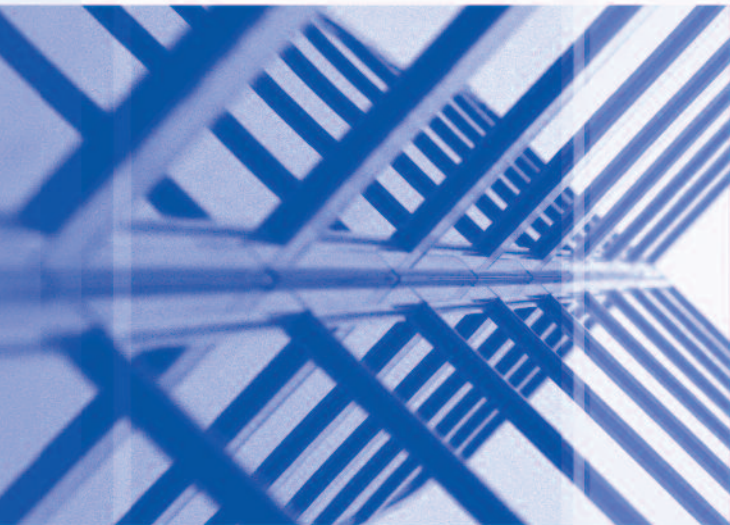


Investing for the long run™



**CPA:14**

Corporate Property Associates 14  
2009 Third Quarter Report

A MEMBER OF THE

**W. P. CAREY**

GROUP

## Dear Fellow Shareholders

Wm. Polk Carey founded the Corporate Property Associates series of investment programs 30 years ago with the intention of creating an investment product that provided rising income and could work in good times and in bad. CPA<sup>®</sup>:14 continues to perform well despite the challenging economic climate for two fundamental reasons: our portfolio was constructed with the same long-term and conservative investment discipline W. P. Carey has adhered to for decades and we continue to manage our assets diligently today.

### Increasing Distributions

We are proud to have been able to continue providing you with rising income in the form of quarterly distribution payments. Our third quarter 2009 distribution increased from the prior quarter and was paid at an annualized rate of 8.32%. These cash distributions continue to be supported by both adjusted cash flow from operating activities and funds from operations, as adjusted (AFFO).

Adjusted cash flow per share	\$0.81
AFFO per share	\$0.80
Distributions declared per share	\$0.5943
Payout ratio (distributions/Adjusted cash flow)	73%
Payout ratio (distributions/AFFO)	74%

*For the nine months ended September 30, 2009*

### Portfolio Performance

Our occupancy rate of approximately 96% and long weighted-average lease term of 10.1 years are major determinants of why CPA<sup>®</sup>:14's cash flow has remained relatively stable through these challenging economic times. In addition, we believe our portfolio is well positioned for the future because we have attempted to diversify our portfolio by tenant, industry, property type and region.

### Strong Financial Position

Although we incurred a \$12 million net loss in the third quarter of 2009 primarily as a result of impairment charges

incurred during the quarter, these impairments have no impact on cash flow and our distributions continue to be covered by adjusted cash flow from operating activities. We remain focused on increasing this metric, which is key to maintaining and growing our distributions and feel that we're in a solid liquidity position. We will continue to monitor our portfolio closely, as we remain cautious about tenant defaults.

## Looking Forward

Because our portfolio is substantially invested, we seek to create shareholder value by managing lease expirations and debt maturities. We have worked diligently to refinance the majority of our 2009 maturing debt and are focusing our activities on refinancing the debt that is coming due in 2010 and 2011.

On behalf of the entire W. P. Carey family, we thank you for your ongoing confidence and support. We shall continue to work diligently on your behalf to maintain our strong track record.

