

W. P. CAREY & CO. LLC
Consolidated Statements of Income
(in thousands, except share and per share amounts)

| | Years ended December 31, | | |
|--|--------------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 |
| Revenues | | | |
| Asset management revenue | \$ 76,621 | \$ 80,714 | \$ 83,051 |
| Structuring revenue | 23,273 | 20,236 | 78,175 |
| Wholesaling revenue | 6,550 | 5,129 | 27 |
| Reimbursed costs from affiliates | 48,715 | 41,179 | 13,782 |
| Lease revenues | 65,493 | 70,696 | 70,207 |
| Other real estate income | 15,224 | 20,670 | 12,714 |
| | <u>235,876</u> | <u>238,624</u> | <u>257,956</u> |
| Operating Expenses | | | |
| General and administrative | (62,615) | (62,590) | (61,846) |
| Reimbursable costs | (48,715) | (41,179) | (13,782) |
| Depreciation and amortization | (23,624) | (24,428) | (24,247) |
| Property expenses | (8,128) | (7,259) | (5,908) |
| Other real estate expenses | (7,308) | (8,196) | (7,690) |
| Impairment charges | (9,525) | (473) | (420) |
| Provision for settlement | - | - | (29,979) |
| | <u>(159,915)</u> | <u>(144,125)</u> | <u>(143,872)</u> |
| Other Income and Expenses | | | |
| Other interest income | 1,714 | 2,884 | 6,842 |
| Income from equity investments in real estate and CPA [®] REITs | 13,425 | 14,198 | 18,357 |
| Gain on sale of investment in direct financing lease | - | 1,103 | - |
| Other income and (expenses) | 7,317 | 1,444 | 3,114 |
| Interest expense | (15,189) | (18,858) | (20,266) |
| | <u>7,267</u> | <u>771</u> | <u>8,047</u> |
| Income from continuing operations before income taxes | 83,228 | 95,270 | 122,131 |
| Provision for income taxes | (22,793) | (23,521) | (51,739) |
| Income from continuing operations | <u>60,435</u> | <u>71,749</u> | <u>70,392</u> |
| Discontinued Operations | | | |
| Income from operations of discontinued properties | 3,331 | 7,394 | 5,825 |
| Gains on sale of real estate, net | 7,701 | - | 15,486 |
| Impairment charges | (899) | (538) | (2,914) |
| Income from discontinued operations | <u>10,133</u> | <u>6,856</u> | <u>18,397</u> |
| Net Income | 70,568 | 78,605 | 88,789 |
| Add: Net loss (income) attributable to noncontrolling interests | 713 | 950 | (4,781) |
| Less: Net income attributable to redeemable noncontrolling interests | (2,258) | (1,508) | (4,756) |
| Net Income Attributable to W. P. Carey Members | <u>\$ 69,023</u> | <u>\$ 78,047</u> | <u>\$ 79,252</u> |
| Basic Earnings Per Share | | | |
| Income from continuing operations attributable to W. P. Carey members | \$ 1.48 | \$ 1.82 | \$ 1.74 |
| Income from discontinued operations attributable to W. P. Carey members | 0.26 | 0.18 | 0.34 |
| Net income attributable to W. P. Carey members | <u>\$ 1.74</u> | <u>\$ 2.00</u> | <u>\$ 2.08</u> |
| Diluted Earnings Per Share | | | |
| Income from continuing operations attributable to W. P. Carey members | \$ 1.49 | \$ 1.80 | \$ 1.71 |
| Income from discontinued operations attributable to W. P. Carey members | 0.25 | 0.17 | 0.34 |
| Net income attributable to W. P. Carey members | <u>\$ 1.74</u> | <u>\$ 1.97</u> | <u>\$ 2.05</u> |
| Weighted Average Shares Outstanding | | | |
| Basic | <u>39,019,709</u> | <u>39,202,520</u> | <u>38,113,857</u> |
| Diluted | <u>39,712,735</u> | <u>40,221,112</u> | <u>39,868,208</u> |
| Amounts Attributable to W. P. Carey Members | | | |
| Income from continuing operations, net of tax | \$ 58,890 | \$ 71,191 | \$ 66,249 |
| Income from discontinued operations, net of tax | 10,133 | 6,856 | 13,003 |
| Net income | <u>\$ 69,023</u> | <u>\$ 78,047</u> | <u>\$ 79,252</u> |

