The increase in 2011 was due to an out-of-period adjustment (Note 2 to the accompanying consolidated financial statements of W. P. Carey).

(c) In connection with the CPA®:14 Asset Sales, we purchased the remaining interest in this investment from CPA®:14 (Note 4 to the accompanying consolidated financial statements of W. P. Carey). Subsequent to the acquisition, we consolidate this investment. We had previously accounted for this investment under the equity method.

(d) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro increased by approximately 5% during the year ended December 31, 2011 as compared to 2010 and decreased by approximately 5% during the year ended December 31, 2010 as compared to 2009, resulting in a positive impact on lease revenues in 2011 and a negative impact on lease revenues in 2010 for our Euro-denominated investments.

(e) The decrease in 2010 was due to a lease restructuring in January 2010.

(f) We acquired this investment in February 2010.

(g) We completed an expansion at this facility in January 2010, at which time we recognized deferred rental income of $0.3 million.

(h) We acquired this investment in June 2010.

(i) In January 2011, we signed a new 15-year lease with Google, Inc. The lease with the former tenant, Omnicom Group Inc., expired in September 2010. The increase in 2010 reflects the accelerated amortization of below-market rent intangibles as a result of the former tenant not renewing its lease with us.

(j) The increase in 2010 was due to a rent increase as a result of a lease renewal in October 2009.

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(k) A tenant-funded improvement at this facility was completed in 2011, at which time we recognized deferred rental income of $0.3 million.
(l) The decrease in 2011 was due to an out-of-period adjustment (Note 2 to the accompanying consolidated financial statements of W. P. Carey).

We recognize income from equity investments in real estate, of which lease revenues are a significant component. The following table sets forth the net lease revenues earned by these ventures. Amounts provided are the total amounts attributable to the ventures and do not represent our proportionate share (dollars in thousands):

| Lessee | Ownership Interest at December 31, 2011 | Years Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|---|
| The New York Times Company [(a)] | 18% | $ 27,796 | $ 26,768 | $ 21,751 |
| Carrefour France, SAS [(b)] | 46% | 20,228 | 19,618 | 21,481 |
| Medica France, S.A.[(b)] | 46% | 6,789 | 6,447 | 6,917 |
| Schuler A.G. [(b)] | 33% | 6,555 | 6,208 | 6,568 |
| U. S. Airways Group, Inc. | 75% | 4,421 | 4,421 | 4,356 |
| Hologic, Inc. | 36% | 3,623 | 3,528 | 3,387 |
| Federal Express Corporation [(c)] | 100% | 2,391 | 7,121 | 7,044 |
| Symphony IRI Group, Inc.[(d)] | 33% | 2,182 | 4,164 | 4,973 |
| Consolidated Systems, Inc. | 60% | 1,933 | 1,831 | 1,831 |
| Amylin Pharmaceuticals, Inc. [(c) (e)] | 100% | 1,342 | 4,027 | 3,635 |
| Childtime Childcare, Inc. | 34% | 1,258 | 1,303 | 1,332 |
| The Retail Distribution Group [(f)] | 0% | | 206 | 1,020 |
| | | $ 78,518 | $ 85,642 | $ 84,295 |

(a) We acquired our interest in this investment in March 2009.
(b) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro increased by approximately 5% during the year ended December 31, 2011 as compared to 2010 and decreased by approximately 5% during the year ended December 31, 2010 as compared to 2009, resulting in a positive impact on lease revenues in 2011 and a negative impact on lease revenues in 2010 for our Euro-denominated investments.
(c) In connection with the CPA®:14 Asset Sales, we purchased the remaining interest in this investment from CPA®:14 (Note 4 to the accompanying consolidated financial statements of W. P. Carey). Subsequent to the acquisition, we consolidate this investment.
(d) In June 2011, this venture sold one of its properties and distributed the proceeds to the venture partners. The decrease in 2010 was due to a lease restructuring.
(e) The increase in 2010 was due to a CPI-based (or equivalent) rent increase and a lease restructuring.
(f) In March 2010, the venture completed the sale of this property, and as a result, we have no further economic interest in this venture.

The above table does not reflect our share of interest income from our 5% interest in a venture that has a note receivable (see Financial Condition Equity Method Investments below). For the years ended December 31, 2011, 2010 and 2009, the venture recognized interest income of $1.9 million, $24.2 million and $27.1 million, respectively. These amounts represent total amounts attributable to the entire venture, not our proportionate share, and are subject to fluctuations in the exchange rate of the Euro.

***Lease Revenues***

As of December 31, 2011, 66% of our net leases, based on annualized contractual minimum base rent, provide for adjustments based on formulas indexed to changes in the CPI, or other similar indices for the

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jurisdiction in which the property is located, some of which have caps and/or floors. In addition, 28% of our net leases have fixed rent adjustments. We own international investments and, therefore, lease revenues from these investments are subject to fluctuations in exchange rate movements in foreign currencies.

During the quarter ended December 31, 2011, we entered into one new lease with a total contractual annual minimum base rent of $0.2 million and a term of nine years and we modified five leases. We amended leases with contractual annual minimum base rents aggregating $1.4 million which represented an 11% reduction from the terms of the prior leases. We did not provide for any tenant concessions in connection with these lease amendments.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, lease revenues increased by $10.3 million, primarily due to $9.4 million of lease revenue generated from new investments we entered into during 2010 and 2011, including the properties we purchased in May 2011 from CPA®:14 in connection with the CPA®:14 Asset Sales. In addition, lease revenues increased by $0.9 million as a result of an out-of-period adjustment recorded in the fourth quarter of 2011 (Note 2 to the accompanying consolidated financial statements of W. P. Carey) and $0.8 million as a result of scheduled rent increases at several properties. These increases were partially offset by the impact of recent tenant activity, including lease restructurings, lease expirations and property sales, which resulted in a reduction to lease revenues of $1.0 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, lease revenues increased by $1.3 million, primarily due to $6.0 million in lease revenue from new investments and an expansion we placed into service during 2010, partially offset by the impact of 2010 and 2009 tenant activity (including lease restructurings, lease expirations and property sales), which reduced lease revenues by $4.9 million.

***Other Real Estate Income***

Other real estate income generally consists of revenue from Carey Storage, a subsidiary that holds investments in 21 domestic self-storage properties, and Livho, a subsidiary that operates a hotel franchise in Livonia, Michigan. Other real estate income also includes lease termination payments and other non-rent related revenues from real estate ownership.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, other real estate income increased by $5.5 million, primarily due to an increase of $3.2 million in income generated from the eight new self-storage properties acquired during the third quarter of 2010 and an increase in reimbursable tenant costs of $1.9 million. Reimbursable tenant costs are recorded as both revenue and expenses and therefore have no net impact on our results of operations.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, other real estate income increased by $3.4 million, primarily due to increases in reimbursable tenant costs of $2.7 million as well as income of $1.5 million from the eight new self-storage properties acquired in the third quarter of 2010. These increases were partially offset by a decrease in lease termination income of $1.0 million. Reimbursable tenant costs are recorded as both revenue and expenses and therefore have no impact on our results of operations.

***Depreciation and Amortization***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, depreciation and amortization increased by $7.1 million. Depreciation and amortization increased by $5.6 million as a result of our 2011 and 2010 investment activity, including $4.7 million attributable to the properties we purchased from CPA®:14 in May 2011 (Note 4 to the accompanying consolidated financial statements of W. P. Carey). In addition, depreciation and amortization increased by $2.2 million as a result of an out-of-period adjustment recorded in the fourth quarter of 2011 (Note 2 to the accompanying consolidated financial statements of W. P. Carey). These increases were partially offset by a decrease in amortization of $0.6 million as a result of lease intangible assets related to two tenants becoming fully amortized in 2010.

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*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, depreciation and amortization increased by $0.9 million primarily due to depreciation and amortization of $2.3 million related to new investments we entered into and an expansion we placed into service during 2010. This increase was partially offset by a $1.0 million write-off of intangible assets as a result of a lease termination in June 2009 that resulted in lower amortization in 2010 and a $0.5 million decrease in depreciation and amortization as a result of several assets becoming fully depreciated or amortized.

***Property Expenses***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, property expenses increased by $2.8 million, primarily due to an increase in reimbursable tenant costs of $1.9 million and a $0.6 million performance fee paid to a third-party manager on a foreign property as a result of meeting its performance criteria.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, property expenses increased by $3.7 million, primarily due to an increase in reimbursable tenant costs of $2.7 million. The remainder of the increase was due to two tenants vacating properties during 2010.

***Other Real Estate Expenses***

Other real estate expenses generally consist of operating expenses related to Carey Storage and Livho as described in Other Real Estate Income above.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, other real estate expenses increased by $2.7 million, primarily due to an increase of $1.8 million in operating expenses as a result of the eight new self-storage properties acquired during the third quarter of 2010. In addition, operating expenses from Livho increased by $0.9 million in 2011 as compared to 2010.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, other real estate expenses increased by $0.8 million, primarily due to operating expenses from the eight new self-storage properties acquired during the third quarter of 2010.

***Impairment Charges***

Our impairment charges are more fully described in Note 10 to the accompanying consolidated financial statement of W. P. Carey. Impairment charges related to our continuing real estate ownership operations were as follows (in thousands):

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| **Lessee** | **2011** | **2010** | **2009** | **Triggering Event** |
| The Titan Corporation | $ 5,833 | $ | $ | Tenant not renewing lease; anticipated sale |
| United States Postal Service | 4,934 | | | Tenant not renewing lease; anticipated sale |
| The American Bottling Company | (868) | | 1,571 | Decline in unguaranteed residual value of properties |
| Others | 533 | 1,140 | 1,945 | Tenants not renewing leases or vacated; anticipated sales; and decline in unguaranteed residual value of properties |
| **Total** | $ 10,432 | $ 1,140 | $ 3,516 | |

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***Income from Equity Investments in Real Estate and the CPA® REITs and CWI***

Income from equity investments in real estate and the CPA® REITs and CWI represents our proportionate share of net income or loss (revenue less expenses) from our interests in unconsolidated real estate investments and our investments in the CPA® REITs and CWI. However, a portion of our equity earnings from the CPA® REITs and CWI, equivalent to the cash distributions from the related operating partnerships, is included in the Investment Management segment. The net income of the CPA® REITs and CWI fluctuates based on the timing of transactions, such as new leases and property sales, as well as the level of impairment charges.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, income from equity investments in real estate increased by $3.5 million, primarily due to an increase in equity income from the CPA® REITs totaling $6.4 million. Results of operations from the CPA® REITs and CWI during 2011 included the following gains and expenses: net gains of $78.8 million from the CPA®:14 Asset Sales, of which our share was approximately $7.4 million; a bargain purchase gain for CPA®:16 Global of $28.7 million because the fair value of CPA®:14 exceeded the CPA®:14/16 Merger consideration, of which our share was approximately $5.0 million; a net gain of $33.5 million on the sales of several properties and the extinguishment of several related mortgage loans, of which our share was approximately $3.7 million; impairment charges totaling $61.7 million, of which our share was approximately $7.8 million; and $13.6 million of expenses incurred in connection with the CPA®:14/16 Merger, of which our share was approximately $2.4 million. Equity income from the CPA® REITs and CWI also increased by approximately $4.1 million in 2011 as a result of our $121.0 million incremental investment in CPA®:16 Global in connection with the CPA®:14/16 Merger. Results of operations for the REITs during 2010 included the following gains and charges: net gains on extinguishment of a mortgage loan and deconsolidation of three subsidiaries totaling $44.0 million, of which our share was approximately $5.6 million; and impairment charges totaling $40.7 million, of which our share was approximately $3.0 million. In addition, we recognized an other-than-temporary impairment charge of $1.4 million on the Schuler venture in 2010. These increases in equity income were partially offset by decreases of $2.5 million as a result of the net gains recognized by the Retail Distribution venture in connection with the sale of its property in March 2010 and $1.7 million related to the Symphony IRI venture reflecting our share of its $8.6 million impairment charge and an other-than-temporary impairment charge recognized by us in 2011 to reflect the decline in fair value of our interest in the venture.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, income from equity investments in real estate and the CPA® REITs and CWI increased by $15.3 million. During 2010, we recognized income from equity investments in the CPA® REITs and CWI of $10.5 million, compared to a loss of $2.5 million in 2009, primarily due to a reduction in impairment charges recognized by the CPA® REITs. Results of operations for the CPA® REITs and CWI during 2010 included the following gains and charges: net gains on extinguishment of a mortgage loan and deconsolidation of three subsidiaries totaling $44.0 million, of which our share was approximately $5.6 million; and impairment charges totaling $40.7 million, of which our share was approximately $3.0 million. Results of operations for the CPA® REITs and CWI during 2009 included impairment charges totaling $170.0 million, of which our share was approximately $11.5 million.

During 2010, we also recognized income of $2.5 million from a venture, Retail Distribution, in connection with the sale of its property in March 2010, as well as an increase in income of $0.7 million due to higher foreign taxes incurred in 2009 on our international ventures. Income from the Amylin venture increased by $0.4 million as a result of its purchase accounting adjustment becoming fully amortized as well as higher rental income recognized in connection with a lease restructuring in 2009. These increases were partially offset by the other-than-temporary impairment charge of $1.4 million recognized during 2010 on the Schuler venture described above.

***Gain on Change in Control of Interests***

As discussed in Note 4 in the accompanying consolidated financial statements of W. P. Carey, in May 2011 we purchased the remaining interests in the Federal Express and Amylin ventures from CPA®:14, which we had

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previously accounted for under the equity method. In connection with the purchase of these properties, we recognized a net gain of $27.9 million during the year ended December 31, 2011 to adjust the carrying value of our existing interests in these ventures to their estimated fair values.

***Other Income and (Expenses)***

Other income and (expenses) consists primarily of gains and losses on foreign currency transactions and derivative instruments, and prior to September 2010 also included the Investor s profit-sharing interest in income or losses from Carey Storage (Note 4 to the accompanying consolidated financial statements of W. P. Carey). We and certain of our foreign consolidated subsidiaries have intercompany debt and/or advances that are not denominated in the entity s functional currency. When the intercompany debt or accrued interest thereon is remeasured against the functional currency of the entity, a gain or loss may result. For intercompany transactions that are of a long-term investment nature, the gain or loss is recognized as a cumulative translation adjustment in other comprehensive income. We also recognize gains or losses on foreign currency transactions when we repatriate cash from our foreign investments.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, other income increased by $3.3 million. In connection with the CPA®:14/16 Merger, we agreed to receive shares of CPA®:16 Global in respect of our shares of CPA®:14. As a result, during 2011, we recognized a gain of $2.8 million on the conversion of our shares of CPA®:14 to shares of CPA®:16 Global to reflect the carrying value of our investment at its estimated fair value. In addition, we recognized a gain of $1.0 million on the conversion of our termination revenue to shares of CPA®:14 because the fair value of the shares received exceeded the termination revenue. Other income during 2011 also included a net gain of $0.6 million as a result of exercising certain warrants granted to us by lessees. These gains were partially offset by a net loss of $0.8 million recognized by the Investor during 2010 on its profit sharing interest in Carey Storage.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, other income decreased by $2.2 million. Results for 2009 included a $7.0 million gain recognized by our Carey Storage subsidiary on the repayment of the $35.0 million outstanding balance on its secured credit facility for $28.0 million, partially offset by the Investor s profit-sharing interest in the gain totaling $4.2 million.

***Interest Expense***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, interest expense increased by $6.2 million, primarily as a result of mortgages assumed in connection with the acquisition of properties from CPA®:14 in May 2011(Note 4 to the accompanying consolidated financial statements of W. P. Carey) and mortgage financing obtained in connection with our investment activities during 2011 and 2010, which resulted in increases to interest expense of $3.6 million and $1.8 million, respectively. Additionally, interest expense on our lines of credit increased by $1.0 million as a result of higher average outstanding balances in 2011 as compared to the prior year.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, interest expense increased by $1.3 million, primarily as a result of mortgage financing obtained in connection with our investment activities during 2010.

***Provision for Income Taxes***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, provision for income taxes increased by $0.1 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, provision for income taxes increased by $1.2 million, primarily due to an increase in equity earnings from the CPA® REITs.

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***(Loss) Income from Discontinued Operations***

(Loss) income from discontinued operations represents the net income or loss (revenue less expenses) from the operations of properties that were sold or held for sale and a subsidiary that we deconsolidated (Note 16 to the accompanying consolidated financial statements of W. P. Carey).

*2011* For the year ended December 31, 2011, loss from discontinued operations was $2.3 million primarily due to a net loss on the sale of properties of $3.4 million. This loss was partially offset by a $1.0 million gain recognized during the third quarter of 2011 on the deconsolidation of a subsidiary because we ceased to exercise control over the activities that most significantly impact its economic performance when a receiver took possession of the property.

*2010* For the year ended December 31, 2010, loss from discontinued operations was $11.3 million, primarily due to impairment charges recognized of $14.2 million. These charges were partially offset by income generated from the operations of these properties of $2.5 million and a net gain on the sales of these properties of $0.5 million.

*2009* For the year ended December 31, 2009, we earned income from discontinued operations of $6.7 million. During 2009, we sold five domestic properties and recognized a net gain of $7.7 million. We also recognized income generated from the operations of these properties of $5.9 million. These increases in income were partially offset by impairment charges recognized on these properties of $6.9 million.

***Net Income from Real Estate Ownership Attributable to W. P. Carey Members***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, the resulting net income from real estate ownership attributable to W. P. Carey members increased by $32.7 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, the resulting net income from real estate ownership attributable to W. P. Carey members decreased by $5.6 million.

***Funds from Operations as Adjusted***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, AFFO from real estate ownership increased by $6.6 million, primarily as a result of the new investments that we entered into during 2011 and 2010, including the properties we purchased from CPA®:14 in connection with the CPA®:14 Asset Sales, as well as increased income generated from our equity interests in the REITs primarily due to our incremental investment in CPA®:16 Global. AFFO is a non-GAAP measure that we use to evaluate our business. For a definition of AFFO and reconciliation to net income attributable to W. P. Carey members, see Supplemental Financial Measures below.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, AFFO from real estate ownership decreased by $4.7 million reflecting the impact of 2010 and 2009 tenant activity, including lease restructurings, lease expirations and property sales.

**Financial Condition**

***Sources and Uses of Cash During the Year***

Our cash flows fluctuate period to period due to a number of factors, which may include, among other things, the nature and timing of receipts of transaction-related and performance revenue, the performance of the CPA® REITs relative to their performance criteria, the timing of purchases and sales of real estate, the timing of proceeds from non-recourse mortgage loans and receipt of lease revenue, the timing and characterization of distributions received from equity investments in real estate and the CPA® REITs and CWI, the timing of certain

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payments, the receipt of the annual installment of deferred acquisition revenue and interest thereon in the first quarter from certain of the CPA® REITs, and changes in foreign currency exchange rates. Despite these fluctuations, we believe that we will generate sufficient cash from operations and from equity distributions in excess of equity income in real estate to meet our normal recurring short-term and long-term liquidity needs. We may also use existing cash resources, the proceeds of non-recourse mortgage loans, unused capacity on our line of credit and the issuance of additional equity securities to meet these needs. We assess our ability to access capital on an ongoing basis. Our sources and uses of cash during the year are described below.

*Operating Activities* Cash flow from operating activities decreased by $6.3 million during 2011 as compared to 2010 primarily due to the following reasons:

- We received approximately $16.8 million less in cash for providing asset-based management services to the REITs, primarily related to the conversion of our performance fee into a Special Member Interest in CPA®:16 Global s operating partnership. This decrease was partially offset by $6.2 million of cash distributions received from our Special Member Interest in CPA®:16 Global s operating partnership as well as an increase of $4.9 million in cash distributions received from CPA®:17 Global s operating partnership.

- We received approximately $21.3 million of subordinated disposition revenue in cash from CPA®:14 upon completion of the CPA®:14/16 Merger in May of 2011. We paid taxes of approximately $11.4 million related to the CPA®:14/16 Merger in September 2011. This net increase of $9.9 million in cash flow was substantially offset by an increase in General and administrative expense of approximately $9.0 million as a result of higher compensation related costs and professional fees.

As described in Note 3 in the accompanying consolidated financial statements of W. P. Carey, in both 2011 and 2010, we elected to receive all asset management revenue in cash, with the exception of CPA®:17 Global s asset management fee, which we elected to receive in its common shares. For both 2011 and 2010, we also elected to receive performance revenue from CPA®:16 Global in its shares, while for CPA®:14 and CPA®:15 we elected to receive 80% of all performance revenue in their shares, with the remaining 20% payable in cash. Subsequent to CPA®:16 Global s UPREIT reorganization in May 2011, we no longer earn performance revenue from CPA®:16 Global, but we receive a distribution of available cash from its operating partnership. We also elected to receive asset management revenue from CPA®:16 Global in its shares after the CPA®:14/16 Merger. For CWI, we elected to receive all asset management revenue in cash for 2011.

*Investing Activities* Our investing activities are generally comprised of real estate-related transactions (purchases and sales) and capitalized property improvements. During 2011, we used $121.0 million to purchase newly issued shares of CPA®:16 Global to enable it to pay the Merger consideration in the CPA®:14/16 Merger (Note 3 to the accompanying consolidated financial statements of W. P. Carey) and we also made a $0.3 million contribution to its operating partnership. We made contributions to unconsolidated ventures totaling $2.3 million, including $2.1 million to a venture to pay off our share of its maturing non-recourse mortgage loan. We also used $24.3 million to purchase two properties from CPA®:14 in connection with the CPA®:14 Asset Sales and $13.2 million to make capital improvements to various properties. In addition, we used $96.0 million to make three loans to two of our affiliates, CPA®:17 Global and CWI, in order to facilitate certain of their property acquisitions, which were repaid in 2011. Cash inflows during the current year included $20.8 million in distributions from equity investments in real estate and the CPA® REITs and CWI in excess of cumulative equity income, including $11.1 million received on our shares of CPA®:14 as a result of the $1.00 per share special cash distribution paid by CPA®:14 to its stockholders in connection with the CPA®:14/16 Merger. We also received cash proceeds of $12.5 million from the sale of seven properties and recovered $5.0 million of foreign value-added-taxes in connection with an international investment. Funds totaling $6.7 million and $2.6 million were invested in and released from, respectively, lender-held investment accounts.

*Financing Activities* During 2011, we paid distributions to shareholders of $85.8 million and paid distributions of $7.3 million to affiliates who hold noncontrolling interests in various entities we consolidate. We used $7.5 million to purchase the noncontrolling interest in an entity from CPA®:14 in connection with the

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CPA®:14 Asset Sales. We also made scheduled mortgage principal payments of $25.3 million and obtained mortgage financing of $45.5 million. Net borrowings under our lines of credit increased overall by $91.4 million since December 31, 2010 and were comprised of gross borrowings of $251.4 million and repayments of $160.0 million. Net borrowings under our lines of credit were used primarily to fund the $121.3 million purchase of CPA®:16 Global shares described above and our acquisition of properties in the CPA®:14 Asset Sales (Note 4 to the accompanying consolidated financial statements of W. P. Carey). In connection with modifying our unsecured line of credit and obtaining financing for our properties in 2011, we paid financing fees totaling $7.8 million.

*Adjusted Cash Flow from Operating Activities* Adjusted cash flow from operating activities is a non-GAAP measure that we use to evaluate our business. For a definition of adjusted cash flow from operating activities and reconciliation to cash flow from operating activities, see Supplemental Financial Measures below. Our adjusted cash flow from operating activities for 2011 and 2010 was $98.6 million and $88.6 million, respectively. This increase was primarily due to the $8.9 million, net of income tax, we received as a result of the $1.00 per share special cash distribution received from CPA®:14 on our shares of CPA®:14 in connection with the CPA®:14/16 Merger, higher cash distributions received from CPA®:17 Global s operating partnership as a result of new investments that it entered into during 2010 and 2011, and the initial cash distributions received from CPA®:16 Global s operating partnership. These increases in adjusted cash flow from operating activities were partially offset by a reduction in cash received from providing asset-based management services to the CPA® REITs and CWI as a result of the fact that we no longer receive cash asset management fees from CPA®:14 after the CPA®:14/16 Merger and CPA®:16 Global as a result of the UPREIT Reorganization.

***Summary of Financing***

The table below summarizes our non-recourse and limited-recourse debt and credit facility (dollars in thousands):

| | December 31, | |
|---|---|---|
| | **2011** | **2010** |
| **Balance** | | |
| Fixed rate | $ 258,886 | $ 147,872 |
| Variable rate (a) | 330,483 | 249,110 |
| Total | $ 589,369 | $ 396,982 |
| **Percent of total debt** | | |
| Fixed rate | 44% | 37% |
| Variable rate (a) | 56% | 63% |
| | 100% | 100% |
| **Weighted average interest rate at end of year** | | |
| Fixed rate | 5.6% | 6.0% |
| Variable rate (a) (b) | 4.6% | 2.5% |

(a) Variable-rate debt at December 31, 2011 included (i) $233.2 million outstanding under our new unsecured line of credit, (ii) $47.0 million that has been effectively converted to fixed rates through interest rate swap derivative instruments and (iii) $42.6 million in mortgage loan obligations that bore interest at fixed rates but have interest rate reset features that may change the interest rates to then-prevailing market fixed rates (subject to specified caps) at certain points during their term.

(b) The increase was primarily due to a higher interest rate on our new unsecured line of credit, which was 4.0% at December 31, 2011, compared to a rate of 1.2% at December 31, 2010 under our then-existing unsecured line of credit. As discussed in Financial Condition Line of Credit below, pursuant to its terms, we converted the interest rate on our new line of credit to a Eurocurrency rate on January 3, 2012, at which time the interest rate was 2.0%.

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*Cash Resources*

At December 31, 2011, our cash resources consisted of the following:

- cash and cash equivalents totaling $29.3 million. Of this amount, $7.4 million, at then-current exchange rates, was held by foreign subsidiaries. We could be subject to restrictions or significant costs should we decide to repatriate these amounts;
- a line of credit with unused capacity of $210.0 million, excluding amounts reserved for outstanding letters of credit. Our lender has issued letters of credit totaling $6.8 million on our behalf in connection with certain contractual obligations, which reduce amounts that may be drawn under the line of credit; and
- we also had unleveraged properties that had an aggregate carrying value of $220.6 million at December 31, 2011, although there can be no assurance that we would be able to obtain financing for these properties.

Our cash resources can be used for working capital needs and other commitments and may be used for future investments. We continue to evaluate fixed-rate financing options, such as obtaining non-recourse financing on our unleveraged properties. Any financing obtained may be used for working capital objectives and/or may be used to pay down existing debt balances or to fund acquisitions.

*Line of Credit*

Our new unsecured credit facility is more fully described in Note 11 to the accompanying consolidated financial statements of W. P. Carey. A summary of our line of credit is provided below (in thousands):

| | December 31, 2011 | | December 31, 2010 | |
|---|---|---|---|---|
| | Outstanding Balance | Maximum Available | Outstanding Balance | Maximum Available |
| Unsecured line of credit | $ 233,160 | $ 450,000 | $ 141,750 | $ 250,000 |

At December 31, 2010, we had a $250.0 million unsecured revolving line of credit that was scheduled to mature in June 2012. On May 2, 2011, we obtained a $30.0 million secured revolving line of credit from Bank of America that was coterminous with the unsecured line of credit, expiring in June 2012. In December 2011, we terminated the secured and unsecured lines of credit. We entered into a new unsecured revolving line of credit, in an aggregate principal amount of up to $450.0 million, in order to extend the maturity and to provide for additional commitments as described below and accounted for this transaction as a modification of the original loan and capitalized the related financing costs totaling $6.7 million, which will be amortized to interest expense over the remaining term of the credit facility. The previous unsecured revolving line of credit had an outstanding balance of $233.2 million, which we rolled over to the new unsecured line of credit. The secured line of credit had no outstanding balance on the date of termination.

This new credit facility was amended and restated by an amended and restated credit agreement, dated as of February 17, 2012. The amended and restated credit agreement includes a new term loan facility in an aggregate principal amount of up to $175.0 million, the proceeds of which will be available in a single draw on the Merger closing date and will be used solely to finance in part the Merger and transaction costs and expenses occurred in connection therewith and is available until the earliest of (i) September 30, 2012, (ii) the date (if any) that the Merger occurs, and (iii) the date of the termination of the term facility, pursuant to the terms of the amended and restated credit facility.

As with the credit facility entered into in December 2011, the amendment and restatement of such credit facility provides us with a revolving loan facility with an aggregate principal amount of up to $450.0 million, which matures on December 28, 2014, which maturity date may be extended by one year at our option, subject to the conditions to extension provided in the amended and restated credit facility. The revolving loan facility is expected to be utilized primarily for potential new investments, repayment of existing debt and general corporate purposes. The amended and restated credit facility also permits (i) a sub-limit for up to $150.0 million under the revolving loan facility to be borrowed in certain currencies other than U.S. dollars (ii) a sub-limit for swing line loans of up to $35.0 million under the revolving loan facility, and (iii) a sub-limit for the issuance of letters of credit under the revolving loan facility in an aggregate amount not to exceed $50.0 million.

The aggregate principal amount (of revolving and term loans) available under the amended and restated credit facility is $625.0 million, which, at our election may be increased by up to an additional $125.0 million, which may be allocated as an increase to the revolving loan facility, the term facility, or if the term facility has been terminated, an add-on term loan, in each case subject to the conditions to increase provided in the amended and restated credit facility.

The amended and restated credit facility provides for an annual interest rate, at our election, of either (i) the Eurocurrency Rate or (ii) the Base Rate, in each case plus the Applicable Rate (each as defined in the credit agreement). Prior to us obtaining an Investment Grade Debt Rating (as defined in the credit agreement), the Applicable Rate on Eurocurrency Rate loans and letters of credit ranges from 1.75% to 2.50% and the Applicable Rate on Base Rate loans ranges from 0.75% to 1.50%. After an Investment Grade Debt Rating has been obtained, the Applicable Rate on Eurocurrency Rate loans and letters of credit ranges from 1.10% to 2.00% and the Applicable Rate on Base Rate loans ranges from 0.10% to 1.00%. Swing line loans will bear interest at the Base Rate plus the Applicable Rate then in effect. In addition, prior to obtaining an Investment Grade Debt Rating, we pay a quarterly fee ranging from 0.3% to 0.4% of the unused portion of the line of credit, depending on our leverage ratio. After an Investment Grade Debt Rating has been obtained, we will pay a facility fee ranging from 0.2% to 0.4% of the total commitment. At December 31, 2011, the outstanding balance on this line of credit was $233.2 million with an annual interest rate consisting of a Base Rate of 3.5% plus 0.5%. On January 2, 2012, we converted the interest rate to a Eurocurrency Rate, which is equal to the London inter-bank offered rate of 0.30% plus 1.75%. In addition, as of December 31, 2011, our lenders had issued letters of credit totaling $6.8 million on our behalf in connection with certain contractual obligations. At December 31, 2011, the revolving line of credit had unused capacity of $210.0 million, reflecting outstanding letters of credit, which reduce amounts that may be drawn. The revolving line of credit is expected to be utilized primarily for potential new investments, repayment of existing debt and general corporate purposes.

Pursuant to the amended and restated credit facility, prior to the REIT Conversion, we may make Restricted Payments (as defined in the credit agreement) in a fiscal quarter that, when added to the total for the three preceding fiscal quarters, do not exceed 90% of Adjusted Total EBITDA (as defined in the amended and restated credit agreement), for the four preceding fiscal quarters. From and after the REIT Conversion, we may make Restricted Payments in a aggregate amount in any fiscal year not to exceed the greater of: (i) 95% of the adjusted funds from operations (as such term is defined in the amended and restated credit facility) and (ii) the amount of Restricted Payments required to be paid in order to maintain its status as a REIT. Restricted Payments include quarterly dividends and the total amount of shares repurchased by us, if any, in excess of $10.0 million (or $50.0 million if both the REIT Conversion and Merger have occurred) per year. In addition to placing limitations on dividend distributions and share repurchases, the amended and restated credit agreement stipulates six financial covenants that require us to maintain the following ratios and benchmarks at the end of each quarter (the quoted variables are specifically defined in the amended and restated credit facility agreement):

(i) a maximum leverage ratio, which requires us to maintain a ratio of total outstanding indebtedness to total value of 60% or less;

(ii) a maximum secured debt ratio, which requires us to maintain a ratio of total secured outstanding indebtedness (inclusive of permitted indebtedness of subsidiaries ) to total value of 40% or less;

(iii) a minimum combined equity value, which requires us to maintain a total value less total outstanding indebtedness of not less than $850.0 million. This amount must be adjusted in the event of any securities offering by adding 80% of the fair market value of all net offering proceeds;

(iv) a minimum fixed charge coverage ratio, which requires us to maintain a ratio for adjusted total EBITDA to fixed charges of not less than 1.40 to 1.00;

(v) a minimum unsecured interest coverage ratio, which requires us to maintain a ratio of unencumbered property NOI plus unencumbered management EBITDA to interest expense on total unsecured outstanding indebtedness of not less than 2.00 to 1.00; and

(vi) a limitation on recourse indebtedness, which prohibits us from incurring additional secured indebtedness other than non-recourse indebtedness or indebtedness that is recourse to us that exceeds $75.0 million (or $100.0 million after the Merger) or 5% of the total value, whichever is greater.

We were in compliance with these covenants at December 31, 2011.

***Cash Requirements***

During 2012, we expect that cash payments will include paying distributions to our shareholders and to our affiliates who hold noncontrolling interests in entities we control and making scheduled mortgage loan principal payments, including mortgage balloon payments totaling $28.3 million, as well as other normal recurring operating expenses.

We expect to fund future investments, any capital expenditures on existing properties and scheduled debt maturities on non-recourse mortgage loans through cash generated from operations, the use of our cash reserves or unused amount on our line of credit.

***Expected Impact of Merger***

If consummated, we currently expect the Merger to have the following impact on our liquidity and results of operations by the third quarter of 2012; however there can be no assurance that the transaction will be completed during this time frame or at all.

The estimated total Merger Consideration includes cash of approximately $151.2 million and the issuance of approximately 28,130,934 shares of W. P. Carey Inc. common stock, based on the total shares of CPA®:15 outstanding of 131,566,206, of which 10,153,074 shares were owned by us, on February 17, 2012. We have obtained a commitment for a $175.0 million term loan as part of our credit facility in order to pay for the cash portion of the Merger Consideration.

***Impact of CPA®:14/16 Merger and Asset Purchase***

The financial impact of the CPA®:14/16 Merger and our purchase of the assets from CPA®:14 in the CPA®:14 Asset Sales (Note 3 of the accompanying consolidated financial statements of W. P. Carey) had the following impact on our 2011 results as compared to 2010:

- An increase in dividends of approximately $4.7 million associated with our incremental investment in CPA®:16 Global resulting in net cash flow after tax of $4.3 million;

- An increase in lease revenues and cash flow totaling approximately $7.6 million and $3.1 million, respectively, related to the properties we acquired from CPA®:14 in the CPA®:14 Asset Sales;

- A tax benefit of approximately $4.2 million related to the change in our advisory fee arrangement with CPA®:16 Global in connection with its UPREIT reorganization;

- A reduction in asset management revenue of approximately $13.0 million as a result of the modification of our advisory agreement with CPA®:16 Global in connection with its UPREIT reorganization and assets sold by CPA®:14 to us and to third parties in the

CPA®:14 Asset Sales;

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A reduction in equity income of approximately $0.4 million related to the consolidation of the two ventures acquired from CPA®:14 in the CPA®:14 Asset Sales;

An increase in interest expense of approximately $4.4 million related to interest payments on the existing non-recourse mortgages relating to the properties we acquired in the CPA®:14 Asset Sales and incremental borrowings under our prior unsecured credit facility to finance the CPA®:14/16 Merger;

Increases to our equity earnings of approximately $6.2 million related to cash distributions received and $5.7 million of deferred revenue recognized as a result of acquiring the Special Member Interest in CPA®:16 Global s operating partnership; and

A net increase in equity earnings of approximately $2.6 million as a result of our $121.0 million incremental investment in shares of CPA®:16 Global and the assets sold by CPA®:14 to us and to third parties in the CPA®:14 Asset Sales.

The properties we acquired from CPA®:14 have lease expirations between December 2015 and August 2019, renewable at the tenant s option. There are no scheduled balloon payments on any of the long-term debt obligations that we assumed in connection with the CPA®:14/16 Merger until June 2016.

***Off-Balance Sheet Arrangements and Contractual Obligations***

The table below summarizes our debt, other contractual obligations, and off-balance sheet arrangements at December 31, 2011 and the effect that these arrangements and obligations are expected to have on our liquidity and cash flow in the specified future periods (in thousands):

| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| Non-recourse and limited-recourse debt Principal [(a)] | $ 357,254 | $ 37,518 | $ 22,052 | $ 107,327 | $ 190,357 |
| Line of credit Principal [(b)] | 233,160 | | 233,160 | | |
| Interest on borrowings [(c)] | 148,919 | 29,341 | 54,562 | 30,037 | 34,979 |
| Operating and other lease commitments [(d)] | 9,716 | 1,017 | 1,997 | 1,790 | 4,912 |
| Property improvement commitments | 1,220 | 1,220 | | | |
| | $ 750,269 | $ 69,096 | $ 311,771 | $ 139,154 | $ 230,248 |

(a) Excludes approximately $1.0 million of purchase accounting adjustments required in connection with the CPA®:14/16 Merger, which are included in Non-recourse and limited-recourse debt at December 31, 2011.

(b) Our new unsecured line of credit is scheduled to mature in December 2014, unless extended pursuant to its terms.

(c) Interest on unhedged variable-rate debt obligations was calculated using the applicable annual variable interest rates and balances outstanding at December 31, 2011.

(d) Operating and other lease commitments consist primarily of the future minimum rents payable on the lease for our principal offices. We are reimbursed by affiliates for their share of the future minimum rents under an office cost-sharing agreement. These amounts are allocated among the entities based on gross revenues and are adjusted quarterly. The table above excludes the rental obligation of a venture in which we own a 46% interest. Our share of this obligation totals approximately $2.7 million over the lease term through January 2063.

Amounts in the table above related to our foreign operations are based on the exchange rate of the local currencies at December 31, 2011, which consisted primarily of the Euro. At December 31, 2011, we had no material capital lease obligations for which we were the lessee, either individually or in the aggregate.

***Equity Method Investments***

We have investments in unconsolidated ventures that own single-tenant properties that are typically net leased to corporations. Generally, the underlying investments are jointly-owned with our affiliates. Certain

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financial information for these ventures and our ownership interest in the ventures at December 31, 2011 is presented below. Certain financial information provided represents the total amounts attributable to the ventures and does not represent our proportionate share (dollars in thousands):

| Lessee | Ownership Interest at December 31, 2011 | Total Assets | Total Third-Party Debt | Maturity Date |
|---|---|---|---|---|
| U. S. Airways Group, Inc. | 75% | $ 29,586 | $ 17,793 | 4/2014 |
| The New York Times Company | 18% | 246,808 | 122,679 | 9/2014 |
| Carrefour France, SAS [(a)] | 46% | 131,108 | 96,055 | 12/2014 |
| Consolidated Systems, Inc. | 60% | 16,663 | 11,189 | 11/2016 |
| Medica France, S.A. [(a)] | 46% | 43,993 | 34,031 | 10/2017 |
| Symphony IRI Group, Inc. | 33% | 22,933 | 14,783 | 2/2021 |
| Hologic, Inc. | 36% | 26,101 | 13,396 | 5/2023 |
| Schuler A.G. [(a)] | 33% | 66,298 | | N/A |
| Childtime Childcare, Inc. [(b)] | 34% | 8,940 | | N/A |
| | | $ 592,430 | $ 309,926 | |

(a) Dollar amounts shown are based on the exchange rate of the Euro at December 31, 2011.

(b) In January 2011, this venture repaid its maturing non-recourse mortgage loan.

The table above does not reflect our 5% interest in a venture ( Lending Venture ) that holds a note receivable (the Note Receivable ) from the holder (the Partner ) of a 75.3% interest in a limited partnership ( Partnership ) owning 37 properties throughout Germany at a total cost of $336.0 million. Concurrently, our affiliates also acquired an interest in a second venture (the Property Venture ) that acquired the remaining 24.7% ownership interest in the Partnership as well as an option to purchase an additional 75% interest from the Partner by December 2010. Also in connection with this transaction, the Lending Venture obtained non-recourse financing of $284.9 million having a fixed annual interest rate of 5.5%, a term of 10 years and is collateralized by the 37 German properties. In November 2010, the Property Venture exercised a portion of its call option via the Lending Venture whereby the Partner exchanged a 70% interest in the Partnership for a $295.7 million reduction in the Note Receivable. Subsequent to the exercise of the option, the Property Venture now owns a 94.7% interest in the Partnership and retains options to purchase the remaining 5.3% interest from the Partner by December 2012. All dollar amounts are based on the exchange rates of the Euro at the dates of the transactions, and dollar amounts provided represent the total amounts attributable to the ventures and do not represent our proportionate share.

***Environmental Obligations***

In connection with the purchase of many of our properties, we required the sellers to perform environmental reviews. We believe, based on the results of these reviews, that our properties were in substantial compliance with Federal, state, and foreign environmental statutes at the time the properties were acquired. However, portions of certain properties have been subject to some degree of contamination, principally in connection with leakage from underground storage tanks, surface spills or other on-site activities. In most instances where contamination has been identified, tenants are actively engaged in the remediation process and addressing identified conditions. Tenants are generally subject to environmental statutes and regulations regarding the discharge of hazardous materials and any related remediation obligations. In addition, our leases generally require tenants to indemnify us from all liabilities and losses related to the leased properties and the provisions of such indemnifications specifically address environmental matters. The leases generally include provisions that allow for periodic environmental assessments, paid for by the tenant, and allow us to extend leases until such time as a tenant has satisfied its environmental obligations. Certain of our leases allow us to require financial assurances from tenants, such as performance bonds or letters of credit, if the costs of remediating environmental conditions are, in our estimation, in excess of specified amounts. Accordingly, we believe that the ultimate resolution of environmental matters should not have a material adverse effect on our financial condition, liquidity or results of operations.

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**Critical Accounting Estimates**

Our significant accounting policies are described in Note 2 to the accompanying consolidated financial statements of W. P. Carey. Many of these accounting policies require judgment and the use of estimates and assumptions when applying these policies in the preparation of the consolidated financial statements of W. P. Carey. On a quarterly basis, we evaluate these estimates and judgments based on historical experience as well as other factors that we believe to be reasonable under the circumstances. These estimates are subject to change in the future if underlying assumptions or factors change. Certain accounting policies, while significant, may not require the use of estimates. Those accounting policies that require significant estimation and/or judgment are listed below.

***Classification of Real Estate Assets***

We classify our directly-owned leased assets for financial reporting purposes at the inception of a lease, or when significant lease terms are amended, as either real estate leased under operating leases or net investment in direct financing leases. This classification is based on several criteria, including, but not limited to, estimates of the remaining economic life of the leased assets and the calculation of the present value of future minimum rents. We estimate remaining economic life relying in part upon third-party appraisals of the leased assets. We calculate the present value of future minimum rents using the lease s implicit interest rate, which requires an estimate of the residual value of the leased assets as of the end of the non-cancelable lease term. Estimates of residual values are generally determined by us relying in part upon third-party appraisals. Different estimates of residual value result in different implicit interest rates and could possibly affect the financial reporting classification of leased assets. The contractual terms of our leases are not necessarily different for operating and direct financing leases; however, the classification is based on accounting pronouncements that are intended to indicate whether the risks and rewards of ownership are retained by the lessor or substantially transferred to the lessee. We believe that we retain certain risks of ownership regardless of accounting classification. Assets classified as net investment in direct financing leases are not depreciated but are written down to expected residual value over the lease term. Therefore, the classification of assets may have a significant impact on net income even though it has no effect on cash flows.

***Identification of Tangible and Intangible Assets in Connection with Real Estate Acquisitions***

In connection with our acquisition of properties accounted for as operating leases, we allocate purchase costs to tangible and intangible assets and liabilities acquired based on their estimated fair values. We determine the value of tangible assets, consisting of land and buildings, as if vacant, and record intangible assets, including the above- and below-market value of leases, the value of in-place leases and the value of tenant relationships, at their relative estimated fair values.

We determine the value attributed to tangible assets in part using a discounted cash flow model that is intended to approximate both what a third party would pay to purchase the vacant property and rent at current estimated market rates. In applying the model, we assume that the disinterested party would sell the property at the end of an estimated market lease term. Assumptions used in the model are property-specific where this information is available; however, when certain necessary information is not available, we use available regional and property-type information. Assumptions and estimates include a discount rate or internal rate of return, marketing period necessary to put a lease in place, carrying costs during the marketing period, leasing commissions and tenant improvements allowances, market rents and growth factors of these rents, market lease term and a cap rate to be applied to an estimate of market rent at the end of the market lease term.

We acquire properties subject to net leases and determine the value of above-market and below-market lease intangibles based on the difference between (i) the contractual rents to be paid pursuant to the leases negotiated and in place at the time of acquisition of the properties and (ii) our estimate of fair market lease rates for the property or a similar property, both of which are measured over a period equal to the estimated market lease term. We discount the difference between the estimated market rent and contractual rent to a present value using

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an interest rate reflecting our current assessment of the risk associated with the lease acquired, which includes a consideration of the credit of the lessee. Estimates of market rent are generally determined by us relying in part upon a third-party appraisal obtained in connection with the property acquisition and can include estimates of market rent increase factors, which are generally provided in the appraisal or by local real estate brokers.

We evaluate the specific characteristics of each tenant s lease and any pre-existing relationship with each tenant in determining the value of in-place lease and tenant relationship intangibles. To determine the value of in-place lease intangibles, we consider estimated market rent, estimated carrying costs of the property during a hypothetical expected lease-up period, current market conditions and costs to execute similar leases. Estimated carrying costs include real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical expected lease-up periods, based on assessments of specific market conditions. In determining the value of tenant relationship intangibles, we consider the expectation of lease renewals, the nature and extent of our existing relationship with the tenant, prospects for developing new business with the tenant and the tenant s credit profile. We also consider estimated costs to execute a new lease, including estimated leasing commissions and legal costs, as well as estimated carrying costs of the property during a hypothetical expected lease-up period. We determine these values using our estimates or by relying in part upon third-party appraisals conducted by independent appraisal firms.

***Basis of Consolidation***

When we obtain an economic interest in an entity, we evaluate the entity to determine if it is deemed a variable interest entity ( VIE ) and, if so, whether we are deemed to be the primary beneficiary and are therefore required to consolidate the entity. Significant judgment is required to determine whether a VIE should be consolidated. We review the contractual arrangements provided for in the partnership agreement or other related contracts to determine whether the entity is considered a VIE under current authoritative accounting guidance, and to establish whether we have any variable interests in the VIE. We then compare our variable interests, if any, to those of the other variable interest holders to determine which party is the primary beneficiary of a VIE based on whether the entity (i) has the power to direct the activities that most significantly impact the economic performance of the VIE, and (ii) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

For an entity that is not considered to be a VIE, the general partners in a limited partnership (or similar entity) are presumed to control the entity regardless of the level of their ownership and, accordingly, may be required to consolidate the entity. We evaluate the partnership agreements or other relevant contracts to determine whether there are provisions in the agreements that would overcome this presumption. If the agreements provide the limited partners with either (a) the substantive ability to dissolve or liquidate the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights, the limited partners rights overcome the presumption of control by a general partner of the limited partnership, and, therefore, the general partner must account for its investment in the limited partnership using the equity method of accounting.

When we obtain an economic interest in an entity that is structured at the date of acquisition as a tenancy-in-common interest, we evaluate the tenancy-in-common agreements or other relevant documents to ensure that the entity does not qualify as a VIE and does not meet the control requirement required for consolidation. We also use judgment in determining whether the shared decision-making involved in a tenancy-in-common interest investment creates an opportunity for us to have significant influence on the operating and financial decisions of these investments and thereby creates some responsibility by us for a return on our investment. We account for tenancy-in-common interests under the equity method of accounting.

***Impairments***

We periodically assess whether there are any indicators that the value of our long-lived assets, including goodwill, may be impaired or that their carrying value may not be recoverable. These impairment indicators include, but are not limited to, the vacancy of a property that is not subject to a lease; a lease default by a tenant

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that is experiencing financial difficulty; the termination of a lease by a tenant; or the rejection of a lease in a bankruptcy proceeding. We may incur impairment charges on long-lived assets, including real estate, direct financing leases, assets held for sale and equity investments in real estate. We may also incur impairment charges on marketable securities and goodwill. Estimates and judgments used when evaluating whether these assets are impaired are presented below.

*Real Estate* For real estate assets in which an impairment indicator is identified, we follow a two-step process to determine whether an asset is impaired and to determine the amount of the charge. First, we compare the carrying value of the property to the future net undiscounted cash flow that we expect the property will generate, including any estimated proceeds from the eventual sale of the property. The undiscounted cash flow analysis requires us to make our best estimate of market rents, residual values and holding periods. We estimate market rents and residual values using market information from outside sources such as broker quotes or recent comparable sales. In cases where the available market information is not deemed appropriate, we perform a future net cash flow analysis discounted for inherent risk associated with each asset to determine an estimated fair value. As our investment objective is to hold properties on a long-term basis, holding periods used in the undiscounted cash flow analysis generally range from five to ten years. Depending on the assumptions made and estimates used, the future cash flow projected in the evaluation of long-lived assets can vary within a range of outcomes. We consider the likelihood of possible outcomes in determining the best possible estimate of future cash flows. If the future net undiscounted cash flow of the property is less than the carrying value, the property is considered to be impaired. We then measure the loss as the excess of the carrying value of the property over its estimated fair value. The property s estimated fair value is primarily determined using market information from outside sources such as broker quotes or recent comparable sales.

*Direct Financing Leases* We review our direct financing leases at least annually to determine whether there has been an other-than-temporary decline in the current estimate of residual value of the property. The residual value is our estimate of what we could realize upon the sale of the property at the end of the lease term, based on market information from outside sources such as broker quotes or recent comparable sales. If this review indicates that a decline in residual value has occurred that is other-than-temporary, we recognize an impairment charge and revise the accounting for the direct financing lease to reflect a portion of the future cash flow from the lessee as a return of principal rather than as revenue.

When we enter into a contract to sell the real estate assets that are recorded as direct financing leases, we evaluate whether we believe it is probable that the disposition will occur. If we determine that the disposition is probable and therefore the asset s holding period is reduced, we record an allowance for credit losses to reflect the change in the estimate of the undiscounted future rents. Accordingly, the net investment balance is written down to fair value.

*Assets Held for Sale* We classify real estate assets that are accounted for as operating leases as held for sale when we have entered into a contract to sell the property, all material due diligence requirements have been satisfied and we believe it is probable that the disposition will occur within one year. When we classify an asset as held for sale, we calculate its estimated fair value as the expected sale price, less expected selling costs. We base the expected sale price on the contract and the expected selling costs on information provided by brokers and legal counsel. We then compare the asset s estimated fair value to its carrying value, and if the estimated fair value is less than the property s carrying value, we reduce the carrying value to the estimated fair value. We will continue to review the initial impairment for subsequent changes in the estimated fair value, and may recognize an additional impairment charge if warranted.

If circumstances arise that we previously considered unlikely and, as a result, we decide not to sell a property previously classified as held for sale, we reclassify the property as held and used. We measure and record a property that is reclassified as held and used at the lower of (a) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held and used, or (b) the estimated fair value at the date of the subsequent decision not to sell.

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*Equity Investments in Real Estate and the CPA® REITs and CWI* We evaluate our equity investments in real estate and in the CPA® REITs and CWI on a periodic basis to determine if there are any indicators that the value of our equity investment may be impaired and to establish whether or not that impairment is other-than-temporary. To the extent impairment has occurred, we measure the charge as the excess of the carrying value of our investment over its estimated fair value, which is determined by multiplying the estimated fair value of the underlying venture s net assets by our ownership interest percentage. For our unconsolidated ventures in real estate, we calculate the estimated fair value of the underlying venture s real estate or net investment in direct financing lease as described in Real Estate and Direct Financing Leases above. The fair value of the underlying venture s debt, if any, is calculated based on market interest rates and other market information. The fair value of the underlying venture s other financial assets and liabilities (excluding net investment in direct financing leases) have fair values that approximate their carrying values. For our investments in the CPA® REITs and CWI, we calculate the estimated fair value of our investment using the most recently published NAV of each CPA® REIT and CWI.

*Marketable Securities* We evaluate our marketable securities for impairment if a decline in estimated fair value below cost basis is considered other-than-temporary. In determining whether the decline is other-than-temporary, we consider the underlying cause of the decline in value, the estimated recovery period, the severity and duration of the decline, as well as whether we plan to sell the security or will more likely than not be required to sell the security before recovery of its cost basis. If we determine that the decline is other-than-temporary, we record an impairment charge to reduce our cost basis to the estimated fair value of the security. In accordance with current accounting guidance, the credit component of an other-than-temporary impairment is recognized in earnings while the non-credit component is recognized in Other comprehensive income.

*Goodwill* We evaluate goodwill recorded by our Investment Management segment for possible impairment at least annually using a two-step process. To identify any impairment, we first compare the estimated fair value of our Investment Management segment with its carrying amount, including goodwill. We calculate the estimated fair value of the Investment Management segment by applying a multiple, based on comparable companies, to earnings. If the fair value of the Investment Management segment exceeds its carrying amount, we do not consider goodwill to be impaired and no further analysis is required. If the carrying amount of the Investment Management segment exceeds its estimated fair value, we then perform the second step to measure the amount of the impairment charge.

For the second step, we determine the impairment charge by comparing the implied fair value of the goodwill with its carrying amount and record an impairment charge equal to the excess of the carrying amount over the implied fair value. We determine the implied fair value of the goodwill by allocating the estimated fair value of the Investment Management segment to its assets and liabilities. The excess of the estimated fair value of the Investment Management segment over the amounts assigned to its assets and liabilities is the implied fair value of the goodwill.

***Provision for Uncollected Amounts from Lessees***

On an ongoing basis, we assess our ability to collect rent and other tenant-based receivables and determine an appropriate allowance for uncollected amounts. Because we have a limited number of lessees (20 lessees represented 78% of lease revenues during 2011), we believe that it is necessary to evaluate the collectability of these receivables based on the facts and circumstances of each situation rather than solely using statistical methods. Therefore, in recognizing our provision for uncollected rents and other tenant receivables, we evaluate actual past due amounts and make subjective judgments as to the collectability of those amounts based on factors including, but not limited to, our knowledge of a lessee s circumstances, the age of the receivables, the tenant s credit profile and prior experience with the tenant. Even if a lessee has been making payments, we may reserve for the entire receivable amount from the lessee if we believe there has been significant or continuing deterioration in the lessee s ability to meet its lease obligations.

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***Determination of Certain Asset-Based Management and Performance Revenue***

We earn asset-based management revenue, and in certain cases, performance revenue, for providing property management, leasing, advisory and other services to the CPA® REITs and CWI. Pursuant to the terms of the respective advisory agreements, this revenue is based on a percentage of the appraised value of the invested assets of the CPA® REIT or CWI as determined by us, relying in part upon a third-party valuation firm. The valuation uses estimates, including but not limited to market rents, residual values and increases in the CPI and discount rates. Differences in the assumptions applied would affect the amount of revenue that we recognize. The effect of any changes in the annual valuations will affect both revenue and compensation expense and therefore the determination of net income.

***Income Taxes***

*Real Estate Ownership Operations* We have elected to be treated as a partnership for federal income tax purposes. As partnerships, we and our partnership subsidiaries were generally not directly subject to tax and the taxable income or loss of these operations was included in the income tax returns of the members; accordingly, no provision for income tax expense or benefit related to these partnerships was reflected in the consolidated financial statements of W. P. Carey. Our real estate operations have been conducted through a subsidiary that is a real estate investment trust. In order to maintain its qualification as a real estate investment trust, the subsidiary is required to, among other things, distribute at least 90% of its net taxable income to its shareholders (excluding net capital gains) and meet certain tests regarding the nature of its income and assets. As a real estate investment trust, the subsidiary is not subject to federal income tax with respect to the portion of its income that meets certain criteria and is distributed annually to its shareholders. Accordingly, no provision has been made for federal income taxes related to the real estate investment trust subsidiary in the consolidated financial statements of W. P. Carey. We believe we have operated, and we intend to continue to operate, in a manner that allows the subsidiary to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. If we were to fail to meet these requirements, the subsidiary would be subject to federal income tax. These operations are subject to certain state, local and foreign taxes and a provision for such taxes is included in the consolidated financial statements of W. P. Carey.

*Investment Management Operations* We conduct our investment management operations primarily through taxable subsidiaries. These operations are subject to federal, state, local and foreign taxes, as applicable. Our financial statements are prepared on a consolidated basis including these taxable subsidiaries and include a provision for current and deferred taxes on these operations.

Our consolidated effective income tax rate is influenced by tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. We establish tax reserves in accordance with current authoritative accounting guidance for uncertainty in income taxes. This guidance is based on a benefit recognition model, which we believe could result in a greater amount of benefit (and a lower amount of reserve) being initially recognized in certain circumstances. Provided that the tax position is deemed more likely than not of being sustained, the guidance permits a company to recognize the largest amount of tax benefit that is greater than 50% likely of being ultimately realized upon settlement. The tax position must be derecognized when it is no longer more likely than not of being sustained.

***Future Accounting Requirements***

The following Accounting Standards Updates promulgated by the FASB are applicable to us in future reports, as indicated:

*ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ( IFRS )* In May 2011, the FASB issued an update to ASC 820, *Fair Value Measurements*. The amendments in the update explain how to measure fair value and do not require additional fair value measurements, nor are they intended to establish valuation standards or affect valuation practices outside of financial reporting. These new amendments will impact the level of information we provide, particularly for level 3 fair value measurements and the measurement s sensitivity to changes in unobservable inputs, our use of a nonfinancial asset in a way that differs from that asset s highest and best use, and the categorization by level of the fair value hierarchy for items that are not measured at fair value in the balance sheet but for which the fair value is required to be disclosed. These amendments are expected to impact the form of our disclosures only, are applicable to us prospectively and are effective for our interim and annual periods beginning in 2012.

*ASU 2011-05 and ASU 2011-12, Presentation of Comprehensive Income* In June and December 2011, the FASB issued updates to ASC 220, *Comprehensive Income*. The amendments in the initial update change the reporting options applicable to the presentation of other comprehensive income and its components in the financial statements. The initial update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. Additionally, the initial update requires the consecutive presentation of the statement of net income and other comprehensive income. Finally, the initial update required an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income; however, the update issued in December 2011 tabled this requirement for further deliberation. These amendments impact the form of our disclosures only, are applicable to us retrospectively and are effective for our interim and annual periods beginning in 2012.

*ASU 2011-08, Testing Goodwill for Impairment* In September 2011, the FASB issued an update to ASC 350, *Intangibles Goodwill and Other.* The objective of this ASU is to simplify how entities test goodwill for impairment. The amendments in the ASU permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. Previous guidance under topic 350 required an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (step one). If the fair value of a reporting unit is less than its carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under the amendments in this ASU, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. We are currently assessing the potential impact that the adoption of the new guidance will have on our financial position and results of operations.

*ASU 2011-10, Derecognition of in Substance Real Estate a Scope Clarification* In December 2011, the FASB issued an update to clarify that when a parent (reporting entity) ceases to have a controlling financial interest (as described in ASC subtopic 810-10, *Consolidation*) in a subsidiary that is in substance real estate as a result of default on the subsidiary s nonrecourse debt, the reporting entity should apply the guidance in subtopic 360-20, *Property, Plant and Equipment*, to determine whether it should derecognize the in substance real estate. Generally, a reporting entity would not satisfy the requirements to derecognize the in substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse indebtedness. Under this new guidance, even if the reporting entity ceases to have a controlling financial interest under subtopic 810-10, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary s operations in the consolidated financial statements of W. P. Carey until legal title to the real estate is transferred to legally satisfy the debt. This amendment is applicable to us prospectively for deconsolidation events occurring after June 15, 2012 and will impact the timing in which we recognize the impact of such transactions, which may be material, within our results of operations.

*ASU 2011-11*, *Disclosures about Offsetting Assets and Liabilities* In December 2011, the FASB issued an update to ASC 210, *Balance Sheet*, which enhances current disclosures about financial instruments and derivative instruments that are either offset on the statement of financial position or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. Entities are required to provide both net and gross information for these assets and liabilities in order to facilitate comparability between financial statements prepared on the basis of U.S. GAAP and financial statements prepared on the basis of IFRS. This standard will be effective for our fiscal quarter beginning January 1, 2014 with retrospective application required. We do not expect the adoption will have a material impact on our statement of financial position.

**Supplemental Financial Measures**

In the real estate industry, analysts and investors employ certain non-GAAP supplemental financial measures in order to facilitate meaningful comparisons between periods and among peer companies. Additionally, in the formulation of our goals and in the evaluation of the effectiveness of our strategies, we employ the use of supplemental non-GAAP measures, which are uniquely defined by our management. We believe that these measures are useful to investors to consider because they may assist them to better understand and measure the performance of our business over time and against similar companies. A description of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures are provided below.

***FFO as Adjusted***

FFO is a non-GAAP measure defined by the NAREIT. NAREIT defines FFO as net income or loss (as computed in accordance with GAAP) excluding: depreciation and amortization expense from real estate assets, impairment charges on real estate, gains or losses from sales of depreciated real estate assets and extraordinary items; however, FFO related to assets held for sale, sold or otherwise transferred and included in the results of discontinued operations are included. These adjustments also incorporate the pro rata share of unconsolidated subsidiaries. FFO is used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers. Although NAREIT has published this definition of FFO, companies often modify this definition as they seek to provide financial measures that meaningfully reflect their distinctive operations.

We modify the NAREIT computation of FFO to include other adjustments to GAAP net income to adjust for certain non-cash charges such as amortization of intangibles, deferred income tax benefits and expenses, straight-line rents, stock compensation, gains or losses from extinguishment of debt and deconsolidation of subsidiaries and unrealized foreign currency exchange gains and losses. We refer to our modified definition of FFO as AFFO. We exclude these items from GAAP net income as they are not the primary drivers in our decision making process. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows, and we therefore use AFFO as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies, and determine executive compensation.

We believe that AFFO is a useful supplemental measure for investors to consider because it will help them to better assess the sustainability of our operating performance without the potentially distorting impact of these short-term fluctuations. However, there are limits on the usefulness of AFFO to investors. For example, impairment charges and unrealized foreign currency losses that we exclude may become actual realized losses upon the ultimate disposition of the properties in the form of lower cash proceeds or other considerations.

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FFO and AFFO for all periods presented are as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| **Investment Management** | | | |
| Net Income from investment management attributable to W. P. Carey members | $ 73,998 | $ 41,573 | $ 31,059 |
| FFO as defined by NAREIT[a] | 73,998 | 41,573 | 31,059 |
| Adjustments: | | | |
| Amortization and other non-cash charges | 33,306 | 8,666 | 6,482 |
| Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at AFFO: | | | |
| AFFO adjustments to equity earnings from equity investments | (5,661) | | |
| Total adjustments | 27,645 | 8,666 | 6,482 |
| AFFO Investment Management | $ 101,643 | $ 50,239 | $ 37,541 |
| **Real Estate Ownership** | | | |
| Net Income from real estate ownership attributable to W. P. Carey members | $ 65,081 | $ 32,399 | $ 37,964 |
| Adjustments: | | | |
| Depreciation and amortization of real property | 25,324 | 19,022 | 18,948 |
| Impairment charges | 10,473 | 15,381 | 10,424 |
| Loss (gain) on sale of real estate, net | 3,391 | (460) | (7,701) |
| Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO: | | | |
| Depreciation and amortization of real property | 5,257 | 6,477 | 10,598 |
| Impairment charges | 1,090 | 1,394 | |
| Loss (gain) on sale of real estate, net | 34 | (38) | |
| Proportionate share of adjustments for noncontrolling interests to arrive at FFO | (1,984) | (727) | (586) |
| Total adjustments | 43,585 | 41,049 | 31,683 |
| FFO as defined by NAREIT[a] | 108,666 | 73,448 | 69,647 |
| Adjustments: | | | |
| Gain on change in control of interests [b] | (27,859) | | |
| Gain on deconsolidation of a subsidiary | (1,008) | | |
| Other gains, net | (983) | (755) | (2,796) |
| Other depreciation, amortization and non-cash charges | (1,780) | (934) | (4,122) |
| Straight-line and other rent adjustments | (4,255) | 295 | 1,273 |
| Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at AFFO: | | | |
| Other depreciation, amortization and non-cash charges | | 25 | 24 |
| Straight-line and other rent adjustments | (1,641) | (2,260) | (1,371) |
| AFFO adjustments to equity earnings from equity investments | 15,798 | 10,696 | 22,675 |
| Proportionate share of adjustments for noncontrolling interests to arrive at AFFO | 272 | 116 | 5 |
| Total adjustments | (21,456) | 7,183 | 15,688 |
| AFFO Real Estate Ownership | $ 87,210 | $ 80,631 | $ 85,335 |

| | | | |
|---|---|---|---|
| **Total Company** | | | |
| FFO as defined by NAREIT | $ 182,664 | $ 115,021 | $ 100,706 |
| AFFO | $ 188,853 | $ 130,870 | $ 122,876 |
| Distributions declared for the applicable year [c] | $ 88,356 | $ 81,299 | $ 90,475 |

(a) The SEC Staff has recently advised that they take no position on the inclusion or exclusion of impairment write-downs in arriving at FFO. Since 2003, NAREIT has taken the position that the exclusion of impairment charges is consistent with its definition of FFO. Accordingly, we have revised our computation of FFO to exclude impairment charges, if any, in arriving at FFO for all periods presented.

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(b) Represents gains recognized on our purchase of the remaining interests in two ventures from CPA®:14 in May 2011, which we had previously accounted for under the equity method. In connection with purchasing these interests, we recognized a net gain of $27.9 million during the year ended December 31, 2011 to adjust the carrying value of our existing interest in these ventures to their estimated fair values.

(c) Distribution data is presented for comparability; however, management utilizes our Adjusted Cash Flow from Operating Activities and other measures to analyze our dividend coverage.

***Adjusted Cash Flow from Operating Activities***

Adjusted cash flow from operating activities refers to our cash flow from operating activities (as computed in accordance with GAAP) adjusted, where applicable, primarily to: add cash distributions that we receive from our investments in unconsolidated real estate joint ventures in excess of our equity income; subtract cash distributions that we make to our noncontrolling partners in real estate joint ventures that we consolidate; and eliminate changes in working capital. We hold a number of interests in real estate joint ventures, and we believe that adjusting our GAAP cash flow provided by operating activities to reflect these actual cash receipts and cash payments, as well as eliminating the effect of timing differences between the payment of certain liabilities and the receipt of certain receivables in a period other than that in which the item is recognized, may give investors additional information about our actual cash flow that is not incorporated in cash flow from operating activities as defined by GAAP.

We believe that adjusted cash flow from operating activities is a useful supplemental measure for assessing the cash flow generated from our core operations as it gives investors important information about our liquidity that is not provided within cash flow from operating activities as defined by GAAP, and we use this measure when evaluating distributions to shareholders.

The following summarizes our cash flows for all periods presented (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Cash flow provided by operating activities | $ 80,116 | $ 86,417 | $ 74,544 |
| Cash flow (used in) provided by investing activities | $ (126,084) | $ (37,843) | $ 18,106 |
| Cash flow provided by (used in) financing activities | $ 10,502 | $ (1,548) | $ (91,275) |

Adjusted cash flow from operating activities for all periods presented is as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Cash flow provided by operating activities | $ 80,116 | $ 86,417 | $ 74,544 |
| Adjustments: | | | |
| Distributions received from equity investments in real estate in excess of equity income [(a)] | 17,033 | 9,253 | 18,503 |
| Distributions paid to noncontrolling interests, net [(b)] | (946) | (614) | (568) |
| Changes in working capital [(c)] | 12,718 | (6,422) | 1,401 |
| CPA®:14/16 Merger revenue net of costs/taxes[(d)] | (10,333) | | |
| Adjusted cash flow from operating activities | $ 98,588 | $ 88,634 | $ 93,880 |
| Distributions declared | $ 88,356 | $ 81,299 | $ 90,475 |

(a)

We take a substantial portion of our asset management revenue in shares of the CPA® REITs. To the extent we receive distributions in excess of the equity income that we recognize, we include such amounts in our evaluation of cash flow from core operations.

(b) Represents noncontrolling interests share of distributions made by ventures that we consolidate in our financial statements.
(c) Timing differences arising from the payment of certain liabilities and the receipt of certain receivables in a period other than that in which the item is recognized in determining net income may distort the actual cash flow that our core operations generate. We adjust our GAAP cash flow from operating activities to record such amounts in the period in which the item was actually recognized.
(d) Amounts represent subordinated disposition revenue, net of costs and a 45% tax provision, earned in connection with the CPA®:14/16 Merger. This revenue is generally earned in connection with events that provide liquidity alternatives to the CPA® REIT stockholders. In determining cash flow generated from our core operations, we believe it was more appropriate to normalize cash flow for the impact of the net revenue that we earned in connection with the CPA®:14/16 Merger.

While we believe that FFO, AFFO and adjusted cash flow from operating activities are important supplemental measures, they should not be considered as alternatives to net income as an indication of a company s operating performance or to cash flow from operating activities as a measure of liquidity. These non-GAAP measures should be used in conjunction with net income and cash flow from operating activities as defined by GAAP. FFO, AFFO and adjusted cash flow from operating activities, or similarly titled measures disclosed by other real estate investment trusts, may not be comparable to our FFO, AFFO and adjusted cash flow from operating activities measures.

**Quantitative and Qualitative Disclosures About Market Risk**

***Market Risk***

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates and equity prices. The primary risks to which we are exposed are interest rate risk and foreign currency exchange risk. We are exposed to further market risk due to concentrations of tenants in particular industries and/or geographic region. Adverse market factors can affect the ability of tenants in a particular industry/region to meet their respective lease obligations. In order to manage this risk, we view our collective tenant roster as a portfolio, and in our investment decisions we attempt to diversify the portfolio so that we are not overexposed to a particular industry or geographic region.

Generally, we do not use derivative instruments to manage foreign currency exchange rate exposure and do not use derivative instruments to hedge credit/market risks or for speculative purposes.

***Interest Rate Risk***

The value of our real estate and related fixed rate debt obligations is subject to fluctuations based on changes in interest rates. The value of our real estate is also subject to fluctuations based on local and regional economic conditions and changes in the creditworthiness of lessees, all of which may affect our ability to refinance property-level mortgage debt when balloon payments are scheduled. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. An increase in interest rates would likely cause the value of our owned and managed assets to decrease, which would create lower revenues from managed assets and lower investment performance for the managed funds. Increases in interest rates may also have an impact on the credit profile of certain tenants.

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we attempt to obtain non-recourse mortgage financing on a long-term, fixed-rate basis. However, from time to time, we or our venture partners may obtain variable-rate non-recourse mortgage loans and, as a result, may enter into interest rate swap agreements or interest rate cap agreements that effectively convert the variable-rate debt service obligations of the loan to a fixed rate. Interest rate swaps are agreements in which one party exchanges a stream of interest payments for a counterparty s stream of cash flows over a specific period, and interest rate caps limit the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. These interest rate swaps and caps are derivative instruments designated as cash flow hedges on the forecasted interest payments on the debt obligation. The notional, or face, amount on which the swaps or caps are based is not exchanged. Our objective in using these derivatives is to limit our exposure to interest rate movements. At December 31, 2011, we estimate that the fair value of our interest rate swaps, which are included in Accounts payable, accrued expenses and other liabilities in the consolidated financial statements of W. P. Carey, was in a net liability position of $4.2 million (Note 9 to the accompanying consolidated financial statements of W. P. Carey).

At December 31, 2011, a significant portion (approximately 59%) of our long-term debt either bore interest at fixed rates, was swapped or capped to a fixed rate, or bore interest at fixed rates that were scheduled to convert to then-prevailing market fixed rates at certain future points during their term. The annual interest rates on our fixed-rate debt at December 31, 2011 ranged from 3.1% to 7.8%. The annual interest rates on our variable-rate debt at December 31, 2011 ranged from 2.8% to 7.3%. Our debt obligations are more fully described under Management s Discussion and Analysis of Financial Condition and Results of Operation Financial Condition above. The following table presents principal cash flows based upon expected maturity dates of our debt obligations outstanding at December 31, 2011 (in thousands):

| | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total | Fair value |
|---|---|---|---|---|---|---|---|---|
| Fixed-rate debt | $ 35,489 | $ 7,021 | $ 7,074 | $ 43,129 | $ 56,173 | $ 110,000 | $ 258,886 | $ 261,783 |
| Variable-rate debt | $ 2,029 | $ 2,110 | $ 239,007 | $ 6,031 | $ 1,994 | $ 79,312 | $ 330,483 | $ 333,325 |

The estimated fair value of our fixed-rate debt and our variable-rate debt that currently bears interest at fixed rates or has effectively been converted to a fixed rate through the use of interest rate swaps or caps is affected by changes in interest rates. A decrease or increase in interest rates of 1% would change the estimated fair value of this debt at December 31, 2011 by an aggregate increase of $15.0 million or an aggregate decrease of $14.0 million, respectively. Annual interest expense on our unhedged variable-rate debt that does not bear interest at fixed-rates at December 31, 2011 would increase or decrease by $2.4 million for each respective 1% change in annual interest rates. As more fully described under Management s Discussion and Analysis of Financial Condition and Results of Operation Financial Condition Summary of Financing above, a portion of the debt classified as variable-rate debt in the tables above bore interest at fixed rates at December 31, 2011 but has interest rate reset features that will change the fixed interest rates to then-prevailing market fixed rates at certain points during their term. Such debt is generally not subject to short-term fluctuations in interest rates.

***Foreign Currency Exchange Rate Risk***

We own investments in the European Union and as a result are subject to risk from the effects of exchange rate movements in various foreign currencies, primarily the Euro, which may affect future costs and cash flows. Investments denominated in the Euro accounted for approximately 10% of our annualized contractual minimum base rent at December 31, 2011. We manage foreign currency exchange rate movements by generally placing both our debt obligation to the lender and the tenant s rental obligation to us in the same currency. We are generally a net receiver of these currencies (we receive more cash than we pay out), and therefore our foreign operations benefit from a weaker U.S. dollar, and are adversely affected by a stronger U.S. dollar, relative to the foreign currency. For the year ended December 31, 2011, we recognized net realized foreign currency transaction gains of $0.4 million and unrealized foreign currency transaction losses of $0.1 million. These gains and losses are included in Other income and (expenses) in the consolidated financial statements of W. P. Carey and were primarily due to changes in the value of the Euro on accrued interest receivable on notes receivable from consolidated subsidiaries.

Through the date of this joint proxy statement/prospectus, we had not entered into any foreign currency forward exchange contracts to hedge the effects of adverse fluctuations in foreign currency exchange rates. We have obtained mortgage financing in the local currency. To the extent that currency fluctuations increase or decrease rental revenues as translated to dollars, the change in debt service, as translated to dollars, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency rates.

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Scheduled future minimum rents, exclusive of renewals, under non-cancelable operating leases and scheduled payments for mortgage notes payable (principal and interest) for our foreign real estate operations during each of the next five years and thereafter are as follows (in thousands):

| | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Future minimum rents [(a)] | $ 7,113 | $ 4,264 | $ 3,669 | $ 3,635 | $ 3,551 | $ 41,774 | $ 64,006 |
| Mortgage notes payable [(a) (b)] | $ 3,182 | $ 3,201 | $ 3,242 | $ 6,110 | $ 9,632 | $ 8,213 | $ 33,580 |

(a) Based on the exchange rate of the Euro at December 31, 2011.

(b) Interest on unhedged variable-rate debt obligations was calculated using the applicable annual interest rates and balances outstanding at December 31, 2011.

As a result of scheduled balloon payments on foreign mortgage loans, projected debt service obligations exceed projected lease revenues in 2015 and 2016. A balloon payment of $3.0 million is due in 2015 on one mortgage loan and balloon payments totaling $7.5 million are due in 2016 on two mortgage loans. We currently anticipate that, by their respective due dates, we will have refinanced these loans, but there can be no assurance that we will be able to do so on favorable terms, if at all. If that has not occurred, we would expect to use our cash resources to make these payments, if necessary.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Security Ownership of Certain Beneficial Owners, Directors and Management**

The following table sets forth certain information regarding the beneficial ownership of W. P. Carey s listed shares as of April 23, 2012 by each of W. P. Carey s nominees for election as director, each of the named executive officers, all directors and executive officers as a group, and each person known to W. P. Carey to own beneficially more than 5% of W. P. Carey s listed shares. Fractional shares are rounded to the nearest full share. The business address of each of the directors listed is c/o W. P. Carey & Co. LLC, 50 Rockefeller Plaza, New York, NY 10020. Except as noted below, none of the shares has been pledged as collateral.

| Name of Beneficial Owner | Amount of Shares Beneficially Owned[(1)] | Percentage of Class |
|---|---|---|
| Trevor P. Bond[(2)(3)] | 32,972 | * |
| Francis J. Carey[(2)(4)] | 500,294 | 1.24% |
| Nathaniel S. Coolidge[(5)] | 16,320 | * |
| Mark J. DeCesaris[(2)(6)] | 84,360 | * |
| Eberhard Faber, IV[(7)] | 39,664 | * |
| Benjamin H. Griswold, IV[(5)(8)] | 165,603 | * |
| Axel K.A. Hansing | 1,734 | * |
| Dr. Richard C. Marston | 1,734 | * |
| John D. Miller[(2)(9)] | 22,390 | * |
| Robert E. Mittelstaedt, Jr.[(5)] | 19,363 | * |
| Charles E. Parente[(5)] | 50,082 | * |
| Nick J.M. van Ommen | 8,134 | * |
| Dr. Karsten von Köller | 7,023 | * |
| Reginald Winssinger | 26,119 | * |
| Thomas E. Zacharias[(2)(10)] | 309,914 | * |
| Estate of Wm. Polk Carey[(11)] | 11,666,169 | 28.93% |
| All Director and Executive Officers as a Group (16 individuals)[(12)] | 12,991,050 | 32.07% |

* Less than 1%

(1) Beneficial ownership has been determined in accordance with the rules of the SEC and includes shares that each individual (or the Group) has the right to acquire within 60 days as well as vested Director RSUs and long term incentive plan RSUs, PSUs, and Rollover RSUs, as defined below, where payout of the underlying shares has been deferred. Except as noted, and except for any community property interest owned by spouses, the listed individuals have sole investment power and sole voting power as to all shares of which they are identified as being the beneficial owners.

(2) The amounts shown include 753 shares that the individual has the right to acquire within 60 days under the employee share purchase plan ( ESPP ), assuming each individual purchases the maximum number of shares he is eligible to purchase and assuming a per-share purchase price of $33.21 (based on 85% of the fair market value of the W. P. Carey listed shares on the first day of trading in the semi-annual purchase period pursuant to the terms of the ESPP, as more fully described under Equity Compensation Plan Information below).

(3) The amount shown includes 1,700 shares owned by Mr. Bond s spouse and 1,998 shares held in the Estate of Nelson L. Bond, Jr., Mr. Bond s late father, for which he is the executor.

(4) The amount shown includes seven shares that Mr. Francis J. Carey has the right to acquire through the exercise of stock options within 60 days under the 1997 Share Incentive Plan and a total of 244,179 shares held in three grantor retained annuity trusts. The amount shown also includes 183,293 shares that have been pledged in a margin account. The amount does not reflect the shares held by the Estate of Wm. Polk Carey, W. P. Carey s deceased Chairman and Founder, noted in the Table above, for which Mr. Carey serves as co-executor and which we refer to in this joint proxy statement/prospectus as the Carey Estate. Mr. Carey has shared voting and dispositive power over such shares, and may be the ultimate beneficiary of a portion of such shares.

(5) The amount shown includes 4,000 shares this director has the right to acquire through the exercise of stock options within 60 days under the 1997 Non-Employee Director Plan.

(6) The amount shown also includes 59,273 shares that have been pledged in a margin account.

(7) The amount shown includes 4,675 shares held by the Faber Family Trust, of which Mr. Faber is a trustee and a beneficiary, and 1,100 shares owned by Mr. Faber s spouse. It also includes 400 shares owned by his niece held in an account for which Mr. Faber has investment authority but with regard to which he disclaims beneficial ownership. It does not include 1,590 shares held by the Faber Foundation.

(8) The amount shown includes 33,000 shares held by the Benjamin H. Griswold, III Marital Trust and 16,500 shares held by the Benjamin H. Griswold, III Grandchildren s Trust, of which Mr. Griswold is a trustee, and 2,000 shares owned by Mr. Griswold s spouse.

(9) The amount shown includes 19 shares that Mr. Miller has the right to acquire through the exercise of stock options within 60 days under the 1997 Share Incentive Plan.

(10) The amount shown includes 154,478 shares that Mr. Zacharias has the right to acquire through the exercise of stock options within 60 days under W. P. Carey s 1997 Share Incentive Plan and 17,000 shares owned by Mr. Zacharias s spouse. Mr. Zacharias disclaims beneficial ownership of the shares owned by his spouse. The amount shown also includes 119,665 shares that have been pledged in a margin account.

(11) The amount shown includes 7,114,735 shares held by W. P. Carey & Co., Inc. that the Carey Estate is deemed to beneficially own and includes 15,222 shares that the Carey Estate has the right to acquire through the exercise of stock options within 60 days under W. P. Carey s 1997 Share Incentive Plan. The amount shown also includes 653,566 shares that have been pledged in a margin account by the Carey Estate.

(12) Includes shares owned by the Carey Estate for which Mr. Francis J. Carey, a director, serves as co-executor, as described in footnote 4 above.

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**Equity Compensation Plan Information**

The following table presents information regarding W. P. Carey s equity compensation plans as of December 31, 2011:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans |
|---|---|---|---|
| Equity compensation plans approved by security holders | 2,637,544(1) | $ 28.83(2) | 2,922,389(3) |
| Equity compensation plans not approved by security holders | 0 | 0 | 0 |
| Total | 2,637,544(1) | $ 28.83(2) | 2,922,389(3) |

(1) Reflects outstanding options, LTIP, RSUs, and performance share units, or PSUs, issued to officers and employees under the 1997 Share Incentive Plan and the 2009 Share Incentive Plan. For PSUs, which may or may not vest in varying amounts depending on the achievement of specified performance criteria, the Target Amount, which at the date of grant was the expected future payment, aggregating, 610,745 PSUs, was used; the Maximum Amount that can be issued would be 1,832,234 (although, for PSUs granted in 2009, the actual payout level achieved was 175% of the Target Amount and not the Maximum Amount). Amounts shown do not include dividend equivalents to be paid on PSUs, which are reinvested in shares of W. P. Carey listed shares at the end of the relevant performance cycle but only to the extent the PSUs vest. Also reflects Director RSUs granted under the 2009 Non-Employee Directors Incentive Plan.

(2) All RSUs and PSUs are settled in W. P. Carey listed shares on a one-for-one basis and accordingly do not have a Weighted-Average Exercise Price. The Weighted-Average Exercise Price shown is for outstanding options only.

(3) Includes: 2,570,987 W. P. Carey listed shares issuable under the 2009 Share Incentive Plan, which may be issued upon the exercise of stock options, as restricted stock, upon vesting of RSUs or PSUs, or as other stock based awards; 260,095 shares issuable under the 2009 Non-Employee Director Incentive Plan, which may be issued upon the exercise of stock options, upon vesting of Director RSUs or as restricted stock; and 91,307 shares currently issuable under the ESPP. Under the terms of the ESPP, eligible employees may purchase shares semi-annually with up to a maximum of 10% of eligible compensation, or $25,000, if less. The purchase price is 85% of the lower of the fair market value of the W. P. Carey listed shares on the first and last day of each semi-annual purchase period, which is defined in the ESPP as the average of the high and low prices of such stock on the NYSE. The terms of the ESPP do not limit the aggregate number of shares subject to purchase by all participants during any one purchase period.

