

W. P. CAREY & CO. LLC

Consolidated Statements of Income (Unaudited)  
(in thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>Revenues</b>				
Asset management revenue	\$ 19,106	\$ 20,205	\$ 57,441	\$ 60,370
Structuring revenue	5,476	10,818	16,250	17,403
Wholesaling revenue	1,869	1,517	4,426	4,145
Reimbursed costs from affiliates	13,503	11,303	33,747	32,749
Lease revenues	17,448	18,816	52,690	57,187
Other real estate income	3,768	3,834	11,672	10,261
	<u>61,170</u>	<u>66,493</u>	<u>176,226</u>	<u>182,115</u>
<b>Operating Expenses</b>				
General and administrative	(14,970)	(17,013)	(48,246)	(48,242)
Reimbursable costs	(13,503)	(11,303)	(33,747)	(32,749)
Depreciation and amortization	(5,936)	(6,293)	(18,348)	(18,460)
Property expenses	(2,236)	(1,735)	(6,235)	(5,267)
Impairment charges	(2,390)	-	(4,090)	-
Other real estate expenses	(1,758)	(1,989)	(5,596)	(6,204)
	<u>(40,793)</u>	<u>(38,333)</u>	<u>(116,262)</u>	<u>(110,922)</u>
<b>Other Income and Expenses</b>				
Other interest income	470	753	1,278	2,193
Income from equity investments in real estate and CPA <sup>®</sup> REITs	2,923	2,272	9,866	10,917
Gain on sale of investments in direct financing lease	-	1,103	-	1,103
Other income and (expenses)	251	(1,566)	3,532	3,093
Interest expense	(3,889)	(5,004)	(11,600)	(14,579)
	<u>(245)</u>	<u>(2,442)</u>	<u>3,076</u>	<u>2,727</u>
Income from continuing operations before income taxes	20,132	25,718	63,040	73,920
Provision for income taxes	(6,477)	(5,839)	(16,397)	(20,405)
Income from continuing operations	<u>13,655</u>	<u>19,879</u>	<u>46,643</u>	<u>53,515</u>
<b>Discontinued Operations</b>				
Income (loss) from operations of discontinued properties	70	(40)	(30)	3,666
Gain on sale of real estate	-	-	343	-
Impairment charges	-	(538)	(580)	(538)
Income (loss) from discontinued operations	<u>70</u>	<u>(578)</u>	<u>(267)</u>	<u>3,128</u>
<b>Net Income</b>	<u>13,725</u>	<u>19,301</u>	<u>46,376</u>	<u>56,643</u>
Add: Net loss attributable to noncontrolling interest:	186	238	559	578
Less: Net income attributable to redeemable noncontrolling interests	(1,019)	(341)	(1,357)	(1,074)
<b>Net Income Attributable to W. P. Carey Members</b>	<u>\$ 12,892</u>	<u>\$ 19,198</u>	<u>\$ 45,578</u>	<u>\$ 56,147</u>
<b>Basic Earnings Per Share</b>				
Income from continuing operations attributable to W. P. Carey member:	\$ 0.32	\$ 0.50	\$ 1.15	\$ 1.35
Income (loss) from discontinued operations attributable to W. P. Carey members	-	(0.01)	(0.01)	0.08
Net income attributable to W. P. Carey members	<u>\$ 0.32</u>	<u>\$ 0.49</u>	<u>\$ 1.14</u>	<u>\$ 1.43</u>
<b>Diluted Earnings Per Share</b>				
Income from continuing operations attributable to W. P. Carey member:	\$ 0.32	\$ 0.49	\$ 1.15	\$ 1.32
Income (loss) from discontinued operations attributable to W. P. Carey members	0.01	(0.01)	(0.01)	0.08
Net income attributable to W. P. Carey members	<u>\$ 0.33</u>	<u>\$ 0.48</u>	<u>\$ 1.14</u>	<u>\$ 1.40</u>
<b>Weighted Average Shares Outstanding</b>				
Basic	<u>39,727,460</u>	<u>39,294,889</u>	<u>39,163,186</u>	<u>39,125,329</u>
Diluted	<u>40,368,946</u>	<u>40,299,073</u>	<u>39,770,196</u>	<u>40,293,094</u>
<b>Amounts Attributable to W. P. Carey Members</b>				
Income from continuing operations, net of tax	\$ 12,822	\$ 19,776	\$ 45,845	\$ 53,019
Income (loss) from discontinued operations, net of tax	70	(578)	(267)	3,128
Net income	<u>\$ 12,892</u>	<u>\$ 19,198</u>	<u>\$ 45,578</u>	<u>\$ 56,147</u>
<b>Distributions Declared Per Share</b>	<u>\$ 0.500</u>	<u>\$ 0.492</u>	<u>\$ 1.494</u>	<u>\$ 1.461</u>

