W. P. Carey Inc.
Form 424B2
September 26, 2014

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Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-194389

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CALCULATION OF REGISTRATION FEE(1)

Title of each class of securities to be registered	Amount to be registered(2)	Proposed maximum offering price per share	Proposed aggregate maximum offering price	Amount of registration fee(3)
Common stock, par value $0.001 per share	$4,600,000	$64.00	$294,400,000.00	$37,918.72

(1) Payment of the registration fee at the time of filing of the registrant's Registration Statement on Form S-3, filed with the U.S. Securities and Exchange Commission on March 7, 2014 (File No. 333-184389) (the "Registration Statement"), was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act. This paragraph shall be deemed to update the "Calculation of Registration Fee" table in the Registration Statement.

(2) Includes 600,000 shares of common stock, par value $0.001 per share, that may be purchased by the underwriters upon exercise of the underwriters' option to purchase additional shares.

PROSPECTUS SUPPLEMENT
(To prospectus dated March 7, 2014)

4,000,000 Shares

Common Stock

W. P. Carey Inc. is a leading global net-lease real estate investment trust that provides long-term sale-leaseback and build-to suit financing solutions for companies worldwide. We are offering for sale 4,000,000 shares of our common stock, $0.001 par value per share.

Our shares of common stock trade on the New York Stock Exchange under the symbol "WPC." On September 24, 2014, the last sale price of our shares of common stock as reported on the New York Stock Exchange was $65.08 per share. Our board of directors declared a quarterly cash dividend of $0.94 per share of common stock, payable on October 15, 2014 to stockholders of record at the close of business on September 30, 2014. This offering is expected to close on or prior to such record date, and therefore purchasers of common stock in this offering that take delivery of such stock on the closing date and continue to hold the stock as of the close of business on September 30, 2014 will receive

this dividend on October 15, 2014.

Investing in our common stock involves risk. Before making a decision to invest in our common stock, you should carefully read the information under the heading "Risk Factors" beginning on page S-7 of this prospectus supplement and in the reports that we file with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Per Share	Total
Public offering price	$64.00	$256,000,000
Underwriting discount	$2.56	$10,240,000
Proceeds, before expenses, to us	$61.44	$245,760,000

We have granted the underwriters an option to purchase up to an additional 600,000 shares of our common stock from us at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement. If the underwriters exercise this option in full, the total underwriting discount will be $11,776,000 and the total proceeds to us, before expenses, will be $282,624,000.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about September 30, 2014.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **Wells Fargo Securities**
Barclays **J.P. Morgan**

Co-Managers

BMO Capital Markets **Baird** **Capital One Securities**
Evercore **Ladenburg Thalmann** **Piper Jaffray**

The date of this prospectus supplement is September 24, 2014.

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You should rely only on the information contained in, or incorporated by reference in, this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us or on our behalf. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than the respective dates of such documents or such other dates as may be specified herein or therein. Our business, financial condition, liquidity, results of operations, adjusted funds from operations ("AFFO") and prospects may have changed since those respective dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing information to you about this offering in two parts. The first part is this prospectus supplement, which describes certain terms of the shares of common stock and the offer and sale of the shares of common stock. The second part, the accompanying prospectus, gives more general information about us and the securities we may offer from time to time, some of which does not apply to the shares of common stock or this offering. If there is a conflict between the descriptions of the shares of common stock or this offering in this prospectus supplement and those in the accompanying prospectus, the descriptions in this prospectus supplement shall control.

Any information contained in this prospectus supplement, the accompanying prospectus or any document incorporated by reference herein and therein will be deemed to have been modified or superseded to the extent that a statement subsequently contained in this prospectus supplement or the accompanying prospectus, in any free writing prospectus we may provide to you in connection with this offering, or in any document we file with the United States Securities and Exchange Commission (the "SEC") under or pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that also is incorporated by reference into this prospectus supplement and the accompanying prospectus, modifies or supersedes the original statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to be part of this prospectus supplement or the accompanying prospectus. You should read this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you in connection with this offering, together with the documents incorporated by reference into this prospectus supplement and the accompanying prospectus as described under the heading "Where you can find more information; Incorporation by reference" beginning on page S-47 of this prospectus supplement.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, accounting, legal or tax advice. You should consult your own counsel, accountants and other advisors for investment, accounting, legal, tax and related advice regarding an investment in our common stock. We are not making any representation to you regarding the legality of an investment in our shares of common stock by you under applicable investment or similar laws.

Unless the context otherwise requires or as otherwise specified, references in this prospectus to "W. P. Carey," the "Company," "we," "us," or "our" refers to W. P. Carey Inc. and its consolidated subsidiaries and predecessors.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain information that is based on our current expectations, our estimates and forecasts, projections about our future performance, our business, our beliefs and our management's assumptions and other matters, and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. These forward-looking statements relate to matters such as discussions regarding capital markets; tenant credit quality; general economic outlook; our corporate strategy; statements regarding estimated or future economic performance, including our underlying assumptions; statements that we make regarding our ability to remain qualified for taxation as a real estate investment trust ("REIT"); our expectations regarding our ability to structure acquisitions for ourselves and on behalf of the publicly held, non-traded REIT affiliates that we manage; the amount and timing of any future dividends, including those that we are required to make in order to maintain our REIT qualification; the benefits of our January 2014 merger with Corporate Property Associates 16 Global Incorporated; our existing or future leverage and debt service obligations; our future prospects for growth; our future capital expenditure levels; our historical and anticipated funds from operations; our future financing transactions; our estimates of growth; and our plans to fund our future liquidity needs; and are generally identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result" and similar expressions. Actual results could differ materially from those contemplated by these forward-looking statements as a result of many factors.

The information under the caption "Risk Factors" contained herein and in our Annual Report on Form 10-K for the year ended December 31, 2013 and in subsequent reports filed by us with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus, and other similar statements contained in this prospectus supplement, the accompanying prospectus or any related free writing prospectus prepared by us or on our behalf and the documents incorporated by reference herein and therein, identify important factors with respect to forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial also may materially and adversely affect us. Should any known or unknown risks and uncertainties develop into actual events, those developments could have a material adverse effect on our business, financial condition, liquidity, results of operations, AFFO and prospects.

In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein will in fact transpire. Moreover, because we operate in a very competitive and rapidly changing environment, new risk factors are likely to emerge from time to time. Given these risks and uncertainties, potential investors are cautioned not to place undue reliance on forward-looking statements as a prediction of future results. We do not undertake any obligation to update or revise any forward-looking statements except as required by applicable law. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

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SUMMARY

The following summary highlights information more fully described elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that may be important to you. Before making a decision to invest in shares of our common stock, you should carefully read this entire prospectus supplement, including the matters set forth under the caption "Risk Factors," the accompanying prospectus, any free writing prospectus we may provide to you in connection with this offering, and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus.