W. P. CAREY & CO. LLC
Consolidated Statements of Cash Flows
(in thousands)

| | Years ended December 31, | | |
|---|--------------------------|------------------|------------------|
| | 2009 | 2008 | 2007 |
| Cash Flows — Operating Activities | | | |
| Net income | \$ 70,568 | \$ 78,605 | \$ 88,789 |
| Adjustments to net income: | | | |
| Depreciation and amortization including intangible assets and deferred financing costs | 24,476 | 27,197 | 27,321 |
| (Income) loss from equity investments in real estate and CPA [®] REITs in excess of distributions received | (2,258) | 1,866 | (2,296) |
| Straight-line rent adjustments | 2,223 | 2,227 | 2,972 |
| Gains on sale of real estate and investment in direct financing lease | (7,701) | (1,103) | (15,827) |
| Gain on lease termination | - | (4,998) | - |
| Gain on extinguishment of debt | (6,991) | - | - |
| Allocation of earnings to profit sharing interest | 3,900 | - | - |
| Management income received in shares of affiliates | (31,721) | (40,717) | (55,535) |
| Unrealized (gain) loss on foreign currency transactions, warrants and securities | (174) | 2,656 | (1,659) |
| Realized gain on foreign currency transactions and other | (257) | (2,250) | (1,332) |
| Impairment charges | 10,424 | 1,011 | 3,334 |
| Stock-based compensation expense | 9,336 | 7,278 | 5,551 |
| Decrease in deferred acquisition revenue receivable | 25,068 | 48,266 | 16,164 |
| Increase in structuring revenue receivable | (11,672) | (10,512) | (55,897) |
| (Decrease) increase in income taxes, net | (9,276) | (8,079) | 1,796 |
| (Decrease) increase in settlement provisor | - | (29,979) | 29,979 |
| Net changes in other operating assets and liabilities | (1,401) | (8,221) | 4,111 |
| Net cash provided by operating activities | <u>74,544</u> | <u>63,247</u> | <u>47,471</u> |
| Cash Flows — Investing Activities | | | |
| Distributions received from equity investments in real estate and CPA [®] REITs in excess of equity income | 39,102 | 19,852 | 17,441 |
| Capital contributions made to equity investments in real estate | (2,872) | (1,769) | (3,596) |
| Purchases of real estate and equity investments in real estate | (39,632) | (201) | (80,491) |
| Capital expenditures | (7,775) | (14,051) | (15,987) |
| Proceeds from sales of real estate, net investment in direct financing lease and securities | 43,487 | 5,062 | 42,214 |
| Proceeds from transfer of profit sharing interest | 21,928 | - | - |
| Funds placed in escrow in connection with the sale of property | (36,132) | - | (19,515) |
| Funds released from escrow in connection with the sale of property | - | 636 | 19,410 |
| Loans to affiliates | - | - | (8,676) |
| Proceeds from repayment of loans to affiliates | - | - | 8,676 |
| VAT refunded on purchase of real estate | - | 3,189 | - |
| Payment of deferred acquisition revenue to affiliate | - | (120) | (524) |
| Net cash provided by (used in) investing activities | <u>18,106</u> | <u>12,598</u> | <u>(41,048)</u> |
| Cash Flows — Financing Activities | | | |
| Distributions paid | (78,618) | (87,700) | (71,608) |
| Contributions from noncontrolling interests | 2,947 | 2,582 | 1,703 |
| Distributions to noncontrolling interests | (5,505) | (5,607) | (8,168) |
| Purchase of noncontrolling interests | (15,380) | - | - |
| Distributions to profit sharing interest | (5,645) | - | - |
| Scheduled payments of mortgage principal | (9,534) | (9,678) | (16,072) |
| Proceeds from credit facilities | 150,500 | 129,300 | 182,781 |
| Prepayments of credit facilities | (148,518) | (111,572) | (102,000) |
| Proceeds from mortgage financing | 42,495 | 10,137 | 6,602 |
| Prepayments of mortgage principal | (13,974) | - | (13,090) |
| Proceeds from loans from affiliates | 1,625 | - | 7,569 |
| Repayment of loans from affiliates | (1,770) | (7,569) | - |
| Funds placed in escrow in connection with financing | - | (400) | - |
| Payment of financing costs, net of deposits refunded | (862) | (375) | (1,350) |
| Proceeds from issuance of shares | 1,507 | 23,350 | 20,682 |
| Windfall tax benefits associated with stock-based compensation award | 143 | 2,156 | 1,939 |
| Repurchase and retirement of shares | (10,686) | (15,413) | (25,525) |
| Net cash used in financing activities | <u>(91,275)</u> | <u>(70,789)</u> | <u>(16,537)</u> |
| Change in Cash and Cash Equivalents During the Year | | | |
| Effect of exchange rate changes on cash | 276 | (394) | 143 |
| Net increase (decrease) in cash and cash equivalents | 1,651 | 4,662 | (9,971) |
| Cash and cash equivalents, beginning of year | 16,799 | 12,137 | 22,108 |
| Cash and cash equivalents, end of year | <u>\$ 18,450</u> | <u>\$ 16,799</u> | <u>\$ 12,137</u> |

