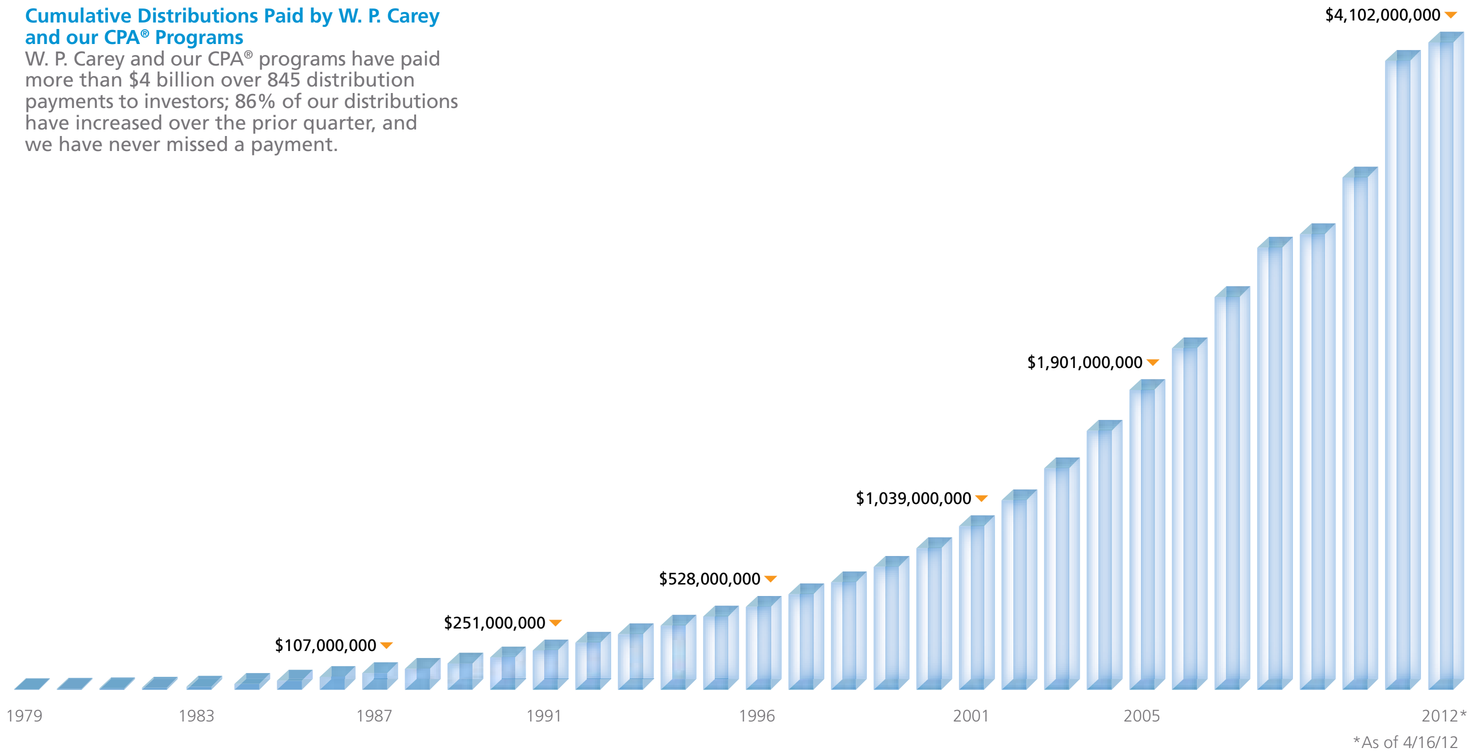
W. P. CAREY

2011 Annual Report

Income generation for generations of investors

W. P. Carey has consistently increased distributions by employing a conservative risk management-driven investment strategy that has enabled us to provide steady income to our shareholders over several decades. We manage W. P. Carey today just as we have from the start, on the principle of *Investing for the Long Run*™, and we are pleased to share the continuing success of that approach with our shareholders.