The Company

W. P. Carey is a self-managed real estate investment trust and a leading global owner and manager of commercial properties, primarily net leased to companies on a long-term basis. As of June 30, 2014, we owned a diversified global investment portfolio that included full or partial ownership interests in 686 net lease properties located in 16 countries, with an occupancy rate of 98.5% and a weighted average remaining lease term of 8.6 years.

Our owned real estate portfolio is diversified by property type, tenant industry and geographic location. It is comprised primarily of single-tenant industrial, warehouse/distribution, office or retail facilities that are essential to our corporate tenants' operations. Our corporate tenants operate in a wide variety of business sectors, providing additional diversification to the portfolio. Furthermore, as of June 30, 2014, approximately two-thirds of our contractual minimum annualized base rent ("ABR") was from properties located in the United States and approximately one-third was from properties located outside the United States, primarily in Western and Northern Europe.

Most of our net leases specify a base rent with scheduled rent increases (either fixed or tied to inflation) and require the tenant to pay substantially all of the costs associated with operating and maintaining the property. We actively manage our real estate portfolio to mitigate risk with respect to changes in tenant credit quality and the likelihood of lease renewal.

In addition to the lease revenues from our owned real estate portfolio, we earn fee revenue by advising publicly held, non-traded REIT affiliates (the "Managed REITs") through our investment management business. As of June 30, 2014, we managed approximately $8.2 billion of total assets on behalf of the Managed REITs.

Recent Developments

CPA®:16 Global Merger

In January 2014, we completed a merger with one of our publicly held, non-traded REIT affiliates, Corporate Property Associates 16 Global Incorporated ("CPA®:16 Global"), pursuant to which CPA®:16 Global merged with and into one of our wholly-owned subsidiaries, in a transaction valued at approximately $3.9 billion. As consideration for the merger, we issued approximately 30.7 million shares of our common stock to CPA®:16 Global stockholders. Immediately prior to the merger, CPA®:16 Global's portfolio was comprised of full or partial ownership interests in 325 leased properties (substantially all of which were net leased with a weighted average remaining lease term of 10.4 years) and two hotel properties. We believe that the benefits of the merger include increased portfolio diversification, a continued shift in the portion of our revenues attributable to stable lease revenue and simplification of our financial statements by consolidating CPA®:16 Global's joint ventures and our prior ownership in CPA®:16 Global. The merger also increased our size and equity

market capitalization, and reinforced our position as a leading investment manager in the non-traded REIT space with the 15th successful liquidation of one of our Managed REITs.

Investment Activity

During the six months ended June 30, 2014, we acquired assets with an aggregate purchase price of approximately $89 million and structured acquisitions on behalf of the Managed REITs with an aggregate purchase price of approximately $934 million. Approximately $527 million of the acquisitions structured on behalf of the Managed REITs were for Corporate Property Associates 17 Global Incorporated or Corporate Property Associates 18 Global Incorporated, which invest primarily in commercial properties net leased to single tenants. The remaining $407 million of acquisitions were structured on behalf of Carey Watermark Investors Incorporated, which invests in lodging and lodging-related properties. Subsequent to June 30, 2014, we acquired one asset in Europe for $114 million, which is net leased to Total E&P Norge AS for approximately 17 years, and one asset in the United States for $47 million, which is net leased to Bose Corporation for approximately 11 years, and structured acquisitions on behalf of the Managed REITs with an aggregate purchase price of approximately $90 million.

For the year ending December 31, 2014, we anticipate structuring acquisitions on behalf of the Managed REITs with an aggregate purchase price of between approximately $1.4 billion and $2.0 billion. We currently expect that the majority of the remaining aggregate acquisitions to be structured by us on behalf of the Managed REITs will occur in the three months ending December 31, 2014. As a result, we anticipate that the reduced acquisition activity for the three months ending September 30, 2014 will cause our AFFO for the third fiscal quarter of 2014 to be lower relative to each of the first two fiscal quarters of 2014. No assurance can be given that we will meet our current aggregate annual expectations with respect to structuring acquisitions on behalf of the Managed REITs. See "Risk Factors", beginning on page S-7 and the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a more detailed discussion.

Disposition Activity

We have an active capital recycling program that seeks to extend our average remaining lease term, improve tenant credit quality and increase the portion of our assets that are essential to our corporate tenants' operations. As part of our capital recycling program, during the six months ended June 30, 2014, we sold 22 properties located in the United States and two properties located outside of the United States for aggregate proceeds of approximately $298.3 million. Properties sold during this period included 11 industrial properties, six office facilities, three sports facilities, two warehouse/distribution facilities, a retail facility and a hotel.

Unsecured Note Offering

In March 2014, we issued $500.0 million aggregate principal amount of our 4.600% Senior Unsecured Notes, due on April 1, 2024.

Dividends

We have increased our cash dividend each year since becoming a publicly traded company in 1998 and have increased our quarterly cash dividend from $0.65 to $0.94 per share of common stock, or $0.29 per share, since converting to a REIT in September 2012. On September 18, 2014, we increased our quarterly cash dividend per share of common stock by $0.04 to $0.94, which equates to an annualized rate of $3.76 per share and marked our 54th consecutive quarterly cash dividend increase. This dividend will be paid on October 15, 2014, to stockholders of record at the close of

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business on September 30, 2014. This offering is expected to close on or before such record date, and therefore purchasers of our common stock that take delivery of such stock on the closing date and continue to hold such common stock as of the close of business on September 30, 2014, will receive the dividend. Our current annualized cash dividend represents a yield of approximately 5.78% based on the closing price of our common stock on the New York Stock Exchange of $65.08 on September 24, 2014.

Unsecured Credit Facility

In January 2014, we amended and increased our $450.0 million unsecured revolving credit facility and $175.0 million term loan facility to provide for borrowings of up to $1.25 billion, comprised of a $1.0 billion unsecured revolver and a $250.0 million unsecured term loan (the "Senior Unsecured Credit Facility"). The revolver matures in January 2018 and may be extended by a one-year period at our option, subject to certain conditions. The term loan matures in January 2016 and may be extended by two one-year periods at our option, subject to certain conditions. At our election, the principal amount available under the Senior Unsecured Credit Facility may be increased by up to an additional $500.0 million, subject to certain conditions.

