

Investing for the long run™



CPA:14

Corporate Property Associates 14
2008 Second Quarter Report

A MEMBER OF THE

W. P. CAREY

GROUP

Dear Fellow Shareholders

We are pleased to provide you with updated information about our portfolio for the second quarter of 2008.

As of June 30, 2008, we own full or partial interests in 316 properties leased to 90 tenants, totaling approximately 30 million square feet.

As the economic environment remains challenging, we will continue to manage our portfolio of properties closely and aggressively in order to create value for our shareholders. We do this by restructuring leases, refinancing mortgages, selling and releasing properties. We are proud that our portfolio of properties is over 99% occupied and broadly diversified by industry, region and property type.

Increasing Distributions

We strive to provide investors with income in the form of increasing distributions. Our board of directors increased the 2008 second quarter distribution to \$0.1959 per share, which was paid on July 15, 2008 to shareholders of record as of June 30, 2008.

Investing for the Long Run™

As of July 2008, CPA®:14's estimated net asset value (NAV) per share based on a third-party appraisal has been determined to be \$14.00 to reflect a more recent estimate of the fair market value of the registrant's real estate. For further information regarding the calculation of the NAV, please see the Form 8-K filed on July 10, 2008 at www.cpa14.com. We remain proud of our accomplishments but note that especially in this environment, events could negatively affect these values. We have always believed in investing for the long run and adhere to this philosophy today.

Madison's Tender Offer

Madison Liquidity Investors has solicited CPA® investors for several years offering to acquire their shares at a steep discount. We recommend that you do not sell your shares to Madison Liquidity Investors. We strongly encourage you to contact your financial advisor, W. P. Carey's Investor Relations

Department at 1-800-WP CAREY or by email at IR@wpcarey.com, or view the Securities and Exchange Commission's website, www.sec.gov, which can provide additional information on the dangers of these types of tender offers.

Online Account Access

Please consider receiving your future investor correspondence, such as this quarterly report, electronically. Register at www.wpcarey.com/ShareholderAccess and you will find a convenient and cost-effective way to access your CPA[®]:14 investment information online 24 hours a day, seven days a week. In addition to lowering shareholder expenses, you will be able to access your current investment balances and distribution history, among other options.

As we anticipate continued success through 2008, on behalf of the entire W. P. Carey family, we thank you again for your continued confidence and support.

With best regards,



Wm. Polk Carey Gordon F. DuGan Edward V. LaPuma
Chairman of the Board Chief Executive Officer President

Please note that these highlights provide only a summary of the information contained in our quarterly report on Form 10-Q for the three and six months ended June 30, 2008, which we have filed with the Securities and Exchange Commission. We encourage you to read the full report, which can be found at www.cpa14.com.

Consolidated Statements of Cash Flow (Unaudited)

(in thousands)

	Six months ended June 30,	
	2008	2007
Cash Flows — Operating Activities		
Net income	\$ 32,411	\$ 17,499
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including intangible assets and deferred financing costs	19,418	19,565
Straight-line rent adjustments	(1,237)	(1,277)
Income from equity investments in real estate in excess of distributions received	981	(1,321)
Minority interest in income	817	708
Issuance of shares to affiliate in satisfaction of fees due	6,158	5,249
Impairment charge on real estate	—	345
Decrease in prepaid and deferred rental income and security deposits	(1,055)	(645)
Realized gain on foreign currency transactions, net	(1,532)	(633)
Unrealized gain on foreign currency transactions, net	—	(75)
(Gain) loss from sale of real estate	(159)	56
Realized gain on sale of securities	(708)	—
Reversal of unrealized gain on derivatives	708	—
Unrealized loss on derivatives instruments and other, net	351	1,068
Change in other operating assets and liabilities, net	987	(786)
Net cash provided by operating activities	57,149	39,753
Cash Flows — Investing Activities		
Equity distributions received in excess of equity income in real estate	2,400	37,896
Purchases of equity investments in real estate and other capital expenditures	(6)	(18,874)
Proceeds from sale of real estate	6,428	1,850
Proceeds from sale of securities	708	—
Payment of deferred acquisition fees to an affiliate	(3,846)	(4,369)
Net cash provided by investing activities	5,684	16,503
Cash Flows — Financing Activities		
Distributions paid	(34,301)	(34,267)
Distributions paid to minority interest partner	(1,560)	(1,290)
Proceeds from mortgages and credit facility	3,215	85,900
Prepayment of mortgage principal and credit facility	(5,339)	(85,034)
Scheduled payments of mortgage principal	(8,798)	(8,234)
Deferred financing costs and mortgage deposits	(774)	(200)
Proceeds from stock issuance, net of costs	4,550	4,533
Purchase of treasury stock	(8,070)	(9,384)
Net cash used in financing activities	(51,077)	(47,976)
Change in Cash and Cash Equivalents During the Period		
Effect of exchange rate changes on cash	1,185	124
Net decrease in cash and cash equivalents	12,941	8,404
Cash and cash equivalents, beginning of period	122,503	18,991
Cash and cash equivalents, end of period	\$ 135,444	\$ 27,395