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## INFORMATION ABOUT CPA®:15

*Set forth below is a description of the business of CPA®:15. When used in this section, unless otherwise specifically stated or the context requires otherwise, the terms we, us or our refer to CPA®:15 and its consolidated subsidiaries and predecessors.*

### General Development of Business

*Overview*

CPA®:15 is a publicly owned, non-listed REIT that primarily invests in commercial properties leased to companies domestically and internationally. As a REIT, we are required, among other things, to distribute at least 90% of our REIT net taxable income to our stockholders and meet certain tests regarding the nature of our income and assets, and we are not subject to U.S. federal income tax with respect to the portion of our income that meets certain criteria and is distributed annually to stockholders.

Our core investment strategy is to own and manage a portfolio of properties leased to a diversified group of companies on a single tenant net lease basis. Our net leases generally require the tenant to pay substantially all of the costs associated with operating and maintaining the property such as maintenance, insurance, taxes, structural repairs and other operating expenses. Leases of this type are referred to as triple-net leases. We generally seek to include in our leases:

- clauses providing for mandated rent increases or periodic rent increases over the term of the lease tied to increases in the CPI or other similar indices for the jurisdiction in which the property is located or, when appropriate, increases tied to the volume of sales at the property;
- indemnification for environmental and other liabilities;
- operational or financial covenants of the tenant; and
- guarantees of lease obligations from parent companies or letters of credit.

We are managed by W. P. Carey through certain of its wholly-owned subsidiaries (for purposes of this section, collectively, the advisor ).

Pursuant to the CPA®:15 Advisory Agreements, the advisor provides both strategic and day-to-day management services for us, including capital funding services, investment research and analysis, investment financing and other investment-related services, asset management, disposition of assets, investor relations and administrative services. The advisor also provides office space and other facilities for us. We pay asset management fees and certain transactional fees to the advisor and also reimburse the advisor for certain expenses incurred in providing services, including those associated with personnel provided for the administration of our operations. The advisor also currently serves in this capacity for the other CPA® REITs.

We were formed as a Maryland corporation in February 2001. In two offerings, between November 2001 and August 2003, we sold a total of 104,617,606 shares of our common stock for a total of $1.0 billion in gross offering proceeds. Through December 31, 2011, we have also issued 15,161,997 shares ($172.3 million) through the CPA®:15 DRIP. We have repurchased 16,524,274 shares ($173.9 million) under our redemption plan from inception through December 31, 2011. In June 2009, as a result of redemptions reaching the 5% limitation under the terms of our redemption plan and our desire to preserve capital and liquidity, our board of directors suspended our redemption plan, effective for all redemption requests received subsequent to June 1, 2009, with limited exceptions in cases of death, qualifying disability or confinement to a long-term care facility. The suspension will remain in effect until our board of directors, in its discretion, determines to reinstate the plan.

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Our principal executive offices are located at 50 Rockefeller Plaza, New York, NY 10020 and our telephone number is (212) 492-1100. We have no employees. At December 31, 2011, the advisor employed 212 individuals who are available to perform services for us.

***Significant Developments During 2012***

On January 2, 2012, our Chairman, Wm. Polk Carey, passed away. In connection with the Merger, our board of directors voted to reduce the size of the board to four directors and, as a result, there is currently no vacancy.

***Significant Developments During 2011***

*Dispositions* During 2011, we sold 23 domestic properties for a total price of $171.2 million, net of selling costs, and recognized a net gain on the sales of $4.0 million, of which a net gain of $5.0 million was included in discontinued operations and a net loss of $1.0 million was included in continuing operations. Property sales included the sale of six properties formerly leased to Life Time Fitness, Inc. for $108.0 million, net of selling costs and a net gain on the sale of $2.9 million.

*Impairment Charges* During 2011, we incurred impairment charges totaling $28.8 million, of which $18.9 million was included in discontinued operations and $9.9 million was included in continuing operations. These impairment charges were primarily recorded to reduce the carrying value of certain of our real estate investments to their estimated fair value (See Note 13 to the consolidated financial statements of CPA®:15). In addition, we recorded $3.1 million of allowance for credit losses related to a decline in the residual value of two direct financing leases.

*Financing Activity* During 2011, we refinanced maturing non-recourse mortgage loans with new non-recourse financing of $33.2 million at a weighted-average annual interest rate and term of 6.1% and 9.4 years, respectively. In addition, in connection with the acquisition of a venture, the venture obtained non-recourse financing totaling $98.3 million, of which our share was approximately $14.7 million, which bears interest at a variable rate of three-month Euro inter-bank offered rate ( Euribor ) plus 2% and matures in March 2013. Amounts above are based upon the exchange rate of the Euro at the date of financing, where applicable.

**Financial Information About Segments**

We operate in one industry segment, real estate ownership, with domestic and foreign investments. Refer to Note 16 to the consolidated financial statements of CPA®:15 for financial information about this segment.

**Business Objectives and Strategy**

We invest primarily in income-producing commercial real estate properties that are, upon acquisition, improved or developed or that will be developed within a reasonable time after acquisition.

Our objectives are to:

- own a diversified portfolio of triple-net leased real estate;
- fund distributions to stockholders; and
- increase our equity in our real estate by making regular principal payments on mortgage loans for our properties.

We seek to achieve these objectives by investing in and holding commercial properties that are generally triple-net leased to a single corporate tenant. We intend our portfolio to be diversified by tenant, facility type, geographic location and tenant industry.

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Our business plan is principally focused on managing our existing portfolio of properties. This may include looking to selectively dispose of properties, obtaining new non-recourse mortgage financing on unencumbered assets or refinancing existing mortgage loans on properties if we can obtain such financing on attractive terms.

***Our Portfolio***

At December 31, 2011, our portfolio was comprised of our full or partial ownership interest in 315 properties, substantially all of which were triple-net leased to 77 tenants, and totaled approximately 28 million square feet (on a pro rata basis) with an occupancy rate of approximately 96%. Our portfolio had the following property and lease characteristics:

*Geographic Diversification* Information regarding the geographic diversification of our properties at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| Region | Annualized Contractual Minimum Base Rent [(a)] | % of Annualized Contractual Minimum Base Rent | Annualized Contractual Minimum Base Rent [(b)] | % of Annualized Contractual Minimum Base Rent |
| **United States** | | | | |
| South | $ 48,163 | 20% | $ 1,967 | 5% |
| East | 41,507 | 18 | 9,064 | 23 |
| West | 31,804 | 13 | 5,802 | 15 |
| Midwest | 30,209 | 13 | 2,666 | 7 |
| Total U.S. | 151,683 | 64 | 19,499 | 50 |
| **International** | | | | |
| France | 31,226 | 13 | | |
| All other Europe [(c)] | 54,222 | 23 | 19,589 | 50 |
| Total | $ 237,131 | 100% | $ 39,088 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(c) Represents investments in Belgium, Finland, Germany, Poland, the Netherlands and the United Kingdom.

*Property Diversification* Information regarding our property diversification at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| Property Type | Annualized Contractual Minimum Base Rent [(a)] | % of Annualized Contractual Minimum Base Rent | Annualized Contractual Minimum Base Rent [(b)] | % of Annualized Contractual Minimum Base Rent |
| Office | $ 59,299 | 25% | $ 265 | 1% |
| Warehouse/Distribution | 41,231 | 17 | 5,466 | 14 |
| Industrial | 38,505 | 16 | 11,190 | 29 |
| Retail | 37,412 | 16 | 13,762 | 35 |
| Self-storage | 32,486 | 14 | | |
| Other Properties [(c)] | 28,198 | 12 | 7,096 | 18 |

| | | | | |
|---|---|---|---|---|
| Hospitality | | | 1,309 | 3 |
| Total | $ 237,131 | 100% | $ 39,088 | 100% |

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(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(c) Other properties include education, childcare and leisure; amusement; and entertainment properties.

*Tenant Diversification* Information regarding our tenant diversification at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| **Tenant Industry Type** [(a)] | **Annualized Contractual Minimum Base Rent** [(b)] | **% of Annualized Contractual Minimum Base Rent** | **Annualized Contractual Minimum Base Rent** [(c)] | **% of Annualized Contractual Minimum Base Rent** |
| Retail trade | $ 54,654 | 23% | $ 14,638 | 37% |
| Healthcare, education and childcare | 23,608 | 10 | | |
| Electronics | 22,253 | 9 | 6,423 | 16 |
| Buildings and real estate | 21,116 | 9 | | |
| Business and commercial services | 14,385 | 6 | | |
| Construction and building | 13,924 | 6 | 646 | 2 |
| Chemicals, plastics, rubber, and glass | 12,835 | 5 | | |
| Transportation personal | 11,371 | 4 | | |
| Leisure, amusement, entertainment | 10,432 | 4 | | |
| Federal, state and local government | 9,792 | 4 | | |
| Insurance | 8,620 | 4 | | |
| Automobile | 6,787 | 3 | 1,348 | 3 |
| Telecommunications | 6,018 | 3 | | |
| Media: printing and publishing | 5,046 | 2 | | |
| Beverages, food, and tobacco | 4,027 | 2 | 1,763 | 5 |
| Consumer and durable goods | 3,991 | 2 | | |
| Aerospace and defense | 1,672 | 1 | | |
| Hotels and gaming | | | 8,406 | 21 |
| Machinery | | | 2,297 | 6 |
| Grocery | | | 2,181 | 6 |
| Other [(d)] | 6,600 | 3 | 1,386 | 4 |
| Total | $ 237,131 | 100% | $ 39,088 | 100% |

(a) Based on the Moody s Investors Service, Inc. s classification system and information provided by the tenant.
(b) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(c) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(d) Other includes amounts equal to less than 1% of annualized contractual minimum base rent from tenants in our consolidated investments in the following industries: forest products and paper, consumer and non-durable goods, transportation-cargo, machinery, and mining, metals and primary metals. For our equity investments in real estate, Other consists of annualized contract minimum base rent from tenants in the transportation-cargo industry.

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*Lease Expirations* At December 31, 2011, lease expirations of our properties are as follows (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate | |
|---|---|---|---|---|
| Year of Lease Expiration | Annualized Contractual Minimum Base Rent [(a)] | % of Annualized Contractual Minimum Base Rent | Annualized Contractual Minimum Base Rent [(b)] | % of Annualized Contractual Minimum Base Rent |
| 2012 | $ | % | $ | % |
| 2013 | 3,174 | 1 | | |
| 2014 | 9,296 | 4 | | |
| 2015 | 24,317 | 9 | | |
| 2016 | 13,047 | 6 | 1,874 | 5 |
| 2017 | 5,823 | 2 | 536 | 1 |
| 2018 | 13,403 | 6 | 3,981 | 10 |
| 2019 | 13,355 | 6 | | |
| 2020 | 9,541 | 4 | | |
| 2021 | 13,778 | 6 | 1,503 | 4 |
| 2022 | 28,458 | 12 | 2,442 | 6 |
| 2023 | 20,929 | 9 | 8,406 | 22 |
| 2024 | 57,636 | 24 | 720 | 2 |
| 2025 2033 | 24,374 | 11 | 19,626 | 50 |
| Total | $ 237,131 | 100% | $ 39,088 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

***Asset Management***

We believe that effective management of our assets is essential to maintain and enhance property values. Important aspects of asset management include restructuring transactions to meet the evolving needs of current tenants, re-leasing properties, refinancing debt, selling assets and knowledge of the bankruptcy process.

The advisor monitors, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of any of our properties. Monitoring involves verifying that each tenant has paid real estate taxes, assessments and other expenses relating to the properties it occupies and confirming that appropriate insurance coverage is being maintained by the tenant. For international compliance, the advisor also utilizes third-party asset managers for certain investments. The advisor reviews financial statements of our tenants and undertakes regular physical inspections of the condition and maintenance of our properties. Additionally, the advisor periodically analyzes each tenant s financial condition, the industry in which each tenant operates and each tenant s relative strength in its industry.

***Holding Period***

We were formed in 2001 to acquire a diversified portfolio of properties and to hold them for an extended period.

During the third quarter of 2011, our board of directors formed a special committee of independent directors to explore possible liquidity transactions, including transactions proposed by our advisor, and the committee retained legal and financial advisors to assist them in their review. On February 17, 2012 we announced that we entered into the Merger Agreement as described in this joint proxy statement/prospectus.

*Financing Strategies*

Consistent with our investment policies, we use leverage when available on terms we believe are favorable. We generally borrow in the same currency that is used to pay rent on the property. This enables us to mitigate a portion of our currency risk on international investments. Substantially all of our mortgage loans are non-recourse and provide for monthly or quarterly installments, which include scheduled payments of principal. At December 31, 2011, 81% of our mortgage financing bore interest at fixed rates. At December 31, 2011, approximately 39% of our variable-rate debt bore interest at fixed rates but that are scheduled to reset in the future, pursuant to the terms of the mortgage contracts. Accordingly, our near-term cash flow should not be adversely affected by increases in interest rates. The advisor may refinance properties or defease a loan when a decline in interest rates makes it profitable to prepay an existing mortgage loan, when an existing mortgage loan matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase the investment. There is no assurance that existing debt will be refinanced at lower rates of interest as the debt matures. The benefits of the refinancing may include an increased cash flow resulting from reduced debt service requirements, an increase in distributions from proceeds of the refinancing, if any, and/or an increase in property ownership if some refinancing proceeds are reinvested in real estate. We may be required to pay a yield maintenance premium or other prepayment penalty to the lender in order to pay off a loan prior to its maturity.

A lender of non-recourse mortgage debt generally has recourse only to the property collateralizing such debt and not to any of our other assets, while unsecured financing would give a lender recourse to all of our assets. The use of non-recourse debt, therefore, helps us to limit the exposure of our assets to the equity related to a single investment. Lenders may, however, have recourse to our other assets in limited circumstances not related to the repayment of the indebtedness, such as under an environmental indemnity or in the case of fraud. Lenders may also seek to include in the terms of mortgage loans provisions making the termination or replacement of the advisor an event of default or an event requiring the immediate repayment of the full outstanding balance of the loan. We will attempt to negotiate loan terms allowing us to replace or terminate the advisor. Even if we are successful in negotiating such provisions, the replacement or termination of the advisor may require the prior consent of the mortgage lenders.

A majority of our financing requires us to make a lump-sum or balloon payments at maturity. At December 31, 2011, scheduled balloon payments for the next five years were as follows (in thousands):

| | |
|---|---|
| 2012 [(a) (b)] | $ 103,207 |
| 2013 [(a) (b)] | 102,530 |
| 2014 [(a)] | 329,392 |
| 2015 [(a) (b)] | 160,588 |
| 2016 [(b)] | |

(a) Inclusive of amounts attributable to noncontrolling interests totaling $7.9 million in 2012, $32.4 million in 2013, $125.6 million in 2014 and $46.9 million in 2015.

(b) Excludes our pro rata share of scheduled balloon payments of equity investments in real estate totaling $2.5 million in 2012, $13.7 million in 2013, $5.6 million in 2015 and $4.8 million in 2016.

We are currently seeking to refinance certain of these loans due in 2012 and believe we have existing cash resources that can be used to make these payments, if necessary.

*Investment Strategies*

We invest primarily in income-producing properties that are, upon acquisition, improved or being developed or that are to be developed within a reasonable period after acquisition. While we are not currently seeking to make new significant investments, we may do so if attractive opportunities arise.

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Most of our properties are subject to long-term net leases and were acquired through sale-leaseback transactions in which we acquire properties from companies that simultaneously lease the properties back from us. These sale-leaseback transactions provide the lessee company with a source of capital that is an alternative to other financing sources such as corporate borrowing, mortgaging real property, or selling shares of its stock.

Our sale-leaseback transactions may occur in conjunction with acquisitions, recapitalizations or other corporate transactions. We may act as one of several sources of financing for these transactions by purchasing real property from the seller and net leasing it back to the seller or its successor in interest (the lessee).

In analyzing potential net lease investment opportunities, the advisor reviews all aspects of a transaction, including the creditworthiness of the tenant or borrower and the underlying real estate fundamentals, to determine whether a potential acquisition satisfies our investment criteria. The advisor generally considers, among other things, the following aspects of each transaction:

*Tenant/Borrower Evaluation* The advisor evaluates each potential tenant or borrower for their creditworthiness, typically considering factors such as management experience, industry position and fundamentals, operating history, and capital structure, as well as other factors that may be relevant to a particular investment. The advisor seeks opportunities in which it believes the tenant may have a stable or improving credit profile or credit potential that has not been recognized by the market. In evaluating a possible investment, the creditworthiness of a tenant or borrower often will be a more significant factor than the value of the underlying real estate, particularly if the underlying property is specifically suited to the needs of the tenant; however, in certain circumstances where the real estate is attractively valued, the creditworthiness of the tenant may be a secondary consideration. Whether a prospective tenant or borrower is creditworthy will be determined by the advisor s investment department and its investment committee, as described below. Creditworthy does not mean investment grade.

*Properties Important to Tenant/Borrower Operations* The advisor generally focuses on properties that it believes are essential or important to the ongoing operations of the tenant. The advisor believes that these properties provide better protection generally as well as in the event of a bankruptcy, since a tenant/borrower is less likely to risk the loss of a critically important lease or property in a bankruptcy proceeding or otherwise.

*Diversification* The advisor attempts to diversify our portfolio to avoid dependence on any one particular tenant, borrower, collateral type, geographic location or tenant/borrower industry. By diversifying our portfolio, the advisor seeks to reduce the adverse effect of a single under-performing investment or a downturn in any particular industry or geographic region.

*Lease Terms* Generally, the net leased properties in which we invest are leased on a full recourse basis to our tenants or their affiliates. In addition, the advisor generally seeks to include a clause in each lease that provides for increases in rent over the term of the lease. These increases are fixed or tied generally to increases in indices such as the CPI, or other similar index in the jurisdiction in which the property is located, but may contain caps or other limitations either on an annual or overall basis. Further, in some jurisdictions (notably Germany), these clauses must provide for rent adjustments based on increases or decreases in the relevant index. In the case of retail stores and hotels, the lease may provide for participation in gross revenues of the tenant at the property above a stated level, or percentage rent; however, percentage rent has been insignificant in recent years. Alternatively, a lease may provide for mandated rental increases on specific dates, and the advisor may adopt other methods in the future.

*Collateral Evaluation* The advisor reviews the physical condition of the property and conducts a market evaluation to determine the likelihood of replacing the rental stream if the tenant defaults or of a sale of the property in such circumstances. The advisor will also generally engage third parties to conduct, or requires the seller to conduct, Phase I or similar environmental site assessments (including a visual inspection for the

potential presence of asbestos) in an attempt to identify potential environmental liabilities associated with a property prior to its acquisition. If potential environmental liabilities are identified, the advisor generally requires that identified environmental issues be resolved by the seller prior to property acquisition or, where such issues cannot be resolved prior to acquisition, requires tenants contractually to assume responsibility for resolving identified environmental issues after the acquisition and provide indemnification protections against any potential claims, losses or expenses arising from such matters. Although the advisor generally relies on its own analysis in determining whether to make an investment, each real property to be purchased by us will be appraised by an appraiser that is independent of the advisor, prior to the acquisition. The contractual purchase price (plus acquisition fees, but excluding acquisition expenses, payable to the advisor) for a real property we acquire will not exceed its appraised value, unless approved by our independent directors. The appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the lessee s credit and the conditions of the credit markets at the time the lease transaction is negotiated. The appraised value may be greater than the construction cost or the replacement cost of a property, and the actual sale price of a property if sold by us may be greater or less than the appraised value. In cases of special purpose real estate, a property is examined in light of the prospects for the tenant/borrower s enterprise and the financial strength and the role of that asset in the context of the tenant/borrower s overall viability. Operating results of properties and other collateral may be examined to determine whether or not projected income levels are likely to be met. The advisor considers factors particular to the laws of foreign countries, in addition to the risks normally associated with real property investments, when considering an investment outside the U.S.

*Transaction Provisions to Enhance and Protect Value* The advisor attempts to include provisions in our leases it believes may help protect our investment from changes in the operating and financial characteristics of a tenant that may affect its ability to satisfy its obligations to us or reduce the value of our investment. Such provisions include requiring our consent to specified tenant activity, requiring the tenant to provide indemnification protections, and requiring the tenant to satisfy specific operating tests. The advisor may also seek to enhance the likelihood of a tenant s lease obligations being satisfied through a guarantee of obligations from the tenant s corporate parent or other entity or a letter of credit. This credit enhancement, if obtained, provides us with additional financial security. However, in markets where competition for net lease transactions is strong, some or all of these provisions may be difficult to negotiate. In addition, in some circumstances, tenants may retain the right to repurchase the property leased by the tenant. The option purchase price is generally the greater of the contract purchase price or the fair market value of the property at the time the option is exercised.

*Other Equity Enhancements* The advisor may attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of the tenant or borrower or their parent. If warrants are obtained, and become exercisable, and if the value of the stock subsequently exceeds the exercise price of the warrant, equity enhancements can help us to achieve our goal of increasing investor returns.

***Types of Investments***

Substantially all of our investments to date are and will continue to be income-producing properties, which are, upon acquisition, improved or being developed or which will be developed within a reasonable period of time after their acquisition. These investments have primarily been through sale-leaseback transactions, in which we invest in properties from companies that simultaneously lease the properties back from us subject to long-term leases. Investments are not restricted as to geographical areas.

*Other Investments* We may invest up to 10% of our net equity in unimproved or non-income-producing real property and in equity interests. Investment in equity interests in the aggregate will not exceed five percent of our net equity. Such equity interests are defined generally to mean stock, warrants or other rights to purchase the stock of, or other interests in, a tenant of a property, an entity to which we lend money or a parent or controlling person of a borrower or tenant. We may invest in unimproved or non-income-producing property that the advisor believes will appreciate in value or increase the value of adjoining or neighboring properties we own.

There can be no assurance that these expectations will be realized. Often, equity interests will be restricted securities, as defined in Rule 144 under the Securities Act, which means that the securities have not been registered with the SEC and are subject to restrictions on sale or transfer. Under this rule, we may be prohibited from reselling the equity securities until we have fully paid for and held the securities for a period between six months to one year. It is possible that the issuer of equity interests in which we invest may never register the interests under the Securities Act. Whether an issuer registers its securities under the Securities Act may depend on many factors, including the success of its operations.

We will exercise warrants or other rights to purchase stock generally if the value of the stock at the time the rights are exercised exceeds the exercise price. Payment of the exercise price will not be deemed an investment subject to the above described limitations. We may borrow funds to pay the exercise price on warrants or other rights or may pay the exercise price from funds held for working capital and then repay the loan or replenish the working capital upon the sale of the securities or interests purchased. We will not consider paying distributions out of the proceeds of the sale of these interests until any funds borrowed to purchase the interest have been fully repaid.

We will not invest in real estate contracts of sale unless the contracts are in recordable form and are appropriately recorded in the applicable chain of title.

Cash resources will be invested in permitted temporary investments, which include short-term U.S. Government securities, bank certificates of deposit and other short-term liquid investments. To maintain our REIT qualification, we also may invest in securities that qualify as real estate assets and produce qualifying income under the REIT provisions of the Code. Any investments in other REITs in which the advisor or any director is an affiliate must be approved as being fair and reasonable by a majority of the directors (which must include a majority of the independent directors) who are not otherwise interested in the transaction.

If at any time the character of our investments would cause us to be deemed an investment company for purposes of the Investment Company Act, we will take the necessary action to ensure that we are not deemed to be an investment company. The advisor will continually review our investment activity, including monitoring the proportion of our portfolio that is placed in various investments, to attempt to ensure that we do not come within the application of the Investment Company Act.

Our reserves, if any, will be invested in permitted temporary investments. The advisor will evaluate the relative risks and rate of return, our cash needs and other appropriate considerations when making short-term investments on our behalf. The rate of return of permitted temporary investments may be less than would be obtainable from real estate investments.

***Investment Decisions***

The advisor s investment department, under the oversight of its chief investment officer, is primarily responsible for evaluating, negotiating and structuring potential investment opportunities for the CPA® REITs and W. P. Carey. The advisor also has investment committees that provide services to the CPA® REITs. Before an investment is made, the transaction is generally reviewed by the advisor s investment committee, except under the limited circumstances described below. The investment committee is not directly involved in originating or negotiating potential investments but instead functions as a separate and final step in the investment process. The advisor places special emphasis on having experienced individuals serve on its investment committee. The advisor generally will not invest in a transaction on our behalf unless it is approved by the investment committee, except that investments with a total purchase price of $10.0 million or less may be approved by either the chairman of the investment committee or the advisor s chief investment officer (up to, in the case of investments other than long-term net leases, a cap of $30.0 million or 5% of our NAV, whichever is greater, provided that such investments may not have a credit rating of less than BBB-). For transactions that meet the investment criteria of more than one CPA® REIT, the chief investment officer has discretion to allocate the investment to or among the CPA® REITs. In cases where two or more CPA® REITs (or one or more of the CPA® REITs and W. P. Carey) will hold the investment, a majority of the independent directors of each CPA® REIT investing in the property must also approve the transaction.

The following people currently serve on the investment committee:

*Nathaniel S. Coolidge,* Chairman  Former senior vice president and head of the bond and corporate finance department of John Hancock Mutual Life Insurance (currently known as John Hancock Life Insurance Company). Mr. Coolidge s responsibilities included overseeing its entire portfolio of fixed income investments.

*Axel K.A. Hansing*  Currently serving as a senior partner at Coller Capital, Ltd., a global leader in the private equity secondary market, and responsible for investment activity in parts of Europe, Turkey and South Africa.

*Frank J. Hoenemeyer*  Former vice chairman and chief investment officer of the Prudential Insurance Company of America. As chief investment officer, he was responsible for all of Prudential Insurance Company of America s investments including stocks, bonds and real estate.

*Jean Hoysradt*  Currently serving as the chief investment officer of Mousse Partners Limited, an investment office based in New York.

*Richard C. Marston*  Currently the James R.F. Guy professor of finance and economics at the Wharton School of the University of Pennsylvania.

*Nick J.M. van Ommen*  Former chief executive officer of EPRA, currently serves on the supervisory boards of several companies, including Babis Vovos International Construction SA, a listed real estate company in Greece, Intervest Retail and Intervest Offices, listed real estate companies in Belgium, BUWOG / ESG, a residential leasing and development company in Austria and IMMOFINANZ, a listed real estate company in Austria.

*Dr. Karsten von Köller*  Currently chairman of Lone Star, Chairman of the Supervisory Boards of Düsseldorfer Hypothekenbank AG, a subsidiary of Lone Star, and MHB Bank AG and Vice Chairman of the Supervisory Boards of IKB Deutsche Industriebank AG and Corealcredit Bank AG.

The advisor is required to use its best efforts to present a continuing and suitable investment program to us but is not required to present to us any particular investment opportunity, even if the investment is of a character that, if presented, could be made by us.

***Segments***

We operate in one industry segment, real estate ownership with domestic and foreign investments. For 2011, Mercury Partners, LP and U-Haul Moving Partners, Inc. jointly represented 13% of our total lease revenue, inclusive of noncontrolling interest.

***Competition***

We face active competition from many sources for investment opportunities in commercial properties net leased to major corporations both domestically and internationally. In general, we believe that our advisor s experience in real estate, credit underwriting and transaction structuring should allow us to compete effectively for commercial properties to the extent we make future acquisitions. However, competitors may be willing to accept rates of return, lease terms, other transaction terms or levels of risk that we may find unacceptable.

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*Environmental Matters*

We have invested in properties currently or historically used as industrial, manufacturing and commercial properties. Under various federal, state and local environmental laws and regulations, current and former owners and operators of property may have liability for the cost of investigating, cleaning up or disposing of hazardous materials released at, on, under, in or from the property. These laws typically impose responsibility and liability without regard to whether the owner or operator knew of or was responsible for the presence of hazardous materials or contamination, and liability under these laws is often joint and several. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous materials. As part of our efforts to mitigate these risks, we typically engage third parties to perform assessments of potential environmental risks when evaluating a new acquisition of property, and we frequently obtain contractual protection (indemnities, cash reserves, letters of credit or other instruments) from property sellers, tenants, a tenant s parent company or another third party to address known or potential environmental issues.

*Transactions with Affiliates*

We enter into transactions with our affiliates, including the other CPA® REITs and our advisor or its affiliates, if we believe that doing so is consistent with our investment objectives and we comply with our investment policies and procedures. These transactions typically take the form of jointly-owned ventures, direct purchases of assets, mergers or another type of transaction. Like us, the other CPA® REITs intend to consider alternatives for providing liquidity for their shareholders some years after they have invested substantially all of the net proceeds from their initial public offerings. Ventures with affiliates of W. P. Carey are permitted only if a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction approve the allocation of the transaction among the affiliates as being fair and reasonable to us and the affiliate makes its investment on substantially the same terms and conditions as us.

**Financial Information About Geographic Areas**

See Our Portfolio and Note 16 of the consolidated financial statements of CPA®:15 for financial information pertaining to our geographic operations.

**Properties**

Our principal corporate offices are located at 50 Rockefeller Plaza, New York, NY 10020. The advisor also has its primary international investment offices located in London and Amsterdam. The advisor also has office space domestically in Dallas, Texas and internationally in Shanghai. The advisor leases all of these offices and believes these leases are suitable for our operations for the foreseeable future.

See Our Portfolio for a discussion of the properties we hold for rental operations and Schedule III Real Estate and Accumulated Depreciation in the accompanying consolidated financial statements of CPA®:15 for a detailed listing of such properties.

**Legal Proceedings**

At December 31, 2011, we were not involved in any material litigation.

Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

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**Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

***Unlisted Shares and Distributions***

There is no active public trading market for our shares. At February 21, 2012, there were approximately 37,917 holders of record of our shares.

We are required to distribute annually at least 90% of our distributable REIT net taxable income to maintain our status as a REIT. Quarterly distributions declared by us for the past two years are as follows:

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2012** | **2011** | **2010** |
| First quarter | $ 0.1823 | $ 0.1819 | $ 0.1807 |
| Second quarter | | 0.1821 | 0.1810 |
| Third quarter | | 0.1823 | 0.1813 |
| Fourth quarter | | 0.1823 | 0.1816 |
| | $ | $ 0.7286 | $ 0.7246 |

***Unregistered Sales of Equity Securities***

For the three months ended December 31, 2011, we issued 250,698 shares of common stock to the advisor as consideration for performance fees. These shares were issued at $10.40 per share, which was our most recently published NAV per share as approved by our board of directors at the date of issuance. Since none of these transactions were considered to have involved a public offering within the meaning of Section 4(2) of the Securities Act, the shares issued were deemed to be exempt from registration. In acquiring our shares, the advisor represented that such interests were being acquired by it for the purposes of investment and not with a view to the distribution thereof.

***Issuer Purchases of Equity Securities***

| **2011 Period** | **Total number of shares purchased [(a)]** | **Average price paid per share** | **Total number of shares purchased as part of publicly announced plans or program [(a)]** | **Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or program [(a)]** |
|---|---|---|---|---|
| October | 84,060 | $ 10.06 | N/A | N/A |
| November | | | N/A | N/A |
| December | 87,342 | 10.10 | N/A | N/A |
| Total | 171,402 | | | |

(a) Represents shares of our common stock purchased pursuant to our redemption plan. The amount of shares purchasable in any period depends on the availability of funds generated by the CPA®:15 DRIP and other factors at the discretion of our board of directors. Our board of directors approved the suspension of our redemption plan, subject to limited exceptions in cases of death, qualifying disability or confinement to a long-term care facility. The suspension will remain in effect until our board of directors, in its discretion, determines to reinstate the plan. We cannot give any assurances as to the timing of any further actions by the board with regard to the plan. In February 2012, our Board of Directors suspended participation in the CPA®:15 DRIP in light of the Merger.

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**Management s Discussion and Analysis of Financial Condition and Results of Operations**

MD&A is intended to provide the reader with information that will assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. MD&A also provides the reader with our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results.

**Business Overview**

As described in more detail above, we are a publicly owned, non-listed REIT that invests in commercial properties leased to companies domestically and internationally. As a REIT, we are not subject to federal income taxation as long as we satisfy certain requirements, principally relating to the nature of our income, the level of our distributions and other factors. We earn revenue principally by leasing the properties we own to single corporate tenants, primarily on a triple-net lease basis, which requires the tenant to pay substantially all of the costs associated with operating and maintaining the property. Revenue is subject to fluctuation because of the timing of new lease transactions, lease terminations, lease expirations, contractual rent adjustments, tenant defaults and sales of properties. We were formed in 2001 and are managed by the advisor.

**Financial Highlights**

(In thousands)

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Total revenues | $ 249,889 | $ 251,163 | $ 264,789 |
| Net income (loss) attributable to CPA®:15 stockholders | 56,693 | 59,777 | (248) |
| Cash flow from operating activities | 163,566 | 168,725 | 164,475 |
| Distributions paid | 94,272 | 91,743 | 88,939 |
| Supplemental financial measures: | | | |
| Modified funds from operations (MFFO) | 115,635 | 117,768 | 115,838 |
| Adjusted cash flow from operating activities | 141,830 | 138,333 | 140,500 |

We consider the performance metrics listed above, including certain supplemental metrics that are not defined by GAAP ( non-GAAP ), such as MFFO and adjusted cash flow from operating activities, to be important measures in the evaluation of our results of operations, liquidity and capital resources. We evaluate our results of operations with a primary focus on the ability to generate cash flow necessary to meet our objectives of funding distributions to stockholders. See Supplemental Financial Measures for our definition of these non-GAAP measures and reconciliations to their most directly comparable GAAP measure.

Total revenues decreased in 2011 as compared to 2010, primarily due the deconsolidation of a subsidiary and lease restructuring. These decreases were partially offset by favorable foreign currency fluctuations, changes in estimates of the unguaranteed residual value of certain properties carried as net investment in direct financing leases and scheduled increases in rent.

Net income attributable to CPA®:15 stockholders decreased in 2011 as compared to 2010 primarily due to higher impairment charges and lower gains recognized on the sale of properties and the deconsolidation of a subsidiary in 2011. The decreases were partially offset by the increase in income from our equity investments in real estate.

For the year ended December 31, 2011 as compared to 2010, our MFFO supplemental measure decreased primarily due to the impact of lease restructurings and property sales in the current year.

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Cash flow from operating activities decreased in 2011 as compared to 2010, primarily due to the decrease in net income.

For the year ended December 31, 2011 as compared to the same period in 2010, adjusted cash flow from operating activities increased primarily due to a net increase in distributions received from our joint venture partners.

**Recent Developments**

*Changes in Management*

On January 2, 2012, our Chairman, Wm. Polk Carey, passed away. In connection with the Merger, our board of directors voted to reduce the size of the board to four directors and, as a result, there is currently no vacancy.

**Current Trends**

***General Economic Environment***

We are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. During 2011 we saw slow improvement in the U. S. economy following the significant distress experienced in 2008 and 2009. Towards the end of 2011, however, there was an increase in international economic uncertainty as a result of the sovereign debt crisis and a deterioration of economic fundamentals in Europe. Currently, conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain. It is not possible to predict with certainty the outcome of these trends. Nevertheless, our views of the effects of the current financial and economic trends on our business, as well as our response to those trends, are presented below.

*Foreign Exchange Rates* We have foreign investments and, as a result, are subject to risk from the effects of exchange rate movements. Our results of foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies. Investments denominated in the Euro accounted for approximately 35% of our annualized contractual minimum base rent at December 31, 2011. International investments carried on our balance sheet are marked to the spot exchange rate as of the balance sheet date. The U.S. dollar strengthened at December 31, 2011 versus the spot rate at December 31, 2010. The Euro/U.S. dollar exchange rate at December 31, 2011, $1.2950, represented a 2% decrease from the December 31, 2010 rate of $1.3253. This strengthening had an unfavorable impact on our balance sheet at December 31, 2011 as compared to our balance sheet at December 31, 2010.

The operational impact of our international investments is measured throughout the year. Due to the volatility of the Euro/U.S. dollar exchange rate during 2011, which ranged between a low of $1.3188 and a high of $1.4439, the average rate we utilized to measure these operations increased by 5% versus 2010. This increase had a favorable impact on 2011 results of operations as compared to the prior year. While we actively manage our foreign exchange risk, a significant unhedged decline in the value of the Euro could have a material negative impact on our NAVs, future results, financial position and cash flows.

*Capital Markets* During 2011, capital markets conditions in the U.S. exhibited some signs of post-crisis improvement, including new issuances of CMBS debt and increasing capital inflows to both commercial real estate debt and equity markets, which helped increase the availability of mortgage financing and sustained transaction volume. Despite increased volatility in the CMBS market as key market participants began to withdraw, and a credit downgrade of U.S. Treasury debt obligations, we have seen the cost for domestic debt stabilize while the Federal Reserve has kept interest rates low and new lenders, including insurers, have introduced capital. Events in the Euro-zone have impacted the price and availability of financing and have affected global commercial real estate capitalization rates, which vary depending on a variety of factors including asset quality, tenant credit quality, geography and lease term.

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*Financing Conditions* During 2011, we saw continued improvement in the U.S. credit and real estate financing markets despite the U.S. sovereign credit downgrade as new lenders entered the marketplace and the U.S. Treasury kept interest rates low. However, the sovereign debt issues in Europe that began in the second quarter of 2011 had the impact of increasing the cost of debt in certain international markets and made it more challenging for us to obtain debt for certain international deals. During 2011, we obtained non-recourse mortgage financing totaling $49.7 million (on a pro rata basis).

***Real Estate Sector***

As noted above, the commercial real estate market is impacted by a variety of macro-economic factors, including but not limited to growth in gross domestic product, unemployment, interest rates, inflation and demographics. We have seen modest improvements in these domestic macro-economic factors since the beginning of the credit crisis. However, internationally these fundamentals have not significantly improved, which may result in higher vacancies, lower rental rates and lower demand for vacant space in future periods related to international properties. We are chiefly affected by changes in the appraised values of our properties, tenant defaults, inflation, lease expirations and occupancy rates.

*Net Asset Value* The advisor generally calculates our NAV per share by relying in part on an estimate of the fair market value of our real estate provided by a third party, adjusted to give effect to the estimated fair value of mortgages encumbering our assets (also provided by a third party) as well as other adjustments. Our NAV is based on a number of variables, including individual tenant credits, lease terms, lending credit spreads, foreign currency exchange rates and tenant defaults, among others. We do not control all of these variables and, as such, cannot predict how they will change in the future.

Our NAV per share at September 30, 2011 remained at $10.40, the same as at December 31, 2010. See Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for a description of the portfolio appraisal underlying the estimated NAV as of September 30, 2011.

*Credit Quality of Tenants* As a net lease investor, we are exposed to credit risk within our tenant portfolio, which can reduce our results of operations and cash flow from operations if our tenants are unable to pay their rent. Tenants experiencing financial difficulties may become delinquent on their rent and/or default on their leases and, if they file for bankruptcy protection, may reject our lease in bankruptcy court, resulting in reduced cash flow, which may negatively impact our NAV and require us to incur impairment charges. Even where a default has not occurred and a tenant is continuing to make the required lease payments, we may restructure or renew leases on less favorable terms, or the tenant s credit profile may deteriorate, which could affect the value of the leased asset and could in turn require us to incur impairment charges.

Despite signs of improvement in domestic general business conditions during 2011, which had a favorable impact on the overall credit quality of our tenants, we believe that there still remain significant risks to an economic recovery, particularly in the Euro-zone. As of the date of this joint proxy statement/prospectus, we have no exposure to tenants operating under bankruptcy protection. It is possible, however, that tenants may file for bankruptcy or default on their leases in the future and that economic conditions may again deteriorate.

To mitigate credit risk, we have historically looked to invest in assets that we believe are critically important to our tenants operations and have attempted to diversify our portfolio by tenant, tenant industry and geography. We also monitor tenant performance through review of rent delinquencies as a precursor to a potential default, meetings with tenant management and review of tenants financial statements and compliance with any financial covenants. When necessary, our asset management process includes restructuring transactions to meet the evolving needs of tenants, re-leasing properties, refinancing debt and selling properties, as well as protecting our rights when tenants default or enter into bankruptcy.

*Inflation* Inflation impacts our lease revenues because our leases generally have rent adjustments that are either fixed or based on formulas indexed to changes in the CPI or other similar indices for the jurisdiction in

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which the property is located. Because these rent adjustments may be calculated based on changes in CPI over a multi-year period, changes in inflation rates can have a delayed impact on our results of operations. We have seen a return of moderate inflation during 2011 that we expect will drive increases in our portfolio in coming years.

*Lease Expirations and Occupancy* Lease expirations and occupancy rates impact our revenues. Our advisor begins discussing options with tenants in advance of scheduled lease expirations. In certain cases, we may obtain lease renewals from our tenants; however, tenants may elect to move out at the end of their term or may elect to exercise purchase options, if any, in their leases. In cases where tenants elect not to renew, we may seek replacement tenants or try to sell the property. For those leases that we believe will be renewed, it is possible that renewed rents may be below the tenants existing contractual rents and that lease terms may be shorter than historical norms. As of December 31, 2011, we have no significant leases scheduled to expire or renew in the next twelve months.

Our occupancy was approximately 96% at December 31, 2011, a decrease of 1% from December 31, 2010.

***Proposed Accounting Changes***

The following proposed accounting changes may potentially impact us if the outcome has a significant influence on sale-leaseback demand in the marketplace:

The IASB and FASB have issued an Exposure Draft on a joint proposal that would dramatically transform lease accounting from the existing model. These changes would impact most companies, but are particularly applicable to those that are significant users of real estate. The proposal outlines a completely new model for accounting by lessees, whereby their rights and obligations under all leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize. The FASB and IASB met during July 2011 and voted to re-expose the proposed standard. A revised exposure draft for public comment is currently expected to be issued in the first half of 2012, and a final standard is currently expected to be issued by the end of 2012. The boards also reached decisions, which are tentative and subject to change, on a single lessor accounting model and the accounting for variable lease payments, along with several presentation and disclosure issues. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized, and as such we are unable to determine whether this proposal will have a material impact on our business.

In October 2011, the FASB issued an exposure draft that proposes a new accounting standard for investment property entities. Currently, an entity that invests in real estate properties, but is not an investment company under the definition set forth by GAAP, is required to measure its real estate properties at cost. The proposed amendments would require all entities that meet the criteria to be investment property entities to follow the proposed guidance, under which investment properties acquired by an investment property entity would initially be measured at transaction price, including transaction costs, and subsequently measured at fair value with all changes in fair value recognized in net income. A detailed analysis is required to determine whether an entity is within the scope of the amendments in this proposed update. An entity in which substantially all of its business activities are investing in a real estate property or properties for total return, including an objective to realize capital appreciation (including certain REITs and real estate funds) would be affected by the proposed amendments. The proposed amendments also would introduce additional presentation and disclosure requirements for an investment property entity. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized, and as such we are unable to determine whether we meet the definition of an investment property entity and if the proposal will have a material impact on our business.

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**How We Evaluate Results of Operations**

We evaluate our results of operations with a primary focus on our ability to generate cash flow necessary to meet our objectives of funding distributions to stockholders and increasing our equity in our real estate. As a result, our assessment of operating results gives less emphasis to the effect of unrealized gains and losses, which may cause fluctuations in net income for comparable periods but have no impact on cash flows, and to other non-cash charges, such as depreciation and impairment charges.

We consider cash flows from operating activities, cash flows from investing activities, cash flows from financing activities and certain non-GAAP performance metrics to be important measures in the evaluation of our results of operations, liquidity and capital resources. Cash flows from operating activities are sourced primarily from long-term lease contracts. These leases are generally triple-net and mitigate, to an extent, our exposure to certain property operating expenses. Our evaluation of the amount and expected fluctuation of cash flows from operating activities is essential in evaluating our ability to fund operating expenses, service debt and fund distributions to stockholders.

We consider adjusted cash flows from operating activities as a supplemental measure of liquidity in evaluating our ability to sustain distributions to stockholders. We consider this measure useful as a supplemental measure to the extent the source of distributions in excess of equity income in real estate is the result of non-cash charges, such as depreciation and amortization, because it allows us to evaluate the cash flows from consolidated and unconsolidated investments in a comparable manner. In deriving this measure, we exclude cash distributions from equity investments in real estate that are sourced from the sales of the equity investee s assets or refinancing of debt because we deem them to be returns of investment and not returns on investment.

We focus on measures of cash flows from investing activities and cash flows from financing activities in our evaluation of our capital resources. Investing activities typically consist of the acquisition or disposition of investments in real property and the funding of capital expenditures with respect to real properties. Financing activities primarily consist of the payment of distributions to stockholders, obtaining non-recourse mortgage financing, generally in connection with the acquisition or refinancing of properties, and making mortgage principal payments. Our financing strategy has been to purchase substantially all of our properties with a combination of equity and non-recourse mortgage debt. A lender on a non-recourse mortgage loan generally has recourse only to the property collateralizing such debt and not to any of our other assets. This strategy has allowed us to diversify our portfolio of properties and, thereby, limit our risk. In the event that a balloon payment comes due, we may seek to refinance the loan, restructure the debt with existing lenders, or evaluate our ability to pay the balloon payment from our cash reserves or sell the property and use the proceeds to satisfy the mortgage debt.

***Results of Operations***

The following table presents the components of our lease revenues (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Rental income | $ 211,930 | $ 214,261 | $ 221,389 |
| Interest income from direct financing leases | 30,270 | 30,329 | 36,716 |
| | $ 242,200 | $ 244,590 | $ 258,105 |

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The following table sets forth the net lease revenues (i.e., rental income and interest income from direct financing leases) that we earned from lease obligations through our direct ownership of real estate (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| **Lessee** | **2011** | **2010** | **2009** |
| U-Haul Moving Partners, Inc. and Mercury Partners, LP (a) (b) | $ 32,486 | $ 32,486 | $ 30,589 |
| Carrefour France, S.A. (a) (c) | 20,228 | 19,619 | 21,481 |
| OBI A.G. (a) (c) | 17,141 | 16,006 | 16,637 |
| Hellweg Die Profi-Baumarkte GmbH & Co. KG (Hellweg 1) (a) (c) | 15,154 | 14,272 | 14,881 |
| True Value Company (a) | 14,450 | 14,213 | 14,492 |
| Universal Technical Institute (d) (e) | 10,667 | 7,101 | 8,688 |
| Pohjola Non-Life Insurance Company (a) (c) | 9,300 | 8,797 | 9,240 |
| TietoEnator plc. (a) (c) | 8,771 | 8,223 | 8,636 |
| Police Prefecture, French Government (a) (c) | 8,218 | 8,030 | 8,272 |
| Médica France, S.A. (a) (c) | 6,789 | 6,447 | 6,916 |
| Foster Wheeler AG | 6,369 | 6,269 | 6,269 |
| Life Time Fitness, Inc. (a) (f) | 4,928 | 14,208 | 14,208 |
| Thales S.A. (a) (c) | 4,243 | 4,165 | 4,375 |
| Oriental Trading Company | 4,091 | 3,954 | 3,909 |
| Advanced Micro Devices (g) | | 6,621 | 9,932 |
| Other (a) (c) | 79,365 | 74,179 | 79,580 |
| | $ 242,200 | $ 244,590 | $ 258,105 |

(a) These revenues are generated in consolidated ventures, generally with our affiliates, and on a combined basis include revenues applicable to noncontrolling interests totaling $65.2 million, $63.4 million and $60.3 million for the years ended December 31, 2011, 2010 and 2009, respectively.

(b) The increase in 2010 was due to a CPI-based (or equivalent) rent increase.

(c) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro increased by approximately 5% during the year ended December 31, 2011 as compared to 2010 and decreased by approximately 5% during the year ended December 31, 2010 as compared to 2009, resulting in a positive impact on lease revenues in 2011 and a negative impact on lease revenues in 2010 for our Euro-denominated investments.

(d) The increase in 2011 was primarily due to an out-of-period adjustment made during the third quarter of 2011 (Note 2 to the consolidated financial statements of CPA®:15).

(e) The decrease in 2010 was due to changes in financing lease adjustments resulting from an impairment charge we recognized in 2009 on a direct financing lease to reflect the decline in the estimate of unguaranteed residual value.

(f) In December 2011, we sold six properties back to the tenant (Note 15 to the consolidated financial statements of CPA®:15). Results of operations for these properties have been reclassified to discontinued operations. We currently have two remaining properties leased to this tenant.

(g) In connection with a 2010 debt refinancing, the structure of this venture was modified to a tenancy-in-common. Therefore, during 2010, we recorded an adjustment to deconsolidate this venture and account for it under the equity method of accounting.

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We recognize income from equity investments in real estate, of which lease revenues are a significant component. The following table sets forth the net lease revenues earned by these ventures. Amounts provided are the total amounts attributable to the ventures and do not represent our proportionate share (dollars in thousands):

| Lessee | Ownership Interest at December 31, 2011 | Years Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|---|
| Hellweg Die Profi-Baumarkte GmbH & Co. KG (Hellweg 2) [(a) (b)] | 38% | $ 36,663 | $ 34,408 | $ 35,889 |
| Marriott International, Inc. [(c)] | 47% | 19,097 | 18,296 | 16,818 |
| C1000 Logistiek Vastgoed B.V. [(b) (d)] | 15% | 14,519 | | |
| Advanced Micro Devices [(e)] | 33% | 11,944 | 3,311 | |
| Schuler A.G. [(b)] | 34% | 6,555 | 6,208 | 6,568 |
| The Talaria Company (Hinckley) [(f)] | 30% | 6,175 | 5,506 | 4,133 |
| PETsMART, Inc. [(g)] | 30% | 5,295 | 8,164 | 8,303 |
| Hologic, Inc. | 64% | 3,623 | 3,528 | 3,387 |
| Del Monte Corporation | 50% | 3,527 | 3,527 | 3,529 |
| Waldaschaff Automotive GmbH and Wagon Automotive Nagold GmbH [(b) (h)] | 33% | 2,634 | 2,703 | 3,662 |
| Builders FirstSource, Inc. | 40% | 1,394 | 1,611 | 1,558 |
| SaarOTEC and Goertz & Schiele Corp. [(b) (i)] | 50% | 506 | 727 | 3,761 |
| The Upper Deck Company [(j)] | 50% | | 3,194 | 3,194 |
| | | $ 111,932 | $ 91,183 | $ 90,802 |

(a) In addition to lease revenues, the venture also earned interest income of $1.9 million, $24.2 million and $27.1 million on a note receivable during 2011, 2010 and 2009, respectively.

(b) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro increased by approximately 5% during the year ended December 31, 2011 as compared to 2010 and decreased by approximately 5% during the year ended December 31, 2010 as compared to 2009, resulting in a positive impact on lease revenues in 2011 and a negative impact on lease revenues in 2010 for our Euro-denominated investments.

(c) The increase in 2010 was due to an out-of-period adjustment we made in the fourth quarter of 2010 (Note 2 to the consolidated financial statements of CPA®:15).

(d) We acquired our interest in this investment in January 2011.

(e) In connection with a debt refinancing in August 2010, the structure of this venture was modified to a tenancy-in-common. Therefore, during the third quarter of 2010, we recorded an adjustment to deconsolidate this venture and account for it under the equity method of accounting.

(f) During the second half of 2009, we entered into a lease amendment with the tenant to defer certain rental payments. This deferral period extended through August 2010, however rental payments were gradually increased throughout 2010 which resulted in an increase to lease revenue for 2010 as compared to 2009. In January 2011, the Hinckley investment was restructured whereby the venture received a 27% equity stake in Talaria Holdings, LLC in return for a 5-year restructured rent schedule, which resulted in a reduction in lease revenue for 2011 as compared to 2010.

(g) In June 2010, the venture sold one property included in the PETsMART portfolio. In July 2011, the venture sold 11 of its retail properties (Note 6 to the consolidated financial statements of CPA®:15). The joint venture continues to own one distribution center.

(h) The decrease in 2010 was due to a lease restructuring.

(i) In March 2010, SaarOTEC, a successor tenant to Görtz & Schiele GmbH & Co., signed a new lease with the venture at a significantly reduced rent.

(j) In December 2010, we filed two civil actions against the tenant, The Upper Deck Company, after it had stopped making rent payments for a year. In February 2011, we reached an agreement with the tenant whereby the tenant will pay us $3.0 million over three years, and pursuant to that agreement the tenant vacated the building in June 2011.

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***Lease Revenues***

As of December 31, 2011, 76% of our net leases, based on annualized contractual minimum base rent, provide for adjustments based on formulas indexed to changes in the CPI, or other similar indices for the jurisdiction in which the property is located, some of which have caps and/or floors. In addition, 24% of our net leases have fixed rent adjustments. We own international investments and, therefore, lease revenues from these investments are subject to fluctuations in exchange rate movements in foreign currencies, primarily the Euro. During the quarter ended December 31, 2011, we entered into three new leases with a total contractual annual minimum base rent of approximately $1.3 million and a weighted average lease term of approximately four years. We did not provide for any tenant concessions in connection with these new leases.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, lease revenues decreased by $2.4 million. Lease revenues in 2011 was negatively impacted by the deconsolidation of a subsidiary which reduced revenue by $7.4 million (Note 15 to the consolidated financial statements of CPA®:15) as well as a decrease of $3.8 million due to the effects of lease restructurings and lease expirations. These decreases were primarily offset by the effects of favorable foreign currency fluctuations of $4.4 million, changes in estimates of the unguaranteed residual value of certain properties carried as net investment in direct financing leases of $2.0 million, rent increases due to scheduled rent escalations, expansions or fluctuations in percentage rent at certain properties of $2.4 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, lease revenues decreased by $13.5 million, primarily due to the effects of lease restructuring transactions, lease rejections and lease expirations, which reduced lease revenues by $8.1 million. Lease revenues were also negatively impacted by fluctuations of foreign currency exchange rates, which resulted in a decrease of $4.6 million. Additionally, lease revenues decreased by $3.7 million as a result of the deconsolidation of a subsidiary and $3.1 million as a result of changes in estimates of the unguaranteed residual value of certain properties carried as net investment in direct financing leases. These decreases were partially offset by the impact of scheduled rent increases at several properties totaling $6.1 million.

***Depreciation and Amortization***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, depreciation and amortization expense decreased by $0.9 million, primarily due to a decrease in amortization of $0.8 million as a result of the restructuring of several leases, which extended the terms of the leases and the lives of the related intangible assets.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, depreciation and amortization expense decreased by $1.9 million, primarily due to the negative impact of fluctuations in foreign currency exchange rates, which resulted in a decrease of $2.5 million, partially offset by an increase of $0.5 million as a result of the restructuring of several leases, which shortened the terms of the leases and the lives of the related intangible assets.

***Property Expenses***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, property expenses decreased by $0.8 million. The principal factors contributing to the decrease included decreases in asset management and performance fees payable to the advisor of $1.7 million resulting from declines in the appraised value of our real estate assets in both 2010 and 2009 coupled with property sales in both 2011 and 2010. In addition, professional fees decreased by $0.4 million. These decreases were partially offset by an increase in reimbursable property expenses of $0.6 million, an increase in uncollected rent of $0.5 million due to certain tenants experiencing financial difficulties in the current year.

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*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, property expenses decreased by $1.0 million, primarily due to a $1.1 million decrease in asset management and performance fees payable to the advisor as a result of a decline in the appraised value of our real estate assets in 2009 as compared to 2008, and property sales. In addition, uncollected rent expense decreased by $1.0 million as a result of fewer tenants experiencing financial difficulties in the current year. These decreases were partially offset by an increase in professional fees, real estate taxes and utilities of $1.1 million as a result of several tenants vacating the properties in 2010.

***Impairment Charges***

Our impairment charges are more fully described in Note 13 to the consolidated financial statements of CPA®:15. Impairment charges related to our continuing real estate operations were as follows (in thousands):

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| **Lessee** | **2011** | **2010** | **2009** | **Triggering Event** |
| Lillian Vernon | $ 11,234 | | | Tenant vacated |
| Shires Limited | | | $ 19,610 | Tenant filed for bankruptcy and vacated |
| Lindenmaier A.G. | | | 8,286 | Tenant filed for bankruptcy |
| Thales S.A. | | $ 4,144 | 779 | Decline in property s estimated fair value |
| The Kroger Co. | | | 1,473 | Property sold |
| Various leases [(a)] | (3,047) | (1,488) | 5,918 | Decline in properties unguaranteed residual values |
| **Impairment charges included in operating expenses from continuing operations** | $ 8,187 | $ 2,656 | $ 36,066 | |

(a) During 2011 and 2010, we recorded out-of-period adjustments of $3.0 million and $2.1 million, respectively (Note 2 to the consolidated financial statements of CPA®:15).

See How We Evaluate Results of Operations Income from Equity Investments in Real Estate and How We Evaluate Results of Operations Discontinued Operations for additional impairment charges incurred during 2011, 2010 and 2009.

***Allowance for Credit Losses***

For the year ended December 31, 2011, we recorded an allowance for credit losses on direct financing leases totaling $3.1 million related to two tenants. Of this amount, $1.7 million was recorded in connection with the sale of a property and the remaining $1.4 million was recorded as a result of a tenant experiencing financial difficulty.

***Income from Equity Investments in Real Estate***

Income from equity investments in real estate represents our proportionate share of net income, or loss when applicable (revenue less expenses) from investments entered into with affiliates or third parties in which we have a noncontrolling interest but over which we exercise significant influence. Under current authoritative accounting guidance for investments in unconsolidated ventures, we are required to periodically compare an investment s carrying value to its estimated fair value and recognize an impairment charge to the extent that the carrying value exceeds fair value.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, income from equity investments in real estate increased by $15.4 million, primarily due to a $9.6 million gain recognized on the sale of 11 PETsMART, Inc. properties in 2011, a $5.5 million decrease in other-than-temporary impairment charges and an out-of-period adjustment recorded during 2011 to increase equity income by $1.2 million (Note 2 to the consolidated financial statements of CPA®:15). These increases were partially offset by a decrease in income from the Hellweg Die Profi-Baumarkte GmbH investment of $1.4 million which was primarily the result of a benefit recorded in 2010 related to a purchase option exercise.

During 2011, we recognized other-than-temporary impairment charges totaling $1.7 million as compared to $7.2 million recognized in 2010. Impairment charges recognized in 2011 included $1.1 million on the Talaria (Hinckley) investment and $0.6 million on a German investment that leases properties to Waldaschaff Automotive GmbH and Wagon Automotive Nagold GmbH. Impairment charges recognized in 2010 included $4.9 million on the Upper Deck investment, $1.5 million on the Schuler investment, $0.6 million on the Talaria (Hinckley) investment and $0.2 million on the SaarOTEC (formerly Görtz & Schiele GmbH & Co.) investment. These impairments in 2011 and 2010 were taken to reflect the decline in the estimated fair value of these investments underlying net assets in comparison with the carrying value of our interests in these ventures.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, income from equity investments in real estate increased by $3.8 million, primarily due to a $3.1 million decrease in other-than-temporary impairment charges recognized on several ventures, as well as distributions received from a joint venture totaling $1.6 million during 2010. In addition, income recognized from the Marriott investment increased by $0.7 million primarily due to an out-of-period adjustment the venture recorded in the fourth quarter of 2010 (Note 2 to the consolidated financial statements of CPA®:15). These increases were partially offset by a $1.6 million reduction in income recognized from the Talaria (Hinckley) investment, primarily due to our portion of the impairment charge recognized on the venture property.

***Other Income and (Expenses)***

Other income and (expenses) generally consists of gains and losses on foreign currency transactions and derivative instruments. We and certain of our foreign consolidated subsidiaries have intercompany debt and/or advances that are not denominated in the relevant entity s functional currency. When the intercompany debt or accrued interest thereon is remeasured against the functional currency of the entity, a gain or loss may result. For intercompany transactions that are of a long-term investment nature, the gain or loss is recognized as a cumulative translation adjustment in Other comprehensive income. We also recognize gains or losses on foreign currency transactions when we repatriate cash from our foreign investments. In addition, we have certain derivative instruments, including embedded credit derivatives and common stock warrants, for which realized and unrealized gains and losses are included in earnings. The timing and amount of such gains or losses cannot always be estimated and are subject to fluctuation.

*2011 vs. 2010* For the year ended December 31, 2011 we recognized net other income of $4.2 million compared to net other expenses of $0.2 million in 2010, primarily due to a $2.5 million gain on extinguishment of debt related to the Lindenmaier investment and net realized and unrealized gains and losses on foreign currency transactions and derivatives totaling $1.4 million.

*2010 vs. 2009* For the year ended December 31, 2010, we recognized net other expenses of $0.2 million compared to net other income of $1.3 million in 2009, primarily due to the net realized and unrealized gains and losses on foreign currency transactions as a result of changes in the exchange rate of the Euro.

***(Loss) Gain on Disposition of Direct Financing Leases***

*2011* During 2011, we sold our net investment in a direct financing lease for $1.0 million, net of selling costs, and recognized a net loss on sale of $1.0 million.

*2010* During 2010, we sold our net investment in three direct financing leases for $35.2 million, net of selling costs, and recognized a net gain on the sales of $15.6 million. In July 2010, we repaid the non-recourse mortgage loans encumbering two of these properties, which had an aggregate outstanding balance of $9.4 million. The remaining property was encumbered by non-recourse mortgage debt of $4.0 million, which also was paid off at closing in 2010. All amounts are inclusive of affiliates noncontrolling interests in the properties.

***Gain on Deconsolidation of a Subsidiary***

During 2010, a venture in which we and an affiliate held 33% and 67% interests, respectively, and which we had consolidated, modified its structure in connection with a refinancing to a tenancy-in-common. Therefore, during 2010, we recorded an adjustment to deconsolidate this venture and record it under the equity method of accounting. As such, in 2010 we recognized a gain of $11.5 million in connection with this deconsolidation.

***Interest Expense***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, interest expense decreased by $3.4 million, primarily due to a decrease of $4.9 million as a result of making scheduled mortgage principal payments, refinancing or paying off non-recourse mortgages during 2010 and 2011, which cumulatively reduced the balances on which interest was incurred. The decrease was partially offset by the impact of fluctuations in foreign currency exchange rates of $1.7 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, interest expense decreased by $8.3 million, primarily due to a decrease of $5.6 million as a result of making scheduled mortgage principal payments, refinancing or paying off non-recourse mortgages during 2010 and 2009, which reduced the balances on which interest was incurred. Interest expense also decreased by $1.8 million as a result of the impact of fluctuations in foreign currency exchange rates. In addition, interest expense decreased in 2010 as a result of our recognition of a $1.1 million charge during the second quarter of 2009 to write off a portion of an interest rate swap derivative that had become ineffective.

***Provision for Income Taxes***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, provision for income taxes increased by $1.2 million, primarily due to an out-of-period adjustment recorded during 2011 to increase foreign taxes by $1.0 million (Note 2 to the accompanying consolidated financial statements of CPA®:15).

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, provision for income taxes decreased by $0.8 million, primarily due to lower rent recognized on a French investment as a result of a lease restructuring in July 2009.

***Discontinued Operations***

*2011* For the year ended December 31, 2011, we recognized a loss from discontinued operations of $2.4 million, primarily comprised of impairment charges totaling $18.9 million related to two domestic properties to reduce their carrying values to their estimated fair values based on contracted sales prices (see table below). These charges were partially offset by the following gains and income: income generated from the operations of discontinued properties of $6.0 million, including an out-of-period adjustment to increase lease revenues by $2.9 million (Note 2 in the accompanying consolidated financial statements of CPA®:15); a net gain on the sales of these properties totaling $5.0 million; and a $4.5 million gain on the deconsolidation of a subsidiary, which we recognized when we consented to a court order appointing a receiver on properties previously leased to Advanced Accessory Systems LLC (Note 15 in the accompanying consolidated financial statements of CPA®:15).

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*2010* For the year ended December 31, 2010, we recognized income from discontinued operations of $6.3 million, primarily due to a net gain of $17.4 million recognized in connection with the sale of two domestic properties and income generated from the operations of discontinued properties of $4.4 million. These increases in income were partially offset by impairment charges of $15.5 million recognized on these properties (see table below).

*2009* For the year ended December 31, 2009, we recognized loss from discontinued operations of $2.5 million, primarily comprised of impairment charges totaling $20.3 million related to four domestic properties (see table below), partially offset by net gain on the sale of real estate of $12.4 million and income from operations of discontinued properties of $6.9 million.

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| **Lessee** | **2011** | **2010** | **2009** | **Triggering Event** |
| Best Buy Stores L.P. | $ 10,360 | $ 15,196 | | Properties sold |
| Symphony IRI Group, Inc. | 8,562 | | | Property sold |
| Innovate Holdings Limited | | | $ 7,299 | Properties sold |
| Advanced Accessory Systems, LLC | | | 8,426 | Property sold |
| Lindenmaier A.G. | | | 4,054 | Anticipated sale |
| Others | | 324 | 500 | Properties sold |
| **Impairment charges from discontinued operations** | $ 18,922 | $ 15,520 | $ 20,279 | |

***Net Income Attributable to CPA®:15 Stockholders***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, the resulting net income attributable to CPA®:15 stockholders decreased by $3.1 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, the resulting net income attributable to CPA®:15 stockholders was $59.8 million, as compared with net loss attributable to CPA®:15 stockholders of $0.2 million in 2009.

***Modified Funds from Operations***

MFFO is a non-GAAP measure we use to evaluate our business. For a definition of MFFO and reconciliation to net income attributable to CPA®:15 stockholders, see Supplemental Financial Measures.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, MFFO decreased by $2.1 million, primarily due to the impact of lease restructurings and property sales.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, MFFO increased by $1.9 million, primarily due to the aforementioned changes in our results of operations.

**Financial Condition**

***Sources and Uses of Cash During the Year***

We use the cash flow generated from our investments to meet our operating expenses, service debt and fund distributions to stockholders. Our cash flows fluctuate period to period due to a number of factors, which may include, among other things, the timing of purchases and sales of real estate, the timing of the receipt of proceeds from and the repayment of non-recourse mortgage loans and receipt of lease revenues, the advisor s annual election to receive fees in shares of our common stock or cash, the timing and characterization of distributions

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from equity investments in real estate, payment to the advisor of the annual installment of deferred acquisition fees and interest thereon in the first quarter and changes in foreign currency exchange rates. Despite these fluctuations, we believe that we will generate sufficient cash from operations and from equity distributions in excess of equity income in real estate to meet our normal recurring short-term and long-term liquidity needs. We may also use existing cash resources, the proceeds of non-recourse mortgage loans and the issuance of additional equity securities to meet these needs. We assess our ability to access capital on an ongoing basis. Our sources and uses of cash during the year are described below.

*Operating Activities* During 2011, we used cash flows from operating activities of $163.6 million primarily to fund cash distributions to stockholders of $75.2 million, which excluded $19.1 million in distributions that were reinvested by stockholders through the CPA®:15 DRIP, and to pay distributions of $61.4 million to affiliates that hold noncontrolling interests in various entities with us. For 2011, the advisor elected to receive 80% of its performance fees in shares of our common stock, and as a result, we paid performance fees of $10.6 million through the issuance of stock rather than in cash.

*Investing Activities* Our investing activities are generally comprised of real estate-related transactions (purchases and sales), payment of our annual installment of deferred acquisition fees to the advisor and capitalized property-related costs. During 2011, we received proceeds totaling $171.2 million from the sale of 23 properties and distributions from our equity investments in real estate in excess of cumulative equity income totaling $34.4 million. Funds totaling $114.5 million and $121.6 million, respectively, were invested in and released from lender-held investment accounts. We also made contributions to unconsolidated ventures totaling $35.3 million, including $30.4 million to a venture to acquire six properties from C1000 B.V. and $4.9 million to another venture to pay off its maturing non-recourse mortgage loan. In addition, we used $4.2 million to make capital improvements to various properties. In January 2011, we paid our annual installment of deferred acquisition fees to the advisor, which totaled $2.2 million.

*Financing Activities* As noted above, during the year ended December 31, 2011, we paid distributions to stockholders and to affiliates that hold noncontrolling interests in various entities with us. We also made scheduled and prepaid mortgage principal installments of $73.7 million and $110.5 million, respectively. We received $19.1 million as a result of issuing shares through the CPA®:15 DRIP, net of costs, and used $3.3 million to repurchase shares through our redemption plan, as described below. We received a total of $33.2 million in net proceeds from mortgage financings as a result of refinancing four mortgage loans. We also received $8.4 million in contributions from holders of noncontrolling interests in ventures that we consolidate. Funds totaling $62.6 million and $62.8 million, respectively, were released from and placed into lender-held escrow accounts for mortgage-related payments.

We maintain a quarterly redemption plan pursuant to which we may, at the discretion of our board of directors, redeem shares of our common stock from stockholders seeking liquidity. The terms of the plan limit the number of shares we may redeem so that the shares we redeem in any quarter, together with the aggregate number of shares redeemed in the preceding three fiscal quarters, does not exceed a maximum of 5% of our total shares outstanding as of the last day of the immediately preceding quarter. In addition, our ability to effect redemptions is subject to our having available cash to do so. Due to higher levels of redemption requests as compared to prior years, as of the second quarter of 2009 redemptions totaled approximately 5% of total shares outstanding. In light of reaching the 5% limitation and our desire to preserve capital and liquidity, in June 2009 our board of directors approved the suspension of our redemption plan. We have made limited exceptions to the suspension of the plan in cases of death, qualifying disability or confinement to a long-term care facility. The suspension continues as of the date of this joint proxy statement/prospectus and will remain in effect until our board of directors, in its discretion, determines to reinstate the redemption plan. We cannot give any assurances as to the timing of any further actions by the board with regard to the plan.

For the year ended December 31, 2011, we received qualified requests to redeem 332,375 shares of our common stock through our redemption plan, pursuant to the limited exceptions described above, all of which were redeemed during 2011 at an average price per share of $9.88. Of the total 2011 redemptions, we redeemed 171,402 shares during the fourth quarter. We funded these share redemptions from the proceeds of the sale of shares of our common stock pursuant to the CPA®:15 DRIP.

*Adjusted Cash Flow from Operating Activities* Adjusted cash flow from operating activities is a non-GAAP measure we use to evaluate our business. For a definition of adjusted cash flow from operating activities and reconciliation to cash flow from operating activities, see Supplemental Financial Measures.

Our adjusted cash flow from operating activities for the year ended December 31, 2011 was $141.8 million, an increase of $3.5 million when compared to 2010. This increase was primarily due to a net increase in distributions received from our joint venture partners.

***Summary of Financing***

The table below summarizes our non-recourse debt (dollars in thousands):

| | December 31, | |
|---|---|---|
| | **2011** | **2010** |
| **Balance** | | |
| Fixed rate | $ 1,070,383 | $ 1,229,357 |
| Variable rate [a] | 250,575 | 265,243 |
| Total | $ 1,320,958 | $ 1,494,600 |
| **Percent of total debt** | | |
| Fixed rate | 81% | 82% |
| Variable rate [a] | 19% | 18% |
| | 100% | 100% |
| **Weighted-average interest rate at end of year** | | |
| Fixed rate | 5.7% | 5.8% |
| Variable rate [a] | 5.3% | 5.3% |

(a) Variable-rate debt at December 31, 2011 included (i) $151.9 million that was effectively converted to fixed rates through interest rate swap derivative instruments and (ii) $98.6 million in non-recourse mortgage loan obligations that bore interest at fixed rates but have interest rate reset features that may change the interest rates to then-prevailing market rates (subject to specific caps) at certain points during their terms. At December 31, 2011, the interest rate on a non-recourse mortgage loan with an outstanding principal balance of $96.1 million was scheduled to reset to a variable-rate during the next 12 months.

***Cash Resources***

At December 31, 2011, our cash resources consisted of cash and cash equivalents totaling $155.8 million. Of this amount, $19.4 million, at then-current exchange rates, was held by foreign subsidiaries. We could be subject to restrictions or significant costs should we decide to repatriate these amounts. We also had unleveraged properties that had an aggregate carrying value of $63.0 million at December 31, 2011, although there can be no assurance that we would be able to obtain financing for these properties. Our cash resources may be used for working capital needs and other commitments.

***Cash Requirements***

If the Merger does not occur or is significantly delayed, we expect that cash payments during 2012 will include paying distributions to our stockholders and to our affiliates who hold noncontrolling interests in entities we control and making scheduled mortgage loan principal payments of $141.2 million, as well as other normal

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recurring operating expenses. The scheduled mortgage principal payments include balloon payments on our mortgage loan obligations totaling $103.2 million, inclusive of amounts attributable to noncontrolling interests of $7.9 million, and exclude our share of balloon payments on our unconsolidated ventures totaling $2.5 million. We are actively seeking to refinance certain of these loans and believe we have sufficient financing alternatives and/or cash resources that can be used to make these payments.

***Off-Balance Sheet Arrangements and Contractual Obligations***

The table below summarizes our debt, other contractual obligations and off-balance sheet arrangements at December 31, 2011 and the effect that these arrangements and obligations are expected to have on our liquidity and cash flow in the specified future periods (in thousands):

| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|
| Non-recourse debt Principal [(a)] | $ 1,321,944 | $ 141,232 | $ 506,869 | $ 209,503 | $ 464,340 |
| Deferred acquisition fees Principal | 2,173 | 1,519 | 482 | 172 | |
| Interest on borrowings and deferred acquisition fees [(b)] | 306,220 | 72,270 | 110,620 | 56,371 | 66,959 |
| Subordinated disposition fees [(c)] | 7,998 | 7,998 | | | |
| Operating and other lease commitments [(d)] | 21,016 | 2,009 | 3,871 | 3,709 | 11,427 |
| | $ 1,659,351 | $ 225,028 | $ 621,842 | $ 269,755 | $ 542,726 |

(a) Excludes $1.0 million of unamortized discount on a note, which is included in Non-recourse debt at December 31, 2011.

(b) Interest on unhedged variable-rate debt obligations was calculated using the applicable annual variable interest rates and balances outstanding at December 31, 2011.

(c) Payable to the advisor, subject to meeting contingencies, in connection with any liquidity event. There can be no assurance that any liquidity event will be achieved in this time frame or at all. The advisor has waived its right to receive a subordinated disposition or a termination fee in connection with the Merger. See Conflicts of Interest Fees Payable to CPA®:15 s Advisor by CPA®:15 in Connection with the Merger.

(d) Operating and other lease commitments consist primarily of rent obligations under ground leases and our share of future minimum rents payable under an office cost-sharing agreement with certain affiliates for the purpose of leasing office space used for the administration of real estate entities. Amounts under the cost-sharing agreement are allocated among the entities based on gross revenues and are adjusted quarterly. Rental obligations under ground leases are inclusive of noncontrolling interests of $1.3 million. The table above excludes the rental obligations under ground leases of two ventures in which we own a combined interest of 38%. These obligations total $30.2 million over the lease terms, which extend through 2091. We account for these ventures under the equity method of accounting.

Amounts in the table above related to our foreign operations are based on the exchange rate of the local currencies at December 31, 2011, which consisted primarily of the Euro. At December 31, 2011, we had no material capital lease obligations for which we were the lessee, either individually or in the aggregate.

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***Equity Method Investments***

We have investments in unconsolidated ventures that own single-tenant properties that are typically net leased to corporations. With the exception of the venture that leases properties to Marriott International, Inc., which is owned with an unaffiliated third party, the underlying investments are jointly-owned with our affiliates. Certain financial information for these ventures and our ownership interest in the ventures at December 31, 2011 are presented below. Certain financial information provided represents the total amounts attributable to the ventures and does not represent our proportionate share (dollars in thousands):

| Lessee | Ownership Interest at December 31, 2011 | Total Assets | Total Third-Party Debt | Maturity Date |
|---|---|---|---|---|
| C1000 Logistiek Vastgoed B.V. [a] | 15% | $ 195,649 | $ 91,298 | 3/2013 |
| Waldaschaff Automotive GmbH and Wagon Automotive Nagold GmbH [a] | 33% | 41,660 | 19,879 | 8/2015 |
| Del Monte Corporation | 50% | 13,413 | 11,239 | 8/2016 |
| SaarOTEC and Goertz & Schiele Corp. [a] | 50% | 6,008 | 8,843 | 12/2016 & 1/2017 |
| Builders FirstSource, Inc. | 40% | 14,079 | 6,214 | 3/2017 |
| Hellweg Die Profi-Baumarkte GmbH & Co. KG (Hellweg 2) [a] [b] | 38% | 433,527 | 357,206 | 4/2017 |
| Advanced Micro Devices, Inc. | 33% | 81,627 | 56,143 | 1/2019 |
| PETsMART, Inc. [c] | 30% | 27,901 | 19,923 | 9/2021 |
| Hologic, Inc. | 64% | 26,100 | 13,396 | 5/2023 |
| The Talaria Company (Hinckley) | 30% | 49,751 | 28,186 | 6/2025 |
| Marriott International, Inc. | 47% | 134,110 | | N/A |
| Schuler A.G.[a] | 34% | 66,298 | | N/A |
| The Upper Deck Company | 50% | 26,012 | | N/A |
| | | $ 1,116,135 | $ 612,327 | |

(a) Dollar amounts shown are based on the exchange rate of the Euro at December 31, 2011.

(b) Ownership interest represents our combined interest in two ventures. Total assets exclude a note receivable from an unaffiliated third party. Total third-party debt excludes a related noncontrolling interest that is redeemable by the unaffiliated third party. The note receivable and noncontrolling interest each had a carrying value of $21.3 million at December 31, 2011.

(c) The venture refinanced its maturing mortgage loan in 2011.

***Environmental Obligations***

In connection with the purchase of many of our properties, we required the sellers to perform environmental reviews. We believe, based on the results of these reviews, that our properties were in substantial compliance with Federal, state, and foreign environmental statutes at the time the properties were acquired. However, portions of certain properties have been subject to some degree of contamination, principally in connection with leakage from underground storage tanks, surface spills or other on-site activities. In most instances where contamination has been identified, tenants are actively engaged in the remediation process and addressing identified conditions. Tenants are generally subject to environmental statutes and regulations regarding the discharge of hazardous materials and any related remediation obligations. In addition, our leases generally require tenants to indemnify us from all liabilities and losses related to the leased properties and the provisions of such indemnifications specifically address environmental matters. The leases generally include provisions that allow for periodic environmental assessments, paid for by the tenant, and allow us to extend leases until such time as a tenant has satisfied its environmental obligations. Certain of our leases allow us to require financial assurances from tenants, such as performance bonds or letters of credit, if the costs of remediating environmental conditions are, in our estimation, in excess of specified amounts. Accordingly, we believe that the ultimate resolution of environmental matters should not have a material adverse effect on our financial condition, liquidity or results of operations.

**Critical Accounting Estimates**

Our significant accounting policies are described in Note 2 to the accompanying consolidated financial statements of CPA®:15. Many of these accounting policies require judgment and the use of estimates and assumptions when applying these policies in the preparation of our consolidated financial statements of CPA®:15. On a quarterly basis, we evaluate these estimates and judgments based on historical experience as well as other factors that we believe to be reasonable under the circumstances. These estimates are subject to change in the future if underlying assumptions or factors change. Certain accounting policies, while significant, may not require the use of estimates. Those accounting policies that require significant estimation and/or judgment are listed below.

***Classification of Real Estate Leases***

We classify our leases for financial reporting purposes at the inception of a lease, or when significant lease terms are amended, as either real estate leased under operating leases or net investment in direct financing leases. This classification is based on several criteria, including, but not limited to, estimates of the remaining economic life of the leased assets and the calculation of the present value of future minimum rents. We estimate remaining economic life relying in part upon third-party appraisals of the leased assets. We calculate the present value of future minimum rents using the lease s implicit interest rate, which requires an estimate of the residual value of the leased assets as of the end of the non-cancelable lease term. Estimates of residual values are generally determined by us relying in part upon third-party appraisals. Different estimates of residual value result in different implicit interest rates and could possibly affect the financial reporting classification of leased assets. The contractual terms of our leases are not necessarily different for operating and direct financing leases; however, the classification is based on accounting pronouncements that are intended to indicate whether the risks and rewards of ownership are retained by the lessor or substantially transferred to the lessee. We believe that we retain certain risks of ownership regardless of accounting classification. Assets related to leases classified as net investment in direct financing leases are not depreciated but are written down to expected residual value over the lease term. Therefore, the classification of leases may have a significant impact on net income even though it has no effect on cash flows.

***Identification of Tangible and Intangible Assets in Connection with Real Estate Acquisitions***

In connection with our acquisition of properties accounted for as operating leases, we allocate purchase costs to tangible and intangible assets and liabilities acquired based on their estimated fair values. We determine the value of tangible assets, consisting of land and buildings, as if vacant, and record intangible assets, including the above- and below-market value of leases, the value of in-place leases and the value of tenant relationships, at their relative estimated fair values.

We determine the value attributed to tangible assets in part using a discounted cash flow model that is intended to approximate both what a third party would pay to purchase the vacant property and rent at current estimated market rates. In applying the model, we assume that the disinterested party would sell the property at the end of an estimated market lease term. Assumptions used in the model are property-specific where this information is available; however, when certain necessary information is not available, we use available regional and property-type information. Assumptions and estimates include a discount rate or internal rate of return, marketing period necessary to put a lease in place, carrying costs during the marketing period, leasing commissions and tenant improvements allowances, market rents and growth factors of these rents, market lease term and a cap rate to be applied to an estimate of market rent at the end of the market lease term.

We acquire properties subject to net leases and determine the value of above-market and below-market lease intangibles based on the difference between (i) the contractual rents to be paid pursuant to the leases negotiated and in place at the time of acquisition of the properties and (ii) our estimate of fair market lease rates for the property or a similar property, both of which are measured over a period equal to the estimated market lease

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term. We discount the difference between the estimated market rent and contractual rent to a present value using an interest rate reflecting our current assessment of the risk associated with the lease acquired, which includes a consideration of the credit of the lessee. Estimates of market rent are generally determined by us relying in part upon a third-party appraisal obtained in connection with the property acquisition and can include estimates of market rent increase factors, which are generally provided in the appraisal or by local brokers.

We evaluate the specific characteristics of each tenant s lease and any pre-existing relationship with each tenant in determining the value of in-place lease and tenant relationship intangibles. To determine the value of in-place lease intangibles, we consider estimated market rent, estimated carrying costs of the property during a hypothetical expected lease-up period, current market conditions and costs to execute similar leases. Estimated carrying costs include real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical expected lease-up periods, based on assessments of specific market conditions. In determining the value of tenant relationship intangibles, we consider the expectation of lease renewals, the nature and extent of our existing relationship with the tenant, prospects for developing new business with the tenant and the tenant s credit profile. We also consider estimated costs to execute a new lease, including estimated leasing commissions and legal costs, as well as estimated carrying costs of the property during a hypothetical expected lease-up period. We determine these values using our estimates or by relying in part upon third-party appraisals.

***Basis of Consolidation***

When we obtain an economic interest in an entity, we evaluate the entity to determine if it is deemed a VIE and, if so, whether we are deemed to be the primary beneficiary and are therefore required to consolidate the entity. Significant judgment is required to determine whether a VIE should be consolidated. We review the contractual arrangements provided for in the partnership agreement or other related contracts to determine whether the entity is considered a VIE under current authoritative accounting guidance, and to establish whether we have any variable interests in the VIE. We then compare our variable interests, if any, to those of the other variable interest holders to determine which party is the primary beneficiary of a VIE based on whether the entity (i) has the power to direct the activities that most significantly impact the economic performance of the VIE, and (ii) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

For an entity that is not considered to be a VIE, the general partners in a limited partnership (or similar entity) are presumed to control the entity regardless of the level of their ownership and, accordingly, may be required to consolidate the entity. We evaluate the partnership agreements or other relevant contracts to determine whether there are provisions in the agreements that would overcome this presumption. If the agreements provide the limited partners with either (a) the substantive ability to dissolve or liquidate the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights, the limited partners rights overcome the presumption of control by a general partner of the limited partnership, and, therefore, the general partner must account for its investment in the limited partnership using the equity method of accounting.