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The Offering

Issuer	W. P. Carey Inc.
Common Stock Offered by Us	4,000,000 shares (4,600,000 shares if the underwriters exercise their option to purchase additional shares in full)
Common Stock to be Outstanding After this Offering	103,414,166 shares(1)
Use of Proceeds	The net proceeds from this offering, after deducting the underwriting discount and other estimated offering expenses payable by us, will be approximately $245 million (or approximately $282 million if the underwriters exercise their option to purchase additional shares of our common stock in full). We intend to use the net proceeds from this offering to repay certain indebtedness, including amounts outstanding under our Senior Unsecured Credit Facility, to fund potential future acquisitions and for general corporate purposes. See "Use of Proceeds" in this prospectus supplement.
Conflicts of Interest	Affiliates of certain of the underwriters are lenders under our Senior Unsecured Credit Facility and will receive their proportionate share of the net proceeds from this offering used to reduce such indebtedness. See "Underwriting (Conflicts of Interest)" in this prospectus supplement.
Restrictions on Ownership and Transfer	To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code of 1986, as amended (the "Code"), our charter contains ownership and transfer restrictions relating to our stock. See "Description of Capital Stock Restrictions on Ownership and Transfer" in the accompanying prospectus for additional information about these restrictions.
Risk Factors	Investing in our common stock involves risk and purchasers of our common stock may lose their entire investment. See "Risk Factors", beginning on page S-7 and the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of risk factors you should carefully consider before deciding to invest in our common stock.
New York Stock Exchange Symbol	"WPC"

(1) The number of shares of our common stock outstanding after this offering is based on 99,414,166 shares of our common stock outstanding as of September 19, 2014 and excludes: (a) 600,000 shares of our common stock issuable upon the exercise of the underwriters' option to purchase additional shares; and (b) 6,065,186 shares of our common stock issuable in the future under the W. P. Carey Inc. 1997 Share Incentive Plan, the W. P. Carey Inc. 1997 Non-Employee Directors' Incentive Plan, the W. P. Carey Inc. 2009 Share Incentive Plan, the W. P. Carey Inc. 2009 Non-Employee Directors' Incentive Plan, our Employee Stock Purchase Plan and the W. P. Carey Inc. Deferred Compensation Plan for Employees.

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RISK FACTORS

Investing in our common stock involves risk. In addition to the risks incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, you should carefully consider the following risk factors before you decide to invest in our common stock. The risks and uncertainties included or incorporated by reference in this prospectus supplement and the accompanying prospectus are those that we currently believe may materially affect our company. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our business, financial condition, liquidity, results of operations, AFFO and prospects. The realization of any of these risks could have a material adverse effect on our business, financial condition, liquidity, results of operations, AFFO and prospects, as well as our ability to pay dividends to our common stockholders and service our indebtedness. As a result, the trading volume and market price of our common stock may decline and you may lose part or all of your investment.

The trading volume and market price of shares of our common stock may be adversely impacted by various factors.

The trading volume and market price of our common stock may fluctuate significantly and be adversely impacted in response to a number of factors, including:

- actual or anticipated variations in our operating results, AFFO or liquidity, or those of our competitors;
- changes in our dividend policy;
- publication of research reports about us, our competitors, our tenants or the REIT industry;
- changes in market valuations of similar companies;
- speculation in the press or investment community;
- our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;
- increases in market interest rates, which may lead investors to demand a higher dividend yield for our common stock and would result in increased interest expense on our debt;
- adverse market reaction to the amount of maturing debt in the near and medium term and our ability to refinance such debt and the terms thereof;
- adverse market reaction to any additional indebtedness we incur or equity or equity-related securities we issue in the future;
- changes in our credit ratings;
- actual or perceived conflicts of interest;
- additions or departures of key management personnel;

our compliance with generally accepted accounting principles and policies;

our compliance with the listing requirements of the New York Stock Exchange;

the financial condition, liquidity, results of operations and prospects of our tenants;

failure to maintain our REIT qualification or exclusion from registration under the Investment Company Act of 1940, as amended;

- actions by institutional stockholders;
- speculation in the investment community or the press;
- general market and economic conditions, including the current state of the credit and capital markets; and
- the realization of any of the other risk factors presented in our most recent Annual Report on Form 10-K or subsequent reports that we file with the Securities and Exchange Commission that, in each instance, are incorporated by reference into this prospectus supplement and the accompanying prospectus.

This offering may be dilutive and there may be future dilution related to our common stock.

Giving effect to the issuance of shares of common stock in this offering, the receipt of the expected net proceeds and the use of those proceeds, this offering may have a dilutive effect on our expected earnings per share and our AFFO per share for the year ending December 31, 2014. The actual amount of dilution, if any, cannot be determined at this time and will be based upon numerous factors. Additionally, subject to the 90 day lock up restrictions described in "Underwriting (Conflicts of Interest) No Sales of Similar Securities," we are not restricted from issuing additional securities, including common stock, securities that are convertible into, exchangeable or exercisable for common stock, preferred stock or any substantially similar securities, in the future. Future issuances or sales of substantial amounts of our common stock may result in dilution in our earnings per share and AFFO per share and/or adversely impact the market price of our common stock.

Future issuances or sales of our common stock may cause the market price of our common stock to decline.

The issuance or sale of substantial amounts of our common stock, whether, in the case of a sale, directly by us or in the secondary market, the perception that such issuances or sales of common stock could occur or the availability for future issuance or sale of shares of our common stock, or securities convertible into or exchangeable or exercisable for our common stock, could materially and adversely affect the market price of our common stock and our ability to raise capital through future offerings of equity or equity-related securities.

Volatility and disruption in capital markets could materially and adversely impact us.

The capital markets may experience extreme volatility and disruption, which could make it more difficult to raise capital. If we cannot access capital or if we cannot access capital upon favorable terms, we may be required to liquidate one or more investments in properties at times that may not permit us to realize the maximum return on those investments, which could also result in adverse tax consequences to us. Moreover, market turmoil could lead to an increased lack of consumer confidence and widespread reduction of business activity generally, which may materially and adversely impact us, including our ability to acquire and dispose of properties.

Our outstanding indebtedness and future indebtedness that we may incur expose us to the risk of default and could materially and adversely affect the market price of our common stock.

As of June 30, 2014, we had approximately $3.8 billion of outstanding consolidated indebtedness. Upon completion of this offering and the application of the net proceeds therefrom as described under "Use of Proceeds," assuming such proceeds are initially used to reduce amounts outstanding under our Senior Unsecured Credit Facility, we will have approximately $3.7 billion of outstanding consolidated indebtedness. However, we may incur significant additional debt in the future.

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Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments in respect of our debt and our other business needs;
- debt service requirements and financial covenants relating to our indebtedness may eliminate or otherwise limit our ability to pay dividends to our common stockholders at our current level, or at all, or necessary to maintain our REIT qualification;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to capitalize upon acquisition opportunities or meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of the maturing indebtedness;
- increases in interest rates would likely increase the interest expenses on our future fixed rate debt, and because a portion of our outstanding debt bears interest at variable rates, increases in interest rates would increase our future interest expense;
- we may be unable to hedge our debt, counterparties may fail to honor their obligations under any of our hedge agreements, such agreements may not effectively hedge interest rate fluctuation risk, and, upon the expiration of any of our hedge agreements, we would be exposed to then-existing market rates of interest and future interest rate volatility;
- we may be forced to dispose of properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- we may default on our debt obligations, which would likely permit the acceleration of such debt and possibly other debt with cross-default provisions, and secured lenders may foreclose on our collateral; and
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations.

The occurrence of any of these events could materially and adversely affect us. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code.

Future issuances of debt securities, which would rank senior to our common stock upon our liquidation, and future issuances of equity securities, which would dilute the holdings of our existing common stockholders and may be senior to our common stock for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of our common stock.

