



Dear Fellow Shareholders

A year ago as we went to press with the 2010 Annual Report, early signs of recovery in the U.S. economy had yielded once again to fears of a double dip recession. Predicting the future was a challenge for the best of forecasters. W. P. Carey, however, viewed this volatile landscape as both a challenge and an opportunity to outperform, because our business model was well-suited to the shifting sands of the global economy. Our 2011 results confirm that view, as this report will show. Not displayed in these figures, however, are the steps we took to begin transforming the company in ways that we expect will enhance dividend growth and stability as well as shareholder value. Also nowhere to be found in the numbers is the deep sense of sadness we experienced at the loss of our Founder, Bill Carey, on January 2, 2012. His absence is felt keenly, yet his presence survives in the culture

he established and its emphasis on maintaining a long term, disciplined approach to investing.

Bill would have been proud of our highlights for 2011, which in many ways was the best year in the company's history:

- Total shareholder return was over 38%.
- Adjusted Funds from Operations ("AFFO") rose to \$4.71 per share, up from \$3.27 per share in 2010.
- Investment volume was the company's highest ever at approximately \$1.2 billion.
- Fundraising was the company's highest ever at approximately \$630 million.
- We completed the liquidation of our 13th fund through the merger of

Corporate Property Associates 14 with Corporate Property Associates 16 – Global.

- We closed on a new line of credit for \$450 million, permitting us to pay off our existing line, which was scheduled to mature in June 2012.
- In December 2011 and March 2012, we raised our dividend for the 43rd and 44th consecutive times.

Looking forward to 2012 and beyond, the fragile but slow and steady recovery in the U.S. presents us with a changed landscape. Our supply of opportunities derives from the demand for capital from corporate owners of real estate. We expect this demand to increase as the economy continues to expand, as companies shift from deleveraging to expansion, and as merger and acquisition activity picks up. On the

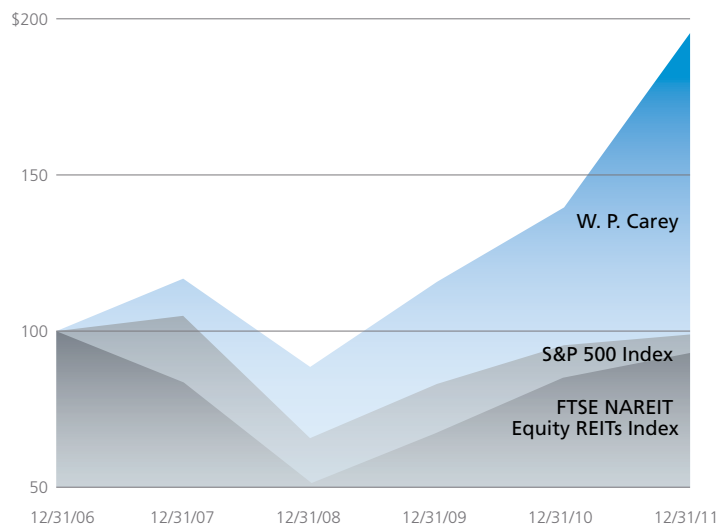


What makes W. P. Carey different can be broken down into three fundamental areas: people, process and performance—the people who work every day on behalf of all our investors, our disciplined and cycle-tested investment process, and our performance as an investment manager.

other hand, the supply of capital to this sector has also increased, in part due to the low yield environment fostered by the liquidity measures taken by central banks around the world. As with all supply/demand curves, if the supply of capital shifts upwards faster than the demand, there will be a corresponding increase in asset pricing. This would probably have a positive affect on the performance of our existing portfolios, both owned and managed, but could also have a dampening effect on our investment volume. That said, one of W. P. Carey's great strengths is its ability to source attractive transactions from a broader, deeper pool than our competitors, and we expect that will help mitigate any potential slowdown in investment volume that might result from overly rapid asset appreciation in the net lease sector.

Cumulative Total Return Comparison 2006–2011

\$100 invested in W. P. Carey & Co. common stock on December 31, 2006, with dividends reinvested, would have appreciated in five years to \$193—an 18.6% average annual return, compared with (.25%) for the S&P 500 Index and (1.38%) for the FTSE NAREIT Equity REITs Index.

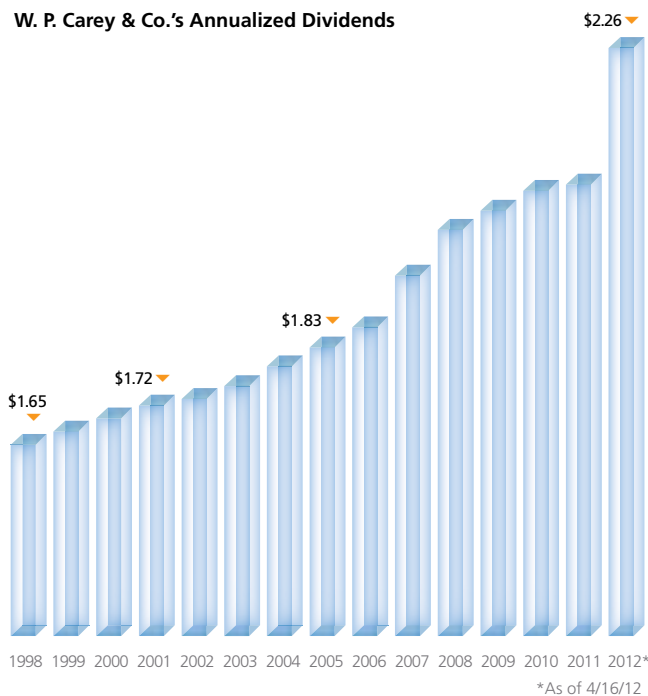


Sources: Bloomberg for W. P. Carey returns; S&P website for S&P Index returns and NAREIT website for FTSE NAREIT Equity REITs Index returns

Past performance is no guarantee of future results.



W. P. Carey & Co.'s Annualized Dividends



Through long-term leases with our tenants and the efforts of our Asset Management team to keep our portfolios at the highest occupancy possible, we receive a steady stream of income each month. This rental income is the primary driver in maintaining a steady cash flow and, consequently, steady distributions.



Over the years, we've experienced numerous cycles of this nature, and have come to regard them as two-edged swords. While rising asset values may cause us to tactically retreat from certain submarkets, they also offer us the chance to exit certain assets at opportune points in the cycle. That said, there is some inherent volatility in the investment management segment of our business. In recognition of this, we are planning to shift the mix of our revenues to favor investment revenues over asset management revenues. This strategy will find its culmination in our proposed conversion to a REIT and simultaneous merger with one of our managed REITs, Corporate Property Associates 15. We expect that these transactions, which we announced in February 2012 and which are still subject to the approval

of shareholders of both companies and SEC review, will provide three important benefits. Specifically, we believe these transactions will:

- Substantially increase our financial strength, scale and liquidity;
- Facilitate dividend growth through an accretive acquisition of assets that we already manage and know well; and
- Enhance long term shareholder value by bringing increased clarity to our form and strategic focus.

We've placed a detailed description of the transaction on our website, and I encourage you to read it carefully. This event will be transformational, but it also represents a natural evolution for W. P. Carey, a plan that lets us

take even better advantage of our essential qualities:

- Our tradition of transparency and disciplined investing;
- Our track record as an investor;
- The caliber of our people.

As always, I want to thank all of you—our investors, tenants and employees— for your continued confidence and support as we move into this exciting new stage.

With best wishes,

Trevor P. Bond
President and Chief Executive Officer