When we obtain an economic interest in an entity that is structured at the date of acquisition as a tenancy-in-common interest, we evaluate the tenancy-in-common agreements or other relevant documents to ensure that the entity does not qualify as a VIE and does not meet the control requirement required for consolidation. We also use judgment in determining whether the shared decision-making involved in a tenancy-in-common interest investment creates an opportunity for us to have significant influence on the operating and financial decisions of these investments and thereby creates some responsibility by us for a return on our investment. We account for tenancy-in-common interests under the equity method of accounting.

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*Impairments*

On a quarterly basis, we assess whether there are any indicators that the value of our long-lived assets may be impaired or that their carrying value may not be recoverable. These impairment indicators include, but are not limited to, the vacancy of a property that is not subject to a lease; a lease default by a tenant that is experiencing financial difficulty; the termination of a lease by a tenant or the rejection of a lease in a bankruptcy proceeding. We may incur impairment charges on long-lived assets, including real estate, direct financing leases, assets held for sale and equity investments in real estate. We may also incur impairment charges on marketable securities. Estimates and judgments used when evaluating whether these assets are impaired are presented below.

*Real Estate* For real estate assets in which an impairment indicator is identified, we follow a two-step process to determine whether an asset is impaired and to determine the amount of the charge. First, we compare the carrying value of the property to the future net undiscounted cash flow that we expect the property will generate, including any estimated proceeds from the eventual sale of the property. The undiscounted cash flow analysis requires us to make our best estimate of market rents, residual values and holding periods. We estimate market rents and residual values using market information from outside sources such as broker quotes or recent comparable sales. In cases where the available market information is not deemed appropriate, we perform a future net cash flow analysis discounted for inherent risk associated with each asset to determine an estimated fair value. As our investment objective is to hold properties on a long-term basis, holding periods used in the undiscounted cash flow analysis generally range from five to ten years. Depending on the assumptions made and estimates used, the future cash flow projected in the evaluation of long-lived assets can vary within a range of outcomes. We consider the likelihood of possible outcomes in determining the best possible estimate of future cash flows. If the future net undiscounted cash flow of the property is less than the carrying value, the property is considered to be impaired. We then measure the loss as the excess of the carrying value of the property over its estimated fair value. The property s estimated fair value is primarily determined using market information from outside sources such as broker quotes or recent comparable sales.

*Direct Financing Leases* We review our direct financing leases at least annually to determine whether there has been an other-than-temporary decline in the current estimate of residual value of the property. The residual value is our estimate of what we could realize upon the sale of the property at the end of the lease term, based on market information from outside sources such as broker quotes or recent comparable sales. If this review indicates that a decline in residual value has occurred that is other-than-temporary, we recognize an impairment charge and revise the accounting for the direct financing lease to reflect a portion of the future cash flow from the lessee as a return of principal rather than as revenue. While we evaluate direct financing leases, if there are any indicators that the residual value may be impaired, the evaluation of a direct financing lease can be affected by changes in long-term market conditions even though the obligations of the lessee are being met.

When we enter into a contract to sell the real estate assets that are recorded as direct financing leases, we evaluate whether we believe it is probable that the disposition will occur. If we determine that the disposition is probable and therefore the asset s holding period is reduced, we record an allowance for credit losses to reflect the change in the estimate of the undiscounted future rents. Accordingly, the net investment balance is written down to fair value.

*Assets Held for Sale* We classify real estate assets that are accounted for as operating leases as held for sale when we have entered into a contract to sell the property, all material due diligence requirements have been satisfied and we believe it is probable that the disposition will occur within one year. When we classify an asset as held for sale, we calculate its estimated fair value as the expected sale price, less expected selling costs. We base the expected sale price on the contract and the expected selling costs on information provided by brokers and legal counsel. We then compare the asset s estimated fair value to its carrying value, and if the estimated fair value is less than the property s carrying value, we reduce the carrying value to the estimated fair value. We will continue to review the property for subsequent changes in the estimated fair value, and may recognize an additional impairment charge if warranted.

If circumstances arise that we previously considered unlikely and, as a result, we decide not to sell a property previously classified as held for sale, we reclassify the property as held and used. We measure and record a property that is reclassified as held and used at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held and used, or (ii) the estimated fair value at the date of the subsequent decision not to sell.

*Equity Investments in Real Estate* We evaluate our equity investments in real estate on a periodic basis to determine if there are any indicators that the value of our equity investment may be impaired and to establish whether or not that impairment is other-than-temporary. To the extent impairment has occurred, we measure the charge as the excess of the carrying value of our investment over its estimated fair value, which is determined by multiplying the estimated fair value of the underlying venture s net assets by our ownership interest percentage. For our unconsolidated ventures in real estate, we calculate the estimated fair value of the underlying venture s real estate or net investment in direct financing lease as described in Real Estate and Direct Financing Leases above. The fair value of the underlying venture s debt, if any, is calculated based on market interest rates and other market information. The fair value of the underlying venture s other financial assets and liabilities (excluding net investment in direct financing leases) have fair values that approximate their carrying values.

***Income Taxes***

We have elected to be treated as a REIT under Sections 856 through 860 of the Code. In order to maintain our qualification as a REIT, we are required to, among other things, distribute at least 90% of our REIT net taxable income to our stockholders (excluding net capital gains) and meet certain tests regarding the nature of our income and assets. As a REIT, we are not subject to federal income tax with respect to the portion of our income that meets certain criteria and is distributed annually to stockholders. Accordingly, no provision for federal income taxes is included in the consolidated financial statements of CPA®:15 with respect to these operations. We believe we have operated, and we intend to continue to operate, in a manner that allows us to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. If we were to fail to meet these requirements, we would be subject to federal income tax.

We conduct business in various states and municipalities within the U.S. and internationally and, as a result, we or one or more of our subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and certain foreign jurisdictions. As a result, we are subject to certain state, local and foreign taxes and a provision for such taxes is included in the consolidated financial statements of CPA®:15.

Significant judgment is required in determining our tax provision and in evaluating our tax positions. We establish tax reserves in accordance using a benefit recognition model, which we believe could result in a greater amount of benefit (and a lower amount of reserve) being initially recognized in certain circumstances. Provided that the tax position is deemed more likely than not of being sustained, we recognize the largest amount of tax benefit that is greater than 50 percent likely of being ultimately realized upon settlement. The tax position must be derecognized when it is no longer more likely than not of being sustained.

**Supplemental Financial Measures**

In the real estate industry, analysts and investors employ certain non-GAAP supplemental financial measures in order to facilitate meaningful comparisons between periods and among peer companies. Additionally, in the formulation of our goals and in the evaluation of the effectiveness of our strategies, we employ the use of supplemental non-GAAP measures, which are uniquely defined by our management. We believe these measures are useful to investors to consider because they may assist them to better understand and measure the performance of our business over time and against similar companies. A description of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures are provided below.

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*FFO and MFFO*

Due to certain unique operating characteristics of real estate companies, as discussed below, NAREIT, an industry trade group, has promulgated a measure known as FFO, which we believe to be an appropriate supplemental measure to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental performance measure. FFO is not equivalent to nor a substitute for net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as revised in February 2004, or the White Paper. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from sales of property, real estate-related impairment charges, depreciation and amortization; and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO. Our FFO calculation complies with NAREIT s policy described above.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time, especially if such assets are not adequately maintained or repaired and renovated as required by relevant circumstances and/or is requested or required by lessees for operational purposes in order to maintain the value disclosed. We believe that, since real estate values historically rise and fall with market conditions, including inflation, interest rates, the business cycle, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation may be less informative. Historical accounting for real estate involves the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate-related depreciation and amortization as well as impairment charges of real estate-related assets, provides a more complete understanding of our performance to investors and to management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income. In particular, we believe it is appropriate to disregard impairment charges, as this is a fair value adjustment that is largely based on market fluctuations and assessments regarding general market conditions which can change over time. An asset will only be evaluated for impairment if certain impairment indications exist and if the carrying, or book value, exceeds the total estimated undiscounted future cash flows (including net rental and lease revenues, net proceeds on the sale of the property, and any other ancillary cash flows at a property or group level under GAAP) from such asset. Investors should note, however, that determinations of whether impairment charges have been incurred are based partly on anticipated operating performance, because estimated undiscounted future cash flows from a property, including estimated future net rental and lease revenues, net proceeds on the sale of the property, and certain other ancillary cash flows, are taken into account in determining whether an impairment charge has been incurred. While impairment charges are excluded from the calculation of FFO described above, investors are cautioned that, due to the fact that impairments are based on estimated future undiscounted cash flows and the relatively limited term of our operations, it could be difficult to recover any impairment charges. However, FFO and MFFO, as described below, should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating the operating performance of the company. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP FFO and MFFO measures and the adjustments to GAAP in calculating FFO and MFFO.

Changes in the accounting and reporting promulgations under GAAP (for acquisition fees and expenses from a capitalization/depreciation model to an expensed-as-incurred model) were put into effect in 2009. These other changes to GAAP accounting for real estate subsequent to the establishment of NAREIT s definition of FFO have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses for all industries as items that are expensed under GAAP, that are typically accounted for as operating expenses. Management believes these fees and expenses do not affect our overall long-term operating performance. Publicly registered, non-listed REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operation. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that non-listed REITs are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after acquisition activity ceases. In the prospectus for our follow-on offering dated March 19, 2003 (the Prospectus ), we stated our intention to begin considering liquidity events (i.e., listing of our common stock on a national exchange, a merger or sale of our assets or another similar transaction) for investors generally commencing eight years following the investment of substantially all of the proceeds from our public offerings, which occurred in 2004, and as described in this joint proxy statement/prospectus, we entered into an agreement to merge with our advisor, subject to stockholder approval. Thus, we do not intend to continuously purchase assets and intend to have a limited life. Due to the above factors and other unique features of publicly registered, non-listed REITs, the IPA, an industry trade group, has standardized a measure known as MFFO, which the IPA has recommended as a supplemental measure for publicly registered non-listed REITs and which we believe to be another appropriate supplemental measure to reflect the operating performance of a non-listed REIT having the characteristics described above. MFFO is not equivalent to our net income or loss as determined under GAAP, and MFFO may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate with a limited life and targeted exit strategy, as currently intended. We believe that, because MFFO excludes costs that we consider more reflective of investing activities and other non-operating items included in FFO and also excludes acquisition fees and expenses that affect our operations only in periods in which properties are acquired, MFFO can provide, on a going forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of our operating performance after the period in which we are acquiring properties and once our portfolio is in place. By providing MFFO, we believe we are presenting useful information that assists investors and analysts to better assess the sustainability of our operating performance now that our offering has been completed and essentially all of our properties have been acquired. We also believe that MFFO is a recognized measure of sustainable operating performance by the non-listed REIT industry. Further, we believe MFFO is useful in comparing the sustainability of our operating performance since our offering and essentially all of our acquisitions are completed with the sustainability of the operating performance of other real estate companies that are not as involved in acquisition activities. Investors are cautioned that MFFO should only be used to assess the sustainability of a company s operating performance after a company s offering has been completed and properties have been acquired, as it excludes acquisition costs that have a negative effect on a company s operating performance during the periods in which properties are acquired.

We define MFFO, a non-GAAP measure, consistent with the IPA s Guideline 2010-01, Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations, or the Practice Guideline, issued by the IPA in November 2010. The Practice Guideline defines MFFO as FFO further adjusted for the following items, as applicable, included in the determination of GAAP net income: acquisition fees and expenses; amounts relating to deferred rent receivables and amortization of above and below market leases and liabilities (which are adjusted in order to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments); accretion of discounts and amortization of premiums on debt investments; nonrecurring impairments of real estate-related investments (*i.e.*, infrequent or unusual, not reasonably likely to recur in the ordinary course of business); mark-to-market adjustments included in net income; nonrecurring gains or losses included in net income from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan, unrealized gains or losses resulting from consolidation from, or deconsolidation to, equity accounting, and after adjustments for consolidated and unconsolidated partnerships and joint ventures, with such adjustments calculated to reflect MFFO on the same basis. The accretion of discounts and amortization of premiums on debt investments, nonrecurring unrealized gains and losses on hedges, foreign exchange, derivatives or securities holdings, unrealized gains and losses resulting from consolidations, as well as other listed cash flow adjustments are adjustments made to net income in calculating the cash flows provided by operating activities and, in some cases, reflect gains or losses which are unrealized and may not ultimately be realized. While we are responsible for managing interest rate, hedge and foreign exchange risk, we retain an outside consultant to review all our hedging agreements. Inasmuch as interest rate hedges are not a fundamental part of our operations, we believe it is appropriate to exclude such infrequent gains and losses in calculating MFFO, as such gains and losses are not reflective of on-going operations.

Our MFFO calculation complies with the IPA s Practice Guideline described above. In calculating MFFO, we exclude acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments of derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. Under GAAP, acquisition fees and expenses are characterized as operating expenses in determining operating net income. These expenses are paid in cash by a company. All paid and accrued acquisition fees and expenses will have negative effects on returns to investors, the potential for future distributions, and cash flows generated by the company, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to such property. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income in determining cash flow from operating activities. In addition, we view fair value adjustments of derivatives and gains and losses from dispositions of assets as infrequent items or items which are unrealized and may not ultimately be realized, and which are not reflective of on-going operations and are therefore typically adjusted for assessing operating performance.

Our management uses MFFO and the adjustments used to calculate it in order to evaluate our performance against other non-listed REITs which have limited lives with short and defined acquisition periods and targeted exit strategies shortly thereafter. As noted above, MFFO may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate in this manner. We believe that our use of MFFO and the adjustments used to calculate it allow us to present our performance in a manner that reflects certain characteristics that are unique to non-listed REITs, such as their limited life, limited and defined acquisition period and targeted exit strategy, and hence that the use of such measures is useful to investors. For example, acquisition costs were generally funded from the proceeds of our offering and other financing sources and not from operations. By excluding expensed acquisition costs, the use of MFFO provides information consistent with management s analysis of the operating performance of the properties. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, we believe MFFO provides useful supplemental information.

Presentation of this information is intended to provide useful information to investors as they compare the operating performance of different REITs, although it should be noted that not all REITs calculate FFO and MFFO the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and MFFO are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as an indication of our performance, as an alternative to cash flows from operations as an indication of our liquidity, or indicative of funds available to fund our cash needs including our ability to make distributions to our stockholders. FFO and MFFO should be reviewed in conjunction with other GAAP measurements as an indication of our performance.

Neither the SEC, NAREIT nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, the SEC, NAREIT or another regulatory body may decide to standardize the allowable adjustments across the non-listed REIT industry and we would have to adjust our calculation and characterization of FFO or MFFO accordingly.

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FFO and MFFO for all periods presented are as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Net income (loss) attributable to CPA®:15 Global stockholders | $ 56,693 | $ 59,777 | $ (248) |
| Adjustments: | | | |
| Depreciation and amortization of real property | 56,677 | 59,179 | 63,285 |
| Impairment charges and allowance for credit losses | 30,168 | 18,176 | 56,345 |
| Gain on sale of real estate, net | (3,984) | (33,001) | (11,332) |
| Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO: | | | |
| Depreciation and amortization of real property | 9,566 | 8,360 | 8,109 |
| Impairment charges | 1,723 | 9,621 | 10,284 |
| Gain on sale of real estate | (9,559) | (196) | (3) |
| Proportionate share of adjustments for noncontrolling interests to arrive at FFO | (22,224) | (4,865) | (17,369) |
| Total adjustments | 62,367 | 57,274 | 109,319 |
| FFO as defined by NAREIT (a) | 119,060 | 117,051 | 109,071 |
| Adjustments: | | | |
| Other depreciation, amortization and non-cash charges | 829 | (708) | (1,451) |
| Straight-line and other rent adjustments | (3,485) | 1,133 | (604) |
| (Gain) loss on extinguishment of debt | (3,462) | | 500 |
| Gain on deconsolidation of subsidiary | (4,501) | (11,493) | |
| Acquisition expenses (b) | 695 | 694 | 51 |
| Above (below)-market rent intangible lease amortization, net | 5,318 | 8,529 | 7,449 |
| (Accretion) amortization of discounts/amortization of premiums on debt investments, net (c) | (61) | 49 | 294 |
| Realized (gains) losses on foreign currency, derivatives and other (d) | (2,525) | 893 | 28 |
| Unrealized losses on mark-to-market adjustments | 20 | 248 | 477 |
| Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at MFFO: (e) | | | |
| Other depreciation, amortization and non-cash charges (f) | 145 | 329 | 441 |
| Straight-line and other rent adjustments | (444) | 18 | 771 |
| Loss on extinguishment of debt | 88 | | |
| Acquisition expenses (b) | 144 | 12 | 3 |
| Above (below)-market rent intangible lease amortization, net | 507 | 444 | 241 |
| Realized gains on foreign currency, derivatives and other (d) | (17) | (294) | (338) |
| Proportionate share of adjustments for noncontrolling interests to arrive at MFFO (e) | 3,324 | 863 | (1,095) |
| Total adjustments | (3,425) | 717 | 6,767 |
| MFFO (b) (c) | $ 115,635 | $ 117,768 | $ 115,838 |
| Distributions declared for the applicable period (g) | $ 94,837 | $ 92,378 | $ 89,582 |

(a) The SEC Staff has recently stated that they take no position on the inclusion or exclusion of impairment write-downs in arriving at FFO. Since 2003, NAREIT has taken the position that the exclusion of impairment charges is consistent with its definition of FFO. Accordingly, we have revised our computation of FFO to exclude impairment charges, if any, in arriving at FFO for all periods presented.

(b) Under GAAP, rental receipts are allocated to periods using various methodologies. This may result in income recognition that is significantly different than underlying contract terms. By adjusting for these items (to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments), management believes that MFFO provides useful supplemental information on the realized economic impact of lease terms and debt investments, provides insight on the contractual cash flows of such lease terms and debt investments, and aligns results with management s analysis of operating performance.

(c) In evaluating investments in real estate, management differentiates the costs to acquire the investment from the operations derived from the investment. Such information would be comparable only for non-listed REITs that have completed their acquisition activity and have other similar operating characteristics. By excluding expensed acquisition costs, management believes MFFO provides useful supplemental information that is comparable for each type of real estate investment and is consistent with management s analysis of the investing and operating performance of our properties. Acquisition fees and expenses include payments to our advisor or third parties. Acquisition fees and expenses under GAAP are considered operating expenses and as expenses included in the determination of net income and income from continuing operations, both of which are performance measures under GAAP. All paid and accrued acquisition fees and expenses will have negative effects on returns to stockholders, the potential for future distributions, and cash flows generated by us, unless earnings from operations or net sales proceeds from the disposition of properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to the property.

(d) Under GAAP, certain intangibles are accounted for at cost and reviewed at least annually for impairment, and certain intangibles are assumed to diminish predictably in value over time and amortized, similar to depreciation and amortization of other real estate related assets that are excluded from FFO. However, because real estate values and market lease rates historically rise or fall with market conditions, management believes that by excluding charges relating to amortization of these intangibles, MFFO provides useful supplemental information on the performance of the real estate.

(e) Management believes that adjusting for fair value adjustments for derivatives provides useful information because such fair value adjustments are based on market fluctuations and may not be directly related or attributable to our operations.

(f) Management believes that adjusting for mark-to-market adjustments is appropriate because they are non-recurring items that may not be reflective of on-going operations and reflect unrealized impacts on value based only on then current market conditions, although they may be based upon current operational issues related to an individual property or industry or general market conditions. The need to reflect mark-to-market adjustments is a continuous process and is analyzed on a quarterly and/or annual basis in accordance with GAAP.

(g) Distribution data is presented for comparability; however, management utilizes our adjusted cash flow from operating activities measure to analyze our dividend coverage. See below for a discussion of the source of these distributions.

***Adjusted Cash Flow from Operating Activities***

Adjusted cash flow from operating activities refers to our cash flow from operating activities (as computed in accordance with GAAP) adjusted, where applicable, primarily to: add cash distributions that we receive from our investments in unconsolidated real estate joint ventures in excess of our equity income; subtract cash distributions that we make to our noncontrolling partners in real estate joint ventures that we consolidate; and eliminate changes in working capital. We hold a number of interests in real estate joint ventures, and we believe that adjusting our GAAP cash flow provided by operating activities to reflect these actual cash receipts and cash payments, as well as eliminating the effect of timing differences between the payment of certain liabilities and the receipt of certain receivables in a period other than that in which the item is recognized, may give investors additional information about our actual cash flow that is not incorporated in cash flow from operating activities as defined by GAAP.

We believe that adjusted cash flow from operating activities is a useful supplemental measure for assessing the cash flow generated from our core operations as it gives investors important information about our liquidity that is not provided within cash flow from operating activities as defined by GAAP, and we use this measure when evaluating distributions to stockholders.

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The following summarizes our cash flows for all periods presented (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Cash flow provided by operating activities | $ 163,566 | $ 168,725 | $ 164,475 |
| Cash flow provided by (used in) investing activities | $ 170,301 | $ 96,611 | $ (2,030) |
| Cash flow used in financing activities | $ (282,756) | $ (227,636) | $ (207,142) |

Adjusted cash flow from operating activities for all periods presented is as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Cash flow provided by operating activities | $ 163,566 | $ 168,725 | $ 164,475 |
| Adjustments: | | | |
| Distributions received from equity investments in real estate in excess of equity income, net | 1,946 | 5,318 | 7,414 |
| Distributions paid to noncontrolling interests, net | (26,541) | (32,424) | (35,911) |
| Changes in working capital | 2,859 | (3,286) | 4,522 |
| Adjusted cash flow from operating activities [(a)] | $ 141,830 | $ 138,333 | $ 140,500 |
| Distributions declared | $ 94,837 | $ 92,378 | $ 89,582 |

(a) During 2011, we made an adjustment to exclude the impact of escrow funds from adjusted cash flow from operating activities for those escrow funds representing investing and/or financing activities. Adjusted cash flow from operating activities for the years ended December 31, 2010 and 2009 have been adjusted to reflect such reclassifications.

While we believe that adjusted cash flow from operating activities is an important supplemental measure, it should not be considered an alternative to cash flow from operating activities as a measure of liquidity. This non-GAAP measure should be used in conjunction with cash flow from operating activities as defined by GAAP. Adjusted cash flow from operating activities, or similarly titled measures disclosed by other REITs, may not be comparable to our adjusted cash flow from operating activities measure.

**Quantitative and Qualitative Disclosures About Market Risk**

***Market Risk***

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates and equity prices. The primary risks to which we are exposed are interest rate risk and foreign currency exchange risk. We are exposed to further market risk due to concentrations of tenants in particular industries and/or geographic region. Adverse market factors can affect the ability of tenants in a particular industry/region to meet their respective lease obligations. In order to manage this risk, we view our collective tenant roster as a portfolio, and in its investment decisions the advisor attempts to diversify our portfolio so that we are not overexposed to a particular industry or geographic region.

Generally, we do not use derivative instruments to manage foreign currency exchange rate risk exposure and do not use derivative instruments to hedge credit/market risks or for speculative purposes.

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*Interest Rate Risk*

The value of our real estate and related fixed rate debt obligations is subject to fluctuations based on changes in interest rates. The value of our real estate is also subject to fluctuations based on local and regional economic conditions and changes in the creditworthiness of lessees, all of which may affect our ability to refinance property-level mortgage debt when balloon payments are scheduled. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. An increase in interest rates would likely cause the value of our owned assets to decrease. Increases in interest rates may also have an impact on the credit profile of certain tenants.

Although we have not experienced any credit losses on investments in loan participations, in the event of a significant rising interest rate environment, loan defaults could occur and result in our recognition of credit losses, which could adversely affect our liquidity and operating results. Further, such defaults could have an adverse effect on the spreads between interest earning assets and interest bearing liabilities.

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we attempt to obtain non-recourse mortgage financing on a long-term, fixed-rate basis. However, from time to time, we or our venture partners may obtain variable-rate non-recourse mortgage loans and, as a result, may enter into interest rate swap agreements or interest rate cap agreements that effectively convert the variable-rate debt service obligations of the loan to a fixed rate. Interest rate swaps are agreements in which one party exchanges a stream of interest payments for a counterparty s stream of cash flow over a specific period, and interest rate caps limit the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. These interest rate swaps and caps are derivative instruments designated as cash flow hedges on the forecasted interest payments on the debt obligation. The notional, or face, amount on which the swaps or caps are based is not exchanged. Our objective in using these derivatives is to limit our exposure to interest rate movements.

We estimate that the fair value of our interest rate swaps, which are included in Accounts payable, accrued expenses and other liabilities in the consolidated financial statements of CPA®:15, was in a net liability position of $13.9 million, inclusive of amounts attributable to noncontrolling interests of $3.5 million, at December 31, 2011.

Certain of our unconsolidated ventures, in which we have interests ranging from 30% to 50%, have obtained participation rights in interest rate swaps obtained by the lenders of non-recourse mortgage financing to the ventures. The participation rights are deemed to be embedded credit derivatives. These derivatives generated a total unrealized loss of less than $0.1 million during 2011, representing the total amount attributable to the ventures, not our proportionate share. Because of current market volatility, we are experiencing significant fluctuation in the unrealized gains and losses generated from these derivatives and expect this trend to continue until market conditions stabilize.

At December 31, 2011, substantially all of our long-term debt either bore interest at fixed rates, was swapped or capped to a fixed rate, or bore interest at fixed rates that were scheduled to convert to then-prevailing market fixed rates at certain future points during their term. The annual interest rates on our fixed-rate debt at December 31, 2011 ranged from 3.6% to 10.0%. The annual interest rates on our variable-rate debt at December 31, 2011 ranged from 5.1% to 7.6%. Our debt obligations are more fully described under Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition above. The following table presents principal cash flows based upon expected maturity dates of our debt obligations outstanding at December 31, 2011 (in thousands):

| | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total | Fair value |
|---|---|---|---|---|---|---|---|---|
| Fixed rate debt | $ 128,705 | $ 133,036 | $ 277,073 | $ 180,486 | $ 21,830 | $ 330,239 | $ 1,071,369 | $ 1,079,957 |
| Variable rate debt | $ 12,527 | $ 9,724 | $ 87,036 | $ 3,547 | $ 3,640 | $ 134,101 | $ 250,575 | $ 253,529 |

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The estimated fair value of our fixed-rate debt and our variable-rate debt that currently bears interest at fixed rates or has effectively been converted to a fixed rate through the use of interest rate swaps or caps is affected by changes in interest rates. A decrease or increase in interest rates of 1% would change the estimated fair value of this debt at December 31, 2011 by an aggregate increase of $39.9 million or an aggregate decrease of $38.4 million, respectively. This debt is generally not subject to short-term fluctuations in interest rates.

***Foreign Currency Exchange Rate Risk***

We own investments in the European Union and as a result are subject to risk from the effects of exchange rate movements in various foreign currencies, primarily the Euro and, to a lesser extent, the British Pound Sterling, which may affect future costs and cash flows. Investments denominated in the Euro accounted for approximately 35% of our annualized contractual minimum base rent at December 31, 2011. We manage foreign currency exchange rate movements by generally placing both our debt obligation to the lender and the tenant s rental obligation to us in the same currency. This reduces our overall exposure to the actual equity that we have invested and the equity portion of our cash flow. In addition, we may use currency hedging to further reduce the exposure to our equity cash flow. We are generally a net receiver of these currencies (we receive more cash than we pay out), and therefore our foreign operations benefit from a weaker U.S. dollar, and are adversely affected by a stronger U.S. dollar, relative to the foreign currency. For 2011, we recognized net realized foreign currency transaction gains of $1.3 million and unrealized foreign currency transaction losses of $0.9 million, respectively. These gains and losses are included in Other income and (expenses) in the consolidated financial statements of CPA®:15 and were primarily due to changes in the value of the foreign currency on accrued interest receivable on notes receivable from consolidated subsidiaries. Through the date of this joint proxy statement/prospectus, we had not entered into any foreign currency forward contracts to hedge the effects of adverse fluctuations in foreign currency exchange rates.

We have obtained mortgage financing in local currency. To the extent that currency fluctuations increase or decrease rental revenues as translated to U.S. dollars, the change in debt service, as translated to U.S. dollars, will partially offset the effect of fluctuations in revenue and, to some extent, mitigate the risk from changes in foreign currency exchange rates.

Scheduled future minimum rents, exclusive of renewals, under non-cancelable operating leases, for our foreign operations during each of the next five years and thereafter, are as follows (in thousands):

| **Lease Revenues (a)** | **2012** | **2013** | **2014** | **2015** | **2016** | **Thereafter** | **Total** |
|---|---|---|---|---|---|---|---|
| Euro | $ 83,893 | $ 83,944 | $ 84,362 | $ 71,924 | $ 59,764 | $ 394,604 | $ 778,491 |
| British pound sterling | 1,331 | 1,376 | 1,506 | 1,506 | 1,506 | 31,900 | 39,125 |
| | $ 85,224 | $ 85,320 | $ 85,868 | $ 73,430 | $ 61,270 | $ 426,504 | $ 817,616 |

| **Debt service (a) (b)** | **2012** | **2013** | **2014** | **2015** | **2016** | **Thereafter** | **Total** |
|---|---|---|---|---|---|---|---|
| Euro | $ 74,128 | $ 51,330 | $ 194,431 | $ 170,122 | $ 21,848 | $ 258,206 | $ 770,065 |
| British pound sterling | 726 | 719 | 788 | 10,578 | | | 12,811 |
| | $ 74,854 | $ 52,049 | $ 195,219 | $ 180,700 | $ 21,848 | $ 258,206 | $ 782,876 |

(a) Based on the applicable exchange rates at December 31, 2011. Contractual rents and debt obligations are denominated in the functional currency of the country of each property.

(b) Interest on unhedged variable-rate debt obligations was calculated using the applicable annual interest rates and balances outstanding at December 31, 2011.

As a result of scheduled balloon payments on non-recourse mortgage loans, projected debt service obligations exceed projected lease revenues in 2014 and 2015. In 2014 and 2015, balloon payments totaling $147.5 million and $155.2 million, respectively, are due on four and two, respectively, non-recourse mortgage

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loans that are collateralized by properties that we own with affiliates. We currently anticipate that, by their respective due dates, we will have refinanced certain of these loans, but there can be no assurance that we will be able to do so on favorable terms, if at all. If that has not occurred, we would expect to use our cash resources, including unused capacity on our line of credit, to make these payments, if necessary.

***Other***

We own stock warrants that were granted to us by lessees in connection with structuring initial lease transactions and that are defined as derivative instruments because they are readily convertible to cash or provide for net settlement upon conversion. Changes in the fair value of these derivative instruments are determined using an option pricing model and are recognized currently in earnings as gains or losses. At December 31, 2011, warrants issued to us were classified as derivative instruments and had an aggregate estimated fair value of $1.7 million, which is included in Other assets, net within the consolidated financial statements of CPA®:15.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Beneficial Ownership as used in this joint proxy statement/prospectus has been determined in accordance with the rules and regulations of the SEC and is not to be construed as a representation that any of such shares are in fact beneficially owned by any person. The following table shows the number of shares of our common stock the directors and executive officers beneficially owned as of February 15, 2012.

No other director or executive officer beneficially owned more than 1% of our common stock. The directors and executive officers as a group owned 0.02% of our common stock as of February 15, 2012. Directors and Named Executive Officers who owned no shares are not listed in the table. The business address of the Directors and Named Executive Officers listed below is the address of our principal executive office, 50 Rockefeller Plaza, New York, NY 10020.

| Name and Beneficial Owner | Amount and Nature of Beneficial Ownership | Percentage of Class |
|---|---|---|
| Marshall E. Blume | 2,994 | * |
| Elizabeth P. Munson | 5,933 | * |
| Richard J. Pinola | 10,559 | 0.01% |
| James D. Price | 3,923 | * |
| Thomas E. Zacharias | 1,090 | * |
| Trevor P. Bond | 1 | * |
| All Directors and Executive Officers as a Group (9 Individuals) | 24,500 | 0.02% |

* Less than 0.01%

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## THE COMBINED COMPANY

*Except as noted below under Directors and Officers of the Combined Company and Executive Compensation, when used in this section, unless otherwise specifically stated or the context otherwise requires, the terms the Company, we, our and us refer to W. P. Carey Inc. and its subsidiaries, including the taxable REIT subsidiaries, with respect to the period after the Merger and the REIT Conversion.*

Following completion of the Merger and the REIT Conversion, W. P. Carey Inc. will succeed to and continue the businesses of W. P. Carey and CPA®:15. There will be no fundamental change to the core investment strategies and methods of operation of either W. P. Carey or CPA®:15. The combined company s board of directors and senior management team will consist of members of the board of directors and senior management team of W. P. Carey prior to the Merger and the REIT Conversion, including Benjamin H. Griswold as Non-Executive Chairman and Trevor P. Bond as Chief Executive Officer.

The combined company will own and operate properties encompassing approximately 42.0 million square feet diversified across geographies, industries and property types in U.S. and European markets. As of December 31, 2011, the pro forma combined portfolio was more than 95% leased.

The following tables set forth certain information for the properties and interests in properties to be owned by the combined company as of December 31, 2011.

### Combined Property Listing

**The Combined Company s Portfolio**

| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | Pre-Merger Ownership Interests W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **24 Hour Fitness USA, Inc.** | | | | | | | | |
| Memphis, TN | 100.00% | | 43,311 | $ 23.89 | 1,034,678 | CPI | 07/2017 | 07/2033 |
| Bedford, TX | 100.00% | | 46,658 | $ 17.64 | 823,004 | CPI | 10/2019 | 10/2039 |
| Englewood, CO | 100.00% | | 47,441 | $ 24.43 | 1,159,101 | FIXED | 04/2022 | 04/2032 |
| Austin, TX | | 100.00% | 43,935 | $ 21.67 | 952,084 | CPI | 06/2017 | 06/2037 |
| | | | 181,345 | | 3,968,867 | | | |
| **Actuant** | | | | | | | | |
| Kahl, Germany | 50.05% | | 152,999 | $ 6.91 | 1,057,384 | GPI | 01/2021 | 01/2031 |
| **Advanced Micro Devices, Inc.** | | | | | | | | |
| Sunnyvale, CA | 33.33% | | 120,655 | $ 33.00 | 3,981,093 | CPI | 12/2018 | 12/2038 |
| **American Pad & Paper LLC** | | | | | | | | |
| Mattoon, IL; Morristown, TN | 100.00% | | 486,507 | $ 1.61 | 780,973 | CPI | 09/2023 | 09/2043 |
| **Ampad Holdings Corporation** | | | | | | | | |
| Westfield, MA | 100.00% | | 169,102 | $ 4.16 | 703,767 | CPI | 09/2023 | 09/2043 |
| **Amylin Pharmaceuticals, Inc.** | | | | | | | | |
| San Diego, CA | | 100.00% | 144,311 | $ 25.92 | 3,740,956 | FIXED | 07/2019 | 07/2029 |
| **Anthony, Inc. and Anthony Holdings, Inc.** | | | | | | | | |
| San Fernando, CA | | 100.00% | 182,845 | $ 6.35 | 1,161,757 | CPI | 05/2012 | 05/2012 |
| **Arch Chemicals, Inc.** | | | | | | | | |
| Alpharetta, GA | 100.00% | | 191,975 | $ 8.00 | 1,536,716 | CPI | 07/2017 | 07/2037 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **AutoZone, Inc.** | | | | | | | | |
| Albany, Augusta, Brunswick and Macon, GA; Albuquerque and Farmington, NM; Houston and San Antonio, TX; Jacksonville, FL; Lexington, SC | | 100.00% | 59,400 | $ 8.83 | 524,391 | NONE | 08/2013 | 08/2038 |
| Alton, Belleville, Collinsville and Wood River, IL; Baton Rouge, Lake Charles and West Monroe, LA; Bessemer, Chickasaw, Decatur, Mobile, Montgomery and Phenix City, AL; Breckenridge, Maplewood, Overland and St. Louis, MO; Columbus, GA | | 100.00% | 106,920 | $ 7.47 | 798,668 | NONE | 02/2016 | 02/2026 |
| Austin, Corpus Christi, Nederland, San Antonio, Victoria, Waco and West Orange, TX; Charlotte, Gastonia, Lenoir and Statesville | | 100.00% | 63,360 | $ 8.25 | 522,899 | NONE | 01/2016 | 01/2026 |
| Hammond, LA; Jacksonville and Panama City, FL; Shelby, NC; St. Peters, MO | | 100.00% | 35,601 | $ 6.71 | 238,815 | FIXED | 08/2012 | 08/2037 |
| Baton Rouge, LA | | 100.00% | 6,600 | $ 3.27 | 21,567 | FIXED | 03/2014 | 03/2024 |
| Baton Rouge, LA | | 100.00% | 5,401 | $ 4.28 | 23,124 | FIXED | 04/2014 | 04/2019 |
| East Ridge, TN | | 100.00% | 6,480 | $ 3.18 | 20,602 | FIXED | 10/2013 | 10/2023 |
| Kannapolis, NC | | 100.00% | 6,408 | $ 3.76 | 24,069 | FIXED | 10/2015 | 10/2025 |
| Knoxville, TN | | 100.00% | 6,660 | $ 3.45 | 23,008 | FIXED | 05/2014 | 05/2024 |
| Morgantown, NC | | 100.00% | 5,400 | $ 3.60 | 19,451 | FIXED | 10/2015 | 08/2019 |
| | | | 302,230 | | 2,216,594 | | | |
| **Barnes & Noble, Inc.** | | | | | | | | |
| Braintree, MA | 100.00% | | 19,661 | $ 40.41 | 794,471 | FIXED | 02/2014 | 02/2024 |
| Farmington, CT | 100.00% | | 21,600 | $ 41.82 | 903,320 | FIXED | 02/2013 | 02/2028 |
| | | | 41,261 | | 1,697,791 | | | |
| **BE Aerospace, Inc.** | | | | | | | | |
| Miami, FL | 100.00% | | 188,065 | $ 8.89 | 1,672,343 | FIXED | 09/2022 | 09/2042 |
| Dallas, TX; Lenexa, KS; Winston-Salem, NC | | 100.00% | 426,990 | $ 3.80 | 1,624,648 | FIXED | 09/2017 | 09/2037 |
| | | | 615,055 | | 3,296,990 | | | |
| **Belgium Government** | | | | | | | | |
| Mons, Belgium | 100.00% | | 122,335 | $ 12.62 | 1,543,416 | CPI | 12/2021 | 12/2021 |
| **BellSouth Corporation** | | | | | | | | |
| Fort Lauderdale, FL | | 100.00% | 80,450 | $ 7.85 | 631,586 | FIXED | 06/2016 | 06/2021 |
| **Benchmark Electronics Manufacturing, Inc.** | | | | | | | | |
| Rochester, MN | 100.00% | | 260,287 | $ 5.75 | 1,497,380 | FIXED | 04/2023 | 04/2043 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage [1] | Rent per Square Foot | Current Annual Rents [1] | Rent Increase Factor [2] | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Berry Plastics, LLC** | | | | | | | | |
| Alsip, IL; Solvay, NY; Tolleson, AZ | 100.00% | | 941,132 | $ 4.17 | 3,925,820 | CPI | 11/2023 | 11/2043 |
| **Builder s FirstSource, Inc.** | | | | | | | | |
| Atlanta, GA; Cincinnati, OH; Elkwood, VA | 40.00% | | 158,024 | $ 4.09 | 645,891 | CPI | 12/2016 | 12/2036 |
| **C1000 Logistiek Vastgoed B.V.** | | | | | | | | |
| Breda, Elst, Gieten, Raalte and Woerden, Netherlands | 15.00% | | 307,029 | $ 7.10 | 2,181,428 | CBS | 01/2026 | 01/2041 |
| **Candle Lamp Company, LLC** | | | | | | | | |
| Memphis, TN | | 100.00% | 75,000 | $ 2.53 | 189,882 | CPI | 03/2014 | 03/2014 |
| **Carrefour France SAS** | | | | | | | | |
| Cholet, Colomiers, Crepy en Valois, Lens, Nimes, Ploufragan, Thiut Hebert and Nimes, France | 54.20% | | 1,382,977 | $ 5.49 | 7,594,214 | FIXED | 06/2015 | 06/2018 |
| Nimes, France | 54.20% | | 210,358 | $ 5.63 | 1,183,839 | FIXED | 06/2016 | 06/2019 |
| Cholet, Colomiers, Crepy en Valois, Lens, Nimes, Ploufragan, Thiut Hebert and Nimes, France | | 45.80% | 1,168,877 | $ 5.49 | 6,418,543 | FIXED | 06/2015 | 06/2018 |
| Nimes, France | | 45.80% | 177,792 | $ 5.63 | 1,000,567 | FIXED | 06/2016 | 06/2019 |
| | | | 2,940,004 | | 14,012,757 | | | |
| **Consolidated Systems, Inc.** | | | | | | | | |
| Columbia, SC | | 60.00% | 338,765 | $ 2.80 | 947,700 | FIXED | 10/2026 | 10/2046 |
| **Custom Food Products, LLC** | | | | | | | | |
| Owingsville, KY | 100.00% | | 37,094 | $ 28.86 | 1,070,481 | CPI | 06/2020 | 06/2035 |
| **Danka Office Imaging Company** | | | | | | | | |
| St. Petersburg, FL | 100.00% | | 337,727 | $ 10.49 | 3,543,303 | CPI | 07/2018 | 07/2038 |
| **Datalogic Scanning, Inc.** | | | | | | | | |
| Eugene, OR | 100.00% | | 110,665 | $ 8.05 | 891,358 | CPI | 09/2020 | 09/2020 |
| **Del Monte Corp.** | | | | | | | | |
| Mendota, IL; Plover, WI; Toppenish and Yakima, WA | 50.00% | | 367,883 | $ 4.79 | 1,763,403 | CPI | 06/2016 | 06/2056 |
| **Deloro Stellite Company, Inc.** | | | | | | | | |
| Goshen, IN | | 100.00% | 52,000 | $ 5.10 | 265,200 | FIXED | 02/2018 | 02/2023 |
| **Detroit Diesel Corp.** | | | | | | | | |
| Hollywood and Orlando, FL | 100.00% | | 81,318 | $ 12.99 | 1,056,293 | CPI | 12/2019 | 12/2039 |
| **Dick s Sporting Goods, Inc.** | | | | | | | | |
| Buffalo, NY | 100.00% | | 80,312 | $ 8.88 | 713,195 | CPI | 01/2024 | 01/2049 |
| Freehold, NJ | 100.00% | | 100,047 | $ 10.93 | 1,093,950 | CPI | 01/2025 | 01/2055 |
| Greenwood, IN | 100.00% | | 84,482 | $ 8.35 | 705,805 | CPI | 01/2024 | 01/2054 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Greenwood, IN | 100.00% | 76,129 | $ 11.36 | 864,536 | FIXED | 01/2025 | 01/2055 |
| | | 340,970 | | 3,377,486 | | | |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Dr. Pepper Snapple Group, Inc.** | | | | | | | | |
| Irving and Houston, TX | | 100.00% | 721,947 | $ 6.89 | 4,972,047 | CPI | 07/2014 | 07/2029 |
| **EADS North America Defense Test & Service** | | | | | | | | |
| Irvine, CA | 100.00% | | 98,631 | $ 16.85 | 1,661,972 | FIXED | 05/2022 | 05/2052 |
| **Eroski Sociedad Cooperativa** | | | | | | | | |
| Mallorca, ES | | 70.00% | 138,383 | $ 12.18 | 1,685,837 | SPCP | 06/2030 | 06/2045 |
| **Fairpoint Communications, Inc.** | | | | | | | | |
| Milton, VT | | 100.00% | 30,624 | $ 7.23 | 221,438 | FIXED | 02/2013 | 02/2013 |
| **Faurecia Exhaust Systems** | | | | | | | | |
| Toledo, OH | | 100.00% | 61,000 | $ 6.35 | 387,415 | CPI | 11/2022 | 11/2022 |
| **Federal Express Corp.** | | | | | | | | |
| College Station, TX | | 100.00% | 12,080 | $ 5.78 | 69,768 | FIXED | 04/2012 | 04/2017 |
| Collierville, TN | | 100.00% | 390,380 | $ 18.58 | 7,252,371 | CPI | 11/2019 | 08/2039 |
| Corpus Christi, TX | | 100.00% | 30,212 | $ 7.05 | 212,973 | FIXED | 05/2012 | 05/2017 |
| | | | 432,672 | | 7,535,112 | | | |
| **Fiserv, Corp.** | | | | | | | | |
| Norcross, GA | | 100.00% | 220,675 | $ 23.64 | 5,216,036 | CPI | 12/2015 | 12/2030 |
| **Fiskars Brands, Inc.** | | | | | | | | |
| Apopka, FL | | 100.00% | 369,537 | $ 3.19 | 1,178,750 | FIXED | 03/2015 | 03/2015 |
| **Foster Wheeler** | | | | | | | | |
| Clinton, NJ | | 100.00% | 292,000 | $ 22.30 | 6,510,470 | CPI | 08/2022 | 08/2042 |
| **Garden Ridge, L.P.** | | | | | | | | |
| Oklahoma City, OK | 100.00% | | 141,585 | $ 6.06 | 857,693 | CPI | 08/2024 | 08/2044 |
| **Gestamp Alabama, LLC** | | | | | | | | |
| McCalla, AL | 100.00% | | 390,000 | $ 4.72 | 1,840,502 | CPI | 12/2018 | 12/2038 |
| **Global Automotive Systems** | | | | | | | | |
| Pinconning, MI | | 100.00% | 220,588 | $ 1.35 | 297,684 | CPI | 07/2018 | 12/2022 |
| **Google, Inc.** | | | | | | | | |
| Venice, CA | | 100.00% | 67,681 | | | FIXED | 10/2025 | 10/2035 |
| **Grande Communications** | | | | | | | | |
| Corpus Christi, Odessa, San Marcos and Waco, TX | 100.00% | | 119,609 | $ 13.94 | 1,667,485 | CPI | 08/2023 | 08/2043 |
| San Marcos, TX | 100.00% | | 14,400 | $ 11.46 | 165,054 | CPI | 06/2024 | 06/2044 |
| | | | 134,009 | | 1,832,539 | | | |
| **Hellweg Die Profi-Baumärkte GmbH & Co KG** | | | | | | | | |
| 37 locations throughout Germany | 40.00% | | 1,255,872 | $ 10.96 | 13,762,094 | GPI | 02/2030 | 02/2037 |
| **Hellweg Die Profi-Baumarkte GmbH Und Co.** | | | | | | | | |
| | 75.00% | | 1,052,318 | $ 10.92 | 11,495,560 | GPI | 02/2030 | 02/2035 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 16 locations throughout Germany | | | | | | | |
| **Hewlett Packard** | | | | | | | |
| Louisville, CO | 100.00% | 403,871 | $ 10.36 | 4,185,309 | CPI | 12/2014 | 12/2034 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Hibbett Sports** | | | | | | | | |
| Birmingham, AL | | 100.00% | 219,312 | $ 4.21 | 924,023 | CPI | 12/2014 | 12/2029 |
| **Hologic, Inc. Corporation** | | | | | | | | |
| Danbury, CT; Bedford, MA | 64.00% | 36.00% | 269,042 | $ 14.18 | 3,815,616 | CPI | 08/2022 | 08/2042 |
| **Humco Holding Group, Inc.** | | | | | | | | |
| Orem, UT; Texarkana, TX | 100.00% | | 164,565 | $ 6.15 | 1,011,557 | CPI | 03/2016 | 03/2016 |
| **Integracolor, Ltd.** | | | | | | | | |
| Mesquite, TX | 100.00% | | 358,987 | $ 5.94 | 2,132,021 | CPI | 06/2022 | 06/2042 |
| **JPMorgan Chase Bank, National Assoc.** | | | | | | | | |
| Fort Worth, TX | | 100.00% | 384,246 | $ 10.05 | 3,861,540 | CPI | 02/2030 | 02/2050 |
| **Juniper Networks, Inc.** | | | | | | | | |
| Sunnyvale, CA | | 100.00% | 50,311 | $ | | | 11/2016 | 11/2021 |
| **Kenyon International Emergency Services** | | | | | | | | |
| Houston, TX | | 100.00% | 17,725 | $ 5.40 | 95,715 | NONE | 10/2014 | 10/2019 |
| **Kerr Corporation** | | | | | | | | |
| Bowling Green, KY; Jackson, TN | 100.00% | | 367,965 | $ 4.58 | 1,685,568 | FIXED | 08/2021 | 08/2051 |
| **L-3 Communications** | | | | | | | | |
| San Diego, CA | | 100.00% | 166,403 | $ 18.36 | 3,054,816 | CPI | 07/2012 | 07/2017 |
| **L-3 Communications SSG-Tinsley, Inc.** | | | | | | | | |
| Richmond, CA | 100.00% | | 37,696 | $ 17.24 | 650,024 | CPI | 11/2022 | 11/2036 |
| **Learning Care Group, Inc.** | | | | | | | | |
| 12 locations throughout the U.S. | 66.07% | | 55,724 | $ 19.58 | 1,090,800 | CPI | 01/2016 | 01/2041 |
| Naperville, IL | 100.00% | | 7,893 | $ 18.93 | 149,432 | CPI | 06/2021 | 06/2021 |
| 12 locations throughout the U.S. | | 33.93% | 28,617 | $ 19.58 | 560,177 | CPI | 01/2016 | 01/2041 |
| | | | 92,234 | | 1,800,408 | | | |
| **Life Time Fitness, Inc.** | | | | | | | | |
| Canton and Rochester Hills, MI | 100.00% | | 278,982 | $ 16.75 | 4,671,812 | FIXED | 10/2023 | 10/2053 |
| **Lockhaven Drive, Houston, TX** | | | | | | | | |
| Houston, TX | | 100.00% | 25,125 | $ 8.25 | 207,240 | FIXED | 07/2013 | 07/2013 |
| **Lowes Home Improvement Warehouse** | | | | | | | | |
| Bellevue, WA | | 100.00% | 143,352 | $ 10.97 | 1,572,426 | CPI | 08/2018 | 08/2018 |
| **Markus Barth Logistik GmbH** | | | | | | | | |
| Laupheim, Germany | 66.70% | | 53,840 | $ 4.05 | 218,135 | FIXED | 03/2017 | 03/2027 |
| **Marriott Corporation** | | | | | | | | |
| 12 Locations throughout the U.S. | 47.35% | | 490,642 | $ 17.13 | 8,405,632 | OTHER | 01/2023 | 01/2033 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Meadow Brook Meat** | | | | | | | | |
| Lewisville, TX; Orlando, FL; Rocky Mount, NC | 100.00% | | 555,820 | $ 5.32 | 2,956,944 | FIXED | 01/2018 | 01/2038 |
| **Medi Media USA** | | | | | | | | |
| Lower Makefield, PA | 100.00% | | 107,000 | $ 21.79 | 2,331,175 | CPI | 12/2017 | 12/2037 |
| **Medica France SA** | | | | | | | | |
| Chatou; Paris; Poissy; Rosny sous Bois; Rueil Malmaison; Sarcelles, France | 54.20% | | 182,577 | $ 17.56 | 3,205,587 | INSE | 09/2021 | 09/2030 |
| Chatou; Paris; Poissy; Rosny sous Bois; Rueil Malmaison; Sarcelles, France | | 45.80% | 154,312 | $ 17.56 | 2,709,326 | INSE | 09/2021 | 09/2030 |
| | | | 336,889 | | 5,914,913 | | | |
| **Mercury Partners, LP** | | | | | | | | |
| 78 locations throughout the U.S. | 57.69% | | 2,180,256 | $ 5.59 | 12,181,525 | CPI | 04/2024 | 04/2044 |
| **Merit Medical Systems, Inc.** | | | | | | | | |
| South Jordan, UT | 100.00% | | 172,925 | $ 10.85 | 1,876,511 | CPI | 01/2020 | 01/2040 |
| **Moran Foods, Inc.** | | | | | | | | |
| Montgomery, AL | | 100.00% | 32,690 | $ 1.64 | 53,500 | NONE | 10/2017 | 10/2037 |
| **MSR Technologies GmbH** | | | | | | | | |
| Laupheim, Germany | 66.70% | | 134,917 | $ 4.80 | 647,824 | GPI | 03/2027 | 03/2047 |
| **Northrop Grumman Systems Corporation** | | | | | | | | |
| San Diego, CA | 100.00% | | 67,285 | $ 17.59 | 1,183,336 | FIXED | 10/2015 | 10/2020 |
| **NVR, Inc.** | | | | | | | | |
| Farmington, NY; Thurmont, MD | | 100.00% | 179,741 | $ 4.89 | 878,413 | CPI | 04/2014 | 04/2039 |
| **NYT Real Estate Company LLC** | | | | | | | | |
| New York, NY | | 17.75% | 126,420 | $ 34.99 | 4,423,046 | FIXED | 03/2024 | 03/2044 |
| **OBI Group** | | | | | | | | |
| 15 locations throughout Poland | 75.00% | | 1,216,330 | $ 9.25 | 11,245,422 | HICP | 03/2024 | 03/2039 |
| Rybnik, Poland | 75.00% | | 66,620 | $ 8.68 | 595,340 | HICP | 03/2025 | 03/2040 |
| Wroclaw, Poland | | 100.00% | 113,570 | $ 8.73 | 991,092 | HICP | 12/2025 | 12/2040 |
| | | | 1,398,520 | | 12,831,854 | | | |
| **Omnicom Group, Inc.** | | | | | | | | |
| Playa Vista, CA | 100.00% | | 120,000 | $ 36.00 | 4,319,438 | CPI | 09/2018 | 09/2038 |
| **Orbital Sciences Corp.** | | | | | | | | |
| Chandler, AZ | | 100.00% | 355,307 | $ 9.31 | 3,306,745 | CPI | 09/2019 | 09/2029 |
| **Oriental Trading Company, Inc.** | | | | | | | | |
| La Vista, NE | 100.00% | | 736,209 | $ 5.42 | 3,990,532 | CPI | 04/2027 | 04/2047 |
| **Overland Storage Inc.** | | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| San Diego, CA | 100.00% | 91,300 | $ 20.45 | 1,867,495 | FIXED | 02/2014 | 02/2019 |
| **Reynolds Group Holdings Limited** | | | | | | | |
| Mooresville, NC | 100.00% | 384,600 | $ 4.41 | 1,696,165 | CPI | 03/2023 | 03/2043 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **PETsMART, Inc.** | | | | | | | | |
| Ennis, TX | 100.00% | | 229,950 | $ 2.58 | 593,670 | CPI | 08/2017 | 08/2017 |
| Phoenix, AZ | 30.00% | | 186,051 | $ 4.70 | 875,303 | FIXED | 11/2021 | 11/2041 |
| | | | 416,001 | | 1,468,973 | | | |
| **Plexus Corporation** | | | | | | | | |
| Neenah, WI | 100.00% | | 179,250 | $ 8.84 | 1,584,114 | CPI | 08/2014 | 08/2044 |
| **Plumbmaster, Inc.** | | | | | | | | |
| Concordville, PA; Oceanside, CA | 100.00% | | 161,458 | $ 6.76 | 1,091,143 | FIXED | 01/2024 | 12/2037 |
| **Pohjola Non-Life Insurance Company LTD** | | | | | | | | |
| Helsinki, Finland | 60.00% | | 510,600 | $ 10.13 | 5,172,181 | FINN | 05/2015 | 05/2020 |
| **Prefecture de Police** | | | | | | | | |
| Paris, France | 50.00% | | 120,668 | $ 34.18 | 4,124,462 | CPI | 06/2019 | 06/2019 |
| **Quad/Graphics, Inc.** | | | | | | | | |
| Doraville, GA | | 100.00% | 432,559 | $ 3.98 | 1,720,403 | CPI | 12/2017 | 12/2042 |
| **QualServ Corporation** | | | | | | | | |
| Fort Smith, AR | 100.00% | | 440,159 | $ 1.60 | 702,082 | CPI | 08/2024 | 08/2038 |
| **Qwest Communications, Inc.** | | | | | | | | |
| Scottsdale, AZ | | 100.00% | 4,460 | $ 61.50 | 274,304 | FIXED | 02/2017 | 02/2017 |
| **Rave Reviews LLC** | | | | | | | | |
| Baton Rouge, LA | 100.00% | | 73,292 | $ 21.54 | 1,578,644 | CPI | 08/2023 | 08/2043 |
| **Rexam Consumer Plastics, Inc.** | | | | | | | | |
| Buffalo Grove, IL; Excelsior Springs, MO; North Versailles, PA; St. Petersburg, FL; West Lafayatte, IN | 100.00% | | 616,031 | $ 5.26 | 3,242,834 | CPI | 10/2023 | 10/2043 |
| **S&ME, Inc.** | | | | | | | | |
| Raleigh, NC | | 100.00% | 27,770 | $ 12.16 | 337,584 | FIXED | 07/2016 | 07/2026 |
| **SaarOTEC** | | | | | | | | |
| St. Ingbert, Germany | 50.00% | | 78,034 | $ 3.07 | 239,575 | GPI | 07/2021 | 07/2026 |
| **Schuler AG** | | | | | | | | |
| Göppingen, Germany | 33.67% | | 251,364 | $ 9.14 | 2,296,761 | GPI | 10/2027 | 10/2047 |
| Göppingen, Germany | | 33.00% | 246,380 | $ 9.14 | 2,251,225 | GPI | 10/2027 | 10/2047 |
| | | | 497,744 | | 4,547,985 | | | |
| **Sears Holdings Corporation** | | | | | | | | |
| Citrus Heights, CA | | 100.00% | 89,760 | $ 2.01 | 180,000 | NONE | 05/2016 | 05/2026 |
| Drayton Plains, MI | | 100.00% | 103,018 | $ 2.04 | 210,000 | NONE | 03/2016 | 03/2026 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 192,778 | | 390,000 | | | |
| **Shaklee Corporation** | | | | | | | | |
| Pleasanton, CA | 100.00% | | 112,000 | $ 26.37 | 2,953,598 | FIXED | 05/2024 | 05/2038 |
| **Sports Authority** | | | | | | | | |
| Plano, TX | 100.00% | | 47,054 | $ 11.29 | 531,380 | FIXED | 01/2013 | 01/2033 |
| **Sprint Spectrum Realty Company, L. P.** | | | | | | | | |
| Rio Rancho, NM | | 100.00% | 94,730 | $ 16.15 | 1,529,889 | FIXED | 05/2016 | 05/2021 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Superior Telecommunications, Inc.** | | | | | | | | |
| Brownwood, TX | 100.00% | | 315,252 | $ 2.36 | 742,664 | CPI | 12/2018 | 12/2038 |
| **Sybron Dental Specialties, Inc.** | | | | | | | | |
| Glendora, CA; Romulus, MI | | 100.00% | 245,000 | $ 8.20 | 2,008,758 | CPI | 12/2018 | 12/2043 |
| **SymphonyIRI Group, Inc.** | | | | | | | | |
| Chicago, IL | 66.67% | | 106,405 | $ 14.86 | 1,581,530 | CPI | 01/2021 | 01/2021 |
| Chicago, IL | | 33.33% | 53,195 | $ 14.86 | 790,646 | CPI | 01/2021 | 01/2021 |
| | | | 159,600 | | 2,372,176 | | | |
| **The Talaria Company, LLC** | | | | | | | | |
| Porstmouth, RI; Southwest Harbor, ME; Stuart, FL; Trenton, ME | 30.00% | | 127,841 | $ 10.84 | 1,386,000 | CPI | 04/2030 | 04/2060 |
| **Tata Steel UK Limited** | | | | | | | | |
| Brierley Hill, UK | 100.00% | | 155,809 | $ 8.54 | 1,330,970 | FIXED | 11/2033 | 11/2033 |
| **The SI Organization, Inc.** | | | | | | | | |
| King of Prussia, PA | | 100.00% | 88,578 | $ 9.75 | 863,636 | FIXED | 07/2013 | 07/2023 |
| **TietoEnator Plc** | | | | | | | | |
| Espoo, Finald | 60.00% | | 279,890 | $ 17.58 | 4,919,818 | FINN | 12/2016 | 12/2031 |
| **Tower Automotive Products Co., Inc.** | | | | | | | | |
| Auburn, IN; Blufton, OH; Milan, TN | 100.00% | | 844,166 | $ 3.46 | 2,919,147 | CPI | 04/2020 | 04/2040 |
| **Town Sports International Holdings, Inc.** | | | | | | | | |
| Newton, MA | 44.00% | | 29,920 | $ 17.12 | 512,286 | CPI | 02/2023 | 02/2053 |
| **True Value Company** | | | | | | | | |
| Corsicana, TX; Fogelsville, PA; Jonesboro, GA; Kansas City, MO; Kingman, AZ; Springfield, OR; Woodland, CA | 50.00% | | 1,814,078 | $ 3.84 | 6,961,796 | FIXED | 12/2022 | 11/2042 |
| **U-Haul Moving Partners Inc.** | | | | | | | | |
| 78 locations throughout the USA | 57.69% | | 1,173,991 | $ 5.59 | 6,559,904 | CPI | 04/2024 | 04/2034 |
| **Unisource Worldwide, Inc.** | | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Anchorage, AK | 100.00% | 44,712 | $ 8.10 | 362,068 | FIXED | 12/2014 | 12/2029 |
| Commerce, CA | 100.00% | 411,561 | $ 3.80 | 1,564,288 | FIXED | 04/2020 | 04/2030 |
| | | 456,273 | | 1,926,356 | | | |
| **United Stationers Supply Co.** | | | | | | | |
| New Orleans, LA | 100.00% | 59,560 | $ 4.05 | 241,267 | CPI | 09/2012 | 09/2012 |
| San Antonio, TX | 100.00% | 63,098 | $ 4.05 | 255,602 | CPI | 03/2014 | 03/2017 |
| | | 122,658 | | 496,869 | | | |
| **US Airways Group, Inc.** | | | | | | | |
| Tempe, AZ | 74.58% | 167,890 | $ 19.64 | 3,297,279 | CPI | 04/2014 | 11/2029 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **UTI Holdings, Inc.** | | | | | | | | |
| Avondale, AZ | 100.00% | | 282,658 | $ 10.50 | 2,966,910 | CPI | 07/2024 | 07/2044 |
| Exton, PA | 100.00% | | 200,375 | $ 13.89 | 2,783,855 | CPI | 10/2020 | 02/2040 |
| Glendale Heights, IL | 100.00% | | 101,194 | $ 15.69 | 1,587,683 | CPI | 11/2013 | 11/2032 |
| Glendale Heights, IL | 100.00% | | 38,143 | $ 13.11 | 500,199 | FIXED | 09/2015 | 09/2035 |
| Rancho Cucamonga, CA | 100.00% | | 187,227 | $ 11.82 | 2,212,153 | CPI | 09/2019 | 09/2039 |
| | | | 809,597 | | 10,050,800 | | | |
| **Waddington North America, Inc.** | | | | | | | | |
| Chattanooga, TN | 100.00% | | 238,585 | $ 3.14 | 748,285 | CPI | 03/2022 | 03/2042 |
| **Wagon Automotive GmbH** | | | | | | | | |
| Nagold, GR | 33.33% | | 101,802 | $ 7.08 | 720,310 | GPI | 09/2024 | 09/2039 |
| **Waldaschaff Automotive GmbH** | | | | | | | | |
| Waldaschaff, GR | 33.33% | | 179,122 | $ 2.17 | 388,461 | FIXED | 05/2021 | 05/2031 |
| **Wal-Mart Stores, Inc.** | | | | | | | | |
| Greenfield, IN | | 100.00% | 82,620 | $ 4.00 | 330,560 | NONE | 01/2020 | 01/2025 |
| **World Airways, Inc.** | | | | | | | | |
| Peachtree City, GA | 100.00% | | 59,473 | $ 17.05 | 1,014,296 | CPI | 03/2019 | 03/2039 |
| **Xerox Corporation** | | | | | | | | |
| Hot Springs, AR | | 100.00% | 36,850 | $ 4.85 | 178,722 | FIXED | 03/2014 | 03/2017 |
| **Multi-tenant property in Beaumont, TX** | | | | | | | | |
| Richard Design Services, Inc. | | 100.00% | 34,300 | $ 8.75 | 300,000 | NONE | 02/2012 | 05/2012 |
| Englobal U. S., Inc. | | 100.00% | 8,580 | $ 9.75 | 83,655 | NONE | 11/2014 | 11/2024 |
| Olmsted Kirk Paper Co. | | 100.00% | 5,760 | $ 8.10 | 46,656 | FIXED | 12/2017 | 12/2022 |
| | | | 48,640 | | 430,311 | | | |
| **Multi-tenant property in Bloomingdale, IL** | | | | | | | | |
| Classic Cuisines Catering (Modified NNN) | | 100.00% | 1,000 | $ 10.00 | 10,000 | NONE | 04/2012 | 04/2012 |
| RGIS, LLC (Modified NNN) | | 100.00% | 2,550 | $ 8.82 | 22,500 | FIXED | 11/2014 | 11/2014 |
| United States Postal Service (Modified NNN) | | 100.00% | 60,000 | $ 11.63 | 697,500 | FIXED | 04/2016 | 04/2016 |
| | | | 63,550 | | 730,000 | | | |
| **Broomfield Tech Center (Gross Rents)** | | | | | | | | |
| Broomfield, CO | | 100.00% | 10,952 | $ 3.09 | 33,842 | NONE | 04/2013 | 04/2013 |
| Broomfield, CO | | 100.00% | 25,282 | $ 0.93 | 23,433 | NONE | 01/2015 | 01/2015 |
| Broomfield, CO | | 100.00% | 44,458 | $ 3.39 | 150,665 | NONE | 12/2016 | 12/2016 |
| | | | 80,692 | | 207,940 | | | |
| **Multi-tenant property in City of Industry, CA** | | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jada Toys, Inc. (Modified NNN) | 100.00% | 92,595 | $ 5.40 | 499,728 | FIXED | 04/2012 | 04/2017 |
| Swat-Fame, Inc. (Modified NNN) | 100.00% | 233,205 | $ 3.74 | 872,478 | CPI | 06/2020 | 06/2020 |
| | | 325,800 | | 1,372,206 | | | |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | Pre-Merger Ownership Interests W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Multi-tenant property in ConflanStHonorine, France** | | | | | | | | |
| Grass Valley France S.A. | 65.00% | | 34,983 | $ 10.83 | 378,788 | INSEE | 12/2014 | 12/2020 |
| Marchal | 65.00% | | 36,313 | $ 5.05 | 183,502 | INSEE | 12/2014 | 12/2020 |
| Thomson Broadcast | 65.00% | | 41,462 | | | INSEE | 12/2017 | 12/2020 |
| | | | 112,758 | | 562,290 | | | |
| **Multi-tenant property in Erlanger, KY** | | | | | | | | |
| Alstom Power | | 100.00% | 197,400 | $ 2.46 | 484,746 | FIXED | 06/2017 | 06/2020 |
| The United States Playing Card Company | | 100.00% | 572,204 | 2.04 | 1,168,608 | FIXED | 06/2017 | 06/2020 |
| | | | 360,004 | | 794,106 | | | |
| **Multi-tenant property in Golden, CO** | | | | | | | | |
| TPG IPB, Inc. | 100.00% | | 26,100 | $ 5.82 | 151,942 | FIXED | 04/2013 | 04/2014 |
| Transportation Management Services, Inc. | 100.00% | | 66,000 | | | OTHER | 02/2012 | 02/2012 |
| | | | 92,100 | | 151,942 | | | |
| **Multi-tenant property in Houston, TX** | | | | | | | | |
| SBH Holdings, LLC | | 100.00% | 5,632 | $ 8.04 | 45,281 | FIXED | 08/2013 | 08/2016 |
| Knight Security Systems | | 100.00% | 4,456 | $ 3.00 | 13,368 | FIXED | 06/2016 | 06/2021 |
| Golder Associates, Inc. | | 100.00% | 15,796 | $ 6.96 | 109,940 | FIXED | 10/2017 | 10/2022 |
| | | | 25,884 | | 168,589 | | | |
| **Multi-tenant property in Illkirch-Graffens, France** | | | | | | | | |
| Groupe SOFEMO | | 75.00% | 16,631 | $ 17.89 | 297,591 | INSEE | 01/2014 | 01/2020 |
| Bouygues Telecom | | 75.00% | 49,148 | $ 33.85 | 1,663,899 | INSEE | 12/2015 | 05/2020 |
| | | | 65,779 | | 1,961,490 | | | |
| **Multi-tenant property in Moorestown, NJ** | | | | | | | | |
| Pioneer Credit Recovery, Inc. | | 100.00% | 30,000 | $ 13.50 | 405,000 | FIXED | 05/2012 | 05/2017 |
| Lincoln Technical Institute, Inc. | | 100.00% | 35,567 | $ 5.87 | 208,710 | FIXED | 04/2025 | 04/2035 |
| | | | 65,567 | | 613,710 | | | |
| **Multi-tenant property in Tours, France** | | | | | | | | |
| Bouygues Telecom | | 95.00% | 57,264 | $ 15.84 | 906,982 | INSEE | 09/2012 | 09/2012 |
| Caisse Centrale d Activities Sociales (C.C.A.S.) | | 95.00% | 10,655 | $ 0 | $ 0 | INSEE | 02/2018 | 02/2021 |
| | | | 67,919 | | 906,982 | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Multi-tenant property in Webster, TX (Bay Terrace II)** | | | | | | | |
| Lockheed Martin Corporation | 100.00% | 48,207 | $ 10.00 | 482,070 | FIXED | 05/2018 | 05/2025 |
| Raytheon Company | 100.00% | 9,138 | $ 10.00 | 91,380 | FIXED | 07/2012 | 09/2016 |
| | | 87,521 | | 882,754 | | | |
| **Multi-tenant property in Webster, TX (Bay Terrace I)** | | | | | | | |
| United Space Alliance, LLC | 100.00% | 69,132 | $ 6.22 | 430,012 | NONE | 09/2013 | 09/2013 |
| Lockheed Martin Corporation | 100.00% | 8,921 | $ 10.25 | 91,440 | NONE | 12/2014 | 12/2017 |
| | | 78,053 | | 521,452 | | | |
| **Livho, Inc. (Hotel)** | | | | | | | |
| Livonia, MI | 100.00% | 158,000 | $ | | FIXED | 12/2014 | 12/2014 |
| **USA Self Storage, LLC (Operating Property)** | | | | | | | |
| Pensacola, FL | 100.00% | 51,867 | $ 3.39 | 176,003 | OTHER | 12/2012 | 12/2012 |

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| Tenant/Location | Pre-Merger Ownership Interests CPA®:15 | W. P. Carey | Square Footage (1) | Rent per Square Foot | Current Annual Rents (1) | Rent Increase Factor (2) | Lease Term | Maximum Term |
|---|---|---|---|---|---|---|---|---|
| **Vacant** | | | | | | | | |
| Carlsbad, CA | 50.00% | | 147,930 | | | | | |
| ConflanStHonorine, France | 65.00% | | 109,389 | | | | | |
| Golden, CO | 100.00% | | 57,662 | | | | | |
| Little Germany, UK | 100.00% | | 41,432 | | | | | |
| Virginia Beach, VA | 100.00% | | 774,473 | | | | | |
| Bloomingdale, IL | | 100.00% | 37,450 | | | | | |
| Brewton, AL | | 100.00% | 30,625 | | | | | |
| Bridgeton, MO | | 100.00% | 78,080 | | | | | |
| Broomfield, CO | | 100.00% | 32,045 | | | | | |
| Charlotte, NC | | 100.00% | 437,500 | | | | | |
| Houston, TX (CC 5) | | 100.00% | 23,756 | | | | | |
| Jacksonville, FL | | 100.00% | 240,000 | | | | | |
| Tours, France | | 95.00% | 28,284 | | | | | |
| Webster, TX (Bay Terrace II) | | 100.00% | 21,057 | | | | | |
| Webster, TX (Bay Terrace I) | | 100.00% | 13,747 | | | | | |
| | | | 2,072,891 | | | | | |
| Total | | | 41,944,046 | | 315,061,175 | | | |

(1) Amounts are based on the combined company s pro rata share.
(2) Rent increase factors include the following indices:
   a. CPI Consumer Price Index
   b. GPI German Consumer Price Index
   c. HICP Harmonized Index of consumer Prices, an index published by the European Union
   d. INSEE INSEE construction index, an index published by the French government
   e. RPI Retail Prices Index, an index published by the British government
   f. CBS Netherlands Consumer Price Index
   g. SPCP Spanish Consumer Price Index
   h. FINN Finnish Consumer Price Index

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***Our Portfolio***

The combined company s portfolio totaled approximately 42.0 million square feet. In addition, through our Carey Storage and Livho subsidiaries, we had interests in 21 self-storage properties and a hotel property, respectively, for an aggregate of approximately 0.8 million square feet (on a pro rata basis) at December 31, 2011. Our combined portfolio has the following property and lease characteristics:

***Combined Company s Portfolio***

**Geographic Diversification**

Information regarding the geographic diversification of the combined company s properties at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate [b] | |
|---|---|---|---|---|
| **Region** | **Annualized Contractual Lease Revenue [a]** | **% of Annualized Contractual Lease Revenue** | **Annualized Contractual Lease Revenue [a]** | **% of Annualized Contractual Lease Revenue** |
| **United States** | | | | |
| South | $ 80,058 | 27% | $ 1,967 | 3% |
| West | 60,485 | 20 | 12,361 | 22 |
| East | 37,513 | 12 | 12,546 | 22 |
| Midwest | 34,986 | 11 | 2,667 | 5 |
| Total U.S. | 213,042 | 70 | 29,541 | 52 |
| **International** | | | | |
| Europe [c] | 92,569 | 30 | 27,604 | 48 |
| Total Non-U.S. | 92,569 | 30 | 27,604 | 48 |
| Total | $ 305,611 | 100% | $ 57,145 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(b) Reflects the combined company s pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(c) Reflects investments in Belgium, Finland, France, Germany, Poland, Spain, the Netherlands and the United Kingdom.

**Property Diversification**

Information regarding the combined company s property diversification at December 31, 2011 is set forth below (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate [b] | |
|---|---|---|---|---|
| **Property Type** | **Annualized Contractual Lease Revenue [a]** | **% of Annualized Contractual Lease Revenue** | **Annualized Contractual Lease Revenue [a]** | **% of Annualized Contractual Lease Revenue** |
| Office | $ 90,072 | 29% | $ 8,053 | 14% |
| Industrial | 59,583 | 19 | 15,637 | 27 |
| Warehouse/distribution | 51,170 | 17 | 11,287 | 20 |
| Retail | 42,814 | 14 | 13,762 | 24 |

| | | | | |
|---|---|---|---|---|
| Self-storage | 32,662 | 11 | | 0 |
| Other Properties [c] | 29,310 | 10 | 7,097 | 13 |
| Hospitality | | 0 | 1,309 | 2 |
| Total | $ 305,611 | 100% | $ 57,145 | 100% |

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(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(b) Reflects the combined company s pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(c) Other properties include healthcare, education, childcare, leisure, entertainment and undeveloped land.

**Tenant Diversification**

Information regarding the combined company s tenant diversification at December 31, 2011 is set forth below (dollars in thousands):

| Tenant Industry [a] | Consolidated Investments: Annualized Contractual Lease Revenue [b] | Consolidated Investments: % of Annualized Contractual Lease Revenue | Equity Investments in Real Estate [c]: Annualized Contractual Lease Revenue [b] | Equity Investments in Real Estate [c]: % of Annualized Contractual Lease Revenue |
|---|---|---|---|---|
| Retail trade | $ 60,796 | 20% | $ 20,402 | 36% |
| Business and commercial services | 27,764 | 9 | | |
| Healthcare, education and childcare | 25,966 | 8 | | |
| Electronics | 25,307 | 8 | 7,797 | 14 |
| Buildings and real estate | 21,292 | 7 | | |
| Construction and building | 14,802 | 5 | 646 | 1 |
| Chemicals, plastics, rubber, and glass | 14,014 | 5 | | |
| Telecommunications | 11,848 | 4 | | |
| Transportation personal | 11,578 | 4 | 3,297 | 6 |
| Leisure, amusement and entertainment | 11,384 | 4 | | |
| Federal, state and local government | 10,490 | 3 | | |
| Beverages, food, and tobacco | 9,053 | 3 | 1,763 | 3 |
| Transportation cargo | 8,876 | 3 | 1,386 | 2 |
| Insurance | 8,620 | 3 | | |
| Media: printing and publishing | 7,626 | 2 | 4,423 | 8 |
| Automotive | 7,472 | 2 | 1,348 | 2 |
| Aerospace and defense | 6,604 | 2 | | |
| Consumer and durable goods | 5,462 | 2 | | |
| Banking | 3,862 | 1 | | |
| Forest products and paper | 3,955 | 1 | | |
| Grocery | 2,408 | 1 | 2,181 | 4 |
| Machinery | 1,531 | 1 | 4,548 | 8 |
| Hotels and gaming | 10 | | 8,406 | 14 |
| Other [d] | 4,891 | 2 | 948 | 2 |
| Total | $ 305,611 | 100% | $ 57,145 | 100% |

(a) Based on the Moody s Investors Service, Inc. classification system and information provided by the tenant.
(b) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
(c) Reflects the combined company s pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
(d) Includes revenue from tenants in the combined company s consolidated investments in the following industries: consumer non-durable goods (1%), mining, metals and primary metal industries (less than 1%) and textiles, leather and apparel (less than 1%). For the combined company s equity investments in real estate, Other consists of revenue from tenants in mining, metals and primary metal industries (2%).

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**Lease Expirations**

At December 31, 2011, lease expirations of the combined company s properties were as follows (dollars in thousands):

| | Consolidated Investments | | Equity Investments in Real Estate [b] | |
|---|---|---|---|---|
| **Year of Lease Expiration** | **Annualized Contractual Lease Revenue [a]** | **% of Annualized Contractual Lease Revenue** | **Annualized Contractual Lease Revenue [a]** | **% of Annualized Contractual Lease Revenue** |
| 2012 | $ 7,726 | 3% | $ | % |
| 2013 | 7,520 | 2 | | |
| 2014 | 17,815 | 6 | 3,297 | 6 |
| 2015 | 30,998 | 10 | 4,764 | 8 |
| 2016 | 18,119 | 6 | 2,874 | 5 |
| 2017 | 12,258 | 4 | 536 | 1 |
| 2018 | 18,029 | 6 | 3,981 | 7 |
| 2019 | 27,806 | 9 | | |
| 2020 | 12,309 | 4 | | |
| 2021 | 13,778 | 5 | 1,503 | 3 |
| 2022-2026 | 111,362 | 36 | 20,494 | 36 |
| 2027-2031 | 26,560 | 9 | 19,696 | 34 |
| 2032 and thereafter | 1,331 | | | |
| Total | $ 305,611 | 100% | $ 57,145 | 100% |

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(b) Reflects the combined company s pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

**Joint Ventures**

When an economic interest in an entity is obtained, the combined company evaluates the entity to determine if it is deemed a VIE and, if so, whether the combined company is deemed to be the primary beneficiary and is therefore required to consolidate the entity. Significant judgment is required to determine whether a VIE should be consolidated. The combined company reviews the contractual arrangements provided for in the partnership agreement or other related contracts to determine whether the entity is considered a VIE under current authoritative accounting guidance, and to establish whether it has any variable interests in the VIE. The variable interests of the combined company, if any, are compared to those of the other variable interest holders to determine which party is the primary beneficiary of a VIE based on whether the entity (i) has the power to direct the activities that most significantly impact the economic performance of the VIE, and (ii) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

For an entity that is not considered to be a VIE, the general partners in a limited partnership (or similar entity) are presumed to control the entity regardless of the level of their ownership and, accordingly, may be required to consolidate the entity. The combined company evaluates the partnership agreements or other relevant contracts to determine whether there are provisions in the agreements that would overcome this presumption. If the agreements provide the limited partners with either (a) the substantive ability to dissolve or liquidate the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights, the limited partners rights overcome the presumption of control by a general partner of the limited partnership, and, therefore, the general partner must account for its investment in the limited partnership using the equity method of accounting.

When the combined company obtains an economic interest in an entity that is structured at the date of acquisition as a tenancy-in-common interest, the tenancy-in-common agreements or other relevant documents are evaluated to ensure that the entity does not qualify as a VIE and does not meet the control requirement required

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for consolidation. Judgment is also used in determining whether the shared decision-making involved in a tenancy-in-common interest investment creates an opportunity for the combined company to have significant influence on the operating and financial decisions of these investments and thereby creates some responsibility by the combined company for a return on our investment. Tenancy-in-common interests are accounted for under the equity method of accounting.

Information regarding the combined company s investments in joint ventures as of December 31, 2011 is listed below:

| Joint Venture or JV (Principal Tenant) | Combined Company Pro Forma % Interest in JV | Remaining Interest in JV | Total JV Assets | Total JV Liabilities | Total JV Equity | Combined Company Pro Forma Share of Total JV Assets | Combined Company Pro Forma Share of Total JV Liabilities | Combined Company Pro Forma Share of Total JV Equity |
|---|---|---|---|---|---|---|---|---|
| Actuant | 50.05% | CPA®:16 - 49.95% | $ 15,926 | $ 11,429 | $ 4,497 | $ 7,971 | $ 5,720 | $ 2,251 |
| Advanced Micro Devices | 33.00% | CPA®:16 - 67.00% | 81,627 | 67,542 | 14,085 | 27,214 | 22,519 | 4,695 |
| Builders Firstsource, Inc. | 40.00% | CPA®:16 - 60.00% | 14,079 | 7,202 | 6,877 | 5,632 | 2,881 | 2,751 |
| C1000 Logistiek Vastgoed B.V. | 15.00% | CPA®:17 - 85.00% | 195,649 | 93,963 | 101,686 | 29,347 | 14,094 | 15,253 |
| Consolidated Systems, Inc. | 60.00% | CPA®:16 - 40.00% | 16,662 | 11,427 | 5,235 | 9,997 | 6,856 | 3,141 |
| Del Monte Corporation | 50.00% | CPA®:16 - 50.00% | 13,413 | 11,641 | 1,772 | 6,706 | 5,820 | 886 |
| Eroski Sociedad Cooperativa | 70.00% | CPA®:17 - 30.00% | 30,162 | 99 | 30,063 | 21,113 | 69 | 21,045 |
| Hellweg Die Profi-Baumarkte GmbH Und Co. | 75.00% | CPA®:16 - 25.00% | 181,091 | 100,082 | 81,009 | 135,818 | 75,062 | 60,756 |
| Hellweg Die Profi-Baumärkte GmbH & Co | 40.00% | CPA®:16 - 27.00%; CPA®:17 - 33.00% | 433,527 | 379,264 | 54,263 | 173,411 | 151,706 | 21,705 |
| LABRADOR (DE) (PETsMART, Inc) | 30.00% | CPA®:16 - 70.00% | 27,827 | 20,239 | 7,588 | 8,348 | 6,072 | 2,276 |
| Marcourt (Courtyard by Marriott) | 47.35% | Third-party - 52.65% | 134,110 | (175) | 134,285 | 63,501 | (83) | 63,584 |
| Markus Barth Logistik GmbH & Co. KG/MSR Technologies | 66.67% | CPA®:16 - 33.33% | 14,843 | 927 | 13,916 | 9,896 | 618 | 9,278 |
| Multi-tenant property in ConflanStHonorine France | 65.00% | CPA®:16 - 35.00% | 23,553 | 24,361 | (808) | 15,309 | 15,834 | (524) |
| Multi-tenant property in Illkirch-Graffens, France | 75.00% | Third party -25.00% | 22,093 | 16,089 | 6,004 | 16,570 | 12,067 | 4,503 |
| Multi-tenant property in Tours, France | 95.00% | Third party - 5.00% | 12,000 | 8,874 | 3,126 | 11,400 | 8,430 | 2,970 |
| NYT Real Estate Company LLC | 17.75% | CPA®:16 - 27.25%; CPA®:17 - 55.00% | 245,060 | 64,271 | 180,789 | 43,498 | 11,408 | 32,090 |
| OBI Group | 75.00% | CPA®:16 - 25.00% | 179,213 | 168,468 | 10,745 | 134,410 | 126,351 | 8,059 |
| Pohjola Non-Life Insurance Company LTD | 60.00% | CPA®:16 - 40.00% | 88,802 | 77,068 | 11,734 | 53,281 | 46,241 | 7,040 |
| Prefecture de Police | 50.00% | CPA®:16 - 50.00% | 92,051 | 81,265 | 10,786 | 46,026 | 40,632 | 5,394 |
| SaarOTEC | 50.00% | CPA®:16 - 50.00% | 6,008 | 9,302 | (3,294) | 3,004 | 4,651 | (1,647) |
| Schuler AG | 66.67% | CPA®:16 - 33.33% | 66,298 | 8,304 | 57,994 | 44,199 | 5,536 | 38,663 |
| TietoEnator Plc | 60.00% | CPA®:16 - 40.00% | 80,879 | 64,546 | 16,333 | 48,527 | 38,727 | 9,800 |
| The Talaria Company, LLC | 30.00% | CPA®:16 - 70.00% | 49,751 | 28,847 | 20,904 | 14,925 | 8,654 | 6,271 |
| Town Sports International Holdings, | 44.00% | CPA®:16 - 56.00% | 7,305 | 7,600 | (295) | 3,214 | 3,344 | (130) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Inc. | | | | | | | | |
| True Value Company | 50.00% | CPA®:16 - 50.00% | 126,054 | 68,292 | 57,762 | 63,027 | 34,146 | 28,881 |
| U-Haul Moving Partners Inc. | 57.69% | CPA®:16 - 30.77%; CPA®:17 - 11.54% | 279,711 | 176,341 | 103,370 | 161,365 | 101,731 | 59,634 |
| US Airway | 74.58% | Third party -25.42% | 29,585 | 19,418 | 10,167 | 22,065 | 14,482 | 7,583 |
| Vacant Carlsbad, CA | 50.00% | CPA®:16 - 50.00% | 26,012 | 10 | 26,002 | 13,006 | 5 | 13,001 |
| Wagon Automotive GmBh/ Waldaschaff Automotive GmBh | 33.33% | CPA®:17 - 66.67% | 41,660 | 21,744 | 19,916 | 13,885 | 7,247 | 6,638 |
| Total | | | $ 2,534,951 | $ 1,548,440 | $ 986,511 | $ 1,206,665 | $ 770,820 | 435,847 |

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## Corporate Governance Information Relating to the Combined Company

As indicated elsewhere in this joint proxy statement/prospectus, pursuant to the terms of the REIT Conversion Agreement, the directors and officers of W. P. Carey immediately prior to the effective time of the REIT Conversion will continue to be the directors and officers of the combined company following the consummation of the REIT Conversion and the Merger. W. P. Carey has scheduled its annual meeting of shareholders for June 21, 2012 to vote on, among other matters, the election of directors. While the board of directors of W. P. Carey has recommended, and therefore it is our expectation, that the existing W. P. Carey shareholders will reelect all of the existing directors of W. P. Carey, there is no guarantee that this will in fact occur. Accordingly, the following information is provided with respect to each individual who we expect will, following the consummation of the REIT Conversion and the Merger, serve as a director or an executive officer of the surviving company, W. P. Carey Inc.