In the future, we may issue debt or equity securities or incur additional borrowings. Upon our liquidation, holders of our debt securities and other loans and preferred stock will receive a distribution of our available assets before common stockholders. If we incur debt in the future, our future interest costs could increase and adversely affect our liquidity, AFFO and results of operations. We are not required to offer any additional equity securities to existing common stockholders on a preemptive basis. Therefore, additional common stock issuances, directly or through convertible or exchangeable securities, warrants or options, will dilute the holdings of our existing common stockholders and such issuances or the perception of such issuances may reduce the market price of our common stock. Our preferred stock, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common stockholders. Because our decision to issue additional debt or equity securities or incur additional

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borrowings in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common stockholders bear the risk that our future issuances of debt or equity securities or our incurrence of additional borrowings will negatively affect the market price of our common stock.

There can be no assurance that we will be able to maintain cash dividends and certain agreements relating to our indebtedness may, under certain circumstances, limit or eliminate our ability to pay dividends to holders of our common stock.

Our ability to continue to pay dividends in the future may be adversely affected by the risk factors described in and incorporated by reference into this prospectus supplement and the accompanying prospectus. We can give no assurance that we will be able to maintain dividends, and certain agreements relating to our borrowing may, under certain circumstances, prohibit or otherwise restrict our ability to pay dividends to our common stockholders. We can give no assurance that rents from our properties will increase, or that future acquisitions will increase our cash available for distribution to stockholders. In addition, all dividends are declared at the discretion of our board of directors and depend on our earnings, our financial condition, maintaining our REIT status, contractual limitations relating to our indebtedness, Maryland law and other factors our board of directors deems relevant from time to time.

Future dividends, if any, are expected to be based upon our AFFO, financial condition, cash flows and liquidity, debt service requirements, capital expenditure requirements for our properties, financing covenants and applicable law. If we do not have sufficient cash available to pay dividends, we may need to fund the shortage out of working capital or revenues from future acquisitions, if any, or borrow to provide funds for such dividends, which would reduce the amount of funds available for real estate investments and increase our future interest costs. Our inability to pay dividends, or to pay dividends at expected levels, could adversely impact the per share trading price of our common stock.

Revenue from our investment management operations is subject to volatility, which may cause our earnings and AFFO to fluctuate.

Revenue from our investment management operations is dependent in large part on future capital raising in existing or future managed entities, as well as on our ability to make investments that meet the investment criteria of these entities, both of which are subject to uncertainty with respect to capital market and real estate market conditions. This uncertainty creates volatility in our earnings and AFFO because of the resulting fluctuation in transaction-based revenue. Investment management revenue may be affected by factors that include not only our ability to increase the Managed REITs' portfolio of properties under management, but also changes in valuation of those properties, as well as sales of the Managed REIT properties. In addition, revenue from our investment management operations, including our ability to earn performance revenue, as well as the value of our holdings of the Managed REITs' interests and dividend income from those interests, may be significantly affected by the results of operations of the Managed REITs. The revenue payable under each of our current investment advisory agreements is subject to certain limitations based on a formula tied to the assets and income of that Managed REIT, which may limit the growth of our investment management revenue. Furthermore, our ability to earn revenue related to the disposition of properties is primarily tied to providing liquidity events for the Managed REIT investors. Our ability to provide such liquidity, and to do so under circumstances that will satisfy the applicable subordination requirements, will depend on market conditions at the relevant time, which may vary considerably over a period of years.

For the year ending December 31, 2014, we anticipate structuring acquisitions on behalf of the Managed REITs with an aggregate purchase price of between approximately $1.4 billion and $2.0 billion. Based upon our current acquisition pipeline, we expect to consummate a number of acquisitions on behalf of the Managed REITs prior to the end of 2014 sufficient to meet our

expectations regarding structuring acquisitions on behalf of the Managed REITs for the year ending December 31, 2014. However, we currently expect that the aggregate value of the acquisitions structured by us on behalf of the Managed REITs during the three months ending September 30, 2014 will be somewhat lower as compared to our acquisition activity on behalf of the Managed REITs during each of the first two fiscal quarters of 2014, which will cause our AFFO for the third fiscal quarter of 2014 to be lower as compared to each of the first two fiscal quarters of 2014. While we have a current pipeline of acquisition opportunities for the Managed REITs, there can be no assurance that these opportunities will lead to consummated acquisitions prior to December 31, 2014, or at all, or that we will meet our current expectations with respect to structuring acquisitions on behalf of the Managed REITs from our current pipeline of acquisition opportunities or future acquisition opportunities, which would adversely affect our earnings and AFFO for the year ending December 31, 2014.

Affiliates of the underwriters may receive benefits in connection with this offering.

Affiliates of certain underwriters are lenders under our Senior Unsecured Credit Facility and we intend to use at least a portion of the net proceeds from this offering to repay a portion of the outstanding balance of this indebtedness. As a result, these affiliates will receive their proportionate share of the net proceeds from this offering used to reduce such indebtedness. Due to the fact that such underwriters have an interest in the successful completion of this offering beyond the underwriting discount they will receive, a conflict of interest exists. These interests may influence the decision regarding the terms and circumstances under which this offering is completed.

Your investment has various U.S. federal income tax risks.

Although the provisions of the Code generally relevant to an investment in shares of our common stock are described in "Additional Material U.S. Federal Income Tax Considerations" in this prospectus supplement and "Material Federal Income Tax Considerations" in the accompanying prospectus, we urge you to consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in shares of our common stock.

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OUR PORTFOLIO

Geographic Diversification

Information regarding the geographic diversification of our net-leased properties as of June 30, 2014 is set forth below:

Diversification by Geography

(in thousands, except percentages)

	Total Portfolio(1)			
Region	**ABR**	**Percent of ABR**	**Square Footage**	**Percent of Total Square Footage**
U.S.				
East	$ 118,162	18.5%	16,806	20.5%
West	117,510	18.3%	11,511	14.1%
South	114,898	17.9%	16,549	20.2%
Midwest	80,932	12.6%	13,113	16.0%
U.S. Total	431,502	67.3%	57,979	70.8%
International				
Germany	68,975	10.8%	7,009	8.6%
France	52,956	8.3%	8,461	10.4%
Finland	33,716	5.3%	2,133	2.6%
Poland	18,576	2.9%	1,827	2.2%
Other(2)	34,668	5.4%	4,406	5.4%
International Total	208,891	32.7%	23,836	29.2%
Total	**$ 640,393**	**100.0%**	**81,815**	**100.0%**

(1) Excludes our four operating properties.

(2) Includes assets in the United Kingdom, the Netherlands, Hungary, Spain, Belgium, Sweden, Canada, Mexico, Thailand, Malaysia and Japan.