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 - as adjusted (“AFFO”) 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 December 31, | | | Years ended December 31, | | |
|---|---------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| EBITDA | | | | | | |
| Investment management | \$ 18,892 | \$ 13,079 | \$ (3,906) | \$ 54,179 | \$ 61,805 | \$ 91,145 |
| Real estate ownership | 20,883 | 23,238 | 31,123 | 77,674 | 84,408 | 88,228 |
| Total | <u>\$ 39,775</u> | <u>\$ 36,317</u> | <u>\$ 27,217</u> | <u>\$ 131,853</u> | <u>\$ 146,213</u> | <u>\$ 179,373</u> |
| AFFO | | | | | | |
| Investment management | \$ 16,802 | \$ 11,415 | \$ (14,281) | \$ 55,550 | \$ 49,119 | \$ 69,169 |
| Real estate ownership | 16,871 | 22,412 | 17,192 | 67,326 | 75,331 | 64,097 |
| Total | <u>\$ 33,673</u> | <u>\$ 33,827</u> | <u>\$ 2,911</u> | <u>\$ 122,876</u> | <u>\$ 124,450</u> | <u>\$ 133,266</u> |
| EBITDA Per Share (Diluted) | | | | | | |
| Investment management | \$ 0.47 | \$ 0.32 | \$ (0.10) | \$ 1.36 | \$ 1.54 | \$ 2.29 |
| Real estate ownership | 0.52 | 0.58 | 0.78 | 1.96 | 2.10 | 2.21 |
| Total | <u>\$ 0.99</u> | <u>\$ 0.90</u> | <u>\$ 0.68</u> | <u>\$ 3.32</u> | <u>\$ 3.64</u> | <u>\$ 4.50</u> |
| AFFO Per Share (Diluted) | | | | | | |
| Investment management | \$ 0.41 | \$ 0.28 | \$ (0.36) | \$ 1.39 | \$ 1.22 | \$ 1.73 |
| Real estate ownership | 0.42 | 0.56 | 0.43 | 1.70 | 1.87 | 1.61 |
| Total | <u>\$ 0.83</u> | <u>\$ 0.84</u> | <u>\$ 0.07</u> | <u>\$ 3.09</u> | <u>\$ 3.09</u> | <u>\$ 3.34</u> |
| Adjusted Cash Flow From Operating Activities | | | | | | |
| Adjusted cash flow | | | | \$ 93,880 | \$ 89,385 | \$ 84,241 |
| Adjusted cash flow per share (diluted) | | | | \$ 2.36 | \$ 2.22 | \$ 2.11 |
| Distributions declared per share | | | | \$ 1.996 | \$ 1.955 | \$ 1.878 |
| Payout ratio (distributions per share/adjusted cash flow per share) | | | | 85% | 88% | 89% |

