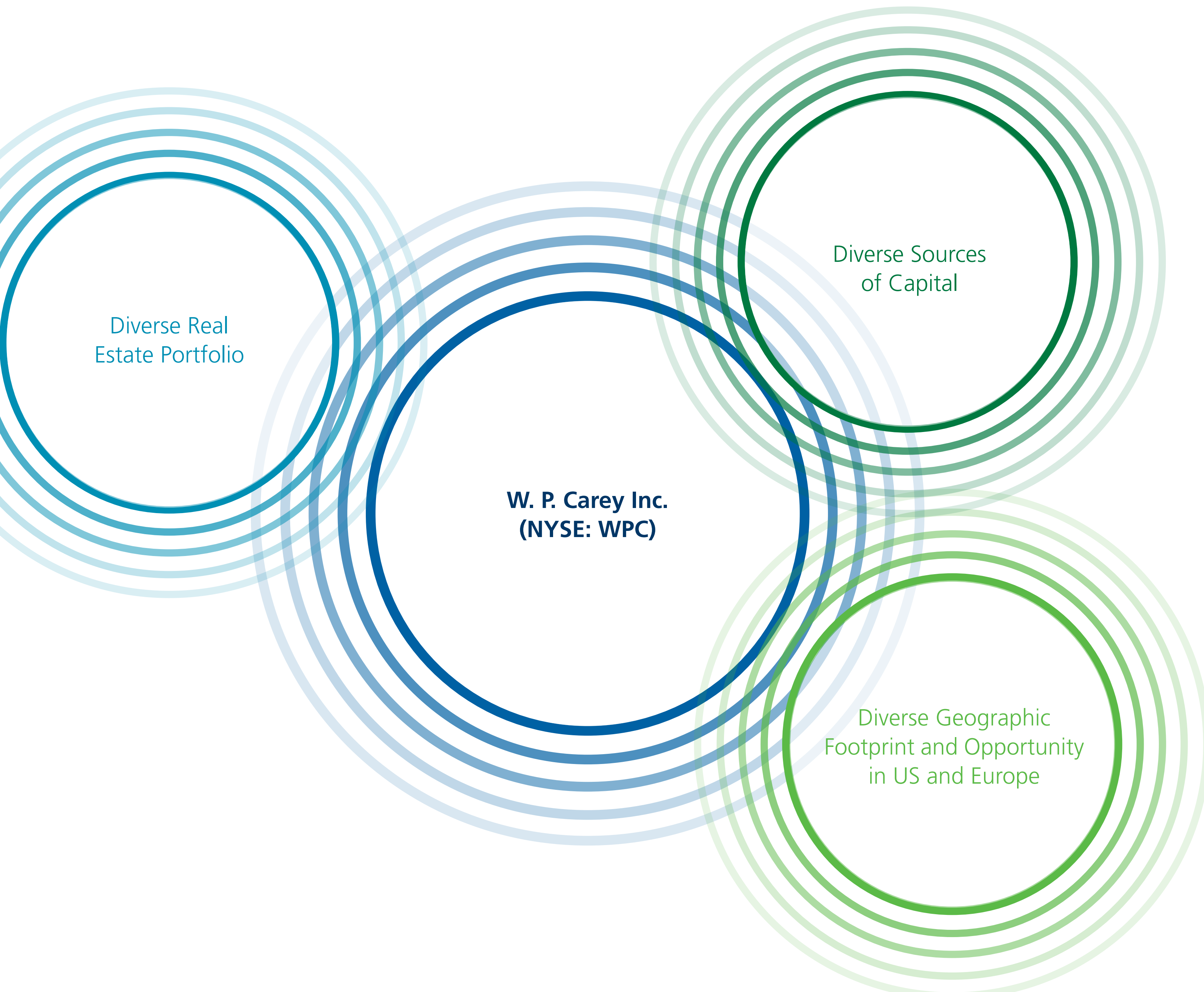
Creating **long-term value** through diversity



Dear Fellow Investors,

2016 was a year of advancement for W. P. Carey, building on our more than 40-year history of *Investing for the Long Run* and maintaining our focus on delivering superior risk-adjusted returns for shareholders. In the short span of one year, we made significant progress in several key areas of our business designed to better position us for sustainable, long-term growth: We enhanced the quality of our real estate portfolio, further transitioned our business toward higher quality revenue streams, continued to strengthen and add flexibility to our balance sheet, and implemented sustainable expense reductions.