With best regards,



Wm. Polk Carey  
*Chairman of the Board*



Gordon F. DuGan  
*Chief Executive Officer*

*Please note that this letter provides only a summary of the information contained in our quarterly report on Form 10-Q for the three and nine months ended September 30, 2009, which we filed with the Securities and Exchange Commission (SEC) on November 13, 2009. This letter also contains references to certain non-GAAP financial measures, including adjusted cash flow from operating activities and AFFO. A description of these non-GAAP measures and reconciliations to the most directly comparable GAAP measures can be found in our Supplemental Information attached as an exhibit to the current report on Form 8-K that we filed with the SEC on November 23, 2009. We encourage you to read both documents, either on the SEC website, [www.sec.gov](http://www.sec.gov), or at [www.cpa14.com](http://www.cpa14.com).*

# Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Nine months ended September 30,	
	2009	2008
<b>Cash Flows — Operating Activities</b>		
<b>Net income</b>	\$ 13,795	\$ 43,417
Adjustments to net income:		
Depreciation and amortization, including intangible assets and deferred financing costs	28,399	28,695
Straight-line rent adjustments	1,908	(1,626)
Income from equity investments in real estate in excess of distributions received	350	2,584
Issuance of shares to affiliate in satisfaction of fees due	7,108	9,175
Realized gain on foreign currency transactions, derivative instruments and other, net	(154)	(1,618)
Realized gain on sale of real estate	(8,611)	(698)
Unrealized (gain) loss on foreign currency transactions, derivative instruments and other, net	(96)	354
Realized gain on sale of securities	—	(708)
Reversal of unrealized gain on derivatives	—	708
Impairment charges	20,879	1,029
Change in other operating assets and liabilities, net	987	2,989
<b>Net cash provided by operating activities</b>	<b>64,565</b>	<b>84,301</b>
<b>Cash Flows — Investing Activities</b>		
Equity distributions received in excess of equity income in real estate	9,652	4,884
Contributions to equity investments	(5,344)	—
Capital expenditures	(2,855)	—
Proceeds from sale of real estate and securities	26,247	7,211
Increase in cash due to consolidation of a venture	309	—
Payment of deferred acquisition fees to an affiliate	(3,638)	(3,846)
<b>Net cash provided by investing activities</b>	<b>24,371</b>	<b>8,249</b>
<b>Cash Flows — Financing Activities</b>		
Distributions paid	(51,787)	(51,540)
Distributions paid to noncontrolling interests	(1,197)	(2,737)
Proceeds from mortgages	27,750	9,740
Prepayment of mortgage principal	(22,219)	(14,212)
Scheduled payments of mortgage principal	(40,301)	(13,035)
Deferred financing costs and mortgage deposits	(760)	(1,130)
Proceeds from stock issuance, net of costs	6,781	6,840
Purchase of treasury stock	(38,114)	(11,153)
<b>Net cash used in financing activities</b>	<b>(119,847)</b>	<b>(77,227)</b>
<b>Change in Cash and Cash Equivalents During the Period</b>		
Effect of exchange rate changes on cash	468	(492)
Net (decrease) increase in cash and cash equivalents	(30,443)	14,831
Cash and cash equivalents, beginning of period	125,746	122,503
<b>Cash and cash equivalents, end of period</b>	<b>\$ 95,303</b>	<b>\$ 137,334</b>

## Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share amounts)

	September 30, 2009	December 31, 2008
<b>Assets</b>		
Investments in real estate:		
Real estate, at cost	\$ 1,288,040	\$ 1,275,775
Accumulated depreciation	(211,872)	(188,739)
Net investments in properties	1,076,168	1,087,036
Net investment in direct financing leases	114,975	124,731
Equity investments in real estate	153,586	156,344
Net investments in real estate	1,344,729	1,368,111
Cash and cash equivalents	95,303	125,746
Intangible assets, net	67,994	72,877
Other assets, net	78,295	70,696
Total assets	<u>\$ 1,586,321</u>	<u>\$ 1,637,430</u>
<b>Liabilities and Equity</b>		
Liabilities:		
Non-recourse debt	\$ 811,902	\$ 810,794
Accounts payable, accrued expenses and other liabilities	23,422	19,149
Prepaid and deferred rental income and security deposits	31,331	25,650
Due to affiliates	16,005	21,322
Distributions payable	17,043	17,315
Total liabilities	<u>899,703</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; 94,731,383 and 93,654,012 shares issued, respectively	95	94
Additional paid-in capital	929,957	916,069
Distributions in excess of accumulated earnings	(166,173)	(127,093)
Accumulated other comprehensive income	9,185	4,427
	<u>773,064</u>	<u>793,497</u>
Less, treasury stock at cost, 8,915,862 and 5,804,003 shares, respectively	(104,959)	(66,845)
Total CPA <sup>®</sup> :14 shareholders' equity	668,105	726,652
Noncontrolling interests	18,513	16,548
Total equity	<u>686,618</u>	<u>743,200</u>
Total liabilities and equity	<u>\$ 1,586,321</u>	<u>\$ 1,637,430</u>