## Directors and Executive Officers of the Combined Company

*When used in this section Directors and Executive Officers of the Combined Company, unless otherwise specifically stated or the context otherwise requires, the term the Company, we and our refers to W. P. Carey & Co. LLC and its subsidiaries.*

***Directors***

**Trevor P. Bond**

AGE: 50

Director Since: 2007

Mr. Bond has served as President and Chief Executive Officer of W. P. Carey and Chief Executive Officer of CPA®:15, CPA®:16 Global and CPA®:17 Global since September 2010, having served previously as Interim Chief Executive Officer of each of those entities since July 2010. Until his appointment as Interim Chief Executive Officer, Mr. Bond was a member of the Investment Committee, as described below. Mr. Bond also served as Interim Chief Executive Officer of CPA®:14 from July 2010 to September 2010 and as Chief Executive Officer from that date through May 2, 2011, when CPA®:14 merged with and into a subsidiary of CPA®:16 Global. Mr. Bond served as an Independent Director and a member of the Audit Committee of each of CPA®:14, CPA®:15 and CPA®:16 Global from February 2005 to April 2007. Since September 2010, Mr. Bond has also served as Chairman of the Board of Directors of CWI, which, like each of the CPA® REITs, is a publicly owned, non-traded real estate investment trust, or REIT, sponsored by the Company. Mr. Bond has been the managing member of a private investment vehicle investing in real estate limited partnerships, Maidstone Investment Co., LLC, since 2002. Mr. Bond served in several management capacities for Credit Suisse First Boston ( CSFB ) from 1992 to 2002, including: co-founder of CSFB s Real Estate Equity Group, which managed approximately $3 billion of real estate assets; founding team member of Praedium Recovery Fund, a $100 million fund managing distressed real estate and mortgage debt; and as a member of the Principal Transactions Group managing $100 million of distressed mortgage debt. Prior to CSFB, Mr. Bond served as an associate to the real estate and finance departments of Tishman Realty & Construction Co. and Goldman Sachs & Co. in New York. Mr. Bond also founded and managed an international trading company from 1985 to 1987 that sourced industrial products in China for U.S. manufacturers. Mr. Bond received an M.B.A. from Harvard University. Mr. Bond brings to the board over 25 years of real estate experience in several sectors, including finance, development, investment and asset management, across a range of property types, as well as direct experience in Asia. As Chief Executive Officer, Mr. Bond makes information and insight about the Company s business directly available to the directors in their deliberations.

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**Francis J. Carey**

AGE: 86

Director Since: 1996

Mr. Carey was elected in June 2000 as Vice Chairman of the Board of Directors and Chairman of the Executive Committee of the Board of Directors of W. P. Carey. Mr. Carey retired from his position as Vice Chairman in March 2005; he continues to serve as Chairman of the Executive Committee. He has also served as Chief Ethics Officer of the Company since 2005. Mr. Carey served as Chairman, Chief Executive Officer and a Director of Carey Diversified LLC, the predecessor of W. P. Carey, from 1997 to 2000. Mr. Carey also serves as President and a Director of W. P. Carey & Co., Inc., a company wholly-owned by his late brother, Mr. Wm. Polk Carey, since 2000, having previously served as a Director from its founding in September 1973 until December 1997 and as President from April 1987 to July 1997. He has also served since 1990 as a Trustee of the W. P. Carey Foundation, for which he served as President from 1990 to January 2012 and as Chairman since January 2012. Prior to 1987, he was senior partner in Philadelphia, head of the real estate department nationally, and a member of the Executive Committee of Reed Smith LLP, a law firm. He also served as law secretary to a Justice of the Supreme Court of Pennsylvania from 1950 to 1951 and as a member of the Executive Committee and Board of Managers of the Western Savings Bank of Philadelphia from 1972 until its takeover by another bank in 1982, and he is a former Chairman of the Real Property, Probate and Trust Section of the Pennsylvania Bar Association. He served as a member of the Board of Overseers of the School of Arts and Sciences at the University of Pennsylvania from 1983 to 1990. He has served as a Trustee of Germantown Academy in Fort Washington, Pennsylvania from 1961 to the present and as its President from 1966 to 1972. He currently serves as a Lifetime Trustee of Gilman School in Baltimore, Maryland and as Chairman of the Board of Trustees of the Carey Center for Global Good in Rensselaerville, New York. He has also served as a member of the Board of Trustees and Executive Committee of the Investment Program Association from 1990 to 2000, and as its Chairman from 1998 to 2000, and served on the Business Advisory Council of the Business Council for the United Nations from 1994 to 2002. He has served since 2002 on the Board of Trustees of the Maryland Historical Society and from 2006 to 2010 as a Vice President and a member of its Executive Committee. Mr. Carey has also served from 2004 to 2007 as Chairman and Senior Warden of St. Martin s in the Field Episcopal Church in Biddeford Pool, Maine, and currently serves as its Warden at Large. He attended Princeton University, holds A.B. and J.D. degrees from the University of Pennsylvania, and completed executive programs in corporate finance and accounting at Stanford University Graduate School of Business and the Wharton School of the University of Pennsylvania. Mr. Carey is the grandfather of William Polk Carey, II, a Second Vice President of W. P. Carey & Co. Inc. and an employee of the Company. In addition to his 40 years of legal experience, Mr. Carey brings to the Board extensive executive experience derived from serving as the chief executive and/or as a member of the executive committee at the corporations and other organizations noted above.

**Nathaniel S. Coolidge***

AGE: 73

Director Since: 2002

Mr. Coolidge currently serves as Chairman of the Investment Committee of W. P. Carey. He has previously served as Chairman of the Audit Committee of W. P. Carey and is currently a member of that Committee. Mr. Coolidge, former Senior Vice President of John Hancock Mutual Life Insurance Company ( John Hancock ), retired in 1996 after 23 years of service. From 1986 to 1996, Mr. Coolidge headed the John Hancock Bond and Corporate Finance Department, which was responsible for managing its entire fixed income investments and private equity portfolio. Prior to 1986, Mr. Coolidge served as Second Vice President and Senior Investment Officer of John Hancock. Mr. Coolidge is a graduate of Harvard University and served as a U.S. Naval officer. Mr. Coolidge brings to the Board over 30 years of experience analyzing corporate credits, including ten years as the head of a department managing more than $20 billion of private placements, public bonds, and private equity securities.

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**Eberhard Faber, IV***

AGE: 75

Director Since: 1998

Mr. Faber currently serves as Chairman of the Nominating and Corporate Governance Committee of W. P. Carey. He served as Lead Director of W. P. Carey from December 2006 to July 2010. Mr. Faber held various posts with Eberhard Faber Inc., the worldwide manufacturer of writing products and art supplies, serving as Chairman and Chief Executive Officer from 1973 until 1987, when the company merged into Faber-Castell Corporation. He served as a Director of the Federal Reserve Bank of Philadelphia from 1980 to 1986, chairing its Budget and Operations Committee, and was Chairman of the Board of Citizen s Voice Newspaper from 1992 to 2002. Currently, he is an emeritus director of PNC Bank, N.A., where he served as a member of the Northeast Pennsylvania Advisory Board of PNC Bank, N.A. from 1998 to 2011 and as a Director from 1994 to 1998, and a Trustee of the Geisinger Wyoming Valley Hospital and the Eberhard L. Faber Foundation. He was a Borough Councilman of Bear Creek Village from 1994 to 2005. In addition to graduating from Princeton University *magna cum laude*, he was a member of Phi Beta Kappa while serving as Chairman of The Daily Princetonian and was a Fulbright Scholar and teaching fellow at the University of Caen in France. Mr. Faber also served as a Director of First Eastern Bank from 1986 to 1992 and as the Chairman of the Board from 1992 to 1994, when the bank was sold to PNC Bank, N.A. He also served as Chairman of the Board of King s College in Wilkes-Barre, Pennsylvania from 1996 through 2011. Mr. Faber brings to the Board extensive business, corporate governance and financial expertise and experience.

**Benjamin H. Griswold, IV***

AGE: 71

Director Since: 2006

Mr. Griswold currently serves as Non-Executive Chairman of the Board and Chairman of the Compensation Committee. He served as Lead Director from July 2010 until January 2012, when he was appointed as Non-Executive Chairman after the passing of Mr. Wm. Polk Carey. Mr. Griswold is a partner and chairman of Brown Advisory, a Baltimore-based firm providing asset management and strategic advisory services in the U.S. and abroad. Prior to joining Brown Advisory as senior partner in March 2005, Mr. Griswold had served as Senior Chairman of Deutsche Bank Securities Inc. He had served as Senior Chairman of Deutsche Banc Alex. Brown, the predecessor of Deutsche Bank Securities Inc., since the acquisition of Bankers Trust by Deutsche Bank in 1999. Mr. Griswold began his career at Alex. Brown & Sons in 1967, and became a partner of the firm in 1972. He headed the company s research department, equity trading and equity division prior to being elected Vice Chairman of the Board and Director in 1984, and Chairman of the Board in 1987. Upon the acquisition of Alex. Brown by Bankers Trust New York Corporation in 1997, he became Senior Chairman of BT Alex. Brown. Mr. Griswold is a member of the boards of Stanley Black & Decker, Baltimore Life Insurance, and Flowers Foods. A former Director of the New York Stock Exchange, he is active in civic affairs in the Baltimore area and serves as an Emeritus Trustee of Johns Hopkins University and heads the endowment board of the Baltimore Symphony Orchestra. Mr. Griswold received his B.A. from Princeton University, his M.B.A. from Harvard University and served as a U.S. Army officer. Mr. Griswold brings to the Board 45 years of experience in the investment business, first as an investment banker (38 years) and then as an investment advisor (7 years). He has extensive experience with and understanding of capital markets as well as security analysis and valuation. His board experience and his past experience as a director of the New York Stock Exchange give him a detailed understanding of corporate governance in general and audit, compensation, governance, and finance committee functions in particular.

**Axel K.A. Hansing***

AGE: 70

Director Since: 2011

Mr. Hansing is a Partner at Coller Capital, Ltd., a global leader in the private equity secondary market, and is responsible for the origination, execution and monitoring of investments. Prior to joining Coller Capital in 2000, Mr. Hansing was Chief Executive Officer of Hansing Associates, a corporate finance boutique, which he founded in 1994. He was previously Managing Director of Equitable Capital Management (New York and London), head of the International Division of Bayerische Hypotheken und Wechsel-Bank in Munich and New

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York, and spent four years with Merrill Lynch International Banking in London and Hong Kong. Mr. Hansing attended the Advanced Management Program at Harvard Business School. Mr. Hansing has served as a member of the Investment Committee since September 2008 and a member of the board of directors of W. P. Carey International LLC (  WPCI  , as described below) since December 2008. Mr. Hansing brings to the Board over 35 years of experience in international corporate real estate and investment banking, including private equity investment both as a General Partner and a Limited Partner.

**DR. RICHARD C. MARSTON***

AGE: 69

Director Since: 2011

Dr. Marston is the James R.F. Guy Professor of Finance and Economics at the Wharton School of the University of Pennsylvania (  The Wharton School  ), having joined the faculty of the University in 1972. Dr. Marston holds degrees from Yale College (summa cum laude), Oxford University (where he was a Rhodes Scholar), and Massachusetts Institute of Technology (PhD), and has been awarded numerous honors, fellowships and grants throughout the United States, Europe and Asia. Dr. Marston has been a consultant on foreign exchange and international finance to government agencies like the U.S. Treasury and the Federal Reserve and the International Monetary Fund and has advised firms such as Citigroup, JP Morgan, and Morgan Stanley on investment policy. He currently serves as an advisor to Morgan Stanley  s Portfolio Advisory Services and is also an advisor to several family offices. Dr. Marston has served as a member of the Investment Committee of W. P. Carey since September 2010 and a member of the board of directors of WPCI since June 2009. Dr. Marston brings to the Board close to four decades of financial and economic industry experience.

**ROBERT E. MITTELSTAEDT, JR.***

AGE: 68

Director Since: 2007

Mr. Mittelstaedt currently serves as the Chairman of the Strategic Planning Committee of W. P. Carey. Mr. Mittelstaedt has served as dean of the W. P. Carey School of Business at Arizona State University since June 2004. He also serves on the Boards of Directors of Innovative Solutions & Support, Inc. and Laboratory Corporation of America Inc. Between 1973 and 2004, Mr. Mittelstaedt served in numerous positions at The Wharton School, most recently as Vice Dean, Executive Education, and Director of the Aresty Institute of Executive Education. From 1985-1990 he co-founded, developed and sold Intellego, Inc., a company engaged in practice management, systems development and service bureau billing operations in the medical industry. He formerly served as a member of the corporate Boards of Directors of: A.G. Simpson Automotive, Inc., Dresser Insurance, Inc., HIP Foundation, Inc. and Intelligent Electronics, Inc. Mr. Mittelstaedt received his B.S. (Mechanical Engineering) from Tulane University and his MBA from the Wharton School at the University of Pennsylvania. Mr. Mittelstaedt brings to the Board over 30 years of strategic planning experience covering a range of businesses. He also brings extensive corporate governance expertise, having developed and taught courses on corporate governance matters for over 18 years.

**CHARLES E. PARENTE***

AGE: 71

Director Since: 2006

Mr. Parente currently serves as Chairman of the Audit Committee of W. P. Carey. Mr. Parente also serves as Chief Executive Officer of Pagnotti Enterprises, Inc., a diversified holding company whose primary business includes workers  compensation insurance, real estate, anthracite coal mining preparation and sales, and as Chairman and Chief Executive Officer of CP Media, LLC, a holding company that owns broadcast television stations. From 1988 through 1993, he served as President and Chief Executive Officer of C-TEC Corporation, a telecommunications and high-technology company. From 1970 through 1987, Mr. Parente was Chief Executive Officer and Managing Partner of Parente Randolph, LLC, the leading independent accounting and consulting firm in Pennsylvania and among the top 30 in the country. Before this, from 1962 through 1970, he was a Principal at Deloitte, Haskins & Sells, a public accounting firm. Mr. Parente is a member of the Board of Directors of: Sordoni Construction Services, Inc., a commercial construction and real estate development company; Circle Bolt & Nut Co., a distributor of industrial products; and Frank Martz Coach Co. & Subsidiaries,

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a diversified transportation company. Mr. Parente also served as a Director of Community Bank System, Inc., a bank holding company, and its affiliated bank, Community Bank, N.A., from May 2004 through December 2010. He is active with various civic and community organizations, is past Chairman of the Board of Directors of the Wyoming Valley Health Care System, Inc. and is a board member of The Luzerne Foundation and King s College, where he also served as Chairman from 1989 through 1998. He is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants. He graduated *cum laude* from King s College in Wilkes-Barre, PA. Mr. Parente served as a director of Corporate Property Associates 12 Incorporated, CPA®:14 and CPA®:15 from 2003 until 2006 and was a member of the Board of Directors of Bertels Can Company, a private manufacturer of metal cans for the gift industry, from 1993 to 2006. Mr. Parente brings to the board extensive knowledge of accounting matters as well as executive experience.

**Nick J.M. van Ommen***

AGE: 65

Director Since: 2011

Mr. van Ommen served as Chief Executive Officer of the European Public Real Estate Association (EPRA) from 2000 to 2008, promoting, developing and representing the European public real estate sector. He has over three decades of financial industry experience, serving in various roles in the banking, venture capital and asset management sectors. Mr. van Ommen currently serves on the supervisory boards of several companies, including Babis Vovos International Construction SA, a listed real estate company in Greece, Intervest Retail and Intervest Offices, listed real estate companies in Belgium, and IMMOFINANZ, a listed real estate company in Austria. Mr. van Ommen has served as a member of the Investment Committee of W. P. Carey since September 2008 and a member of the board of directors of WPCI since December 2008. Mr. van Ommen brings to the Board over 30 years of financial and real estate experience, particularly in Europe.

**Dr. Karsten von Köller***

AGE: 72

Director Since: 2003

Dr. von Köller is currently Chairman of Lone Star Germany GmbH. He also serves as Chairman of the Supervisory Boards of Düsseldorfer Hypothekenbank AG and MHB Bank AG. He is also Vice Chairman of the Supervisory Boards of IKB Deutsche Industriebank AG, where he is Chairman of the Audit Committee, and Corealcredit Bank AG. Dr. von Köller was Chief Executive Officer of Eurohypo AG until 2003. He was also Chairman and a Member of the Board of Managing Directors of Allgemeine HypothekenBank Rheinboden AG from December 2005 until December 2006 and a director of FranconoWest AG, a residential real estate trust in Germany, from August 2007 until May 2008. Dr. von Köller brings to the board Europe-wide experience in financing commercial real estate transactions as well as international bond market experience.

**Reginald Winssinger***

AGE: 69

Director Since: 1998

Mr. Winssinger is founder and Chairman of National Portfolio, Inc., an Arizona-based firm involved in acquisition, financing, management and construction of commercial, multi-family, industrial and land development real estate projects. He spent ten years at the Winssinger family real estate company, a third-generation Belgian real estate enterprise, before coming to the United States in 1979 to expand their investment activity. Over a 20-year period he created and managed a $500 million portfolio of U.S. real estate investment for U.S. and European investors. He later formed Horizon Real Estate Group, Inc., doing business as NAI Horizon in Phoenix, Arizona, a full service real estate firm providing brokerage, property management, construction management and real estate consulting services. He also serves as a Director of Carey Storage Asset Management, LLC, a subsidiary of the Company. Mr. Winssinger currently manages multiple companies with real estate investments primarily in Arizona, California and Texas. He also serves as a Director of Pierce-Eislen,

* Independent Director

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Inc. and is the Honorary Consul of Belgium to Arizona. He attended the Sorbonne and is an alumnus of the University of California at Berkeley. Mr. Winssinger brings extensive experience in real estate, having worked in the industry for over 45 years. During his career, he has developed or managed several million square feet in residential and commercial real estate.

***Executive Officers***

The combined company s executive officers are determined annually by the Board of Directors. Detailed information regarding the executive officers who are not directors as of the date of this joint proxy statement/prospectus is set forth below.

**MARK J. DECESARIS**

AGE: 53

Mr. DeCesaris has served as Chief Financial Officer of W. P. Carey and each of the CPA® REITs since July 2010, having previously served as Acting Chief Financial Officer since November 2005 (and, in the case of CPA®:17 Global, since October 2007). He has also served as Chief Administrative Officer and Managing Director of the Company and each of the CPA® REITs since November 2005 (and, in the case of CPA®:17 Global, since October 2007). Mr. DeCesaris also served as Chief Financial Officer of CPA®:14 from July 2010 through the completion of the CPA®:14/16 Merger in May 2011, having previously served as Acting Chief Financial Officer since November 2005, and as Chief Administrative Officer and Managing Director from November 2005 through the date of the CPA®:14/16 Merger. Mr. DeCesaris has also served as Chief Financial Officer of CWI since March 2008 and as its Chief Administrative Officer since September 2010. Mr. DeCesaris had previously been a consultant to W. P. Carey s finance department since May 2005. Prior to joining W. P. Carey, from 2003 to 2004 Mr. DeCesaris was Executive Vice President for Southern Union Company, a natural gas energy company publicly traded on the Exchange, where his responsibilities included overseeing the integration of acquisitions and developing and implementing a shared service organization to reduce annual operating costs. From 1999 to 2003, he was Senior Vice President for Penn Millers Insurance Company, a property and casualty insurance company, where he served as President and Chief Operating Officer of Penn Software, a subsidiary of Penn Millers Insurance. From 1994 to 1999, he was President and Chief Executive Officer of System One Solutions, a business consulting firm that he founded. Mr. DeCesaris is a licensed Certified Public Accountant and started his career with Coopers & Lybrand in Philadelphia. Mr. DeCesaris graduated from King s College with a B.S. in Accounting and a B.S. in Information Technology. He currently serves as Vice Chairman of the Board of Trustees of King s College and as a member of the Board of Trustees of the Chilton Memorial Hospital Foundation, and he is a member of the American Institute of Certified Public Accountants.

**MARK GOLDBERG**

AGE: 50

Mr. Goldberg is a Managing Director of W. P. Carey and has served as President of Carey Financial, LLC, the Company s broker-dealer subsidiary, since April 2008. Mr. Goldberg previously served as President and Chief Executive Officer of Royal Alliance Associates, Inc., an independent broker-dealer, part of one of the nation s largest networks of independent advisors. Prior to his Chief Executive Officer position at Royal Alliance, Mr. Goldberg served as Executive Vice President of SunAmerica Financial Network, a subsidiary of SunAmerica and the parent company for six national broker-dealers. He also served as President of a Tokyo-based securities firm, which was an affiliate of the SunAmerica Financial Network. Prior to his position in Tokyo, Mr. Goldberg resided in Israel, where he was an active investor in early-stage technology companies and served on the Board of the Jerusalem Institute of Technology. Mr. Goldberg is a founding member and former Director of the Financial Services Institute and a former member of the Board of Directors of International Association of Financial Planners, and he currently serves on the Board of Directors of the Investment Program Association. Mr. Goldberg is a General Securities Principal (Series 24) registered with the Financial Industry Regulatory Authority, known as FINRA. He received a B.A. in Economics from Yeshiva University and attended graduate studies in finance at Baruch College.

**John D. Miller**

AGE: 67

Mr. Miller joined W. P. Carey in 2004 as Vice Chairman of CAM and has served as Chief Investment Officer of W. P. Carey and each of the CPA® REITs since 2005 (and, in the case of CPA®:17 Global, since October 2007). He also served as Chief Investment Officer of CPA®:14 from 2005 through the date of the CPA®:14/16 Merger. Mr. Miller was a Co-founder of StarVest Partners, L.P., a technology oriented venture capital fund. Mr. Miller continues to retain a Non-Managing Member interest in StarVest. From 1995 to 1998, he served as President of Rothschild Ventures Inc., the private investment unit of Rothschild North America. Prior to joining Rothschild in 1995, he held positions at two private equity firms, Credit Suisse First Boston s Clipper group and Starplough Inc., an affiliate of Rosecliff. Mr. Miller previously served in investment positions at the Equitable, including serving as President and Chief Executive Officer of Equitable Capital Management Corporation, and as head of its corporate finance department. He currently serves on the Board of Circle Entertainment Inc. and Function (X), Inc. He received his B.S. from the University of Utah and an M.B.A. from the University of Santa Clara.

**Thomas E. Zacharias**

AGE: 58

Mr. Zacharias joined W. P. Carey in April 2002 and is head of the Asset Management Department. He currently serves as Chief Operating Officer and Managing Director of W. P. Carey and CPA®:15 since 2005, of CPA®:17 Global since October 2007, and of CPA®:16 Global since May 2011, having previously served as its President since 2003. He also served as the Chief Operating Officer and Managing Director of CPA®:14 from 2005 through the date of the CPA®:14/16 Merger. Mr. Zacharias previously served as an independent director of CPA®:14 from 1997 to 2001 and CPA®:15 in 2001. Mr. Zacharias has also served as Chief Operating Officer of CWI since September 2010. Prior to joining W. P. Carey, Mr. Zacharias was a Senior Vice President of MetroNexus North America, a Morgan Stanley Real Estate Funds Enterprise. Prior to joining MetroNexus in 2000, Mr. Zacharias was a Principal at Lend Lease Development U.S., a subsidiary of Lend Lease Corporation, a global real estate investment management company. Between 1981 and 1998 Mr. Zacharias was a senior officer at Corporate Property Investors, which at the time of its merger into Simon Property Group in 1998 was one of the largest private equity REITs in the United States. Mr. Zacharias received his undergraduate degree, *magna cum laude*, from Princeton University in 1976 and a Masters in Business Administration from Yale School of Management in 1979. He is a member of the Urban Land Institute, International Council of Shopping Centers and NAREIT, and served as a Trustee of Groton School in Groton, Massachusetts between 2003 and 2007.

**The Compensation Committee**

Members of the Board of Directors have been appointed to serve on various committees of the Board of Directors, including a Compensation Committee (the Compensation Committee ), the function of which is summarized below. We expect the Compensation Committee to be composed of Benjamin H. Griswold, IV (Chairman), Eberhard Faber, IV, Robert E. Mittelstaedt, Jr., Charles E. Parente (Financial Expert), Nick J.M. van Ommen and Reginald Winssinger.

The Compensation Committee s responsibilities include setting compensation principles that apply generally to Company employees; reviewing and making recommendations to the Board of Directors with respect to compensation for directors; reviewing the compensation structure for all current key executives, including incentive compensation plans and equity-based plans; reviewing goals and objectives relevant to Executive Officers compensation, evaluating the Executive Officers performance and approving their compensation levels and annual and long-term incentive awards; and reviewing and approving the number of shares, price per share and period of duration for stock grants under any approved share incentive plan. There were six Compensation Committee meetings held during 2011.

The Board of Directors has adopted a written a charter for the Compensation Committee, which can be viewed on the website, www.wpcarey.com, under the heading Investor Relations.

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## Executive Compensation

*When used in this section Executive Compensation, unless otherwise specifically stated or the context otherwise requires, the term the Company, we and our refers to W. P. Carey & Co. LLC and its subsidiaries.*

### Compensation Discussion and Analysis

*Executive Summary.* The Company s executive compensation programs are structured in accordance with the following principles, first established by the Company s late founder, Mr. Wm. Polk Carey:

- Compensation levels should be conservative and prudent.
- Compensation should adequately reward those who create value for the Company and its shareholders.
- Compensation should be tied to the financial performance of the Company.

In addition to the framework set by these principles, the Compensation Committee considered a number of factors in determining 2011 compensation levels for the Named Executive Officers, or NEOs. Among these factors were the Company s financial and market performance compared to prior years, the 2011 business plan, the performance of a peer group of companies, the broader economic environment, and the strategic goals and challenges faced by the Company in 2011. The Compensation Committee determined that 2011 market and financial performance exceeded the performance of our peer group, was strong by historical standards, and surpassed the expectations set forth in the 2011 business plan.

Given these corporate performance considerations, the Compensation Committee decided that 2011 incentive pay should be greater than 2010 incentive pay. Bonus payouts for the 2011 performance year were increased overall by 20% over the prior year, although actual bonus payouts varied due to individual performance considerations. The grant date fair values of long-term incentive plan grants in general for 2012 were also increased by approximately 36% over 2011 grant values, an increase entirely attributable to year-over-year stock price gains as opposed to additional share grants. In addition, these values may or may not be actually realized by the executive, depending upon, among other factors, the performance of the W. P. Carey listed shares over the terms of the grants.

At the Company s annual meeting of shareholders held on June 16, 2011 (the 2011 Annual Meeting ), we provided our shareholders with the opportunity to cast a nonbinding advisory vote on executive compensation in accordance with SEC rules, known as say-on-pay proposal. Approximately 98% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. Our Compensation Committee considered the outcome of that advisory vote to be an endorsement of the Compensation Committee s compensation philosophy and its implementation. The Compensation Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the NEOs.

### Introduction

The Company s compensation philosophy and its processes for compensating Executive Officers are supervised by the Compensation Committee of the Board of Directors. This committee currently consists of six Directors, each of whom is independent within the meaning of the listing standards of the NYSE. The Compensation Committee s responsibilities include setting the Company s executive compensation principles and objectives, setting and approving the compensation of Executive Officers, and monitoring and approving the Company s general compensation programs.

Its functions include the following:

- Annually, evaluate the Chief Executive Officer s performance and approve the Chief Executive Officer s compensation level based on that evaluation.

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Annually, review the performance and approve the compensation of Executive Officers in addition to the Chief Executive Officer.

Review and approve any changes to the Company s compensation programs, particularly with respect to incentive compensation plans and equity-based compensation plans.

Administer all equity-based plans and monitor shareholder dilution.

Retain a compensation consulting firm, on the Compensation Committee s sole authority, that reports directly to the Compensation Committee.

The Compensation Committee relies on input both from management and from its independent compensation consultant, Towers Watson and Company ( Towers Watson ), to assist the Compensation Committee in making its determinations. Although the Compensation Committee receives information and recommendations regarding the design of the compensation program and level of compensation for Executive Officers from these sources, the Compensation Committee retains the sole authority to make final decisions both as to the types of compensation and compensation levels for these executives.

*Compensation Philosophy:* The Company s compensation programs are designed to align executive pay with Company performance and to motivate management to make sound financial decisions that increase the value of the Company. The Compensation Committee believes that a blend of incentive programs based on both quantitative and qualitative performance objectives is the most appropriate way to encourage not only the achievement of outstanding financial performance, but maintenance of consistent standards of teamwork, creativity, good judgment, and integrity. The Compensation Committee relies on a balance of formulaic and qualitative incentive programs, exercising its best judgment and taking into account the many aspects of performance that make up an individual s contribution to the Company s success.

Thus, in determining 2011 compensation, the Compensation Committee examined a broad range of information on financial performance, as described below. The Compensation Committee also reviewed information on the performance of and contributions made by individual Executive Officers and, in doing so, placed substantial reliance on information received from, and the judgment of, the Chief Executive Officer. While the Compensation Committee does take into account independent survey data and public peer group data as market reference points, it does not explicitly target compensation levels at any particular quartile or other reference level.

*Outside Compensation Consultant:* In 2011, Towers Watson analyzed the Company s executive compensation practices and award levels against market and peer group practices generally. That review was intended, among other things, to assist the Compensation Committee in determining appropriate compensation levels for NEOs given 2011 performance. Towers Watson also presented the Compensation Committee with historical peer group performance data that the Committee considered in determining 2011 bonus payouts and in setting the 2012-2014 metrics and goals for PSUs, as described below.

**2011 Performance Summary**

The Compensation Committee considers a number of key financial, market and operational measures in making compensation decisions, including revenue, Earnings Before Interest, Taxes, Depreciation, and Amortization, or EBITDA, Net Income, Operating Margin, Earnings per Share, AFFO, assets under management, investment volume, fundraising objectives, market capitalization, stock price appreciation, dividend yield, and total shareholder return, as discussed below. In making compensation decisions for 2011, the Compensation Committee considered the Company s performance relative to prior year performance, the performance of its peers, the Company s long-term strategy and the broader economic environment. The Compensation Committee did not put emphasis on any single metric but rather reviewed the overall results to arrive at a viewpoint on how financial performance compared with prior years and the peer companies and what effect this should have on annual compensation levels.

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The Compensation Committee concluded that the Company s 2011 financial performance significantly exceeded the expectations set forth in the Company s annual operating plan. The Company improved on most of the financial measures considered by the Compensation Committee, including revenue, profitability and AFFO. With year-over-year increases of approximately 60% and 95% respectively, the Company s EBITDA and net income improvement were of particular note. Additionally, the Company s financial results were generally stronger, more stable, and growing faster than the Company s peers. The Company s total investment volume and assets under management each increased by approximately 10% in 2011.

The Compensation Committee also concluded that 2011 market performance was strong. The Company s three-year compound annual growth rate, or CAGR, for total shareholder return was approximately 29% over the three years ended December 31, 2011, which represents the 70th percentile of peer group returns. A trend of strong market performance continued in 2011, with an annual share price increase of approximately 38% and further growth of the Company s dividend. The Company also accomplished a number of strategic goals in 2011, including growing assets under management, successfully managing assets in a challenging environment, refinancing maturing debt, securing financing for new deals, and achieving fundraising goals, as well as the successful liquidity event for CPA®:14, which was effected through CPA®:14/16 Merger.

The Compensation Committee s 2011 and 2012 compensation decisions reflect these performance considerations. Overall, the Compensation Committee determined that the Company had a very successful year, particularly given the amount of work involved in the completion of the CPA®:14/16 Merger. Actions such as salary adjustments, bonus payout determinations and grants of long-term incentive opportunities were intended to recognize and reward our NEOs for their contributions to the Company s success and to provide an ongoing incentive to sustain and improve upon these achievements. In light of these performance considerations, the Compensation Committee decided to increase 2011 bonus payouts in 2011 by approximately 15-20%. The Compensation Committee decided not to increase the number of shares granted to each NEO for 2012 due to the 36% increase in award value due solely to year-over-year stock price gains.

Some of the specific financial results the Compensation Committee evaluated were:

| Financial Metric | 2011 Results | 2010 Results |
|---|---|---|
| Total Revenues (net of reimbursed expenses) | $ 271.6 million | $ 213.9 million |
| Net Income | $ 139.1 million | $ 74.0 million |
| Diluted Earnings Per Share | $ 3.42 | $ 1.86 |
| Cash flow from operating activities | $ 80.1 million | $ 86.4 million |
| CPA® REITs Structured Investments | $ 1.2 billion | $ 1.0 billion |
| CPA® REITs Total Assets | $ 9.8 billion | $ 8.8 billion |

The Committee also considered the following supplemental metrics:

| Financial Metric(1) | 2011 Results | 2010 Results |
|---|---|---|
| AFFO | $ 188.9 million | $ 130.9 million |
| AFFO (Real Estate Ownership Segment) | $ 87.2 million | $ 80.6 million |
| EBITDA | $ 228.3 million | $ 140.5 million |
| EBITDA (from Investment Management) | $ 112.4 million | $ 69.9 million |
| Adjusted Cash Flow From Operations | $ 98.6 million | $ 88.6 million |

(1) The Company believes that these financial measures are useful supplemental measures that assist investors to better understand the underlying performance of its business segments. These financial measures do not represent net income or cash flow from operating activities that are computed in accordance with GAAP and should not be considered an alternative to net income or cash flow from operating activities as an indicator of the Company s financial performance. These non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Please refer to the Company s Current Report on Form 8-K filed with the SEC on February 29, 2012 for a reconciliation of these non-GAAP financial measures to the Company s consolidated financial statements.

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**2011 Peer Comparison Group**

When determining compensation levels for the NEOs, the Compensation Committee considers a number of external market reference points, including published survey data and the competitive pay levels of an established group of publicly traded peer companies. This peer comparison group consists of companies with whom the Company competes for executive talent. The 2011 peer comparison group was comprised of 15 companies operating in the real estate investment and real estate asset management industries. The Compensation Committee annually reviews the peer group to determine what changes, if any, are appropriate. In January 2011, the Compensation Committee assessed the composition of the Company s peer group with the assistance of Towers Watson and determined that Affiliated Managers Group, Alliance Bernstein Holdings, Eaton Vance Corp. and Waddell & Reed Financial Inc. were no longer optimal comparison points for the Company. The Compensation Committee removed these companies from the peer group and added supplemental companies that more closely matched the established criteria for inclusion in the peer group.

The companies included in the Company s peer group generally have the following characteristics:

- Companies operating in the property acquisition, development, management leasing or REIT industries;
- Companies with a strategic focus on commercial and industrial properties;
- Companies with revenues, net investment in real estate, and market capitalization roughly equivalent to the Company with revenues, investments and market capitalization of the Company computed inclusive of such data for the CPA® REITs, for which the Company provides management services, including day-to-day management and responsibility for property acquisitions, refinancing, and sales; and
- Publicly traded companies.

The peer group for 2011 consisted of the following companies:

| | | |
|---|---|---|
| AMB Property Corporation | iStar Financial Inc. | Northstar Realty Finance |
| Calamos Asset Management | Kimco Realty Corporation | Realty Income Corporation |
| CapLease Inc. | Lexington Realty Trust | Weingarten Realty Investors |
| Cohen and Steers Inc. | Liberty Property Trust | |
| Cousins Properties | Mack-Cali Realty | |
| Federal Realty Investment Trust | National Retail Properties | |

In January 2012, the Compensation Committee assessed the composition of the Company s peer group with the assistance of Towers Watson. The Compensation Committee determined that the current peer group remained appropriate and did not make any changes to the 2011 peer comparison group with the exception of removing AMB Property Corporation due to its merger with ProLogis, Inc. The new peer group will be used for compensation and performance comparisons in 2012.

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**Elements of Compensation**

The Company uses base salary, annual bonuses, and stock-based awards, as well as a range of benefit plans, as tools to help achieve its compensation objectives. The Company s approach to the mix of compensation among these elements emphasizes variable compensation, including bonuses and long-term incentives in the form of stock-based awards, over fixed compensation. The emphasis on stock-based awards helps to promote a long-term perspective and align management s interest with that of shareholders of the Company. For 2011, the mix for total compensation was:

(1) Does not reflect compensation for Mr. Wm. Polk Carey, the Company s Founder who passed away on January 2, 2012, because no bonus was paid with respect to his service as Chairman in 2011.

*Base Salary:* Base salary is intended to reflect job responsibilities and set a minimum baseline for compensation. In most cases, base salaries for Executive Officers are viewed as a significantly less important component of their overall compensation than variable elements of compensation. When setting such salary levels, the Compensation Committee considered the following factors:

- the nature and responsibility of the position;
- the expertise of the individual executive;
- changes in the cost of living and inflation;
- the competitive labor market for the executive s services; and
- the recommendations of the Chief Executive Officer with respect to Executive Officers who report to him.

Salary levels for Executive Officers joining the Company are typically set initially by negotiation between the prospective employee and management. Base salaries are subject to annual review by the Compensation Committee, which considers competitive market data provided by Towers Watson, the Compensation Committee s independent consultants. When considering changes to base salaries for Executive Officers, the Compensation Committee also takes into consideration the impact on total compensation. In 2011, the Compensation Committee decided not to increase NEO s base salaries.

*Annual Cash Incentives:* Annual cash bonuses are intended to motivate Executive Officers to achieve Company goals, align executive pay with shareholder interests, and reward performance, both by the Company as a whole and by the individual Executive Officers. Annual cash incentive payments to NEOs are not based on rigid formulae and are at the discretion of the Compensation Committee. In awarding bonuses to Executive Officers, the Compensation Committee reviews the Company s performance compared to prior years and against the public peer group. In addition to the performance metrics described above, the Compensation Committee takes into account other non-recurring factors that may have affected year-to-year comparisons, such as liquidity events for the CPA® REITs, such as the CPA®:14/16 Merger in 2011, and receipt of deferred performance revenue from a CPA® REIT

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upon attainment of performance targets, which generally only occur every few years. The Compensation Committee also considers such additional factors as progress toward achieving financial and non-financial goals and long-term objectives, performance against the pre-set business plan, performance compared to the peer group, and unforeseen changes in the Company s operating environment during the year.

In light of these performance considerations, the Compensation Committee increased the Company-wide bonus pool by 20% from 2010 levels. The Compensation Committee s intention was to recognize the significant contributions of the Company s employees toward a very strong annual performance. In determining individual bonus payouts to the NEOs for 2011 performance, the Compensation Committee started with the assumption that all officers would be eligible for the 20% increase. The Compensation Committee then adjusted actual bonuses to reflect individual accomplishments and annual performance objectives. These adjustments were based on performance assessments presented to the Compensation Committee by Mr. Bond, and in the case of Mr. Bond s bonus, by the independent deliberations of the Compensation Committee. The NEOs received bonus payouts for 2011 performance in the following amounts: Trevor P. Bond $1,775,000; Mark J. DeCesaris $925,000; Thomas E. Zacharias $1,230,000; and John D. Miller $310,000. No bonus was paid to the Carey Estate for Mr. Carey s service as Chairman during 2011.

In addition to the annual cash bonus plan, the Company also maintains a short-term incentive, cash commission program exclusively for its investment officers. Commission income under this plan is accrued as a percentage of revenues earned from structuring new investments for the Company s managed funds. These commission payments are a significant component of overall compensation for the Company s investment officers and are directly linked to the achievement of quantitative objectives in the CPA® REITs. A portion of the total commission payouts are allocated among the investment officers at the time of transaction and may be adjusted up or down, at the discretion of the Chief Executive Officer and with the recommendation of the department head. The remaining portion of the commissions is set aside into a bonus pool and divided among the investment officers at the end of the year. In 2011, none of the Company s NEOs were eligible to participate in this commission program.

*Long-Term Incentive Awards:* In 2008, the Company approved, as a subset of its 1997 Share Incentive Plan, the Long-Term Incentive Plan, which we refer to in this joint proxy statement/prospectus as the LTIP. The LTIP is designed to reward key managers for high performance and to drive shareholder value and increase assets under management. Under the LTIP, which is now also a subset of the Company s 2009 Share Incentive Plan, participants are generally awarded 50% of their annual long-term incentive opportunity in the form of time-vested RSUs and 50% in the form of PSUs. RSUs granted in 2011 vest ratably over three years, with one-third vesting each year starting February 15, 2012. The PSUs are earned at the end of a three year performance cycle. The ultimate number of PSUs that will be earned under the 2011-2013 performance cycle depends on achievement of the following two equally weighted goals:

- Growth in adjusted funds from operations; and

- Three year total shareholder return relative to the Russell 2000 Small Cap Index.

PSUs are tied to specific performance goals determined at the beginning of the performance cycle. The Compensation Committee approves final goals for each performance cycle after evaluating and modifying goals proposed by management. Management s proposals are based on the Company s long-term financial plan, historical results and expected results. The Compensation Committee considers these recommendations in conjunction with the established long-term business plan of the Company in order to determine the final goals. From time to time, the Compensation Committee s independent consultant, Towers Watson, assists the Compensation Committee with the goal-setting process by providing analyses of historical peer group performance and expected trends.

At the end of each performance cycle, the Compensation Committee evaluates the Company s actual performance compared to the pre-set goals and determines the payout level achieved. There are five potential basic payout levels for each of the goals reflecting actual Company performance: (i) Miss, which corresponds to

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no payout; (ii) Threshold, which corresponds to a payout equal to one half of Target; (iii) Target, which results in the targeted payout level; (iv) Stretch, which corresponds to a payout equal to two times Target; and (v) Maximum, which corresponds to a payout of three times Target.

The Compensation Committee annually reviews the Company s progress towards achieving each of the PSU goals and at the end of each performance cycle reviews and certifies the actual achievement and corresponding payout. To date, there have been two payouts under the PSU program for the three-year performance cycles that culminated on the last day of the Company s 2010 and 2011 fiscal years, respectively. For the 2009-2011 performance period, the Company achieved the Target performance level with respect to the adjusted cash flow and assets under management measures, the Stretch performance level with respect to the total shareholder return measure, and the Maximum performance level on the EBITDA measure. This resulted in a cumulative payout equal to 175% of the Target payout amount. As of December 31, 2011, PSUs granted under the 2010-2012 and 2011-2013 performance cycles are on track for achievement equal to 200% and 300% of the Target amount, respectively.

The table below shows the goals, actual achievement, and corresponding payouts for each of the 2009-2011 PSU measures:

| | Adjusted Cash Flow from Operations (Average Annual Growth) | Normalized EBITDA Growth (Average Annual Growth) | Assets Under Management Growth (Compounded Annual Growth) | Total Shareholder Return Relative to Russell 2000 | TOTAL |
|---|---|---|---|---|---|
| Threshold | 0% | 0% | 0% | 30th Percentile | |
| Target | 3% | 3% | 3% | 40th Percentile | |
| Stretch | 6% | 6% | 7.5% | 70th Percentile | |
| Maximum | 12% | 12% | 15% | 75th Percentile | |
| Actual Result | 4.2% | 15.1% | 7.4% | 70th Percentile | |
| | (Target) | (Maximum) | (Target) | (Stretch) | |
| Payout | 25% | 75% | 25% | 50% | 175% |

For the 2010-2012 performance cycle relevant to PSUs awarded in 2010, the Compensation Committee approved the three-year goals listed in the table below. The Compensation Committee determined that the goals from the 2009-2011 performance cycle continued to represent appropriate and challenging performance standards at that time.

In January 2010, the Compensation Committee modified the Normalized EBITDA metric for the 2010-2012 PSUs to more accurately measure the Company s long-term performance. Prior to 2010, Normalized EBITDA was calculated with an adjustment for items that were not non-recurring on a regular basis. In 2010, the Compensation Committee determined that this metric should also be adjusted to reflect the Company s economic interest in various joint ventures, including the Company s ownership in the CPA® REITs as well as the special general partner interest in CPA®:17 Global. For example, the Company receives cash dividends on its investment in the CPA® REITs and deems those dividends to be the economic interest, rather than its share of the net income of these funds, which includes substantial non-cash expenditures such as depreciation expense and impairment charges. As a result, the Normalized EBITDA metric for the 2010 PSUs was modified to reflect the dividends received and renamed Adjusted EBITDA.

| | Adjusted Cash Flow from Operations (Average Annual Growth) | Adjusted EBITDA Growth (Average Annual Growth) | Assets Under Management Growth (Compounded Annual Growth) | Total Shareholder Return Relative to Russell 2000 |
|---|---|---|---|---|
| Threshold | 0% | 0% | 0% | 30th Percentile |
| Target | 3% | 3% | 3% | 40th Percentile |
| Stretch | 6% | 6% | 7.5% | 70th Percentile |
| Maximum | 12% | 12% | 15% | 75th Percentile |

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In 2011, the Compensation Committee determined that the number of RSUs and PSUs (at Target) awarded to NEOs should be the same as awarded in 2010. Given the change in the price of the underlying Common Stock between the two grant periods, this approach resulted in the grant date fair values of 2011 equity awards granted to the NEOs being approximately 8% more than the values of the NEO awards at the time of grant in 2010. In 2011, the Compensation Committee decided to continue its established practice of granting the same number of RSUs and PSUs regardless of fluctuations in the underlying stock price, although certain individuals could receive higher or lower amounts in order to recognize changes in job responsibility, labor market norms or other retention issues or to reflect individual performance. The Compensation Committee believes that this practice creates strong alignment with shareholder interests because the NEOs participate directly in shareholder value creation or decline. Given the increases in the underlying stock price over the period, the grant date fair values of 2012 awards were approximately 36% higher than the grant date fair values of the 2011 awards.

*Changes made in 2011:* In January 2011, the Compensation Committee redesigned the PSU component of the LTIP in order to clarify and simplify the program and better align it with the Company s strategic direction. Effective beginning with the 2011-2013 performance cycle, PSU awards are based on two metrics: AFFO and total shareholder return relative to the Russell 2000 Small Cap Index ( TSR ). The 2011-2013 performance goals for these measures are as follows:

| | **AFFO (compound annual growth rate)** | **TSR (percentile of Russell 2000)** |
|---|---|---|
| Threshold | 0% | 50th Percentile |
| Target | 5% | 60th Percentile |
| Stretch | 15% | 70th Percentile |
| Maximum | 25% | 85th Percentile |

Additionally, the Compensation Committee decided to modify the payout scale associated with the various PSU achievement levels. The Threshold, Target, Stretch and Maximum achievement levels still correspond to the same respective payouts of 50%, 100%, 200% and 300% of Target, but payment levels are now determined on a linear scale between performance levels. This allows the Compensation Committee to recognize, reward and incentivize incremental performance gains between the absolute performance levels.

In January 2012, the Compensation Committee reevaluated these goals and determined that they continued to represent appropriate and challenging performance standards at that time and therefore decided to maintain the same goals for the 2012-2014 performance cycle.

**CEO Compensation**

Trevor P. Bond was appointed as the Company s Interim Chief Executive Officer in July 2010 and was then appointed Chief Executive Officer in September 2010. His target compensation was determined by the Compensation Committee and approved in December 2010. The Compensation Committee considered a number of factors, including the compensation of the Company s former CEO, typical compensation practices for peer group CEOs, supplemental market data for general industry and financial services companies, and Mr. Bond s experience and qualifications. Upon consideration of these factors, the Compensation Committee decided to set Mr. Bond s target compensation at a similar level to that of his predecessor, and Mr. Bond s annual base salary was therefore set at $700,000. The Compensation Committee reviewed this salary in 2011 and again in 2012 and determined in each case to continue his salary at that level. For 2011, Mr. Bond s target bonus opportunity was $1,000,000. As with other NEOs receiving bonuses, the Compensation Committee began with the assumption that Mr. Bond could be eligible for the Company-wide increase of 20% and then adjusted his actual bonus to $1,775,000 to reflect the significant overachievement of Company-wide goals during 2011, as discussed above. For 2012, he is eligible for a target bonus opportunity of $1,000,000, although the actual payout may be more or less than this amount based on individual and corporate performance results. Mr. Bond also participates in the LTIP and in January 2011 received an annual equity award in the amount of 18,400 RSUs and 18,400 PSUs.

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Mr. Bond received the same amount of RSUs and PSUs in January 2012. For a description of additional grants of RSUs and PSUs made to Mr. Bond in connection with entering into an employment agreement with the Company in March 2012, see Employment Agreements below.

**Other Compensation and Benefits**

*Deferred Compensation Plans.* In light of its adoption of the LTIP effective in 2008, the Committee terminated further contributions by executives to the 2005 Partnership Equity Unit Plan, or 2005 PEP. For NEOs, all prior deferrals under the 2005 PEP and its predecessor, the Partnership Equity Unit Plan, which are collectively referred to in this joint proxy statement/prospectus as the PEP Plans, are now maintained in the Company s Deferred Compensation Plan, pursuant to elections offered in 2008 through which participants chose specified payment dates for deferral amounts.

The purpose of the PEP Plans was to align the interests of the Company s highly-compensated officers with the interests of investors in the CPA® REITs, in a tax-advantaged manner, through the use of phantom equity in those funds. In the Committee s view, the LTIP provides a strong alignment with the interests of the Company shareholders. In 2008, PEP Plan participants who were then current employees were given the opportunity to convert their deemed interests in the PEP Plans, or PEP Units, for a deemed equity investment in the Company in the form of RSUs. This conversion took place on June 15, 2009, providing participants with a number of RSUs equal to the equivalent value of the W. P. Carey listed shares as previously held in interests through the PEP Plans. These Rollover RSUs, like the underlying PEP Units, were fully vested but receipt of the underlying W. P. Carey listed shares was required to be deferred by the participants for a minimum of two years.

Awards under the LTIP may be deferred if approved by the Committee and are subject to the requirements of Section 409A of the Code. For awards of RSUs to NEOs in 2011, only Trevor P. Bond elected to defer receipt of the underlying shares in accordance with the terms of the Company s Deferred Compensation Plan.

*Benefits and Perquisites.* The Company does not maintain any defined-benefit pension plans. The Company does maintain a profit-sharing plan, a 401(k) plan, and the ESPP, under which eligible employees may purchase Company stock at a discount of 15% of the market price of the W. P. Carey listed shares on the first or last day of the semi-annual purchase period, whichever is lower. These plans are generally available to all employees. Certain perquisites, as described in the Summary Compensation Table below, are available to a more limited group of officers that includes the NEOs. These perquisites are not deemed by the Company to constitute a material element of compensation.

**Employment Agreements**

The Company may from time to time enter into employment contracts when it deems it to be advantageous in order to attract or retain certain individuals. Currently, none of the NEOs has such an agreement, except for Trevor P. Bond, as described below. The Company from time to time also enters into agreements with its officers and other employees in connection with their separation from the Company.

On March 1, 2012, the Company entered into an employment agreement with Mr. Bond, its Chief Executive Officer. The employment agreement has an initial term through March 31, 2015 but will automatically renew for additional three-year periods at the expiration of the then-current term, unless either party gives notice of non-renewal by the immediately preceding January 15. If the term is renewed, the Company will also make additional equity-based awards having a value comparable to the grants made in connection with entering into the employment agreement, which are described herein.

The employment agreement provides that Mr. Bond will receive an award of PSUs in respect of 42,000 W. P. Carey listed shares and RSUs in respect of 28,000 such shares. The PSUs will vest based on achievement of the applicable performance objectives (which are the same as those applicable to other employees receiving

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grants of PSUs in the first quarter of 2012) during the three year performance period 2012-2014. As with all PSU awards, the number of shares payable may range from 0% of the shares stated as being subject to the award to 300% of such shares, depending on the level at which the performance objectives established by the Compensation Committee are achieved. The RSUs will vest in three annual installments on each of February 25, 2013, 2014 and 2015, subject to Mr. Bond s continued employment.

As an inducement for the Company to enter into the employment agreement, Mr. Bond agreed pursuant to the employment agreement to a series of restrictive covenants for the benefit of the Company, including a two-year post-termination non-competition provision, as well as various restrictions on Mr. Bond s ability to solicit or hire key employees of the Company, to solicit certain business affiliates, or to engage in certain business transactions with trusts, funds or collective investment vehicles affiliated with or sponsored by the Company.

Mr. Bond s employment agreement contains provisions for payment upon certain terminations, including a voluntary resignation by Mr. Bond during the 30 day period immediately following the six-month anniversary of the occurrence of a change in control in the Company as defined for purposes of the 2009 Share Incentive Plan as currently in effect. The Company believes these arrangements benefit us and our shareholders by providing Mr. Bond with financial assurances so that he can best perform his duties in the face of a change in control and in order to retain Mr. Bond by providing him with a level of severance consistent with that generally provided to chief executive officers at similarly situated publicly-traded companies. For more information about the benefits that Mr. Bond could receive upon a termination of employment or upon a change in control, see Potential Payments upon Termination or Change-in-Control below.

**Other Considerations**

The Company does not have any equity or other security ownership requirements or guidelines. The Company has been advised by counsel that it is not subject to Section 162(m) of the Code.

**Compensation Committee Interlocks and Insider Participation**

Each of the Compensation Committee members whose names appear under the heading Report of the Compensation Committee above were Compensation Committee members during all of 2011, except for Messrs. Mittelstaedt and van Ommen, who joined the Compensation Committee in June 2011. No member of the Compensation Committee during 2011 is or has been an executive officer of the Company, and no member of the Compensation Committee had any relationships requiring disclosure by the Company under the SEC s rules requiring disclosure of certain relationships and related-party transactions. None of the Company s executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director of the Company or member of the Compensation Committee during 2011.

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**Summary Compensation Table**

All management functions of W. P. Carey are provided by employees of its wholly-owned subsidiaries, CAM and Carey Management Services, Inc. All policy-making functions are carried out by Executive Officers of CAM or Carey Management Services, Inc., who generally hold the same titles as officers of W. P. Carey. The following table summarizes the compensation of our NEOs for each of the fiscal years ended December 31, 2011, 2010 and 2009. W. P. Carey s NEOs are our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated Executive Officers at December 31, 2011 as determined by their total compensation in the table below, which is calculated in accordance with SEC rules.

| Name and Principal Position | Year | Salary ($) | Bonus[(1)] ($) | Stock Awards[(2)] ($) | All Other Compensation[(3)] ($) | Total ($) |
|---|---|---|---|---|---|---|
| Wm. Polk Carey[(4)] | 2011 | 300,000 | 0 | 1,414,868 | 255,007 | 1,969,875 |
| Chairman | 2010 | 300,000 | 1,000,000 | 1,189,560 | 233,645 | 2,723,205 |
| | 2009 | 300,000 | 880,000 | 940,608 | 175,611 | 2,296,219 |
| Trevor P. Bond[(5)] | 2011 | 700,000 | 1,775,000 | 1,414,868 | 67,800 | 3,957,668 |
| CEO | 2010 | 333,846 | 750,000 | 0 | 38,532 | 1,122,378 |
| Mark J. DeCesaris | 2011 | 300,000 | 925,000 | 961,188 | 114,871 | 2,301,059 |
| CFO | 2010 | 299,231 | 780,000 | 646,500 | 104,507 | 1,830,238 |
| | 2009 | 250,000 | 600,000 | 447,300 | 100,404 | 1,397,704 |
| Thomas E. Zacharias | 2011 | 350,000 | 1,230,000 | 961,188 | 169,706 | 2,710,894 |
| COO | 2010 | 350,000 | 1,040,000 | 808,125 | 183,260 | 2,381,385 |
| | 2009 | 350,000 | 800,000 | 639,000 | 159,129 | 1,948,129 |
| John D. Miller | 2011 | 250,000 | 310,000 | 192,238 | 59,601 | 811,839 |
| Chief Investment Officer | 2010 | 250,000 | 264,000 | 161,625 | 55,033 | 730,658 |
| | 2009 | 250,000 | 220,000 | 127,800 | 43,439 | 641,239 |

(1) The amounts in the Bonus column represent bonuses paid in 2012 for performance in 2011.

(2) Amounts in the Stock Awards column reflect the aggregate grant date fair value, calculated in accordance with FASB ASC Topic 718, with respect to, for 2009, awards of RSUs and PSUs granted under the 1997 Share Incentive Plan and, for 2010 and 2011, awards of RSUs and PSUs under the 2009 Share Incentive Plan. For details of the individual grants of RSUs and PSUs during 2011, please see the Grants of Plan-Based Awards Table below. The assumptions on which these valuations are based are set forth in Note 14 to the consolidated financial statements included in the Company s 2011 Form 10-K, disregarding estimates of forfeitures. If the Maximum payment level is reached (which would be 300% of the Target payment level), the grant date fair value of the PSUs granted in 2011 would be: $2,538,924 for Mr. Carey (a prorated portion of which would be payable to the Carey Estate under the terms of the applicable plan and grant), $2,538,924 for Mr. Bond, $1,724,813 for Mr. DeCesaris, $1,724,813 for Mr. Zacharias, and $344,963 for Mr. Miller. If the Maximum payment level is reached, the aggregate grant date fair value of the PSUs granted in 2010 would be: $1,996,032 for Mr. Carey (a prorated portion of which would be payable to the Carey Estate under the terms of the applicable plan and grant), $1,084,800 for Mr. DeCesaris, $1,356,000 for Mr. Zacharias, and $271,200 for Mr. Miller. If the Maximum payment level was reached, the aggregate grant date fair value of the PSUs granted in 2009 would be: $1,515,792 for Mr. Carey (payable to the Carey Estate under the terms of the applicable plan and grant), $720,825 for Mr. DeCesaris, $1,029,750 for Mr. Zacharias, and $205,950 for Mr. Miller; however, the PSUs granted in 2009 were actually paid out at 175% of the Target payment level in February 2012. Rollover RSUs received in 2009 upon conversion of balances held by the NEOs under the PEP Plan are not shown in the table above because the PEP Plan balances were reported in previous years, but they are reflected in the Outstanding Equity Awards table below.

(3) The All Other Compensation column includes, in addition to the perquisites and personal benefits described below, the following amounts for 2011: compensation related to Company contributions on behalf of the NEOs to the Company sponsored profit sharing plan, including forfeitures ($37,955 for each NEO); and

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dividends on unvested RSUs ($217,052 for Mr. Carey, $29,845 for Mr. Bond, $56,956 for Mr. DeCesaris, $103,597 for Mr. Zacharias and $21,647 for Mr. Miller), which includes vested RSUs for which payment of the underlying shares has been deferred at the election of the NEO, as described under Nonqualified Deferred Compensation below. Perquisites and personal benefits for each NEO include: for Messrs. DeCesaris and Zacharias, automobile use (depreciation), plus related expenses attributable to personal use; and for Mr. Zacharias, club dues attributable to personal use.

(4) Mr. Wm. Polk Carey, the Company s Founder who passed away on January 2, 2012, was Chairman of the Board during 2011.

(5) Mr. Bond was appointed Interim Chief Executive Officer upon the resignation of the Company s then Chief Executive Officer, Mr. Gordon F. DuGan, in July 2010. For 2010, the amounts shown do not include the compensation Mr. Bond received as an Independent Director during that year prior to his appointment as Interim Chief Executive Officer on July 6, totaling $64,472 in Director fees and an automatic award of 1,848 Director RSUs on July 1 with a grant date fair value of $50,007.

**Grants of Plan-Based Awards**

The following table provides information on PSUs and RSUs granted to our NEOs in 2011.

| | | Estimated Future Payouts Under Equity Incentive Plan Awards(1) | | | All Other Stock Awards: Number of Units(2) | Grant Date Fair Value of Stock Awards(3) |
|---|---|---|---|---|---|---|
| **Name** | **Grant Date** | **Threshold (#)** | **Target (#)** | **Maximum (#)** | **(#)** | **($)** |
| Wm. Polk Carey | 1/20/11 | 9,200 | 18,400 | 55,200 | | 846,308 |
| | 1/20/11 | | | | 18,400 | 568,560 |
| Trevor P. Bond | 1/20/11 | 9,200 | 18,400 | 55,200 | | 846,308 |
| | 1/20/11 | | | | 18,400 | 568,560 |
| Mark J. DeCesaris | 1/20/11 | 6,250 | 12,500 | 37,500 | | 574,938 |
| | 1/20/11 | | | | 12,500 | 386,250 |
| Thomas E. Zacharias | 1/20/11 | 6,250 | 12,500 | 37,500 | | 574,938 |
| | 1/20/11 | | | | 12,500 | 386,250 |
| John D. Miller | 1/20/11 | 1,250 | 2,500 | 7,500 | | 114,988 |
| | 1/20/11 | | | | 2,500 | 77,250 |

(1) Reflects awards of PSUs under of the Company s 2009 Share Incentive Plan. The underlying W. P. Carey listed shares may be paid out in 2014, at the end of a three-year performance cycle (2011-2013), depending on the achievement of specified criteria, as described under Compensation Discussion and Analysis above. Dividend equivalents, in amounts equal to the dividends paid on the W. P. Carey listed shares underlying the PSUs, are accrued and paid after the end of the performance cycle in additional W. P. Carey listed shares as if reinvested in shares upon the related dates of distribution but only to the extent that the shares underlying the PSUs are actually earned and payable. We refer to these additional shares in this joint proxy statement/prospectus as Dividend Equivalent Shares. With regard to the award shown for Mr. Carey, the Carey Estate will be entitled to receive a prorated portion of the shares underlying his award (based on the number of days he was employed during the performance period) to the extent, if any, that the such performance criteria are met, including dividend equivalents thereon through January 2, 2012, the date of his death.

(2) Reflects awards of RSUs under the 2009 Share Incentive Plan, which are scheduled to vest in three equal installments commencing on February 15, 2012. Dividend equivalents are paid concurrently with the payment of dividends on the W. P. Carey listed shares underlying the RSUs contingent upon the individual s continued employment. With regard to the award for Mr. Carey, all of the RSUs shown vested on January 2, 2012, the date of his death, and the underlying shares became payable to the Carey Estate.

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(3) The grant date fair value is calculated in accordance with FASB ASC 718, disregarding estimates of forfeitures, and for PSUs is based upon the Target value, which at the date of grant was the expected future payment. See the amounts under Stock Awards for 2011 in the Summary Compensation Table above. For additional information on the valuation assumptions, refer to Note 14 to the consolidated financial statements included in the Company s 2011 Form 10-K. The amounts shown under Grant Date Fair Value of Stock Awards do not necessarily correspond to the actual value that may be realized by the NEO.

**Outstanding Equity Awards at December 31, 2011**

The following table sets forth certain information with regard to all unexercised options and all unvested awards of RSUs and PSUs held by our NEOs on December 31, 2011.

| | | Option Awards[1] | | | | | Stock Awards[1] | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name | Grant Date | Number of Securities Underlying Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock that have not Vested (#) | Market Value of Shares or Units of Stock that have not Vested ($) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($) |
| Wm. Polk Carey | 04/01/02 | 182,725 | 0 | 0 | $ 23.00 | 03/31/12 | | | | |
| | 12/31/02 | 6,818 | 0 | 0 | 24.75 | 12/31/12 | | | | |
| | 06/30/04 | 4,759 | 3,174 | 0 | 29.78 | 06/30/14 | | | | |
| | 12/31/04 | 138 | 92 | 0 | 35.16 | 12/31/14 | | | | |
| | 06/30/05 | 2,600 | 3,901 | 0 | 29.28 | 06/30/15 | | | | |
| | 12/31/05 | 106 | 160 | 0 | 25.36 | 12/31/15 | | | | |
| | 06/30/06 | 757 | 3,029 | 0 | 25.32 | 06/30/16 | | | | |
| | 12/31/06 | 44 | 180 | 0 | 30.07 | 12/31/16 | | | | |
| | 06/30/07 | 0 | 8,328 | 0 | 31.45 | 06/30/17 | | | | |
| | 12/31/07 | 0 | 1,220 | 0 | 33.20 | 12/31/17 | | | | |
| | 01/21/09 | | | | | | 6,134 | 251,126 | 32,200 | 1,318,268 |
| | 01/20/10 | | | | | | 12,267 | 502,211 | 29,900 | 1,224,106 |
| | 01/20/11 | | | | | | 18,400 | 753,296 | 18,400 | 753,296 |
| Trevor P. Bond | 01/20/11 | | | | | | 18,400 | 753,296 | 18,400 | 753,296 |
| Mark J. DeCesaris | 06/30/07 | 0 | 2,876 | 0 | 31.45 | 06/30/17 | | | | |
| | 12/31/07 | 0 | 1,017 | 0 | 33.20 | 12/31/17 | | | | |
| | 01/21/09 | | | | | | 2,917 | 119,422 | 15,313 | 626,914 |
| | 01/20/10 | | | | | | 6,667 | 272,947 | 16,250 | 665,275 |
| | 01/20/11 | | | | | | 12,500 | 511,750 | 12,500 | 511,750 |
| Thomas E. Zacharias | 04/01/02 | 25,000 | 0 | 0 | 23.00 | 03/31/12 | | | | |
| | 12/31/03 | 176 | 45 | 0 | 30.52 | 12/31/13 | | | | |
| | 02/15/04 | 50,000 | 0 | 0 | 29.70 | 02/15/14 | | | | |
| | 06/30/04 | 1,632 | 1,088 | 0 | 29.78 | 06/30/14 | | | | |
| | 12/31/04 | 258 | 172 | 0 | 35.16 | 12/31/14 | | | | |
| | 06/30/05 | 1,589 | 2,385 | 0 | 29.28 | 06/30/15 | | | | |
| | 12/31/05 | 212 | 320 | 0 | 25.36 | 12/31/15 | | | | |
| | 03/10/06 | 100,000 | 0 | 0 | 26.00 | 03/10/16 | | | | |
| | 06/30/06 | 522 | 2,091 | 0 | 25.32 | 06/30/16 | | | | |
| | 12/31/06 | 89 | 360 | 0 | 30.07 | 12/31/16 | | | | |
| | 06/30/07 | 0 | 6,482 | 0 | 31.45 | 06/30/17 | | | | |
| | 12/31/07 | 0 | 1,423 | 0 | 33.20 | 12/31/17 | | | | |
| | 01/21/09 | | | | | | 4,167 | 170,597 | 21,875 | 895,563 |
| | 01/20/10 | | | | | | 8,334 | 341,194 | 20,313 | 831,614 |
| | 01/20/11 | | | | | | 12,500 | 511,750 | 12,500 | 511,750 |
| John D. Miller | 06/30/06 | 19 | 79 | 0 | 25.32 | 06/30/16 | | | | |
| | 06/30/07 | 0 | 794 | 0 | 31.45 | 06/30/17 | | | | |
| | 12/31/07 | 0 | 508 | 0 | 33.20 | 12/31/17 | | | | |

| | | | | |
|---|---|---|---|---|
| 01/21/09 | 834 | 34,144 | 4,375 | 179,113 |
| 01/20/10 | 1,667 | 68,247 | 4,063 | 166,339 |
| 01/20/11 | 2,500 | 102,350 | 2,500 | 102,350 |

(1) The option, PSU, and RSU awards listed above vest over the following periods:

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Option Awards:

Grants dated June 30th or December 31st represent options awarded in connection with the PEP Plans, which are vested upon grant but become exercisable in equal annual installments on the fifth through ninth anniversaries of the grant date, which we refer to in this joint proxy statement/prospectus as PEP Options.

Grant dated 4/1/02 vested in equal annual installments over three years on the anniversary of the grant date.

Grant dated 2/15/04 vested in equal annual installments over four years beginning on January 1st of 2008 through 2011. These options originally were scheduled to vest in years five through nine; in October 2007, the Board modified the vesting period to the current schedule.

Grant dated 3/10/06 vested in equal annual installments over four years on the anniversary of the grant date.

Stock Awards:

RSU grants dated 1/21/09 vested in three equal annual installments commencing on February 15, 2010.

PSU grants dated 1/21/09 are shown under Equity Incentive Plan Awards columns and reflect 175% of the Target Amount of PSUs, which were paid out in 2012 after the end of the applicable three-year performance cycle (2009-2011) based on the achievement of specified performance criteria.

RSU grants dated 1/20/10 vest in three annual installments commencing on February 15, 2011.

PSU grants dated 1/20/10 are shown under Equity Incentive Plan Awards columns and reflect 162.5% of the Target Amount of PSUs which may be paid out in 2013 after the end of the applicable three-year performance cycle (2010-2012) if specified performance criteria are met.

RSU grants dated 1/20/11 vest in three equal annual installments commencing on February 15, 2012.

PSU grants dated 1/20/11 are shown under Equity Incentive Plan Awards columns and reflect the Target Amount of PSUs that may be paid out in 2014 after the end of the applicable three-year performance cycle (2011-2013) if specified performance criteria are met.

All market values are based on the $40.94 closing price per share of the W. P. Carey listed shares on December 30, 2011, which was the last trading day of the calendar year.

**Option Exercises and Stock Vested**

The following table contains information about shares acquired by the NEOs upon the exercise of stock options or vesting of RSUs and/or PSUs, as applicable, during 2011.

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting ($) |
| Wm. Polk Carey | 0 | 0 | 29,986(1) | 974,696(1) |
| Trevor P. Bond | 4,000 | 6,920(2) | 270(3) | 9,980(3) |
| Mark J. DeCesaris | 75,000 | 1,036,250(2) | 14,668(1) | 476,889(1) |
| Thomas E. Zacharias | 50,000 | 857,250(2) | 20,359(1) | 662,168(1) |
| John D. Miller | 0 | 0 | 4,072(1) | 132,440(1) |

(1) Includes the underlying shares received on January 2, 2011 upon the vesting of the third and final tranche of the RSUs granted under the LTIP in 2008; the underlying shares received on February 15, 2011 upon the vesting of the second tranche of the RSUs granted under the LTIP in 2009 and the first tranche of the RSUs granted under the LTIP in 2010; and the actual shares earned underlying the PSUs awarded to the executive in 2008, payable in 2011 after the end of the related three-year (2008-2010) performance cycle, as well as the related Dividend Equivalent Shares. The Value Realized on Vesting is equal to the product of the total RSUs

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vested and $31.29 and $32.09, which was the closing price of the W. P. Carey listed shares on January 2, 2011 and February 15, 2011, respectively, and the product of the shares actually earned underlying the PSUs and the related Dividend Equivalent Shares and $33.64, which was the closing price of the Common Stock on February 25, 2012, the scheduled payment date for these shares. Of these amounts, the payment of certain shares was deferred at the election of the executive, pursuant to the terms of the awards and the Company s Defined Compensation Plan, as follows: Mr. Carey a total of 17,702 shares was deferred to the date of his separation of service; Mr. DeCesaris a total of 5,501 shares was deferred to the date of his separation of service; Mr. Zacharias a total of 5,240 shares was deferred, in two equal installments, to February 25, 2012 and 2013; and Mr. Miller a total of 3,239 shares was deferred to the date of his separation of service. See Nonqualified Deferred Compensation below.

(2) In accordance with SEC rules, the Value Realized on Exercise was calculated by subtracting the grant price of the related option ($34.63 for Mr. Bond, $23.00 for Mr. Zacharias, and $26.19 and 26.99 for Mr. DeCesaris) from the fair market value of the Common Stock, as determined under the Non-Employee Director Plan for Mr. Bond and the 1997 Share Incentive Plan for Messrs. Zacharias and DeCesaris, on the dates of exercise ($36.36 on May 23, 2011 for Mr. Bond, $37.04 on May 26, 2011 and $43.25 on December 22, 2011 for Mr. Zacharias, and $40.54 on June 27, 2011 for Mr. DeCesaris), multiplied by the total number of shares underlying the option. However, all of the executives elected to have the Company withhold a portion of these shares to cover the total exercise price and taxes required to be withheld at the time of exercise, pursuant to the terms of the related plan. Mr. Bond s option was exercisable for a total of 4,000 shares, of which 3,810 shares were withheld at his election in payment for the total exercise price. Mr. Zacharias s options were exercisable for 25,000 shares each, of which 20,307 shares and 19,203 shares, respectively, were withheld at his election in payment for both the total exercise price and his tax withholding obligation upon exercise. Mr. DeCesaris s options were exercisable for 25,000 and 50,000 shares, respectively, of which 20,242 shares and 41,014 shares, respectively, were withheld at his election in payment for both the total exercise price and his tax withholding obligation upon exercise.

(3) Represents the total number of shares received upon vesting of Independent Director restricted stock awards (which were granted to Mr. Bond at various times under the Non-Employee Director Plan while he was an Independent Director). The Value Realized on Vesting is equal to the product of the number of restricted shares and the closing price of the W. P. Carey listed shares on the vesting dates, as follows: 85 shares at $31.29 on January 2, 2011; 89 shares at $38.70 on June 20, 2011; and 96 shares at $40.38 on July 2, 2011.

**Pension Plans**

W. P. Carey does not maintain a qualified defined benefit plan and did not provide pension benefits to its NEOs for the fiscal year ended December 31, 2011.

**Nonqualified Deferred Compensation**

The following table shows the aggregate contributions, earnings and withdrawals in 2011 for the NEOs under our Deferred Compensation Plan. The Deferred Compensation Plan includes balances formerly held in our PEP Plans that were rolled over to the Deferred Compensation Plan at the election of the NEOs and converted to Rollover RSUs on June 15, 2009. The table reflects such deferrals of Rollover RSUs for all the NEOs except for Mr. Bond, who was an Independent Director until his appointment as Interim Chief Executive Officer on July 6, 2010 and as such did not participate in the PEP Plans. In addition, Mr. DeCesaris no longer held Rollover RSUs after February 15, 2011. The Deferred Compensation Plan also allows participants to defer receipt of the W. P. Carey listed shares underlying awards of RSUs and PSUs granted under the LTIP, as more fully described in Compensation Discussion and Analysis above. The table below reflects such deferrals for Messrs. Carey, DeCesaris, Zacharias, and Miller. Further, Director RSUs are immediately vested, but receipt of the underlying W. P. Carey listed shares is required by the terms of the 2009 Non-Employee Director Plan to be deferred until the Director completes his or her service on the Board. The table below reflects such required deferral regarding the Director RSUs held by Mr. Bond, which were granted at various times during his service as an Independent Director prior to his appointment as Interim Chief Executive Officer on July 6, 2010.

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| Name | Executive Contributions in Last Fiscal Year[(1)] ($) | Aggregate Earnings in Last Fiscal Year[(2)] ($) | Aggregate Withdrawals/ Distributions[(3)] ($) | Aggregate Balance at Last Fiscal Year End[(4)] ($) |
|---|---|---|---|---|
| Wm. Polk Carey | 724,720 | 141,720 | (141,720) | 2,834,686 |
| Trevor P. Bond | 0 | 11,268 | (11,268) | 216,368 |
| Mark J. DeCesaris | 225,211 | 8,923 | (175,662) | 225,211 |
| Thomas E. Zacharias | 214,526 | 47,208 | (241,417) | 957,832 |
| John D. Miller | 132,605 | 10,059 | (10,059) | 242,651 |

(1) The amounts shown represent the number of RSUs and PSUs, including related Dividend Equivalent Shares, that vested during 2011, but for which the payment of the underlying shares was deferred at the election of the executive pursuant to the terms of the award and the Deferred Compensation Plan, multiplied by $40.94, the closing price per share of the underlying W. P. Carey listed shares on December 31, 2011.

(2) The Aggregate Earnings in Last Fiscal Year column represents dividend equivalents earned on deferred RSUs, PSUs, and/or Rollover RSUs, as applicable (and, in the case of Mr. Bond, Director RSUs) during 2011.

(3) The Aggregate Withdrawals/Distributions column represents dividend equivalents paid to the NEOs on deferred RSUs, PSUs, and/or Rollover RSUs, as applicable (and, in the case of Mr. Bond, Director RSUs), paid during 2011. For Messrs. DeCesaris and Zacharias, the amounts shown also reflect the payout of 5,196 shares and 6,052 shares, respectively, underlying their Rollover RSUs on February 15, 2011 which was the date they had selected as the payment date when their PEP Units were rolled over to the Deferred Compensation Plan on June 15, 2009 multiplied by $32.09, the closing price per share of the Common Stock on the payment date.

(4) The amounts shown represent the product of the number of deferred RSUs, PSUs, and/or Rollover RSUs, as applicable (and, in the case of Mr. Bond, Director RSUs) and $40.94, the closing price per share of the underlying W. P. Carey listed shares on December 31, 2011.

**Potential Payments upon Termination or Change-in-Control**

None of the NEOs as of December 31, 2011 had an employment, severance or change in control agreement with the Company that, in the event of termination of their employment or a change in control, which are collectively referred to below as termination events, would provide them with any right to a cash severance or incremental benefit. In March 2012, however, the Company entered into an employment agreement with Trevor P. Bond that does provide for such benefits.

The employment agreement that the Company entered into with Mr. Bond in March 2012 provides benefits payable to Mr. Bond in the event of certain terminations of his employment or following a change of control. Specifically, Mr. Bond will receive severance benefits for a period of two years following a termination by the Company without Cause or a termination by Mr. Bond for Good Reason. The severance benefit will be paid in bi-weekly installments and will be equal to 1/26$^{th}$ of his annual base salary and 1/26$^{th}$ of the average of his last three annual bonuses (or all such bonuses, if less than three) from the Company. Mr. Bond will also be entitled to the same severance benefit if he voluntarily resigns during the 30-day period immediately following the six-month anniversary of the occurrence of a change in control of the Company, as defined for purposes of the 2009 Share Incentive Plan as currently in effect.

For purposes of the employment agreement, Cause is defined as any termination of Mr. Bond s employment as a result of his (i) conviction of a felony (other than one related to the operation of a motor vehicle) or entering a plea of nolo contendere to such a felony charge; (ii) gross neglect, willful malfeasance, or willful gross misconduct in connection with his employment, which has had or could reasonably be expected to have a material adverse effect on the business of the Company and its subsidiaries; (iii) substantial and continual refusal to perform his duties, responsibilities, or obligations that continues after receipt of written notice from the

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Company identifying the duties, responsibilities, or obligations not being performed; (iv) material violation of any policy of the Company that is generally applicable to all employees or all officers of the Company, including, but not limited to, policies concerning insider trading or sexual harassment, or the Company s code of conduct; (v) failure to cooperate, if requested by the Board, with any investigation or inquiry into his or the Company s business practices, whether internal or external, including but not limited to his refusal to be deposed or to provide testimony at any trial or inquiry; or (vi) any material breach by him of the restrictive covenants entered into for the benefit of the Company under the employment agreement, as described in Executive Compensation Employment Agreements above.

Good Reason is defined in Mr. Bond s agreement as a termination of employment by him within 90 days following (i) a material adverse change in his duties and responsibilities; (ii) a material reduction in his base salary (other than a proportionate adjustment applicable generally to similarly situated Company executives); or (iii) the relocation of his principal place of business to a location more than thirty-five miles outside of Manhattan. As previously noted, Good Reason also includes a voluntary resignation by Mr. Bond during the 30-day period immediately following the six-month anniversary of the occurrence of a change in control of the Company, as defined.

Mr. Bond must comply with each of the restrictive covenants that he is bound by under his employment agreement in order to continue to receive these benefits. For more information on the nature of these restrictive covenants, see Executive Compensation Employment Agreements above.

The Company does not have any tax gross-up commitment under Mr. Bond s employment agreement, or under equity award agreements issued to the NEOs, in the event that any portion of severance benefits or equity award acceleration, as applicable, results in the NEO becoming liable for payment of a parachute payment excise tax.

Mr. Bond s employment agreement was not entered into in connection with the Merger Agreement and Mr. Bond will not receive or be paid any severance in connection with the Merger or the REIT Conversion.

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The following table sets forth the amounts each NEO as of December 31, 2011 would have received upon termination of employment with the Company on that date for each of the reasons detailed below. The amounts set forth in the table assume a termination event occurred on December 31, 2011 and that the value of the W. P. Carey listed shares was $40.94 per share, based on the closing price of the W. P. Carey listed shares on December 31, 2011. The actual amounts that would be payable in these circumstances can only be determined at the time of the executive s separation and may differ from the amounts set forth in the tables below.

| Named Executive Officer | Death/Disability | Termination by the Company for Cause | Involuntary Dismissal | Change in Control[4] | Retirement |
|---|---|---|---|---|---|
| **Wm. Polk Carey** | | | | | |
| Options[1] | $ 0 | $0 | $ 0 | $ 221,666 | $ 0 |
| RSUs[2] | 1,506,633 | 0 | 0 | 1,506,633 | 0 |
| PSUs[3] | 2,259,888 | 0 | 2,259,888 | 6,779,664 | 2,259,888 |
| **TOTAL** | $ 3,766,521 | $0 | $ 2,259,888 | $ 8,507,963 | $ 2,259,888 |
| **Trevor P. Bond** | | | | | |
| RSUs[2] | $ 753,296 | $0 | $ 0 | $ 753,296 | $ 0 |
| PSUs[3] | 753,296 | 0 | 753,296 | 2,259,888 | 753,296 |
| **TOTAL** | $ 1,506,592 | $0 | $ 753,296 | $ 3,013,184 | $ 753,296 |
| **Mark J. DeCesaris** | | | | | |
| Options[1] | $ 0 | $0 | $ 0 | $ 35,165 | $ 0 |
| RSUs[2] | 904,119 | 0 | 0 | 904,119 | 0 |
| PSUs[3] | 1,279,375 | 0 | 1,279,375 | 3,838,125 | 1,279,375 |
| **TOTAL** | $ 2,183,494 | $0 | $ 1,279,375 | $ 4,777,409 | $ 1,279,375 |
| **Thomas E. Zacharias** | | | | | |
| Options[1] | $ 0 | $0 | $ 0 | $ 155,503 | $ 0 |
| RSUs[2] | 1,023,541 | 0 | 0 | 1,023,541 | 0 |
| PSUs[3] | 1,535,250 | 0 | 1,535,250 | 4,605,750 | 1,535,250 |
| **TOTAL** | $ 2,558,791 | $0 | $ 1,535,250 | $ 5,784,794 | $ 1,535,250 |
| **John D. Miller** | | | | | |
| Options[1] | $ 0 | $0 | $ 0 | $ 12,701 | $ 0 |
| RSUs[2] | 204,741 | 0 | 0 | 204,741 | 0 |
| PSUs[3] | 307,050 | 0 | 307,050 | 921,150 | 307,050 |
| **TOTAL** | $ 511,791 | $0 | $ 307,050 | $ 1,138,592 | $ 307,050 |

(1) Upon termination of employment by reason of death or disability, options may be exercised to the extent exercisable upon termination (or, at the Compensation Committee s discretion, the options may be exercised in full) for a period of six months from death or twelve months from termination by reason of disability, limited in each case by the expiration date of the options. The post-termination exercise periods may be extended by the Compensation Committee. Upon termination of employment for cause, as defined in the 1997 Share Incentive Plan and the 2009 Share Incentive Plan, options immediately terminate, except that the Compensation Committee can determine otherwise, limited in the 1997 Share Incentive Plan to providing a 30-day exercise period. Upon any other termination, unvested options are forfeited upon termination, and optionees have a 30-day period from termination to exercise vested options. However, PEP Options granted under the 1997 Share Incentive Plan were vested upon grant and become exercisable in equal annual installments on the fifth through ninth anniversary of the grant date, and the options remain exercisable until ten years from the grant date, even if the optionee is no longer employed by the Company.