I am pleased to report that within the context of these initiatives, we have increased both our AFFO and dividends while maintaining a conservative payout ratio, generating AFFO of $5.12 per diluted share and declaring distributions totaling $3.93 per share. As we have since our inception, we continue to focus on generating durable and recurring income streams, which we believe is a critical component of creating shareholder value.

Founded in 1973, publicly traded since 1998 and a REIT since 2012, W. P. Carey has delivered attractive returns to our stakeholders for more than four decades. In 2017, we will continue our transformation to a net lease REIT by focusing on increased higher-quality revenues and ongoing operational efficiencies. Guided by our cycle-tested, risk management-driven portfolio strategy, we will continue to capitalize on new opportunities, grow the value of our portfolio and improve the quality of our earnings. As always, we will do so within the framework of our long-term perspective, which has helped us successfully navigate various market cycles.

2016 was an unusually active year for capital recycling at W. P. Carey as we sought to improve the value and income-generating strength of our diversified real estate portfolio through proactive asset management, selective dispositions and strategic investments. Total disposition volume was relatively high at $636 million, which was weighted toward residual risk assets with weak criticality, low renewal probability and a remaining weighted average lease term of four years.

On the acquisitions side, we completed approximately $544 million of on-balance sheet investments with a weighted average lease term of just over 20 years, extending the overall portfolio's weighted average lease term to 9.7 years and improving both its criticality and overall quality. We have and will continue to focus on credit underwriting, asset criticality and real estate fundamentals while originating and negotiating leases with attractive risk-adjusted pricing.

We believe that a net lease real estate portfolio — where lease duration is long, typically 15 to 20 years — should be diversified across tenant, industry, asset class and geography to help insulate income generated by the portfolio during industry-specific downturns or geographic-specific events. Our diversified approach to new investments allows us to be opportunistic and generate incremental returns within acceptable risk parameters.

The majority of our assets — including all of our 2016 investments — are sourced as sale-leaseback transactions. This is an important differentiator from other net lease REITs that buy existing leases in the secondary market and one that we believe yields several competitive advantages. With few buyers legitimately competing outside the

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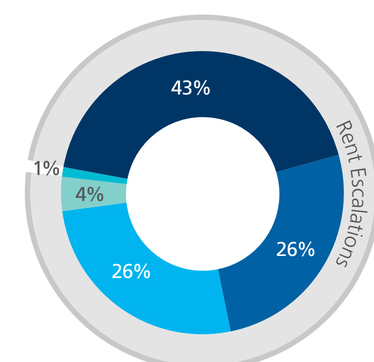
99% of our leases have contractual rent increases, positioning us well for a potentially higher inflationary environment



- Uncapped CPI (43%)
- CPI-based (26%)
- Fixed (26%)
- Other (4%)
- None (1%)

commodity segment of the net lease market, our 43-year track record of executing highly structured sale-leaseback transactions gives us a strong presence and a wider pool of opportunities.

As a result, we get increased access to senior management and information, allowing us to more thoroughly evaluate the tenant's long-term prospects and understand specific transaction risks and merits. In addition, greater access to the real estate itself allows us to better determine its value, quality and criticality to the tenant.

Sourcing and structuring complex sale-leasebacks enable us to generate a significant cap rate premium relative to both the commodity segment of the net lease market and assets that trade on the secondary market. We are also able to structure more institutional quality leases with longer lease terms, improved financial covenants when warranted, greater downside protections based on the information gathered during underwriting and better rent escalations frequently tied to the Consumer Price Index. Entering what is anticipated to be a higher inflationary environment, we believe these escalations will lead to increased revenues and incremental value to our shareholders.