Cumulative Distributions Paid by W. P. Carey and our CPA® Programs
W. P. Carey and our CPA® programs have paid more than $4 billion over 845 distribution payments to investors; 86% of our distributions have increased over the prior quarter, and we have never missed a payment.



Financial Highlights

(In thousands except share and per share data)

	YEAR ENDED DECEMBER 31, 2011
Operations	
Revenues[1]	$271,580
Net Income	139,079
Cash Flow from Operating Activities	80,116
Funds from Operations—as adjusted (AFFO)[2]	188,853
By Segment	
EBITDA[2]	
Investment Management	$112,433
Real Estate Ownership	115,908
Total	228,341
AFFO[2]	
Investment Management	$101,643
Real Estate Ownership	87,210
Total	188,853
Per Share	
Diluted Earnings per Share	$3.42
Diluted AFFO per Share[2]	4.71
Distributions Declared per Share	2.19
Weighted Average Shares Outstanding (Diluted)	40,098,095
Stock Data	
Price Range (January 1, 2011 through December 31, 2011)	$29.85-$44.34
Number of Shareholders	39,893

1 Net of reimbursed expenses.
2 This Annual Report and the financial highlights above contain references to non-GAAP financial measures, including AFFO and EBITDA. • AFFO – Represents funds from operations as defined by the National Association of Real Estate Investment Trusts adjusted to include the impact of certain non-cash charges to net income. • EBITDA – Represents earnings before interest, taxes, depreciation and amortization.

We believe that these non-GAAP financial measures are useful supplemental measures that assist investors to better understand the underlying performance of our business segments. These non-GAAP 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 our financial performance. These non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Please reference the Form 8-K, which was filed on February 29, 2012, and is available on our website at www.wpcarey.com, for a reconciliation of these non-GAAP financial measures to our Consolidated Financial Statements. This Annual Report includes statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. We cannot guarantee that any forward-looking statement will be accurate. Investors should consider the risk factors identified in our periodic reports filed with the SEC, when evaluating our forward-looking statements.

GAAP refers to accounting principles generally accepted in the United States of America.

Dear Fellow Shareholders

A year ago as we went to press with the 2010 Annual Report, early signs of recovery in the U.S. economy had yielded once again to fears of a double dip recession. Predicting the future was a challenge for the best of forecasters. W. P. Carey, however, viewed this volatile landscape as both a challenge and an opportunity to outperform, because our business model was well-suited to the shifting sands of the global economy. Our 2011 results confirm that view, as this report will show. Not displayed in these figures, however, are the steps we took to begin transforming the company in ways that we expect will enhance dividend growth and stability as well as shareholder value. Also nowhere to be found in the numbers is the deep sense of sadness we experienced at the loss of our Founder, Bill Carey, on January 2, 2012. His absence is felt keenly, yet his presence survives in the culture he established and its emphasis on maintaining a long term, disciplined approach to investing.

Bill would have been proud of our highlights for 2011, which in many ways was the best year in the company's history:

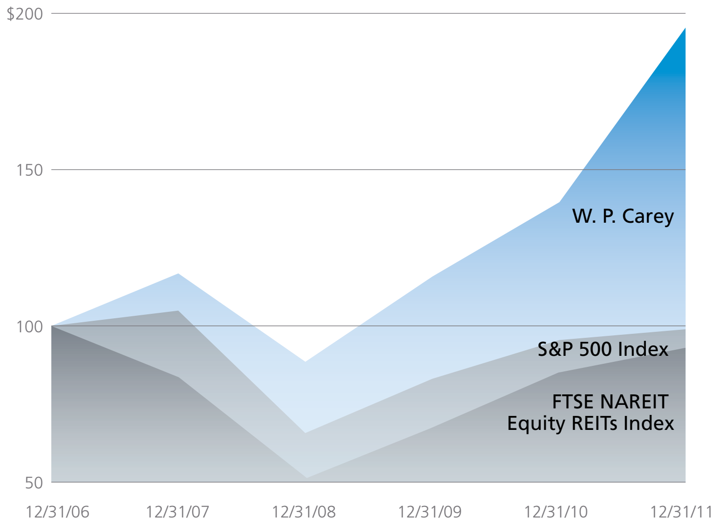
- Total shareholder return was over 38%.
- Adjusted Funds from Operations ("AFFO") rose to $4.71 per share, up from $3.27 per share in 2010.
- Investment volume was the company's highest ever at approximately $1.2 billion.
- Fundraising was the company's highest ever at approximately $630 million.
- We completed the liquidation of our 13th fund through the merger of Corporate Property Associates 14 with Corporate Property Associates 16 – Global.
- We closed on a new line of credit for $450 million, permitting us to pay off our existing line, which was scheduled to mature in June 2012.
- In December 2011 and March 2012, we raised our dividend for the 43rd and 44th consecutive times.