W. P. CAREY & CO. LLC
Financial Results - Adjusted for Comparability (Unaudited)
(in thousands, except share and per share amounts)

| | Three months ended December 31, | | | Years ended December 31, | | |
|---|---------------------------------|------------|------------|--------------------------|------------|------------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Net Income | | | | | | |
| Net income | \$ 22,986 | \$ 21,900 | \$ 6,013 | \$ 69,023 | \$ 78,047 | \$ 79,252 |
| Net income per share (diluted) | \$ 0.59 | \$ 0.56 | \$ 0.15 | \$ 1.74 | \$ 1.97 | \$ 2.05 |
| Items that affect comparability: | | | | | | |
| SEC Settlement ^(a) | - | - | 21,012 | - | - | 21,012 |
| CPA [®] : 16 - Global performance adjustment, net ^(b) | - | - | - | - | - | (21,600) |
| Out-of-period adjustment ^(c) | - | - | - | - | - | (3,500) |
| | - | - | 21,012 | - | - | (4,088) |
| Net income - adjusted for comparability | \$ 22,986 | \$ 21,900 | \$ 27,025 | \$ 69,023 | \$ 78,047 | \$ 75,164 |
| Net income per share (diluted) - adjusted for comparability | \$ 0.59 | \$ 0.56 | \$ 0.68 | \$ 1.74 | \$ 1.97 | \$ 1.95 |
| EBITDA | | | | | | |
| EBITDA | \$ 39,775 | \$ 36,317 | \$ 27,217 | \$ 131,853 | \$ 146,213 | \$ 179,373 |
| EBITDA per share (diluted) | \$ 0.99 | \$ 0.90 | \$ 0.68 | \$ 3.32 | \$ 3.64 | \$ 4.50 |
| Items that affect comparability: | | | | | | |
| SEC Settlement ^(a) | - | - | 29,979 | - | - | 29,979 |
| CPA [®] : 16 - Global performance adjustment, net ^(b) | - | - | - | - | - | (39,300) |
| | - | - | 29,979 | - | - | (9,321) |
| EBITDA - adjusted for comparability | \$ 39,775 | \$ 36,317 | \$ 57,196 | \$ 131,853 | \$ 146,213 | \$ 170,052 |
| EBITDA per share (diluted) - adjusted for comparability | \$ 0.99 | \$ 0.90 | \$ 1.44 | \$ 3.32 | \$ 3.64 | \$ 4.27 |
| AFFO | | | | | | |
| AFFO | \$ 33,673 | \$ 33,827 | \$ 2,911 | \$ 122,876 | \$ 124,450 | \$ 133,266 |
| AFFO per share (diluted) | \$ 0.83 | \$ 0.84 | \$ 0.07 | \$ 3.09 | \$ 3.09 | \$ 3.34 |
| Items that affect comparability: | | | | | | |
| SEC Settlement ^(a) | - | - | 21,012 | - | - | 21,012 |
| CPA [®] : 16 - Global performance adjustment, net ^(b) | - | - | - | - | - | (42,300) |
| | - | - | 21,012 | - | - | (21,288) |
| AFFO - adjusted for comparability | \$ 33,673 | \$ 33,827 | \$ 23,923 | \$ 122,876 | \$ 124,450 | \$ 111,978 |
| AFFO per share (diluted) - adjusted for comparability | \$ 0.83 | \$ 0.84 | \$ 0.60 | \$ 3.09 | \$ 3.09 | \$ 2.81 |
| Diluted weighted average shares outstanding | 40,390,393 | 40,466,930 | 39,815,933 | 39,712,735 | 40,221,112 | 39,868,208 |

Non-GAAP Financial Disclosure

The above table presents each of net income, EBITDA and AFFO adjusted for items that affect comparability. As further described in the following tables, we believe that these adjusted supplemental measures are useful to investors and analysts for comparing our current financial performance with prior periods, although they do not represent net income or cash flow from operating activities that is computed in accordance with GAAP. Accordingly, net income, EBITDA and AFFO adjusted for items that affect comparability should not be considered an alternative for net income or cash flow from operating activities as an indicator of our financial performance. Net income, EBITDA and AFFO adjusted for items that affect comparability may not be comparable to similarly titled measures of other companies. A description of EBITDA and AFFO and reconciliations to the most directly comparable GAAP measures are provided on the respective pages of this earnings release.