Our platform affords us the advantage of deploying capital in both North America and Europe, investing where comparative risk-adjusted returns are most attractive and quickly shifting geographic focus as opportunities change. We have been doing business in Europe since 1998 with an investment team in London and asset management operations in Amsterdam. Investing internationally allows us to effectively compete for net lease transactions with companies that have an international footprint — as we did this year, acquiring properties from a tenant with operations in the US, Canada and Mexico.

One of the biggest misperceptions of net lease investing is that assets do not need the level of management required by other real estate classes. However, I firmly believe that just as the underwriting and structuring of the lease create value, active management is required to maintain, and in many instances increase and harvest, that value. One of our primary initiatives continues to be improving the quality of our portfolio through acquisitions and proactive asset management by extending weighted average lease term and selectively selling assets to increase profitability and maintain a high occupancy rate, currently 99%.

We review assets using the same criteria utilized when investing in those assets. We regularly evaluate tenant credit, ensure the leased assets have remained critical to the operations of the tenant and confirm tenant compliance with the lease terms.

Our investment grade balance sheet offers strength and flexibility for our operations. The progress we have made in recent years continued in 2016 and in early 2017, including our US dollar-denominated bond issue in September 2016, our euro-denominated bond issue in January 2017, and the renewal and upsizing of our credit facility in February 2017. As a result, we have increased our weighted average debt maturity and reduced balance sheet risk while lowering our weighted average interest rate and growing our unencumbered asset pool.

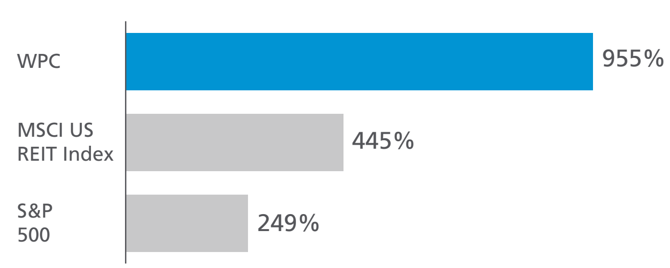
Our access to the European debt market has also enabled us to increase the proportion of total debt denominated in euros, thereby increasing the natural hedge on our euro-denominated rents and further insulating NAV exposure to the euro.

Looking ahead, we see additional opportunities to replace mortgage debt with lower cost bond financing. As we grow our balance sheet through acquisitions, we expect our leverage metrics to remain at similar levels while improving our credit profile through the execution of our unsecured debt strategy. We will continue our path toward becoming a more frequent bond issuer in the unsecured markets over the long term, supported by regular investor outreach to further enhance the liquidity of our outstanding bonds and tighten their spreads.

During 2016, we also activated and utilized our "at the market" program, issuing equity opportunistically and raising net proceeds of $84 million at attractive pricing relative to the investments we made during the year.

While 95% of our 2016 AFFO was generated by on-balance sheet net lease assets, our Investment Management business also generated attractive and profitable revenue streams. Within this segment, the revenue mix continues to migrate away from one-time structuring fees and toward recurring asset management revenue streams, better positioning the company for stable growth over the long term.

W. P. Carey's Total Return Since Going Public in 1998



Total return from January 21, 1998 to February 28, 2017

As our business changes and we adapt to market conditions, we will continue to focus on cost efficiencies. In 2016, we executed on our cost-reduction plan, delivering a 20% decrease in general and administrative expenses compared with 2015. We expect these efficiencies to be sustainable and will continue to assess our overall cost structure with an eye toward making it as operationally efficient as possible.

During the year, we increased investor outreach and enhanced the supplemental information we provide our investors. I personally have spent a great deal of time meeting with our stakeholders, explaining the value of our platform, our track record investing in both North America and Europe, the evolution of our Investment Management business as we adapt to changes in the regulatory environment, the value embedded in our portfolio due to the structure of our leases and our future plans.