Looking forward to 2012 and beyond, the fragile but slow and steady recovery in the U.S. presents us with a changed landscape. Our supply of opportunities derives from the demand for capital from corporate owners of real estate. We expect this demand to increase as the economy continues to expand, as companies shift from deleveraging to expansion, and as merger and acquisition activity picks up. On the

What makes W. P. Carey different can be broken down into three fundamental areas: people, process and performance—the people who work every day on behalf of all our investors, our disciplined and cycle-tested investment process, and our performance as an investment manager.

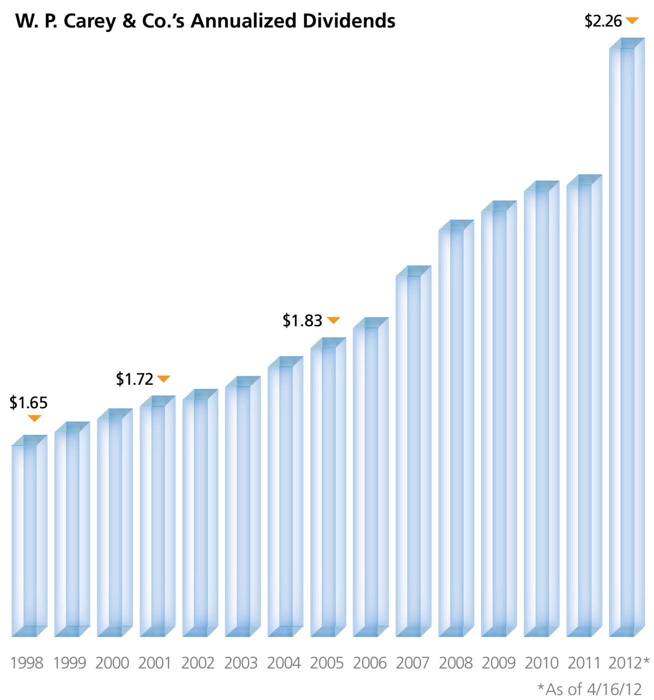
other hand, the supply of capital to this sector has also increased, in part due to the low yield environment fostered by the liquidity measures taken by central banks around the world. As with all supply/demand curves, if the supply of capital shifts upwards faster than the demand, there will be a corresponding increase in asset pricing. This would probably have a positive affect on the performance of our existing portfolios, both owned and managed, but could also have a dampening effect on our investment volume. That said, one of W. P. Carey's great strengths is its ability to source attractive transactions from a broader, deeper pool than our competitors, and we expect that will help mitigate any potential slowdown in investment volume that might result from overly rapid asset appreciation in the net lease sector.

Cumulative Total Return Comparison 2006–2011
$100 invested in W. P. Carey & Co. common stock on December 31, 2006, with dividends reinvested, would have appreciated in five years to $193—an 18.6% average annual return, compared with (.25%) for the S&P 500 Index and (1.38%) for the FTSE NAREIT Equity REITs Index.



Sources: Bloomberg for W. P. Carey returns; S&P website for S&P Index returns and NAREIT website for FTSE NAREIT Equity REITs Index returns

Past performance is no guarantee of future results.