**W. P. CAREY & CO. LLC**

**Consolidated Statements of Cash Flows (Unaudited)**  
(in thousands)

	<b>Nine months ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash Flows — Operating Activities</b>		
<b>Net income</b>	\$ 46,376	\$ 56,643
Adjustments to net income:		
Depreciation and amortization including intangible assets and deferred financing costs	18,385	20,412
Income from equity investments in real estate and CPA <sup>®</sup> REITs in excess of distributions received	(4,303)	(1,224)
Straight-line rent adjustments	1,559	1,718
Management income received in shares of affiliates	(23,451)	(30,237)
Gain on sale of real estate and investment in direct financing lease	(343)	(1,103)
Gain on extinguishment of debt	(6,991)	-
Allocation of earnings to profit sharing interest	3,976	-
Unrealized (gain) loss on foreign currency transactions, warrants and securities	(257)	324
Realized gain on foreign currency transactions and other	(260)	(1,567)
Impairment charges	4,670	538
Stock-based compensation expense	7,777	5,894
Decrease in deferred acquisition revenue received	23,109	46,695
Increase in structuring revenue receivable	(8,196)	(8,845)
Decrease in income taxes, net	(10,677)	(6,527)
Decrease in settlement provision	-	(29,979)
Net changes in other operating assets and liabilities	(1,991)	(5,250)
<b>Net cash provided by operating activities</b>	<b>49,383</b>	<b>47,492</b>
<b>Cash Flows — Investing Activities</b>		
Distributions received from equity investments in real estate and CPA <sup>®</sup> REITs in excess of equity income	33,917	7,566
Capital contributions to equity investments	(3,709)	(1,361)
Purchases of real estate and equity investments in real estate	(39,632)	(184)
Capital expenditures	(6,110)	(8,355)
VAT refunded on purchase of real estate	-	3,189
Proceeds from sale of real estate and securities	6,927	5,062
Proceeds from transfer of profit sharing interest	21,928	-
Funds released from escrow in connection with the sale of property	-	636
Payment of deferred acquisition revenue to affiliate	-	(120)
<b>Net cash provided by investing activities</b>	<b>13,321</b>	<b>6,433</b>
<b>Cash Flows — Financing Activities</b>		
Distributions paid	(58,787)	(67,987)
Contributions from noncontrolling interests	2,137	1,957
Distributions to noncontrolling interests	(4,589)	(1,659)
Distributions to profit sharing interest	(5,372)	-
Scheduled payments of mortgage principal	(7,527)	(7,196)
Proceeds from mortgages and credit facilities	158,994	122,968
Prepayments of mortgage principal and credit facilities	(137,436)	(102,427)
Proceeds from loan from affiliates	1,625	-
Repayment of loan from affiliates	-	(7,569)
Payment of financing costs, net of deposits refunded	(849)	(375)
Proceeds from issuance of shares	1,356	21,242
Windfall tax benefits associated with stock-based compensation awards	275	697
Repurchase and retirement of shares	(10,686)	(5,134)
<b>Net cash used in financing activities</b>	<b>(60,859)</b>	<b>(45,483)</b>
<b>Change in Cash and Cash Equivalents During the Period</b>		
Effect of exchange rate changes on cash	364	(94)
Net increase in cash and cash equivalents	2,209	8,348
Cash and cash equivalents, beginning of period	16,799	12,137
Cash and cash equivalents, end of period	<b>\$ 19,008</b>	<b>\$ 20,485</b>

