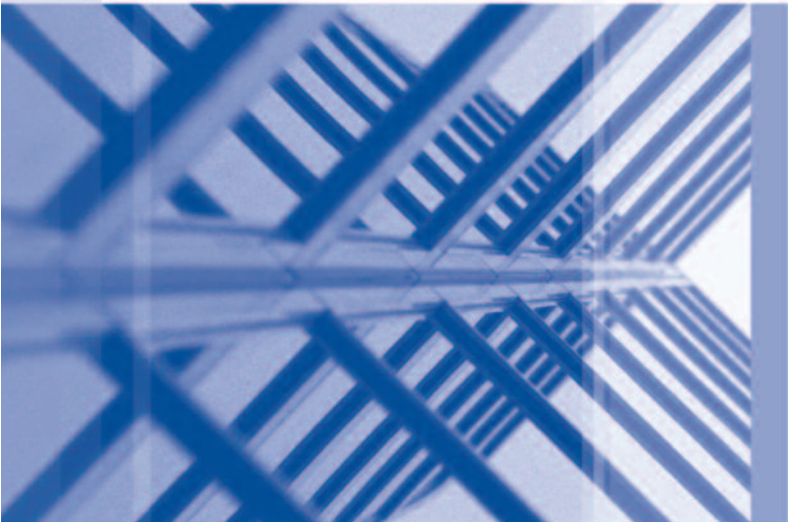


Investing for the long run™



**CPA:14**

Corporate Property Associates 14  
2009 First Quarter Report

A MEMBER OF THE

W. P. CAREY

GROUP

## Dear Fellow Shareholders

The Corporate Property Associates series of investment programs was founded 30 years ago with the intention of creating an investment product that provided rising income and could work in good times and in bad. Despite turbulent economic conditions, CPA®:14 continues to perform well today. We attribute this performance to our long-term investment strategy, rigorous risk management process and broad portfolio diversification.

### Investing for the Long Run™

We believe in a long-term investment strategy and thus secure long lease terms and long-term non-recourse debt on our investments. Now that our portfolio is substantially invested in assets meeting these parameters, we seek to create additional value for our investors through lease renewals, mortgage refinancings, strategic asset sales and investment restructurings, which can be challenging in today's environment.

However, in April, we and an affiliate refinanced a non-recourse mortgage loan of \$18.7 million on a CompuCom Systems Inc. office/data center in Dallas, Texas that was scheduled to mature in May 2009 for a new \$22.6 million non-recourse mortgage loan. In addition, in May 2009, we sold an Allentown, Pennsylvania office building formerly leased to Allentown Business School for \$27.5 million and used the proceeds to defease non-recourse mortgage debt on two unrelated properties.

### Diversification

We diversify our portfolio by industry, tenant and geography in order to limit our exposure to any one tenant or region and because we believe companies in the same industry tend to correlate in terms of how they perform in a downturn. Our portfolio currently consists of 315 properties leased to 89 tenants in 22 industries located in 38 states and 5 European countries. As of March 31, 2009, our portfolio was approximately 98% occupied. While we are pleased with this

performance, we remain cautious about corporate defaults and bankruptcies in this environment. However, we feel we are well positioned to deal with potential defaults not only because of our diversification but also because we seek to acquire properties critical to each company's business.

### Strong Financial Position

We are pleased to have been able to continue providing you with rising income in the form of quarterly distribution payments. Our distributions are well covered by adjusted cash flow and our payout ratio for the first quarter of 2009—the percentage of adjusted cash flow we pay out in distributions—was 73%. We believe this coverage is important to maintaining and growing our dividend. We are also pleased to report that our Board recently increased the second quarter distribution to an annualized rate of 8.30%.

On behalf of the entire W. P. Carey family, we thank you for your ongoing confidence and support. We will continue to work diligently on your behalf to maintain our track record of excellence during these challenging times.

With best regards,



Wm. Polk Carey  
*Chairman of the Board*



Gordon F. DuGan  
*Chief Executive Officer*



Edward V. LaPuma  
*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 months ended March 31, 2009, 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](http://www.cpa14.com).*

# Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Three months ended March 31,	
	2009	2008
<b>Cash Flows — Operating Activities</b>		
<b>Net income</b>	\$ 6,622	\$ 22,626
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including intangible assets and deferred financing costs	8,509	9,713
Straight-line rent adjustments	3,433	(321)
Income from equity investments in real estate in excess of distributions received	839	(204)
Issuance of shares to affiliate in satisfaction of fees due	2,888	3,032
Realized loss (gain) on foreign currency transactions and derivative instruments, net	29	(1,365)
Realized gain on sale of real estate	(402)	—
Unrealized loss on foreign currency transactions, derivative instruments and other, net	475	592
Receivable for advisor settlement	—	(10,868)
Change in other operating assets and liabilities, net	1,160	701
<b>Net cash provided by operating activities</b>	<b>23,553</b>	<b>23,906</b>
<b>Cash Flows — Investing Activities</b>		
Equity distributions received in excess of equity income in real estate	3,414	833
Capital expenditures	(91)	—
Proceeds from sale of real estate and securities	3,971	—
Payment of deferred acquisition fees to an affiliate	(3,638)	(3,846)
<b>Net cash provided by (used in) investing activities</b>	<b>3,656</b>	<b>(3,013)</b>
<b>Cash Flows — Financing Activities</b>		
Distributions paid	(17,316)	(17,116)
Distributions paid to noncontrolling interests	(998)	(649)
Proceeds from mortgages	—	1,315
Prepayment of mortgage principal	(2,676)	(3,557)
Scheduled payments of mortgage principal	(4,530)	(4,350)
Deferred financing costs and mortgage deposits	(64)	(675)
Proceeds from stock issuance, net of costs	2,354	2,280
Purchase of treasury stock	(9,953)	(3,453)
<b>Net cash used in financing activities</b>	<b>(33,183)</b>	<b>(26,205)</b>
<b>Change in Cash and Cash Equivalents During the Period</b>		
Effect of exchange rate changes on cash	(564)	658
Net decrease in cash and cash equivalents	(6,538)	(4,654)
Cash and cash equivalents, beginning of period	125,746	122,503
Cash and cash equivalents, end of period	<b>\$ 119,208</b>	<b>\$ 117,849</b>

## Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share amounts)

	March 31, 2009	December 31, 2008 (NOTE)
<b>Assets</b>		
Real estate, net	\$ 1,047,783	\$ 1,087,036
Net investment in direct financing leases	124,634	124,731
Equity investments in real estate	150,379	156,344
Assets held for sale	17,677	—
Cash and cash equivalents	119,208	125,746
Intangible assets, net	71,156	72,877
Other assets, net	63,943	70,696
Total assets	<u>\$ 1,594,780</u>	<u>\$ 1,637,430</u>
<b>Liabilities and Equity</b>		
Liabilities:		
Non-recourse debt	\$ 794,156	\$ 810,794
Accounts payable, accrued expenses and other liabilities	20,908	19,149
Prepaid and deferred rental income and security deposits	24,034	25,650
Due to affiliates	16,590	21,322
Distributions payable	17,277	17,315
Total liabilities	<u>872,965</u>	<u>894,230</u>
Commitments and contingencies		
Equity:		
CPA <sup>®</sup> :14 shareholders' equity:		
Common stock, \$0.001 par value; 120,000,000 shares authorized; 94,050,992 and 93,654,012 shares issued, respectively	94	94
Additional paid-in capital	921,311	916,069
Distributions in excess of accumulated earnings	(138,387)	(127,093)
Accumulated other comprehensive (loss) income	(582)	4,427
	<u>782,436</u>	<u>793,497</u>
Less, treasury stock at cost, 6,617,545 and 5,804,003 shares, respectively	(76,798)	(66,845)
Total CPA <sup>®</sup> :14 shareholders' equity	<u>705,638</u>	<u>726,652</u>
Noncontrolling interests	16,177	16,548
Total equity	<u>721,815</u>	<u>743,200</u>
Total liabilities and equity	<u>\$ 1,594,780</u>	<u>\$ 1,637,430</u>

Note: The consolidated balance sheet at December 31, 2008 has been derived from the consolidated financial statements at that date as adjusted.

# Consolidated Statements of Income (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended March 31,	
	2009	2008
<b>Revenues</b>		
Rental income	\$ 34,900	\$ 35,572
Interest income from direct financing leases	3,727	3,808
Other operating income	1,048	1,532
	<u>39,675</u>	<u>40,912</u>
<b>Operating Expenses</b>		
Depreciation and amortization	(7,831)	(8,248)
Property expenses	(12,327)	(8,393)
General and administrative	(1,631)	(2,006)
	<u>(21,789)</u>	<u>(18,647)</u>
<b>Other Income and Expenses</b>		
Advisor settlement	—	10,868
Income from equity investments in real estate	3,248	3,265
Other interest income	353	1,280
Other income and expenses	(504)	768
Interest expense	(14,683)	(15,909)
	<u>(11,586)</u>	<u>272</u>
Income from continuing operations before income taxes	6,300	22,537
Provision for income taxes	(511)	(711)
Income from continuing operations	<u>5,789</u>	<u>21,826</u>
<b>Discontinued Operations</b>		
Income from operations of discontinued properties	431	800
Gain on sale of real estate	402	—
Income from discontinued operations	<u>833</u>	<u>800</u>
<b>Net Income</b>	<u>\$ 6,622</u>	<u>\$ 22,626</u>
Less: Net income attributable to noncontrolling interests	(638)	(439)
<b>Net Income Attributable to CPA®:14 Shareholders</b>	<u>\$ 5,984</u>	<u>\$ 21,187</u>
<b>Earnings Per Share</b>		
Income from continuing operations attributable to CPA®:14 shareholders	\$ 0.06	\$ 0.24
Income from discontinued operations attributable to CPA®:14 shareholders	0.01	0.01
Net income attributable to CPA®:14 shareholders	<u>\$ 0.07</u>	<u>\$ 0.25</u>
<b>Weighted Average Shares Outstanding</b>	<u>87,960,425</u>	<u>88,020,378</u>
<b>Amounts Attributable to CPA®:14 Shareholders</b>		
Income from continuing operations, net of tax	\$ 5,151	\$ 21,387
Income from discontinued operations, net of tax	833	800
Net income	<u>\$ 5,984</u>	<u>\$ 22,187</u>
<b>Distributions Declared Per Share</b>	<u>\$ 0.1976</u>	<u>\$ 0.1954</u>



c/o Phoenix American Financial Services  
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