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(2) Each of the 1997 Share Incentive Plan and the 2009 Share Incentive Plan generally provides that RSUs automatically terminate upon a participant s termination of service for any reason but that the Compensation Committee has the discretion to determine otherwise. Under the RSU award agreements approved by the Compensation Committee, if a participant s employment terminates by reason of death or disability, RSUs (other than Rollover RSUs) become fully vested on the date of death or disability. In all other cases, unvested RSUs are forfeited upon termination. Rollover RSUs received in connection with the conversion of PEP units were fully vested upon issuance, but payout of the underlying shares was required to be deferred for a minimum of two years. Rollover RSUs are payable in accordance with the employees elections, except that Rollover RSUs are automatically payable upon a separation from service in the event that the employee has not yet attained age 55, subject in certain cases to a six month delay under applicable provisions of the Code.

(3) Each of the 1997 Share Incentive Plan and the 2009 Share Incentive Plan generally provides that PSUs automatically terminate upon a participant s termination of service for any reason but that the Compensation Committee has the discretion to determine otherwise. Under the PSU award agreements approved by the Compensation Committee, if a participant s employment terminates for any reason other than disability, involuntary dismissal, retirement or death prior to the conclusion of the performance period, the PSUs are forfeited, subject to the Compensation Committee s discretion otherwise. In the case of a termination due to disability, involuntary dismissal, retirement or death, the participant (or beneficiary) is entitled to a pro rata portion of the award for the period of time worked, contingent upon satisfaction of the performance criteria at the end of the applicable three-year performance period. As a consequence of the contingent nature of the PSU awards, the value that may ultimately be received by the NEO is uncertain. However, the prorated values shown reflect the ultimate achievement of Target levels, which at the date of grant was the expected future payment, although actual values will range from zero, if the Threshold level is not achieved, to three times the values shown, if the Maximum level is reached. The numbers also do not indicate whether the individual is eligible for retirement.

(4) The terms of the Company s outstanding equity awards provide that, in the event of a change of control, the portion of the award not already exercisable or vested becomes exercisable or vested, as the case may be, and for PSUs the awards vest at the Maximum Amount, which is three times the Target Amount.

## Certain Relationships and Related Transactions

*When used in this section Certain Relationships and Related Transactions, unless otherwise specifically stated or the context otherwise requires, the term the Company, we and our refers to W. P. Carey & Co. LLC and its subsidiaries prior to the Merger and the REIT Conversion and to W. P. Carey Inc. and its subsidiaries after the Merger and the REIT Conversion.*

**Policies and Procedures with Respect to Related Party Transactions.** The Executive Officers and Directors are committed to upholding the highest legal and ethical conduct in fulfilling their responsibilities and recognize that related party transactions can present a heightened risk of potential or actual conflicts of interest. Employees, officers and Directors have an obligation to act in the best interest of the Company and to put such interests at all times ahead of their own personal interests. In addition, all employees, officers and Directors of the Company should seek to avoid any action or interest that conflicts with or gives the appearance of a conflict with the Company s interests. According to the Company s Code of Business Conduct and Ethics (the Code of Ethics ), a conflict of interest occurs when a person s private economic or other interest conflicts with, is reasonably expected to conflict with, or may give the appearance of conflicting with, any interest of the Company. The following conflicts of interest are prohibited, and employees, officers and Directors of the Company must take all reasonable steps to detect, prevent, and eliminate such conflicts:

- Working in any capacity including service on a Board of Directors or Trustees, or on a committee thereof for a competitor while employed by the Company.

- Competing with the Company for the purchase, sale or financing of property, services or other interests.

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Soliciting or accepting any personal benefit from a third party, including any competitor, customer or service provider, in exchange for any benefit from the Company. Applicable Company policies may permit the acceptance of gifts and entertainment from third parties, subject to certain limitations. Individuals are expected to adhere to these policies where applicable and in general to limit acceptance of benefits to those that are reasonable and customary in a business environment and that are not reasonably likely to improperly influence the individual.

Other conflicts of interest, while not prohibited in all cases, may be harmful to the Company and therefore must be disclosed in accordance with the Code of Ethics. The Chief Ethics Officer of the Company has primary authority and responsibility for the administration of the Code of Ethics subject to the oversight of the Nominating and Corporate Governance Committee or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee.

**Transactions with Managed Funds.** Through a wholly-owned subsidiary, W. P. Carey Inc. will earn revenue as the advisor to the CPA® REITs and CWI. Under advisory agreements that the Company has with CPA® REITs and CWI of the REITs, the Company performs services and earns asset management revenue related to the day-to-day management of the CPA® REITs and CWI and provides transaction-related services and earns structuring revenue in connection with structuring and negotiating investments and any related financing on their behalf. In addition, the Company provides further services and generally earns revenue when each of the CPA® REITs and CWI is liquidated. The Company is also reimbursed for certain costs incurred in providing services, including broker-dealer commissions paid on behalf of the CPA® REITs and CWI, marketing costs and the cost of personnel provided for the administration of the CPA® REITs and CWI. As a result of electing to receive certain payments for services in shares, the Company also holds ownership interests in the CPA® REITs and CWI. For the year ended December 31, 2011, with respect to W. P. Carey, total asset-based revenue earned was approximately $66.8 million, while reimbursed costs totaled approximately $64.8 million. In 2011, W. P. Carey elected to receive all asset management revenue in cash, except that, for CPA®:17 Global and for CPA®:16 Global subsequent to the CPA®:14/16 Merger, W. P. Carey elected to receive asset management revenue in shares of their stock. For CPA®:16 Global prior to the CPA®:14/16 Merger, W. P. Carey elected to receive all performance revenue in shares of its stock, while for both CPA®:14 prior to the CPA®:14/16 Merger and CPA®:15, W. P. Carey elected to receive 80% of performance revenue in shares of their stock and 20% in cash.

In connection with structuring and negotiating investments and any related financing for the CPA® REITs and CWI, the advisory agreements provide for structuring revenue based on the cost of investments. A portion of this revenue is paid when the transaction is completed while the remainder is payable in equal annual installments, subject to the relevant CPA® REITs or CWI meeting its performance criterion. The Company may be entitled to loan refinancing revenue in connection with structuring and negotiating investments. This loan refinancing revenue, together with the acquisition revenue, is referred to as structuring revenue. W. P. Carey earned structuring revenue of approximately $46.8 million for the year ended December 31, 2011. In addition, the Company may also earn revenue related to the disposition of properties, subject to subordination provisions, and will only recognize such revenue as such provisions are achieved.

The CPA® REITs and CWI also reimburse the Company for certain costs, primarily broker-dealer commissions paid on behalf of the CPA® REITs and CWI and marketing and personnel costs. In addition, under the terms of a sales agency agreement between the Company s wholly-owned broker-dealer subsidiary, Carey Financial, LLC, and CPA®:17 Global, the Company earns a selling commission of up to $0.65 per share sold and a dealer-manager fee of up to $0.35 per share sold. The Company re-allows all or a portion of the selling commissions to selected dealers participating in CPA®:17 Global s offering and may re-allow up to the full selected dealer revenue to selected dealers. In addition, under the terms of a sales agency agreement between Carey Financial, LLC and CWI, the Company earns a selling commission of up to $0.70 per share sold and a dealer-manager fee of up to $0.30 per share sold. The Company re-allows all or a portion of the selling commissions to selected dealers participating in CWI s offering and may re-allow up to the full selected dealer revenue to selected dealers. Total underwriting compensation earned in connection with the CPA®:17 Global and CWI offerings, including selling commissions, dealer-manager revenue and/or selected dealer revenue, wholesaling revenue and reimbursements made by the Company to selected dealers, cannot exceed the limitations prescribed by the Financial Industry Regulatory Authority, Inc. The limit on underwriting compensation is currently 10% of gross offering proceeds. The Company may also be reimbursed for reasonable bona fide due diligence expenses, subject to limitations on total organization and offering expenses.

*The CPA®:14/16 Merger* On December 13, 2010, CPA®:14 and CPA®:16 Global entered into a definitive merger agreement pursuant to which CPA®:14 merged with and into a subsidiary of CPA®:16 Global on May 2, 2011. In the CPA®:14/16 Merger, CPA®:14 stockholders were entitled to receive $11.50 per share, which was equal to the estimated net asset value per share of CPA®:14 as of September 30, 2010. For each share of CPA®:14 stock owned, each CPA®:14 stockholder received a $1.00 per share special cash dividend and a choice of either (i) $10.50 in cash or (ii) 1.1932 shares of CPA®:16 Global. The merger consideration of $954.5 million was paid by CPA®:16 Global, including payment of $444.0 million to liquidating stockholders and issuing 57,365,145 shares of stock with a fair value of $510.5 million on the date of closing to stockholders of CPA®:14 in exchange for 48,076,723 shares of CPA®:14 stock. The $1.00 per share special cash distribution, totaling $90.4 million in the aggregate, was funded from the proceeds of the CPA®:14 Asset Sales described below. In connection with the CPA®:14/16 Merger, W. P. Carey agreed to purchase a sufficient number of shares of CPA®:16 Global stock from CPA®:16 Global to enable it to pay the merger consideration if the cash on hand and available to CPA®:14 and CPA®:16 Global, including the proceeds of the CPA®:14 Asset Sales and a new $320.0 million senior credit facility of CPA®:16 Global, were not sufficient. Accordingly, W. P. Carey purchased 13,750,000 shares of CPA®:16 Global stock on May 2, 2011 for $121.0 million, which we funded, along with other obligations, with cash on hand and $121.4 million drawn on W. P. Carey s then-existing unsecured line of credit.

In connection with the CPA®:14/16 Merger, on May 2, 2011 W. P. Carey purchased the remaining interests in three ventures from CPA®:14, in which W. P. Carey already had a partial ownership interest, for an aggregate purchase price of $31.8 million, plus the assumption of $87.6 million of indebtedness. The purchase price was based on the appraised values of the ventures underlying properties and debt. In connection with the purchase, W. P. Carey recorded a gain of $27.9 million, which represents the difference between W. P. Carey s respective carrying values and the fair values of our previously held interests in these ventures.

Upon consummation of the CPA®:14/16 Merger, W. P. Carey earned revenues of $31.2 million in connection with the termination of the advisory agreement with CPA®:14 and $21.3 million of subordinated disposition revenues. W. P. Carey elected to receive our termination revenue in 2,717,138 shares of CPA®:14 stock, which were exchanged into 3,242,089 shares of CPA®:16 Global stock in the CPA®:14/16 Merger. In addition, W. P. Carey received $11.1 million in cash as a result of the $1.00 per share special cash distribution paid by CPA®:14 to its stockholders. Upon closing of the CPA®:14/16 Merger, W. P. Carey received 13,260,091 million shares of stock of CPA®:16 Global in respect of W. P. Carey s shares of CPA®:14 stock.

CAM, W. P. Carey s subsidiary that acts as the advisor to the CPA® REITs, waived any acquisition fees payable by CPA®:16 Global under its advisory agreement with CAM in respect of the properties acquired in the CPA®:14/16 Merger and also waived any disposition fees that may subsequently be payable by CPA®:16 Global upon a sale of such assets. As the advisor to CPA®:14, CAM earned acquisition fees related to those properties acquired by CPA®:14 and disposition fees on those properties upon the liquidation of CPA®:14 and, as a result, CAM and CPA®:16 Global agreed that CAM should not receive fees upon the acquisition or disposition of the same properties by CPA®:16 Global.

*CPA®:16 Global UPREIT Reorganization* Immediately following the CPA®:14/16 Merger on May 2, 2011, CPA®:16 Global completed an internal reorganization whereby CPA®:16 Global formed an umbrella partnership real estate investment trust, or UPREIT, which was approved by CPA®:16 Global stockholders in connection with the CPA®:14/16 Merger. In connection with the formation of the UPREIT, CPA®:16 Global contributed substantially all of its assets and liabilities to an operating partnership in exchange for a managing member interest and units of membership interest in that operating partnership, which together represent a 99.985% capital interest of the Managing Member, representing the CPA®:16 Global stockholders interest. Through one of W. P. Carey s subsidiaries, W. P. Carey acquired a Special Membership Interest of 0.015% in CPA®:16 Global s operating partnership for $0.3 million, entitling W. P. Carey to receive certain profit allocations and distributions of cash.

As consideration for this Special Member Interest, W. P. Carey amended its advisory agreement with CPA®:16 Global to give effect to this UPREIT reorganization and to reflect a revised fee structure whereby (i) W. P. Carey s asset management fees were prospectively reduced to 0.5% from 1.0% of the asset value of a property under management, (ii) the former 15% subordinated incentive fee and termination fees were eliminated and replaced by (iii) a 10% Special General Partner Available Cash Distribution, as described below, and (iv) the 15% Final Distribution, as described below. The sum of the new 0.5% asset management fee and the Available Cash Distribution is expected to be lower than the original 1.0% asset management fee; accordingly, the Available Cash Distribution is contractually limited to 0.5% of the value of CPA®:16 Global s assets under management. However, the amount of after-tax cash we receive pursuant to this revised structure is anticipated to be greater than the amount we received under the previous arrangement. The fee structure related to initial acquisition fees, subordinated acquisition fees and subordinated disposition fees for CPA®:16 Global remains unchanged.

As Special General Partner, we are entitled to 10% of CPA®:16 Global s operating partnership s available cash, referred to as the Available Cash Distribution, which is defined as the operating partnership s cash generated from operations, excluding capital proceeds, as reduced by operating expenses and debt service, excluding prepayments and balloon payments. We may elect to receive our Available Cash Distribution in shares of CPA®:16 Global s stock. In the event of a capital transaction such as a sale, exchange, disposition or refinancing of CPA®:16 Global s assets, we are also entitled to receive a Final Distribution equal to 15% of residual returns after giving effect to a 100% return of the Managing Member s invested capital plus a 6% priority return.

*The Merger* At December 31, 2011, CPA®:15 s portfolio was comprised of full or partial ownership in 315 properties, substantially all of which were triple-net leased with an average remaining life of 10.4 years and an estimated annual contractual minimum base rent of $223.0 million (on a pro rata basis). If the closing of the Merger occurs, we expect to assume the related property debt comprised of 74 fixed-rate and seven variable-rate non-recourse mortgage loans with an aggregate fair value of $1.2 billion and a weighted-average annual interest rate of 5.7% at December 31, 2011 (on a pro rata basis). During 2011, W.P. Carey earned $26.0 million in fees from CPA®:15 and recognized $3.4 million in equity earnings based on its ownership of CPA®:15 stock.

W.P. Carey has also obtained a commitment for a $175.0 million term loan as part of our current credit facility in order to pay for the cash portion of the consideration in the Merger. W.P. Carey s commitment expires on the earlier of the termination or closing of the Merger or September 30, 2012. The commitment letters are subject to a number of closing conditions, including the lenders satisfactory completion of due diligence and determination that no material adverse change has occurred, and there can be no assurance that W.P. Carey will be able to obtain the term loan on acceptable terms or at all.

**Livho, Inc.** In connection with the consolidation of the nine CPA® partnerships in 1998, W.P. Carey obtained a hotel in Livonia, Michigan, which was not subject to a lease. W.P. Carey would be taxed as a corporation if it received more than a small percentage of its income from the operation of a hotel. In order to avoid taxation as a corporation, W.P. Carey in 1998 leased the hotel to Livho Inc., a corporation wholly-owned by Director Francis J. Carey, its chairman, pursuant to a two-year lease, which was subsequently modified and extended. W.P. Carey consolidates the accounts of Livho in its consolidated financial statements in accordance with current accounting guidance for consolidation of variable interest entities because Livho is a variable interest entity, of which it is the primary beneficiary. Livho s contractual base rent for 2011 was approximately

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$1.4 million; however, no rent was paid for the year because its operations did not generate sufficient revenue, and the shortfall was added to existing rent arrearages owed to W.P. Carey. Director Francis J. Carey, as sole shareholder, did not receive a dividend payment from Livho, as excess cash flow was applied to the rental arrearages.

**Reginald H. Winssinger Investments.** Members of the family of Director Reginald H. Winssinger are co-investors with W.P. Carey in one of W.P. Carey s properties in France. Specifically, in December 2001 Mr. Winssinger s family members and business partners purchased, at the time of and on the same terms as the purchase of the properties by W.P. Carey, a 15% aggregate ownership interest in the property leased to Bouyges Telecom SA in Illkirch, France for an original equity investment of approximately $0.5 million. These ownership interests are subject to substantially the same terms as all other ownership interests in the subsidiary company.

**Other Transactions.** The Company owns interests in entities ranging from 5% to 95%, including jointly-controlled tenant-in-common interests in properties, with the remaining interests generally held by affiliates, including the CPA® REITs and CWI, and owns common stock in each of the CPA® REITs and CWI. The Company is the general partner in a limited partnership, which it consolidates for financial statement purposes, that leases its home office space and participates in an agreement with certain affiliates, including the CPA® REITs and CWI, for the purpose of leasing office space used for the administration of its operations, the operations of its affiliates and for sharing the associated costs. During the year ended December 31, 2011, W.P. Carey recorded income from noncontrolling interest partners of approximately $2.5 million related to reimbursements from these affiliates. As of December 31, 2011, the average estimated minimum lease payments on the office lease, inclusive of noncontrolling interests, approximates $3.0 million annually through 2016.

Included in accounts payable, accrued expenses and other liabilities in the W.P. Carey s consolidated balance sheet at December 31, 2011 are amounts due to affiliates totaling approximately $0.8 million. Included in the calculation of total assets on the W.P. Carey s consolidated balance sheet at December 31, 2011 are amounts due from affiliates totaling approximately $38.4 million.

An officer of the Company owns a redeemable noncontrolling interest in WPCI, the subsidiary company that structures net lease transactions on behalf of the CPA® REITs outside of the U.S., as well as certain related entities. The Company has an obligation to repurchase the interest from that officer, subject to certain conditions. W.P. Carey valued the redeemably noncontrolling interest at approximately $7.7 million at December 31, 2011.

In February 2011, W.P. Carey made a $90.0 million loan to CPA®:17 Global to fund acquisitions that were closed within the first two weeks of the year. The principal and accrued interest thereon at 1.15% per annum were paid in full to W.P. Carey in April 2011. In May 2011, W.P. Carey loaned $4.0 million to CWI to fund an acquisition. The principal and interest thereon at the London Interbank Offered Rate, or LIBOR, plus 2.5% were repaid in June 2011. In September 2011, W.P. Carey loaned $2.0 million to CWI to fund a second acquisition. The principal and interest thereon at LIBOR plus 0.9% were repaid in full by October 2011.

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## DESCRIPTION OF W. P. CAREY INC. SHARES

*The following contains a summary of certain material provisions of the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws relating to the shares of W.P. Carey Inc. common stock, which are attached as Annex F and Annex G to this joint proxy statement/prospectus, respectively. The following description of the shares of W. P. Carey Inc. common stock does not purport to be complete and is qualified in its entirety by reference to W. P. Carey Inc. Charter and W. P. Carey Bylaws.*

### General

Our charter provides that we have authority to issue 500,000,000 shares of stock, $0.001 par value per share, consisting of 450,000,000 shares of common stock, $0.001 par value per share, and 50,000,000 shares of preferred stock, $0.001 par value per share. A majority of our entire board of directors, without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares of our stock or the number of shares of our stock of any class or series that we have authority to issue. As of the closing of the Merger and the REIT Conversion, we expect [ ] shares of our common stock will be issued and outstanding. No shares of our preferred stock will be outstanding upon the closing of Merger and the REIT Conversion.

### Common Stock

All shares of common stock issued in the Merger and REIT Conversion contemplated by this joint proxy statement/prospectus will be duly authorized, fully paid and nonassessable. Subject to the rights of any other class or series of stock and to the provisions of our charter restricting the transfer and ownership of shares of our stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including one vote for each director to be elected in the election of directors, and, except as provided with respect to any other class or series of shares of our stock, the holders of our common stock possess exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

In accordance with Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless declared advisable by the board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter, unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the corporation s charter. Our charter requires the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter to approve such matters, except that any amendment to the sections of the charter concerning the removal of directors, restrictions on transfer and ownership of shares and the voting requirements for the amendment of such provisions must be approved by the board of directors and the affirmative vote of stockholders entitled to cast two-thirds of all votes entitled to be cast on the matter.

Maryland law permits the merger of a 90% or more owned subsidiary with or into its parent without stockholder approval provided (a) the charter of the successor is not amended other than in certain minor respects and (b) the contract rights of any stock of the successor issued in the merger in exchange for stock of the other corporation are identical to the contract rights of the stock for which it is exchanged. Also, because Maryland law may not require the stockholders of a parent corporation to approve a merger or sale of all or substantially all of the assets of a subsidiary entity, including where a substantial number of operating assets are held by the subsidiary, as in our situation, our subsidiaries may be able to merge or sell all or substantially all of their assets without a vote of our stockholders.

Holders of our shares of common stock are entitled to receive distributions if and when authorized by our board of directors and declared by us out of assets legally available for the payment of distributions. They also are entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision has been made for all of our known debts and liabilities. These rights are subject to the preferential rights in respect of distributions or upon liquidation, dissolution or winding up of any other class or series of our stock that we may subsequently classify or reclassify and to the provisions of our charter regarding restrictions on transfer and ownership of our stock.

Holders of our shares of common stock generally have no appraisal, preference, conversion, exchange, sinking fund or redemption rights and have no preemptive rights to subscribe for any of our securities. Subject to the restrictions on transfer and ownership of stock contained in our charter and the rights of any other class or series of stock that we may subsequently classify or reclassify, each share of common stock has equal distribution, liquidation and other rights.

**Preferred Stock; Power to Reclassify Shares of Our Stock**

Our charter authorizes our board of directors to classify any unissued shares of common stock or preferred stock and to reclassify any previously classified, but unissued, shares of common stock or preferred stock into one or more classes or series of stock. Prior to issuance of shares of any class or series of stock, our board of directors is required by Maryland law and our charter to fix, subject to our charter restrictions on transfer and ownership, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series of stock. Therefore, our board of directors could authorize the issuance of shares of common or preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium price for you or otherwise be in your best interests. As of the effective time of the Merger and REIT Conversion, we will have only a single class of common stock outstanding and no shares of our preferred stock will be outstanding and we have no present plans to issue any preferred stock or to classify or reclassify our common stock into any class or series.

**Power to Increase or Decrease Authorized Stock and Issue Additional Shares of Common Stock and Preferred Stock**

Our board of directors has the power to amend our charter from time to time (a) to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue, (b) to issue additional shares of common stock or preferred stock and (c) to classify unissued shares of our common stock or preferred stock or to reclassify any previously classified, but unissued, shares of common stock or preferred stock, into other classes or series of stock and thereafter to issue the classified or reclassified shares of stock. We believe this ability provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series of stock, as well as our common stock, are available for issuance without further action by our stockholders, unless stockholder action is required by applicable law or the rules of any stock exchange on which our securities may be listed or the terms of any classes or series of stock that we may subsequently classify or reclassify. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of common or preferred stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for you or otherwise be in your best interests.

**Restrictions on Ownership and Transfer**

Our charter provides that our board of directors may decide whether it is in the best interests of our company to qualify and maintain status as a REIT under the Code. In order to qualify as a REIT under the Code, our shares of stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, no more than 50% of the value of our outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined by the Code to include certain entities) during the last half of any taxable year. Neither the requirement to be held by 100 or more persons, or the provision disallowing ownership by five or fewer individuals apply to the first taxable year of a REIT.

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To help us to qualify as a REIT, among other purposes, our charter, subject to certain exceptions, contains restrictions on the number of shares of our stock that a person may own. Our charter provides that generally no person may own beneficially, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of stock of W. P. Carey Inc. or (ii) more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc. s common stock, excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. Our board of directors has elected to exempt from these restrictions the estate of Wm. Polk Carey, which may own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc. s stock.

Our charter also prohibits any person from (a) beneficially or constructively owning shares of our stock that would result in our being closely held under Section 856(h) of the Code, (b) transferring shares of our stock if such transfer would result in our stock being beneficially owned by fewer than 100 persons, (c) beneficially or constructively owning shares of our stock that would cause us to own, directly or indirectly, 10% or more of the ownership interests in a tenant of our company (or a tenant of any entity owned or controlled by us), (d) beneficially or constructively owning shares of our stock that would cause any independent contractor to not be treated as such under Section 856(d)(3) of the Code, or (e) beneficially or constructively owning shares of stock which will otherwise cause us to fail to qualify as a REIT. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate any of the foregoing restrictions on transferability and ownership, and any person who would have owned shares of our stock that resulted in a transfer of shares to a charitable trust (as described below), will be required to give written notice immediately to us, or in the case of a proposed or attempted transaction, to give at least 15 days prior written notice to us, and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Our board of directors, in its sole discretion, may exempt (prospectively or retroactively) a person from the above ownership limits and the restrictions described in clauses (c) and (d) above. However, the board of directors may not grant an exemption to any person unless the board of directors obtains such representations, covenants and undertakings as the board of directors may deem appropriate in order to determine that granting the exemption would not result in losing our status as a REIT. As a condition of granting the exemption, our board of directors may require a ruling from the IRS or an opinion of counsel, in either case in form and substance satisfactory to the board of directors in its sole discretion, in order to determine or ensure our status as a REIT.

Our board of directors may increase or decrease the common stock ownership limit and/or the aggregate stock ownership limit so long as the change would not result in five or fewer persons beneficially owning more than 49.9% in value of our outstanding stock. Any decrease in the common stock ownership limit and/or the aggregate stock ownership limit shall not apply to any person whose percentage ownership of stock is in excess of the decreased ownership limits until such time as such person s percentage ownership of stock equals or falls below the decreased ownership limits. Absent an exemption from the ownership limits, any further acquisition of shares of our stock by such person will be in violation of the ownership limits unless and until such person s percentage ownership of stock falls below the ownership limit (in which case such person may acquire shares up to such ownership limits).

Pursuant to our charter, if any transfer of our shares of stock occurs that, if effective, would result in any person beneficially or constructively owning shares of stock in excess, or in violation, of the above ownership limitations or restrictions on transfer, known as a prohibited owner, then that number of shares of stock, the beneficial or constructive ownership of which otherwise would cause such person to violate the ownership limitations or restrictions on transfer (rounded up to the nearest whole share), will be automatically transferred to

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a charitable trust for the exclusive benefit of a charitable beneficiary and the prohibited owner will not acquire any rights in such shares. This automatic transfer will be considered effective as of the close of business on the business day before the violative transfer. If the transfer to the charitable trust would not be effective for any reason to prevent the violation of the above transfer or ownership limitations, then the transfer of that number of shares of stock that otherwise would cause any person to violate the above limitations will be null and void. Shares of stock held in the charitable trust will continue to constitute issued and outstanding shares of our stock. The prohibited owner will not benefit economically from ownership of any shares of stock held in the charitable trust, will have no rights to distributions and will not possess any rights to vote or other rights attributable to the shares of stock held in the charitable trust. The trustee of the charitable trust will be designated by us and must be unaffiliated with us or any prohibited owner and will have all voting rights and rights to distributions with respect to shares of stock held in the charitable trust, and these rights will be exercised for the exclusive benefit of the trust s charitable beneficiary. Any dividend or other distribution paid before our discovery that shares of stock have been transferred to the trustee will be paid by the recipient of such dividend or distribution to the trustee upon demand, and any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or distribution so paid to the trustee will be held in trust for the trust s charitable beneficiary. The prohibited owner will have no voting rights with respect to shares of stock held in the charitable trust, and, subject to Maryland law, effective as of the date that such shares of stock have been transferred to the trustee, the trustee, in its sole discretion, will have the authority to:

- rescind as void any vote cast by a prohibited owner prior to our discovery that such shares have been transferred to the trustee; and

- recast such vote in accordance with the desires of the trustee acting for the benefit of the trust s beneficiary.

However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast such vote.

Within 20 days of receiving notice from us that shares of stock have been transferred to the charitable trust, and unless we buy the shares first as described below, the trustee will sell the shares of stock held in the charitable trust to a person, designated by the trustee, whose ownership of the shares will not violate the ownership limitations in our charter. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary. The prohibited owner will receive the lesser of:

- the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the charitable trust (for example, in the case of a gift or devise), the market price of the shares on the day of the event causing the shares to be held in the charitable trust; and

- the price per share received by the trustee from the sale or other disposition of the shares held in the charitable trust (less any commission and other expenses of a sale).

The trustee may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. Any net sale proceeds in excess of the amount payable to the prohibited owner will be paid immediately to the charitable beneficiary. If, before our discovery that shares of stock have been transferred to the charitable trust, such shares are sold by a prohibited owner, then:

- such shares will be deemed to have been sold on behalf of the charitable trust; and

- to the extent that the prohibited owner received an amount for such shares that exceeds the amount that the prohibited owner was entitled to receive as described above, the excess must be paid to the trustee upon demand.

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In addition, shares of stock held in the charitable trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in such transfer to the charitable trust (or, in the case of a gift or devise, the market price at the time of the gift or devise); and

- the market price on the date we, or our designee, accept such offer.

We may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. We will pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We will have the right to accept the offer until the trustee has sold the shares of stock held in the charitable trust. Upon such a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and any distributions held by the trustee will be paid to the charitable beneficiary.

All certificates, if any, representing shares of our stock will bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) in value of the outstanding shares of our stock, within 30 days after the end of each taxable year, must give written notice to us stating the name and address of such owner, the number of shares of each class and series of shares of our stock that the owner beneficially owns and a description of the manner in which the shares are held. Each such owner must also provide to us such additional information as we may request in order to determine the effect, if any, of the owner s beneficial ownership on our status as a REIT and to ensure compliance with our ownership limitations. In addition, each of our stockholders, whether or not an owner of 5% or more of our stock, must upon demand provide to us such information as we may request, in good faith, in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and to ensure our compliance with the ownership restrictions in our charter.

The ownership and transfer limitations in our charter could delay, defer or prevent a transaction or a change in control of us that might involve a premium price for holders of our common stock or might otherwise be in the best interests of our stockholders.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is BNY Mellon Trust Company, N.A.

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## CERTAIN MATERIAL PROVISIONS OF MARYLAND LAW AND

## OF OUR CHARTER AND BYLAWS

*The following description is a summary of certain material provisions of Maryland law and of the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws. Certain provisions of Maryland law and the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws may have the effect of delaying, deferring or preventing a takeover of our company (including transactions in which stockholders might otherwise receive a premium for their shares over the then current prices). The summary is not complete. We encourage you to read the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws, which are attached to this joint proxy statement/prospectus as Annexes F and G, respectively.*

### Our Board of Directors

Our charter and bylaws provide that the number of directors constituting our full board of directors will be not less than the minimum number required by Maryland law. Our bylaws provide that the number of directors constituting our full board of directors will not exceed 25 and our charter provides that the number of directors constituting our full board of directors may only be increased or decreased by a vote of a majority of our directors. Our charter provides that any and all vacancies on the board of directors (including as a result of an increase in the number of directors constituting our full board of directors) may be filled only by the affirmative vote of a majority of the remaining directors even if the remaining directors constitute less than a quorum. Our charter further provides that, at such time as we become eligible to make the election (which we expect will be upon consummation of the REIT Conversion), we elect to be subject to Section 3-804(c) of Subtitle 8 of Title 3 of the MGCL so that any and all vacancies (including as a result of an increase in the number of directors constituting our full board of directors) on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors even if the remaining directors constitute less than a quorum. Any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies. Our charter provides that a director may be removed only for cause and only upon the affirmative vote of two-thirds of the votes entitled to be cast generally in the election of directors. For cause means, with respect to any particular director, conviction of a felony or a final judgment of court of competent jurisdiction holding that such director caused demonstrable, material harm to us through bad faith or active deliberate dishonesty. However, because of the board s exclusive power to fill vacant directorships, stockholders will be precluded from filling the vacancies created by any removal with their own nominees. Each member of our board of directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. Directors are elected by a plurality of the votes cast. Consequently, at each annual meeting of stockholders, the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors. If the holders of any class or series of stock that we may subsequently classify or reclassify shall have the right to elect one or more directors separately as a class, then such director or directors so elected shall serve for the remainder of the term in which such vacancy occurred and a successor is duly elected and qualifies. Additionally, any such director or directors may be removed only by the holders of such class or series.

### Action by Stockholders

Under the MGCL, stockholder action by common stockholders can be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting, unless the charter provides for a lesser percentage (which our charter does not). Stockholder action by preferred stockholders can be taken only at an annual or special meeting of stockholders or by a consent in lieu of a meeting by the holders of shares entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a stockholders meeting if the corporation gives notice of the action to each holder of the class of stock not later than 10 days after the effective time of the action, unless the charter provides otherwise (which our charter does). Our charter provides that any action required or permitted to be taken at a meeting of the stockholders may be

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taken without a meeting if a unanimous consent which sets forth the action is given by each stockholder entitled to vote on the matter. Special meetings of stockholders may be called by our board of directors, the Chairman of our board of directors, our Chief Executive Officer or our President, and must be called, subject to the satisfaction of certain procedural and information requirements by the stockholders requesting the meeting, by our Secretary upon the written request of stockholders entitled to cast a majority of the votes entitled to be cast on any matter that may properly be considered at such meeting. These provisions, combined with the advance notice provisions of our bylaws, which are summarized below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

**Amendment to Our Charter and Bylaws**

Generally, our charter may be amended only if the amendment is declared advisable by our board of directors and approved by the affirmative vote of the stockholders entitled to cast not less than a majority of all of the votes entitled to be cast on the matter, unless the amendment is permitted to be made without stockholder approval under the MGCL or by specific provision in our charter. As permitted by the MGCL, our charter contains a provision permitting our directors, without any action by our stockholders, to amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue and to classify unissued shares of our common stock or preferred stock or to reclassify any previously classified, but unissued, shares of common stock or preferred stock, into other classes or series of stock. Our board of directors has the exclusive power to adopt, amend, alter or repeal any provision of our bylaws and make new bylaws.

**Dissolution**

Our dissolution must be approved by a majority of our entire board of directors and by the affirmative vote of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast on the matter.

**Business Combinations**

Maryland law prohibits business combinations between us and an interested stockholder or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or transfer of equity securities, liquidation plan or reclassification of equity securities. Maryland law defines an interested stockholder as:

- any person or entity who beneficially owns 10% or more of the voting power of our outstanding voting stock; or

- an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding voting stock.

A person is not an interested stockholder if our board of directors approves in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving a transaction, our board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our board of directors.

After the five-year prohibition, any business combination between us and an interested stockholder or an affiliate of an interested stockholder generally must be recommended by our board of directors and approved by the affirmative vote of stockholders entitled to cast at least:

- 80% of the votes entitled to be cast by holders of our then-outstanding shares of voting stock; and

- two-thirds of the votes entitled to be cast by holders of our voting stock other than stock held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or stock held by an affiliate or associate of the interested stockholder.

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These super-majority vote requirements do not apply if our common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its stock.

The statute permits various exemptions from its provisions, including business combinations that are approved or exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder.

Pursuant to the statute, prior to the consummation of the Merger and REIT Conversion, our board of directors intends to exempt any business combinations between us and any person who is an existing, or becomes in the future an, interested stockholder . Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any such person. As a result, such persons may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute. Additionally, this resolution may be altered, revoked or repealed in whole or in part at any time and we may opt back into the business combination provisions of the MGCL. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

**Control Share Acquisitions**

Maryland law provides that holders of control shares of a Maryland corporation acquired in a control share acquisition have no voting rights, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror or by officers or by employees who are also our directors are excluded from the shares entitled to vote on the matter. Control shares are voting shares of stock that, if aggregated with all other shares of stock currently owned by the acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiring person to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions. A person who has made or proposes to make a control share acquisition may compel our board of directors to call a special meeting of stockholders to be held within 50 days of the demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, we may present the question at any stockholders meeting.

If voting rights are not approved at the stockholders meeting or if the acquiring person does not deliver the statement required by Maryland law, then, subject to certain conditions and limitations, we may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares were considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares for purposes of these appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition. The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction, nor does it apply to acquisitions approved by or exempted by our charter or bylaws.

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Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our stock and, consequently, the control share acquisition statute will not apply to us unless our board of directors later amends our bylaws to modify or eliminate this provision, which it may do without stockholder approval, and which it may make effective prospectively or retrospectively.

**Maryland Unsolicited Takeovers Act**

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred; and
- a majority requirement for the calling of a special meeting of stockholders.

In our charter, we have elected that vacancies on the board be filled only by the remaining directors, even if the remaining directors do not constitute a quorum, and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we (a) require a two-thirds vote for the removal of any director from the board, (b) vest in the board the exclusive power to fix the number of directorships and (c) provide that unless called by our Chairman of our board of directors, our President, our Chief Executive Officer or our board of directors, a special meeting of stockholders may only be called by our Secretary upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast on any matter that may be properly considered at the meeting.

**Limitation of Liability and Indemnification**

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty established by a final judgment and which is material to the cause of action.

Our charter contains such a provision that eliminates directors and officers liability for money damages to the maximum extent permitted by Maryland law. These limitations of liability do not apply to liabilities arising under the federal securities laws and do not generally affect the availability of equitable remedies such as injunctive relief or rescission. Our charter and bylaws also provide that we must indemnify (to the maximum extent permitted by Maryland law), and pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, any individual who is a present or former director or officer of W. P. Carey Inc. or a predecessor of W. P. Carey Inc. from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity as a director or officer. Additionally, our charter provides that we may, with the approval of the board of directors, indemnify, if and to the extent determined to be authorized and appropriate in accordance with applicable law, any person permitted, but not required, to be indemnified under Maryland law by W. P. Carey Inc. or a predecessor of W. P. Carey Inc.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she was made, or was threatened to be made, a party by reason of his or her service in that capacity. Maryland law

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permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis of that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation s receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Insofar as the foregoing provisions permit indemnification of directors, executive officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Meetings of Stockholders**

Special meetings of stockholders may be called only by our board of directors, the Chairman of our board of directors, our Chief Executive Officer, our President or, in the case of a stockholder requested special meeting, by our Secretary upon the written request of the stockholders entitled to cast not less than a majority of all votes entitled to be cast on any matter that may be properly considered at such meeting. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting.

Annual meetings of stockholders for the election of directors and any other business that may be considered and acted upon shall be held on a date and at a time set by our board of directors or, in the absence of such a determination on the second Monday in the month of May at 2:00 p.m. Eastern Time, if a business day.

**Interested Director and Officer Transactions**

Pursuant to the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director s vote in favor thereof, if:

- the fact of the common directorship or interest is disclosed to our board of directors or a committee of our board, and our board or committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;

the fact of the common directorship or interest is disclosed to our stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation or other entity; or

the transaction or contract is fair and reasonable to us.

Upon the closing of the REIT Conversion, we intend to adopt a policy which requires that all contracts and transactions between us (including our subsidiaries), on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of the disinterested directors, even if less than a quorum. Where appropriate in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent it, although our board of directors will have no obligation to do so.

**Advance Notice of Director Nominations and New Business**

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders may be made only:

- pursuant to our notice of the meeting;
- by or at the direction of the board of directors; or
- by a stockholder who is a stockholder of record both at the time of giving notice and at the time of the meeting, who is entitled to vote at the meeting in the election of the directors then standing for election or on such other business and who has complied with the advance notice procedures of the bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to our board of directors at a special meeting may be made only:

- pursuant to our notice of the meeting; and
- by or at the direction of the board of directors; or
- provided that the board of directors has determined that directors will be elected at the meeting, by a stockholder who is a stockholder of record both at the time of giving notice and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions of the bylaws.

Generally, in accordance with our bylaws, a stockholder seeking to nominate a director or bring other business before our annual meeting of stockholders must deliver a notice to our secretary not later than 5:00 p.m., Eastern Time, on the 120th day, nor earlier than the 150th day, prior to the first anniversary of the date of mailing of the notice for the prior year s annual meeting of stockholders (for purposes of our 2012 annual meeting, to be timely notice by the stockholder, such notice must be delivered not earlier than the 150th day prior to the date of such annual meeting of stockholders and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting of stockholders or the 10th day following the day on which public announcement of the date of the annual meeting of stockholders is first made by us). For a stockholder seeking to nominate a candidate for our board of directors, the notice must describe various matters regarding the nominee, including name, address, occupation and number of shares held, and other specified matters. For a stockholder seeking to propose other business, the notice must include a description of the proposed business, the reasons for the proposal and other specified matters.

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## COMPARISON OF RIGHTS OF CPA®:15 STOCKHOLDERS AND W. P. CAREY INC. STOCKHOLDERS

### General

Both CPA®:15 and W. P. Carey Inc. are incorporated in Maryland. Upon the effective time of the Merger, CPA®:15 stockholders will become stockholders of W. P. Carey Inc. The rights of CPA®:15 stockholders are governed currently by the MGCL and the CPA®:15 Charter and the CPA®:15 Bylaws. Once CPA®:15 stockholders become stockholders of W. P. Carey Inc., their rights will continue to be governed by the MGCL, but will be governed by the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws.

### Certain Differences Between the Rights of Stockholders of CPA®:15 and W. P. Carey Inc.

The following chart is a summary of the material differences between the rights of CPA®:15 stockholders and the rights of W. P. Carey Inc. stockholders. This summary does not purport to be a complete description of the differences between the rights of CPA®:15 stockholders and W. P. Carey Inc. stockholders.

| CPA®:15 | W. P. Carey Inc. |
|---|---|
| **Authorized Stock** | |
| 240,000,000 shares of common stock. | 450,000,000 shares of common stock, and 50,000,000 shares of preferred stock authorized. Under the terms of the W. P. Carey Inc. Charter, the board of directors has the power to (i) amend the charter from time to time without stockholder approval so as to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, (ii) designate and issue one or more classes or series of common stock or preferred stock, with whatever powers, preferences and rights as the board may desire, and (iii) classify or reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock. |
| **Voting Rights** | |
| Special meetings of stockholders may be called by a majority of the directors, a majority of independent directors, the chairman or the president of CPA®:15 and must be called by the Secretary upon the written request of stockholders entitled to cast at least 10% of all votes entitled to be cast at such meeting. There are no cumulative voting rights. Generally, the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is necessary to take stockholder action, except that a plurality of all votes cast at such a meeting is sufficient to elect a director. | At any meeting of stockholders, the presence (in person or by proxy) of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum.<br><br>Generally, a majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the W. P. Carey Inc. Charter, listing standards of the NYSE or applicable law or regulation. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. |

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| | Special meetings of stockholders may be called by the Chairman of the board of directors, the President, the Chief Executive Officer or the board of directors and must be called by the Secretary upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast on any matter that may be properly considered at such meeting. There are no cumulative voting rights. |
| **Notice of Stockholder Meetings** | |
| Notice of all stockholder meetings will be sent to stockholders not less than 10 days, nor more than 90 days prior to any meeting, except that the notice for special meetings called upon stockholder request will be given within 10 business days of the request and such meetings will be held not less than 20 nor more than 60 days after receipt of the request. For purposes of determining stockholders entitled to notice of any meeting or to vote or to give consent to action without a meeting, a record date will not be more than 60 days nor fewer than 10 days prior to the date of any meeting, nor more than 60 days before any action without a meeting. | Notice of any annual or special stockholder meeting will be sent to stockholders entitled to notice of or vote at such meeting not less than 10 days, nor more than 90 days prior to any meeting. For purposes of determining stockholders entitled to notice of any meeting or to vote or to give consent to action without a meeting, a record date will not be more than 90 days nor fewer than 10 days prior to the date of any meeting. |
| **Size of Board of Directors** | |
| The number of directors will be no more than nine nor less than three. There are currently four directors. | The number of directors initially shall be three; however, upon the closing of the REIT Conversion, the size of the board of directors will be expanded to twelve. |
| | The size of board of directors may be increased or decreased by the majority of the entire board of directors, but shall never be less than the minimum number required by the Maryland law nor more than 25. |
| **Independent Directors** | |
| At least a majority of the directors must be independent directors, except for a period of 90 days following the death, removal or resignation of an independent director. Independent directors will, among other duties, monitor CPA®:15 s relationship with its advisor, approve all transactions with the advisor, review CPA®:15 s investment policies at least annually, determine that CPA®:15 s total fees and expenses are reasonable at least annually, ensure that the annual report is sent to stockholders, approve independent appraisals, exercise fiduciary responsibility of limiting operating expenses and review aggregate borrowings at least quarterly. Dr. Marshall E. Blume, Elizabeth P. Munson, Richard J. Pinola and James D. Price are CPA®:15 s independent directors. | Under the terms of the W. P. Carey Inc. Bylaws, a majority of the board of directors must be independent. Upon the closing of the REIT Conversion, the board of directors of W. P. Carey, including the independent directors, will become the board of directors of W. P. Carey Inc. |

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**Removal of Directors**

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| A director may be removed by the stockholders only upon the affirmative vote of at least a majority of all the votes entitled to be cast at a meeting called for that purpose, and the notice of that meeting must state that the purpose, or one of the purposes of the meeting, is the proposed removal of the director. Any decrease in the number of directors will not cause the removal of any director prior to the expiration of such director s term of office. | Any director, or the entire board of directors, may be removed from office at any time but only for cause and then only by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors (subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors). Any decrease in the number of directors will not cause the removal of any director prior to the expiration of such director s term of office. Cause shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to W. P. Carey Inc. through bad faith or active and deliberate dishonesty. |

**Filling Vacancies**

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| An affiliated director may be replaced by a vote of a majority of the remaining affiliated directors. An independent director may be replaced by a vote of a majority of the remaining independent directors. If there are no remaining affiliated directors or independent directors to so fill an affiliated or independent director vacancy, the vacancy will be filled by a majority vote of the remaining directors. If there are no directors, vacancies will be filled by the stockholders. | Any vacancy on the board of directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum (subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors). Any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies. |

**Exculpation and Indemnification of Directors and Officers**

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| The CPA®:15 Charter limits the liability of CPA®:15 s directors and officers to CPA®:15 and its stockholders for money damages to the fullest extent permitted by the laws of the State of Maryland. The CPA®:15 Charter and the CPA®:15 Bylaws provide that the directors and their affiliates may be indemnified by CPA®:15 for losses arising from the operation of CPA®:15 only if the following conditions are met: (i) the directors and their affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of CPA®:15, (ii) the directors and their affiliates were acting on behalf of or performing services for CPA®:15, (iii) such liability or loss was not the result of negligence or misconduct by the directors or their affiliates (or gross negligence or willful misconduct in the case of independent directors) and (iv) such indemnification is recoverable only out of the net assets of CPA®:15 and not from its stockholders. | The W. P. Carey Inc. Charter contains a provision that limits the liability of its directors and officers to W. P. Carey Inc. and its stockholders for money damages to the maximum extent permitted by Maryland law. W. P. Carey Inc. must indemnify (to the maximum extent permitted by Maryland law), and pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, any individual who is a present or former director or officer of W. P. Carey Inc. or a predecessor of W. P. Carey Inc. from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity as a director or officer. W. P. Carey Inc. may, with the approval of the board of directors, indemnify, if and to the extent determined to be authorized and appropriate in accordance with applicable law, any person permitted, but not required to be indemnified under Maryland law, by W. P. Carey Inc. or a predecessor of W. P. Carey Inc. |
| CPA®:15 has entered into indemnification agreements with each independent director. Pursuant to the agreements, the directors are indemnified against all judgments, penalties, fines and amounts paid in | |

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| settlement and all expenses actually and reasonable incurred unless it is established by clear and convincing evidence that (i) the act or omission of the director was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) the director actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the director had reasonable cause to believe that his or her conduct was unlawful. | |
| **Inspection of Books and Records** | |
| The CPA®:15 Bylaws are open to inspection by stockholders at CPA®:15 s offices during reasonable business hours. Stockholders have the right to inspect the accounting books and records, including stockholder records, and the minutes of the proceedings of stockholders and directors, as permitted by the laws of the State of Maryland. An alphabetical list of the names, addresses, and telephone numbers of the stockholders along with the shares held by each of them will be available to any stockholder upon request if the stockholder represents that the list will not be used to pursue commercial interests unrelated to the stockholder s interests in CPA®:15. | In accordance with Section 2-512 of the MGCL, the bylaws, the minutes of the proceedings of stockholders, the annual statement of affairs and any voting trust agreements deposited with the company are open to inspection by stockholders at W. P. Carey Inc. s offices during reasonable business hours. Section 2-512 of the MGCL also permits any stockholder to present to any officer or resident agent of W. P. Carey Inc. a written request for a statement showing all stock and securities issued by W. P. Carey Inc. during a specified period of not more than 12 months before the date of the request.<br><br>In addition, stockholders of record for at least 6 months of at least 5% of the outstanding stock of any class of W. P. Carey Inc. have the right to inspect W. P. Carey Inc. s accounting books and records and its stock ledger, as permitted by the laws of the State of Maryland, subject to and in accordance with Section 2-513 of the MGCL. |
| **Charter Amendments** | |
| A majority of the directors (including a majority of independent directors) may advise to amend or repeal any provision in the charter, subject to approval by a majority of the votes of stockholders entitled to be cast (or, in the case of amendments relating to indemnification, exculpation, ownership and transfer restrictions or amendment, two-thirds of the votes of stockholders entitled to be cast) at the next annual stockholders meeting or a special meeting called for that purpose or by unanimous written consent by the stockholders. | Any amendment to the W. P. Carey Inc. Charter will be valid only if declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter, except for (i) amendments to the W. P. Carey Inc. Charter relating to the removal of directors, restrictions on transfer of ownership of shares or the vote required to amend such provisions of the W. P. Carey Inc. Charter, which amendments require the affirmative vote of two-thirds of all the votes entitled to be cast on the matter, or (ii) those amendments to the W. P. Carey Inc. Charter permitted to be made without stockholder approval under Maryland law or by specific provision in the W. P. Carey Inc. Charter.<br><br>Under the terms of the W. P. Carey Inc. Charter, the board of directors additionally has the power to (i) amend the charter from time to time without stockholder approval so as to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or |

series, (ii) designate and issue one or more classes or series of common stock or preferred stock, with whatever powers, preferences and rights as the board may desire, and (iii) classify or reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock.

**Bylaw Amendments**

The CPA®:15 Bylaws may be adopted, amended or repealed by the affirmative vote of the stockholders holding a majority of shares voting on a particular matter, provided that no amendment will be adopted which would reduce the priority of payment or amount payable to the stockholders upon liquidation or that would diminish any voting rights, without the affirmative vote of two-thirds of the stockholders entitled to vote thereon. However, a majority of the directors (including a majority of independent directors) may at any time amend the bylaws, without consent of the stockholders, to change the number of directors and to make certain other changes generally not affecting the rights of stockholders.

The board of directors shall have the exclusive power to adopt, alter or repeal any provision of the bylaws and to make new bylaws.

**Limits on Ownership and Transfer of Shares**

The CPA®:15 Charter contains an ownership limit which prohibits any individual, corporation, partnership, association, joint stock company, trust, unincorporated association or other entities from acquiring, directly or indirectly, beneficial ownership of more than 9.8% of the outstanding shares. Shares owned by a person or entity in excess of the ownership limit are excess shares. Any purported issuance or transfer of shares will be valid only with respect to those shares that do not result in the transferee stockholder owning shares in excess of the ownership limit. The excess shares do not have voting rights and are not considered for purposes of any stockholder vote or determining a quorum. If the transferee stockholder acquires excess shares, such person is considered to have acted as an agent for CPA®:15 in acquiring the excess shares and holds such excess shares on behalf of the ultimate stockholder.

The W. P. Carey Inc. Charter, subject to certain exceptions, authorizes the board of directors to take such actions as are necessary and desirable to limit any person to beneficial or constructive ownership of no more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc. stock, and no more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc. common stock, excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. Our board of directors has elected to exempt from these limitations the estate of Wm. Polk Carey, which may own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc. stock.

No individual, corporation, partnership, limited liability company, estate, trust, other than an excepted holder (defined as a stockholder whom the board of directors in its sole discretion exempts from the following ownership limits), may beneficially own or constructively own shares: (i) in excess of 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of the company s stock, or in excess of 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of the company s

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common stock, excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes; (ii) in the case of an excepted holder, the aggregate ownership for such stockholder approved by the board; (iii) to the extent that such ownership would result in W. P. Carey Inc. being closely held ; (iv) to the extent that such ownership would cause W. P. Carey Inc. stock to be beneficially owned by fewer than 100 persons; (v) to the extent such ownership would cause W. P. Carey Inc. to constructively own 10% or more of the ownership interests in a tenant of W. P. Carey Inc. s real property; (vi) to the extent that such ownership would cause any independent contractor of W. P. Carey Inc. to not be treated as such; or (vii) to the extent such ownership would otherwise cause W. P. Carey Inc. to fail to qualify as a REIT. The shares transferred in violation of the foregoing restrictions will automatically be transferred to a charitable trust for the benefit of a charitable beneficiary. If this transfer is not effective for any reason, then the transfer shall be null and void and the intended transferee shall acquire no rights in such shares.

**Appraisal Rights**

Stockholders will be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute. Under this provision, if a court decides that an objecting stockholder is entitled to an appraisal of his or her stock, then the court will appoint three disinterested appraisers to determine the fair value of the stock on terms and conditions the court considers proper. Each appraiser shall take an oath to discharge his duties honestly and faithfully. Within 60 days after their appointment, unless the court sets a longer time, the appraisers will determine the fair value of the stock as of the appropriate date and file a report stating the conclusion of the majority as to the fair value of the stock. The report shall state the reasons for the conclusion and shall include a transcript of all testimony and exhibits offered. On the same day that the report is filed, the appraisers shall mail a copy of it to each party to the proceedings. Within 15 days after the report is filed, any party may object to it and request a hearing.

Stockholders shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the board of directors, upon the affirmative vote of a majority of the board of directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

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## COMPARISON OF RIGHTS OF SHAREHOLDERS OF W. P. CAREY AND STOCKHOLDERS OF W. P. CAREY INC.

### General

Upon the closing of the REIT Conversion, W. P. Carey shareholders will become stockholders of W. P. Carey Inc. The rights of W. P. Carey shareholders are governed currently by the DLLCA, the W. P. Carey LLC Agreement and the W. P. Carey Bylaws. Once W. P. Carey shareholders become stockholders of W. P. Carey Inc., their rights as stockholders will be governed by the MGCL, the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws.

### Certain Differences Between the Rights of Shareholders of W. P. Carey and Stockholders of W. P. Carey Inc.

The following chart is a summary of certain differences between the rights of W. P. Carey shareholders and the rights of W. P. Carey Inc. stockholders. This summary does not purport to be a complete description of the differences between the rights of W. P. Carey shareholders and W. P. Carey Inc. stockholders.

| W. P. Carey | W. P. Carey Inc. |
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| **Authorized Stock** | |
| 100,000,000 listed shares authorized. Under the terms of the W. P. Carey LLC Agreement, the board of directors has the exclusive authority, without shareholder approval, to designate and issue one or more other classes or series of shares, with whatever powers, preferences and rights as the board may desire. | 450,000,000 shares of common stock, and 50,000,000 shares of preferred stock authorized. Under the terms of the W. P. Carey Inc. Charter, the board of directors has the power to (i) amend the charter from time to time without stockholder approval so as to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, (ii) designate and issue one or more classes or series of common stock or preferred stock, with whatever powers, preferences and rights as the board may desire, and (iii) classify or reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock. |
| **Voting Rights** | |
| In order for a meeting of shareholders to be considered duly held, a quorum of more than 50% of the shares entitled to vote at such meeting on the particular question must be present (in person or by proxy). | At any meeting of stockholders, the presence (in person or by proxy) of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum. |
| Generally, the vote of a majority of the total shares actually cast by shareholders present in person or represented by proxy at a meeting of shareholders duly called and at which a quorum is present shall decide any question brought before such meeting, unless a vote by another number or manner is required by express provision of the W. P. Carey LLC Agreement, listing standards of the NYSE or applicable law or regulation. A plurality of all votes cast at a meeting duly called and at which a quorum is present shall be sufficient to elect a director. | Generally, a majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the W. P. Carey Inc. Charter, listing standards of the NYSE or applicable law or regulation. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. |

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| Special meetings of shareholders may be requested by the board of directors of W. P. Carey or in writing by the holders of at least 10% of the outstanding shares. The listed shares do not have cumulative voting rights. | Special meetings of stockholders may be called by the Chairman of the board of directors, the President, the Chief Executive Officer or the board of directors and must be called by the Secretary upon the written request of the stockholders entitled to cast not less than a majority of all the votes entitled to be cast on any matter that may be properly considered at such meeting. There are no cumulative voting rights. |
| See also Control Shares below. | |

**Notice of Shareholder and Stockholder Meetings**

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| Notice of any annual or special shareholder meeting will be sent to shareholders not less than 10 days, nor more than 60 days prior to any meeting. For purposes of determining shareholders entitled to notice of any meeting or to vote or to give consent to action without a meeting, a record date will not be more than 60 days nor fewer than 10 days prior to the date of any meeting, nor more than 60 days before any action without a meeting. | Notice of any annual or special stockholder meeting will be sent to stockholders entitled to notice of or vote at such meeting not less than 10 days, nor more than 90 days prior to any meeting. For purposes of determining stockholders entitled to notice of any meeting or to vote or to give consent to action without a meeting, a record date will not be more than 90 days nor fewer than 10 days prior to the date of any meeting. |

**Corporate Action Without a Meeting**

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| To the fullest extent permitted by the DLLCA, any action that may be taken at an annual or special meeting of shareholders may be taken without a meeting (subject to the W. P. Carey LLC Agreement), without prior notice, and without a vote of shareholders, if a written consent signed by the shareholders of such percentage of the shares entitled to vote under the W. P. Carey LLC Agreement is obtained by W. P. Carey. Prompt written or telephonic notice of the taking of any action without a meeting by less than unanimous written consent of the shareholders entitled to vote shall be given to those shareholders entitled to vote thereon who have not consented in writing. | Any action upon which a vote of stockholders is required or permitted may be taken without a meeting or vote of stockholders if a unanimous consent of stockholders which sets forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter. |
| Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if all members of the board of directors consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the board of directors. | Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if a consent in writing or electronic transmission to such action is given by each director and is filed in paper or electronic form with the minutes of the board of directors. |

**Size of Board of Directors**

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| The number of directors will be at least two, and for so long as W. P. Carey has a class of its securities registered under Section 12(b) or 12(g) of the Exchange Act, at least five and no more than 15, with the exact number of seats on the board of directors to be determined from time to time by resolution of the board of directors. The current board consists of twelve directors. | The number of directors initially shall be three; however, upon the closing of the REIT Conversion, the size of the board of directors will be expanded to twelve. |
| | The size of board of directors may be increased or decreased by the majority of the entire board of directors, but shall never be less than the minimum number required by the Maryland law nor more than 25. |

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**Independent Directors**

At least a majority of the directors in office at any point in time while the Company has a class of its securities registered under Section 12(b) or 12(g) of the Exchange Act must be independent directors.
Nathaniel S. Coolidge, Eberhard Faber, IV, Benjamin H. Griswold, IV, Dr. Robert E. Mittelstaedt, Jr., Charles E. Parente, Dr. Karsten von Köller, Reginald Winssinger, Axel K.A. Hansing, Dr. Richard C. Marston and Nick J.M. van Ommen, are W. P. Carey s independent directors.

Under the terms of the W. P. Carey Inc. Bylaws, a majority of the board of directors must be independent. Upon the closing of the REIT Conversion, the board of directors of W. P. Carey, including the independent directors, will become the board of directors of W. P. Carey Inc.

**Removal of Directors**

A director may be removed, with or without cause at any time. A vote, at a duly held meeting, of more than 50% interest of the total then-issued and outstanding shares (or, in the case of a written consent without a meeting, more than 50% in interest of the total of such then-issued and outstanding shares) will be able to remove any director and elect a replacement therefore. If the shareholders intend to vote to remove a director, the shareholders must provide such director with notice thereof. Any decrease in the size of the board will not cause the removal of any director prior to the expiration of such director s term of office.

Any director, or the entire board of directors, may be removed from office at any time but only for cause and then only by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors (subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors). Any decrease in the number of directors will not cause the removal of any director prior to the expiration of such director s term of office. Cause shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to W. P. Carey Inc. through bad faith or active and deliberate dishonesty.

**Filling Vacancies**

Any vacancy by reason of death, resignation, removal or otherwise, or any vacancy caused by the fact that the authorized number of directors has been increased, may be filled by a majority of the directors then in office, even if such number constitutes less than a quorum. A director elected to fill a vacancy or a newly created position on the board will hold office until his or her successor has been elected and qualified or until the earlier of his or her death, resignation or removal. Any such vacancy or newly created position on the board of directors also may be filled at any time by vote of shareholders pursuant to the terms of the W. P. Carey LLC Agreement and W. P. Carey Bylaws. Any such replacement director shall assume the term of his or her predecessor.

Any vacancy on the board of directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum (subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors). Any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

**Exculpation and Indemnification of Directors and Officers**

The W. P. Carey LLC Agreement limits the liability of its directors and officers to the company and the shareholders to the fullest extent permitted by Delaware law, for any act or omission performed or omitted by him or her, or for any decision, except in the case of fraudulent or illegal conduct. Any indemnification

The W. P. Carey Inc. Charter contains a provision that limits the liability of its directors and officers to W. P. Carey Inc. and its stockholders for money damages to the maximum extent permitted by Maryland law. W. P. Carey Inc. must indemnify (to the maximum extent permitted by Maryland law), and pay or reimburse

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| payment to any director or officer for any loss, damage or claim (including any reasonable attorney s fees incurred by such person in connection therewith) shall be paid out of the assets of the company only (or any insurance proceeds available therefor), and no shareholder shall have any personal liability on account thereof. | reasonable expenses in advance of final disposition of a proceeding to, any individual who is a present or former director or officer of W. P. Carey Inc. or a predecessor of W. P. Carey Inc. from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity as a director or officer. W. P. Carey Inc. may, with the approval of the board of directors, indemnify, if and to the extent determined to be authorized and appropriate in accordance with applicable law, any person permitted, but not required to be indemnified under Maryland law, by W. P. Carey Inc. or a predecessor of W. P. Carey Inc. |

**Inspection of Books and Records**

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| Upon written request to either the board of directors or the President, a shareholder will be given access, at the principal business office of W. P. Carey, to certain information relating to W. P. Carey for any purpose reasonably related to the requesting shareholder s interest as a shareholder. A shareholder s right to obtain any information is subject to reasonable standards (including standards governing what information and documents are to be furnished at what time and location and at whose expense) as established by the board of directors from time to time. The board of directors has the right to keep confidential from the shareholders, for such period of time as the board of directors or president deems reasonable, any information which the board of directors or president reasonably believes to be in the nature of trade secrets or other information the disclosure of which the board of directors or president in good faith believes is not in the best interest of W. P. Carey or could damage it or its business or which it is required by law or by agreement with a third party to keep confidential. | In accordance with Section 2-512 of the MGCL, the bylaws, the minutes of the proceedings of stockholders, the annual statement of affairs and any voting trust agreements deposited with the company are open to inspection by stockholders at W. P. Carey Inc. s offices during reasonable business hours. Section 2-512 of the MGCL also permits any stockholder to present to any officer or resident agent of W. P. Carey Inc. a written request for a statement showing all stock and securities issued by W. P. Carey Inc. during a specified period of not more than 12 months before the date of the request.<br><br>In addition, stockholders of record for at least 6 months of at least 5% of the outstanding stock of any class of W. P. Carey Inc. have the right to inspect the company s accounting books and records and its stock ledger, as permitted by the laws of the State of Maryland, subject to and in accordance with Section 2-513 of the MGCL. |

**Amendments to Organizational Documents**

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| The W. P. Carey LLC Agreement may be amended, modified or supplemented only by the vote, at a duly held meeting, of more than 50% in interest of the then-outstanding shares (or, in the case of a written consent without a meeting, more than 50% in interest of the aggregate then-outstanding shares) voting or acting as one class (and not as separate classes, notwithstanding the fact that there may be shareholders of more than one class voting); provided, however, certain provisions contained in the W. P. Carey LLC Agreement relating to limitations on liability and indemnification of directors and officers will not be amended, modified or supplemented, unless such amendment, modification or | Any amendment to the W. P. Carey Inc. Charter will be valid only if declared advisable by the board of directors and approved by the affirmative vote of the stockholders entitled to cast a majority of all the votes entitled to be cast on the matter, except for (i) amendments to the W. P. Carey Inc. Charter relating to the removal of directors, restrictions on transfer of ownership of shares or the vote required to amend such provisions of the W. P. Carey Inc. Charter, which amendments require the affirmative vote of two-thirds of all the votes entitled to be cast on the matter, or (ii) those amendments to the W. P. Carey Inc. Charter permitted to be made without stockholder approval |

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| supplement receives the consent of at least 80% in interest of the holders of then-outstanding shares; and provided, further, certain provisions contained in the W. P. Carey LLC Agreement relating to changes in control and business combinations as well as provisions relating to voting rights of certain control shares may only be amended or repealed by a vote of 80% in interest of all shareholders, excluding shares held by any interested party or any affiliate of an interested party. | under Maryland law or by specific provision in the W. P. Carey Inc. Charter.<br><br>Under the terms of the W. P. Carey Inc. Charter, the board of directors additionally has the power to (i) amend the charter from time to time without stockholder approval so as to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, (ii) designate and issue one or more classes or series of common stock or preferred stock, with whatever powers, preferences and rights as the board may desire, and (iii) classify or reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock. |
| **Bylaw Amendments** | |
| The W. P. Carey Bylaws may be amended, modified or repealed, or new bylaws may be adopted, by (i) the affirmative vote of a majority of all members of the board of directors then in office at any regular meeting of the board of directors, or at any special meeting thereof, if notice of such amendment, modification, repeal, or adoption of new bylaws is contained in the notice of such special meeting; or (ii) the affirmative vote of a majority of all shareholders at any regular meeting or at any special meeting thereof, if notice of such amendment, modification, repeal, or adoption of new bylaws is contained in the notice of such special meeting. | The board of directors shall have the exclusive power to adopt, alter or repeal any provision of the bylaws and to make new bylaws. |
| **Limits on Ownership and Transfer of Shares** | |
| The W. P. Carey LLC Agreement contains an ownership limit which prohibits any lender from owning shares. A lender is defined as (i) any person who is currently owed money by W. P. Carey or any one or more of the CPA® REITs, (ii) partnerships in an amount exceeding $1,000,000 and (iii) any person related to a person described in (i) under the rules of Treasury Regulation section 1.752-4(b). Any share acquired by a lender in violation of this provision is deemed to be an excess share. Any acquisition of an excess share, subject to certain limited exceptions, is considered null and void. If this provision is determined to be invalid by virtue of any law, such lender will be deemed to have acted as an agent on behalf of W. P. Carey in acquiring the excess shares and to hold such excess shares on behalf of the ultimate owner of such excess shares. Any distributions received by the lender will be held for the ultimate owner of such excess shares. The excess shares do not have voting rights and are not considered for purposes of any shareholder vote or determining a quorum. | The W. P. Carey Inc. Charter, subject to certain exceptions, authorizes the board of directors to take such actions as are necessary and desirable to limit any person to beneficial or constructive ownership of no more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc s. stock, and no more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc. common stock, excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. Our board of directors has elected to exempt from these limitations the estate of Wm. Polk Carey, which may own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc. stock.<br><br>No individual, corporation, partnership, limited liability company, estate, trust, other than an excepted holder (defined as a stockholder whom the board of directors in its sole discretion exempts from |

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| | the following ownership limits), may beneficially own or constructively own shares: (i) in excess of 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of the company s stock, or in excess of 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of the company s common stock, excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes; (ii) in the case of an excepted holder, the aggregate ownership for such stockholder approved by the board; (iii) to the extent that such ownership would result in W. P. Carey Inc. being closely held ; (iv) to the extent that such ownership would cause W. P. Carey Inc. stock to be beneficially owned by fewer than 100 persons; (v) to the extent such ownership would cause W. P. Carey Inc. to constructively own 10% or more of the ownership interests in a tenant of W. P. Carey Inc. s real property; (vi) to the extent that such ownership would cause any independent contractor of W. P. Carey Inc. to not be treated as such; or (vii) to the extent such ownership would otherwise cause W. P. Carey Inc. to fail to qualify as a REIT. The shares transferred in violation of the foregoing restrictions will automatically be transferred to a charitable trust for the benefit of a charitable beneficiary. If this transfer is not effective for any reason, then the transfer shall be null and void and the intended transferee shall acquire no rights in such shares. |
| **Distributions** | |
| The board of directors may declare distributions payable on a distribution date and the shareholders will be entitled to receive all such distributions, with each holder entitled to receive a pro-rata portion of such available distributions. Neither W. P. Carey nor the board of directors on its behalf will make a distribution to any shareholder on account of its shares if such distribution would violate applicable law. | Distributions may be authorized by the board of directors in respect of its outstanding shares of stock and may be in the form of a dividend paid in cash or other property, the purchase or redemption of outstanding shares of stock or the issuance of evidence of indebtedness, subject to the provisions of Maryland law and the W. P. Carey Inc. Charter. Section 2-311 of the MGCL prohibits W. P. Carey Inc. from making any distribution if, after giving effect to the distribution: (i) it would not be able to pay its indebtedness as the indebtedness becomes due in the usual course of business; or (ii) its total assets would be less than the sum of W. P. Carey Inc. s total liabilities plus, unless the W. P. Carey Inc. Charter permits otherwise, the amount that would be needed, if W. P. Carey Inc. were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights on dissolution are superior to those receiving the distribution. |

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**Appraisal Rights**

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| Appraisal rights are not guaranteed to members of a limited liability company under Delaware law. Rather, Section 18-210 of the DLLCA provides that appraisal rights are instead contractual. The W. P. Carey LLC Agreement does not provide for appraisal rights. | Stockholders shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the board of directors, upon the affirmative vote of a majority of the board of directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights. |

**Control Shares**

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| The W. P. Carey LLC Agreement provides that Control Shares (defined as shares representing more than 20% of the voting power of all voting power) have no voting rights, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding the Control Shares.<br><br>A shareholder who acquires Control Shares may deliver an written statement to the company requesting that the board of directors convene a special meeting of the shareholders within 50 days of receiving the statement to consider the voting rights of Control Shares. If the shareholder delivers such a statement within 10 days of acquiring Control Shares, the company may redeem any or all of Control Shares within 60 days of the shareholders meeting where voting rights were not approved, except those Control Shares where two-thirds of disinterested shareholders have given prior approval for the exercise of the voting rights. Conversely, if the shareholder does not deliver such a statement within 10 days of acquiring Control Shares, the company may redeem all Control Shares held by the shareholder, including those for which voting rights have been previously approved, during a period that begins on the 11th day following the acquisition of Control Shares and ending 60 days after the shareholder delivers such a statement. | Section 3-701 through 3-710 of the MGCL contains a similar control share acquisition statute. See Certain Material Provisions of Maryland Law and of Our Charter and Bylaws Control Share Acquisitions above. The W. P. Carey Inc. Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our stock and, consequently, the control share acquisitions statute will not apply to W. P. Carey Inc., unless the company s board of directors later amends the bylaws so as to modify or eliminate this provision. |

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**Business Combinations**

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| The W. P. Carey LLC Agreement contains a provision which prohibits certain business combinations (as defined below) between the company and an interested party (defined generally as any person who beneficially owns 10% or more of the outstanding shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder unless: (i) the board of directors approved either the business combination or the transaction that resulted in the interested party becoming an interested party prior to the date of such event; and (ii) on or after the date of such event, the business combination is (x) approved by two-thirds of the board of directors, and (y) authorized by at least two-thirds of disinterested shareholders at an annual or special meeting. Furthermore, subject to certain limited exceptions, if an interested party proposes a business combination after the expiration of the five year period, such business combination must be: (i) recommended by the board of directors at a duly-called meeting where a quorum is present; and (ii) approved by at least (x) 80% of all shareholders, voting together as a single voting class, and (y) two-thirds of disinterested shareholders. | Section 3-601 through Section 3-605 of the MGCL contains a similar business combination statute. See Certain Material Provisions of Maryland Law and Our Charter and Bylaws Business Combinations above. The board of directors of W. P. Carey Inc. has adopted a resolution exempting any business combinations between us and any person who is an existing, or becomes in the future an, interested stockholder, unless the company s board of directors, at its sole discretion, later alters, revokes or repeals such resolution in whole or in part. |
| A business combination is defined generally as: (i) a merger, consolidation, or exchange of shares of W. P. Carey or any interests in a subsidiary; (ii) the sale, lease, or transfer or other disposition of the assets of the company or any of its subsidiaries in one or several transactions over a 12-month period valued at 10% or more of the company; (iii) the issuance or transfer of securities by the company of any of its subsidiaries if the value of such securities is 5% or more of the total market value of the outstanding shares; or (iv) the reclassification of securities which increases the total number of the outstanding shares by 5% or more. | |

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## MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material federal income tax considerations of the Merger, the REIT Conversion and an investment in W. P. Carey Inc. common stock. The law firm of DLA Piper LLP (US) has acted as counsel and reviewed this summary. For purposes of this section under the heading Material Federal Income Tax Considerations, references to we, our and us mean only W. P. Carey Inc. and not its subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is based upon the Code, the regulations promulgated by the U.S. Treasury Department, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. We have not sought and do not currently expect to seek an advance ruling from the IRS regarding any matter discussed in this prospectus. The summary is also based upon the assumption that we will operate W. P. Carey Inc. and its subsidiaries and affiliated entities in accordance with their applicable organizational documents. This summary is for general information only and does not purport to discuss all aspects of federal income taxation that may be important to a particular investor in light of its investment or tax circumstances or to investors subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- partnerships and trusts;
- persons subject to the alternative minimum tax;
- persons who hold our stock on behalf of other persons as nominees;
- persons who receive our stock through the exercise of employee stock options (if we ever have employees) or otherwise as compensation;
- persons holding our stock as part of a straddle, hedge, conversion transaction, constructive ownership transaction, synthetic security or other integrated investment;
- S corporations;

and, except to the extent discussed below:

- tax-exempt organizations; and

foreign investors.

This summary assumes that investors will hold their common stock as a capital asset, which generally means as property held for investment.

The federal income tax treatment of holders of our common stock depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular stockholder of holding our common stock will depend on the stockholder s particular tax circumstances. You are urged to consult your tax advisor regarding the U.S. federal, state, and local and foreign income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of our common stock.

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**The Merger**

Prior to the closing of the Merger, Clifford Chance US LLP, tax counsel to CPA®:15, will deliver an opinion substantially to the effect that each of the Merger and the merger of CPA®:15 with and into an indirect and wholly-owned subsidiary of CPA®:15 will be treated as a reorganization within the meaning of Sections 368(a)(1)(A) of the Code. Accordingly, no gain or loss will be recognized by W. P. Carey Inc., CPA®:15 or their stockholders as a result of the Merger except to the extent of cash received as consideration in the Merger. In addition, prior to the closing of the Merger, Clifford Chance US LLP will deliver an opinion that at all times since its taxable year ended December 31, 2008, CPA®:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code.

It must be emphasized that the opinions of Clifford Chance US LLP will be based on various assumptions relating to the organization and operation of CPA®:15, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, all actions described in this joint proxy statement / prospectus are completed in a timely fashion and that CPA®:15 has at all times operated in accordance with the method of operation described in its organizational documents and this prospectus. Additionally, the opinion of Clifford Chance US LLP will be conditioned upon factual representations and covenants made by the management of CPA®:15 and affiliated entities regarding the organization, assets, conduct of business operations of CPA®:15 and other items regarding CPA®:15 s ability to have met the various requirements for qualification as a REIT, and assumes that such representations and covenants are accurate and complete and that CPA®:15 has taken no action inconsistent with its qualification as a REIT. While CPA®:15 believes that it is organized and has operated so that it has qualified as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in circumstances or applicable law, no assurance can be given by Clifford Chance US LLP or CPA®:15 that it has so qualified for any particular year. Clifford Chance US LLP will have no obligation to advise CPA®:15 or the holders of CPA 15 common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, that no ruling has been or will be sought from the IRS on the tax consequences of the Merger or the REIT qualification of CPA®:15, and no assurance can be given that the IRS will not take, or that a court will not sustain, a position contrary to any of the federal income tax consequences set forth below.

Based on the opinion of the counsel as to the tax status of the Merger, gain or losses will be recognized by a CPA®:15 stockholder as a result of the surrender of shares of stock in exchange for shares of W. P. Carey Inc. stock pursuant to the Merger only the extent of cash received by CPA®:15 stockholders in the Merger. A holder of CPA 15 common stock who receives cash in lieu of a fractional share of W. P. Carey Inc. common stock in the Merger will generally be treated as having received the cash in redemption of the fractional share interest. Such a holder of CPA 15 common stock will generally recognize capital gain or loss on the deemed redemption in an amount equal to the difference between the amount of cash received and such holder s adjusted tax basis allocable to such fractional share. If any of the cash received in the Merger is treated as essentially equivalent to a dividend, the cash payment will be taxable as a dividend to the extent of the holder s ratable share of the accumulated earnings and profits as calculated for U.S. federal income tax purposes. Any capital gain or loss will be long-term capital gain or loss if a holder of CPA 15 common stock has held the surrendered shares for more than one year. The aggregate adjusted tax basis of the W. P. Carey Inc. common stock received by a stockholder of CPA®:15 in the Merger will be the same as the aggregate tax basis of the CPA®:15 shares held by such stockholder reduced by the amount of cash received by such stockholder in the Merger and increased by any gain recognized in the Merger. The holding period of the W. P. Carey Inc. common stock received by a stockholder will include such stockholder s holding period in the CPA 15 common stock exchanged in the Merger.

As a result of the Merger, CPA®:15 will be required to comply with certain reporting requirements in the Treasury Regulations, which will require reporting certain facts regarding the Merger.

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**The REIT Conversion**

The proposed REIT Conversion has been structured in a manner intended to result in no recognition of gain to shareholders for federal income tax purposes. Prior to the closing of the Merger, DLA Piper LLP (US), counsel to W. P. Carey, will deliver an opinion, substantially to the effect that the merger transactions forming part of the REIT Conversion (other than the transfer by W. P. Carey of its 50% capital shares of BV to W. P. Carey Inc. solely in exchange for W. P. Carey Inc. shares (the BV Contribution ) and the contribution of other property, such as the transfer of W. P. Carey s 92.31% ownership interest in Asiainvest, LLC into W. P. Carey Inc.), will be treated as reorganizations under Section 368(a), and in the case of the BV Contribution, as a transaction that should be governed by Section 351 of the Code, followed by a distribution of the W. P. Carey Inc. common stock by W. P. Carey to its shareholders in complete liquidation of W. P. Carey that will be governed by Section 731 of the Code. For purposes of rendering the opinion expressed in the immediately preceding sentence, DLA Piper LLP (US) will assume, based on representations from W. P. Carey, (i) that each shareholder has a tax basis in its W. P. Carey shares in excess of any anticipated deemed cash distribution that would result from a reduction in a shareholder s share of W. P. Carey s liabilities as a result of the REIT Conversion, and that no cash will be distributed in the REIT Conversion and (ii) that the fair market value of the assets transferred to W. P. Carey Inc. in the REIT Conversion exceeds the aggregate adjusted tax basis of such assets. In addition, DLA Piper LLP (US) s opinion will be based, in part, on certain factual assumptions and on certain customary representations that will be received from W. P. Carey, each of which must be accurate as of the closing of the REIT Conversion. If any such assumptions or representations are inaccurate as of that time, the tax consequences to W. P. Carey shareholders could differ materially from those described below. Opinions of counsel neither bind the IRS or any court, nor preclude the IRS from adopting a contrary position. No ruling has been or will be sought from the IRS on the tax consequences of the REIT Conversion, and no assurance can be given that the IRS will not take, or that a court will not sustain, a position contrary to any of the federal income tax consequences set forth below.

Based on the opinion of special tax counsel as to the tax status of the REIT Conversion, shareholders should not recognize gain or loss upon the deemed distribution by W. P. Carey of W. P. Carey Inc. common stock in liquidation of W. P. Carey. Nevertheless, W. P. Carey Inc. s assumption of W. P. Carey s liabilities in the REIT Conversion will reduce each shareholder s share of W. P. Carey s liabilities, which reduction will be treated for federal income tax purposes as a deemed cash distribution to shareholders. Accordingly, the adjusted tax basis of each shareholder s interest in W. P. Carey, which includes a shareholder s share of W. P. Carey s liabilities, will be reduced to reflect each shareholder s share of such deemed distribution. A shareholder would recognize gain to the extent the deemed distribution exceeds the adjusted tax basis of the shareholder s interest in W. P. Carey before the distribution, but the information available to W. P. Carey indicates that each shareholder has a tax basis in its W. P. Carey shares in excess of any anticipated deemed distribution.

The aggregate adjusted tax basis of the W. P. Carey Inc. common stock received by a shareholder in complete liquidation of W. P. Carey is expected to be the same as the aggregate tax basis of the W. P. Carey shares held by such shareholder (after adjustment for the deemed distribution in respect of liabilities assumed by W. P. Carey Inc., if any). The holding period of the W. P. Carey Inc. common stock received by a stockholder will include W. P. Carey s holding period in the W. P. Carey Inc. common stock. W. P. Carey s holding period in the W. P. Carey Inc. common stock, in turn, will include the holding period of the assets that were deemed transferred by W. P. Carey to W. P. Carey Inc. (either REIT stock or stock in corporations that will become TRSs) as a result of the REIT Conversion, provided that such assets were capital assets.

As a result of the REIT Conversion, W. P. Carey will be required to comply with certain reporting requirements in the Treasury Regulations, which will require reporting certain facts regarding the REIT Conversion.

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**Taxation of W. P. Carey Inc.**

We intend to elect to be taxed as a REIT commencing with our 2012 taxable year. We believe that we will have been organized and operate in such a manner as to qualify for taxation as a REIT.