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Property Diversification

Information regarding the property diversification of our net-leased properties as of June 30, 2014 is set forth below:

Diversification by Property Type

(in thousands, except percentages)

	Total Portfolio(1)			
Property Type	**ABR**	**Percent of ABR**	**Square Footage**	**Percent of Total Square Footage**
Office	$ 176,453	27.5%	10,341	12.6%
Industrial	161,864	25.3%	30,271	37.0%
Warehouse / Distribution	126,953	19.8%	24,860	30.4%
Retail	90,044	14.1%	7,718	9.4%
Self Storage	31,852	5.0%	5,143	6.3%
Other Properties(2)	53,227	8.3%	3,482	4.3%
Total	**$ 640,393**	**100.0%**	**81,815**	**100.0%**

(1) Excludes our four operating properties.

(2) Includes hospitality, education, sports, theater, residential and unoccupied land.

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Tenant Industry Information

Information regarding the tenant industry diversification of our net-leased properties as of June 30, 2014 is set forth below:

Diversification by Tenant Industry

(in thousands, except percentages)

	Total Portfolio(1)			
Industry Type(2)	**ABR**	**Percent of ABR**	**Square Footage**	**Percent of Total Square Footage**
Retail Trade	$ 131,915	20.6%	16,919	20.7%
Electronics	64,277	10.0%	4,724	5.8%
Chemicals, Plastics, Rubber and Glass	37,018	5.8%	6,428	7.9%
Healthcare, Education and Childcare	34,071	5.3%	2,733	3.3%
Business and Commercial Services	33,916	5.3%	2,512	3.1%
Automobile	33,640	5.3%	5,851	7.1%
Construction and Building	30,341	4.8%	8,077	9.9%
Beverages, Food and Tobacco	29,857	4.7%	5,395	6.5%
Media: Printing and Publishing	25,383	4.0%	2,759	3.4%
Buildings and Real Estate	20,704	3.2%	3,343	4.1%
Machinery	20,147	3.1%	2,742	3.3%
Transportation Cargo	19,959	3.1%	2,197	2.7%
Insurance	16,601	2.6%	972	1.2%
Federal, State and Local Government	16,214	2.5%	620	0.8%
Hotels and Gaming	16,100	2.5%	1,036	1.3%
Telecommunications	15,494	2.4%	908	1.1%
Leisure, Amusement and Entertainment	14,660	2.3%	769	0.9%
Consumer Non-Durable Good	13,678	2.1%	2,585	3.2%
Grocery	12,355	1.9%	1,198	1.4%
Transportation Personal	11,356	1.8%	1,825	2.2%
Aerospace and Defense	8,658	1.4%	1,119	1.4%
Mining, Metals and Primary Metal Industries	8,012	1.3%	1,455	1.8%
Textiles, Leather and Apparel	7,336	1.1%	1,773	2.2%
Other(3)	18,701	2.9%	3,875	4.7%
Total	**$ 640,393**	**100.0%**	**81,815**	**100.0%**

(1) Excludes our four operating properties.

(2) Based on the Moody's Classification System and information provided by the tenant.

(3) Includes rent from tenants in the following industries: consumer and durable goods, banking, forest products and paper, consumer services and utilities.

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Top Ten Tenants

Information regarding our top ten tenants by contribution to ABR as of June 30, 2014 is set forth below:

Top Ten Tenants

(in thousands, except percentages)

Tenant		ABR	Percent of ABR
Hellweg Die Profi-Baumarkte GmbH & Co. KG	$	42,355	6.6%
Carrefour France SAS		33,140	5.2%
U-Haul Moving Partners Inc. / Mercury Partners, LP		31,853	5.0%
OBI Group		18,576	2.9%
Marcourt Investments Inc. (Marriott Corporation)		16,100	2.5%
True Value Company		14,775	2.3%
UTI Holdings, Inc.		14,529	2.3%
Advanced Micro Devices		12,769	2.0%
The New York Times Company		11,726	1.8%
Dick's Sporting Goods, Inc.		11,639	1.8%
Total	**$**	**207,462**	**32.4%**

Rent Escalations / Participating Rent

Information regarding the contractual rent escalations or participating rent in the leases relating to our net-leased properties as of June 30, 2014 is set forth below:

Contractual Rent Increases / Participating Rent

(in thousands, except percentages)

	Total Portfolio(1)				
Increase Type		ABR	Percent of ABR	Square Footage	Percent of Total Square Footage
CPI Uncapped	$	281,602	44.0%	35,195	43.0%
CPI Capped		161,994	25.3%	19,685	24.1%
Fixed		158,358	24.7%	22,454	27.4%
Other(2)		20,754	3.2%	1,248	1.5%
None		17,685	2.8%	3,233	4.0%
Total	**$**	**640,393**	**100.0%**	**81,815**	**100.0%**

(1) Excludes our four operating properties.

(2)

Includes additional rent based upon tenant revenue.

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Lease Expiration

Information regarding the lease expirations of our net-leased properties as of June 30, 2014 is set forth below:

Lease Expiration Schedule
(in thousands, except percentages)

	Total Portfolio(1)			
Year of Lease Expiration(2)	**ABR**	**Percent of ABR**	**Square Footage**	**Percent of Total Square Footage**
Remaining 2014	$ 6,922	1.1%	775	0.9%
2015	21,062	3.3%	2,005	2.5%
2016	25,061	3.9%	2,937	3.6%
2017	20,192	3.2%	3,243	4.0%
2018	72,957	11.4%	8,367	10.2%
2019	46,245	7.2%	4,336	5.3%
2020	33,967	5.3%	3,624	4.4%
2021	46,247	7.2%	7,330	9.0%
2022	62,354	9.7%	8,694	10.6%
2023	47,321	7.4%	5,627	6.9%
2024	79,667	12.4%	12,299	15.0%
2025	17,772	2.8%	2,219	2.7%
2026	18,467	2.9%	2,497	3.1%
2027	36,999	5.8%	5,380	6.6%
Thereafter	105,160	16.4%	11,245	13.7%
Vacant		0.0%	1,237	1.5%
Total	**$ 640,393**	**100.0%**	**81,815**	**100.0%**

(1) Excludes our four operating properties.

(2) Assumes tenant does not exercise renewal option.

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Debt Maturity

Information regarding our debt maturities as of June 30, 2014 is set forth below:

Debt Maturity Schedule(1)

(in thousands, except number of properties)

Year of Maturity	Number of Properties	ABR	Balloon Payment at Maturity	Total Outstanding Balance(2)	Weighted Average Interest Rate
Non-recourse Debt					
Remaining 2014	14	$ 31,616	$ 194,368	$ 196,694	3.3%
2015	12	19,939	144,910	144,458	4.9%
2016	106	41,692	237,247	266,723	5.7%
2017	89	102,585	624,354	685,676	5.2%
2018	34	53,987	292,343	337,841	5.3%
2019	11	16,383	51,450	67,843	6.2%
2020	22	39,153	201,876	249,216	5.2%
2021	11	20,416	89,920	116,934	5.9%
2022	30	42,388	210,776	261,963	5.2%
2023	26	38,738	123,300	197,247	5.1%
2024	24	21,237	7,936	83,891	5.9%
Thereafter	24	28,098	46,495	133,317	6.0%
Total Non-recourse Debt	**403**	**$ 456,232**	**$ 2,224,975**	**$ 2,741,803**	**5.2%**
Recourse Debt					
Senior Unsecured Notes (due April 1, 2024)				498,255	4.6%
Senior Unsecured Credit Facility Term Loan (maturity: January 31, 2016)(3)				250,000	1.4%
Senior Unsecured Credit Facility Revolver (maturity: January 31, 2018)(4)				226,700	1.2%
Total Pro Rata Debt Outstanding				**$ 3,716,758**	**4.6%**

(1) Debt maturity data includes our pro rata share of debt incurred by our joint ventures.