(a) Includes a \$30.0 million reserve taken in the fourth quarter of 2007 in connection with an SEC settlement.

(b) CPA[®]:16 – Global performance adjustment, net represents the net of tax impact of previously deferred asset management revenue, structuring revenue and interest income less deferred compensation costs recognized during the second quarter of 2007 following the achievement of CPA[®]:16 – Global’s performance criterion. Adjustments to EBITDA and AFFO eliminate the associated provision for income taxes and provision for deferred income taxes, respectively.

(c) During the third quarter of 2007, we determined that a longer schedule of depreciation/amortization of assets in certain of our equity method investment holdings should appropriately be applied to reflect the lives of the underlying assets rather than the expected holding period of these investments. We concluded that these adjustments were not material to any prior periods’ consolidated financial statements. We also concluded that the cumulative adjustment was not material to the year ended December 31, 2007. As such, the cumulative effect was recorded in the consolidated statements of income as a one-time cumulative out-of-period adjustment in the third quarter of 2007. The effect of this adjustment for the year ended December 31, 2007 was to increase net income by approximately \$3.5 million.

W. P. CAREY & CO. LLC
Reconciliation of Net Income to EBITDA (Unaudited)
(in thousands, except share and per share amounts)

| | Three months ended December 31, | | | Years ended December 31, | | |
|---|---------------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Investment Management | | | | | | |
| Net income from investment management attributable to W. P. Carey members | \$ 11,616 | \$ 9,603 | \$ (12,366) | \$ 29,334 | \$ 34,858 | \$ 36,808 |
| Adjustments: | | | | | | |
| Provision for income taxes | 6,227 | 2,246 | 2,473 | 21,038 | 22,432 | 50,158 |
| Depreciation and amortization | 1,049 | 1,230 | 5,987 | 3,807 | 4,515 | 4,179 |
| EBITDA - investment management | <u>\$ 18,892</u> | <u>\$ 13,079</u> | <u>\$ (3,906)</u> | <u>\$ 54,179</u> | <u>\$ 61,805</u> | <u>\$ 91,145</u> |
| EBITDA per share (diluted) | <u>\$ 0.47</u> | <u>\$ 0.32</u> | <u>\$ (0.10)</u> | <u>\$ 1.36</u> | <u>\$ 1.54</u> | <u>\$ 2.29</u> |
| Real Estate Ownership | | | | | | |
| Net income from real estate ownership attributable to W. P. Carey members | \$ 11,370 | \$ 12,297 | \$ 18,379 | \$ 39,689 | \$ 43,189 | \$ 42,444 |
| Adjustments: | | | | | | |
| Interest expense | 3,589 | 4,279 | 4,995 | 15,189 | 18,858 | 20,266 |
| Provision for income taxes | 628 | 870 | 453 | 1,755 | 1,089 | 1,581 |
| Depreciation and amortization | 4,227 | 4,738 | 5,240 | 19,817 | 19,913 | 20,068 |
| Reconciling items attributable to discontinued operations | 1,069 | 1,054 | 2,056 | 1,224 | 1,359 | 3,869 |
| EBITDA - real estate ownership | <u>\$ 20,883</u> | <u>\$ 23,238</u> | <u>\$ 31,123</u> | <u>\$ 77,674</u> | <u>\$ 84,408</u> | <u>\$ 88,228</u> |
| EBITDA per share (diluted) | <u>\$ 0.52</u> | <u>\$ 0.58</u> | <u>\$ 0.78</u> | <u>\$ 1.96</u> | <u>\$ 2.10</u> | <u>\$ 2.21</u> |
| Total Company | | | | | | |
| EBITDA | <u>\$ 39,775</u> | <u>\$ 36,317</u> | <u>\$ 27,217</u> | <u>\$ 131,853</u> | <u>\$ 146,213</u> | <u>\$ 179,373</u> |
| EBITDA per share (diluted) | <u>\$ 0.99</u> | <u>\$ 0.90</u> | <u>\$ 0.68</u> | <u>\$ 3.32</u> | <u>\$ 3.64</u> | <u>\$ 4.50</u> |
| Diluted weighted average shares outstanding | <u>40,390,393</u> | <u>40,466,930</u> | <u>39,815,933</u> | <u>39,712,735</u> | <u>40,221,112</u> | <u>39,868,208</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 to investors and analysts for assessing the performance of our business segments, although it does not represent net income that is computed in accordance with GAAP, because it removes the impact of our capital structure and asset base from our operating results and because it is helpful when comparing our operating performance to that of companies in our industry without regard to such items, which can vary substantially from company to company. Accordingly, EBITDA should not be considered as an alternative for net income as an indicator of our financial performance. EBITDA may not be comparable to similarly titled measures of other companies. Therefore, we use EBITDA as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies, and determine executive compensation.