Through long-term leases with our tenants and the efforts of our Asset Management team to keep our portfolios at the highest occupancy possible, we receive a steady stream of income each month. This rental income is the primary driver in maintaining a steady cash flow and, consequently, steady distributions.

Over the years, we've experienced numerous cycles of this nature, and have come to regard them as two- edged swords. While rising asset values may cause us to tactically retreat from certain submarkets, they also offer us the chance to exit certain assets at opportune points in the cycle. That said, there is some inherent volatility in the investment management segment of our business. In recognition of this, we are planning to shift the mix of our revenues to favor investment revenues over asset management revenues. This strategy will find its culmination in our proposed conversion to a REIT and simultaneous merger with one of our managed REITs, Corporate Property Associates 15. We expect that these transactions, which we announced in February 2012 and which are still subject to the approval of shareholders of both companies and SEC review, will provide three important benefits. Specifically, we believe these transactions will:

- Substantially increase our financial strength, scale and liquidity;
- Facilitate dividend growth through an accretive acquisition of assets that we already manage and know well; and
- Enhance long term shareholder value by bringing increased clarity to our form and strategic focus.

We've placed a detailed description of the transaction on our website, and I encourage you to read it carefully. This event will be transformational, but it also represents a natural evolution for W. P. Carey, a plan that lets us take even better advantage of our essential qualities:

- Our tradition of transparency and disciplined investing;
- Our track record as an investor;
- The caliber of our people.

As always, I want to thank all of you—our investors, tenants and employees— for your continued confidence and support as we move into this exciting new stage.

With best wishes,

Trevor P. Bond
President and Chief Executive Officer

W. P. Carey was started nearly 40 years ago and focused on creating investment products that work in good times and in bad. We've grown tremendously over the last four decades for one very good reason: we've performed well for our investors in all market conditions. Our risk management-driven investment philosophy—steadfast for decades—combined with our commitment to *Investing for the Long Run*™ has undoubtedly contributed to our success.

Investing for the Long Run™

Our Proven Investment Strategy

The fundamentals of our business have remained the same for nearly four decades. Through the sale and leaseback of corporate facilities, we help companies and private equity firms release capital tied up in real estate assets by acquiring single tenant corporate and industrial properties for full market value and leasing them back to the tenant under a triple net lease. Companies are able to convert an otherwise depreciating or under-utilized asset into working capital they can use to pay down debt, fund acquisitions or reinvest in the core competencies of their business. We believe that our focus on tenant creditworthiness has enabled us to be less affected by economic cycles than conventional real estate investors are. Our established risk management strategy continues to prove itself.

W. P. Carey evaluates every transaction on four key components. We:

- Analyze the creditworthiness of the tenant;
- Seek to identify and purchase strategically important facilities, which we also refer to as critical operating assets;
- Assess the fundamental value of the underlying real estate; and
- Structure transactions with appropriate terms and pricing and stress test them under a range of economic and business scenarios.



OBI, Germany
UTI, Sacramento, U.S.
Fraikin, France


Kendall College, Chicago, U.S.
Konzum, Croatia

A Global Platform

W. P. Carey provides long-term sale-leaseback and build-to-suit financing for companies worldwide, and owns and manages a global investment portfolio of approximately $12 billion. We believe diversification is key. In 2011, we structured investments on our own behalf, as well as those of our CPA®-managed programs, totaling approximately $1.2 billion. At year-end 2011, the W. P. Carey group—which includes our managed funds—had 284 tenants from across a broad spectrum of industries, who lease from us more than 950 properties in 42 states and 18 countries. With this type of diversification, we believe we are well positioned for the future.