Maximizing recurring revenues and sustainable cash flow is our primary goal. As investors understand and recognize our success in this effort, we believe their appreciation of the quality of our earnings and the value of our portfolio will continue to increase.

In closing, I would like to acknowledge the service of our Chief Operating Officer, Thomas Zacharias, who, after 15 years with W. P. Carey, has decided to retire from the firm. He has been a loyal and valuable member of our team and, while he will be missed, has built a solid asset management team in New York and Amsterdam that is well-positioned for the future.

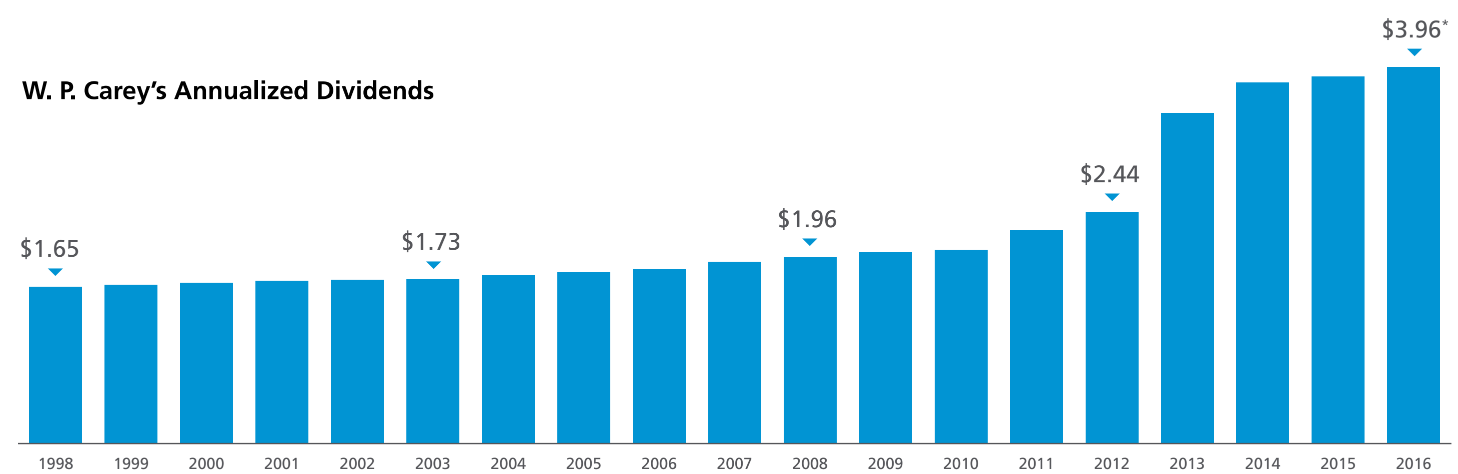
I also want to acknowledge the passing of one of our directors, Charles Parente, this past November. Chuck served as Chairman and member of the Audit Committee for more than 10 years and brought to our Board a deep knowledge of accounting matters, as well as extensive executive experience. He was a friend and mentor to me personally, and he is greatly missed.

As part of our ongoing Board refreshment efforts, we saw the retirement of five directors, and we welcomed three new directors: Mark Alexander, Peter Farrell and Chris Niehaus. Each brings his own area of expertise, and we are fortunate to have individuals of this caliber join our Board. Along those lines, I want to thank our entire Board of Directors — past and present — for their support, as well as our shareholders and bondholders for their continued trust.

Although I have been with W. P. Carey for more than a decade, serving as CFO and then Board member, after completing my first year as CEO, I am more appreciative than ever to work with a very talented senior management team, supported by dedicated employees whose efforts have enabled us to achieve our goals this past year and enter 2017 with confidence and momentum. Bill Carey always prided himself on surrounding himself with the "best and the brightest," and I am certain that if he were here, he would feel that way today.

Mark J. DeCesaris
Chief Executive Officer

W. P. Carey's Annualized Dividends



Past performance is not a guarantee of future results.

*Record date of December 30, 2016