W. P. CAREY & CO. LLC

Reconciliation of Net Income to Funds From Operations - as adjusted (AFFO) (Unaudited)

(in thousands, except share and per share amounts)

| | Three months ended December 31, | | | Years ended December 31, | | |
|---|---------------------------------|-------------------|--------------------|--------------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Investment Management | | | | | | |
| Net income from investment management attributable to W. P. Carey members | \$ 11,616 | \$ 9,603 | \$ (12,366) | \$ 29,334 | \$ 34,858 | \$ 36,808 |
| Amortization, deferred taxes and other non-cash charges | (3,370) | (1,283) | (2,466) | 1,796 | 2,494 | 30,194 |
| AFFO from equity investments | 8,556 | 3,095 | 551 | 24,420 | 11,767 | 2,167 |
| AFFO — investment management | <u>\$ 16,802</u> | <u>\$ 11,415</u> | <u>\$ (14,281)</u> | <u>\$ 55,550</u> | <u>\$ 49,119</u> | <u>\$ 69,169</u> |
| AFFO per share (diluted) | <u>\$ 0.41</u> | <u>\$ 0.28</u> | <u>\$ (0.36)</u> | <u>\$ 1.39</u> | <u>\$ 1.22</u> | <u>\$ 1.73</u> |
| Real Estate Ownership | | | | | | |
| Net income from real estate ownership attributable to W. P. Carey members | \$ 11,370 | \$ 12,297 | \$ 18,379 | \$ 39,689 | \$ 43,189 | \$ 42,444 |
| Gain on sale of direct financing lease | - | - | - | - | (1,103) | - |
| Gain on sale of real estate, net | (7,358) | - | (14,865) | (7,701) | - | (15,827) |
| Gain on extinguishment of debt, net ^(a) | - | - | - | (2,796) | - | - |
| Depreciation, amortization and other non-cash charges | 4,976 | 7,594 | 4,929 | 19,513 | 23,308 | 20,272 |
| Straight-line and other rent adjustments | 465 | 172 | 964 | 1,273 | 887 | 3,080 |
| Impairment charges | 5,754 | 473 | 1,017 | 10,424 | 1,011 | 3,334 |
| AFFO from equity investments | 1,818 | 2,039 | 1,662 | 7,505 | 8,718 | 6,312 |
| Noncontrolling interests' share of AFFO | (154) | (163) | 5,106 | (581) | (679) | 4,482 |
| AFFO — real estate ownership | <u>\$ 16,871</u> | <u>\$ 22,412</u> | <u>\$ 17,192</u> | <u>\$ 67,326</u> | <u>\$ 75,331</u> | <u>\$ 64,097</u> |
| AFFO per share (diluted) | <u>\$ 0.42</u> | <u>\$ 0.56</u> | <u>\$ 0.43</u> | <u>\$ 1.70</u> | <u>\$ 1.87</u> | <u>\$ 1.61</u> |
| Total Company | | | | | | |
| AFFO | <u>\$ 33,673</u> | <u>\$ 33,827</u> | <u>\$ 2,911</u> | <u>\$ 122,876</u> | <u>\$ 124,450</u> | <u>\$ 133,266</u> |
| AFFO per share (diluted) | <u>\$ 0.83</u> | <u>\$ 0.84</u> | <u>\$ 0.07</u> | <u>\$ 3.09</u> | <u>\$ 3.09</u> | <u>\$ 3.34</u> |
| Diluted weighted average shares outstanding | <u>40,390,393</u> | <u>40,466,930</u> | <u>39,815,933</u> | <u>39,712,735</u> | <u>40,221,112</u> | <u>39,868,208</u> |