**W. P. CAREY & CO. LLC**

**Financial Highlights (Unaudited)**  
(in thousands, except share and per share amounts)

These financial highlights include non-GAAP financial measures, including earnings before interest, taxes, depreciation and amortization (“EBITDA”), funds from operations (“FFO”) and adjusted cash flow from operating activities. A description of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures is provided on the following pages.

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>EBITDA</b>				
Investment management	\$ 11,789	\$ 18,207	\$ 35,287	\$ 48,726
Real estate ownership	17,412	18,229	56,791	61,170
<b>Total</b>	<u>\$ 29,201</u>	<u>\$ 36,436</u>	<u>\$ 92,078</u>	<u>\$ 109,896</u>
<b>FFO</b>				
Investment management	\$ 12,788	\$ 17,579	\$ 38,748	\$ 37,704
Real estate ownership	17,445	15,963	50,455	52,919
<b>Total</b>	<u>\$ 30,233</u>	<u>\$ 33,542</u>	<u>\$ 89,203</u>	<u>\$ 90,623</u>
<b>EBITDA Per Share (Diluted)</b>				
Investment management	\$ 0.29	\$ 0.45	\$ 0.89	\$ 1.21
Real estate ownership	0.43	0.45	1.43	1.52
<b>Total</b>	<u>\$ 0.72</u>	<u>\$ 0.90</u>	<u>\$ 2.32</u>	<u>\$ 2.73</u>
<b>FFO Per Share (Diluted)</b>				
Investment management	\$ 0.32	\$ 0.43	\$ 0.97	\$ 0.94
Real estate ownership	0.43	0.40	1.27	1.31
<b>Total</b>	<u>\$ 0.75</u>	<u>\$ 0.83</u>	<u>\$ 2.24</u>	<u>\$ 2.25</u>
<b>Adjusted Cash Flow From Operating Activities</b>				
Adjusted cash flow			\$ 71,300	\$ 70,081
Adjusted cash flow per share (diluted)			<u>\$ 1.79</u>	<u>\$ 1.74</u>
Distributions declared per share			<u>\$ 1.494</u>	<u>\$ 1.461</u>
Payout ratio (distributions per share/adjusted cash flow per share)			<u>83%</u>	<u>84%</u>

