

W. P. CAREY & CO. LLC

**Funds From Operations**  
*(in thousands except per share amounts)*

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Net income	\$ 13,856	\$ 12,985	\$ 44,103	\$ 50,307
Gain on sale of real estate	(393)	(2,401)	(547)	(14,731)
Non-cash settlement income	-	-	-	(2,097)
Cumulative effect of a change in accounting principle	191	-	191	-
Charge on extinguishment of debt	350	-	350	-
Funds from operations of equity investees in excess of equity income	1,034	1,072	3,005	4,133
Depreciation, amortization, deferred taxes and other noncash charges	10,914	9,148	27,864	25,493
Funds from operations applicable to minority investees in excess of minority income (loss)	(14)	(3)	(156)	(47)
Straight-line rents	273	(178)	629	(476)
Impairment loss on real estate	1,110	2,703	2,540	7,024
Funds from operations	<u>\$ 27,321</u>	<u>\$ 23,326</u>	<u>\$ 77,979</u>	<u>\$ 69,606</u>
<b>Funds From Operations per share -</b>				
<b>Basic</b>	<u>\$ 0.75</u>	<u>\$ 0.65</u>	<u>\$ 2.14</u>	<u>\$ 1.96</u>
<b>Diluted</b>	<u>\$ 0.71</u>	<u>\$ 0.64</u>	<u>\$ 2.07</u>	<u>\$ 1.92</u>

Funds from operations is calculated as net income, excluding gains (or losses) from debt restructuring and sales of property, plus certain noncash items (primarily real estate depreciation, amortization of intangible assets, impairments and deferred taxes) and after adjustments for unconsolidated partnerships and joint ventures.

Funds from operations is a supplemental measure of performance and does not represent net income or cash flows generated from operating activities in accordance with generally accepted accounting principles.

It should not be considered an alternative to net income as an indication of the Company's operating performance or to cash flows as a measure of liquidity or an indicator of the Company's ability to fund its cash needs.

The cumulative effect of a change in accounting principle reflects an adjustment for recognizing minority interests in finite-life investments at fair value in accordance with Statement of Financial Accounting Standards No. 150.

W.P. CAREY & CO. LLC

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Revenues:				
Management income from affiliates	\$ 26,197	\$ 18,669	\$ 69,168	\$ 50,752
Rental income	11,355	11,601	34,274	34,715
Interest income from direct financing leases	5,210	5,493	15,538	16,884
Interest and other income	1,249	794	6,413	2,151
Revenue of other business operations	166	46	766	116
	<u>44,177</u>	<u>36,603</u>	<u>126,159</u>	<u>104,618</u>
Expenses:				
Interest	3,687	4,103	11,512	12,271
Depreciation	2,718	2,561	7,994	7,538
Amortization	1,693	2,310	5,603	6,930
General and administrative	12,102	10,063	34,983	26,737
Property expenses	1,607	2,163	5,299	4,739
Charge on extinguishment of debt	350	-	350	-
Impairment charges on real estate and other investments	560	-	832	-
	<u>22,717</u>	<u>21,200</u>	<u>66,573</u>	<u>58,215</u>
Income from continuing operations before minority interest, equity investments, gains and income taxes	21,460	15,403	59,586	46,403
Minority interest in (income) loss	22	3	(69)	47
Income from equity investments	1,099	454	3,171	1,083
Gain on sale of investments and foreign currency transactions	156	-	653	94
Income from continuing operations before gain on sale of real estate and income taxes	22,737	15,860	63,341	47,627
Provision for income taxes	(8,717)	(4,016)	(19,045)	(11,296)
Income from continuing operations before gain on sale of real estate	14,020	11,844	44,296	36,331
Discontinued operations:				
Income from operations of discontinued properties	184	1,409	1,431	6,269
Gain on the sale of real estate	393	2,443	547	2,409
Impairment charge on properties held for sale	(550)	(2,703)	(1,980)	(7,024)
Income (loss) from discontinued operations	27	1,149	(2)	1,654
Gain (loss) on sale of real estate	-	(8)	-	12,322
Income before cumulative effect of a change in accounting principle	14,047	12,985	44,294	50,307
Cumulative effect of a change in accounting principle (1)	(191)	-	(191)	-
Net income	<u>\$ 13,856</u>	<u>\$ 12,985</u>	<u>\$ 44,103</u>	<u>\$ 50,307</u>
Basic earnings per share:				
Earnings from continuing operations	\$ 0.38	\$ 0.33	\$ 1.21	\$ 1.37
Earnings from discontinued operations	-	0.03	-	0.04
Cumulative effect of a change in accounting principle (1)	-	-	-	-
Basic earnings per share	<u>\$ 0.38</u>	<u>\$ 0.36</u>	<u>\$ 1.21</u>	<u>\$ 1.41</u>
Diluted earnings per share:				
Earnings from continuing operations	\$ 0.36	\$ 0.33	\$ 1.17	\$ 1.35
Earnings from discontinued operations	-	0.03	-	0.04
Cumulative effect of a change in accounting principle (1)	-	-	-	-
Diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.36</u>	<u>\$ 1.17</u>	<u>\$ 1.39</u>
Weighted average shares outstanding:				
Basic	<u>36,650,893</u>	<u>35,829,687</u>	<u>36,511,621</u>	<u>35,573,981</u>
Diluted	<u>38,239,815</u>	<u>36,423,026</u>	<u>37,728,358</u>	<u>36,173,636</u>

(1) The cumulative effect of a change in accounting principle reflects an adjustment for recognizing minority interests in finite-life investments at fair value in accordance with Statement of Financial Accounting Standards No. 150.