The law firm of DLA Piper LLP (US) is acting as our tax counsel in connection with this offering. Prior to the closing of the Merger and in connection with this offering, DLA Piper LLP (US) will render an opinion that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and that our present and proposed organization, ownership and method of operation will enable us to meet the requirements for qualification and taxation as a REIT beginning with our 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. It must be emphasized that the opinion of DLA Piper LLP (US) will be based on various assumptions relating to our organization and operation and conditioned upon fact-based representations and covenants made by our management regarding our organization, assets, and income, and the future conduct of our business operations. While we intend to operate so that we qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by DLA Piper LLP (US) or by us that we will qualify as a REIT for any particular year. The opinion will be expressed as of the date issued. Counsel has no obligation to advise us or our shareholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of stock and asset ownership, various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by DLA Piper LLP (US). Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets that we own directly or indirectly. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

**Taxation of REITs in General**

As indicated above, our qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under Requirements for REIT Qualification General. While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future. See Failure to Qualify.

Provided that we qualify as a REIT, generally we will be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our taxable income that is currently distributed to our shareholders. This treatment substantially eliminates the double taxation at the corporate and shareholder levels that generally results from investment in a corporation. In general, the income that we generate and distribute currently is taxed only at the shareholder level upon distribution to our shareholders.

For tax years through 2012, most domestic shareholders that are individuals, trusts or estates are taxed on regular corporate dividends at a maximum rate of 15% (the same as long-term capital gains). With limited exceptions, however, dividends from us or from other entities that are taxed as REITs are generally not eligible for this rate and will continue to be taxed at rates applicable to ordinary income. See Taxation of Shareholders Taxation of Taxable Domestic Shareholders Distributions.

Any net operating losses and other tax attributes of ours generally do not pass through to our shareholders, subject to special rules for certain items such as the capital gains that we recognize. See Taxation of Shareholders.

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If we qualify as a REIT, we will nonetheless be subject to U.S. federal tax in the following circumstances:

We will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains.

We may be subject to the alternative minimum tax on our items of tax preference, including any deductions of net operating losses.

If we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See Prohibited Transactions and Foreclosure Property below.

If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as foreclosure property, we may thereby avoid the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).

If we should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because we satisfy other requirements, we will be subject to a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with our gross income.

If we should violate the asset tests (other than certain de minimis violations) or other requirements applicable to REITs, as described below, and yet maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we would be subject to an excise tax. In that case, the amount of the excise tax will be at least $50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds $50,000 per failure.

If we should fail to distribute during a calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year, and (3) any undistributed taxable income from prior periods, we would be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of (i) the amounts that we actually distributed and (ii) the amounts of income from the taxable year we retained and upon which we paid income tax at the corporate level.

We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT s stockholders, as described below in Requirements for REIT Qualification General.

A 100% tax may be imposed on transactions between us and a TRS (as described below) that do not reflect arm s-length terms.

If we acquire appreciated assets from a corporation that is not a REIT and is taxable under subchapter C of the Code in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during the ten-year period following their acquisition from the subchapter C corporation.

The earnings of our subsidiaries, including any subsidiary we may elect to treat as a TRS, are subject to federal corporate income tax to the extent that such subsidiaries are taxable as subchapter C corporations.

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In addition, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state and local and foreign income, property and other taxes on our assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

**Requirements for REIT Qualification General**

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;

(4) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include specified tax-exempt entities); and

(7) which meets other tests described below, including with respect to the nature of its income and assets.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) need not be met during a corporation s initial tax year as a REIT. In our case, we intend to elect to be taxed as a REIT commencing with our taxable year ending December 31, 2012. Our charter provides restrictions regarding the ownership and transfer of our shares, which are intended to assist us in satisfying the share ownership requirements described in conditions (5) and (6) above.

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include our distributions in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If you fail or refuse to comply with the demands, you will be required by U.S. Department of Treasury Regulations to submit a statement with your tax return disclosing your actual ownership of our shares and other information.

In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. We have adopted December 31 as our taxable year-end, and thereby satisfy this requirement.

The Code provides relief from violations of the REIT gross income requirements, as described below under Income Tests, in cases where a violation is due to reasonable cause and not to willful neglect, and other requirements are met, including the payment of a penalty tax that is based upon the magnitude of the violation. In addition, certain provisions of the Code extend similar relief in the case of certain violations of the REIT asset requirements and other REIT requirements, again provided that the violation is due to reasonable cause and not willful neglect, and other conditions are met, including the payment of a penalty tax. If we fail to satisfy any of the various REIT requirements, there can be no assurance that these relief provisions would be available to enable us to maintain our qualification as a REIT, and, if such relief provisions are available, the amount of any resultant penalty tax could be substantial.

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**Subsidiary Entities**

***Ownership of partnership interests***

If we are a partner in an entity that is treated as a partnership for federal income tax purposes, U.S. Department of Treasury Regulations provide that we are deemed to own our proportionate share of the partnership s assets, and to earn our proportionate share of the partnership s income, for purposes of the asset and gross income tests applicable to REITs. Our proportionate share of a partnership s assets and income is based on our capital interest in the partnership (except that for purposes of the 10% value test, our proportionate share of the partnership s assets is based on our proportionate interest in the equity and certain debt securities issued by the partnership). In addition, the assets and gross income of the partnership are deemed to retain the same character in our hands. Thus, our proportionate share of the assets and items of income of any of our subsidiary partnerships will be treated as our assets and items of income for purposes of applying the REIT requirements.

***Disregarded subsidiaries***

If we own a corporate subsidiary that is a QRS, that subsidiary is generally disregarded for federal income tax purposes, and all of the subsidiary s assets, liabilities and items of income, deduction and credit are treated as our assets, liabilities and items of income, deduction and credit, including for purposes of the gross income and asset tests applicable to REITs. A QRS is any corporation, other than a TRS (as described below), that is directly or indirectly (through other disregarded entities) wholly owned by a REIT. Other entities that are wholly owned by us, including single member, domestic limited liability companies that have not elected to be taxed as corporations for federal income tax purposes, are also generally disregarded as separate entities for federal income tax purposes, including for purposes of the REIT income and asset tests. Disregarded subsidiaries, along with any partnerships in which we hold an equity interest, are sometimes referred to herein as pass-through subsidiaries.

In the event that a disregarded subsidiary of ours ceases to be wholly owned for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of ours the subsidiary s separate existence would no longer be disregarded for federal income tax purposes. Instead, the subsidiary would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income requirements applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another corporation.

***REIT subsidiaries***

Some of our subsidiaries may also be taxable as REITs. Provided such entities qualify as REITs under the Code, our equity in such entities will be a qualifying REIT asset under the quarterly REIT asset tests described below, and any dividends and/or gain on disposition of such equity will be qualifying REIT gross income under both the 75% and 95% gross income tests discussed below.

***Taxable REIT subsidiaries***

We will jointly elect with certain of our U.S. and non-U.S. subsidiary corporations, whether or not wholly owned, to treat such subsidiary corporations as TRSs. We generally may not own more than 10% of the securities of a taxable corporation, as measured by voting power or value, unless we and such corporation elect to treat such corporation as a TRS. The separate existence of a TRS or other taxable corporation is not ignored for federal income tax purposes. Accordingly, a TRS or other taxable corporation generally would be subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate, and may reduce our ability to make distributions to our stockholders.

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We are not generally treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by a taxable subsidiary to us is an asset in our hands, and we treat the distributions paid to us from such taxable subsidiary, if any, as income, gain, or return of capital, as applicable. This treatment can affect our income and asset test calculations, as described below. Because we do not generally include the assets and income of TRSs or other taxable subsidiary corporations in determining our compliance with the REIT requirements, we will use such entities to undertake indirectly activities that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. For example, we may use TRSs or other taxable subsidiary corporations to conduct activities that give rise to certain categories of income such as management fees or activities that would be treated in our hands as prohibited transactions.

**Income Tests**

In order to qualify as a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in prohibited transactions and certain hedging and foreign currency transactions, generally must be derived from investments relating to real property or mortgages on real property, including interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), rents from real property, distributions received from other REITs, and gains from the sale of real estate assets (including REIT shares), as well as specified income from temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging transactions, must be derived from some combination of such income from investments in real property (i.e., generally income that qualifies under the 75% income test described above), as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

We and our subsidiaries may hold investments in and pay taxes to foreign countries. Taxes that we pay in foreign jurisdictions may not be passed through to, or used by, our stockholders as a foreign tax credit or otherwise. Our foreign investments might also generate foreign currency gains and losses. For purposes of either one or both of the 75% and 95% gross income tests, two categories of foreign currency gain may be excluded from gross income: real estate foreign exchange gain and passive foreign exchange gain. Real estate foreign exchange gain is not treated as gross income for purposes of both the 75% and 95% gross income tests. Real estate foreign exchange gain includes gain derived from certain qualified business units of the REIT and foreign currency gain attributable to (i) qualifying income under the 75% gross income test, (ii) the acquisition or ownership of obligations secured by mortgages on real property or interests in real property, or (iii) being an obligor on an obligation secured by mortgages on real property or on interests in real property. In addition, passive foreign exchange gain is not treated as gross income for purposes of the 95% gross income test only. Passive foreign exchange gain includes real estate foreign exchange gain and foreign currency gain attributable to (i) qualifying income under the 95% gross income test, (ii) the acquisition or ownership of obligations, or (iii) being the obligor on obligations and that, in the case of (ii) and (iii), does not fall within the scope of the real estate foreign exchange definition. In all cases, we intend that any foreign currency transactions will be structured in a manner that will not jeopardize our status as a REIT. No assurance can be given that any foreign currency gains that we recognize directly or though pass-through subsidiaries will not adversely affect our ability to satisfy the REIT qualification requirements.

Interest income constitutes qualifying mortgage interest for purposes of the 75% income test (as described above) to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we acquired or originated the mortgage loan, the interest income will be apportioned between the real property and the other collateral, and our income from the arrangement will qualify for purposes of the 75% income test only to the extent that the interest is allocable to the real property. Even if a loan is not secured by real property, or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% income test.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a shared appreciation provision ), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests provided that the real property is not held as inventory or dealer property or primarily for sale to customers in the ordinary course of business. To the extent that we derive interest income from a mortgage loan or income from the rental of real property (discussed below) where all or a portion of the amount of interest or rental income payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales and not on the net income or profits of the borrower or lessee. This limitation does not apply, however, where the borrower or lessee leases substantially all of its interest in the property to tenants or subtenants to the extent that the rental income derived by the borrower or lessee, as the case may be, would qualify as rents from real property had we earned the income directly.

Rents received by us will qualify as rents from real property in satisfying the gross income requirements described above only if several conditions are met. If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the rent that is attributable to the personal property will not qualify as rents from real property unless it constitutes 15% or less of the total rent received under the lease. In addition, the amount of rent generally must not be based in whole or in part on the income or profits of any person. Amounts received as rent, however, generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of gross receipts or sales. Moreover, for rents received to qualify as rents from real property, we generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through an independent contractor from which we derive no revenue and that meets certain other requirements or through a TRS. We are permitted, however, to perform services that are usually or customarily rendered in connection with the rental of space for occupancy only and which are not otherwise considered rendered to the occupant of the property. In addition, we may directly or indirectly provide noncustomary services to tenants of our properties without disqualifying all of the rent from the property if the income from such services does not exceed 1% of the total gross income from the property. For purposes of this test, we are deemed to have received income from such non-customary services in an amount at least 150% of the direct cost of providing the services. Moreover, we are generally permitted to provide services to tenants or others through a TRS without disqualifying the rental income received from tenants for purposes of the income tests. Also, rental income will qualify as rents from real property only to the extent that we do not directly or constructively hold a 10% or greater interest, as measured by vote or value, in the lessee s equity.

We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or QRSs. These distributions generally are treated as dividend income to the extent of the earnings and profits of the distributing corporation. Such dividends will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any dividends that we receive from a REIT, however, will be qualifying income for purposes of both the 95% and 75% income tests.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for such year if we are entitled to relief under applicable provisions of the Code. These relief provisions will be generally available if (1) our failure to meet these tests was due to reasonable cause and not due to willful neglect and (2) following our identification of the failure to meet the 75% or 95% gross income test for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income test for such taxable year in accordance with U.S. Department of Treasury Regulations. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances, we will not qualify as a REIT. As discussed above under Taxation of REITs in General, even where these relief provisions apply, the Code imposes a tax based upon the amount by which we fail to satisfy the particular gross income test.

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**Asset Tests**

At the close of each calendar quarter, we must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of real estate assets, cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other corporations that qualify as REITs and some kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

Second, the value of any one issuer s securities (defined to exclude real estate assets ) that we own (other than a TRS or QRS) may not exceed 5% of the value of our total assets.

Third, we may not own more than 10% of any one issuer s outstanding securities, as measured by either voting power or value. The 10% asset tests do not apply to securities of TRSs and QRSs and the 10% asset test by value does not apply to straight debt having specified characteristics and to certain other securities described below. Solely for purposes of the 10% asset test by value, the determination of our interest in the assets of a partnership in which we own an interest will be based on our proportionate interest in any securities issued by the partnership, excluding for this purpose certain securities described in the Code, as well as our equity interest in the partnership, if any.

Fourth, the aggregate value of all securities of TRSs that we hold may not exceed 25% of the value of our total assets.

Notwithstanding the general rule, as noted above, that for purposes of the REIT income and asset tests we are treated as owning our proportionate share of the underlying assets of a subsidiary partnership, if we hold indebtedness issued by a partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests unless the indebtedness is a qualifying mortgage asset or other conditions are met. Similarly, although stock of another REIT is a qualifying asset for purposes of the REIT asset tests, any non-mortgage debt that is issued by another REIT may not so qualify (such debt, however, will not be treated as a security for purposes of the 10% asset test by value, as explained below).

Certain relief provisions are available to REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. One such provision allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (1) the REIT provides the IRS with a description of each asset causing the failure, (2) the failure is due to reasonable cause and not willful neglect, (3) the REIT pays a tax equal to the greater of (i) $50,000 per failure, and (ii) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%), and (4) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

In the case of de minimis violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (1) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT s total assets and $10,000,000, and (2) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

Certain securities will not cause a violation of the 10% asset test described above. Such securities include instruments that constitute straight debt. A security does not qualify as straight debt where a REIT (or a controlled TRS of the REIT) owns other securities of the same issuer which do not qualify as straight debt, unless the value of those other securities constitute, in the aggregate, 1% or less of the total value of that issuer s outstanding securities. In addition to straight debt, the Code provides that certain other securities will not violate

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the 10% asset test. Such securities include (1) any loan made to an individual or an estate, (2) certain rental agreements pursuant to which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT under attribution rules), (3) any obligation to pay rents from real property, (4) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, (5) any security (including debt securities) issued by another REIT, and (6) any debt instrument issued by a partnership if the partnership s income is of a nature that it would satisfy the 75% gross income test described above under Income Tests. In applying the 10% asset test by value, a debt security issued by a partnership is not taken into account to the extent, if any, of the REIT s proportionate interest in the equity and certain debt securities issued by that partnership.

We believe that our holdings of securities and other assets comply with the foregoing REIT asset requirements, and we intend to monitor compliance on an ongoing basis. Certain mezzanine loans we make or acquire may qualify for the safe harbor of Revenue Procedure 2003-65 pursuant to which certain loans secured by a first priority security interest in ownership interests in a partnership or limited liability company will be treated as qualifying assets for purposes of the 75% real estate asset test and the 10% vote or value test. See Income Tests. We may make some mezzanine loans that do not qualify for that safe harbor, qualify as straight debt securities or qualify for one of the other exclusions from the definition of securities for purposes of the 10% value test. We intend to make such investments in such a manner as not to fail the asset tests described above.

Some of our assets will consist of goodwill. We do not expect the value of any such goodwill to be significant, and, in any event, to negatively impact our compliance with the REIT asset tests.

No independent appraisals will be obtained to support our conclusions as to the value of our total assets or the value of any particular security or securities. Moreover, values of some assets, may not be susceptible to a precise determination, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that our interests in our subsidiaries or in the securities of other issuers will not cause a violation of the REIT asset tests.

If we should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause us to lose our REIT qualification if (1) we satisfied the asset tests at the close of the preceding calendar quarter and (2) the discrepancy between the value of our assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the market value of our assets. If the condition described in (2) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of relief provisions described above.

**Annual Distribution Requirements**

In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our shareholders in an amount at least equal to:

(1) the sum of

  (i) 90% of our REIT taxable income, computed without regard to our net capital gains and the dividends paid deduction, and

  (ii) 90% of our net income, if any, (after tax) from foreclosure property (as described below), minus

(2) the sum of specified items of non-cash income.

We generally must make these distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. In order for dividends to provide a tax deduction for us, the distributions must not be preferential dividends. A distribution is not a preferential dividend if the distribution is (1) pro rata among all outstanding shares of stock within a particular class, and (2) in accordance with the preferences among different classes of stock as set forth in our organizational documents.

To the extent that we distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. We may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we could elect for our shareholders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our shareholders would then increase their adjusted basis of their stock by the difference between (1) the amounts of capital gain distributions that we designated and that they include in their taxable income, and (2) the tax that we paid on their behalf with respect to that income.

To the extent that we have available net operating losses carried forward from prior REIT tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Such losses, however, will generally not affect the character, in the hands of our shareholders, of any distributions that are actually made as ordinary dividends or capital gains. See Taxation of Shareholders Taxation of Taxable Domestic Shareholders Distributions.

If we should fail to distribute during a calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year, and (3) any undistributed taxable income from prior periods, we would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (i) the amounts actually distributed, and (ii) the amounts of income for the taxable year we retained and on which we have paid corporate income tax.

It is possible that, from time to time, we may not have sufficient cash to meet the distribution requirements due to timing differences between (1) our actual receipt of cash, including receipt of distributions from our subsidiaries, and (2) our inclusion of items in income for federal income tax purposes. Other potential sources of non-cash taxable income include:

- residual interests in a real estate mortgage investment conduit or taxable mortgage pools;
- loans or mortgage-backed securities held as assets that are issued at a discount and require the accrual of taxable economic interest in advance of receipt in cash; and
- loans on which the borrower is permitted to defer cash payments of interest, and distressed loans on which we may be required to accrue taxable interest income even though the borrower is unable to make current servicing payments in cash.

In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary for us to arrange for short-term, or possibly long-term, borrowings, or to pay distributions in the form of taxable in-kind distributions of stock or other property.

We may be able to rectify a failure to pay sufficient dividends for any year by paying deficiency dividends to shareholders in a later year. These deficiency dividends may be included in our deduction for dividends paid for the earlier year, but an interest charge would be imposed upon us for the delay in distribution.

**Failure to Qualify**

If we fail to satisfy one or more requirements for REIT qualification other than the gross income or asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. Relief provisions are available for failures of the gross income tests and asset tests, as described above in Income Tests and Asset Tests.

If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions described above do not apply, we would be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. We cannot deduct dividends to shareholders in any year in which we do not qualify to be taxed as a REIT, nor would we be required to make distributions in such a year. In this situation, to the extent of current and accumulated earnings and profits, distributions to domestic shareholders that are individuals, trusts and estates will generally be taxable at qualified dividend rates (through 2012). In addition, subject to the limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we would also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which we lost qualification. It is not possible to state whether, in all circumstances, we would be entitled to this statutory relief.

**Sale-Leaseback Transactions**

Our investments may be in the form of sale-leaseback transactions. We normally intend to treat these transactions as true leases for federal income tax purposes. However, depending on the terms of any specific transaction, the IRS might take the position that the transaction is not a true lease but is more properly treated in some other manner, such as a financing arrangement or loan for federal income tax purposes. Even if our sale-lease backs are treated as secured loans, for purposes of the REIT asset tests and the 75% gross income test, each loan would likely be considered to be collateralized by real property to the extent of the fair market value of the underlying property. As a result, we believe that we would continue to meet the REIT assets tests and gross income tests. However, other tax attributes associated with the ownership of the real property principally depreciation would not be available. The recharacterization of one or more of these transactions might cause us to fail to satisfy the REIT asset tests or gross income tests described above based upon the asset we would be treated as holding or the income we would be treated as having earned and such failure could result in our failing to qualify as a REIT. Alternatively, the amount or timing of income inclusion or the loss of depreciation deductions resulting from the recharacterization might cause us to fail to meet the distribution requirement described above for one or more taxable years absent the availability of the deficiency dividend procedure or might result in a larger portion of our dividends being treated as ordinary income to our stockholders.

**Prohibited Transactions**

Net income that we derive from a prohibited transaction is subject to a 100% tax. The term prohibited transaction generally includes a sale or other disposition of property (other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of a trade or business. We intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. Whether property is held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with certain safe-harbor provisions of the Code that would prevent such treatment. The 100% tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will potentially be subject to tax in the hands of the corporation at regular corporate rates.

**Foreclosure Property**

Foreclosure property is real property and any personal property incident to such real property (1) that we acquire as the result of having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after a default (or upon imminent default) on a lease of the property or a mortgage loan held by us and secured by the property, (2) for which we acquired the related loan or lease at a time when default was not imminent or anticipated, and (3) with respect to which we made a proper election to treat the property as foreclosure property. We generally will be subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the

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disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property. To the extent that we receive any income from foreclosure property that does not qualify for purposes of the 75% gross income test, we intend to make an election to treat the related property as foreclosure property.

**Derivatives and Hedging Transactions**

We and our subsidiaries may enter into hedging transactions with respect to interest rate exposure on one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swaps, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by U.S. Department of Treasury Regulations, any income from a hedging transaction we entered into (1) in the normal course of our business primarily to manage risk of interest rate, inflation and/or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as specified in U.S. Department of Treasury Regulations before the closing of the day on which it was acquired, originated, or entered into, including gain from the sale or disposition of such a transaction, and (2) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests which is clearly identified as such before the closing of the day on which it was acquired, originated, or entered into, will not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the 75% or 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT. We may conduct some or all of our hedging activities through our TRS or other corporate entity, the income from which may be subject to federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries. No assurance can be given, however, that our hedging activities will not give rise to income that does not qualify for purposes of either or both of the REIT gross income tests, or that our hedging activities will not adversely affect our ability to satisfy the REIT qualification requirements.

**Taxation of Shareholders**

***Taxation of Taxable Domestic Shareholders***

*Definitions* In this section, the phrase domestic shareholder means a holder of our common stock that for federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for federal income tax purposes created or organized in or under the laws of the United States or of any political subdivision thereof
- an estate, the income of which is subject to federal income taxation regardless of its source; or
- a trust, if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If a partnership, including for this purpose any entity that is treated as a partnership for federal income tax purposes, holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the federal income tax consequences of the acquisition, ownership and disposition of our common stock.

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*Distributions* So long as we qualify as a REIT, the distributions that we make to our taxable domestic shareholders out of current or accumulated earnings and profits that we do not designate as capital gain distributions will generally be taken into account by shareholders as ordinary income and will not be eligible for the dividends received deduction for corporations. With limited exceptions, our dividends are not eligible for taxation at the preferential income tax rates (i.e., the 15% maximum federal rate through 2012) for qualified dividends received by domestic shareholders that are individuals, trusts and estates from taxable C corporations. Such shareholders, however, are taxed at the preferential rates on dividends designated by and received from REITs to the extent that the dividends are attributable to:

- income retained by the REIT in the prior taxable year on which the REIT was subject to corporate level income tax (less the amount of tax);

- qualified dividends received by the REIT from TRSs or other taxable C corporations; or

- income in the prior taxable year from the sales of built-in gain property acquired by the REIT from C corporations in carryover basis transactions (less the amount of corporate tax on such income).

Distributions that we designate as capital gain dividends will generally be taxed to our shareholders as long-term capital gains, to the extent that such distributions do not exceed our actual net capital gain for the taxable year, without regard to the period for which the shareholder that receives such distribution has held its stock. We may elect to retain and pay taxes on some or all of our net long-term capital gains, in which case provisions of the Code will treat our shareholders as having received, solely for tax purposes, our undistributed capital gains, and the shareholders will receive a corresponding credit for taxes that we paid on such undistributed capital gains. See Annual Distribution Requirements. Corporate shareholders may be required to treat up to 20% of some capital gain distributions as ordinary income. Long-term capital gains are generally taxable at maximum federal rates of 15% (through 2012) in the case of shareholders that are individuals, trusts and estates, and 35% in the case of shareholders that are corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum federal income tax rate for taxpayers who are taxed as individuals, to the extent of previously claimed depreciation deductions.

Distributions in excess of our current and accumulated earnings and profits will generally represent a return of capital and will not be taxable to a shareholder to the extent that the amount of such distributions do not exceed the adjusted basis of the shareholder s shares in respect of which the distributions were made. Rather, the distribution will reduce the adjusted basis of the shareholder s shares. To the extent that such distributions exceed the adjusted basis of a shareholder s shares, the shareholder generally must include such distributions in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any distribution that we declare in October, November or December of any year and that is payable to a shareholder of record on a specified date in any such month will be treated as both paid by us and received by the shareholder on December 31 of such year, provided that we actually pay the distribution during January of the following calendar year.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. See Annual Distribution Requirements. Such losses, however, are not passed through to shareholders and do not offset income of shareholders from other sources, nor would such losses affect the character of any distributions that we make, which are generally subject to tax in the hands of shareholders to the extent that we have current or accumulated earnings and profits.

*Dispositions of our stock* In general, capital gains recognized by individuals, trusts and estates upon the sale or disposition of our stock will be subject to a maximum federal income tax rate of 15% (through 2012) if the stock is held for more than one year, and will be taxed at ordinary income rates (of up to 35% through 2012) if the stock is held for one year or less. Gains recognized by shareholders that are corporations are subject to federal income tax at a maximum rate of 35%, whether or not such gains are classified as long-term capital gains. Capital losses recognized by a shareholder upon the disposition of our stock that was held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the shareholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of our stock by a shareholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions that we make that are required to be treated by the shareholder as long-term capital gain.

If an investor recognizes a loss upon a subsequent disposition of our stock or other securities in an amount that exceeds a prescribed threshold, it is possible that the provisions of U.S. Department of Treasury Regulations involving reportable transactions could apply, with a resulting requirement to separately disclose the loss-generating transaction to the IRS. These regulations, though directed towards tax shelters, are broadly written and apply to transactions that may not typically be considered tax shelters. The Code imposes significant penalties for failure to comply with these requirements. You should consult your tax advisor concerning any possible disclosure obligation with respect to the receipt or disposition of our stock or securities or transactions that we might undertake directly or indirectly. Moreover, you should be aware that we and other participants in the transactions in which we are involved (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

*Passive activity losses and investment interest limitations* Distributions that we make and gain arising from the sale or exchange by a domestic shareholder of our stock will not be treated as passive activity income. As a result, shareholders will not be able to apply any passive losses against income or gain relating to our stock. If we make dividends to non-corporate domestic shareholders, the dividends will be treated as investment income for purposes of computing the investment interest limitation. However, net capital gain from the disposition of our stock (or distributions treated as such), capital gain dividends and dividends taxed at net capital gains rates generally will be excluded from investment income except to the extent the domestic shareholder elects to treat such amounts as ordinary income for federal income tax purposes.

On March 30, 2010, President Obama signed into law the Health Care and Education Reconciliation Act of 2010, which requires certain domestic shareholders who are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock for taxable years beginning after December 31, 2012. Domestic shareholders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common stock.

***Taxation of Non-U.S. Holders***

The following is a summary of certain federal income and estate tax consequences of the ownership and disposition of our stock applicable to certain non-U.S. holders. A non-U.S. holder is any person other than:

- a citizen or resident of the United States;
- a corporation or partnership (or entity treated as a corporation or partnership for federal income tax purposes) created or organized in the United States or under the laws of the United States, or of any state thereof, or the District of Columbia;
- an estate, the income of which is includable in gross income for federal income tax purposes regardless of its source; or
- a trust if (1) a United States court is able to exercise primary supervision over the administration of such trust and one or more United States fiduciaries have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If a partnership, including for this purpose any entity that is treated as a partnership for federal income tax purposes, holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the federal income tax consequences of the acquisition, ownership and disposition of our common stock.

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The following discussion is based on current law, and is for general information only. It addresses only selected, and not all, aspects of federal income and estate taxation.

*Ordinary dividends* The portion of distributions received by non-U.S. holders that (1) is payable out of our earnings and profits, (2) is not attributable to our capital gains and (3) is not effectively connected with a U.S. trade or business of the non-U.S. holder, will be subject to U.S. withholding tax at the rate of 30%, unless reduced or eliminated by treaty. We generally plan to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. holder unless either:

- a lower treaty rate applies and the non-U.S. shareholder files an IRS Form W-8BEN evidencing eligibility for that reduced rate with us; or

- the non-U.S. shareholder files an IRS Form W-8ECI with us claiming that the distribution is effectively connected income.

Reduced treaty rates and other exemptions are not available to the extent that income is attributable to excess inclusion income allocable to the non-U.S. holder. Accordingly, we will withhold at a rate of 30% on any portion of a distribution that is paid to a non-U.S. holder and attributable to that holder s share of our excess inclusion income. As required by IRS guidance, we intend to notify our shareholders if a portion of a distribution paid by us is attributable to excess inclusion income.

Subject to the discussion below, in general, non-U.S. holders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our stock. In cases where the dividend income from a non-U.S. holder s investment in our stock is, or is treated as, effectively connected with the non-U.S. holder s conduct of a U.S. trade or business, the non-U.S. holder generally will be subject to federal income tax at graduated rates, in the same manner as domestic shareholders are taxed with respect to such distributions. Such income must generally be reported on a U.S. income tax return filed by or on behalf of the non-U.S. holder. The income may also be subject to the 30% branch profits tax in the case of a non-U.S. holder that is a corporation.

*Non-dividend distributions* Unless our stock constitutes a U.S. real property interest (a USRPI ), distributions that we make that are not out of our earnings and profits will not be subject to U.S. income tax. If we cannot determine at the time a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to ordinary dividends. The non-U.S. holder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our stock constitutes a USRPI, as described below, distributions that we make in excess of the sum of (1) the shareholder s proportionate share of our earnings and profits, plus (2) the shareholder s basis in its stock, will be taxed under the Foreign Investment in Real Property Tax Act of 1980 ( FIRPTA ), at the rate of tax, including any applicable capital gains rates, that would apply to a domestic shareholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distribution exceeds the shareholder s share of our earnings and profits.

*Capital gain distributions* Under FIRPTA, a distribution that we make to a non-U.S. holder, to the extent attributable to gains from dispositions of USRPIs that we held directly or through pass-through subsidiaries, or USRPI capital gains, will, except as described below, be considered effectively connected with a U.S. trade or business of the non-U.S. holder and will be subject to U.S. income tax at the rates applicable to U.S. individuals or corporations, without regard to whether we designate the distribution as a capital gain distribution. See above under Ordinary Dividends, for a discussion of the consequences of income that is effectively connected with a U.S. trade or business. In addition, we will be required to withhold tax equal to 35% of the amount of distributions to the extent the distributions constitute USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a non-U.S. holder that is a corporation. A distribution is not a USRPI capital gain if we held an interest in the underlying asset solely as a creditor. Capital gain distributions received by a non-U.S. holder that are attributable to dispositions of our assets other than USRPIs are not subject to federal income or withholding tax, unless (1) the gain is effectively connected with the non-U.S. holder s U.S. trade or business and, if certain treaties apply, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder, in which case the non-U.S. holder would be subject to the same treatment as U.S. holders with respect to such gain, or (2) the non-U.S. holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the non-U.S. holder will incur a 30% tax on his or her capital gains.

A capital gain distribution that would otherwise have been treated as a USRPI capital gain will not be so treated or be subject to FIRPTA, and generally will not be treated as income that is effectively connected with a U.S. trade or business, and instead will be treated in the same manner as an ordinary dividend, if (1) the capital gain distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the United States, and (2) the recipient non-U.S. holder does not own more than 5% of that class of stock at any time during the year ending on the date on which the capital gain distribution is received. Our shares of common stock have been approved for listing on the NYSE under the symbol WPC.

*Dispositions of our stock* Unless our stock constitutes a USRPI, a sale of our stock by a non-U.S. holder generally will not be subject to U.S. taxation under FIRPTA. Our stock could be treated as a USRPI if 50% or more of our assets at any time during a prescribed testing period consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor we expect to meet this 50% test.

Even if the foregoing 50% test is met, however, our stock nonetheless will not constitute a USRPI if we are a domestically-controlled qualified investment entity. A domestically-controlled qualified investment entity includes a REIT, less than 50% of value of which is held directly or indirectly by non-U.S. holders at all times during a specified testing period. We believe that we will be a domestically-controlled qualified investment entity, and that a sale of our stock should not be subject to taxation under FIRPTA.

In the event that we are not a domestically-controlled qualified investment entity, but our stock is regularly traded, as defined by applicable U.S. Department of Treasury Regulations, on an established securities market, a non-U.S. holder s sale of our common stock nonetheless would not be subject to tax under FIRPTA as a sale of a USRPI, provided that the selling non-U.S. holder held 5% or less of our outstanding common stock at all times during a specified testing period.

If gain on the sale of our stock were subject to taxation under FIRPTA, the non-U.S. holder would be required to file a federal income tax return and would be subject to the same treatment as a U.S. shareholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the stock could be required to withhold 10% of the purchase price and remit such amount to the IRS.

*Wash sales* In general, special wash sale rules apply if a shareholder owning more than 5% of our common stock avoids a taxable distribution of gain recognized from the sale or exchange of U.S. real property interests by selling our common stock before the ex-dividend date of the distribution and then, within a designated period, enters into an option or contract to acquire shares of the same or a substantially identical class of our common stock. If a wash sale occurs, then the seller/repurchaser will be treated as having gain recognized from the sale or exchange of U.S. real property interests in the same amount as if the avoided distribution had actually been received. Non-U.S. holders should consult their own tax advisors on the special wash sale rules that apply to non-U.S. holders.

*Estate tax* If our stock is owned or treated as owned by an individual who is not a citizen or resident (as specially defined for U.S. federal estate tax purposes) of the United States at the time of such individual s death, the stock will be includable in the individual s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise, and may therefore be subject to U.S. federal estate tax.

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***New legislation relating to foreign accounts***.

Withholding taxes may be imposed on certain types of payments made to foreign financial institutions and certain other non-United States entities. Specifically, a 30% withholding tax may be imposed on dividends and interest on, and gross proceeds from the sale or other disposition of, capital stock or debt securities paid to a foreign financial institution (including payments received on behalf of a U.S. shareholder) or to a foreign non-financial entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign non-financial entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to certain other account holders.

Although these rules currently apply to applicable payments made after December 31, 2012 (other than interest payments made on certain debt securities), the IRS has issued Proposed Treasury Regulations providing that the withholding provisions described above would apply to payments of dividends on our common stock or interest on our debt securities made on or after January 1, 2014 and to payments of gross proceeds from a sale or other disposition of such stock or debt securities on or after January 1, 2015. Prospective investors should consult their tax advisors regarding these withholding provisions, including this recent IRS guidance.

***Taxation of Tax-Exempt Shareholders***

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they may be subject to taxation on their UBTI. While some investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt employee pension trust do not automatically constitute UBTI. Based on that ruling, and provided that (1) a tax-exempt shareholder has not held our stock as debt financed property within the meaning of the Code (e.g., where the acquisition or holding of the property is financed through a borrowing by the tax-exempt shareholder), and (2) our stock is not otherwise used in an unrelated trade or business, distributions that we make and income from the sale of our stock generally should not give rise to UBTI to a tax-exempt shareholder.

Tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code are subject to different UBTI rules, which generally require such shareholders to characterize distributions that we make as UBTI.

In certain circumstances, a pension trust that owns more than 10% of our stock by value could be required to treat a percentage of its distributions as UBTI, if we are a pension-held REIT. We will not be a pension-held REIT unless either (1) one pension trust owns more than 25% of the value of our stock, or (2) a group of pension trusts, each individually holding more than 10% of the value of our stock, collectively owns more than 50% of the value of our stock. Certain restrictions on ownership and transfer of our stock should generally prevent a tax-exempt entity from owning more than 10% of the value of our stock and should generally prevent us from becoming a pension-held REIT.

Tax-exempt shareholders are urged to consult their tax advisors regarding the federal, state, local and foreign income and other tax consequences of owning our stock.

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**Backup Withholding and Information Reporting**

We will report to our domestic shareholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a domestic shareholder may be subject to backup withholding with respect to dividends paid unless the holder is a corporation or comes within other exempt categories and, when required, demonstrates this fact or provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A domestic shareholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. In addition, we may be required to withhold a portion of a capital gain distribution to any domestic shareholder who fails to certify its non-foreign status.

We must report annually to the IRS and to each non-U.S. shareholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. shareholder resides under the provisions of an applicable income tax treaty. A non-U.S. shareholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our common stock within the U.S. is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. shareholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our common stock conducted through certain U.S. related financial intermediaries is subject to information reporting (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. shareholder and specified conditions are met or an exemption is otherwise established. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder s federal income tax liability provided the required information is furnished to the IRS.

**Legislative or Other Actions Affecting REITs**

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to the federal tax laws and interpretations thereof could adversely affect an investment in our stock.

**Recent Legislation Tax Rates**

The maximum tax rate for non-corporate taxpayers for (1) capital gains, including certain capital gain dividends, has generally been reduced to 15% (although depending on the characteristics of the assets which produced these gains and on designations which we may make, certain capital gain dividends may be taxed at a 25% rate) and (2) qualified dividend income has generally been reduced to 15%. In general, dividends payable by REITs are not eligible for the reduced tax rate on qualified dividend income, except to the extent that certain holding requirements have been met and the REIT s dividends are attributable to dividends received from taxable corporations (such as its TRSs) or to income that was subject to tax at the corporate/REIT level (for example, if it distributed taxable income that it retained and paid tax on in the prior taxable year) or are properly designated by the REIT as capital gain dividends. The currently applicable provisions of the United States federal income tax laws relating to the 15% tax rate are currently scheduled to sunset or revert to the provisions of prior law effective for taxable years beginning after December 31, 2012, at which time the 15% capital gains tax rate will be increased to 20% and the rate applicable to dividends will be increased to the tax rate then applicable to ordinary income.

**State, Local and Foreign Taxes**

We and our subsidiaries and shareholders may be subject to state, local or foreign taxation in various jurisdictions including those in which we or they transact business, own property or reside. We own real property assets located in numerous jurisdictions, and will be required to file tax returns in some of those jurisdictions. Our state, local or foreign tax treatment and that of our shareholders may not conform to the federal income tax treatment discussed above. We may own foreign real estate assets and pay foreign property taxes, and dispositions of foreign property or operations involving, or investments in, foreign real estate assets may give rise to foreign income or other tax liability in amounts that could be substantial. Any foreign taxes that we incur do not pass through to shareholders as a credit against their federal income tax liability. Prospective investors should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our stock.

## LEGAL MATTERS

The validity of the shares of W. P. Carey Inc. common stock to be issued in connection with the Merger and the REIT Conversion will be passed upon for W. P. Carey Inc. by DLA Piper LLP (US). In addition, the description of federal income tax consequences contained in the section of this joint proxy statement/prospectus entitled Material Federal Income Tax Considerations is based on the opinion of each of DLA Piper LLP (US) and Clifford Chance US LLP. Certain legal matters relating to the Merger and the REIT Conversion will be passed upon for CPA®:15 by DLA Piper LLP (US) and Clifford Chance US LLP.

## EXPERTS

The financial statements as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011 of W. P. Carey & Co. LLC, Corporate Property Associates 16 Global Incorporated and Corporate Property Associates 15 Incorporated, included in this joint proxy statement/prospectus have been so included in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The appraisal of the CPA®:15 real estate portfolio as of September 30, 2011 referenced in this joint proxy statement/prospectus has been so referenced in reliance on the appraisal report of Robert A. Stanger & Co., Inc., an independent real estate appraisal firm, given on the authority of said firm as experts in real estate appraisal.

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## SUBMISSION OF FUTURE SHAREHOLDER PROPOSALS

**W. P. Carey**

W. P. Carey intends to hold its 2012 annual meeting on June 21, 2012. Any proposal which a shareholder intends to present at our 2012 annual meeting must have been received no later than December 31, 2011 in order to be included in our proxy statement and form of proxy relating to the 2012 annual meeting pursuant to Rule 14a-8 under the Exchange Act.

In order for proposals submitted outside of Rule 14a-8 to be considered at the 2012 annual meeting, shareholder proposals, including shareholder nominations for director, must comply with the advance notice and eligibility requirements contained in the W. P. Carey Bylaws. The W. P. Carey Bylaws provide that shareholders are required to give advance notice to W. P. Carey of any business to be brought by a shareholder before an annual shareholders meeting. For business to be properly brought before an annual meeting by a shareholder, the shareholder must give timely written notice thereof to the Secretary of W. P. Carey. In order to be timely, a shareholder s notice must be delivered to or mailed and received at the principal executive offices of W. P. Carey not fewer than 90 days nor more than 120 days prior to the first anniversary of the preceding year s annual meeting. Therefore, any shareholder proposals, including nominations for directors, submitted outside of Rule 14a-8 to be voted on at the 2012 annual meeting of shareholders must have been received by W. P. Carey not earlier than February 16, 2012 and must have been received not later than March 18, 2012, being, respectively, 120 and 90 days prior to June 16, 2012, which is the first anniversary of the annual meeting. However, in the event that the date of the annual meeting of shareholders in 2012 is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder to be timely must be delivered not earlier than the 120th day prior to such changed annual meeting date and not later than the close of business on the later of the 90th day prior to such changed annual meeting date or the tenth day following the day on which public announcement of the date of such meeting is first made.

A copy of the W. P. Carey Bylaws is available upon request. Such requests and any shareholder proposals should be sent to Susan C. Hyde, Secretary, W. P. Carey, 50 Rockefeller Plaza, New York, NY 10020. These procedures apply to any matter that a shareholder wishes to raise at any annual meeting, including those matters raised other than pursuant to Rule 14a-8. A shareholder proposal that does not meet the above requirements will be considered untimely, and any proxy solicited by W. P. Carey may confer discretionary authority to vote on such proposal.

**CPA®:15**

CPA®:15 will hold an annual meeting of its stockholders in 2012 only if the Merger is not completed. CPA®:15 must have received any proposal that a stockholder intends to present at CPA®:15 s 2012 annual meeting no later than January 7, 2012 in order to be included in CPA®:15 s proxy statement and form of proxy relating to the 2012 annual meeting pursuant to Rule 14a-8 under the Exchange Act. Any stockholder proposals or notices submitted to CPA®:15 in connection with the 2012 annual meeting of stockholders should be addressed to: Corporate Secretary, CPA®:15, 50 Rockefeller Plaza, New York, New York 10020.

All stockholder proposals to be presented in connection with CPA®:15 s 2012 annual meeting of stockholders, other than proposals submitted pursuant to Rule 14a-8 of the Exchange Act, must be received by CPA®:15 s corporate secretary not fewer than 120 days before the scheduled date of the 2012 annual meeting. In addition, any stockholder wishing to nominate a director at the 2012 annual meeting must provide timely written notice of such nomination, to CPA®:15 s corporate secretary, as set forth in its bylaws.

Under the CPA®:15 Bylaws, a stockholder s notice will be timely if it is delivered to, or mailed and received, at the principal office of CPA®:15 not less than 30 days nor more than 60 days prior to the 2012 annual meeting; provided however that if fewer than 40 days notice or prior public disclosure of the date of the annual meeting is given or made to the stockholder, notice by the stockholder to be timely must be received not later

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than the close of business on the 10th day following the day on which such notice of the date of the 2012 annual meeting was mailed or such public disclosure was made. Thus, if the 2012 annual meeting were to occur on June 15, 2012, then stockholder proposals must be received by February 16, 2012 and any stockholder s notice of a director nomination must be received no earlier than April 16, 2012, nor later than May 16, 2012. CPA®:15 s corporate secretary will provide a copy of the CPA®:15 Bylaws upon written request without charge if the Merger is not completed and an annual meeting is held in 2012.

## OTHER MATTERS

Only one joint proxy statement/prospectus is being delivered to multiple security holders who share an address unless W. P. Carey or CPA®:15, as applicable, has received contrary instructions from one or more of the security holders. W. P. Carey or CPA®:15, as applicable, will deliver promptly, upon written or oral request, a separate copy of this joint proxy statement/prospectus to a security holder of a shared address to which a single copy was delivered. Also, security holders sharing an address may request a single copy of annual reports or proxy statements if they are currently receiving multiple copies. Such requests can be made by contacting Susan C. Hyde, W. P. Carey & Co. LLC, 50 Rockefeller Plaza, New York, New York 10020, or calling 212-492-1100.

## WHERE YOU CAN FIND MORE INFORMATION

W. P. Carey and CPA®:15 file annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Please note that the SEC s website is included in this joint proxy statement/prospectus as an inactive textual reference only. The information contained on the SEC s website is not incorporated by reference into this joint proxy statement/prospectus and should not be considered to be part of this joint proxy statement/prospectus, except as described in the following paragraph. You may also read and copy any document we file with the SEC at its public reference facility at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the public reference facility.

W. P. Carey Inc. has filed a registration statement on Form S-4 to register with the SEC the W. P. Carey Inc. common stock that W. P. Carey shareholders and CPA®:15 stockholders will receive in connection with the Merger and the REIT Conversion if the Merger is approved and the REIT Conversion Agreement is adopted and the W. P. Carey Merger is approved and the Merger and the REIT Conversion are completed. This joint proxy statement/prospectus is part of the registration statement of W. P. Carey Inc. on Form S-4 and is a prospectus of W. P. Carey Inc. and a proxy statement of W. P. Carey and CPA®:15 for their special meetings.

Upon the effective time of the Merger and the closing of the REIT Conversion, W. P. Carey Inc. will be required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You should only rely on the information in this joint proxy statement/prospectus. No one has been authorized to provide you with different information. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than the date on the front page. We are not making an offer to exchange or sell (or soliciting any offer to buy) any securities, or soliciting any proxy, in any state where it is unlawful to do so.

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## INDEX TO FINANCIAL STATEMENTS

### W. P. Carey Inc. Pro Forma Consolidated Financial Statements

### (Unaudited)



### W. P. Carey & Co. LLC Financial Statements



Financial statement schedules other than those listed above are omitted because the required information is given in the financial statements, including the notes thereto, or because the conditions requiring their filing do not exist.

### Corporate Property Associates 15 Incorporated Financial Statements



Financial statement schedules other than those listed above are omitted because the required information is given in the financial statements, including the notes thereto, or because the conditions requiring their filing do not exist.

### Corporate Property Associates 16  Global Incorporated Financial Statements

Financial statements of W. P. Carey & Co. LLC, Corporate Property Associates 15 Incorporated and Corporate Property Associates 16 Global Incorporated s equity investments in real estate and CPA® REITs, except for Corporate Property Associates 16 Global Incorporated (which is deemed significant to W. P. Carey & Co. LLC), have been omitted because they do not meet the significant subsidiary definition of S-X 210.1-02(w).

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**W. P. CAREY INC.**

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

This unaudited pro forma consolidated financial information should be read in conjunction with the audited financial statements of W. P. Carey and CPA®:15 as of and for the year ended December 31, 2011, including the notes thereto, and other financial information and analysis, including the subsections captioned Information About W. P. Carey Management s Discussion and Analysis of Financial Condition and Results of Operations and Information About CPA®:15 Management s Discussion and Analysis of Financial Condition and Results of Operations presented elsewhere in the joint proxy statement/prospectus.

The unaudited pro forma consolidated financial information (i) are based on available information and assumptions that management deems reasonable; (ii) are presented for informational purposes only; (iii) do not purport to be indicative of W. P. Carey Inc. s future results of operations or financial position; and (iv) do not purport to represent the financial position or results of operations that would actually have occurred assuming completion of the activities and transactions described below had occurred on December 31, 2011, for the pro forma consolidated balance sheet or on January 1, 2011 for the pro forma consolidated statement of income.

For purposes of this unaudited pro forma consolidated financial information, the following activities and transactions have been assumed to have occurred simultaneously on January 1, 2011:

1) W. P. Carey will be converted to a REIT through a series of steps including the merger of W. P. Carey with and into W.P. Carey Inc., a wholly-owned subsidiary of W.P. Carey, with W. P. Carey Inc. surviving the merger. These transactions have no impact to the unaudited pro forma consolidated financial information.

2) W. P. Carey Inc. will merge with CPA®:15 and acquire the 92.3% equity interest in CPA®:15 it does not already own in exchange for cash and rights to newly issuable W. P. Carey Inc. shares in accordance with the Merger Agreement. Under the terms of the proposed Merger, CPA®:15 stockholders will receive $1.25 in cash and 0.2326 of W. P. Carey Inc. s common stock for each CPA®:15 share at closing. The pro forma purchase price consideration of $1,456.2 million ($151.2 million of cash and $1,305.0 million in stock) is based on W. P. Carey s share price at March 15, 2012 of $46.39. W. P. Carey s share price is subject to change, which would impact the total consideration required to be paid by W. P. Carey in the Merger. A one cent variance in W. P. Carey s stock price would change the stock consideration by approximately $0.3 million.

3) W. P. Carey Inc., as the acquirer, will account for the Merger as a business combination and the assets acquired and liabilities assumed of CPA®:15 will be recorded at their estimated fair values.

4) Simultaneous with the REIT Conversion, W. P. Carey is expected to obtain a term loan of $175.0 million. This loan is expected to be used to pay the cash component of the Merger Consideration and to repay a portion of W. P. Carey s pre-existing line of credit. The term loan is expected to have an effective interest rate of approximately 2.418% after consideration of the amortization of approximately $1.9 million in loan closing costs. In the event W. P. Carey does not obtain the term loan, it will draw on its existing line of credit to pay the cash component of the Merger Consideration. The interest rate under the existing line of credit is not materially different than the interest rate under the contemplated term loan.

5) Separate from the transactions above, on May 2, 2011, CPA®:14 merged with and into a subsidiary of CPA®:16 Global, a publicly owned, non-listed REIT that primarily invests in commercial properties leased to companies domestically and internationally. In connection with the CPA®:14/16 Merger, the following transactions were completed by W. P. Carey:

   i. W. P. Carey acquired an incremental interest in CPA®:16 Global and the acquisition of a special membership interest in CPA®:16 Global s operating partnership.

ii. W. P. Carey purchased 13,750,000 shares of CPA®:16 Global common stock for $121.0 million.

iii. Upon consummation of the CPA®:14/16 Merger, W. P. Carey elected to receive its termination revenue in 2,717,138 shares of CPA®:14, which were exchanged into 3,242,089 shares of CPA®:16 Global. In addition, upon closing of the CPA®:14/16 Merger, W. P. Carey received 13,260,091 shares of common stock of CPA®:16 Global in respect of its shares of CPA®:14.

iv. W. P. Carey purchased three properties, in which it already had a partial interest, from CPA®:14, for an aggregate purchase price of $31.8 million, plus the assumption of $87.6 million of indebtedness.

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**W. P. CAREY INC.**

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

**As of December 31, 2011**

*($ in thousands)*

| | W. P. Carey & Co. LLC (A) | Corporate Property Associates 15 Incorporated (A) | Pro Forma Adjustments | (Notes) | W. P. Carey Inc. Pro Forma Consolidated |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Investments in real estate: | | | | | |
| Real estate, at cost | $ 646,482 | $ 1,883,131 | $ (183,299) | B | $ 2,346,314 |
| Operating real estate, at cost | 109,875 | | | | 109,875 |
| Accumulated depreciation | (135,175) | (317,932) | 317,932 | B | (135,175) |
| Net investments in properties | 621,182 | 1,565,199 | 134,633 | | 2,321,014 |
| Net investments in direct financing leases | 58,000 | 285,446 | 70,836 | B | 414,282 |
| Equity investments in real estate and CPA® REITs | 538,749 | 180,579 | 59,503 | B | 651,844 |
| | | | (93,720) | B(viii) | |
| | | | (33,267) | B(ix) | |
| Assets held for sale | | 2,920 | (2,920) | B | |
| Net investments in real estate | 1,217,931 | 2,034,144 | 135,065 | | 3,387,140 |
| Cash and cash equivalents | 29,297 | 155,841 | | B | 94,099 |
| | | | 173,138 | E | |
| | | | (151,176) | E | |
| | | | (113,000) | E | |
| Due from affiliates | 38,369 | | (4,413) | C | 33,956 |
| Intangible assets and goodwill, net | 125,957 | 142,331 | 572,423 | B | 979,547 |
| | | | 138,836 | B(iii) | |
| Other assets, net | 51,069 | 120,568 | (42,931) | B(v) | 130,569 |
| | | | 1,862 | E | |
| Total assets | $ 1,462,623 | $ 2,452,884 | $ 709,804 | | $ 4,625,311 |
| **Liabilities and Equity** | | | | | |
| Liabilities: | | | | | |
| Non-recourse and limited-recourse debt | $ 356,209 | $ 1,320,958 | $ 46,455 | B | $ 1,723,622 |
| Line of credit | 233,160 | | 175,000 | E | 295,160 |
| | | | (113,000) | E | |
| Accounts payable, accrued expenses and other liabilities | 82,055 | 35,081 | | B | 143,635 |
| | | | 26,500 | D | |
| Prepaid and deferred rental income and security deposits | | 57,190 | 43,960 | B(ii) | 97,060 |
| | | | (4,090) | B(v) | |
| Due to affiliates | | 15,310 | (15,310) | B(iv) | |
| Income taxes, net | 44,783 | | 1,717 | Q | 46,500 |
| Distributions payable | 22,314 | 23,898 | | B | 44,362 |
| | | | (1,851) | C | |
| Total liabilities | 738,521 | 1,452,437 | 159,381 | | 2,350,339 |

| | | | | | |
|---|---|---|---|---|---|
| Redeemable noncontrolling interest | 7,700 | | | | 7,700 |
| Equity: | | | | | |
| Common stock | 779,071 | 147 | (147) | F | 779,071 |
| Additional paid in capital | | 1,375,958 | (1,375,958) | F | 1,304,996 |
| | | | 1,304,996 | B | |
| Distributions in excess of accumulated earnings | (95,046) | (368,524) | 368,524 | F | (86,357) |
| | | | 16,871 | B(viii) | |
| | | | 22,597 | B(ix) | |
| | | | (26,500) | D | |
| | | | (2,562) | C | |
| | | | (1,717) | Q | |
| Deferred compensation obligation | 7,063 | | | | 7,063 |
| Accumulated other comprehensive loss | (8,507) | (16,196) | 16,196 | F | (8,507) |
| Less treasury stock | | (173,864) | 173,864 | F | |
| Total stockholders equity | 682,581 | 817,521 | 496,164 | | 1,996,266 |
| Noncontrolling interests | 33,821 | 182,926 | 54,259 | B | 271,006 |
| Total equity | 716,402 | 1,000,447 | 550,423 | | 2,267,272 |
| Total liabilities and equity | $ 1,462,623 | $ 2,452,884 | $ 709,804 | | $ 4,625,311 |

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**W. P. CAREY INC.**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**

**For the Year Ended December 31, 2011**

*($ in thousands, except share and per share amounts)*

| | W. P. Carey & Co. LLC (A) | Corporate Property Associates 15 Incorporated (A) | Pro Forma Adjustments: Adjustments related to CPA-14/16 Merger (G) | (Notes) | Pro Forma Adjustments: Merger of Corporate Property Associates 15 Incorporated | (Notes) | W. P. Carey Inc. Pro Forma Consolidated |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Asset management revenue | $ 66,808 | $ | $ (8,133) | G(iii) | $ (26,002) | O | $ 32,673 |
| Structuring revenue | 46,831 | | | | (1,938) | O | 44,893 |
| Incentive, termination and subordinated disposition revenue | 52,515 | | | | | | 52,515 |
| Wholesaling revenue | 11,664 | | | | | | 11,664 |
| Reimbursed costs from affiliates | 64,829 | | | | (3,550) | O | 61,279 |
| Lease revenues | 70,206 | 211,930 | 3,733 | G(i) | (14,656) | H | 274,836 |
| | | | | | 3,623 | P | |
| Other real estate income | 23,556 | | | | | | 23,556 |
| Interest income from direct financing leases | | 30,270 | | | 3,383 | I | 33,653 |
| Other operating income | | 7,689 | | | | | 7,689 |
| | 336,409 | 249,889 | (4,400) | | (39,140) | | 542,758 |
| **Operating expenses** | | | | | | | |
| General and administrative | (93,707) | (8,846) | | | 4,455 | O | (96,600) |
| | | | | | 1,500 | D | |
| | | | | | (2) | P | |
| Reimbursable costs | (64,829) | | | | | | (64,829) |
| Depreciation and amortization | (28,518) | (54,920) | (2,400) | G(i) | (39,790) | J | (126,332) |
| | | | | | (704) | P | |
| Property expenses | (13,241) | (38,125) | | | 26,002 | O | (25,365) |
| | | | | | (1) | P | |
| Other real estate expenses | (10,784) | | | | | | (10,784) |
| Impairment charges | (10,432) | (8,187) | | | 8,187 | K | (10,432) |
| Allowance for credit losses | | (3,059) | | | 3,059 | L | |
| | (221,511) | (113,137) | (2,400) | | 2,706 | | (334,342) |
| **Other income and expenses** | | | | | | | |
| Other interest income | 2,001 | 1,862 | | | 127 | O | 3,990 |
| Income from equity investments in real estate and CPA® REITs | 51,228 | 23,270 | (267) | G(i) | (6,390) | N | 67,288 |
| | | | 1,067 | G(ii) | (7,078) | O | |
| | | | 7,467 | G(iii) | (2,009) | P | |
| Gain on change in control of interest | 27,859 | | | | | | 27,859 |
| Gain on sale of investment in direct financing lease | | (1,041) | | | | | (1,041) |
| Other income | 4,550 | 4,176 | | | | | 8,726 |
| Interest expense | (21,920) | (80,753) | (1,734) | G(i) | (1,148) | M | (106,987) |
| | | | (400) | G(ii) | (127) | O | |
| | | | | | (905) | P | |
| | 63,718 | (52,486) | 6,133 | | (17,530) | | (165) |
| Income from continuing operations before income taxes | 178,616 | 84,266 | (667) | | (53,964) | | 208,251 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provision for income taxes | (37,228) | (5,296) | 2,667 | G(iii) | (2) | P | (25,430) |
| | | | | | 14,429 | Q | |
| **Income from continuing operations** | 141,388 | 78,970 | 2,000 | | (39,537) | | 182,821 |
| Add/Less: Net loss/income attributable to non-controlling interests | 1,864 | (21,220) | 400 | G(i) | 8,400 | R | (10,556) |
| Add/Less: Net loss/income attributable to redeemable noncontrolling interests | (1,923) | | | | | | (1,923) |
| **Income from continuing operations attributable to stockholders** | $ 141,329 | $ 57,750 | $ 2,400 | | $ (31,137) | | $ 170,342 |
| **Basic earnings per shares:** | | | | | | | |
| Income from continuing operations attributable to stockholders | $ 3.50 | $ 0.44 | | | | S | $ 2.48 |
| **Diluted earnings per share:** | | | | | | | |
| Income from continuing operations attributable to stockholders | $ 3.47 | $ 0.44 | | | | S | $ 2.47 |
| **Weighted average shares outstanding** | | | | | | | |
| Basic | 39,819,475 | 129,966,172 | | | | | 67,950,409 |
| Diluted | 40,098,095 | 129,966,172 | | | | | 68,229,030 |

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**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

A. Amounts derived from the audited consolidated financial statements of W. P. Carey and CPA®:15 as of and for the year ended December 31, 2011.

B. The combined purchase price consideration of $151.2 million in cash and $1,305.0 million in W. P. Carey Inc. common stock, excludes the pre-existing equity ownership of W. P. Carey in CPA®:15 of approximately 7.7% as of December 31, 2011.

The allocation of the purchase price consideration shown below is based on preliminary estimates and is subject to change based on the final determination of the fair value of CPA®:15 s assets acquired and liabilities assumed and W. P. Carey s share price on settlement date.

| | CPA®:15 Historical (A) | Pro Forma Adjustments | Fair Value of CPA®:15 Assets Acquired and Liabilities Assumed |
|---|---|---|---|
| **Assets** | | | |
| Real estate (i) | $ 1,883,131 | $ (183,299) | $ 1,699,832 |
| Accumulated depreciation (i) | (317,932) | 317,932 | |
| Net investments in direct financing leases (i) | 285,446 | 70,836 | 356,282 |
| Equity investments in real estate and CPA® REITs (i) | 180,579 | 59,503 | 240,082 |
| Assets held for sale (i) | 2,920 | (2,920) | |
| Cash and cash equivalents | 155,841 | | 155,841 |
| Intangible assets (ii) | 142,331 | 572,423 | 714,754 |
| Goodwill (iii) | | 138,836 | 138,836 |
| Other assets (v) | 120,568 | (42,931) | 77,637 |
| **Total assets** | $ 2,452,884 | 930,380 | $ 3,383,264 |
| **Liabilities and Equity** | | | |
| Non-recourse and limited-recourse debt (vi) | 1,320,958 | 46,455 | 1,367,413 |
| Accounts payable, accrued expenses and other Liabilities | 35,081 | | 35,081 |
| Prepaid and deferred rental income and security deposits (iia), (v) | 57,190 | 39,870 | 97,060 |
| Due to affiliates (iv) | 15,310 | (15,310) | |
| Distributions payable | 23,898 | | 23,898 |
| **Total Liabilities** | 1,452,437 | 71,015 | 1,523,452 |
| Noncontrolling interest (i) | 182,926 | 54,259 | 237,185 |
| **Total Equity** | $ 817,521 | $ 805,106 | $ 1,622,627 |
| Non-controlled ownership interest at fair value (vii) | | | $ 1,456,172 |
| Existing ownership interest at fair value (viii) | | | 110,591 |
| Existing jointly held interests at fair value (ix) | | | 55,864 |
| **Total Equity** | | | $ 1,622,627 |

i. Reflects adjustments to record assets acquired and liabilities assumed at their estimated fair value.

ii. Intangible assets identified in the transaction have been allocated as follows:

| | Historical cost-net | Fair Value | Net Adjustment |
|---|---|---|---|
| In-place lease/tenant relationships | $ 110,465 | $ 439,445 | $ 328,980 |
| Above-market leases | 31,866 | 275,309 | 243,443 |
| Total intangibles | $ 142,331 | $ 714,754 | $ 572,423 |
| Below-market leases (a) | $ 11,710 | $ 55,670 | $ 43,960 |

(a) Below-market lease intangibles are included in Prepaid and deferred rental income and security deposits.

iii. Reflects the difference between the estimated purchase price and estimated fair value of the assets acquired and liabilities assumed.

iv. Reflects an adjustment to eliminate the balances CPA®:15 has with W. P. Carey, as all such amounts would have been eliminated in consolidation had the Merger occurred on December 31, 2011.

v. Reflects an adjustment to eliminate assets of unamortized straight-line rents ($36.9 million) and deferred financing costs ($6.0 million) within Other assets. A liability for deferred rent of $4.1 million is eliminated from Prepaid and deferred rental income and security deposits.

vi. Reflects an adjustment to record mortgage notes assumed at their estimated fair value.

vii. Reflects the cost to acquire the 92.3% equity interest in CPA®:15 that W. P. Carey does not already own.

viii. Prior to the Merger, W. P. Carey held an equity interest in CPA®:15 of approximately 7.7% which had a carrying value of $93.7 million. This adjustment reflects the acquisition of a controlling interest resulting in a gain of $16.9 million as that equity interest was fair valued at $110.6 million and the carrying value was $93.7 million.

ix. Prior to the REIT Conversion, W. P. Carey had noncontrolling interests in four joint ventures and a tenancy-in-common property majority owned by CPA®:15. This adjustment eliminates the carrying value of W. P. Carey s prior interests ($33.3 million). The acquisition of the controlling interest was recorded at its fair value of $55.9 million, resulting in a gain of $22.6 million.

C. Reflects the elimination of W. P. Carey s balances with CPA®:15 as of December 31, 2011.

D. Included in Accounts payable, accrued expenses and other liabilities is a $28.0 million accrual for estimated costs to be incurred for the Merger and the REIT Conversion. Additionally, general and administrative expense is adjusted for an accrual of approximately $1.5 million related to costs recorded in the December 31, 2011 financial statements.

E. Simultaneous with the Merger, W. P. Carey is expected to obtain a term loan of $175.0 million, net of $1.9 million in loan closing costs. The term loan is expected to be used to pay the cash component of the Merger Consideration (approximately $151.2 million). Additionally, $113.0 million of the outstanding cash of the consolidated entity will be used to repay a portion of W. P. Carey s pre-existing line of credit. The term loan is expected to have a stated interest rate of 2.050% and an effective interest rate of approximately 2.418% after consideration of the loan closing costs.

F. Reflects elimination of CPA®:15 s acquired equity.

G. The following adjustments are related to the CPA®:14/16 Merger:

i. The purchase of three properties from CPA®:14 resulted in an increase in lease revenues of $3.7 million, incremental depreciation expense of $2.4 million and $1.7 million of interest expense related to the debt assumed. Also reflects the elimination of $0.4 million of income formerly attributed to the non-controlling interests, as well as $0.3 million related to the income from equity investments.

ii. W. P. Carey s equity interest in CPA®:16 Global increased from 5.6% to approximately 17.2% immediately after the CPA®:14/16 Merger. Therefore, the pro forma adjusts for the increase in equity

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in earnings of CPA®:16 Global after the acquisition of CPA®:14 of $2.3 million, partially offset by the reversal of the equity in earnings of CPA®:14 and CPA®:16 Global of $0.8 million and $0.4 million, respectively. Also, the pro forma adjusts for an increase to interest expense of $0.4 million related to the cost of the incremental borrowing for the CPA®:14/16 Merger.

iii. Following the restructuring of the advisory agreement and issuance of the equity interest as further described below, W. P. Carey will no longer receive performance fees from CPA®:16 Global and CPA®:14 resulting in a pro forma reduction of aggregate performance fees of $7.2 million and a reduction in asset management revenues from asset sales fees charged to CPA®:16 Global asset sales of $0.9 million.

Through a newly issued equity interest in CPA®:16 Global following the restructuring of the advisory agreement described above , W. P. Carey will receive estimated cash flow distributions from CPA®:16 Global in the amount of $4.7 million, which increases Income from equity investments in real estate and CPA® REITs. A further increase to Income from equity investments in real estate and CPA® REITs is the amount of deferred revenue related to the special interest that is expected to be recognized during a 12-month period of approximately $2.8 million, which is net of $0.3 million associated with the basis differential generated by the special interest in the operating partnership and W. P. Carey s underlying claim on the net assets of CPA®:16 Global.

As a result of the expected income tax savings, there is a pro forma tax benefit of $2.7 million.

H. Reflects the net decrease in rental income due to the amortization of CPA®:15 s acquired intangibles for leases which have rents above or below market rates and the reevaluation of acquired straight-line rents. In connection with the acquisition of the properties subject to leases, $275.3 million of the purchase price has been allocated to reflect the value attributable to the assumption of leases with rents in excess of market rates at acquisition. The intangible assets related to the assumption of these above market leases are amortized as a reduction to rental income, using the straight-line method, over the remaining initial terms of the applicable leases, which range from one to fifteen years. Additionally, $55.7 million of the purchase price has been allocated as deferred rent to reflect the value attributable to the assumption of leases with rents that are below market rates at acquisition. Deferred rent is amortized as an increase to rental income over the extended terms of the applicable leases, or the initial term, if the renewal terms provide for adjustments to market rental rates. Their terms range from four to twenty-one years.

I. Reflects adjustment to recognize interest income from acquired direct financing leases.

J. Adjustment to reflect the change in depreciation and amortization of acquired tangible assets (buildings and site improvements) and in-place leases for the difference between the estimated fair value and acquired carrying values. Buildings and site improvements are depreciated over the remaining useful life ranging from twenty-four to thirty-three years. In-place lease values are amortized over the remaining initial, noncancellable terms of the applicable leases, which range from one to fifteen years.

K. Reflects the elimination of CPA®:15 s impairment charges of $8.2 million for the year ended December 31, 2011, as the related properties have been reflected at fair value.

L. Reflects the elimination of CPA®:15 s allowance for credit losses of $3.1 million for the year ended December 31, 2011, as the real estate assets underlying direct financing leases have been reflected at fair value.

M. Reflects the decrease in interest expense of $0.5 million from the fair value adjustment of the carrying value of the assumed mortgage notes payable being amortized over the remaining terms of the mortgages, offset by $1.6 million of additional net interest from the $175.0 million of borrowings from the new line of credit and expected repayment of $113.0 million outstanding under the pre-existing line of credit. A 0.125% change in the interest rate would change aggregate pro forma interest expense by approximately $0.08 million. In the event W. P. Carey does not obtain the term loan, it will draw on its existing line of credit to pay the cash component of the Merger Consideration. The interest rate under the existing line of credit is not materially different than the interest rate under the contemplated term loan.

N. Reflects adjustment to recognize the income on the acquired equity investments in real estate.

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O. Reflects adjustments to eliminate activities between W. P. Carey and CPA®:15 in the respective historical financial statements, as all such revenues, expenses and interests would have been eliminated in consolidation had the Merger occurred on January 1, 2011.

P. Reflects the operations of a tenant in common previously reflected by W. P. Carey and CPA®:15 as income from equity investments in real estate.

Q. As a result of the Merger, asset management and other taxable revenues have been eliminated. The adjustment of $14.4 million reflects a tax benefit related to the elimination of these transactions. The $1.7 million adjustment to Distributions in excess of accumulated earnings reflects the tax expense related to the recognition of deferred revenue on a tax basis.

R. Reflects the change in the proportional share of the operations as of the date of the Merger and the difference between the fair value and acquired carrying value of the underlying net assets in acquired noncontrolling interests.

S. Earnings per share are presented for basic and diluted pro forma earnings per share. The additional shares expected to be issued as part of the Merger are deemed to be outstanding as of January 1, 2011 for the basic and diluted earnings per share calculation. Thus, the outstanding shares are calculated as follows:

| | Historical Shares Outstanding | Shares Issued in Merger | Total Shares Outstanding |
|---|---|---|---|
| Basic | 39,819,475 | 28,130,934 | 67,950,409 |
| Diluted | 40,098,095 | 28,130,934 | 68,229,030 |

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of W. P. Carey & Co. LLC:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of W. P. Carey & Co. LLC and its subsidiaries (the Company ) at December 31, 2011 and December 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 29, 2012

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED BALANCE SHEETS**

*(in thousands, except share amounts)*

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| **Assets** | | |
| Investments in real estate: | | |
| Real estate, at cost (inclusive of amounts attributable to consolidated VIEs of $41,032 and $39,718, respectively) | $ 646,482 | $ 560,592 |
| Operating real estate, at cost (inclusive of amounts attributable to consolidated VIEs of $26,318 and $25,665, respectively) | 109,875 | 109,851 |
| Accumulated depreciation (inclusive of amounts attributable to consolidated VIEs of $22,350 and $20,431, respectively) | (135,175) | (122,312) |
| Net investments in properties | 621,182 | 548,131 |
| Net investments in direct financing leases | 58,000 | 76,550 |
| Equity investments in real estate and the REITs | 538,749 | 322,294 |
| Net investments in real estate | 1,217,931 | 946,975 |
| Cash and cash equivalents (inclusive of amounts attributable to consolidated VIEs of $230 and $86, respectively) | 29,297 | 64,693 |
| Due from affiliates | 38,369 | 38,793 |
| Intangible assets and goodwill, net | 125,957 | 87,768 |
| Other assets, net (inclusive of amounts attributable to consolidated VIEs of $2,773 and $1,845, respectively) | 51,069 | 34,097 |
| Total assets | $ 1,462,623 | $ 1,172,326 |
| **Liabilities and Equity** | | |
| Liabilities: | | |
| Non-recourse and limited-recourse debt (inclusive of amounts attributable to consolidated VIEs of $14,261 and $9,593, respectively) | $ 356,209 | $ 255,232 |
| Line of credit | 233,160 | 141,750 |
| Accounts payable, accrued expenses and other liabilities (inclusive of amounts attributable to consolidated VIEs of $1,651 and $2,275, respectively) | 82,055 | 40,808 |
| Income taxes, net | 44,783 | 41,443 |
| Distributions payable | 22,314 | 20,073 |
| Total liabilities | 738,521 | 499,306 |
| Redeemable noncontrolling interest | 7,700 | 7,546 |
| Commitments and contingencies (Note 12) | | |
| Equity: | | |
| W. P. Carey members equity: | | |
| Listed shares, no par value, 100,000,000 shares authorized; 39,729,018 and 39,454,847 shares issued and outstanding, respectively | 779,071 | 763,734 |
| Distributions in excess of accumulated earnings | (95,046) | (145,769) |
| Deferred compensation obligation | 7,063 | 10,511 |
| Accumulated other comprehensive loss | (8,507) | (3,463) |

| | | |
|---|---|---|
| Total W. P. Carey members equity | 682,581 | 625,013 |
| Noncontrolling interests | 33,821 | 40,461 |
| Total equity | 716,402 | 665,474 |
| Total liabilities and equity | $ 1,462,623 | $ 1,172,326 |

See Notes to Consolidated Financial Statements.

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF INCOME**

*(in thousands, except share and per share amounts)*

| | Years Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| **Revenues** | | | |
| Asset management revenue | $ 66,808 | $ 76,246 | $ 76,621 |
| Structuring revenue | 46,831 | 44,525 | 23,273 |
| Incentive, termination and subordinated disposition revenue | 52,515 | | |
| Wholesaling revenue | 11,664 | 11,096 | 7,691 |
| Reimbursed costs from affiliates | 64,829 | 60,023 | 47,534 |
| Lease revenues | 70,206 | 59,881 | 58,564 |
| Other real estate income | 23,556 | 18,083 | 14,698 |
| | 336,409 | 269,854 | 228,381 |
| **Operating Expenses** | | | |
| General and administrative | (93,707) | (73,429) | (63,818) |
| Reimbursable costs | (64,829) | (60,023) | (47,534) |
| Depreciation and amortization | (28,518) | (22,604) | (20,879) |
| Property expenses | (13,241) | (10,416) | (6,699) |
| Other real estate expenses | (10,784) | (8,121) | (7,308) |
| Impairment charges | (10,432) | (1,140) | (3,516) |
| | (221,511) | (175,733) | (149,754) |
| **Other Income and Expenses** | | | |
| Other interest income | 2,001 | 1,268 | 1,713 |
| Income from equity investments in real estate and the REITs | 51,228 | 30,992 | 13,425 |
| Gain on change in control of interests | 27,859 | | |
| Other income and (expenses) | 4,550 | 1,407 | 7,357 |
| Interest expense | (21,920) | (15,725) | (14,462) |
| | 63,718 | 17,942 | 8,033 |
| Income from continuing operations before income taxes | 178,616 | 112,063 | 86,660 |
| Provision for income taxes | (37,228) | (25,822) | (22,793) |
| Income from continuing operations | 141,388 | 86,241 | 63,867 |
| **Discontinued Operations** | | | |
| Income from operations of discontinued properties | 174 | 2,491 | 5,908 |
| Gain on deconsolidation of a subsidiary | 1,008 | | |
| (Loss) gain on sale of real estate | (3,391) | 460 | 7,701 |
| Impairment charges | (41) | (14,241) | (6,908) |
| (Loss) income from discontinued operations | (2,250) | (11,290) | 6,701 |
| **Net Income** | 139,138 | 74,951 | 70,568 |
| Add: Net loss attributable to noncontrolling interests | 1,864 | 314 | 713 |
| Less: Net income attributable to redeemable noncontrolling interest | (1,923) | (1,293) | (2,258) |

| | | | |
|---|---|---|---|
| **Net Income Attributable to W. P. Carey Members** | $ 139,079 | $ 73,972 | $ 69,023 |
| **Basic Earnings Per Share** | | | |
| Income from continuing operations attributable to W. P. Carey members | $ 3.50 | $ 2.14 | $ 1.57 |
| (Loss) income from discontinued operations attributable to W. P. Carey members | (0.06) | (0.28) | 0.17 |
| Net income attributable to W. P. Carey members | $ 3.44 | $ 1.86 | $ 1.74 |
| **Diluted Earnings Per Share** | | | |
| Income from continuing operations attributable to W. P. Carey members | $ 3.47 | $ 2.14 | $ 1.57 |
| (Loss) income from discontinued operations attributable to W. P. Carey members | (0.05) | (0.28) | 0.17 |
| Net income attributable to W. P. Carey members | $ 3.42 | $ 1.86 | $ 1.74 |
| **Weighted Average Shares Outstanding** | | | |
| Basic | 39,819,475 | 39,514,746 | 39,019,709 |
| Diluted | 40,098,095 | 40,007,894 | 39,712,735 |
| **Amounts Attributable to W. P. Carey Members** | | | |
| Income from continuing operations, net of tax | $ 141,329 | $ 85,262 | $ 62,322 |
| (Loss) income from discontinued operations, net of tax | (2,250) | (11,290) | 6,701 |
| Net income | $ 139,079 | $ 73,972 | $ 69,023 |

See Notes to Consolidated Financial Statements.

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(in thousands)*

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| **Net Income** | $ 139,138 | $ 74,951 | $ 70,568 |
| **Other Comprehensive (Loss) Income:** | | | |
| Foreign currency translation adjustments | (1,796) | (1,227) | 619 |
| Unrealized loss on derivative instruments | (3,588) | (757) | (482) |
| Change in unrealized appreciation on marketable securities | (11) | 6 | 53 |
| | (5,395) | (1,978) | 190 |
| **Comprehensive Income** | 133,743 | 72,973 | 70,758 |
| **Amounts Attributable to Noncontrolling Interests:** | | | |
| Net loss | 1,864 | 314 | 713 |
| Foreign currency translation adjustments | 346 | (816) | (31) |
| Comprehensive loss (income) attributable to noncontrolling interests | 2,210 | (502) | 682 |
| **Amounts Attributable to Redeemable Noncontrolling Interest:** | | | |
| Net income | (1,923) | (1,293) | (2,258) |
| Foreign currency translation adjustments | 5 | 12 | (12) |
| Comprehensive income attributable to redeemable noncontrolling interest | (1,918) | (1,281) | (2,270) |
| **Comprehensive Income Attributable to W. P. Carey Members** | $ 134,035 | $ 71,190 | $ 69,170 |

See Notes to Consolidated Financial Statements.

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF EQUITY**

Years Ended December 31, 2011, 2010, and 2009

*(in thousands, except share and per share amounts)*

| | W. P. Carey Members | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Shares** | **Listed Shares** | **Distributions in Excess of Accumulated Earnings** | **Deferred Compensation Obligation** | **Accumulated Other Comprehensive Loss** | **Total W. P. Carey Members** | **Noncontrolling Interests** | **Total** |
| **Balance at January 1, 2009** | 39,589,594 | $ 757,921 | $ (116,990) | $ | $ (828) | $ 640,103 | $ 6,232 | $ 646,335 |
| Cash proceeds on issuance of shares, net | 84,283 | 1,507 | | | | 1,507 | | 1,507 |
| Grants issued in connection with services rendered | | | | 787 | | 787 | | 787 |
| Shares issued under share incentive plans | 222,600 | | | 9,462 | | 9,462 | | 9,462 |
| Contributions | | 102 | | | | 102 | 2,845 | 2,947 |
| Forfeitures of shares | (2,528) | (77) | | | | (77) | | (77) |
| Distributions declared ($2.00 per share) [(a)] | | | (90,475) | | | (90,475) | | (90,475) |
| Distributions to noncontrolling interests | | | | | | | (1,661) | (1,661) |
| Windfall tax benefits share incentive plans | | 143 | | | | 143 | | 143 |
| Stock-based compensation expense | | 8,626 | | | | 8,626 | | 8,626 |
| Repurchase and retirement of shares | (689,344) | (11,759) | | | | (11,759) | | (11,759) |
| Redemption value adjustment | | (6,773) | | | | (6,773) | | (6,773) |
| Tax impact of purchase of W. P. Carey International LLC interest | | 4,817 | | | | 4,817 | | 4,817 |
| Net income | | | 69,023 | | | 69,023 | (713) | 68,310 |
| Change in other comprehensive loss | | | | | 147 | 147 | 72 | 219 |
| **Balance at December 31, 2009** | 39,204,605 | 754,507 | (138,442) | 10,249 | (681) | 625,633 | 6,775 | 632,408 |
| Cash proceeds on issuance of shares, net | 196,802 | 3,724 | | | | 3,724 | | 3,724 |
| Grants issued in connection with services rendered | | | | 450 | | 450 | | 450 |
| Shares issued under share incentive plans | 368,012 | | | | | | | |
| Contributions | | | | | | | 14,261 | 14,261 |
| Forfeitures of shares | (47,214) | (1,517) | | | | (1,517) | | (1,517) |
| Distributions declared ($2.03 per share) | | | (81,299) | | | (81,299) | | (81,299) |
| Distributions to noncontrolling interests | | | | | | | (3,305) | (3,305) |
| Windfall tax benefits share incentive plans | | 2,354 | | | | 2,354 | | 2,354 |
| Stock-based compensation expense | | 8,149 | | (188) | | 7,961 | | 7,961 |
| Repurchase and retirement of shares | (267,358) | (2,317) | | | | (2,317) | | (2,317) |
| Redemption value adjustment | | 471 | | | | 471 | | 471 |
| Tax impact of purchase of W. P. Carey International LLC interest | | (1,637) | | | | (1,637) | | (1,637) |
| Reclassification of the Investor s interest in Carey Storage (Note 4) | | | | | | | 22,402 | 22,402 |
| Net income | | | 73,972 | | | 73,972 | (314) | 73,658 |
| Change in other comprehensive loss | | | | | (2,782) | (2,782) | 642 | (2,140) |
| **Balance at December 31, 2010** | 39,454,847 | 763,734 | (145,769) | 10,511 | (3,463) | 625,013 | 40,461 | 665,474 |

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF EQUITY (Continued)**

Years Ended December 31, 2011, 2010, and 2009

*(in thousands, except share and per share amounts)*

| | W. P. Carey Members | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Shares** | **Listed Shares** | **Distributions in Excess of Accumulated Earnings** | **Deferred Compensation Obligation** | **Accumulated Other Comprehensive Loss** | **Total W. P. Carey Members** | **Noncontrolling Interests** | **Total** |
| Cash proceeds on issuance of shares, net | 45,674 | 1,488 | | | | 1,488 | | 1,488 |
| Grants issued in connection with services rendered | 5,285 | | | 700 | | 700 | | 700 |
| Shares issued under share incentive plans | 576,148 | | | | | | | |
| Contributions | | | | | | | 3,223 | 3,223 |
| Forfeitures of shares | (3,562) | (274) | | | | (274) | | (274) |
| Distributions declared ($2.19 per share) | | | (88,356) | 301 | | (88,055) | | (88,055) |
| Distributions to noncontrolling interests | | | | | | | (6,000) | (6,000) |
| Windfall tax benefits share incentive plans | | 2,569 | | | | 2,569 | | 2,569 |
| Stock-based compensation expense | | 21,739 | | (4,449) | | 17,290 | | 17,290 |
| Repurchase and retirement of shares | (349,374) | (4,761) | | | | (4,761) | | (4,761) |
| Redemption value adjustment | | 455 | | | | 455 | | 455 |
| Purchase of noncontrolling interest (Note 4) | | (5,879) | | | | (5,879) | (1,612) | (7,491) |
| Net income | | | 139,079 | | | 139,079 | (1,864) | 137,215 |
| Change in other comprehensive loss | | | | | (5,044) | (5,044) | (387) | (5,431) |
| **Balance at December 31, 2011** | 39,729,018 | $ 779,071 | (95,046) | $ 7,063 | $ (8,507) | $ 682,581 | $ 33,821 | $ 716,402 |

(a) Distributions declared per share excludes special distribution of $0.30 per share declared in December 2009.

See Notes to Consolidated Financial Statements.