(2) Total outstanding balance includes balloon payments, scheduled amortization and unamortized premium, net.

(3) We have two options to extend the maturity date of our Senior Unsecured Credit Facility Term Loan Facility by one year, subject to satisfaction of certain conditions.

(4) We have an option to extend the maturity date of our Senior Unsecured Credit Facility Revolver by one year, subject to the satisfaction of certain conditions.

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USE OF PROCEEDS

We anticipate that the net proceeds from this offering, after deducting the underwriting discount and other estimated offering expenses payable by us, will be approximately $245 million (or approximately $282 million if the underwriters exercise their option to purchase additional shares of our common stock in full). We intend to use the net proceeds from this offering to repay certain indebtedness, including amounts outstanding under our Senior Unsecured Credit Facility, to fund potential future acquisitions and for general corporate purposes.

Affiliates of certain of the underwriters are lenders under our Senior Unsecured Credit Facility and will receive their proportionate share of the net proceeds from this offering used to reduce such indebtedness. See "Underwriting Conflicts of Interest."

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CAPITALIZATION

The following table sets forth our capitalization (i) on an actual basis; (ii) as adjusted to reflect the balance of our Senior Unsecured Credit Facility as of September 19, 2014, which includes borrowings thereunder relating to two acquisitions completed after June 30, 2014 for an aggregate purchase price of $161 million, as well as increases or decreases based on our normal course of operations and other developments with respect to our business after June 30, 2014; and (iii) as further adjusted to reflect the impact of our issuance and sale of 4,000,000 shares of our common stock in this offering (assuming the underwriters' option to purchase 600,000 additional shares of our common stock is not exercised), after deducting the estimated underwriting discount and other offering expenses payable by us, and the application of the net proceeds therefrom to reduce amounts outstanding under our Senior Unsecured Credit Facility. You should read this table together with our unaudited financial statements and related notes for the six months ended June 30, 2014, as well as management's discussion and analysis thereof, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

	As of June 30, 2014 (unaudited in thousands)		
(In thousands, except share and per share data)	**Actual**	**As adjusted**	**As further adjusted(1)**
Debt:			
Non-recourse debt	$ 2,823,415	$ 2,823,415	$ 2,823,415
Unsecured revolving credit facility	226,700	343,100	98,100
Unsecured term loans	250,000	250,000	250,000
4.600% Senior Notes due 2024	498,255	498,255	498,255
Total Debt	$ 3,798,370	$ 3,914,770	$ 3,669,770
Stockholders' Equity:			
Common stock, par value $0.001 per share; 450,000,000 shares authorized; 100,424,204 shares issued and 99,379,788 shares outstanding on an actual and as adjusted basis; 104,424,204 shares issued and 103,379,788 shares outstanding on an as further adjusted basis	$ 100	$ 100	$ 104
Additional paid-in capital	4,024,039	4,024,039	4,269,035
Distributions in excess of accumulated earnings	(327,460)	(327,460)	(327,460)
Deferred compensation obligation	30,624	30,624	30,624
Accumulated other comprehensive income (loss)	14,215	14,215	14,215
Less, treasury stock at cost	(60,948)	(60,948)	(60,948)
Total Stockholders' Equity	$ 3,680,570	$ 3,680,570	$ 3,925,570
Non-controlling interests	150,993	150,993	150,993
Total Capitalization	$ 7,629,933	$ 7,746,333	$ 7,746,333

(1) Assumes no exercise of the underwriters' option to purchase additional shares.

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ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material federal income tax considerations associated with our qualification and taxation as a REIT and the acquisition, ownership and disposition of our common stock. The law firm of DLA Piper LLP (US) has acted as counsel and reviewed this summary. For purposes of this section titled "Material Federal Income Tax Considerations," references to "we," "our" and "us" mean only W. P. Carey Inc. and not our subsidiaries or other lower-tier entities, except as otherwise indicated. This summary is based upon the Code, the regulations promulgated by the U.S. Department of Treasury, rulings and other administrative pronouncements issued by the United States Internal Revenue Service (the "IRS") and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. We have not sought and do not currently expect to seek an advance ruling from the IRS regarding any matter discussed in this prospectus supplement. This summary is also based upon the assumption that we will operate our Company and our subsidiaries and affiliated entities in accordance with their applicable organizational documents. This summary is for general information only and does not purport to discuss all aspects of federal income taxation that may be important to a particular investor in light of its investment or tax circumstances or to investors subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- partnerships and trusts;
- persons subject to the alternative minimum tax;
- persons who hold our stock on behalf of other persons as nominees;
- persons who receive our stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our stock as part of a "straddle," "hedge," "conversion transaction," "constructive ownership transaction," "synthetic security" or other integrated investment;
- "S" corporations; and, except to the extent discussed below:
- tax-exempt organizations; and
- except to the extent discussed below, tax-exempt organizations and foreign investors.

This summary assumes that investors will acquire and hold their shares of our common stock as a capital asset, which generally means as property held for investment.

The consequences regarding the acquisition, holding and disposition of shares of our common stock depend in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular stockholder holding our common stock will depend on the stockholder's particular tax circumstances. You are urged to consult your tax advisor regarding the federal, state, and local and foreign income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of our common stock.

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Taxation of W. P. Carey Inc.

We elected to be taxed as a REIT commencing with our taxable year ended December 31, 2012. We believe that we have been organized and operated in such a manner as to qualify for taxation as a REIT.

The law firm of DLA Piper LLP (US) is acting as our tax counsel and has provided an opinion that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code from February 15, 2012, our date of incorporation, through our taxable year ended December 31, 2013 and that our present and proposed organization, ownership and method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT. It must be emphasized that the opinion of DLA Piper LLP (US) is based on various assumptions relating to our organization and operation and conditioned upon fact-based representations and covenants made by our management regarding our organization, assets, and income, and the future conduct of our business operations. While we believe that we have been organized and operated and intend to continue to operate so that we qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances, no assurance can be given by DLA Piper LLP (US) or by us that we will qualify as a REIT for any particular year. The opinion of DLA Piper LLP (US) is expressed as of the date issued. DLA Piper LLP (US) has no obligation to advise us or our stockholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of stock and asset ownership, various qualification requirements imposed upon REITs by the Code. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets that we own directly or indirectly. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Taxation of REITs in General

As indicated above, our qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under the section titled " Requirements for REIT Qualification General." While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future. See the section below titled " Failure to Qualify."