**W. P. CAREY & CO. LLC**

**Reconciliation of Net Income to EBITDA (Unaudited)**

*(in thousands, except share and per share amounts)*

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>Investment Management</b>				
Net income from investment management attributable to W. P. Carey members	\$ 4,600	\$ 11,201	\$ 17,259	\$ 25,255
Adjustments:				
Provision for income taxes	6,065	5,846	15,270	20,186
Depreciation and amortization	1,124	1,160	2,758	3,285
EBITDA - investment management	<u>\$ 11,789</u>	<u>\$ 18,207</u>	<u>\$ 35,287</u>	<u>\$ 48,726</u>
EBITDA per share (diluted)	<u>\$ 0.29</u>	<u>\$ 0.45</u>	<u>\$ 0.89</u>	<u>\$ 1.21</u>
<b>Real Estate Ownership</b>				
Net income from real estate ownership attributable to W. P. Carey members	\$ 8,292	\$ 7,997	\$ 28,319	\$ 30,892
Adjustments:				
Interest expense	3,889	5,004	11,600	14,579
Provision for income taxes	412	(7)	1,127	219
Depreciation and amortization	4,812	5,133	15,590	15,175
Reconciling items attributable to discontinued operations	7	102	155	305
EBITDA - real estate ownership	<u>\$ 17,412</u>	<u>\$ 18,229</u>	<u>\$ 56,791</u>	<u>\$ 61,170</u>
EBITDA per share (diluted)	<u>\$ 0.43</u>	<u>\$ 0.45</u>	<u>\$ 1.43</u>	<u>\$ 1.52</u>
<b>Total Company</b>				
EBITDA	<u>\$ 29,201</u>	<u>\$ 36,436</u>	<u>\$ 92,078</u>	<u>\$ 109,896</u>
EBITDA per share (diluted)	<u>\$ 0.72</u>	<u>\$ 0.90</u>	<u>\$ 2.32</u>	<u>\$ 2.73</u>
Diluted weighted average shares outstanding	<u>40,368,946</u>	<u>40,299,073</u>	<u>39,770,196</u>	<u>40,293,094</u>

**Non-GAAP Financial Disclosure**

EBITDA as disclosed represents earnings before interest, taxes, depreciation and amortization. We believe that EBITDA is a useful supplemental measure for assessing the performance of our business segments, although it does not represent net income that is computed in accordance with GAAP. Accordingly, EBITDA should not be considered an alternative for net income as an indicator of our financial performance. EBITDA may not be comparable to similarly titled measures of other companies.

**W. P. CAREY & CO. LLC**

**Reconciliation of Net Income to Funds From Operations (FFO) (Unaudited)**

*(in thousands, except share and per share amounts)*

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
<b>Investment Management</b>				
Net income from investment management attributable to W. P. Carey members	\$ 4,600	\$ 11,201	\$ 17,259	\$ 25,255
Amortization, deferred taxes and other non-cash charges	1,706	2,290	5,625	3,777
FFO from equity investments	6,482	4,088	15,864	8,672
FFO — investment management	<u>\$ 12,788</u>	<u>\$ 17,579</u>	<u>\$ 38,748</u>	<u>\$ 37,704</u>
FFO per share (diluted)	<u>\$ 0.32</u>	<u>\$ 0.43</u>	<u>\$ 0.97</u>	<u>\$ 0.94</u>
<b>Real Estate Ownership</b>				
Net income from real estate ownership attributable to W. P. Carey members	\$ 8,292	\$ 7,997	\$ 28,319	\$ 30,892
Gain on sale of direct financing lease	-	(1,103)	-	(1,103)
Gain on sale of real estate, net	-	-	(343)	-
Gain on extinguishment of debt, net <sup>(a)</sup>	-	-	(2,796)	-
Depreciation, amortization and other non-cash charges	4,189	6,764	14,537	15,714
Straight-line and other rent adjustments	396	(613)	808	715
Impairment charges	2,390	538	4,670	538
FFO from equity investments	2,274	2,551	5,687	6,679
Noncontrolling interests' share of FFO	(96)	(171)	(427)	(516)
FFO — real estate ownership	<u>\$ 17,445</u>	<u>\$ 15,963</u>	<u>\$ 50,455</u>	<u>\$ 52,919</u>
FFO per share (diluted)	<u>\$ 0.43</u>	<u>\$ 0.40</u>	<u>\$ 1.27</u>	<u>\$ 1.31</u>
<b>Total Company</b>				
FFO	<u>\$ 30,233</u>	<u>\$ 33,542</u>	<u>\$ 89,203</u>	<u>\$ 90,623</u>
FFO per share (diluted)	<u>\$ 0.75</u>	<u>\$ 0.83</u>	<u>\$ 2.24</u>	<u>\$ 2.25</u>
Diluted weighted average shares outstanding	<u>40,368,946</u>	<u>40,299,073</u>	<u>39,770,196</u>	<u>40,293,094</u>

**Non-GAAP Financial Disclosure**

Funds from operations (FFO) is a non-GAAP financial measure that is commonly used in evaluating real estate companies. Although the National Association of Real Estate Investment Trusts (NAREIT) has published a definition of FFO, real estate companies often modify this definition as they seek to provide financial measures that meaningfully reflect their operations. FFO should not be considered as an alternative to net income as an indication of a company's operating performance or to cash flow from operating activities as a measure of its liquidity. It should be used in conjunction with GAAP net income. FFO disclosed by other REITs may not be comparable to our FFO calculation.