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(in thousands)*

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| **Cash Flows Operating Activities** | | | |
| Net income | $ 139,138 | $ 74,951 | $ 70,568 |
| Adjustments to net income: | | | |
| Depreciation and amortization, including intangible assets and deferred financing costs | 29,616 | 24,443 | 24,476 |
| Loss (income) from equity investments in real estate and the REITs in excess of distributions received | 310 | (4,920) | (2,258) |
| Straight-line rent and financing lease adjustments | (3,698) | 286 | 2,223 |
| Amortization of deferred revenue | (6,291) | | |
| Gain on deconsolidation of a subsidiary | (1,008) | | |
| Loss (gain) on sale of real estate | 3,391 | (460) | (7,701) |
| Gain on extinguishment of debt | | | (6,991) |
| Unrealized loss (gain) on foreign currency transactions and others | 138 | 300 | (174) |
| Realized gain on foreign currency transactions and others | (965) | (731) | (257) |
| Allocation of (loss) earnings to profit-sharing interest | | (781) | 3,900 |
| Management and disposition income received in shares of affiliates | (73,936) | (35,235) | (31,721) |
| Gain on conversion of shares | (3,806) | | |
| Gain on change in control of interests | (27,859) | | |
| Impairment charges | 10,473 | 15,381 | 10,424 |
| Stock-based compensation expense | 17,716 | 7,082 | 9,336 |
| Deferred acquisition revenue received | 21,546 | 21,204 | 25,068 |
| Increase in structuring revenue receivable | (19,537) | (20,237) | (11,672) |
| Increase (decrease) in income taxes, net | 244 | (1,288) | (9,276) |
| Net changes in other operating assets and liabilities | (5,356) | 6,422 | (1,401) |
| **Net cash provided by operating activities** | 80,116 | 86,417 | 74,544 |
| **Cash Flows Investing Activities** | | | |
| Distributions received from equity investments in real estate and the REITs in excess of equity income | 20,807 | 18,758 | 39,102 |
| Capital contributions to equity investments | (2,297) | | (2,872) |
| Purchase of interests in CPA®:16 Global | (121,315) | | |
| Purchases of real estate and equity investments in real estate | (24,315) | (96,884) | (39,632) |
| VAT paid in connection with acquisition of real estate | | (4,222) | |
| VAT refunded in connection with acquisitions of real estate | 5,035 | | |
| Capital expenditures | (13,239) | (5,135) | (7,775) |
| Cash acquired on acquisition of subsidiaries | 57 | | |
| Proceeds from sale of real estate | 12,516 | 14,591 | 43,487 |
| Proceeds from sale of securities | 818 | | |
| Proceeds from transfer of profit-sharing interest | | | 21,928 |
| Funding of short-term loans to affiliates | (96,000) | | |
| Proceeds from repayment of short-term loans to affiliates | 96,000 | | |
| Funds released from escrow | 2,584 | 36,620 | |
| Funds placed in escrow | (6,735) | (1,571) | (36,132) |
| **Net cash (used in) provided by investing activities** | (126,084) | (37,843) | 18,106 |

(Continued)

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| **Cash Flows Financing Activities** | | | |
| Distributions paid | (85,814) | (92,591) | (78,618) |
| Contributions from noncontrolling interests | 3,223 | 14,261 | 2,947 |
| Distributions to noncontrolling interests | (7,258) | (4,360) | (5,505) |
| Contributions from profit-sharing interest | | 3,694 | |
| Distributions to profit-sharing interest | | (693) | (5,645) |
| Purchase of noncontrolling interest | (7,502) | | (15,380) |
| Scheduled payments of mortgage principal | (25,327) | (14,324) | (9,534) |
| Prepayments of mortgage principal | | | (13,974) |
| Proceeds from mortgage financing | 45,491 | 56,841 | 42,495 |
| Proceeds from lines of credit | 251,410 | 83,250 | 150,500 |
| Repayments of lines of credit | (160,000) | (52,500) | (148,518) |
| Proceeds from loans from affiliates | | | 1,625 |
| Repayments of loans from affiliates | | | (1,770) |
| Payment of financing costs | (7,778) | (1,204) | (862) |
| Proceeds from issuance of shares | 1,488 | 3,724 | 1,507 |
| Windfall tax benefit associated with stock-based compensation awards | 2,569 | 2,354 | 143 |
| Repurchase and retirement of shares | | | (10,686) |
| **Net cash provided by (used in) financing activities** | 10,502 | (1,548) | (91,275) |
| **Change in Cash and Cash Equivalents During the Year** | | | |
| Effect of exchange rate changes on cash | 70 | (783) | 276 |
| Net (decrease) increase in cash and cash equivalents | (35,396) | 46,243 | 1,651 |
| Cash and cash equivalents, beginning of year | 64,693 | 18,450 | 16,799 |
| Cash and cash equivalents, end of year | $ 29,297 | $ 64,693 | $ 18,450 |

**Supplemental noncash activities:**

On May 2, 2011, in connection with entering into an amended and restated advisory agreement with CPA®:16 Global as a result of the UPREIT Reorganization, we received a special membership interest in CPA®:16 Global s operating partnership and recorded as consideration a $28.3 million adjustment to Equity investments in real estate and the REITs to reflect the fair value of our Special Member Interest in that operating partnership (Note 3).

Also on May 2, 2011, we exchanged 11,113,050 shares of CPA®:14 for 13,260,091 shares of CPA®:16 Global in connection with the CPA®:14/16 Merger, resulting in a gain of approximately $2.8 million (Note 3).

In connection with the acquisition of properties from CPA®:14 in May 2011, we assumed two non-recourse mortgages on the related properties with an aggregate fair value of $87.6 million at the date of acquisition (Note 4).

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**W. P. CAREY & CO. LLC**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

In September 2011, we deconsolidated a wholly-owned subsidiary because we no longer had control over the activities that most significantly impact its economic performance following possession of the subsidiary s property by a receiver (Note 16). The following table presents the assets and liabilities of the subsidiary on the date of deconsolidation (in thousands):

| | |
|---|---|
| Assets | |
| Net investments in properties | $ 5,340 |
| Intangible assets and goodwill, net | (15) |
| Other assets, net | |
| Total | $ 5,325 |
| Liabilities: | |
| Non-recourse debt | $ (6,311) |
| Accounts payable, accrued expenses and other liabilities | (22) |
| Total | $ (6,333) |

**Supplemental cash flows information (in thousands):**

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Interest paid | $ 21,168 | $ 15,351 | $ 14,845 |
| Income taxes paid | $ 33,641 | $ 24,307 | $ 35,039 |

See Notes to Consolidated Financial Statements.

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**W. P. CAREY & CO. LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Business**

W. P. Carey provides long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. We invest primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. We also earn revenue as the advisor to publicly-owned, non-listed CPA® REITs and invest in similar properties. At December 31, 2011, we were the advisor to the following CPA® REITs: CPA®:15, CPA®:16 Global and CPA®:17 Global, and we were the advisor to CPA®:14 until the CPA®:14/16 Merger (Note 3). We are also the advisor to CWI, which invests in lodging and lodging-related properties. At December 31, 2011, we owned and/or managed more than 980 properties domestically and internationally. Our owned portfolio was comprised of our full or partial ownership interest in 157 properties, substantially all of which were net leased to 73 tenants, and totaled approximately 13 million square feet (on a pro rata basis) with an occupancy rate of approximately 93%. In addition, through our Carey Storage and Livho subsidiaries, we had interests in 21 self-storage properties and a hotel property, respectively, for an aggregate of approximately 0.8 million square feet (on a pro rata basis) at December 31, 2011.

***Primary Business Segments***

*Investment Management* We structure and negotiate investments and debt placement transactions for the REITs, for which we earn structuring revenue, and manage their portfolios of real estate investments, for which we earn asset-based management and performance revenue. We earn asset-based management and performance revenue from the REITs based on the value of their assets related to real estate, lodging, and self-storage under management. As funds available to the REITs are invested, the asset base from which we earn revenue increases. In addition, we also receive a percentage of distributions of available cash from the operating partnerships of CPA®:17 Global and CWI, as well as from the operating partnership of CPA®:16 Global after the CPA®:14/16 Merger. We may also earn incentive and disposition revenue and receive other compensation in connection with providing liquidity alternatives to the REIT shareholders.

*Real Estate Ownership* We own and invest in commercial properties in the U.S. and the European Union that are then leased to companies, primarily on a triple-net lease basis. We may also invest in other properties if opportunities arise. Effective as of January 1, 2011, we include our equity investments in the REITs in our Real Estate Ownership segment. The equity income or loss from the REITs that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the REITs. This treatment is consistent with that of our directly-owned properties.

**Note 2. Summary of Significant Accounting Policies**

***Basis of Consolidation***

The consolidated financial statements reflect all of our accounts, including those of our majority-owned and/or controlled subsidiaries. The portion of equity in a subsidiary that is not attributable, directly or indirectly, to us is presented as noncontrolling interests. All significant intercompany accounts and transactions have been eliminated.

We have investments in tenancy-in-common interests in various domestic and international properties. Consolidation of these investments is not required as they do not qualify as VIEs and do not meet the control requirement required for consolidation. Accordingly, we account for these investments using the equity method of accounting. We use the equity method of accounting because the shared decision-making involved in a tenancy-in-common interest investment creates an opportunity for us to have significant influence on the operating and financial decisions of these investments and thereby creates some responsibility by us for a return on our investment. Additionally, we own interests in single-tenant net leased properties leased to corporations through noncontrolling interests in partnerships and limited liability companies that we do not control but over which we exercise significant influence. We account for these investments under the equity method of accounting. At times the carrying value of our equity investments may fall below zero for certain investments. We intend to fund our share of the ventures future operating deficits should the need arise. However, we have no legal obligation to pay for any of the liabilities of such ventures nor do we have any legal obligation to fund operating deficits.

We formed CWI in March 2008 for the purpose of acquiring interests in lodging and lodging-related properties. In April 2010, CWI filed a registration statement with the SEC to sell up to $1.0 billion of its common stock in an initial public offering plus up to an additional $237.5 million of its common stock under a dividend reinvestment plan. This registration statement was declared effective by the SEC in September 2010. Through December 31, 2010, the financial statements of CWI, which had no significant assets, liabilities or operations, were included in our consolidated financial statements, as we owned all of CWI s outstanding common stock. Beginning in 2011, we have accounted for our interest in CWI under the equity method of accounting because, as the advisor, we do not exert control over, but we have the ability to exercise significant influence on, CWI.

***Out-of-Period Adjustment***

During the fourth quarter of 2011, we identified an error in the consolidated financial statements related to prior years. The error relates to the misapplication of accounting guidance related to the modifications of certain leases. We concluded this adjustment, with a net impact of $0.2 million on our statement of operations for the fourth quarter of 2011, was not material to our results for the prior year periods or to the period of adjustment. Accordingly, this cumulative change was recorded in the consolidated financial statements in the fourth quarter of 2011 as an out-of-period adjustment as follows: a reduction to Net investment in direct financing leases of $17.6 million and an increase in net Operating real estate of $17.9 million on the consolidated balance sheet; and an increase in Lease revenues of $0.9 million, a reduction of Impairment charges of $1.6 million, and an increase in Depreciation expense of $2.2 million on the consolidated statement of operations.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

***Reclassifications and Revisions***

Certain prior year amounts have been reclassified to conform to the current year presentation. The consolidated financial statements included in this Report have been retrospectively adjusted to reflect the disposition (or planned disposition) of certain properties as discontinued operations for all periods presented.

***Purchase Price Allocation***

In accordance with the guidance for business combinations, we determine whether a transaction or other event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method. If the assets acquired are not a business, we account for the transaction or other event as an asset acquisition. Under both methods, we recognize the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity, as well as recognizing and measuring goodwill or a gain from a bargain purchase. However, we immediately expense acquisition-related costs and fees associated with business combinations.

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When we acquire properties accounted for as operating leases, we allocate the purchase costs to the tangible and intangible assets and liabilities acquired based on their estimated fair values. We determine the value of the tangible assets, consisting of land and buildings, as if vacant, and record intangible assets, including the above-market and below-market value of leases, the value of in-place leases and the value of tenant relationships, at their relative estimated fair values. See Real Estate Leased to Others and Depreciation below for a discussion of our significant accounting policies related to tangible assets. We include the value of below-market leases in Accounts payable, accrued expenses and other liabilities in the consolidated financial statements.

We record above-market and below-market lease values for owned properties based on the present value (using an interest rate reflecting the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the leases negotiated and in place at the time of acquisition of the properties and (ii) our estimate of fair market lease rates for the property or equivalent property, both of which are measured over a period equal to the estimated market lease term. We amortize the capitalized above-market lease value as a reduction of rental income over the estimated market lease term. We amortize the capitalized below-market lease value as an increase to rental income over the initial term and any fixed rate renewal periods in the respective leases.

We allocate the total amount of other intangibles to in-place lease values and tenant relationship intangible values based on our evaluation of the specific characteristics of each tenant s lease and our overall relationship with each tenant. The characteristics we consider in allocating these values include estimated market rent, the nature and extent of the existing relationship with the tenant, the expectation of lease renewals, estimated carrying costs of the property if vacant and estimated costs to execute a new lease, among other factors. We determine these values using our estimates or by relying in part upon third-party appraisals. We amortize the capitalized value of in-place lease intangibles to expense over the remaining initial term of each lease. We amortize the capitalized value of tenant relationships to expense over the initial and expected renewal terms of the lease. No amortization period for intangibles will exceed the remaining depreciable life of the building.

If a lease is terminated, we charge the unamortized portion of above-market and below-market lease values to lease revenue, and in-place lease and tenant relationship values to amortization expenses.

***Operating Real Estate***

We carry land and buildings and personal property at cost less accumulated depreciation. We capitalize improvements, while we expense replacements, maintenance and repairs that do not improve or extend the lives of the respective assets as incurred.

***Cash and Cash Equivalents***

We consider all short-term, highly liquid investments that are both readily convertible to cash and have a maturity of three months or less at the time of purchase to be cash equivalents. Items classified as cash equivalents include commercial paper and money-market funds. Our cash and cash equivalents are held in the custody of several financial institutions, and these balances, at times, exceed federally insurable limits. We seek to mitigate this risk by depositing funds only with major financial institutions.

***Other Assets and Liabilities***

We include prepaid expenses, deferred rental income, tenant receivables, deferred charges, escrow balances held by lenders, restricted cash balances, marketable securities, derivative assets and corporate fixed assets in Other assets. We include derivative instruments; miscellaneous amounts held on behalf of tenants; and deferred revenue, including unamortized below-market rent intangibles in Other liabilities. Deferred charges are costs incurred in connection with mortgage financings and refinancings that are amortized over the terms of the mortgages and included in Interest expense in the consolidated financial statements. Deferred rental income is the

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aggregate cumulative difference for operating leases between scheduled rents that vary during the lease term, and rent recognized on a straight-line basis. Marketable securities are classified as available-for-sale securities and reported at fair value with unrealized gains and losses on these securities reported as a component of Other comprehensive income until realized.

***Real Estate Leased to Others***

We lease real estate to others primarily on a triple-net leased basis, whereby the tenant is generally responsible for all operating expenses relating to the property, including property taxes, insurance, maintenance, repairs, renewals and improvements. We charge expenditures for maintenance and repairs, including routine betterments, to operations as incurred. We capitalize significant renovations that increase the useful life of the properties. For the years ended December 31, 2011, 2010 and 2009, although we are legally obligated for payment pursuant to our lease agreements with our tenants, lessees were responsible for the direct payment to the taxing authorities of real estate taxes of approximately $6.4 million, $7.7 million and $8.8 million, respectively.

We diversify our real estate investments among various corporate tenants engaged in different industries, by property type and by geographic area (Note 9). Substantially all of our leases provide for either scheduled rent increases, periodic rent adjustments based on formulas indexed to changes in the CPI or similar indices or percentage rents. CPI-based adjustments are contingent on future events and are therefore not included in straight-line rent calculations. We recognize rents from percentage rents as reported by the lessees, which is after the level of sales requiring a rental payment to us is reached. Percentage rents were insignificant for the periods presented.

We account for leases as operating or direct financing leases, as described below:

*Operating leases* We record real estate at cost less accumulated depreciation; we recognize future minimum rental revenue on a straight-line basis over the term of the related leases and charge expenses (including depreciation) to operations as incurred (Note 4).

*Direct financing method* We record leases accounted for under the direct financing method at their net investment (Note 5). We defer and amortize unearned income to income over the lease term so as to produce a constant periodic rate of return on our net investment in the lease.

On an ongoing basis, we assess our ability to collect rent and other tenant-based receivables and determine an appropriate allowance for uncollected amounts. Because we have a limited number of lessees (20 lessees represented 78% of lease revenues during 2011), we believe that it is necessary to evaluate the collectability of these receivables based on the facts and circumstances of each situation rather than solely using statistical methods. Therefore, in recognizing our provision for uncollected rents and other tenant receivables, we evaluate actual past due amounts and make subjective judgments as to the collectability of those amounts based on factors including, but not limited to, our knowledge of a lessee s circumstances, the age of the receivables, the tenant s credit profile and prior experience with the tenant. Even if a lessee has been making payments, we may reserve for the entire receivable amount if we believe there has been significant or continuing deterioration in the lessee s ability to meet its lease obligations.

***Revenue Recognition***

We earn structuring revenue and asset management revenue in connection with providing services to the REITs. We earn structuring revenue for services we provide in connection with the analysis, negotiation and structuring of transactions, including acquisitions and dispositions and the placement of mortgage financing obtained by the REITs. Asset management revenue consists of property management, leasing and advisory revenue. Receipt of the incentive revenue portion of the asset management revenue or performance revenue, however, is subordinated to the achievement of specified cumulative return requirements by the shareholders of the REITs.

At our option, the performance revenue may be collected in cash or shares of the REIT (Note 3). In addition, we earn subordinated incentive and disposition revenue related to the disposition of properties. We may also earn termination revenue in connection with the termination of the advisory agreements for the REITs.

We recognize all revenue as earned. We earn structuring revenue upon the consummation of a transaction and asset management revenue when services are performed. We recognize revenue subject to subordination only when the performance criteria of the REIT is achieved and contractual limitations are not exceeded.

We earn subordinated disposition and incentive revenue after shareholders have received their initial investment plus a specified preferred return. We earn termination revenue when a liquidity event is consummated.

We are also reimbursed for certain costs incurred in providing services, including broker-dealer commissions paid on behalf of the REITs, marketing costs and the cost of personnel provided for the administration of the REITs. We record reimbursement income as the expenses are incurred, subject to limitations on a REIT s ability to incur offering costs.

We earned wholesaling revenue of $0.15 per share sold in connection with CPA® 17 Global s initial public offering through its termination on April 7, 2011. In addition, as discussed in Note 3 to the consolidated financial statements, we earn a dealer manager fee of up to $0.35 per share sold in connection with CPA® 17 Global s follow-on offering commencing April 7, 2011 and $0.30 per share sold in connection with CWI s initial offering. We re-allow all or a portion of the dealer manager fees to selected dealers in the offerings. Dealer manager fees that are not re-allowed are classified as wholesaling revenue. Wholesaling revenue earned is generally offset by underwriting costs incurred in connection with the offerings, which are included in General and administrative expenses.

***Depreciation***

We compute depreciation of building and related improvements using the straight-line method over the estimated useful lives of the properties (generally 40 years) and furniture, fixtures and equipment (generally up to seven years). We compute depreciation of tenant improvements using the straight-line method over the lesser of the remaining term of the lease or the estimated useful life.

***Impairments***

We periodically assess whether there are any indicators that the value of our long-lived assets, including goodwill, may be impaired or that their carrying value may not be recoverable. These impairment indicators include, but are not limited to, the vacancy of a property that is not subject to a lease; a lease default by a tenant that is experiencing financial difficulty; the termination of a lease by a tenant; or the rejection of a lease in a bankruptcy proceeding. We may incur impairment charges on long-lived assets, including real estate, direct financing leases, assets held for sale and equity investments in real estate. We may also incur impairment charges on marketable securities and goodwill. Our policies for evaluating whether these assets are impaired are presented below.

*Real Estate*

For real estate assets in which an impairment indicator is identified, we follow a two-step process to determine whether an asset is impaired and to determine the amount of the charge. First, we compare the carrying value of the property to the future net undiscounted cash flow that we expect the property will generate, including any estimated proceeds from the eventual sale of the property. The undiscounted cash flow analysis requires us to make our best estimate of market rents, residual values and holding periods. Depending on the assumptions made and estimates used, the future cash flow projected in the evaluation of long-lived assets can vary within a range of outcomes. We consider the likelihood of possible outcomes in determining the best possible estimate of future cash flows. If the future net undiscounted cash flow of the property is less than the carrying value, the property is considered to be impaired. We then measure the loss as the excess of the carrying value of the property over its estimated fair value.

*Direct Financing Leases*

We review our direct financing leases at least annually to determine whether there has been an other-than-temporary decline in the current estimate of residual value of the property. The residual value is our estimate of what we could realize upon the sale of the property at the end of the lease term, based on market information. If this review indicates that a decline in residual value has occurred that is other-than-temporary, we recognize an impairment charge and revise the accounting for the direct financing lease to reflect a portion of the future cash flow from the lessee as a return of principal rather than as revenue.

When we enter into a contract to sell the real estate assets that are recorded as direct financing leases, we evaluate whether we believe it is probable that the disposition will occur. If we determine that the disposition is probable and therefore the asset s holding period is reduced, we record an allowance for credit losses to reflect the change in the estimate of the undiscounted future rents. Accordingly, the net investment balance is written down to fair value.

*Assets Held for Sale*

We classify real estate assets that are accounted for as operating leases as held for sale when we have entered into a contract to sell the property, all material due diligence requirements have been satisfied and we believe it is probable that the disposition will occur within one year. When we classify an asset as held for sale, we calculate its estimated fair value as the expected sale price, less expected selling costs. We then compare the asset s estimated fair value to its carrying value, and if the estimated fair value is less than the property s carrying value, we reduce the carrying value to the estimated fair value. We will continue to review the initial impairment for subsequent changes in the estimated fair value, and may recognize an additional impairment charge if warranted.

If circumstances arise that we previously considered unlikely and, as a result, we decide not to sell a property previously classified as held for sale, we reclassify the property as held and used. We measure and record a property that is reclassified as held and used at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held and used, or (ii) the estimated fair value at the date of the subsequent decision not to sell.

*Equity Investments in Real Estate and the REITs*

We evaluate our equity investments in real estate and in the REITs on a periodic basis to determine if there are any indicators that the value of our equity investment may be impaired and whether or not that impairment is other-than-temporary. To the extent impairment has occurred, we measure the charge as the excess of the carrying value of our investment over its estimated fair value. For equity investments in real estate, we calculate estimated fair value by multiplying the estimated fair value of the underlying venture s net assets by our ownership interest percentage. For our investments in the REITs, we calculate the estimated fair value of our investment using the most recently published NAV of each REIT.

*Marketable Securities*

We evaluate our marketable securities for impairment if a decline in estimated fair value below cost basis is considered other-than-temporary. In determining whether the decline is other-than-temporary, we consider the underlying cause of the decline in value, the estimated recovery period, the severity and duration of the decline, as well as whether we plan to sell the security or will more likely than not be required to sell the security before recovery of its cost basis. If we determine that the decline is other-than-temporary, we record an impairment charge to reduce our cost basis to the estimated fair value of the security. In accordance with current accounting guidance, the credit component of an other-than-temporary impairment is recognized in earnings while the non-credit component is recognized in Other comprehensive income.

*Goodwill*

We evaluate goodwill recorded by our Investment Management segment for possible impairment at least annually using a two-step process. To identify any impairment, we first compare the estimated fair value of our Investment Management segment with its carrying amount, including goodwill. We calculate the estimated fair value of the Investment Management segment by applying a multiple, based on comparable companies, to earnings. If the fair value of the Investment Management segment exceeds its carrying amount, we do not consider goodwill to be impaired and no further analysis is required. If the carrying amount of the Investment Management segment exceeds its estimated fair value, we then perform the second step to measure the amount of the impairment charge.

For the second step, we determine the impairment charge by comparing the implied fair value of the goodwill with its carrying amount and record an impairment charge equal to the excess of the carrying amount over the implied fair value. We determine the implied fair value of the goodwill by allocating the estimated fair value of the Investment Management segment to its assets and liabilities. The excess of the estimated fair value of the Investment Management segment over the amounts assigned to its assets and liabilities is the implied fair value of the goodwill.

***Assets Held for Sale***

We classify assets that are accounted for as operating leases as held for sale when we have entered into a contract to sell the property, all material due diligence requirements have been satisfied and we believe it is probable that the disposition will occur within one year. Assets held for sale are recorded at the lower of carrying value or estimated fair value, which is generally calculated as the expected sale price, less expected selling costs. The results of operations and the related gain or loss on sale of properties that have been sold or that are classified as held for sale are included in discontinued operations (Note 16).

If circumstances arise that we previously considered unlikely and, as a result, we decide not to sell a property previously classified as held for sale, we reclassify the property as held and used. We measure and record a property that is reclassified as held and used at the lower of (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held and used or (ii) the estimated fair value at the date of the subsequent decision not to sell.

We recognize gains and losses on the sale of properties when, among other criteria we no longer have continuing involvement, the parties are bound by the terms of the contract, all consideration has been exchanged and all conditions precedent to closing have been performed. At the time the sale is consummated, a gain or loss is recognized as the difference between the sale price, less any selling costs, and the carrying value of the property.

***Stock-Based Compensation***

We have granted restricted shares, stock options, RSUs and PSUs to certain employees and independent directors. Grants were awarded in the name of the recipient subject to certain restrictions of transferability and a risk of forfeiture. The forfeiture provisions on the awards generally expire annually, over their respective vesting periods. Stock-based compensation expense for all equity-classified stock-based compensation awards is based on the grant date fair value estimated in accordance with current accounting guidance for share-based payments. We recognize these compensation costs for only those shares expected to vest on a straight-line or graded-vesting basis, as appropriate, over the requisite service period of the award. We include stock-based compensation within the listed shares caption of equity.

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***Foreign Currency***

*Translation*

We have interests in real estate investments in the European Union for which the functional currency is the Euro. We perform the translation from the Euro to the U.S. dollar for assets and liabilities using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. We report the gains and losses resulting from such translation as a component of other comprehensive income in equity. At December 31, 2011 and 2010, the cumulative foreign currency translation adjustment losses were $3.3 million and $1.9 million, respectively.

*Transaction Gains or Losses*

Foreign currency transactions may produce receivables or payables that are fixed in terms of the amount of foreign currency that will be received or paid. A change in the exchange rates between the functional currency and the currency in which a transaction is denominated increases or decreases the expected amount of functional currency cash flows upon settlement of that transaction. That increase or decrease in the expected functional currency cash flows is an unrealized foreign currency transaction gain or loss that generally will be included in the determination of net income for the period in which the exchange rate changes. Likewise, a transaction gain or loss (measured from the transaction date or the most recent intervening balance sheet date, whichever is later), realized upon settlement of a foreign currency transaction generally will be included in net income for the period in which the transaction is settled. Foreign currency transactions that are (i) designated as, and are effective as, economic hedges of a net investment and (ii) inter-company foreign currency transactions that are of a long-term nature (that is, settlement is not planned or anticipated in the foreseeable future), when the entities to the transactions are consolidated or accounted for by the equity method in our financial statements, are not included in determining net income but are accounted for in the same manner as foreign currency translation adjustments and reported as a component of other comprehensive income in equity.

Foreign currency intercompany transactions that are scheduled for settlement, consisting primarily of accrued interest and the translation to the reporting currency of subordinated intercompany debt with scheduled principal payments, are included in the determination of net income. We recognized net unrealized gains (losses) of $(0.1) million, $(0.3) million and $0.2 million from such transactions for the years ended December 31, 2011, 2010 and 2009, respectively. For the years ended December 31, 2011, 2010 and 2009, we recognized net realized (losses) gains of $0.4 million, $(0.1) million and less than $0.1 million, respectively, on foreign currency transactions in connection with the transfer of cash from foreign operations of subsidiaries to the parent company.

***Derivative Instruments***

We measure derivative instruments at fair value and record them as assets or liabilities, depending on our rights or obligations under the applicable derivative contract. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. If a derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. For cash flow hedges, any ineffective portion of a derivative s change in fair value will be immediately recognized in earnings.

***Income Taxes***

We have elected to be treated as a partnership for U.S. federal income tax purposes. Deferred income taxes are recorded for the corporate subsidiaries based on earnings reported. The provision for income taxes differs from the amounts currently payable because of temporary differences in the recognition of certain income and expense items for financial reporting and tax reporting purposes. Income taxes are computed under the asset and liability method. The asset and liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between tax bases and financial bases of assets and liabilities (Note 15).

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*Real Estate Ownership Operations*

Our real estate operations are conducted through subsidiaries that are real estate investment trusts. As such, our real estate operations are generally not subject to federal tax, and accordingly, no provision has been made for U.S. federal income taxes in the consolidated financial statements for these operations. These operations are subject to certain state, local and foreign taxes, as applicable.

We hold our real estate assets under a subsidiary, Carey REIT II, Inc. ( Carey REIT II ). Carey REIT II has elected to be taxed as a real estate investment trust under the Internal Revenue Code. We believe we have operated, and we intend to continue to operate, in a manner that allows Carey REIT II to continue to qualify as a real estate investment trust. Under the real estate investment trust operating structure, Carey REIT II is permitted to deduct distributions paid to our shareholders and generally will not be required to pay U.S. federal income taxes. Accordingly, no provision has been made for U.S. federal income taxes in the consolidated financial statements related to Carey REIT II.

*Investment Management Operations*

We conduct our investment management operations primarily through taxable subsidiaries. These operations are subject to federal, state, local and foreign taxes, as applicable. Our financial statements are prepared on a consolidated basis including these taxable subsidiaries and include a provision for current and deferred taxes on these operations.

***Earnings Per Share***

Basic earnings per share is calculated by dividing net income available to common shareholders, as adjusted for unallocated earnings attributable to the unvested RSUs by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflects potentially dilutive securities (options, restricted shares and RSUs) using the treasury stock method, except when the effect would be anti-dilutive.

***Future Accounting Requirements***

The following Accounting Standards Updates ( ASUs ) promulgated by FASB are applicable to us in future reports, as indicated:

*ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* In May 2011, the FASB issued an update to ASC 820, *Fair Value Measurements*. The amendments in the update explain how to measure fair value and do not require additional fair value measurements, nor are they intended to establish valuation standards or affect valuation practices outside of financial reporting. These new amendments will impact the level of information we provide, particularly for level 3 fair value measurements and the measurement s sensitivity to changes in unobservable inputs, our use of a nonfinancial asset in a way that differs from that asset s highest and best use, and the categorization by level of the fair value hierarchy for items that are not measured at fair value in the balance sheet but for which the fair value is required to be disclosed. These amendments are expected to impact the form of our disclosures only, are applicable to us prospectively and are effective for our interim and annual periods beginning in 2012.

*ASU 2011-05 and ASU 2011-12, Presentation of Comprehensive Income* In June and December 2011, the FASB issued updates to ASC 220, *Comprehensive Income*. The amendments in the initial update change the reporting options applicable to the presentation of other comprehensive income and its components in the financial statements. The initial update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. Additionally, the initial update requires the consecutive presentation of the statement of net income and other comprehensive income. Finally, the initial update required an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income; however, the update issued in December 2011 tabled this requirement for further deliberation. These amendments impact the form of our disclosures only, are applicable to us retrospectively and are effective for our interim and annual periods beginning in 2012.

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*ASU 2011-08, Testing Goodwill for Impairment* In September 2011, the FASB issued an update to ASC 350, *Intangibles Goodwill and Other.* The objective of this ASU is to simplify how entities test goodwill for impairment. The amendments in the ASU permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. Previous guidance under topic 350 required an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (step one). If the fair value of a reporting unit is less than its carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under the amendments in this ASU, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. We are currently assessing the potential impact that the adoption of the new guidance will have on our financial position and results of operations.

*ASU 2011-10, Derecognition of in Substance Real Estate a Scope Clarification* In December 2011, the FASB issued an update to clarify that when a parent (reporting entity) ceases to have a controlling financial interest (as described in ASC subtopic 810-10, *Consolidation*) in a subsidiary that is in substance real estate as a result of default on the subsidiary s nonrecourse debt, the reporting entity should apply the guidance in subtopic 360-20, *Property, Plant and Equipment*, to determine whether it should derecognize the in substance real estate. Generally, a reporting entity would not satisfy the requirements to derecognize the in substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse indebtedness. Under this new guidance, even if the reporting entity ceases to have a controlling financial interest under subtopic 810-10, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary s operations in its consolidated financial statements until legal title to the real estate is transferred to legally satisfy the debt. This amendment is applicable to us prospectively for deconsolidation events occurring after June 15, 2012 and will impact the timing in which we recognize the impact of such transactions, which may be material, within our results of operations.

*ASU 2011-11*, *Disclosures about Offsetting Assets and Liabilities* In December 2011, the FASB issued an update to ASC 210, *Balance Sheet*, which enhances current disclosures about financial instruments and derivative instruments that are either offset on the statement of financial position or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. Entities are required to provide both net and gross information for these assets and liabilities in order to facilitate comparability between financial statements prepared on the basis of U.S. GAAP and financial statements prepared on the basis of IFRS. This standard will be effective for our fiscal quarter beginning January 1, 2014 with retrospective application required. We do not expect the adoption will have a material impact on our statement of financial position.

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**Note 3. Agreements and Transactions with Related Parties**

***Advisory Agreements with the REITs***

We have advisory agreements with each of the REITs pursuant to which we earn certain fees or are entitled to receive distributions of cash flow. In connection with CPA®:16 Global s internal reorganization on May 2, 2011 following the CPA®:14/16 Merger, we entered into an amended and restated advisory agreement with CPA®:16 Global (see CPA®:16 Global UPREIT Reorganization below). The CPA® REIT advisory agreements, which were scheduled to expire on September 30, 2011, were extended twice for three-month periods since that date and are currently scheduled to expire on March 31, 2012 unless otherwise extended. The CWI advisory agreement, which was also scheduled to expire on September 30, 2011, was renewed for an additional year pursuant to its terms, effective as of October 1, 2011. The following table presents a summary of revenue earned and/or cash received from the REITs in connection with providing services as the advisor to the REITs (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Asset management revenue | $ 66,808 | $ 76,246 | $ 76,621 |
| Reimbursed costs from affiliates | 64,829 | 60,023 | 47,534 |
| Incentive, termination and subordinated disposition revenue | 52,515 | | |
| Structuring revenue | 46,831 | 44,525 | 23,273 |
| Wholesaling revenue | 11,664 | 11,096 | 7,691 |
| Distributions of available cash | 15,535 | 4,468 | 2,160 |
| Deferred revenue earned | 5,662 | | |
| | $ 263,844 | $ 196,358 | $ 157,279 |

*Asset Management Revenue*

We earn asset management revenue from each REIT, which is based on average invested assets and is calculated according to the advisory agreement for each REIT. For CPA®:16 Global prior to the CPA®:14/16 Merger and for CPA®:15, this revenue generally totaled 1% per annum, with a portion of this revenue, or 0.5%, contingent upon the achievement of specific performance criteria. For CPA®:16 Global subsequent to the CPA®:14/16 Merger, we earn asset management revenue of 0.5% of average invested assets. For CPA®:17 Global, we earn asset management revenue ranging from 0.5% of average market value for long-term net leases and certain other types of real estate investments up to 1.75% of average equity value for certain types of securities. For CWI, we earn asset management revenue of 0.5% of the average market value of lodging-related investments. We do not earn performance revenue from CPA®:17 Global, CWI and, subsequent to the CPA®:14/16 Merger, from CPA®:16 Global.

Under the terms of the advisory agreements, we may elect to receive cash or shares of stock for any revenue due from each REIT. In both 2011 and 2010, we elected to receive all asset management revenue in cash, with the exception of the asset management revenue received from CPA®:17 Global and CPA®:16 Global subsequent to the CPA®:14/16 Merger, which we elected to receive in shares. For both 2011 and 2010, we also elected to receive performance revenue from CPA®:16 Global prior to the CPA®:14/16 Merger in shares, while for CPA®:14 prior to CPA®:14/16 Merger and CPA®:15 we elected to receive 80% of all performance revenue in shares, with the remaining 20% payable in cash.

*Reimbursed Costs from Affiliates and Wholesaling Revenue*

The REITs reimburse us for certain costs, primarily broker-dealer commissions paid on behalf of the REITs and marketing and personnel costs. Under the terms of a sales agency agreement between our wholly-owned broker-dealer subsidiary and CPA®:17 Global, we earn a selling commission of up to $0.65 per share sold and a dealer manager fee of up to $0.35 per share sold. We re-allow all or a portion of the selling commissions to selected dealers participating in CPA®:17 Global s offering and may re-allow up to the full selected dealer revenue to selected dealers. In addition, our wholly-owned broker-dealer subsidiary entered into a dealer manager agreement with CWI, whereby we receive a selling commission of up to $0.70 per share sold and a dealer manager fee of up to $0.30 per share sold, a portion of which may be re-allowed to the selected broker dealers. Dealer manager fees that are not re-allowed are classified as wholesaling revenue. Total underwriting compensation earned in connection with CPA®:17 Global and CWI s offerings, including selling commissions, selected dealer revenue, wholesaling revenue and reimbursements made by us to selected dealers, cannot exceed the limitations prescribed by the Financial Industry Regulatory Authority, Inc. The limit on underwriting compensation is currently 10% of gross offering proceeds. We may also be reimbursed for reasonable bona fide due diligence expenses incurred which are supported by a detailed and itemized invoice. Such reimbursements are subject to the limitations on organization and offering expenses described above.

Pursuant to our advisory agreement with CWI, upon reaching the minimum offering amount of $10.0 million on March 3, 2011, CWI became obligated to reimburse us for all organization and a portion of offering costs incurred in connection with its offering, up to a maximum amount (excluding selling commissions and the dealer manager fee) of 2% of the gross proceeds of its offering and distribution reinvestment plan. Through December 31, 2011, we have incurred organization and offering costs on behalf of CWI of approximately $5.1 million. However, at December 31, 2011, CWI was only obligated to reimburse us $0.9 million of these costs because of the 2% limitation described above, and no such costs had been reimbursed as of that date because CWI had no available cash.

*Incentive, Termination and Subordinated Disposition Revenue*

We earn revenue related to the disposition of properties by the REITs, subject to subordination provisions, which will only be recognized as the relevant conditions are met. Such revenue may include subordinated disposition revenue of no more than 3% of the value of any assets sold, payable only after shareholders have received back their initial investment plus a specified preferred return, and subordinated incentive revenue of 15% of the net cash proceeds distributable to shareholders from the disposition of properties, after recoupment by shareholders of their initial investment plus a specified preferred return. We may also, in connection with the termination of the advisory agreements for the REITs, be entitled to a termination payment based on the amount by which the fair value of a REITs properties, less indebtedness, exceeds investors capital plus a specified preferred return.

We waived any acquisition fees payable by CPA®:16 Global under its advisory agreement with us in respect of the properties it acquired in the CPA®:14/16 Merger and also waived any disposition fees that may subsequently be payable by CPA®:16 Global upon a sale of such assets. As the advisor to CPA®:14, we earned acquisition fees related to those properties when they were acquired by CPA®:14 and disposition fees on those properties to CPA®:16 Global by CPA®:14 in the CPA®:14/16 Merger and, as a result, we and CPA®:16 Global agreed that we should not receive fees upon the acquisition or disposition of the same properties by CPA®:16 Global. As a condition of the Proposed Merger, we have agreed to waive our subordinated disposition and termination fees from CPA®:15.

*Structuring Revenue*

Under the terms of the advisory agreements, we earn revenue in connection with structuring and negotiating investments and related financing for the REITs, which we call acquisition revenue. We may receive acquisition revenue of up to an average of 4.5% of the total cost of all investments made by each CPA® REIT. A portion of this revenue (generally 2.5%) is paid when the transaction is completed, while the remainder (generally 2%) is payable in annual installments ranging from three to eight years, provided the relevant CPA® REIT meets its performance criterion. For certain types of non-long term net lease investments acquired on behalf of CPA®:17 Global, initial acquisition revenue may range from 0% to 1.75% of the equity invested plus the related acquisition revenue, with no deferred acquisition revenue being earned. For CWI, we earn initial

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acquisition revenue of 2.5% of the total investment cost of the properties acquired and loans originated by us not to exceed 6% of the aggregate contract purchase price of all investments and loans with no deferred acquisition revenue being earned. We may also be entitled, subject to the REIT board approval, to fees for structuring loan refinancing of up to 1% of the principal amount. This loan refinancing revenue, together with the acquisition revenue, is referred to as structuring revenue.

Unpaid transaction fees, including accrued interest, are included in Due from affiliates in the consolidated financial statements. Unpaid transaction fees bear interest at annual rates ranging from 5% to 7%. The following tables present the amount of unpaid transaction fees and interest earned on these fees (in thousands):

| | At December 31, 2011 | At December 31, 2010 |
|---|---|---|
| Unpaid deferred acquisition fees | $ 29,410 | $ 31,419 |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Interest earned on unpaid deferred acquisition fees | $ 1,332 | $ 1,136 | $ 1,534 |

*Distributions of Available Cash and Deferred Revenue Earned*

We receive distributions of our proportionate share of earnings up to 10% of available cash from CPA®:17 Global, CWI, and after the UPREIT reorganization, CPA®:16 Global, as defined in the respective advisory agreements, from their operating partnerships. As discussed under CPA®:16 Global UPREIT Reorganization below, we acquired the Special Member Interest in CPA®:16 Global s operating partnership for $0.3 million during the second quarter of 2011. We recorded the Special Member Interest at its fair value of $28.3 million, which is net of approximately $6.0 million related to our ownership interest in CPA®:16 Global that was eliminated in our consolidated financial statement, to be amortized into earnings over the expected period of performance. Cash distributions of our proportionate share of earnings from the CPA®:16 Global and CPA®:17 Global operating partnerships as well as deferred revenue earned from our Special Member Interest in CPA®:16 Global s operating partnership are recorded as Income from equity investments in real estate and the REITs within the Investment Management segment. We have not yet received any cash distributions of our proportionate share of earnings from CWI s operating partnership because CWI had no earnings through December 31, 2011.

***Other Transactions with Affiliates***

*CPA®:14/16 Merger*

On May 2, 2011, CPA®:14 merged with and into a subsidiary of CPA®:16 Global. In connection with the CPA®:14/16 Merger, on May 2, 2011, we purchased the remaining interests in three ventures from CPA®:14, in which we already had a partial ownership interest, for an aggregate purchase price of $31.8 million, plus the assumption of $87.6 million of indebtedness (Note 4). The purchase price was based on the appraised values of the ventures underlying properties and debt.

In the CPA®:14/16 Merger, CPA®:14 shareholders were entitled to receive $11.50 per share, which was equal to the estimated NAV of CPA®:14 as of September 30, 2010. For each share of CPA®:14 stock owned, each CPA®:14 shareholder received a $1.00 per share special cash dividend and a choice of either (i) $10.50 in cash or (ii) 1.1932 shares of CPA®:16 Global. The merger consideration of $954.5 million was paid by CPA®:16 Global, including payment of $444.0 million to liquidating shareholders and issuing 57,365,145 shares of common stock with a fair value of $510.5 million on the date of closing to shareholders of CPA®:14 in exchange for 48,076,723 shares of CPA®:14 common stock. The $1.00 per share special cash distribution, totaling $90.4 million in the aggregate, was funded from the proceeds of the CPA®:14 Asset Sales. In connection with the CPA®:14/16 Merger, we agreed to purchase a sufficient number of shares of CPA®:16 Global common stock from CPA®:16 Global to enable it to pay the merger consideration if the cash on hand and available to CPA®:14 and CPA®:16 Global, including the proceeds of the CPA®:14 Asset Sales and a new $320.0 million senior credit facility of CPA®:16 Global, were not sufficient. Accordingly, we purchased 13,750,000 shares of CPA®:16 Global on May 2, 2011 for $121.0 million, which we funded, along with other obligations, with cash on hand and $121.4 million drawn on our then-existing unsecured line of credit.

Upon consummation of the CPA®:14/16 Merger, we earned revenues of $31.2 million in connection with the termination of the advisory agreement with CPA®:14 and $21.3 million of subordinated disposition revenues. We elected to receive our termination revenue in 2,717,138 shares of CPA®:14, which were exchanged into 3,242,089 shares of CPA®:16 Global in the CPA®:14/16 Merger. In addition, we received $11.1 million in cash as a result of the $1.00 per share special cash distribution paid by CPA®:14 to its shareholders. Upon closing of the CPA®:14/16 Merger, we received 13,260,091 shares of common stock of CPA®:16 Global in respect of our shares of CPA®:14.

CAM waived any acquisition fees payable by CPA®:16 Global under its advisory agreement with CAM in respect of the properties acquired in the CPA®:14/16 Merger and also waived any disposition fees that may subsequently be payable by CPA®:16 Global upon a sale of such assets. As the advisor to CPA®:14, CAM earned acquisition fees related to those properties acquired by CPA®:14 and disposition fees on those properties upon the liquidation of CPA®:14 and, as a result, CAM and CPA®:16 Global agreed that CAM should not receive fees upon the acquisition or disposition of the same properties by CPA®:16 Global.

*CPA®:16 Global UPREIT Reorganization*

Immediately following the CPA®:14/16 Merger on May 2, 2011, CPA®:16 Global completed an internal reorganization whereby CPA®:16 Global formed an UPREIT, which was approved by CPA®:16 Global shareholders in connection with the CPA®:14/16 Merger. In connection with the formation of the UPREIT, CPA®:16 Global contributed substantially all of its assets and liabilities to an operating partnership in exchange for a managing member interest and units of membership interest in the operating partnership, which together represent a 99.985% capital interest of the Managing Member. Through Carey REIT III, we acquired a Special Member Interest of 0.015% in the operating partnership for $0.3 million, entitling us to receive certain profit allocations and distributions of cash.

As consideration for the Special Member Interest, we amended our advisory agreement with CPA®:16 Global to give effect to this UPREIT reorganization and to reflect a revised fee structure whereby (i) our asset management fees are prospectively reduced to 0.5% from 1.0% of the asset value of a property under management, (ii) the former 15% subordinated incentive fee and termination fees have been eliminated and replaced by (iii) a 10% Special General Partner Available Cash Distribution and (iv) the 15% Final Distribution, each defined below. The sum of the new 0.5% asset management fee and the Available Cash Distribution is expected to be lower than the original 1.0% asset management fee; accordingly, the Available Cash Distribution is contractually limited to 0.5% of the value of CPA®:16 Global s assets under management. However, the amount of after-tax cash we receive pursuant to this revised structure is anticipated to be greater than the amount we received under the previous arrangement. The fee structure related to initial acquisition fees, subordinated acquisition fees and subordinated disposition fees for CPA®:16 Global remains unchanged.

As Special General Partner, we are entitled to 10% of the operating partnership s available cash (the Available Cash Distribution ), which is defined as the operating partnership s cash generated from operations, excluding capital proceeds, as reduced by operating expenses and debt service, excluding prepayments and balloon payments. We may elect to receive our Available Cash Distribution in shares of CPA®:16 Global s common stock. In the event of a capital transaction such as a sale, exchange, disposition or refinancing of CPA®:16 Global s assets, we are also entitled to receive a Final Distribution equal to 15% of residual returns after giving effect to a 100% return of the Managing Member s invested capital plus a 6% priority return.

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We recorded the Special Member Interest as an equity investment at its fair value of $28.3 million and an equal amount of deferred revenues (Note 6), which is net of approximately $6.0 million related to our ownership interest of approximately 17.5% in CPA®:16 Global that was eliminated in our consolidated financial statements. We will recognize the deferred revenue earned from our Special Member Interest in CPA®:16 Global s operating partnership into earnings on a straight-line basis over the expected period of performance, which is currently estimated at three years based on the stated intended life of CPA®:16 Global as described in its offering documents. The amount of deferred revenue recognized during the year ended December 31, 2011 was $5.7 million, which is net of $0.6 million in amortization associated with the basis differential generated by the Special Member Interest in CPA®:16 Global s operating partnership and our underlying claim on the net assets of CPA®:16 Global. We determined the fair value of the Special Member Interest based upon a discounted cash flow model, which included assumptions related to estimated future cash flows of CPA®:16 Global and the estimated duration of the fee stream of three years. The equity investment is evaluated for impairment consistent with the policy described in Note 2.

*Other*

We are the general partner in a limited partnership (which we consolidate for financial statement purposes) that leases our office space and participates in an agreement with certain affiliates, including the REITs, for the purpose of leasing office space used for the administration of our operations and the operations of our affiliates and for sharing the associated costs. This limited partnership does not have any significant assets, liabilities or operations other than its interest in the office lease. The average estimated minimum lease payments for the office lease, inclusive of noncontrolling interests, at December 31, 2011 approximates $3.0 million annually through 2016. The table below presents income from noncontrolling interest partners related to reimbursements from these affiliates (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Income from noncontrolling interest partners | $ 2,542 | $ 2,372 | $ 2,374 |

The following table presents deferred rent due to affiliates related to this limited partnership, which are included in Accounts payable, accrued expenses and other liabilities in the consolidated balance sheets (in thousands):

| | December 31, | |
|---|---|---|
| | **2011** | **2010** |
| Deferred rent due to affiliates | $ 798 | $ 854 |

We own interests in entities ranging from 5% to 95%, as well as jointly-controlled tenancy-in-common interests in properties, with the remaining interests generally held by affiliates, and own common stock in each of the REITs. We consolidate certain of these investments and account for the remainder under the equity method of accounting.

One of our directors and officers is the sole shareholder of Livho, a subsidiary that operates a hotel investment. We consolidate the accounts of Livho in our consolidated financial statements because it is a VIE and we are its primary beneficiary.

A family member of one of our directors has an ownership interest in certain companies that own a noncontrolling interest in one of our French majority-owned subsidiaries. This ownership interest is subject to substantially the same terms as all other ownership interests in the subsidiary companies.

An officer owns a redeemable noncontrolling interest (Note 13) in W. P. Carey International LLC ( WPCI ), a subsidiary that structures net lease transactions on behalf of the CPA® REITs outside of the U.S., as well as certain related entities.

In February 2011, we loaned $90.0 million at an annual interest rate of 1.15% to CPA®:17 Global, which was repaid on April 8, 2011. In May 2011, we loaned $4.0 million at an annual interest rate equal to LIBOR plus 2.5% to CWI, which was repaid on June 6, 2011. In September 2011, we loaned $2.0 million at an annual interest rate equal to LIBOR plus 0.9% to CWI, of which $1.0 million was repaid on September 13, 2011 and the remaining $1.0 million was repaid on October 6, 2011. All of these loans were repaid by or before their respective maturity dates. In connection with these loans, we received interest income totaling $0.2 million during the year ended December 31, 2011.

**Note 4. Net Investments in Properties**

*Real Estate*

Real estate, which consists of land and buildings leased to others, at cost, and which are subject to operating leases, is summarized as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Land | $ 111,483 | $ 111,660 |
| Buildings | 534,999 | 448,932 |
| Less: Accumulated depreciation | (118,054) | (108,032) |
| | $ 528,428 | $ 452,560 |

*Real Estate Acquired During 2011* As discussed in Note 3, in connection with the CPA®:14/16 Merger in May 2011, we purchased the remaining interests in certain ventures, in which we already had a joint interest, from CPA®:14 as part of the CPA®:14 Asset Sales. These three ventures, which lease properties to Checkfree, Federal Express and Amylin, had an aggregate fair value of $174.8 million at the date of acquisition. Prior to this purchase, we had consolidated the Checkfree venture and accounted for the Federal Express and Amylin ventures under the equity method. As part of the transaction, we assumed the related non-recourse mortgages on the Federal Express and Amylin ventures. These two mortgages and the mortgage on the Checkfree venture had an aggregate fair value of $117.1 million at the date of acquisition (Note 11). Amounts provided are the total amounts attributable to the venture properties and do not represent the proportionate share that we purchased. Upon acquiring the remaining interests in the ventures leased to Federal Express and Amylin, we owned 100% of these ventures and accounted for these acquisitions as step acquisitions utilizing the purchase method of accounting. Due to the change in control of the ventures that occurred, and in accordance with ASC 810 involving a step acquisition where control is obtained and there is a previously held equity interest, we recorded an aggregate gain of approximately $27.9 million related to the difference between our respective carrying values and the fair values of our previously held interests on the acquisition date. Subsequent to our acquisition, we consolidate all of these wholly-owned ventures. The consolidation of these ventures resulted in an increase of $90.2 million and $40.8 million to Real estate, net and net lease intangibles, respectively, in May 2011.

During 2011, we reclassified real estate with a net carrying value of $17.9 million to Real estate in connection with an out-of-period adjustment (Note 2).

*Real Estate Acquired During 2010* In February 2010, we entered into a domestic investment that was deemed to be a real estate asset acquisition at a total cost of $47.6 million and capitalized acquisition-related costs of $0.1 million. We funded the investment with the escrowed proceeds of $36.1 million from a sale of property in December 2009 in an exchange transaction under Section 1031 of the Internal Revenue Code and $11.5 million from our line of credit.

In June 2010, a venture in which we and an affiliate hold 70% and 30% interests, respectively, and which we consolidate, entered into an investment in Spain for a total cost of $27.2 million, inclusive of a noncontrolling interest of $8.4 million. We funded our share of the purchase price with proceeds from our prior line of credit. In connection with this transaction, which was deemed to be a real estate asset acquisition, we capitalized acquisition-related costs and fees totaling $1.0 million, inclusive of amounts attributable to a noncontrolling interest of $0.6 million. Dollar amounts are based on the exchange rate of the Euro on the date of acquisition.

*Operating Real Estate*

Operating real estate, which consists primarily of our investments in 21 self-storage properties through Carey Storage and our Livho hotel subsidiary, at cost, is summarized as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Land | $ 24,031 | $ 24,030 |
| Buildings | 85,844 | 85,821 |
| Less: Accumulated depreciation | (17,121) | (14,280) |
| | $ 92,754 | $ 95,571 |

In January 2009, Carey Storage completed a transaction whereby it received cash proceeds of $21.9 million, plus a commitment to invest up to a further $8.1 million of equity, from the Investor to fund the purchase of self-storage assets in the future in exchange for an interest of approximately 60% in its self-storage portfolio ( Carey Storage Venture ). We reflect the Carey Storage Venture s operations in our Real Estate Ownership segment. Costs totaling $1.0 million incurred in structuring the transaction and bringing in the Investor into these operations were reflected in General and administrative expenses in our Investment Management segment during 2009. Prior to September 2010, we accounted for this transaction under the profit-sharing method because Carey Storage had a contingent option to repurchase this interest from the Investor at fair value. During the third quarter of 2010, Carey Storage amended its agreement with the Investor to, among other matters, remove the contingent purchase option in the original agreement. However, Carey Storage retained a controlling interest in the Carey Storage Venture. As of September 30, 2010, we have reclassified the Investor s interest from Accounts payable, accrued expenses and other liabilities to Noncontrolling interests on our consolidated balance sheet.

*Operating Real Estate Acquired During 2010* During 2010, the Carey Storage Venture and an entity owned 100% by Carey Storage acquired eight self-storage properties in the U.S. at a total cost of $22.0 million, inclusive of amounts attributable to the Investor s interest of $11.5 million. These investments were deemed to be business combinations, and as a result, Carey Storage expensed acquisition-related costs of $0.4 million, inclusive of amounts attributable to the Investor s interest of $0.2 million.

*Scheduled Future Minimum Rents*

Scheduled future minimum rents, exclusive of renewals and expenses paid by tenants and future CPI-based increases under non-cancelable operating leases, at December 31, 2011 are as follows (in thousands):

| Years Ending December 31, | Total |
|---|---|
| 2012 | $ 61,734 |
| 2013 | 59,039 |
| 2014 | 56,844 |
| 2015 | 49,094 |
| 2016 | 40,352 |

**Note 5. Finance Receivables**

Assets representing rights to receive money on demand or at fixed or determinable dates are referred to as finance receivables. Our finance receivable portfolios consist of our Net investments in direct financing leases and deferred acquisition fees. Operating leases are not included in finance receivables as such amounts are not recognized as an asset in the consolidated balance sheets.

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*Net Investment in Direct Financing Leases*

Net investment in direct financing leases is summarized as follows (in thousands):

| | December 31, | |
|---|---|---|
| | **2011** | **2010** |
| Minimum lease payments receivable | $ 29,986 | $ 57,380 |
| Unguaranteed residual value | 57,218 | 75,595 |
| | 87,204 | 132,975 |
| Less: unearned income | (29,204) | (56,425) |
| | $ 58,000 | $ 76,550 |

During the years ended December 31, 2010 and 2009, in connection with our annual reviews of our estimated residual values of our properties, we recorded impairment charges related to several direct financing leases of $1.1 million and $2.6 million, respectively. Impairment charges related primarily to other-than-temporary declines in the estimated residual values of the underlying properties due to market conditions (Note 10). In the fourth quarter of 2011, we also recorded $1.6 million in connection with an out-of-period adjustment (Note 2). At December 31, 2011 and 2010, Other assets, net included less than $0.1 million and $0.3 million, respectively, of accounts receivable related to amounts billed under these direct financing leases.

During 2011, we reclassified $17.6 million out of Net investments in direct financing leases in connection with an out-of-period adjustment (Note 2).

Scheduled future minimum rents, exclusive of renewals and expenses paid by tenants, percentage of sales rents and future CPI-based adjustments, under non-cancelable direct financing leases at December 31, 2011 are as follows (in thousands):

| **Years Ending December 31,** | **Total** |
|---|---|
| 2012 | $ 7,999 |
| 2013 | 7,777 |
| 2014 | 5,364 |
| 2015 | 2,831 |
| 2016 | 2,078 |

*Deferred Acquisition Fees Receivable*

As described in Note 3, we earn revenue in connection with structuring and negotiating investments and related mortgage financing for the REITs. A portion of this revenue is due in equal annual installments ranging from three to four years, provided the relevant CPA® REIT meets its performance criterion. Unpaid deferred installments, including accrued interest, from all of the CPA® REITs were included in Due from affiliates in the consolidated financial statements.

*Credit Quality of Finance Receivables*

We generally seek investments in facilities that we believe are critical to a tenant s business and that we believe have a low risk of tenant defaults. At December 31, 2011 and 2010, none of the balances of our finance receivables were past due and we had not established any allowances for credit losses. Additionally, there have been no modifications of finance receivables. We evaluate the credit quality of our tenant receivables utilizing an internal 5-point credit rating scale, with 1 representing the highest credit quality and 5 representing the lowest. The credit quality evaluation of our tenant receivables was last updated in the fourth quarter of 2011. We believe the credit quality of our deferred acquisition fees receivable falls under category 1, as all of the CPA® REITs are expected to have the available cash to make such payments.

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A summary of our finance receivables by internal credit quality rating for the periods presented is as follows (dollars in thousands):

| Internal Credit Quality Indicator | Number of Tenants at December 31, 2011 | Number of Tenants at December 31, 2010 | Net Investments in Direct Financing Leases at December 31, 2011 | Net Investments in Direct Financing Leases at December 31, 2010 |
|---|---|---|---|---|
| 1 | 8 | 9 | $ 46,694 | $ 49,533 |
| 2 | 2 | 5 | 11,306 | 24,447 |
| 3 | | | | |
| 4 | | 1 | | 2,570 |
| 5 | | | | |
| | | | $ 58,000 | $ 76,550 |

**Note 6. Equity Investments in Real Estate and the REITs**

We own interests in the REITs and unconsolidated real estate investments. We account for our interests in these investments under the equity method of accounting (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions, plus contributions and other adjustments required by equity method accounting, such as basis differences from other-than-temporary impairments). These investments are summarized below.

*REITs*

We own interests in the REITs and account for these interests under the equity method because, as their advisor and through our ownership in their common shares, we do not exert control over, but have the ability to exercise significant influence on, the REITs. Shares of the REITs are publicly registered and the REITs file periodic reports with the SEC, but the shares are not listed on any exchange and are not actively traded. We earn asset management and performance revenue from the REITs and have elected, in certain cases, to receive a portion of this revenue in the form of common stock of the REITs rather than cash.

The following table sets forth certain information about our investments in the REITs (dollars in thousands):

| Fund | % of Outstanding Shares at December 31, 2011 | % of Outstanding Shares at December 31, 2010 | Carrying Amount of Investment at December 31, [a] 2011 | Carrying Amount of Investment at December 31, [a] 2010 |
|---|---|---|---|---|
| CPA®:14 [b] | 0.0% | 9.2% | | $ 87,209 |
| CPA®:15 | 7.7% | 7.1% | $ 93,650 | 87,008 |
| CPA®:16 Global [c] | 17.9% | 5.6% | 338,964 | 62,682 |
| CPA®:17 Global | 0.9% | 0.6% | 21,277 | 8,156 |
| CWI [d] | 0.5% | 100.0% | 121 | |
| | | | $ 454,012 | $ 245,055 |

(a) Includes asset management fees receivable, for which shares that will be issued during the subsequent period.

(b) In connection with the CPA®:14/16 Merger, we earned termination fees of $31.2 million, which were received in shares of CPA®:14. Upon closing of the CPA®:14/16 Merger (Note 3), our shares of CPA®:14 were exchanged into 13,260,091 shares of CPA®:16 Global with a fair value of $118.0 million. In connection with this share exchange, we recognized a gain of $2.8 million, which is the difference between the carrying value of our investment in CPA®:14 and the estimated fair value of consideration received in shares of CPA®:16 Global. This gain is included in Other income and (expenses) within our Investment Management segment.

(c) Our investment in CPA®:16 Global exceeded 20% of our total assets at December 31, 2011. As such, audited annual financial statements of CPA®:16 Global are provided with this Report. In addition to normal operating activities, the increase in carrying value was due to several factors, including (i) our purchase of 13,750,000 shares of CPA®:16 Global for $121.0 million; (ii) an increase of $118.0 million as a result of the exchange of our shares of CPA®:14 into shares of CPA®:16 Global in the CPA®:14/16 Merger; (iii) a $0.3 million contribution to acquire the Special Member Interest in CPA®:16 Global s operating partnership; and (iv) $28.3 million to reflect the receipt of the Special Member Interest in CPA®:16 Global s operating partnership (Note 3).

(d) Prior to 2011, the operating results of CWI, which had no significant assets, liabilities or operations, were included in our consolidated financial statements, as we owned all of CWI s outstanding common stock.

The following tables present preliminary combined summarized financial information for the REITs. Amounts provided are expected total amounts attributable to the REITs and do not represent our proportionate share (in thousands):

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Assets | $ 9,184,111 | $ 8,533,899 |
| Liabilities | (4,896,116) | (4,632,709) |
| Redeemable noncontrolling interest | (21,306) | (21,805) |
| Noncontrolling interests | (330,873) | (376,560) |
| Shareholders equity | $ 3,935,816 | $ 3,502,825 |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Revenues | $ 789,933 | $ 737,369 | $ 699,369 |
| Expenses [(a)] | (599,822) | (501,216) | (603,558) |
| Net income from continuing operations | $ 190,111 | $ 236,153 | $ 95,811 |
| Net income (loss) attributable to the REITs [(b)] | $ 123,479 | $ 189,155 | $ (5,173) |

(a) Total net expenses recognized by the REITs during the year ended December 31, 2011 included the following items related to the CPA®:14/16 Merger: (i) $78.8 million of net gains recognized by CPA®:14 in connection with the CPA®:14 Asset Sales, of which our share was approximately $7.4 million; (ii) a net bargain purchase gain of $28.7 million recognized by CPA®:16 Global in connection with the CPA®:14/16 Merger as a result of the fair value of CPA®:14 exceeding the total merger consideration, of which our share was approximately $5.0 million; (iii) approximately $13.6 million of expenses incurred by CPA®:16 Global related to the CPA®:14/16 Merger, of which our share was approximately $2.4 million; and (iv) a $2.8 million net loss recognized by CPA®:16 Global in connection with the prepayment of certain non-recourse mortgages, of which our share was approximately $0.5 million.

(b) Inclusive of impairment charges recognized by the REITs totalling $61.7 million, $40.7 million and $170.0 million during the years ended December 31, 2011, 2010, and 2009, respectively, which reduced our income earned from these investments by $7.8 million, $3.0 million, and $11.5 million, respectively.

We recognized income (loss) from our equity investments in the REITs of $16.9 million, $10.5 million, and $(2.5) million for the years ended December 31, 2011, 2010, and 2009, respectively. In addition, we received distributions from and recorded fee income from the CPA®:16 Global and CPA®:17 Global operating partnerships totaling $15.5 million, $4.5 million, and $2.2 million for the years ended December 31, 2011, 2010, and 2009, respectively, which we recorded as Income from equity investments in the REITs within the Investment Management segment. We also earned deferred revenue related to our Special Member Interest in the operating partnership of CPA®:16 Global of $5.7 million during the year ended December 31, 2011.

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*Interests in Unconsolidated Real Estate Investments*

We own interests in single-tenant net leased properties that are leased to corporations through noncontrolling interests (i) in partnerships and limited liability companies that we do not control but over which we exercise significant influence or (ii) as tenants-in-common subject to common control. Generally, the underlying investments are jointly-owned with affiliates. We account for these investments under the equity method of accounting.

The following table sets forth our ownership interests in our equity investments in real estate and their respective carrying values. The carrying value of these ventures is affected by the timing and nature of distributions (dollars in thousands):

| | Ownership Interest | Carrying Value at December 31, | |
|---|---|---|---|
| **Lessee** | **at December 31, 2011** | **2011** | **2010** |
| Carrefour France, SAS [a] | 46% | $ 20,014 | $ 18,274 |
| Schuler A.G. [a] [b] | 33% | 19,958 | 20,493 |
| The New York Times Company | 18% | 19,647 | 20,191 |
| U.S. Airways Group, Inc. [b] | 75% | 7,415 | 7,934 |
| Medica France, S.A. [a] [c] | 46% | 4,430 | 5,232 |
| Hologic, Inc. [b] | 36% | 4,429 | 4,383 |
| Childtime Childcare, Inc. [d] | 34% | 4,419 | 1,862 |
| Consolidated Systems, Inc. [b] | 60% | 3,387 | 3,388 |
| Hellweg Die Profi-Baumarkte GmbH & Co. KG [a] | 5% | 1,062 | 1,086 |
| Symphony IRI Group, Inc. [e] [g] | 33% | (24) | 3,375 |
| Federal Express Corporation [f] [g] [h] | 100% | | (4,272) |
| Amylin Pharmaceuticals, Inc. [g] [h] [i] | 100% | | (4,707) |
| | | $ 84,737 | $ 77,239 |

(a) The carrying value of the investment is affected by the impact of fluctuations in the exchange rate of the Euro.
(b) Represents a tenancy-in-common interest.
(c) The decrease in carrying value was due to cash distributions made to us by the venture.
(d) In 2011, we made a contribution of $2.1 million to the venture to pay off our share of its maturing mortgage loan.
(e) In 2011, this venture sold one of its properties and distributed the proceeds to the venture partners. Our share of the proceeds was approximately $1.4 million, which exceeded our total investment in the venture at that time.
(f) In 2010, this venture refinanced its maturing non-recourse mortgage debt with new non-recourse financing and distributed the net proceeds to the venture partners. Our share of the distribution was $5.5 million, which exceeded our total investment in the venture at that time.
(g) At December 31, 2011 or 2010, as applicable, we intended to fund our share of the venture s future operating deficits if the need arose. However, we had no legal obligation to pay for any of the venture s liabilities nor did we have any legal obligation to fund operating deficits.
(h) In connection with the CPA®:14/16 Merger in May 2011, we purchased the remaining interest in this investment from CPA®:14. Subsequent to the acquisition, we consolidate this investment as our ownership interest in the investment is now 100% (Note 4).
(i) In 2007, this venture refinanced its existing non-recourse mortgage debt with new non-recourse financing based on the appraised value of its underlying real estate and distributed the proceeds to the venture partners. Our share of the distribution was $17.6 million, which exceeded our total investment in the venture at that time.

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The following tables present combined summarized financial information of our venture properties. Amounts provided are the total amounts attributable to the venture properties and do not represent our proportionate share (in thousands):

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Assets | $ 1,026,124 | $ 1,151,859 |
| Liabilities | (706,244) | (818,238) |
| Partners /members equity | $ 319,880 | $ 333,621 |

| | Years Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| Revenues | $ 118,819 | $ 146,214 | $ 119,265 |
| Expenses | (75,992) | (79,665) | (61,519) |
| Impairment charge [(a)] | (8,602) | | |
| Net income from continuing operations | $ 34,225 | $ 66,549 | $ 57,746 |
| Net income attributable to the joint ventures | $ 34,225 | $ 66,549 | $ 57,746 |

(a) Represents an impairment charge incurred by a venture that leases property to the Symphony IRI Group, Inc. in connection with a potential sale of the property, of which our share was approximately $0.4 million. The venture completed the sale in June 2011.

We recognized income from equity investments in real estate of $13.1 million, $16.0 million, and $13.8 million for the years ended December 31, 2011, 2010, and 2009, respectively. Income from equity investments in real estate represents our proportionate share of the income or losses of these ventures as well as certain depreciation and amortization adjustments related to other-than-temporary impairment charges.

**Note 7. Intangible Assets and Goodwill**

In connection with our acquisitions of properties, we have recorded net lease intangibles of $76.6 million, which are being amortized over periods ranging from one year to 40 years. In-place lease, tenant relationship and above-market rent intangibles are included in Intangible assets and goodwill, net in the consolidated financial statements. Below-market rent intangibles are included in Accounts payable, accrued expenses and other liabilities in the consolidated financial statements.

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Intangibles and goodwill are summarized as follows (in thousands):

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| **Amortizable Intangible Assets** | | |
| Management contracts | $ 32,765 | $ 32,765 |
| Less: accumulated amortization | (30,172) | (29,035) |
| | 2,593 | 3,730 |
| Lease Intangibles: [(a)] | | |
| In-place lease | 62,162 | 23,028 |
| Tenant relationship | 10,968 | 10,251 |
| Above-market rent | 9,905 | 9,737 |
| Less: accumulated amortization | (27,253) | (26,560) |
| | 55,782 | 16,456 |
| **Unamortizable Goodwill and Indefinite-Lived Intangible Assets** | | |
| Goodwill | 63,607 | 63,607 |
| Trade name | 3,975 | 3,975 |
| | 67,582 | 67,582 |
| | $ 125,957 | $ 87,768 |
| **Amortizable Below-Market Rent Intangible Liabilities** | | |
| Below-market rent | $ (6,455) | $ (1,954) |
| Less: accumulated amortization | 1,482 | 1,270 |
| | $ (4,973) | $ (684) |

(a) In September 2011, we deconsolidated a wholly-owned subsidiary because we no longer had control over the activities that most significantly impact its economic performance following possession of the subsidiary s property by a receiver (Note 16). As of the date of deconsolidation, the subsidiary had lease intangibles consisting of the following: $1.5 million of in-place lease; $1.1 million of tenant relationship, $1.8 million of above-market rent and $4.4 million of accumulated amortization.

Current accounting guidance requires that we test for the recoverability of goodwill at the reporting unit level. The test for recoverability must be conducted at least annually or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. We performed our annual test for impairment during the fourth quarter of 2011 and no impairment was indicated.

Net amortization of intangibles was $6.0 million, $5.6 million and $6.6 million for the years ended December 31, 2011, 2010 and 2009, respectively. Amortization of below-market and above-market rent intangibles is recorded as an adjustment to Lease revenues, while amortization of in-place lease and tenant relationship intangibles is included in Depreciation and amortization.

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Based on the intangible assets and liabilities recorded at December 31, 2011, scheduled annual net amortization of intangibles for each of the next five years is as follows (in thousands):

| Years Ending December 31, | Total |
|---|---|
| 2012 | $ 6,236 |
| 2013 | 5,231 |
| 2014 | 4,861 |
| 2015 | 4,706 |
| 2016 | 4,621 |
| Thereafter | 27,747 |
| | $ 53,402 |

**Note 8. Fair Value Measurements**

Under current authoritative accounting guidance for fair value measurements, the fair value of an asset is defined as the exit price, which is the amount that would either be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-tier fair value hierarchy based on the inputs used in measuring fair value. These tiers are: Level 1, for which quoted market prices for identical instruments are available in active markets, such as money market funds, equity securities and U.S. Treasury securities; Level 2, for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument, such as certain derivative instruments including interest rate caps and swaps; and Level 3, for which little or no market data exists, therefore requiring us to develop our own assumptions, such as certain securities.

***Items Measured at Fair Value on a Recurring Basis***

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

*Money Market Funds* Our money market funds consisted of government securities and U.S. Treasury bills. These funds were classified as Level 1 as we used quoted prices from active markets to determine their fair values.

*Derivative Assets and Liabilities* Our derivative assets and liabilities are primarily comprised of interest rate swaps or caps. These derivative instruments were measured at fair value using readily observable market inputs, such as quotations on interest rates. These derivative instruments were classified as Level 2 because they are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market.

*Other Securities* Our other securities are primarily comprised of our investment in an India growth fund and our interest in a commercial mortgage loan securitization. These funds are not traded in an active market. We estimated the fair value of these securities using internal valuation models that incorporate market inputs and our own assumptions about future cash flows. We classified these assets as Level 3.

*Redeemable Noncontrolling Interest* We account for our noncontrolling interest in WPCI as a redeemable noncontrolling interest (Note 13). We determined the valuation of the redeemable noncontrolling interest using widely accepted valuation techniques, including expected discounted cash flows of the investment as well as the income capitalization approach, which considers prevailing market capitalization rates. We classified this liability as Level 3.

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The following tables set forth our assets and liabilities that were accounted for at fair value on a recurring basis. Assets and liabilities presented below exclude assets and liabilities owned by unconsolidated ventures (in thousands):

| | | Fair Value Measurements at December 31, 2011 Using: | | |
|---|---|---|---|---|
| Description | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Money market funds | $ 35 | $ 35 | $ | $ |
| Other securities | 1,535 | | | 1,535 |
| Total | $ 1,570 | $ 35 | $ | $ 1,535 |
| Liabilities: | | | | |
| Derivative liabilities | $ 4,175 | $ | $ 4,175 | $ |
| Redeemable noncontrolling interest | 7,700 | | | 7,700 |
| Total | $ 11,875 | $ | $ 4,175 | $ 7,700 |

| | | Fair Value Measurements at December 31, 2010 Using: | | |
|---|---|---|---|---|
| Description | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Money market funds | $ 37,154 | $ 37,154 | $ | $ |
| Other securities | 1,726 | | | 1,726 |
| Derivative assets | 312 | | 312 | |
| Total | $ 39,192 | $ 37,154 | $ 312 | $ 1,726 |
| Liabilities: | | | | |
| Derivative liabilities | $ 969 | $ | $ 969 | $ |
| Redeemable noncontrolling interest | 7,546 | | | 7,546 |
| Total | $ 8,515 | $ | $ 969 | $ 7,546 |

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| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3 Only) | | | |
|---|---|---|---|---|
| | Year Ended December 31, 2011 | | Year Ended December 31, 2010 | |
| | Assets | Liabilities | Assets | Liabilities |
| | Other Securities | Redeemable Noncontrolling Interest | Other Securities | Redeemable Noncontrolling Interest |
| Beginning balance | $ 1,726 | $ 7,546 | $ 1,687 | $ 7,692 |
| Total gains or losses (realized and unrealized): | | | | |
| Included in earnings | (20) | 1,923 | 4 | 1,293 |
| Included in other comprehensive (loss) income | (11) | (5) | 12 | (12) |
| Purchases | 53 | | 23 | |
| Settlements | (213) | | | |
| Distributions paid | | (1,309) | | (956) |
| Redemption value adjustment | | (455) | | (471) |
| Ending balance | $ 1,535 | $ 7,700 | $ 1,726 | $ 7,546 |
| The amount of total gains or (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date | $ (20) | $ | $ 4 | $ |

We did not have any transfers into or out of Level 1, Level 2 and Level 3 measurements during the years ended December 31, 2011 and 2010. Gains and losses (realized and unrealized) included in earnings for other securities are reported in Other income and (expenses) in the consolidated financial statements.

Our other financial instruments had the following carrying values and fair values as of the dates shown (in thousands):

| | December 31, 2011 | | December 31, 2010 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Non-recourse and limited-recourse debt | $ 356,209 | $ 361,948 | $ 255,232 | $ 255,460 |
| Line of credit | 233,160 | 233,160 | 141,750 | 140,600 |
| Deferred acquisition fees receivable | 29,410 | 31,638 | 31,419 | 32,485 |

We determined the estimated fair value of our debt instruments using a discounted cash flow model with rates that take into account the credit of the tenants and interest rate risk. We estimated that our other financial assets and liabilities (excluding net investments in direct financing leases) had fair values that approximated their carrying values at both December 31, 2011 and 2010.

***Items Measured at Fair Value on a Non-Recurring Basis***

We perform an assessment, when required, of the value of certain of our real estate investments in accordance with current authoritative accounting guidance. As part of that assessment, we determine the valuation of these assets using widely accepted valuation techniques, including expected discounted cash flows or an income capitalization approach, which considers prevailing market capitalization rates. We review each investment based on the highest and best use of the investment and market participation assumptions. We determined that the significant inputs used to value these investments fall within Level 3. As a result of our assessments, we calculated impairment charges, which were based on market conditions and assumptions that existed at the time. The valuation of real estate is subject to significant judgment and actual results may differ materially if market conditions or the underlying assumptions change.

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The following table presents information about our other assets that were measured on a fair value basis for the periods presented. All of the impairment charges were measured using unobservable inputs (Level 3) and were recorded based on market conditions and assumptions that existed at the time (in thousands):

| | Year Ended December 31, 2011 | | Year Ended December 31, 2010 | | Year Ended December 31, 2009 | |
|---|---|---|---|---|---|---|
| | Total Fair Value Measurements | Total Impairment Charges | Total Fair Value Measurements | Total Impairment Charges | Total Fair Value Measurements | Total Impairment Charges |
| **Impairment Charges from Continuing Operations**: | | | | | | |
| Real estate | $ 36,648 | $ 11,778 | $ | $ | $ 823 | $ 900 |
| Net investments in direct financing leases [a] | | (1,608) | 3,548 | 1,140 | 23,571 | 2,616 |
| Equity investments in real estate | 1,554 | 206 | 22,846 | 1,394 | | |
| Intangible assets | 5,699 | 415 | | | | |
| Intangible liabilities | (416) | (153) | | | | |
| | 43,485 | 10,638 | 26,394 | 2,534 | 24,394 | 3,516 |
| **Impairment Charges from Discontinued Operations:** | | | | | | |
| Real estate | 350 | 41 | 11,662 | 14,241 | 9,719 | 6,908 |
| | $ 43,835 | $ 10,679 | $ 38,056 | $ 16,775 | $ 34,113 | $ 10,424 |

(a) In the fourth quarter of 2011, we recorded an out-of-period adjustment of $1.6 million (Note 2).

**Note 9. Risk Management and Use of Derivative Financial Instruments**

***Risk Management***

In the normal course of our ongoing business operations, we encounter economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. We are primarily subject to interest rate risk on our interest-bearing liabilities. Credit risk is the risk of default on our operations and tenants inability or unwillingness to make contractually required payments. Market risk includes changes in the value of our properties and related loans, as well as changes in the value of our other securities and the shares we hold in the REITs due to changes in interest rates or other market factors. In addition, we own investments in the European Union and are subject to the risks associated with changing foreign currency exchange rates.

*Foreign Currency Exchange*

We are exposed to foreign currency exchange rate movements, primarily in the Euro. We manage foreign currency exchange rate movements by generally placing both our debt obligation to the lender and the tenant s rental obligation to us in the same currency, but we are subject to foreign currency exchange rate movements to the extent there may be a difference in the timing and amount of the rental obligation and the debt service. We also face challenges with repatriating cash from our foreign investments. We may encounter instances where it is difficult to repatriate cash because of jurisdictional restrictions or because repatriating cash may result in current or future tax liabilities. Realized and unrealized gains and losses related to foreign currency transactions are recognized in earnings and are included in Other income and (expenses) in the consolidated financial statements.

***Use of Derivative Financial Instruments***

When we use derivative instruments, it is generally to reduce our exposure to fluctuations in interest rates. We have not entered, and do not plan to enter into financial instruments for trading or speculative purposes. In

addition to derivative instruments that we entered into on our own behalf, we may also be a party to derivative instruments that are embedded in other contracts, and we may own common stock warrants, granted to us by lessees when structuring lease transactions, that are considered to be derivative instruments. The primary risks related to our use of derivative instruments are that a counterparty to a hedging arrangement could default on its obligation or that the credit quality of the counterparty may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction. While we seek to mitigate these risks by entering into hedging arrangements with counterparties that are large financial institutions that we deem to be creditworthy, it is possible that our hedging transactions, which are intended to limit losses, could adversely affect our earnings. Furthermore, if we terminate a hedging arrangement, we may be obligated to pay certain costs, such as transaction or breakage fees. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities.

We measure derivative instruments at fair value and record them as assets or liabilities, depending on our rights or obligations under the applicable derivative contract. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. For a derivative designated and qualified as a fair value hedge, the change in the fair value of the derivative is offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings. For a derivative designated and qualified as a cash flow hedge, the effective portion of the change in fair value of the derivative is recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative s change in fair value is immediately recognized in earnings.

The following table sets forth certain information regarding our derivative instruments for the periods presented (in thousands):

| **Derivatives Designated** | | **Asset Derivatives Fair Value at December 31,** | | **Liability Derivatives Fair Value at December 31,** | |
|---|---|---|---|---|---|
| **as Hedging Instruments** | **Balance Sheet Location** | **2011** | **2010** | **2011** | **2010** |
| Interest rate swap | Other assets, net | $ | $ 312 | $ | |
| Interest rate swaps | Accounts payable, accrued expenses and other liabilities | | | (4,175) | (969) |
| Total derivatives | | $ | $ 312 | $ (4,175) | $ (969) |

The following table presents the impact of derivative instruments on Other comprehensive income within our consolidated financial statements (in thousands):

| | **Amount of Gain (Loss) Recognized in Other comprehensive income on Derivatives (Effective Portion) Years Ended December 31,** | | |
|---|---|---|---|
| **Derivatives in Cash Flow Hedging Relationships** | **2011** | **2010** | **2009** |
| Interest rate swaps [(a)] | $ (3,564) | $ (45) | $ (243) |
| Total | $ (3,564) | $ (45) | $ (243) |

(a) During the years ended December 31, 2011, 2010 and 2009, no gains or losses were reclassified from Other comprehensive income into income related to effective or ineffective portions of hedging relationships or amounts excluded from effectiveness testing.

See below for information on our purposes for entering into derivative instruments and for information on derivative instruments owned by unconsolidated ventures, which are excluded from the tables above.

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*Interest Rate Swaps and Caps*

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we attempt to obtain mortgage financing on a long-term, fixed-rate basis. However, from time to time, we or our venture partners may obtain variable rate non-recourse mortgage loans and, as a result, may enter into interest rate swap agreements or interest rate cap agreements with counterparties. Interest rate swaps, which effectively convert the variable-rate debt service obligations of the loan to a fixed rate, are agreements in which one party exchanges a stream of interest payments for a counterparty s stream of cash flow over a specific period. The notional, or face, amount on which the swaps are based is not exchanged. Interest rate caps limit the effective borrowing rate of variable rate debt obligations while allowing participants to share in downward shifts in interest rates. Our objective in using these derivatives is to limit our exposure to interest rate movements.

The interest rate swap derivative instruments that we had outstanding at December 31, 2011 were designated as cash flow hedges and are summarized as follows (dollars in thousands):

| Instrument | Type | Notional Amount | Effective Interest Rate | Effective Date | Expiration Date | Fair Value |
|---|---|---|---|---|---|---|
| 3-Month Euribor [a] | Pay-fixed swap | $ 8,242 | 4.2% | 3/2008 | 3/2018 | $ (1,065) |
| 1-Month LIBOR | Pay-fixed swap | 4,557 | 3.0% | 4/2010 | 4/2015 | (297) |
| 1-Month LIBOR | Pay-fixed swap | 34,218 | 3.0% | 7/2010 | 7/2020 | (2,813) |
| | | | | | | $ (4,175) |

(a) Amounts are based upon the exchange rate of the Euro at December 31, 2011.