Non-GAAP Financial Disclosure

Funds from operations (FFO) is a non-GAAP financial measure that is commonly used by investors and analysts 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 or funds from operations - as adjusted (AFFO) 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 and should be used in conjunction with GAAP net income. FFO or AFFO disclosed by other REITs may not be comparable to our AFFO 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 AFFO 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, 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. As a result, we believe that AFFO is a useful supplemental measure for investors to consider because it will help them to better understand and measure the performance of our business over time without the potentially distorting impact of these short-term fluctuations.

(a) In January 2009, Carey Storage repaid, in full, the \$35.0 million outstanding balance on its secured credit facility for \$28.0 million and recognized a gain of \$7.0 million on the repayment of this debt at a discount, inclusive of the 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)

| | Years ended December 31, | | |
|---|--------------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 |
| Cash flow from operating activities | \$ 74,544 | \$ 63,247 | \$ 47,471 |
| Adjustments: | | | |
| Distributions received from equity investments in real estate in excess of equity income ^(a) | 18,503 | 10,868 | 6,769 |
| Contributions paid to noncontrolling interests, net ^(b) | (568) | (3,025) | - |
| Changes in working capital ^(c) | 1,401 | 9,574 | (132) |
| Settlement payment ^(d) | - | 21,012 | - |
| CPA [®] :16 – Global performance adjustment, net ^(e) | - | (12,291) | 9,425 |
| CPA [®] :12/14 Merger — payment of taxes ^(c) | - | - | 20,708 |
| Adjusted cash flow from operating activities | <u>\$ 93,880</u> | <u>\$ 89,385</u> | <u>\$ 84,241</u> |
| Adjusted cash flow per share (diluted) | <u>\$ 2.36</u> | <u>\$ 2.22</u> | <u>\$ 2.11</u> |
| | | | |
| Distributions declared per share | <u>\$ 1.996</u> | <u>\$ 1.955</u> | <u>\$ 1.878</u> |
| Payout ratio (distributions per share/adjusted cash flow per share) | <u>85%</u> | <u>88%</u> | <u>89%</u> |
| Diluted weighted average shares outstanding | <u>39,712,735</u> | <u>40,221,112</u> | <u>39,868,208</u> |

Non-GAAP Financial Disclosure

Adjusted cash flow from operating activities refers to our cash provided by operating activities, as determined in accordance with GAAP, adjusted primarily to reflect timing differences between the period an expense is incurred and paid, to add cash distributions that we receive from our investments in unconsolidated real estate joint ventures in excess of our equity investment in the joint ventures, and to subtract cash distributions that we make to our noncontrolling partners in real estate joint ventures that we consolidate. We hold a number of interests in real estate joint ventures, and we believe that adjusting our GAAP cash provided by operating activities to reflect these actual cash receipts and cash payments may give investors a more accurate picture of our actual cash flow than GAAP cash provided by operating activities alone and that it is a useful supplemental measure for investors to consider. We also believe that adjusted cash flow from operating activities is a useful supplemental measure for assessing the cash flow generated from our core operations, and we use this measure when evaluating distributions to shareholders and as one measure of our operating performance when we determine executive compensation. Adjusted cash flow from operating activities should not be considered as an alternative for cash provided by 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) In March 2008, we entered into a settlement with the SEC with respect to all matters relating to a previously disclosed investigation. In connection with this settlement, we paid \$30.0 million in the first quarter of 2008 and recognized an offsetting \$9.0 million tax benefit in the same period.

(e) 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.