NAREIT's definition of FFO adjusts GAAP net income to exclude depreciation and gains/losses from the sales of properties and adjusts for FFO applicable to unconsolidated partnerships and joint ventures. We calculate FFO in accordance with this definition and then 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, impairment charges on real estate and unrealized foreign currency exchange gains and losses. 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 that have no impact on cash flows.

- (a) In January 2009, Carey Storage repaid, in full, the \$35 million outstanding balance on its secured credit facility for \$28 million and recognized a gain of \$7 million on the repayment of this debt at a discount, inclusive of profit sharing interest of \$4.2 million.

**W. P. CAREY & CO. LLC**

**Adjusted Cash Flow from Operating Activities (Unaudited)**  
(in thousands, except share and per share amounts)

	Nine months ended September 30,	
	2009	2008
Cash flow from operating activities — as reported	\$ 49,383	\$ 47,492
Adjustments:		
Distributions received from equity investments in real estate in excess of equity income <sup>(a)</sup>	15,285	7,265
Contributions received from noncontrolling interests, net <sup>(b)</sup>	(382)	-
Changes in working capital <sup>(c)</sup>	7,014	6,603
CPA®:16 – Global performance adjustment, net <sup>(d)</sup>	-	(12,291)
Settlement payment <sup>(e)</sup>	-	21,012
Adjusted cash flow from operating activities	\$ 71,300	\$ 70,081
Adjusted cash flow per share (diluted)	\$ 1.79	\$ 1.74
Distributions declared per share	\$ 1.494	\$ 1.461
Payout ratio (distributions per share/adjusted cash flow per share)	83%	84%
Diluted weighted average shares outstanding	39,770,196	40,293,094

**Non-GAAP Financial Disclosure**

Adjusted cash flow from operating activities is a non-GAAP financial measure that represents cash flow from operating activities on a GAAP basis adjusted for certain timing differences and deferrals as described below. We believe that adjusted cash flow from operating activities is a useful supplemental measure for assessing the cash flow generated from our core operations and is used in evaluating distributions to shareholders. Adjusted cash flow from operating activities should not be considered as an alternative for cash flow from operating activities computed on a GAAP basis as a measure of our liquidity. Adjusted cash flow from operating activities may not be comparable to similarly titled measures of other companies.

- (a) We take a substantial portion of our asset management revenue in shares of the CPA® REIT funds. 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 contributions/distributions made by ventures that we consolidate in our financial statements. This adjustment in the calculation of adjusted cash flow from operating activities was introduced during the fourth quarter of 2008 because we believe that it results in a more accurate presentation of this supplemental measure.
- (c) Timing differences arising from the payment of certain liabilities in a period other than that in which the expense 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 liability was actually incurred. We believe this is a fairer measure of determining our cash flow from core operations.
- (d) Amounts deferred in lieu of CPA®:16 — Global achieving its performance criterion, net of a 45% tax provision. In determining cash flow generated from our core operations, we believe it is more appropriate to normalize cash flow for the impact of CPA®:16 — Global achieving its performance criterion, rather than recognizing the entire deferred amount in the quarter in which the performance criterion was met (second quarter of 2007), as this revenue was actually earned over a three year period.
- (e) In March 2008, we entered into a settlement with the SEC with respect to all matters relating to their investigation. As a result, we paid \$30 million in the first quarter of 2008 and recognized an offsetting \$9 million tax benefit in the same period.