Provided that we qualify as a REIT, generally we will be entitled to a deduction for dividends that we pay and therefore will not be subject to federal corporate income tax on our taxable income that is currently distributed to our stockholders. This treatment substantially eliminates the "double taxation" at the corporate and stockholder levels that generally results from investment in a corporation. In general, the income that we generate and distribute currently is taxed only at the stockholder level upon distribution to our stockholders.

Most domestic stockholders that are individuals, trusts or estates are taxed on qualified corporate dividends at a maximum rate of 20% (the same as long-term capital gains). With limited exceptions, however, dividends from us or from other entities that are taxed as REITs are generally not eligible for this rate and will continue to be taxed at rates applicable to ordinary income. See the section titled " Taxation of Stockholders Taxation of Taxable Domestic Stockholders Distributions."

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Any net operating losses and other tax attributes of ours generally do not pass through to our stockholders, subject to special rules for certain items such as the capital gains that we recognize. See the section titled " Taxation of Stockholders."

If we qualify as a REIT, we will nonetheless be subject to U.S. federal tax in the following circumstances:

- we will be taxed at regular corporate rates on any undistributed taxable income, including undistributed net capital gains;

- we may be subject to the "alternative minimum tax" on our items of tax preference, including any deductions of net operating losses;

- if we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See " Prohibited Transactions" and " Foreclosure Property" below;

- if we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as "foreclosure property," we may thereby avoid the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction); net income from the sale or operation of the property (other than income otherwise qualifying as rents from real property and certain other income that qualifies under the 75% gross income test) may be subject to corporate income tax at the highest applicable rate (currently 35%);

- if we should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because we satisfy other requirements, we will be subject to a 100% tax on an amount based on the magnitude of the failure, as adjusted to reflect the profit margin associated with our gross income;

- if we should violate the asset tests (other than certain de minimis violations) or other requirements applicable to REITs, as described below, and yet maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we would be subject to an excise tax (in that case, the amount of the excise tax will be at least $50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds $50,000 per failure);

- if we should fail to distribute during a calendar year at least the sum of (i) 85% of our REIT ordinary income for such year, (ii) 95% of our REIT capital gain net income for such year and (iii) any undistributed taxable income from prior periods, we would be subject to a nondeductible 4% excise tax on the excess of the required distribution over the sum of (1) the amounts that we actually distributed and (2) the amounts of income from the taxable year we retained and upon which we paid income tax at the corporate level;

- we may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in " Requirements for REIT Qualification General";

- a 100% tax may be imposed on transactions between us and a taxable REIT subsidiary ("***TRS***") (as described below) that do not reflect arm's-length terms;

- if we acquire appreciated assets from a corporation that is not a REIT and is taxable under subchapter C of the Code in a transaction in which the adjusted tax basis of the assets in our

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hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during a specified period (as of 2014, this period is ten years) following their acquisition from the subchapter C corporation; and

the earnings of our subsidiaries, including any subsidiary we may elect to treat as a TRS, are subject to federal corporate income tax to the extent that such subsidiaries are taxable as subchapter C corporations.

In addition, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state and local and foreign income, property and other taxes on our assets and operations. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for REIT Qualification General

The Code defines a REIT as a corporation, trust or association:

(i) that is managed by one or more trustees or directors;

(ii) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(iii) that would be taxable as a domestic corporation but for its election to be subject to tax as a REIT;

(iv) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

(v) the beneficial ownership of which is held by 100 or more persons;

(vi) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include specified tax-exempt entities); and

(vii) which meets other tests described below, including with respect to the nature of its income and assets.

The Code provides that conditions (i) through (iv) must be met during the entire taxable year and that condition (v) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (v) and (vi) need not be met during a corporation's initial tax year as a REIT. In our case, we elected to be taxed as a REIT commencing with our taxable year ended December 31, 2012. Our charter provides restrictions regarding the ownership and transfer of our shares, which are intended to assist us in satisfying the share ownership requirements described in conditions (v) and (vi) above.

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares of common stock. To do so, we must demand written statements each year from the record holders of significant percentages of our common stock pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include our distributions in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If you fail or refuse to comply with the demands, you will be required by U.S. Department of Treasury Regulations to submit a statement with your tax return disclosing your actual ownership of our shares and other information.

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In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. We have adopted December 31 as our taxable year-end, thereby satisfy this requirement.

The Code provides relief from violations of the REIT gross income requirements, as described below under " Income Tests," in cases where a violation is due to reasonable cause and not to willful neglect, and other requirements are met, including the payment of a penalty tax that is based upon the magnitude of the violation. In addition, certain provisions of the Code extend similar relief in the case of certain violations of the REIT asset requirements and other REIT requirements, again provided that the violation is due to reasonable cause and not willful neglect, and other conditions are met, including the payment of a penalty tax. If we fail to satisfy any of the various REIT requirements, there can be no assurance that these relief provisions would be available to enable us to maintain our qualification as a REIT, and, if such relief provisions are available, the amount of any resultant penalty tax could be substantial.

Subsidiary Entities

Ownership of Partnership Interests

If we are a partner in an entity that is treated as a partnership for federal income tax purposes, U.S. Department of Treasury Regulations provide that we are deemed to own our proportionate share of the partnership's assets and to earn our proportionate share of the partnership's income, for purposes of the asset and gross income tests applicable to REITs. Our proportionate share of a partnership's assets and income is based on our capital interest in the partnership (except that for purposes of the 10% value test, our proportionate share of the partnership's assets is based on our proportionate interest in the equity and certain debt securities issued by the partnership). In addition, the assets and gross income of the partnership are deemed to retain the same character in our hands. Thus, our proportionate share of the assets and items of income of any of our subsidiary partnerships will be treated as our assets and items of income for purposes of applying the REIT requirements.

Disregarded Subsidiaries

If we own a corporate subsidiary that is a qualified REIT subsidiary (a "QRS"), that subsidiary is generally disregarded for federal income tax purposes and all of the subsidiary's assets, liabilities and items of income, deduction and credit are treated as our assets, liabilities and items of income, deduction and credit, including for purposes of the gross income and asset tests applicable to REITs. A QRS is any corporation, other than a TRS (as described below), that is directly or indirectly (through other disregarded entities) wholly owned by a REIT. Other entities that are wholly owned by us, including single member, domestic limited liability companies that have not elected to be taxed as corporations for federal income tax purposes, are also generally disregarded as separate entities for federal income tax purposes, including for purposes of the REIT income and asset tests. Disregarded subsidiaries, along with any partnerships in which we hold an equity interest, are sometimes referred to herein as "pass-through subsidiaries."

In the event that a disregarded subsidiary of ours ceases to be wholly owned for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of ours the subsidiary's separate existence would no longer be disregarded for federal income tax purposes. Instead, the subsidiary would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income requirements applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another corporation.