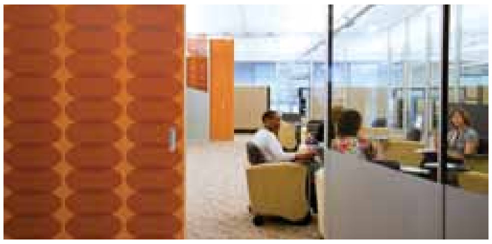
The W. P. Carey Difference

Every investment we structure goes through a rigorous underwriting process: our investment team analyzes the creditworthiness of the tenant and the criticality and fundamental value of the assets and then tests the structure and pricing under a range of economic and business scenarios. A key to our investment discipline, and one our late Founder and Chairman was most proud of, is the use of an independent Investment Committee that reviews and approves our investments. This independent committee is comprised of investment professionals with more than 200 years of combined institutional and transactional experience. If they don't like an investment, we don't invest. They are a crucial check and balance to keeping a disciplined investment environment. This established process maintains consistent standards for our investments and is a key reason why our portfolios continue to perform well today.

National Express, UK
The New York Times, New York, U.S.

Prisa, Spain
Tesco, Hungary
CARQUEST, U.S.

In 2011, we completed approximately $1.2 billion of investments. Let's review a few of our transactions:



Blue Cross and Blue Shield of Minnesota

Location: Eagan, MN; Aurora, MN; Virginia, MN
Property Type: Eight office facilities
Acquisition Date: January 2012
Space: 1.1 million square feet

Blue Cross and Blue Shield of Minnesota is an independent licensee of the Blue Cross and Blue Shield Association, a not-for-profit, taxable organization headquartered in Chicago. Chartered in 1933, it continues to carry out its charter mission as a health company promoting a wider, more economical and timely availability of health services for the people of Minnesota. Through a sale-leaseback, Blue Cross and Blue Shield of Minnesota was able to redeploy the illiquid capital tied up in their real estate holdings to fund strategic initiatives.

Lineage Logistics

Location: Oxnard, CA; Watsonville, CA
Property Type: Cold storage facilities
Acquisition Date: January 2011
Space: 894,665 square feet

Lineage Logistics is a warehousing and logistics company that operates the fifth largest facility network in the U.S. In January 2011, we acquired three cold storage facilities in California totaling approximately 894,665 square feet and leased them to Terminal Freezers, LLC, an affiliate of Lineage Logistics Holdings, LLC.

Walgreens
Location: Las Vegas, NV
Property Type: Retail
Completion Date: Construction ongoing in 2012

Walgreens is the nation's largest drugstore chain, with 7,655 drugstores in all 50 states, the District of Columbia and Puerto Rico. Walgreens scope of pharmacy services includes retail, specialty, infusion, medical facility and mail service, along with pharmacy benefit solutions and respiratory services. In December 2010, we funded $31.0 million for the initial draw of a construction loan for the first phase of a shopping center in Las Vegas, Nevada and expect to fund up to $85.6 million to complete the facility.