Consolidated Balance Sheets (Unaudited)

(in thousands except share and per share amounts)

	June 30, 2008	December 31, 2007 (NOTE)
Assets		
Real estate, net	\$ 1,133,033	\$ 1,139,131
Net investment in direct financing leases	128,219	128,058
Equity investments in real estate	164,498	166,125
Cash and cash equivalents	135,444	122,503
Intangible assets, net	76,321	79,353
Other assets, net	76,292	79,978
Total assets	<u>\$ 1,713,807</u>	<u>\$ 1,715,148</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Non-recourse debt	\$ 848,883	\$ 847,587
Accounts payable, accrued expenses and other liabilities	16,724	15,515
Prepaid and deferred rental income and security deposits	25,033	27,898
Due to affiliates	22,201	26,039
Distributions payable	17,238	17,116
Total liabilities	<u>930,079</u>	<u>934,155</u>
Minority interest in consolidated entities	17,290	18,033
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 120,000,000 shares authorized; 92,882,641 and 92,112,004 shares issued and outstanding, respectively	93	92
Additional paid-in capital	905,480	894,773
Distributions in excess of accumulated earnings	(105,219)	(103,207)
Accumulated other comprehensive income	20,926	18,074
	<u>821,280</u>	<u>809,732</u>
Less, treasury stock at cost, 4,890,832 and 4,293,933 shares, respectively	(54,842)	(46,772)
Total shareholders' equity	<u>766,438</u>	<u>762,960</u>
Total liabilities and shareholders' equity	<u>\$ 1,713,807</u>	<u>\$ 1,715,148</u>

NOTE: The consolidated balance sheet at December 31, 2007 has been derived from the audited consolidated financial statements at that date.

Consolidated Statements of Income (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenues				
Rental income	\$ 37,529	\$ 35,505	\$ 74,018	\$ 70,611
Interest income from direct financing leases	3,841	4,067	7,649	8,135
Other operating income	830	1,099	2,362	1,492
	<u>42,200</u>	<u>40,671</u>	<u>84,029</u>	<u>80,238</u>
Operating Expenses				
Depreciation and amortization	(8,418)	(8,148)	(16,813)	(16,151)
Property expenses	(7,842)	(8,051)	(16,193)	(15,300)
General and administrative	(3,154)	(2,090)	(5,155)	(4,100)
Impairment charge	—	(345)	—	(345)
	<u>(19,414)</u>	<u>(18,634)</u>	<u>(38,161)</u>	<u>(35,896)</u>
Other Income and Expenses				
Advisor settlement	—	—	10,868	—
Income from equity investments in real estate	2,862	2,380	6,127	4,969
Other interest income	1,103	614	2,389	1,218
Minority interest in income	(378)	(305)	(817)	(708)
Gain (loss) on foreign currency transactions, derivative instruments and other, net	399	440	1,172	(416)
Interest expense	(16,054)	(16,165)	(32,129)	(31,399)
	<u>(12,068)</u>	<u>(13,036)</u>	<u>(12,390)</u>	<u>(26,336)</u>
Income from continuing operations before income taxes	10,718	9,001	33,478	18,006
Provision for income taxes	(816)	(458)	(1,518)	(938)
Income from continuing operations	<u>9,902</u>	<u>8,543</u>	<u>31,960</u>	<u>17,068</u>
Discontinued Operations				
Income from operations of discontinued properties	163	215	292	431
Gain on sale of real estate, net	159	—	159	—
Income from discontinued operations	<u>322</u>	<u>215</u>	<u>451</u>	<u>431</u>
Net Income	<u>\$ 10,224</u>	<u>\$ 8,758</u>	<u>\$ 32,411</u>	<u>\$ 17,499</u>
Earnings Per Share				
Income from continuing operations	\$ 0.12	\$ 0.10	\$ 0.36	\$ 0.19
Income from discontinued operations	—	—	0.01	0.01
Net income	<u>\$ 0.12</u>	<u>\$ 0.10</u>	<u>\$ 0.37</u>	<u>\$ 0.20</u>
Weighted Average Shares Outstanding	<u>88,191,615</u>	<u>87,818,845</u>	<u>88,105,996</u>	<u>87,802,752</u>
Distributions Declared Per Share	<u>\$ 0.1959</u>	<u>\$ 0.1939</u>	<u>\$ 0.3913</u>	<u>\$ 0.3873</u>



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