# Consolidated Statements of Operations (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>				
Rental income	\$ 38,723	\$ 35,803	\$ 110,383	\$ 107,836
Interest income from direct financing leases	3,550	3,849	10,790	11,498
Other operating income	2,461	95	4,933	2,457
	<u>44,734</u>	<u>39,747</u>	<u>126,106</u>	<u>121,791</u>
<b>Operating Expenses</b>				
Depreciation and amortization	(11,533)	(8,092)	(27,376)	(24,603)
Property expenses	(10,038)	(6,693)	(31,742)	(22,911)
General and administrative	(1,593)	(1,411)	(4,936)	(6,556)
Impairment charges	(20,879)	(1,029)	(20,879)	(1,029)
	<u>(44,043)</u>	<u>(17,225)</u>	<u>(84,933)</u>	<u>(55,099)</u>
<b>Other Income and Expenses</b>				
Advisor settlement	—	—	—	10,868
Income from equity investments in real estate	3,878	1,541	10,982	7,668
Other interest income	419	1,116	1,200	3,539
Other income and (expenses)	376	629	250	1,791
Interest expense	(16,607)	(15,598)	(46,691)	(47,392)
	<u>(11,934)</u>	<u>(12,312)</u>	<u>(34,259)</u>	<u>(23,526)</u>
(Loss) income from continuing operations before income taxes	(11,243)	10,210	6,914	43,166
Provision for income taxes	(942)	(579)	(2,512)	(2,117)
(Loss) income from continuing operations	<u>(12,185)</u>	<u>9,631</u>	<u>4,402</u>	<u>41,049</u>
<b>Discontinued Operations</b>				
Income from operations of discontinued properties	146	558	782	2,209
Gain on sale of real estate	—	—	8,611	159
Income from discontinued operations	<u>146</u>	<u>558</u>	<u>9,393</u>	<u>2,368</u>
<b>Net (Loss) Income</b>	<u>(12,039)</u>	<u>10,189</u>	<u>13,795</u>	<u>43,417</u>
Less: Net income attributable to noncontrolling interests	(94)	(576)	(1,360)	(1,393)
<b>Net (Loss) Income Attributable to CPA<sup>®</sup>:14 Shareholders</b>	<u>\$ (12,133)</u>	<u>\$ 9,613</u>	<u>\$ 12,435</u>	<u>\$ 42,024</u>
<b>Earnings Per Share</b>				
(Loss) income from continuing operations attributable to CPA <sup>®</sup> :14 shareholders	\$ (0.14)	\$ 0.10	\$ 0.03	\$ 0.45
Income from discontinued operations attributable to CPA <sup>®</sup> :14 shareholders	—	0.01	0.11	0.03
Net (loss) income attributable to CPA <sup>®</sup> :14 shareholders	<u>\$ (0.14)</u>	<u>\$ 0.11</u>	<u>\$ 0.14</u>	<u>\$ 0.48</u>
<b>Weighted Average Shares Outstanding</b>	<u>86,893,294</u>	<u>88,211,026</u>	<u>87,442,533</u>	<u>88,141,817</u>
<b>Amounts Attributable to CPA<sup>®</sup>:14 Shareholders</b>				
(Loss) income from continuing operations, net of tax	\$ (12,279)	\$ 9,055	\$ 3,042	\$ 39,656
Income from discontinued operations, net of tax	146	558	9,393	2,368
Net (loss) income	<u>\$ (12,133)</u>	<u>\$ 9,613</u>	<u>\$ 12,435</u>	<u>\$ 42,024</u>
<b>Distributions Declared Per Share</b>	<u>\$ 0.1986</u>	<u>\$ 0.1964</u>	<u>\$ 0.5943</u>	<u>\$ 0.5877</u>



c/o Phoenix American Financial Services  
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