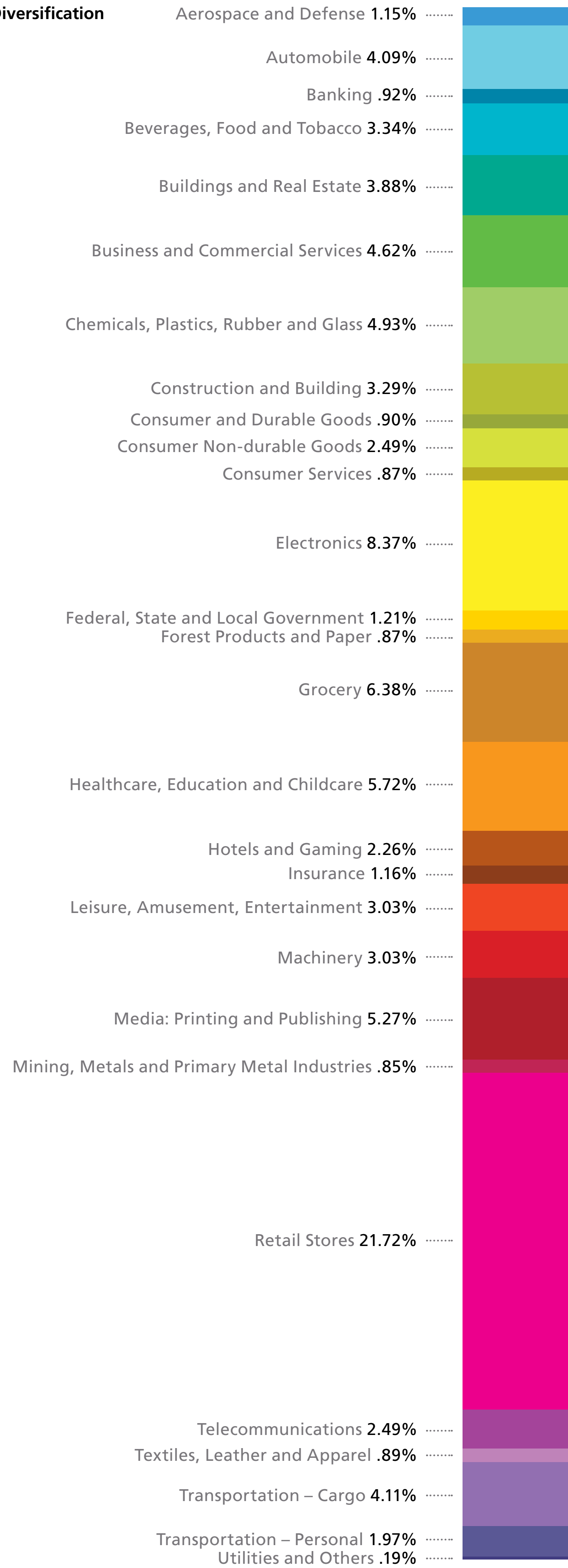
Cantina Laredo
Location: Chicago, IL
Property Type: Hospitality
Acquisition Date: July 2011
Space: 14,000 square feet

Cantina Laredo is a modern Mexican restaurant in downtown Chicago, serving authentic Mexican dishes in a sophisticated atmosphere. We acquired the approximately 14,000 square foot land site in the River North neighborhood, which was later leased to CRO-San Luis Development, LLC (CRO). CRO constructed a Cantina Laredo restaurant on the site that opened in August 2011. The purchase price for the land was approximately $7 million.

Metro Cash & Carry
Location: Italy
Property Type: Retail
Acquisition Date: September 2011

Metro Italy is a wholly owned subsidiary of Metro AG, the world's largest cash and carry operator and the world's fourth largest retailer. We acquired substantially all of the economic and voting interests in a fund that owns 20 stores leased to Metro Cash & Carry Italia S.p.A. The 20 stores are primarily located in the middle and northern part of Italy and represent approximately half of Metro Italy's total Italian portfolio.

The W. P. Carey Group Tenant Industry Diversification



We diversify our portfolios by industry, tenant and geography in order to limit their exposure to any one tenant or region and we have been using this approach for almost 40 years.






Carey Forward

When the University of Maryland School of Law—later renamed the Francis King Carey School of Law—announced a $30 million donation from the W. P. Carey Foundation, the school's atrium was packed with students wearing yellow "Carey Forward" campaign-style buttons. It would become a favorite slogan for our Founder and Chairman and prophetic to what the Company and Foundation would later be challenged to do—Carey Forward.

Now, more than ever, we are focused on the future. In February 2012, W. P. Carey announced a proposed transaction in which W. P. Carey would convert into a REIT and merge with CPA®:15. We believe this transaction will be transformational and will allow us to capitalize on new opportunities that are consistent with Mr. Carey's established investment philosophy and never-ending goal of enhancing shareholder value.

In Memoriam: Wm. Polk Carey

As the Founder and Chairman of W. P. Carey & Co. LLC, Wm. Polk Carey guided the development of the firm into the position of market leadership it has continuously held from its early years. A visionary, strategist, dealmaker and hard-driving entrepreneur, he was recognized for his ability to identify market opportunities, the tenacity to pursue them even in the face of substantial obstacles and the skill to realize his dreams. His profound loyalty, generosity, sense of duty and optimism were the distinctive and driving forces of his career.

Bill started the company in 1973, primarily to structure single-asset private investments. W. P. Carey has historically focused its business in two

1973

W. P. Carey & Co. Inc. is founded by Wm. Polk Carey, who recognizes the inherent value of diversified net lease investment partnerships for individual investors seeking steady income and capital preservation.