The interest rate cap derivative instruments that our unconsolidated ventures had outstanding at December 31, 2011 were designated as cash flow hedges and are summarized as follows (dollars in thousands):

| Instrument | Ownership Interest in Venture at December 31, 2011 | Type | Notional Amount | Cap Rate | Spread | Effective Date | Expiration Date | Fair Value |
|---|---|---|---|---|---|---|---|---|
| 3-Month LIBOR | 17.75% | Interest rate cap | $ 122,679 | 4.0%[a] | 4.8% | 8/2009 | 8/2014 | $ 80 |
| 1-Month LIBOR | 78.95% | Interest rate cap | 17,793 | 3.0%[b] | 4.0% | 9/2009 | 4/2014 | 6 |
| | | | | | | | | $ 86 |

(a) The applicable interest rate of the related loan was 2.9% at December 31, 2011; therefore, the interest rate cap was not being utilized at that date.

(b) The applicable interest rate of the related loan was 4.3% at December 31, 2011; therefore, the interest rate cap was not being utilized at that date.

*Other*

Amounts reported in Other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our non-recourse variable-rate debt. At December 31, 2011, we estimate that an additional $1.4 million will be reclassified as interest expense during the next twelve months.

We measure credit exposure on a counterparty basis as the net positive aggregate estimated fair value, net of collateral received, if any. None was received as of December 31, 2011. The total credit exposure as of December 31, 2011 was less than $0.1 million.

Some of the agreements we have with derivative counterparties contain certain credit contingent provisions that could result in a declaration of default against us regarding our derivative obligations if we either default or are capable of being declared in default on certain of our indebtedness. At December 31, 2011, we had not been

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declared in default on any of our derivative obligations. The estimated fair value of our derivatives that were in a net liability position was $4.3 million at December 31, 2011, which includes accrued interest but excludes any adjustment for nonperformance risk. If we had breached any of these provisions at December 31, 2011, we could have been required to settle our obligations under these agreements at their termination value of $4.8 million.

***Portfolio Concentration Risk***

Concentrations of credit risk arise when a group of tenants is engaged in similar business activities or is subject to similar economic risks or conditions that could cause them to default on their lease obligations to us. We regularly monitor our portfolio to assess potential concentrations of credit risk. While we believe our portfolio is reasonably well diversified, it does contain concentrations in excess of 10%, based on the percentage of our annualized contractual minimum base rent at December 31, 2011, in certain areas, as shown in the table below. The percentages in the table below represent our directly-owned real estate properties and do not include our pro rata share of equity investments.

| | December 31, 2011 |
|---|---|
| **Region:** | |
| Texas | 19% |
| California | 17% |
| Tennessee | 13% |
| Georgia | 10% |
| All other U.S. | 31% |
| Total U.S. | 90% |
| Total Europe | 10% |
| Total | 100% |
| **Asset Type:** | |
| Office | 44% |
| Industrial | 30% |
| Warehouse/Distribution | 16% |
| All others | 10% |
| Total | 100% |
| **Tenant Industry:** | |
| Business and commercial services | 19% |
| Transportation Cargo | 11% |
| All others | 70% |
| Total | 100% |

Except for our investment in CPA®:16 Global, there were no significant concentrations, individually or in the aggregate, related to our unconsolidated ventures. At December 31, 2011, we owned 17.9% of CPA®:16 Global, which had total assets of approximately $3.6 billion consisting of a portfolio comprised of full or partial ownership interests in 512 properties substantially all of which were triple-net leased to 150 tenants, and had certain concentrations within its portfolio, which are outlined in its periodic filings.

**Note 10. Impairment Charges**

We periodically assess whether there are any indicators that the value of our real estate investments may be impaired or that their carrying value may not be recoverable. For investments in real estate in which an impairment indicator is identified, we follow a two-step process to determine whether the investment is impaired and to determine the amount of the charge. First, we compare the carrying value of the real estate to the future net undiscounted cash flow that we expect the real estate will generate, including any estimated proceeds from

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the eventual sale of the real estate. If this amount is less than the carrying value, the real estate is considered to be impaired, and we then measure the loss as the excess of the carrying value of the real estate over the estimated fair value of the real estate, which is primarily determined using market information such as recent comparable sales or broker quotes. If relevant market information is not available or is not deemed appropriate, we then perform a future net cash flow analysis discounted for inherent risk associated with each investment.

The following table summarizes impairment charges recognized on our consolidated and unconsolidated real estate investments for all periods presented (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Real estate | $ 12,040 | $ | $ 900 |
| Net investments in direct financing leases | (1,608) | 1,140 | 2,616 |
| Total impairment charges included in expenses | 10,432 | 1,140 | 3,516 |
| Equity investments in real estate [(a)] | 206 | 1,394 | |
| Total impairment charges included in continuing operations | 10,638 | 2,534 | 3,516 |
| Impairment charges included in discontinued operations | 41 | 14,241 | 6,908 |
| Total impairment charges | $ 10,679 | $ 16,775 | $ 10,424 |

(a) Impairment charges on our equity investments in real estate are included in Income from equity investments in real estate and the REITs within the consolidated financial statements.

*Real Estate*

During the years ended December 31, 2011 and 2009, we recognized impairment charges on various properties totaling $12.0 million and $0.9 million, respectively. These impairments were primarily the result of writing down the properties carrying values to their respective estimated fair values in connection with potential sales subsequent to tenants vacating or not renewing their leases.

*Direct Financing Leases*

In connection with our annual review of the estimated residual values on our properties classified as net investments in direct financing leases, we determined that an other-than-temporary decline in estimated residual value had occurred at various properties due to market conditions. The changes in estimates resulted in the recognition of impairment charges totaling $1.1 million and $2.6 million in 2010 and 2009, respectively. In the fourth quarter of 2011, we recorded an out-of-period adjustment of $1.6 million (Note 2).

*Equity Investments in Real Estate*

During the year ended December 31, 2011, we recognized an other-than-temporary impairment charge of $0.2 million on a venture as a result of the anticipated sale of the venture property. The venture completed the sale of its property in the third quarter of 2011. In connection with our annual review of the fair value of our equity investments, we recognized an other-than-temporary impairment charge of $1.4 million during the year ended December 31, 2010 to reflect the decline in the estimated fair value of the venture s underlying net assets in comparison with the carrying value of our interest in the venture.

*Properties Sold*

During the years ended December 31, 2011, 2010 and 2009, we recognized impairment charges on properties sold totaling less than $0.1 million, $14.2 million and $6.9 million, respectively. These impairment charges, which are included in discontinued operations, were the result of reducing these properties carrying values to their estimated fair values (Note 16) in connection with anticipated sales.

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**Note 11. Debt**

*Line of Credit*

At December 31, 2010, we had a $250.0 million unsecured revolving line of credit that was scheduled to mature in June 2012. On May 2, 2011, we obtained a $30.0 million secured revolving line of credit from Bank of America that was coterminous with the unsecured line of credit, expiring in June 2012. In December 2011, we terminated the secured and unsecured lines of credit. We entered into a new unsecured revolving line of credit in order to extend the maturity and to provide for additional commitments as described below and accounted for this transaction as a modification of the original loan and capitalized the related financing costs totaling $6.7 million, which will be amortized to interest expense over the remaining term of the credit facility. The previous unsecured revolving line of credit had an outstanding balance of $233.2 million, which we rolled over to the new unsecured line of credit. The secured line of credit had no outstanding balance on the date of termination.

The new line of credit provides for an aggregate principal amount of up to $450.0 million that matures in December 2014, but may be extended by one year at our option, subject to the conditions provided in the credit agreement. At our election, the principal amount available under the new line of credit may be increased by up to an additional $125.0 million, subject to the conditions provided in the credit facility agreement. The new line of credit also permits (i) up to $150.0 million under the line of credit to be borrowed in certain currencies other than the U.S. dollars, (ii) swing line loans of up to $35.0 million under the line of credit, and (iii) the issuance of letters of credit under the line of credit in an aggregate amount not to exceed $50.0 million.

The new line of credit provides for an annual interest rate, at our election, of either (i) the Eurocurrency Rate or (ii) the Base Rate, in each case plus the Applicable Rate (each as defined in the credit agreement). Prior to us obtaining an Investment Grade Debt Rating (as defined in the credit agreement), the Applicable Rate on Eurocurrency Rate loans and letters of credit ranges from 1.75% to 2.50% and the Applicable Rate on Base Rate loans ranges from 0.75% to 1.50%. After an Investment Grade Debt Rating has been obtained, the Applicable Rate on Eurocurrency Rate loans and letters of credit ranges from 1.10% to 2.00% and the Applicable Rate on Base Rate loans ranges from 0.10% to 1.00%. Swing line loans will bear interest at the Base Rate plus the Applicable Rate then in effect. In addition, prior to obtaining an Investment Grade Debt Rating, we pay a quarterly fee ranging from 0.3% to 0.4% of the unused portion of the line of credit, depending on our leverage ratio. After an Investment Grade Debt Rating has been obtained, we will pay a facility fee ranging from 0.2% to 0.4% of the total commitment. At December 31, 2011, the outstanding balance on this line of credit was $233.2 million with an annual interest rate consisting of a Base Rate of 3.5% plus 0.5%. On January 2, 2012, we converted the interest rate to a Eurocurrency Rate, which is equal to LIBOR of 0.30% plus 1.75%. In addition, as of December 31, 2011, our lenders had issued letters of credit totaling $6.8 million on our behalf in connection with certain contractual obligations. At December 31, 2011, the line of credit had unused capacity of $210.0 million, reflecting outstanding letters of credit, which reduce amounts that may be drawn. The line of credit is expected to be utilized primarily for potential new investments, repayment of existing debt and general corporate purposes.

The line of credit requires us to ensure that the total Restricted Payments (as defined in the credit agreement) made in the current quarter, when added to the total for the three preceding fiscal quarters, does not exceed 90% of Adjusted Total EBITDA (as defined in the credit agreement), for the four preceding fiscal quarters. Restricted Payments include quarterly dividends and the total amount of shares repurchased by us, if any, in excess of $10.0 million per year. In addition to placing limitations on dividend distributions and share repurchases, the credit agreement stipulates six financial covenants that require us to maintain the following ratios and benchmarks at the end of each quarter (the quoted variables are specifically defined in the credit facility agreement):

(i) a maximum leverage ratio, which requires us to maintain a ratio for total outstanding indebtedness to total value of 60% or less;

(ii) a maximum secured debt ratio, which requires us to maintain a ratio for total secured outstanding indebtedness (inclusive of permitted indebtedness of subsidiaries ) to total value of 40% or less;

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(iii) a minimum combined equity value, which requires us to maintain a total value less total outstanding indebtedness of at least $850.0 million. This amount must be adjusted in the event of any securities offering by adding 80% of the fair market value of all net offering proceeds;

(iv) a minimum fixed charge coverage ratio, which requires us to maintain a ratio for adjusted total EBITDA to fixed charges of 1.40 to 1.00;

(v) a minimum unsecured interest coverage ratio, which requires us to maintain a ratio of unencumbered property NOI plus unencumbered management EBITDA to interest expense on total unsecured outstanding indebtedness of 2.00 to 1.00; and

(vi) a limitation on recourse indebtedness, which prohibits us from incurring additional secured indebtedness other than non-recourse indebtedness or indebtedness that is recourse to us that exceeds $75.0 million or 5% of the total value, whichever is greater.

We were in compliance with these covenants at December 31, 2011.

*Non-Recourse and Limited-Recourse Debt*

Non-recourse and limited-recourse debt consists of mortgage notes payable, which are collateralized by the assignment of real property, and direct financing leases, with an aggregate carrying value of $458.6 million at December 31, 2011. Our mortgage notes payable had fixed annual interest rates ranging from 3.1% to 7.8% and variable annual interest rates ranging from 2.8% to 7.3% with maturity dates ranging from 2012 to 2025 at December 31, 2011.

*2011* In connection with our acquisition of three properties from CPA®:14 in May 2011 as part of the CPA®:14 Asset Sales (Note 4), we assumed two non-recourse mortgages with an aggregate fair value of $87.6 million (and a carrying value of $88.7 million) on the date of acquisition and recorded a net fair market value adjustment of $1.1 million. The fair market value adjustment will be amortized to interest expense over the remaining lives of the loans. These mortgages have a weighted-average annual fixed interest rate and remaining term of 5.8% and 8.3 years, respectively.

During the year ended December 31, 2011, we refinanced two maturing non-recourse mortgages totaling $10.5 million with new financing totaling $11.9 million and obtained new financing on two unencumbered properties totalling $29.0 million, of which $24.0 million was limited-recourse. These mortgage loans have a weighted-average annual interest rate and term of 5.1% and 10.4 years, respectively. Additionally, during the year ended December 31, 2011, the Carey Storage Venture borrowed a total of $4.6 million, inclusive of amounts attributable to the Investor s interest of $2.8 million, with a weighted-average annual interest rate and term of 6.7% and 8.2 years, respectively.

*2010* In connection with an acquisition in February 2010, we obtained non-recourse mortgage financing of $35.0 million at an annual interest rate of LIBOR plus 2.5% that has been fixed at 5.5% through the use of an interest rate swap. This financing has a term of 10 years.

In connection with their acquisitions in 2010, the Carey Storage Venture and an entity 100% owned by Carey Storage obtained new non-recourse mortgage financing and assumed existing mortgage loans from the sellers totaling $17.1 million, inclusive of amounts attributable to the Investor s interest of $8.2 million. The mortgage loans have a weighted-average annual fixed interest rate and term of 6.3% and 8.5 years, respectively.

*2009* In 2009, the Carey Storage Venture repaid in full the $35.0 million outstanding balance on its secured credit facility at a discount for $28.0 million, terminated the facility, and recognized a gain of $7.0 million on the repayment of this debt, inclusive of the Investor s interest of $4.2 million. The debt repayment was financed with a portion of the proceeds from the exchange of the 60% interest and non-recourse debt with a new lender totaling $25.0 million at an annual fixed interest rate of 7% and term of 10 years with a rate reset after five years. The gain recognized on the debt repayment and the Investor s interest in this gain are both reflected in Other income and (expenses) in the consolidated financial statements.

*Scheduled Debt Principal Payments*

Scheduled debt principal payments during each of the next five calendar years following December 31, 2011 and thereafter are as follows (in thousands):

| Years Ending December 31, | Total |
|---|---|
| 2012 | $ 37,518 |
| 2013 | 9,131 |
| 2014 [(a)] | 246,081 |
| 2015 | 49,160 |
| 2016 | 58,167 |
| Thereafter through 2025 | 190,357 |
| | 590,414 |
| Fair market value adjustments | (1,045) |
| Total | $ 589,369 |

(a) Includes $233.2 million outstanding under our new unsecured line of credit at December 31, 2011, which is scheduled to mature in 2014 unless extended pursuant to its terms.

Certain amounts in the table above are based on the applicable foreign currency exchange rate at December 31, 2011.

**Note 12. Commitments and Contingencies**

At December 31, 2011, we were not involved in any material litigation.

Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

We have provided certain representations in connection with divestitures of certain of our properties. These representations address a variety of matters including environmental liabilities. We are not aware of any claims or other information that would give rise to material payments under such representations.

**Note 13. Equity**

*Distributions Payable*

We declared a quarterly distribution of $0.563 per share in December 2011, which was paid in January 2012 to shareholders of record at December 31, 2011; and a quarterly distribution of $0.510 per share in December 2010, which was paid in January 2011 to shareholders of record at December 31, 2010.

*Redeemable Noncontrolling Interest*

On June 30, 2003, WPCI granted an incentive award to two officers of WPCI consisting of 1,500,000 restricted units, representing an approximate 13% interest in WPCI, and 1,500,000 options for WPCI units with a combined fair value of $2.5 million at that date. Both the options and restricted units vested ratably over five years, with full vesting occurring December 31, 2007. During 2008, the officers exercised all of their 1,500,000 options to purchase 1,500,000 units of WPCI at $1 per unit. Upon the exercise of the WPCI options, the officers

had a total interest of approximately 23% in WPCI. The terms of the vested restricted units and units received in connection with the exercise of options of WPCI by noncontrolling interest holders provided that the units could be redeemed, commencing December 31, 2012 and thereafter, solely in exchange for our shares and that any redemption would be subject to a third-party valuation of WPCI. In connection with a reorganization of WPCI into three separate entities in 2008, the officers also owned equivalent interests in the three new entities.

In December 2009, one of those officers resigned from W. P. Carey, WPCI and all affiliated entities pursuant to a mutually agreed separation. As part of this separation, we effected the purchase of all of the interests in WPCI and certain related entities held by that officer for cash, at a negotiated fair market value of $15.4 million. The tax effect of approximately $4.8 million relating to the acquisition of this interest, which resulted in an increase in contributed capital, was recorded as an adjustment to Listed shares in the consolidated balance sheets. The remaining officer currently has a total interest of approximately 7.7% in each of WPCI and the related entities.

We account for the noncontrolling interest in WPCI held by the officer as a redeemable noncontrolling interest, as we have an obligation to repurchase the interest from that officer for shares of our common stock, subject to certain conditions. As the redemption provisions include certain terms that are not solely within our control, the noncontrolling interest is classified as redeemable. The officer s interest is reflected at estimated redemption value for all periods presented. Redeemable noncontrolling interests, as presented on the consolidated balance sheets, reflect adjustments of $(0.5) million, $(0.5) million and $6.8 million at December 31, 2011, 2010 and 2009, respectively, to present the officer s interest at redemption value.

The following table presents a reconciliation of redeemable noncontrolling interest (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Beginning balance | $ 7,546 | $ 7,692 | $ 18,085 |
| Redemption value adjustment | (455) | (471) | 6,773 |
| Net income | 1,923 | 1,293 | 2,258 |
| Distributions | (1,309) | (956) | (4,056) |
| Purchase of noncontrolling interests | | | (15,380) |
| Change in other comprehensive (loss) income | (5) | (12) | 12 |
| Ending balance | $ 7,700 | $ 7,546 | $ 7,692 |

*Accumulated Other Comprehensive Loss*

The following table presents the components of accumulated other comprehensive loss reflected in equity, net of tax. Amounts include our proportionate share of other comprehensive income or loss from our unconsolidated investments (in thousands):

| | December 31, | |
|---|---|---|
| | **2011** | **2010** |
| Unrealized gain on marketable securities | $ 37 | $ 48 |
| Unrealized loss on derivative instruments | (5,246) | (1,658) |
| Foreign currency translation adjustment | (3,298) | (1,853) |
| Accumulated other comprehensive loss | $ (8,507) | $ (3,463) |

*Earnings Per Share*

Under current authoritative guidance for determining earnings per share, all unvested share-based payment awards that contain non-forfeitable rights to distributions are considered to be participating securities and therefore are included in the computation of earnings per share under the two-class method. The two-class

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method is an earnings allocation formula that determines earnings per share for each class of common shares and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. Our unvested RSUs contain rights to receive non-forfeitable distribution equivalents, and therefore we apply the two-class method of computing earnings per share. The calculation of earnings per share below excludes the income attributable to the unvested RSUs from the numerator. The following table summarizes basic and diluted earnings per share for the periods indicated (in thousands, except share amounts):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Net income attributable to W. P. Carey members | $ 139,079 | $ 73,972 | $ 69,023 |
| Allocation of earnings to participating unvested RSUs | (2,130) | (440) | (1,127) |
| Net income basic | 136,949 | 73,532 | 67,896 |
| Income effect of dilutive securities, net of taxes | | 724 | 1,250 |
| Net income diluted | $ 136,949 | $ 74,256 | $ 69,146 |
| Weighted average shares outstanding basic | 39,819,475 | 39,514,746 | 39,019,709 |
| Effect of dilutive securities | 278,620 | 493,148 | 693,026 |
| Weighted average shares outstanding diluted | 40,098,095 | 40,007,894 | 39,712,735 |

Securities included in our diluted earnings per share determination consist of stock options and restricted stock awards. Securities totaling 207,258 shares, 247,750 shares and 485,408 shares for the years ended December 31, 2011, 2010 and 2009, respectively, were excluded from the earnings per share computations above as their effect would have been anti-dilutive.

In January 2012, the Compensation Committee approved long-term incentive plan awards to key employees consisting of 168,900 RSUs and 282,400 PSUs that could have a dilutive impact on our earnings per share calculation.

*Share Repurchase Programs*

In December 2008, the Executive Committee of our board of directors (the Executive Committee ) approved a program to repurchase up to $10.0 million of our common stock through March 4, 2009 or the date the maximum was reached, if earlier. During the term of this program, we repurchased a total of $9.3 million of our common stock. In March 2009, the Executive Committee approved an additional program to repurchase up to $3.5 million of our common stock through March 27, 2009 or the date the maximum was reached, if earlier. During the term of this program, we repurchased a total of $2.8 million of our common stock.

**Note 14. Stock-Based and Other Compensation**

***Stock-Based Compensation***

At December 31, 2011, we maintained several stock-based compensation plans as described below. The total compensation expense (net of forfeitures) for awards issued under these plans was $17.8 million, $7.4 million and $9.3 million for the years ended December 31, 2011, 2010 and 2009, respectively, all of which are included in General and administrative expenses in the consolidated financial instruments. Stock-based compensation expense for the year ended December 31, 2011 included an additional $4.5 million of compensation expense as a result of revising the expected vesting of PSUs granted during 2009 and 2010. Stock-based compensation expense for the year ended December 31, 2010 included net forfeitures of $2.0 million as a result of the resignation of two senior officers. The tax benefit recognized by us related to these awards totaled $7.8 million, $3.3 million and $4.2 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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*2009 Incentive Plan and 1997 Incentive Plans*

We maintain the 1997 Share Incentive Plan (as amended, the 1997 Incentive Plan ), which authorized the issuance of up to 6,200,000 shares of our common stock. In June 2009, our shareholders approved the 2009 Share Incentive Plan (the 2009 Incentive Plan ) to replace the 1997 Incentive Plan, except with respect to outstanding contractual obligations under the 1997 Incentive Plan, so that no further awards can be made under that plan. The 2009 Incentive Plan authorizes the issuance of up to 3,600,000 shares of our common stock, of which 1,102,605 were issued or reserved for issuance upon vesting of RSUs and PSUs at December 31, 2011. The 1997 Incentive Plan provided for the grant of (i) share options, which may or may not qualify as incentive stock options under the Code, (ii) performance shares or PSUs, (iii) dividend equivalent rights and (iv) restricted shares or RSUs. The 2009 Incentive Plan provides for the grant of (i) share options, (ii) restricted shares or RSUs, (iii) performance shares or PSUs, and (iv) dividend equivalent rights. The vesting of grants under both plans is accelerated upon a change in our control and under certain other conditions.

In December 2007, the Compensation Committee approved the long-term incentive plan ( LTIP ) and terminated further contributions to the Partnership Equity Unit Plan described below. The following table presents LTIP awards granted in the past three years:

| | 2009 Incentive Plan | | | 1997 Incentive Plan | |
|---|---|---|---|---|---|
| **Fiscal Year** | **RSUs awarded** | **PSUs Awarded** | **Fiscal Year** | **RSUs awarded** | **PSUs Awarded** |
| 2010 | 140,050 | 159,250 | 2009 | 126,050 | 152,000 |
| 2011 (a) | 524,550 | 291,600 | | | |

(a) Includes 340,000 RSUs and 100,000 PSUs issued in connection with entering into employment agreements with certain employees, and excludes 20,000 PSUs for which the terms and conditions were not determined at the time of grant.

As a result of issuing the LTIP awards, we currently expect to recognize compensation expense totaling approximately $47.9 million over the vesting period, of which $15.7 million, $5.7 million and $4.2 million was recognized during 2011, 2010 and 2009, respectively.

*2009 Non-Employee Directors Incentive Plan and 1997 Non-Employee Directors Plan*

We maintain the 1997 Non-Employee Directors Plan (the 1997 Directors Plan ), which authorized the issuance of up to 300,000 shares of our Common Stock. In June 2007, the 1997 Director s Plan, which had been due to expire in October 2007, was extended through October 2017. In June 2009, our shareholders approved the 2009 Non-Employee Directors Incentive Plan (the 2009 Directors Plan ) to replace the 1997 Directors Plan, except with respect to outstanding contractual obligations under the predecessor plan, so that no further awards can be made under that plan. The 1997 Directors Plan provided for the grant of (i) share options, which may or may not qualify as incentive stock options, (ii) performance shares, (iii) dividend equivalent rights and (iv) restricted shares. The 2009 Directors Plan authorizes the issuance of 325,000 shares of our common stock in the aggregate and initially provided for the automatic annual grant of RSUs with a total value of $50,000 to each director. In January 2011, the Compensation Committee approved an increase in the value of the annual grant to $70,000 per director, effective as of July 1, 2011. In the discretion of our board of directors, the awards may also be in the form of share options or restricted shares, or any combination of the permitted awards. At December 31, 2011, there were 64,905 shares issued or reserved for issuance upon vesting of RSUs under this plan.

*Employee Share Purchase Plan*

We sponsor an Employee Share Purchase Plan ( ESPP ) pursuant to which eligible employees may contribute up to 10% of compensation, subject to certain limits, to purchase our common stock. Employees can purchase stock semi-annually at a price equal to 85% of the fair market value at certain plan defined dates. Compensation expense under this plan for the years ended December 31, 2011, 2010 and 2009 was $0.6 million, $0.2 million and $0.4 million, respectively.

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*Partnership Equity Unit Plan*

During 2003, we adopted a non-qualified deferred compensation plan (the Partnership Equity Plan , or PEP ) under which a portion of any participating officer s cash compensation in excess of designated amounts was deferred and the officer was awarded Partnership Equity Plan Units ( PEP Units ). The value of each PEP Unit was intended to correspond to the value of a share of the CPA® REIT designated at the time of such award. During 2005, further contributions to the initial PEP were terminated and it was succeeded by a second PEP. As amended, payment under these plans will occur at the earlier of December 16, 2013 (in the case of the initial PEP) or twelve years from the date of award. The award is fully vested upon grant. Each of the PEPs is a deferred compensation plan and is therefore considered to be outside the scope of current accounting guidance for stock-based compensation and subject to liability award accounting. The value of each PEP Unit will be adjusted to reflect the underlying appraised value of the designated CPA® REIT. Additionally, each PEP Unit will be entitled to distributions equal to the distribution rate of the CPA® REIT. All issuances of PEP Units, changes in the fair value of PEP Units and distributions paid are included in our compensation expense.

The plans are carried at fair value each quarter and are subject to changes in the fair value of the PEP units. Compensation expense under these Plans for the years ended December 31, 2011, 2010 and 2009 was less than $0.1 million, $0.1 million and $0.2 million, respectively. Further contributions to the second PEP were terminated at December 31, 2007; however, this termination did not affect any awardees rights pursuant to awards granted under this plan. In December 2008, participants in the PEPs were required to make an election to either (i) remain in the PEPs, (ii) receive cash for their PEP Units (available to former employees only) or (iii) convert their PEP Units to fully vested RSUs (available to current employees only) to be issued under the 1997 Incentive Plan on June 15, 2009. Substantially all of the PEP participants elected to receive cash or convert their existing PEP Units to RSUs. In January 2009, we paid $2.0 million in cash to former employee participants who elected to receive cash for their PEP Units. As a result of the election to convert PEP Units to RSUs, we derecognized $9.3 million of our existing PEP liability and recorded a deferred compensation obligation within W. P. Carey members equity in the same amount during the second quarter of 2009. The PEP participants that elected RSUs received a total of 356,416 RSUs, which was equal to the total value of their PEP Units divided by the closing price of our common stock on June 15, 2009. The PEP participants electing to receive RSUs were required to defer receipt of the underlying shares of our common stock for a minimum of two years. While employed by us, these participants are entitled to receive dividend equivalents equal to the amount of dividends paid on the underlying common stock during the deferral period. At December 31, 2011, we are obligated to issue 108,441 shares of our common stock underlying these RSUs, which is recorded within W. P. Carey members equity as a Deferred compensation obligation of $2.8 million. The remaining PEP liability pertaining to participants who elected to remain in the plans was $0.7 million at December 31, 2011.

*Stock Options*

Option activity and changes for all periods presented were as follows:

| | Year Ended December 31, 2011 | | | |
|---|---|---|---|---|
| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in Years) | Aggregate Intrinsic Value |
| Outstanding at beginning of year | 1,699,701 | $ 28.57 | | |
| Exercised | (449,660) | 27.71 | | |
| Forfeited / Expired | (42,000) | 32.85 | | |
| Outstanding at end of year | 1,208,041 | $ 28.73 | 3.29 | $ 14,582,357 |
| Vested and expected to vest at end of year | 1,194,123 | $ 28.81 | 3.29 | $ 14,484,260 |
| Exercisable at end of year | 959,779 | $ 28.36 | 2.95 | $ 12,073,268 |

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| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2010 | | | 2009 | | |
| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in Years) | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in Years) |
| Outstanding at beginning of year | 2,255,604 | $ 27.55 | | 2,543,239 | $ 27.16 | |
| Exercised | (399,507) | 22.26 | | (201,701) | 22.29 | |
| Forfeited / Expired | (156,396) | 30.24 | | (85,934) | 28.46 | |
| Outstanding at end of year | 1,699,701 | $ 28.57 | 4.26 | 2,255,604 | $ 27.55 | 4.80 |
| Exercisable at end of year | 1,231,683 | $ 27.86 | | 2,220,902 | $ 27.50 | |

Options granted under the 1997 Incentive Plan generally have a 10-year term and generally vest in four equal annual installments. Options granted under the 1997 Directors Plan have a 10-year term and vest generally over three years from the date of grant. We have not issued option awards since 2008. The total intrinsic value of options exercised during the years ended December 31, 2011, 2010 and 2009 was $4.6 million, $2.8 million and $1.0 million, respectively.

At December 31, 2011, approximately $24.4 million of total unrecognized compensation expense related to nonvested stock-based compensation awards was expected to be recognized over a weighted-average period of approximately 2.3 years.

We have the ability and intent to issue shares upon stock option exercises. Historically, we have issued authorized but unissued common stock to satisfy such exercises. Cash received from stock option exercises and purchases under the ESPP during the years ended December 31, 2011, 2010 and 2009 was $1.2 million, $3.7 million and $1.5 million, respectively.

*Restricted and Conditional Awards*

Nonvested restricted stock, RSUs and PSUs at December 31, 2011 and changes during the years ended December 31, 2011 and 2010 were as follows:

| | Restricted Stock and RSU Awards | | PSU Awards | |
|---|---|---|---|---|
| | Shares | Weighted Average Grant Date Fair Value | Shares | Weighted Average Grant Date Fair Value |
| **Nonvested at January 1, 2009** | 454,452 | $ 30.50 | 90,469 | $ 37.88 |
| Granted | 159,362 | 23.97 | 152,000 | 30.42 |
| Vested [(a)] | (194,741) | 29.77 | | |
| Forfeited | (37,195) | 23.00 | (20,625) | 32.33 |
| Adjustment [(b)] | | | (51,469) | 26.50 |
| **Nonvested at December 31, 2009** | 381,878 | 28.87 | 170,375 | 32.33 |
| Granted | 156,682 | 28.34 | 159,250 | 36.16 |
| Vested [(a)] | (175,225) | 28.58 | | |
| Forfeited | (99,515) | 29.75 | (65,725) | 36.26 |
| Adjustment [(b)] | | | (19,906) | 28.49 |
| **Nonvested at December 31, 2010** | 263,820 | 28.42 | 243,994 | 36.18 |
| Granted | 541,890 | 34.65 | 291,600 | 46.66 |
| Vested [(a)] | (162,437) | 30.48 | (48,925) | 39.78 |
| Forfeited | (18,480) | 29.32 | (14,055) | 42.14 |
| Adjustment [(b)] | | | 200,814 | 22.65 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Nonvested at December 31, 2011** | 624,793 | $ | 33.26 | 673,428 | $ | 36.30 |

(a) The total fair value of shares vested during the years ended December 31, 2011, 2010 and 2009 was $6.9 million, $5.0 million and $7.2 million, respectively.

(b) Vesting and payment of the PSUs is conditional on certain company and market performance goals being met during the relevant three-year performance period. The ultimate number of PSUs to be vested will depend on the extent to which the performance goals are met and can range from zero to three times the original awards. Pursuant to a review of our current and expected performance versus the performance goals, we revised our estimate of the ultimate number of certain of the PSUs to be vested. As a result, we recorded an adjustment in 2011, 2010 and 2009 to reflect the number of shares expected to be issued when the PSUs vest.

At the end of each reporting period, we evaluate the ultimate number of PSUs we expect to vest based upon the extent to which we have met and expect to meet the performance goals and where appropriate revise our estimate and associated expense. We do not adjust the associated expense for revision on PSUs expected to vest based on market performance. Upon vesting, the RSUs and PSUs may be converted into shares of our common stock. Both the RSUs and PSUs carry dividend equivalent rights. Dividend equivalent rights on RSUs are paid in cash on a quarterly basis whereas dividend equivalent rights on PSUs accrue during the performance period and may be converted into additional shares of common stock at the conclusion of the performance period to the extent the PSUs vest. Dividend equivalent rights are accounted for as a reduction to retained earnings to the extent that the awards are expected to vest. For awards that are not expected to vest or do not ultimately vest, dividend equivalent rights are accounted for as additional compensation expense.

***Other Compensation***

*Profit-Sharing Plan*

We sponsor a qualified profit-sharing plan and trust that generally permits all employees, as defined by the plan, to make pre-tax contributions into the plan. We are under no obligation to contribute to the plan and the amount of any contribution is determined by and at the discretion of our board of directors. Our board of directors can authorize contributions to a maximum of 15% of an eligible participant s compensation, limited to less than $0.1 million annually per participant. For the years ended December 31, 2011, 2010 and 2009, amounts expensed for contributions to the trust were $3.8 million, $3.3 million and $3.3 million, respectively, which were included in General and administrative expenses in the accompanying consolidated financial statements. The profit-sharing plan is a deferred compensation plan and is therefore considered to be outside the scope of current accounting guidance for stock-based compensation.

*Other*

We have employment contracts with certain senior executives. These contracts provide for severance payments in the event of termination under certain conditions including a change of control. During 2011, 2010 and 2009, we recognized severance costs totaling approximately $0.4 million, $1.1 million and $1.7 million, respectively, related to several former employees who did not have employment contracts. Such costs are included in General and administrative expenses in the accompanying consolidated financial statements.

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**Note 15. Income Taxes**

The components of our provision for income taxes for the periods presented are as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| **Federal** | | | |
| Current | $ 17,834 | $ 17,737 | $ 19,796 |
| Deferred | 6,867 | (2,409) | (6,388) |
| | 24,701 | 15,328 | 13,408 |
| **State, Local and Foreign** | | | |
| Current | 10,559 | 12,250 | 12,722 |
| Deferred | 1,968 | (1,756) | (3,337) |
| | 12,527 | 10,494 | 9,385 |
| **Total Provision** | $ 37,228 | $ 25,822 | $ 22,793 |

Deferred income taxes at December 31, 2011 and 2010 consist of the following (in thousands):

| | At December 31, | |
|---|---|---|
| | 2011 | 2010 |
| **Deferred tax assets** | | |
| Unearned and deferred compensation | $ 12,598 | $ 14,937 |
| Other | 3,465 | 82 |
| | 16,063 | 15,019 |
| **Deferred tax liabilities** | | |
| Receivables from affiliates | (14,378) | (14,290) |
| Investments | (45,812) | (35,267) |
| Other | | (755) |
| | (60,190) | (50,312) |
| **Net deferred tax liability** | $ (44,127) | $ (35,293) |

A reconciliation of the provision for income taxes with the amount computed by applying the statutory federal income tax rate to income before provision for income taxes for the periods presented is as follows (in thousands):

| | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2009 | |
| Pre-tax income from taxable subsidiaries | $ 78,561 | | $ 49,253 | | $ 41,943 | |
| Federal provision at statutory tax rate (35%) | 27,496 | 35.0% | 17,238 | 35.0% | 14,680 | 35.0% |
| State and local taxes, net of federal benefit | 7,409 | 9.4% | 4,303 | 8.7% | 4,246 | 10.1% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Amortization of intangible assets | 486 | 0.6% | 854 | 1.7% | 855 | 2.0% |
| Other | 286 | 0.4% | 272 | 0.6% | 101 | 0.3% |
| Tax provision taxable subsidiaries | 35,677 | 45.4% | 22,667 | 46.0% | 19,882 | 47.4% |
| Other state, local and foreign taxes | 1,551 | | 3,155 | | 2,911 | |
| Total provision | $ 37,228 | | $ 25,822 | | $ 22,793 | |

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Included in Income taxes, net in the consolidated balance sheets at December 31, 2011 and 2010 are accrued income taxes totaling $0.7 million and $6.1 million, respectively, and deferred income taxes totaling $44.1 million and $35.3 million, respectively.

We have elected to be treated as a partnership for U.S. federal income tax purposes. As partnerships, we and our partnership subsidiaries are generally not directly subject to tax. We conduct our investment management services primarily through taxable subsidiaries. These operations are subject to federal, state, local and foreign taxes, as applicable. We conduct business in the U.S. and the European Union, and as a result, we or one or more of our subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and certain foreign jurisdictions. Certain of our inter-company transactions that have been eliminated in consolidation for financial accounting purposes are also subject to taxation. Periodically, shares in the REITs that are payable to our taxable subsidiaries in consideration for services rendered are distributed from these subsidiaries to us.

At January 1, 2010, we had unrecognized tax benefits of $0.6 million (net of federal benefits), if recognized, would affect our effective tax rate. During 2010, we reversed the unrecognized tax benefits, including all related interest totaling $0.1 million, as they were no longer required.

Our tax returns are subject to audit by taxing authorities. Such audits can often take years to complete and settle. The tax years 2008 through 2011 remain open to examination by the major taxing jurisdictions to which we are subject.

Our subsidiary, Carey REIT II, owns our real estate assets and has elected to be taxed as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code. In connection with the CPA®:14/16 Merger in May 2011, we formed Carey REIT III to hold the Special Member Interest in the newly formed operating partnership of CPA®:16 Global (Note 3). Carey REIT III has also elected to be taxed as a real estate investment trust under the Internal Revenue Code. We believe we have operated, and we intend to continue to operate, in a manner that allows Carey REIT II and Carey REIT III to continue to qualify as real estate investment trusts. Under the real estate investment trust operating structure, Carey REIT II and Carey REIT III are permitted to deduct distributions paid to our shareholders and generally will not be required to pay U.S. federal income taxes. Accordingly, no provision has been made for U.S. federal income taxes in the consolidated financial statements related to either Carey REIT II or Carey REIT III.

**Note 16. Discontinued Operations**

From time to time, tenants may vacate space due to lease buy-outs, elections not to renew their leases, insolvency or lease rejection in the bankruptcy process. In these cases, we assess whether we can obtain the highest value from the property by re-leasing or selling it. In addition, in certain cases, we may try to sell a property that is occupied. When it is appropriate to do so under current accounting guidance for the disposal of long-lived assets, we classify the property as an asset held for sale on our consolidated balance sheet and the current and prior period results of operations of the property are reclassified as discontinued operations.

The results of operations for properties that are held for sale or have been sold are reflected in the consolidated financial statements as discontinued operations for all periods presented and are summarized as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Revenues | $ 2,271 | $ 5,716 | $ 12,214 |
| Expenses | (2,097) | (3,225) | (6,306) |
| Gain on deconsolidation of a subsidiary | 1,008 | | |
| (Loss) gain on sale of real estate | (3,391) | 460 | 7,701 |
| Impairment charges | (41) | (14,241) | (6,908) |
| (Loss) income from discontinued operations | $ (2,250) | $ (11,290) | $ 6,701 |

*2011* During the year ended December 31, 2011, we sold seven domestic properties for $12.5 million, net of selling costs, and recognized a net loss on these sales of $3.4 million, excluding impairment charges of less than $0.1 million and $2.7 million previously recognized during the years ended December 31, 2011 and 2010, respectively.

In September 2011, one of our subsidiaries consented to a court order appointing a receiver when it stopped making payments on the non-recourse debt obligation on a property after the tenant, Career Education Institute, vacated it. As we no longer had control over the activities that most significantly impact the economic performance of this subsidiary following possession of the property by the receiver, we deconsolidated the subsidiary during the third quarter of 2011. As of the date of deconsolidation, the property had a carrying value of $5.3 million, reflecting the impact of impairment charges totaling $5.6 million recognized during 2010, and the related non-recourse mortgage loan had an outstanding balance of $6.3 million. In connection with the deconsolidation, we recognized a gain of $1.0 million during the third quarter of 2011. We believe that our retained interest in this deconsolidated entity had no value at the date of deconsolidation.

*2010* We sold seven properties for a total of $14.6 million, net of selling costs, and recognized a net gain on these sales totaling $0.5 million, excluding impairment charges totaling $5.9 million and $6.0 million that were previously recognized in 2010 and 2009, respectively.

*2009* We sold five properties for $43.5 million, net of selling costs, and recognized a net gain on sale of $7.7 million, excluding impairment charges of $0.9 million, $0.5 million and $0.6 million recognized in 2009, 2008 and 2007, respectively.

**Note 17. Segment Reporting**

We evaluate our results from operations by our two major business segments Investment Management and Real Estate Ownership (Note 1). Effective January 1, 2011, we include our equity investments in the REITs in our Real Estate Ownership segment. The equity income or loss from the REITs that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the REITs. This treatment is consistent with that of our directly-owned properties. Results for the years ended December 31, 2010 and 2009 have been reclassified to conform to the current period presentation. The following table presents a summary of comparative results of these business segments (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| **Investment Management** | | | |
| Revenues [a] | $ 242,647 | $ 191,890 | $ 155,119 |
| Operating expenses [a] | (157,544) | (133,682) | (110,160) |
| Other, net [b] | 23,866 | 7,026 | 7,913 |
| Provision for income taxes | (34,971) | (23,661) | (21,813) |
| Income from continuing operations attributable to W. P. Carey members | $ 73,998 | $ 41,573 | $ 31,059 |
| **Real Estate Ownership** [c] | | | |
| Revenues | $ 93,762 | $ 77,964 | $ 73,262 |
| Operating expenses | (63,967) | (42,051) | (39,594) |
| Interest expense | (21,920) | (15,725) | (14,462) |
| Other, net [b] | 61,713 | 25,662 | 13,037 |
| Provision for income taxes | (2,257) | (2,161) | (980) |
| Income from continuing operations attributable to W. P. Carey members | $ 67,331 | $ 43,689 | $ 31,263 |
| **Total Company** | | | |
| Revenues [a] | $ 336,409 | $ 269,854 | $ 228,381 |
| Operating expenses [a] | (221,511) | (175,733) | (149,754) |
| Interest expense | (21,920) | (15,725) | (14,462) |
| Other, net [b] | 85,579 | 32,688 | 20,950 |
| Provision for income taxes | (37,228) | (25,822) | (22,793) |
| Income from continuing operations attributable to W. P. Carey members | $ 141,329 | $ 85,262 | $ 62,322 |

| | Total Long-Lived Assets at December 31, [d] | | Total Assets at December 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Investment Management | $ 2,593 | $ 3,730 | $ 128,557 | $ 123,921 |
| Real Estate Ownership | 1,217,931 | 946,975 | 1,334,066 | 1,048,405 |
| Total Company | $ 1,220,524 | $ 950,705 | $ 1,462,623 | $ 1,172,326 |

(a) Included in revenues and operating expenses are reimbursable costs from affiliates totaling $64.8 million, $60.0 million, and $47.5 million for the years ended December 31, 2011, 2010, and 2009, respectively.

(b) Includes Other interest income, Income from equity investments in real estate and the REITs, Gain on change in control of interests, Income (loss) attributable to noncontrolling interests, Income attributable to redeemable noncontrolling interest and Other income and (expenses). Equity earnings that represent our proportionate share of revenue less expenses of the net-leased properties held by the REITs are included in Real Estate Ownership segment. However, cash distributions of our proportionate share of earnings from the operating partnerships of CPA®:16 Global and CPA®:17 Global and the amortization of deferred revenue related to our Special Member Interest in the operating partnership of CPA®:16 Global are included in the Investment Management segment.

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(c) Included within the Real Estate Ownership segment is our total investment in shares of CPA®:16 Global, which represents approximately 23% of our total assets at December 31, 2011 (Note 6).

(d) Long-lived assets include Net investments in real estate and intangible assets related to management contracts.

Geographic information for our Real Estate Ownership segment is as follows:

| Year Ended December 31, 2011 | Domestic | Foreign (a) | Total |
|---|---|---|---|
| Revenues | $ 84,033 | $ 9,729 | $ 93,762 |
| Operating expenses | (59,108) | (4,859) | (63,967) |
| Interest expense | (20,225) | (1,695) | (21,920) |
| Other, net (b) | 55,537 | 6,176 | 61,713 |
| Provision for income taxes | (2,149) | (108) | (2,257) |
| Income from continuing operations attributable to W. P. Carey members | $ 58,088 | $ 9,243 | $ 67,331 |
| Total assets | $ 1,258,544 | $ 75,522 | $ 1,334,066 |
| Total long-lived assets | $ 1,151,845 | $ 66,086 | $ 1,217,931 |

| Year Ended December 31, 2010 | Domestic | Foreign (a) | Total |
|---|---|---|---|
| Revenues | $ 70,258 | $ 7,706 | $ 77,964 |
| Operating expenses | (38,309) | (3,742) | (42,051) |
| Interest expense | (13,983) | (1,742) | (15,725) |
| Other, net (b) | 21,719 | 3,943 | 25,662 |
| Provision for income taxes | (2,131) | (30) | (2,161) |
| Income from continuing operations attributable to W. P. Carey members | $ 37,554 | $ 6,135 | $ 43,689 |
| Total assets | $ 965,418 | $ 82,987 | $ 1,048,405 |
| Total long-lived assets | $ 877,849 | $ 69,126 | $ 946,975 |

| Year Ended December 31, 2009 | Domestic | Foreign (a) | Total |
|---|---|---|---|
| Revenues | $ 65,289 | $ 7,973 | $ 73,262 |
| Operating expenses | (37,175) | (2,419) | (39,594) |
| Interest expense | (12,411) | (2,051) | (14,462) |
| Other, net (b) | 7,248 | 5,789 | 13,037 |
| Provision for income taxes | (17) | (963) | (980) |
| Income from continuing operations attributable to W. P. Carey members | $ 22,934 | $ 8,329 | $ 31,263 |
| Total assets | $ 900,431 | $ 64,865 | $ 965,296 |
| Total long-lived assets | $ 836,549 | $ 47,911 | $ 884,460 |

(a) All years include operations in France, Germany and Poland; and 2010 and 2011 also include operations in Spain.
(b) Includes Interest income, Income from equity investments in real estate and the REITs, Income (loss) attributable to noncontrolling interests and Other income and (expenses).

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**Note 18. Selected Quarterly Financial Data (Unaudited)**

(Dollars in thousands, except per share amounts)

| | Three Months Ended | | | |
|---|---|---|---|---|
| | **March 31, 2011** | **June 30, 2011** | **September 30, 2011** | **December 31, 2011** |
| Revenues [(a)] [(b)] | $ 77,012 | $ 117,843 | $ 78,365 | $ 63,189 |
| Expenses [(a)] | 49,940 | 54,121 | 58,290 | 59,160 |
| Net income | 23,616 | 81,060 | 25,258 | 9,204 |
| Add: Net loss attributable to noncontrolling interests | 330 | 384 | 581 | 569 |
| Less: Net income attributable to redeemable noncontrolling interests | (603) | (1) | (637) | (682) |
| Net income attributable to W. P. Carey members | 23,343 | 81,443 | 25,202 | 9,091 |
| Earnings per share attributable to W. P. Carey members | | | | |
| Basic | 0.58 | 2.02 | 0.62 | 0.22 |
| Diluted | 0.58 | 1.99 | 0.62 | 0.23 |
| Distributions declared per share | 0.512 | 0.550 | 0.560 | 0.563 |

| | Three Months Ended | | | |
|---|---|---|---|---|
| | **March 31, 2010** | **June 30, 2010** | **September 30, 2010** | **December 31, 2010** |
| Revenues [(a)] | $ 61,652 | $ 69,024 | $ 58,047 | $ 81,131 |
| Expenses [(a)] | 42,341 | 42,971 | 41,578 | 48,843 |
| Net income | 14,302 | 23,721 | 16,371 | 20,557 |
| Add: Net loss attributable to noncontrolling interests | 286 | 128 | 81 | (181) |
| Less: Net income attributable to redeemable noncontrolling interests | (175) | (417) | (106) | (595) |
| Net income attributable to W. P. Carey members | 14,413 | 23,432 | 16,346 | 19,781 |
| Earnings per share attributable to W. P. Carey members | | | | |
| Basic | 0.36 | 0.59 | 0.41 | 0.50 |
| Diluted | 0.36 | 0.59 | 0.41 | 0.50 |
| Distributions declared per share | 0.504 | 0.506 | 0.508 | 0.510 |

(a) Certain amounts from previous quarters have been reclassified to discontinued operations (Note 16)
(b) Amount for the three months ended June 30, 2011 includes $52.5 million of incentive, termination and subordinated disposition revenue recognized in connection with the CPA®:14/16 Merger (Note 3).

**Note 19. Subsequent Event**

*Proposed Merger*

On February 17, 2012, we and CPA®:15 entered into a definitive agreement pursuant to which CPA®:15 will merge with and into one of our subsidiaries for a combination of cash and shares of our common stock as described below. In connection with the Proposed Merger, we plan to file a registration statement with the SEC regarding the shares of our common stock to be issued to shareholders of CPA®:15 in the Proposed

Merger. Special meetings will be scheduled to obtain the approval of CPA®:15 s shareholders of the Proposed Merger and the approval of our shareholders of the Proposed Merger and the Proposed REIT Reorganization described below. The closing of the Proposed Merger is also subject to customary closing conditions. If the Proposed Merger is approved and the other closing conditions are met, we currently expect that the closing will occur by the third quarter of 2012, although there can be no assurance of such timing.

At December 31, 2011, CPA®:15 s portfolio was comprised of full or partial ownership in 315 properties, substantially all of which were triple-net leased with an average remaining life of 10.4 years and an estimated annual contractual minimum base rent of $223.0 million (on a pro rata basis). We expect to assume the related property debt comprised of 74 fixed-rate and seven variable-rate non- recourse mortgage loans with an aggregate fair value of $1.2 billion and a weighted-average annual interest rate of 5.7% at December 31, 2011 (on a pro rata basis). During 2011, we earned $26.0 million in fees from CPA®:15 and recognized $3.4 million in equity earnings based on our ownership of shares in CPA®:15.

We have also obtained a commitment for a $175.0 million term loan as part of our credit facility in order to pay for the cash portion of the consideration in the Proposed Merger. Our commitment expires on the earlier of the termination or closing of the Proposed Merger or September 30, 2012. The commitment letters are subject to a number of closing conditions, including the lenders satisfactory completion of due diligence and determination that no material adverse change has occurred, and there can be no assurance that we will be able to obtain the term loan on acceptable terms or at all.

In the Proposed Merger, CPA®:15 shareholders will be entitled to receive a $1.25 in cash and 0.2326 shares of our common stock for each share of CPA®:15 common stock owned, which equated to $11.73 per share of CPA®:15 common stock based on our $45.07 per share closing price as of February 17, 2012, the date that the merger agreement was signed. The estimated total Proposed Merger consideration includes cash of approximately $151.8 million and the issuance of approximately 28,241,000 of our shares, based on the total shares of CPA®:15 outstanding of 131,566,206, of which 10,153,074 shares were owned by us, on February 17, 2012. As a condition of the Proposed Merger, we have agreed to waive our subordinated disposition and termination fees.

If the Proposed Merger is approved, immediately prior to merging, we plan to reorganize as a real estate investment trust. The Proposed REIT Reorganization is an internal reorganization of our corporate structure into a real estate investment trust to hold substantially all of our real estate assets attributable to our Real Estate Ownership segment while the activities conducted by our Investment Management segment subsidiaries will be organized under taxable real estate investment trust subsidiaries. This Proposed REIT Reorganization is expected to be tax-free for U.S. Federal purposes, except for the cash consideration.

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**W. P. CAREY & CO. LLC**

**SCHEDULE III REAL ESTATE and ACCUMULATED DEPRECIATION**

December 31, 2011

*(in thousands)*

| | | Initial Cost to Company | | | | Gross Amount at which Carried at Close of Period (c) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description** | **Encumbrances** | **Land** | **Buildings** | **Costs Capitalized Subsequent to Acquisition (a)** | **Increase (Decrease) in Net Investments (b)** | **Land** | **Buildings** | **Total** | **Accumulated Depreciation (c)** | **Date Acquired** | **Life on which Depreciation in Latest Statement of Income is Computed** |
| **Real Estate Under Operating Leases:** | | | | | | | | | | | |
| Office facilities in Broomfield, CO | $ | $ 248 | $ 2,538 | $ 4,844 | $ (1,784) | $ 2,928 | $ 2,918 | $ 5,846 | $ 1,143 | Jan. 1998 | 40 yrs. |
| Distribution facilities and warehouses in Erlanger, KY | 9,323 | 1,526 | 21,427 | 2,966 | 141 | 1,526 | 24,534 | 26,060 | 8,681 | Jan. 1998 | 40 yrs. |
| Retail stores in Montgomery and Brewton, AL | | 855 | 6,762 | 143 | (6,547) | 142 | 1,071 | 1,213 | 759 | Jan. 1998 | 40 yrs. |
| Warehouse/distribution facilities in Anchorage, AK and Commerce, CA | | 4,905 | 11,898 | | 12 | 4,905 | 11,910 | 16,815 | 1,041 | Jan. 1998 | 40 yrs. |
| Office facility in Toledo, OH | 2,313 | 224 | 2,408 | | | 224 | 2,408 | 2,632 | 903 | Jan. 1998 | 40 yrs. |
| Industrial facility in Goshen, IN | | 239 | 940 | | | 239 | 940 | 1,179 | 86 | Jan. 1998 | 40 yrs. |
| Office facility in Beaumont, TX | | 164 | 2,344 | 967 | | 164 | 3,311 | 3,475 | 1,323 | Jan. 1998 | 40 yrs. |
| Office facility in Raleigh, NC | | 1,638 | 2,844 | 157 | (2,554) | 828 | 1,257 | 2,085 | 383 | Jan. 1998 | 20 yrs. |
| Office facility in King of Prussia, PA | | 1,219 | 6,283 | 1,295 | | 1,219 | 7,578 | 8,797 | 2,461 | Jan. 1998 | 40 yrs. |
| Warehouse/distribution facility in Fort Lauderdale, FL | | 1,893 | 11,077 | 703 | (8,449) | 1,173 | 4,051 | 5,224 | 1,325 | Jan. 1998 | 40 yrs. |
| Industrial facilities in Pinconning, MS | | 32 | 1,692 | | | 32 | 1,692 | 1,724 | 592 | Jan. 1998 | 40 yrs. |
| Industrial facilities in San Fernando, CA | 8,020 | 2,052 | 5,322 | | 152 | 2,052 | 5,474 | 7,526 | 1,906 | Jan. 1998 | 40 yrs. |
| Land leased in several cities in the following states: Alabama, Florida, Georgia, Illinois, Louisiana, Missouri, New Mexico, North Carolina, South Carolina and Texas | 395 | 9,382 | | | (172) | 9,210 | | 9,210 | | Jan. 1998 | N/A |
| Industrial facility in Milton, VT | | 220 | 1,579 | | | 220 | 1,579 | 1,799 | 553 | Jan. 1998 | 40 yrs. |
| Land in Glendora, CA | | 1,135 | | | 17 | 1,152 | | 1,152 | | Jan. 1998 | N/A |
| Office facilities in Bloomingdale, IL | | 1,075 | 11,453 | 1,050 | (4,934) | 520 | 8,124 | 8,644 | 4,160 | Jan. 1998 | 40 yrs. |

| Description | Initial Cost to Company | | | Costs Capitalized Subsequent to Acquisition (a) | Increase (Decrease) in Net Investments (b) | Gross Amount at which Carried at Close of Period (c) | | | Accumulated Depreciation (c) | Date Acquired | Life on which Depreciation in Latest Statement of Income is Computed |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Encumbrances | Land | Buildings | | | Land | Buildings | Total | | | |
| Industrial facility in Doraville, GA | 4,939 | 3,288 | 9,864 | 1,546 | 274 | 3,287 | 11,685 | 14,972 | 3,576 | Jan. 1998 | 40 yrs. |
| Office facilities in Collierville, TN and warehouse/distribution facilities in Corpus Christi and College Station, TX | 52,921 | 3,490 | 72,497 | | (15,008) | 335 | 60,644 | 60,979 | 1,969 | Jan. 1998 | 40 yrs. |
| Land in Irving and Houston, TX | 8,508 | 9,795 | | | | 9,795 | | 9,795 | | Jan. 1998 | N/A |
| Industrial facility in Chandler, AZ | 12,685 | 5,035 | 18,957 | 7,435 | 541 | 5,035 | 26,933 | 31,968 | 8,176 | Jan. 1998 | 40 yrs. |
| Warehouse/distribution facilities in Houston, TX | | 167 | 885 | 68 | | 167 | 953 | 1,120 | 320 | Jan. 1998 | 40 yrs. |
| Industrial facility in Prophetstown, IL | | 70 | 1,477 | | (1,424) | 7 | 116 | 123 | 27 | Jan. 1998 | 40 yrs. |
| Office facilities in Bridgeton, MO | | 842 | 4,762 | 1,627 | 71 | 842 | 6,460 | 7,302 | 1,272 | Jan. 1998 | 40 yrs. |
| Industrial facility in Industry, CA | | 3,789 | 13,164 | 1,380 | 318 | 3,789 | 14,862 | 18,651 | 4,172 | Jan. 1998 | 40 yrs. |
| Warehouse/distribution facilities in Memphis, TN | | 1,051 | 14,037 | 1,519 | (3,418) | 807 | 12,382 | 13,189 | 10,388 | Jan. 1998 | 7 yrs. |
| Retail stores in Drayton Plains, MI and Citrus Heights, CA | | 1,039 | 4,788 | 165 | 193 | 1,039 | 5,146 | 6,185 | 920 | Jan. 1998 | 35 yrs. |
| Warehouse/distribution facilities in New Orleans, LA; Memphis, TN and San Antonio, TX | | 1,882 | 3,973 | | | 1,882 | 3,973 | 5,855 | 496 | Jan. 1998 | 15 yrs. |
| Retail store in Bellevue, WA | 8,533 | 4,125 | 11,812 | 393 | | 4,494 | 11,836 | 16,330 | 4,056 | Apr. 1998 | 40 yrs. |
| Office facility in Houston, TX | 4,360 | 3,260 | 22,574 | 1,628 | (5,947) | 2,522 | 18,993 | 21,515 | 6,449 | Jun. 1998 | 40 yrs. |
| Office facility in Rio Rancho, NM | 8,418 | 1,190 | 9,353 | 1,316 | | 1,467 | 10,392 | 11,859 | 3,333 | Jul. 1998 | 40 yrs. |
| Vacant office facility in Moorestown, NJ | | 351 | 5,981 | 937 | 43 | 351 | 6,961 | 7,312 | 2,689 | Feb. 1999 | 40 yrs. |
| Office facility in Norcross, GA | 28,752 | 5,200 | 25,585 | 11,822 | | 5,200 | 37,407 | 42,607 | 11,392 | Jun. 1999 | 40 yrs. |
| Office facility in Tours, France | 5,572 | 1,034 | 9,737 | 323 | 3,868 | 1,421 | 13,541 | 14,962 | 3,730 | Sep. 2000 | 40 yrs. |
| Office facility in Illkirch, France | 14,098 | | 18,520 | | 8,555 | | 27,075 | 27,075 | 7,971 | Dec. 2001 | 40 yrs. |

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| Description | Encumbrances | Land | Buildings | Costs Capitalized Subsequent to Acquisition (a) | Increase (Decrease) in Net Investments (b) | Land | Buildings | Total | Accumulated Depreciation (c) | Date Acquired | Life on which Depreciation in Latest Statement of Income is Computed |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Initial Cost to Company | | | | Gross Amount at which Carried at Close of Period (c) | | | | | |
| Industrial and warehouse/distribution facilities in Lenexa, KS; Winston-Salem, NC and Dallas, TX | 7,990 | 1,860 | 12,539 | | 5 | 1,860 | 12,544 | 14,404 | 2,989 | Sep. 2002 | 40 yrs. |
| Office buildings in Venice, CA | 24,000 | 2,032 | 10,152 | 13,160 | 1 | 2,032 | 23,313 | 25,345 | 1,918 | Sep. 2004 | 40 yrs. |
| Warehouse/distribution facility in Greenfield, IN | | 2,807 | 10,335 | 210 | (8,383) | 967 | 4,002 | 4,969 | 709 | Sep. 2004 | 40 yrs. |
| Office facility in San Diego, CA | | 4,647 | 19,712 | 8 | (5,530) | 3,399 | 15,438 | 18,837 | 3,602 | Sep. 2004 | 40 yrs. |
| Warehouse/distribution facilities in Birmingham, AL | 4,557 | 1,256 | 7,704 | | | 1,256 | 7,704 | 8,960 | 1,404 | Sep. 2004 | 40 yrs. |
| Industrial facility in Scottsdale, AZ | 1,306 | 586 | 46 | | | 586 | 46 | 632 | 8 | Sep. 2004 | 40 yrs. |
| Retail store in Hot Springs, AR | | 850 | 2,939 | 2 | (2,614) | | 1,177 | 1,177 | 215 | Sep. 2004 | 40 yrs. |
| Industrial facilities in Apopka, FL | | 362 | 10,855 | 576 | | 362 | 11,431 | 11,793 | 2,001 | Sep. 2004 | 40 yrs. |
| Retail facility in Jacksonville, FL | | 975 | 6,980 | 20 | | 975 | 7,000 | 7,975 | 1,274 | Sep. 2004 | 40 yrs. |
| Retail facilities in Charlotte, NC | | 1,639 | 10,608 | 171 | 25 | 1,639 | 10,804 | 12,443 | 2,108 | Sep. 2004 | 40 yrs. |
| Land in San Leandro, CA | | 1,532 | | | | 1,532 | | 1,532 | | Dec. 2006 | N/A |
| Industrial facility in Sunnyvale, CA | | 1,663 | 3,571 | | | 1,663 | 3,571 | 5,234 | 672 | Dec. 2006 | 27 yrs. |
| Fitness and recreational sports center in Austin, TX | 3,314 | 1,725 | 5,168 | | | 1,725 | 5,168 | 6,893 | 922 | Dec. 2006 | 28.5 yrs. |
| Retail store in Wroclaw, Poland | 8,242 | 3,600 | 10,306 | | (2,200) | 3,238 | 8,468 | 11,706 | 859 | Dec. 2007 | 40 yrs. |
| Office facility in Fort Worth, TX | 34,218 | 4,600 | 37,580 | | | 4,600 | 37,580 | 42,180 | 1,801 | Feb. 2010 | 40 yrs. |
| Warehouse/distribution facility in Mallorca, Spain | | 11,109 | 12,636 | | 1,693 | 11,914 | 13,524 | 25,438 | 535 | Jun. 2010 | 40 yrs. |
| Industrial and office facilities in San Diego, CA | 33,752 | 7,247 | 29,098 | 953 | (5,514) | 4,761 | 27,023 | 31,784 | 785 | May 2011 | 40 yrs. |
| | $ 286,216 | $ 120,905 | $ 526,762 | $ 57,384 | $ (58,569) | $ 111,483 | $ 534,999 | $ 646,482 | $ 118,054 | | |

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| Description | Encumbrances | Initial Cost to Company Land | Initial Cost to Company Buildings | Costs Capitalized Subsequent to Acquisition (a) | Decrease in Net Investments (b) | Gross Amount at which Carried at Close of Period Total | Date Acquired |
|---|---|---|---|---|---|---|---|
| **Direct Financing Method:** | | | | | | | |
| Retail stores in several cities in the following states: Alabama, Florida, Georgia, Illinois, Louisiana, Missouri, New Mexico, North Carolina, South Carolina and Texas | $ 577 | $ | $ 16,416 | $ | $ (384) | $ 16,032 | Jan. 1998 |
| Office and industrial facilities in Glendora, CA and Romulus, MI | | 454 | 13,251 | 9 | (2,408) | 11,306 | Jan. 1998 |
| Industrial facilities in Thurmont, MD and Farmington, NY | | 729 | 6,093 | | (139) | 6,683 | Jan. 1998 |
| Industrial facilities in Irving and Houston, TX | 20,828 | | 27,599 | | (3,620) | 23,979 | Jan. 1998 |
| | $ 21,405 | $ 1,183 | $ 63,359 | $ 9 | $ (6,551) | $ 58,000 | |

| | | Initial Cost to Company | | | | | Gross Amount at which Carried at Close of Period (c) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Encumbrances | Land | Buildings | Personal Property | Costs Capitalized Subsequent to Acquisition (a) | Decrease in Net Investments (b) | Land | Buildings | Personal Property | Total | Accumulated Depreciation (c) | Date Acquired | Life on which Deprecia-tion in Latest Statement of Income is Computed |
| **Operating Real Estate:** | | | | | | | | | | | | | |
| Hotel located in Livonia, MI | $ | $ 2,765 | $ 11,087 | $ 3,816 | $ 18,623 | $ (9,972) | $ 2,765 | $ 14,086 | $ 9,468 | $ 26,319 | $ 10,093 | Jan. 1998 | 7-40 yrs. |
| Self storage facilities in Taunton, North Andover, North Billerica and Brockton, MA | 9,722 | 4,300 | 12,274 | | 223 | (478) | 4,300 | 12,019 | | 16,319 | 1,697 | Dec. 2006 | 25-40 yrs. |
| Self storage facility in Newington, CT | 2,115 | 520 | 2,973 | | 231 | (121) | 520 | 3,083 | | 3,603 | 388 | Dec. 2006 | 40 yrs. |
| Self storage facility in Killeen, TX | 3,290 | 1,230 | 3,821 | | 337 | (179) | 1,230 | 3,979 | | 5,209 | 525 | Dec. 2006 | 30 yrs. |
| Self storage facility in Rohnert Park, CA | 3,169 | 1,761 | 4,989 | | 39 | | 1,761 | 5,028 | | 6,789 | 620 | Jan. 2007 | 40 yrs. |
| Self storage facility in Fort Worth, TX | 2,192 | 1,030 | 4,176 | | 33 | | 1,030 | 4,209 | | 5,239 | 521 | Jan. 2007 | 40 yrs. |
| Self storage facility in Augusta, GA | 1,912 | 970 | 2,442 | | 48 | | 970 | 2,490 | | 3,460 | 304 | Feb. 2007 | 39 yrs. |

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| | | Initial Cost to Company | | | | | Gross Amount at which Carried at Close of Period (c) | | | | | | Life on which Deprecia-tion in Latest Statement of Income is Computed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Encumbrances | Land | Buildings | Personal Property | Costs Capitalized Subsequent to Acquisition (a) | Decrease in Net Investments (b) | Land | Buildings | Personal Property | Total | Accumulated Depreciation (c) | Date Acquired | |
| Self storage facility in Garland, TX | 1,464 | 880 | 3,104 | | 56 | | 880 | 3,160 | | 4,040 | 381 | Feb. 2007 | 40 yrs. |
| Self storage facility in Lawrenceville, GA | 2,360 | 1,410 | 4,477 | | 83 | | 1,411 | 4,559 | | 5,970 | 592 | Mar. 2007 | 37 yrs. |
| Self storage facility in Fairfield, OH | 1,860 | 540 | 2,640 | | 19 | | 540 | 2,659 | | 3,199 | 420 | Apr. 2007 | 30 yrs. |
| Self storage facility in Tallahassee, FL | 3,701 | 850 | 5,736 | | 7 | | 850 | 5,743 | | 6,593 | 665 | Apr. 2007 | 40 yrs. |
| Self storage facility in Lincolnshire, IL | 1,993 | 1,477 | 1,519 | | 67 | | 1,477 | 1,586 | | 3,063 | 127 | Jul. 2010 | 18 yrs. |
| Self storage facility in Chicago, IL | 1,715 | 823 | 912 | | 623 | | 823 | 1,535 | | 2,358 | 154 | Jul. 2010 | 15 yrs. |
| Self storage facility in Chicago, IL | 1,438 | 700 | 733 | | 512 | | 700 | 1,245 | | 1,945 | 122 | Jul. 2010 | 15 yrs. |
| Self storage facility in Bedford Park, IL | 1,746 | 809 | 1,312 | | 179 | | 809 | 1,491 | | 2,300 | 112 | Jul. 2010 | 20 yrs. |
| Self storage facility in Bentonville, AR | 2,056 | 1,050 | 1,323 | | 4 | | 1,050 | 1,327 | | 2,377 | 74 | Sep. 2010 | 24 yrs. |
| Self storage facility in Tallahassee, FL | 3,899 | 570 | 3,447 | | 26 | | 570 | 3,473 | | 4,043 | 144 | Sep. 2010 | 30 yrs. |
| Self storage facility in Pensacola, FL | 1,838 | 560 | 2,082 | | 5 | | 560 | 2,087 | | 2,647 | 87 | Sep. 2010 | 30 yrs. |
| Self storage facility in Chicago, IL | 2,118 | 1,785 | 2,617 | | | | 1,785 | 2,617 | | 4,402 | 95 | Oct. 2010 | 32 yrs. |
| | $ 48,588 | $ 24,030 | $ 71,664 | $ 3,816 | $ 21,115 | $ (10,750) | $ 24,031 | $ 76,376 | $ 9,468 | $ 109,875 | $ 17,121 | | |

## W. P. CAREY & CO. LLC

## NOTES TO SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

*(in thousands)*

(a) Consists of the cost of improvements and acquisition costs subsequent to acquisition, including legal fees, appraisal fees, title costs, other related professional fees and purchases of furniture, fixtures, equipment and improvements at the hotel properties.
(b) The increase (decrease) in net investment is primarily due to (i) the amortization of unearned income from net investment in direct financing leases, which produces a periodic rate of return that at times may be greater or less than lease payments received, (ii) sales of properties, (iii) impairment charges, (iv) changes in foreign currency exchange rates, and (v) adjustments in connection with purchasing certain noncontrolling interests.
(c) Reconciliation of real estate and accumulated depreciation (see below):

| | Reconciliation of Real Estate Subject to Operating Leases Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Balance at beginning of year | $ 560,592 | $ 525,607 | $ 603,044 |
| Additions | 107,484 | 67,787 | 4,754 |
| Dispositions | (22,106) | (18,896) | (46,951) |
| Foreign currency translation adjustment | (1,837) | (2,142) | 966 |
| Reclassification from (to) equity investment, direct financing lease, intangible assets or assets held for sale | 20,105 | 1,790 | (28,977) |
| Deconsolidation of real estate asset | (5,938) | | |
| Impairment charges | (11,818) | (13,554) | (7,229) |
| Balance at end of year | $ 646,482 | $ 560,592 | $ 525,607 |

| | Reconciliation of Accumulated Depreciation for Real Estate Subject to Operating Leases Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| Balance at beginning of year | $ 108,032 | $ 100,247 | $ 103,249 |
| Depreciation expense | 15,179 | 13,437 | 12,841 |
| Dispositions | (5,785) | (5,000) | (9,677) |
| Foreign currency translation adjustment | (396) | (839) | 285 |
| Reclassification from (to) equity investment, direct financing lease, intangible assets or assets held for sale | 2,339 | 187 | (6,451) |
| Deconsolidation of real estate asset | (1,315) | | |
| Balance at end of year | $ 118,054 | $ 108,032 | $ 100,247 |

| | 00.0000000 | 00.0000000 | 00.0000000 |
|---|---|---|---|
| | Reconciliation of Operating Real Estate Years Ended December 31, | | |
| | **2011** | **2010** | **2009** |
| Balance at beginning of year | $ 109,851 | $ 85,927 | $ 84,547 |
| Additions/Capital expenditures | 24 | 23,924 | 1,380 |
| Balance at end of year | $ 109,875 | $ 109,851 | $ 85,927 |

| | 00.0000000 | 00.0000000 | 00.0000000 |
|---|---|---|---|
| | **Reconciliation of Accumulated Depreciation for Operating Real Estate Years Ended December 31,** | | |
| | **2011** | **2010** | **2009** |
| Balance at beginning of year | $ 14,280 | $ 12,039 | $ 10,013 |
| Depreciation expense | 2,841 | 2,241 | 2,026 |
| Balance at end of year | $ 17,121 | $ 14,280 | $ 12,039 |

At December 31, 2011, the aggregate cost of real estate that we and our consolidated subsidiaries own for federal income tax purposes was approximately $824.3 million.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Corporate Property Associates 15 Incorporated:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Corporate Property Associates 15 Incorporated and its subsidiaries (the Company ) at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 5, 2012

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**CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED**

**CONSOLIDATED BALANCE SHEETS**

*(in thousands, except share amounts)*

| | December 31, 2011 | 2010 |
|---|---|---|
| **Assets** | | |
| Investments in real estate: | | |
| Real estate, at cost (inclusive of amounts attributable to consolidated VIEs) of $7,861 and $7,861, respectively) | $ 1,883,131 | $ 2,091,380 |
| Accumulated depreciation (inclusive of amounts attributable to consolidated VIEs of $1,338 and $1,167, respectively) | (317,932) | (298,531) |
| Net investments in properties | 1,565,199 | 1,792,849 |
| Net investments in direct financing leases | 285,446 | 323,166 |
| Equity investments in real estate | 180,579 | 181,000 |
| Assets held for sale | 2,920 | 739 |
| Net investments in real estate | 2,034,144 | 2,297,754 |
| Cash and cash equivalents (inclusive of amounts attributable to consolidated VIEs of $1,304 and $561, respectively) | 155,841 | 104,673 |
| Intangible assets, net (inclusive of amounts attributable to consolidated VIEs of $592 and $645, respectively) | 142,331 | 163,610 |
| Other assets, net (inclusive of amounts attributable to consolidated VIEs of $699 and $833, respectively) | 120,568 | 128,018 |
| Total assets | $ 2,452,884 | $ 2,694,055 |
| **Liabilities and Equity** | | |
| Liabilities: | | |
| Non-recourse debt (inclusive of amounts attributable to consolidated VIEs of $4,278 and $4,480, respectively) | $ 1,320,958 | $ 1,494,600 |
| Accounts payable, accrued expenses and other liabilities (inclusive of amounts attributable to consolidated VIEs of $288 and $271, respectively) | 35,081 | 40,587 |
| Prepaid and deferred rental income and security deposits (inclusive of amounts attributable to consolidated VIEs of $131 and $63, respectively) | 57,190 | 65,443 |
| Due to affiliates | 15,310 | 16,003 |
| Distributions payable | 23,898 | 23,333 |
| Total liabilities | 1,452,437 | 1,639,966 |
| Commitments and contingencies (Note 11) | | |
| Equity: | | |
| CPA®:15 shareholders equity: | | |
| Common stock $0.001 par value 240,000,000 shares authorized 147,618,595 and 144,680,751 shares issued and outstanding, respectively | 147 | 145 |
| Additional paid-in capital | 1,375,958 | 1,346,230 |
| Distributions in excess of accumulated earnings | (368,524) | (330,380) |
| Accumulated other comprehensive loss | (16,196) | (10,099) |
| Less, treasury stock at cost, 16,524,274 and 16,191,899 shares, respectively | (173,864) | (170,580) |
| Total CPA®:15 shareholders equity | 817,521 | 835,316 |
| Noncontrolling interests | 182,926 | 218,773 |

| | | |
|---|---|---|
| Total equity | 1,000,447 | 1,054,089 |
| Total liabilities and equity | $ 2,452,884 | $ 2,694,055 |

See Notes to Consolidated Financial Statements.

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**CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

*(in thousands, except share and per share amounts)*

| | Years Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| **Revenues** | | | |
| Rental income | $ 211,930 | $ 214,261 | $ 221,389 |
| Interest income from direct financing leases | 30,270 | 30,329 | 36,716 |
| Other operating income | 7,689 | 6,573 | 6,684 |
| | 249,889 | 251,163 | 264,789 |
| **Operating Expenses** | | | |
| General and administrative | (8,846) | (8,064) | (8,826) |
| Depreciation and amortization | (54,920) | (55,799) | (57,697) |
| Property expenses | (38,125) | (38,911) | (39,929) |
| Impairment charges | (8,187) | (2,656) | (36,066) |
| Allowance for credit losses | (3,059) | | |
| | (113,137) | (105,430) | (142,518) |
| **Other Income and Expenses** | | | |
| Other interest income | 1,862 | 1,822 | 2,319 |
| Income from equity investments in real estate | 23,270 | 7,857 | 4,010 |
| Other income and (expenses) | 4,176 | (214) | 1,312 |
| (Loss) gain on disposition of direct financing leases | (1,041) | 15,592 | (41) |
| Gain on deconsolidation of a subsidiary | | 11,493 | |
| Interest expense | (80,753) | (84,185) | (92,528) |
| | (52,486) | (47,635) | (84,928) |
| Income from continuing operations before income taxes | 84,266 | 98,098 | 37,343 |
| Provision for income taxes | (5,296) | (4,144) | (4,924) |
| Income from continuing operations | 78,970 | 93,954 | 32,419 |
| **Discontinued Operations** | | | |
| Income from operations of discontinued properties | 5,978 | 4,413 | 6,852 |
| Gain on deconsolidation of a subsidiary | 4,501 | | |
| Gain on sale of real estate | 5,025 | 17,409 | 12,406 |
| Gain (loss) on extinguishment of debt | 1,000 | | (1,498) |
| Impairment charges | (18,922) | (15,520) | (20,279) |
| (Loss) income from discontinued operations | (2,418) | 6,302 | (2,519) |
| **Net Income** | 76,552 | 100,256 | 29,900 |
| Less: Net income attributable to noncontrolling interests | (19,859) | (40,479) | (30,148) |

| | | | |
|---|---|---|---|
| **Net Income (Loss) Attributable to CPA® :15 Shareholders** | $ 56,693 | $ 59,777 | $ (248) |
| | | | |
| **Earnings (Loss) Per Share** | | | |
| Income from continuing operations attributable to CPA® :15 shareholders | $ 0.44 | $ 0.49 | $ 0.07 |
| Loss from discontinued operations attributable to CPA® :15 shareholders | (0.01) | (0.02) | (0.07) |
| Net income (loss) attributable to CPA® :15 shareholders | $ 0.43 | $ 0.47 | $ |
| | | | |
| **Weighted Average Shares Outstanding** | 129,966,172 | 127,312,274 | 125,834,605 |
| **Amounts Attributable to CPA® :15 Shareholders** | | | |
| Income from continuing operations, net of tax | $ 57,750 | $ 62,611 | $ 8,167 |
| Loss from discontinued operations, net of tax | (1,057) | (2,834) | (8,415) |
| Net income (loss) | $ 56,693 | $ 59,777 | $ (248) |

See Notes to Consolidated Financial Statements.

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**CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(in thousands)*

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2011** | **2010** | **2009** |
| **Net Income** | $ 76,552 | $ 100,256 | $ 29,900 |
| **Other Comprehensive (Loss) Income** | | | |
| Foreign currency translation adjustments | (4,335) | (16,088) | 1,618 |
| Change in unrealized appreciation on marketable securities | (259) | 776 | 925 |
| Change in unrealized loss on derivative instruments | (4,163) | (2,841) | (1,863) |
| | (8,757) | (18,153) | 680 |
| **Comprehensive Income** | 67,795 | 82,103 | 30,580 |
| **Amounts Attributable to Noncontrolling Interests** | | | |
| Net income | (19,859) | (40,479) | (30,148) |
| Foreign currency translation adjustments | 1,605 | 4,920 | 509 |
| Change in unrealized loss on derivative instruments | 1,055 | 933 | 552 |
| Comprehensive income attributable to noncontrolling interests | (17,199) | (34,626) | (29,087) |
| **Comprehensive Income Attributable to CPA®:15 Shareholders** | $ 50,596 | $ 47,477 | $ 1,493 |

See Notes to Consolidated Financial Statements.

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**CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED**

**CONSOLIDATED STATEMENTS OF EQUITY**

Years Ended December 31, 2011, 2010 and 2009

*(in thousands, except share amounts)*

| | | CPA®:15 Shareholders | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total Outstanding Shares | Common Stock | Additional Paid-In Capital | Distributions in Excess of Accumulated Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total CPA®:15 Shareholders | Noncontrolling Interests | Total |
| Balance at January 1, 2009 | 126,532,187 | $ 139 | $ 1,282,826 | $ (207,949) | $ 460 | $ (129,233) | $ 946,243 | $ 271,905 | $ 1,218,148 |
| Shares issued $.001 par, at $10.93 and $11.95 per share, net of offering costs | 1,807,202 | 2 | 19,969 | | | | 19,971 | | 19,971 |
| Shares, $.001 par, issued to advisor at $11.50 per share | 1,100,634 | 1 | 12,726 | | | | 12,727 | | 12,727 |
| Contributions from noncontrolling interests | | | | | | | | 18,157 | 18,157 |
| Distributions declared ($0.7151 per share) | | | | (89,582) | | | (89,582) | | (89,582) |
| Distributions to noncontrolling interests | | | | | | | | (49,522) | (49,522) |
| Net (loss) income | | | | (248) | | | (248) | 30,148 | 29,900 |
| Other comprehensive loss: | | | | | | | | | |
| Foreign currency translation adjustments | | | | | 2,127 | | 2,127 | (509) | 1,618 |
| Change in unrealized gain on marketable securities | | | | | 925 | | 925 | | 925 |
| Change in unrealized loss on derivative instruments | | | | | (1,311) | | (1,311) | (552) | (1,863) |
| Repurchase of shares | (3,614,980) | | | | | (38,674) | (38,674) | | (38,674) |
| Balance at December 31, 2009 | 125,825,043 | 142 | 1,315,521 | (297,779) | 2,201 | (167,907) | 852,178 | 269,627 | 1,121,805 |
| Shares issued $.001 par, at $10.17 and $10.93 per share, net of offering costs | 1,891,974 | 2 | 19,547 | | | | 19,549 | | 19,549 |
| Shares, $.001 par, issued to advisor at $10.70 per share | 1,040,461 | 1 | 11,162 | | | | 11,163 | | 11,163 |
| Contributions from noncontrolling interests | | | | | | | | 7,731 | 7,731 |
| Distributions declared ($0.7246 per share) | | | | (92,378) | | | (92,378) | | (92,378) |
| Deconsolidation of a venture | | | | | | | | (27,439) | (27,439) |
| Distributions to noncontrolling interests | | | | | | | | (65,772) | (65,772) |
| Net income | | | | 59,777 | | | 59,777 | 40,479 | 100,256 |
| Other comprehensive loss: | | | | | | | | | |
| Foreign currency translation adjustments | | | | | (11,168) | | (11,168) | (4,920) | (16,088) |
| Change in unrealized gain on marketable securities | | | | | 776 | | 776 | | 776 |
| Change in unrealized loss on derivative instruments | | | | | (1,908) | | (1,908) | (933) | (2,841) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Repurchase of shares | (268,626) | | | | | (2,673) | (2,673) | | (2,673) |
| Balance at December 31, 2010 | 128,488,852 | 145 | 1,346,230 | (330,380) | (10,099) | (170,580) | 835,316 | 218,773 | 1,054,089 |

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**CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED**

**CONSOLIDATED STATEMENTS OF EQUITY (Continued)**

Years Ended December 31, 2011, 2010 and 2009

*(in thousands, except share amounts)*

| | CPA®:15 Shareholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total Outstanding Shares | Common Stock | Additional Paid-In Capital | Distributions in Excess of Accumulated Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total CPA®:15 Shareholders | Noncontrolling Interests | Total |
| Shares issued $.001 par, at $9.88 and $10.17 per share, net of offering costs | 1,926,849 | 1 | 19,083 | | | | 19,084 | | 19,084 |
| Shares issued, $.001 par, to advisor at $10.40 and $10.70 per share | 1,010,995 | 1 | 10,645 | | | | 10,646 | | 10,646 |
| Contributions from noncontrolling interests | | | | | | | | 8,402 | 8,402 |
| Distributions declared ($0.7286 per share) | | | | (94,837) | | | (94,837) | | (94,837) |
| Distributions to noncontrolling interests | | | | | | | | | |