1979

CPA® series of investment programs begins. W. P. Carey institutes independent Investment Committee led by Equitable Life Assurance executive George Stoddard to review all transactions.

1983

W. P. Carey provides William E. Simon with funding for Gibson Greetings LBO.

1987

Mr. Carey settles from his personal checking account certain 20-year-old debts to 90 Colorado sugar beet farmers in southeastern Colorado and western Kansas resulting from the bankruptcy of National Sugar Manufacturing Company, in which Mr. Carey's family held stock for 60 years.

1990

W. P. Carey launches first non-traded REIT, CPA®:10.

1993

W. P. Carey surpasses $1 billion in assets under management.

1998

W. P. Carey rings the bell on the New York Stock Exchange as CPA®s 1-9 combine to form Carey Diversified LLC (NYSE: CDC).

W. P. Carey expands its footprint with its first European investment.

1999

W. P. Carey opens London office.

areas: providing quality companies with capital to run their businesses and providing investors with high-quality income-oriented products that had the potential to appreciate over the long run. He was a pioneer in the development of sale-leaseback financing, and, under his 38-year stewardship, W. P. Carey has been a world leader in sale-leaseback transactions and build-to-suit financing. The company has holdings in North America, Europe and Asia that include nearly 1,000 commercial and industrial properties, totaling approximately 120 million square feet of real estate.

Today, W. P. Carey has nearly $12 billion in assets under management. Its record of delivering growing income for investors, quarter after quarter, through all kinds of economic cycles has been consistent and exceptional. Bill Carey was unwavering in his devotion to our shareholders, and he was especially proud that we have been able to provide increasing income to them, while providing our tenant companies with the capital that allowed them to grow their business and prosper. The company has increased its dividend every year since it went public in 1998 and for 44 consecutive quarters. Since the introduction of the first CPA® investment program in 1979, W. P. Carey and its affiliates have paid more than $4 billion to investors over 840 consecutive quarterly cash distributions. We will continue to employ Bill's proven investment strategy of monitoring our tenants closely, diversifying our portfolios and using long lease terms and non-recourse debt to secure our investments. This strategy has benefited us in the past and continues to do so today.

More than our Founder and Chairman, Bill Carey was the cultural leader of our company. He felt deep gratitude toward our employees for enabling the firm to deliver such consistently outstanding results in good times and bad. We know that the best way for us to honor him is to continue to deliver outstanding results to our investors. It is up to us, as members of the team he put into place, to continue his life's work and to ensure that the standards of excellence he established at W. P. Carey remain intact. In other words, to Carey Forward.

2000

W. P. Carey & Co. LLC (NYSE: WPC) is created from the merger of Carey Diversified LLC and W. P. Carey & Co. Inc.

2002

W. P. Carey completes record $1 billion in sale-leaseback transactions.

2003

W. P. Carey & Co. celebrates its 30th anniversary and surpasses $5 billion in assets under management.

The W. P. Carey Foundation endows the W. P. Carey School of Business at Arizona State University, which quickly rises up the ranks to become internationally recognized.

2006

The W. P. Carey Foundation donates $50 million to Johns Hopkins University to establish the Carey Business School at Johns Hopkins University.

2008

W. P. Carey opens European Asset Management office in Amsterdam.

2009

The W. P. Carey Group makes headlines by providing $225 million of sale-leaseback financing to The New York Times Company through the acquisition of approximately 750,000 rentable square feet of its New York City headquarters building.

2010

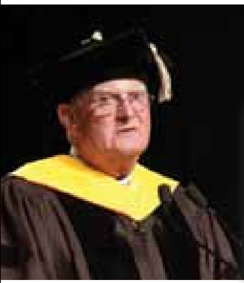
Carey Watermark Investors, W. P. Carey's lodging-focused REIT, launches.

2011

The W. P. Carey Foundation donates $30 million to the University of Maryland School of Law to establish the Francis King Carey School of Law.

2012

W. P. Carey Founder and Chairman Wm. Polk Carey passes away at the age of 81.



Doing Good while Doing Well

"'Doing good while doing well' means that when we are financing properties for companies we are also helping the communities those companies serve. It is important to always ask, 'What is the impact of what we are doing? What is good for society? What is good for the country?'"

–Wm. Polk Carey,
Founder and Chairman of the W. P. Carey Foundation

The W. P. Carey Foundation is a private U.S. foundation, incorporated in 1988 by Wm. Polk Carey. It has a twenty-three year tradition of focused philanthropy. Inspired by the Carey family's legacy of educational leadership and philanthropy, The W. P. Carey Foundation's primary mission is to support educational institutions with the larger goal of improving America's competitiveness in the world. The main focus of its support to schools, universities, lecture series, chairs and other programs is on the study of business and economics, as well as on admissions procedures and college and career guidance.

W. P. Carey promotes Mr. Carey's philosophy of Doing Good while Doing Well, and the W. P. Carey Foundation supports all employee philanthropy with a 100% matching program. Here is a snapshot of how our employees are Doing Good while Doing Well:

- Richard Klee, Vice President in our Treasury department, is a volunteer with the Scarsdale Volunteer Ambulance Corp. (SVAC), which provides the Scarsdale community and the surrounding areas with pre-hospital care 24 hours a day, seven days a week, 365 days a year. He joined the organization after the 9/11 attacks. Richard initially started as an Ambulance Driver then became an Emergency Medical Technician (EMT) and a CPR instructor for the American Heart Association. He volunteers every week and also serves as the Chairman of the SVAC Board.
- Guillermo Silberman, Vice President in our Investment department, serves on the executive board of Venture for America. Venture for America is a non-profit organization that recruits bright college graduates to work for two years at emerging start-ups and early-stage companies in lower-cost cities such as Detroit, Providence, or New Orleans. Modeled after Teach for America, Venture for America will provide a path for entrepreneurship to college grads who want to learn how to build companies and create jobs while revitalizing American cities and communities.
- Becky Reaves, Senior Vice President, Marketing and Investor Relations, and her family are walking this year for the Pancreatic Research Walk in Liverpool, NY, in honor of Becky's stepmother, Margaret Myrto, who lost her battle with pancreatic cancer in 2010. Last year, Becky and her family walked in her memory in a Lustgarten Foundation Walk in Paramus, NJ.
- Timothy Goodwin, Lease Administration Associate, contributes his time to the Annual NY Cares Coat Drive and the All Souls Friday Soup Kitchen. New York Cares was founded by a group of friends in 1987 who wanted to take action against social issues in New York City. All Souls Friday Soup Kitchen serves 400 lunches each week to approximately 250 individuals who are in economic crisis.
- Victoria Atwater in Office Services is donating her time and talent to a community outreach and concert this year with her husband and another couple—all vocal artists—to fundraise for their children's school, Weekday Nursery School. The nursery school benefited greatly from a holiday-focused concert last year (also organized by Victoria) that featured opera and Broadway selections. Weekday Nursery School is a non-sectarian outreach program of South Orange, New Jersey's First Presbyterian and Trinity Church.
- Chris Slawsky, Vice President, Carey Financial, LLC, participates in a swim race across Long Island Sound every summer to raise money for St. Vincent's Medical Center in Bridgeport, CT. The money goes to help provide care for cancer patients and their families, especially those with limited resources. Chris will swim 16 miles in July to not only help raise funds for St. Vincent's Medical Center but to also celebrate his father and brother who are both cancer survivors.

Creative direction and design: Odgis + Company; Primary photography: Ian Spanier; Printing: The Hennegan Company

Our Properties Worldwide

Over the years, we have expanded globally, making us one of the only net lease investors with significant international experience. Our assets exceed $12 billion, including more than $3.5 billion in 17 countries outside the U.S. As a result, we have developed the expertise necessary to source, execute and manage such transactions and will continue to leverage this experience by exploring new markets.

W. P. CAREY

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