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Foreign Assets and Subsidiaries

With respect to any foreign properties, we have maintained, and will continue to maintain, appropriate books and records for our foreign properties in local currencies. Accordingly, for federal income tax purposes, including the 75% and 95% gross income tests summarized herein, our income, gains and losses from our foreign operations that are not held in TRSs will generally be calculated first in the applicable local currency and then translated into United States dollars at appropriate exchange rates. On the periodic repatriation of monies from such foreign operations to the United States, we will be required to recognize foreign exchange gains or losses; however, any foreign exchange gains we recognize from repatriation are expected to constitute "real estate foreign exchange gains" under Section 856(n)(2) of the Code and will thus be excluded from the 75% and 95% gross income tests summarized above.

In addition, we own interests in entities that are both TRSs and "controlled foreign corporations" for federal income tax purposes, and we are deemed to receive our allocable share of certain income, referred to as Subpart F Income, earned by such controlled foreign corporations, whether or not that income is actually distributed to us. Numerous exceptions apply in determining whether an item of income is Subpart F Income, including exceptions for rent received from an unrelated person and derived in the active conduct of a trade or business. Rents from real property are generally treated as earned in an active trade or business if the landlord/licensor regularly performs active and substantial management and operational functions with respect to the property while it is leased, but only if such activities are performed through the landlord/licensor's own officers or staff of employees. We believe, however, that our controlled foreign corporations generally do not satisfy this active rental exception, and as a result, we may recognize material amounts of Subpart F Income. Based on advice of counsel, we believe that that the types of Subpart F Income most likely to be recognized by us qualify under the 95% gross income test. However, we do not believe our Subpart F income qualifies under the 75% gross income test.

REIT Subsidiaries

Some of our subsidiaries may also be taxable as REITs. Provided such entities qualify as REITs under the Code, our equity in such entities will be a qualifying REIT asset under the quarterly REIT asset tests described below, and any dividends and/or gain on disposition of such equity will be qualifying REIT gross income under both the 75% and 95% gross income tests discussed below.

Taxable REIT Subsidiaries

We will jointly elect with certain of our U.S. and non-U.S. subsidiary corporations, whether or not wholly owned, to treat such subsidiary corporations as TRSs. We generally may not own more than 10% of the securities of a taxable corporation, as measured by voting power or value, unless we and such corporation elect to treat such corporation as a TRS. The separate existence of a TRS or other taxable corporation is not ignored for federal income tax purposes. Accordingly, a TRS or other taxable corporation generally would be subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate and may reduce our ability to make distributions to our stockholders.

We are not generally treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by a taxable subsidiary to us is an asset in our hands and we treat the distributions paid to us from such taxable subsidiary, if any, as income, gain or return of capital, as applicable. This treatment can affect our income and asset test calculations, as described below. Because we do not generally include the assets and income of TRSs or other taxable subsidiary corporations in determining our compliance with the REIT requirements, we will use such entities to undertake indirectly activities that the REIT rules

might otherwise preclude us from doing directly or through pass-through subsidiaries. For example, we may use TRSs or other taxable subsidiary corporations to conduct activities that give rise to certain categories of income such as management fees or activities that would be treated in our hands as prohibited transactions.

Income Tests

In order to qualify as a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions" and certain hedging and foreign currency transactions, generally must be derived from investments relating to real property or mortgages on real property, including interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), "rents from real property," distributions received from other REITs, and gains from the sale of real estate assets (including REIT shares), as well as specified income from temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging transactions, must be derived from some combination of such income from investments in real property (i.e., generally income that qualifies under the 75% income test described above), as well as other dividends, interest and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

We and our subsidiaries may hold investments in and pay taxes to foreign countries. Taxes that we pay in foreign jurisdictions may not be passed through to, or used by, our stockholders as a foreign tax credit or otherwise. Our foreign investments might also generate foreign currency gains and losses. For purposes of either one or both of the 75% and 95% gross income tests, two categories of foreign currency gain may be excluded from gross income: "real estate foreign exchange gain" and "passive foreign exchange gain." Real estate foreign exchange gain is not treated as gross income for purposes of both the 75% and 95% gross income tests. Real estate foreign exchange gain includes gain derived from certain qualified business units of the REIT and foreign currency gain attributable to (i) qualifying income under the 75% gross income test, (ii) the acquisition or ownership of obligations secured by mortgages on real property or interests in real property or (iii) being an obligor on an obligation secured by mortgages on real property or on interests in real property. In addition, passive foreign exchange gain is not treated as gross income for purposes of the 95% gross income test only. Passive foreign exchange gain includes real estate foreign exchange gain and foreign currency gain attributable to (i) qualifying income under the 95% gross income test, (ii) the acquisition or ownership of obligations or (iii) being the obligor on obligations and that, in the case of (ii) and (iii), does not fall within the scope of the real estate foreign exchange definition. In all cases, we intend that any foreign currency transactions will be structured in a manner that will not jeopardize our status as a REIT. No assurance can be given that any foreign currency gains that we recognize directly or through pass-through subsidiaries will not adversely affect our ability to satisfy the REIT qualification requirements.

Interest income constitutes qualifying mortgage interest for purposes of the 75% income test (as described above) to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we acquired or originated the mortgage loan, the interest income will be apportioned between the real property and the other collateral, and our income from the arrangement will qualify for purposes of the 75% income test only to the extent that the interest is allocable to the real property. Even if a loan is not secured by real property, or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% income test.

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To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a "shared appreciation provision"), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests provided that the real property is not held as inventory or dealer property or primarily for sale to customers in the ordinary course of business. To the extent that we derive interest income from a mortgage loan or income from the rental of real property (discussed below) where all or a portion of the amount of interest or rental income payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales and not on the net income or profits of the borrower or lessee. This limitation does not apply, however, where the borrower or lessee leases substantially all of its interest in the property to tenants or subtenants to the extent that the rental income derived by the borrower or lessee, as the case may be, would qualify as rents from real property had we earned the income directly.

Rents received by us will qualify as "rents from real property" in satisfying the gross income requirements described above only if several conditions are met. If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the rent that is attributable to the personal property will not qualify as "rents from real property" unless it constitutes 15% or less of the total rent received under the lease. In addition, the amount of rent generally must not be based in whole or in part on the income or profits of any person. Amounts received as rent, however, generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of gross receipts or sales. Moreover, for rents received to qualify as "rents from real property," we generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through an "independent contractor" from which we derive no revenue and that meets certain other requirements or through a TRS. We are permitted, however, to perform services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and which are not otherwise considered rendered to the occupant of the property. In addition, we may directly or indirectly provide non-customary services to tenants of our properties without disqualifying all of the rent from the property if the income from such services does not exceed 1% of the total gross income from the property. For purposes of this test, we are deemed to have received income from such non-customary services in an amount at least 150% of the direct cost of providing the services. Moreover, we are generally permitted to provide services to tenants or others through a TRS without disqualifying the rental income received from tenants for purposes of the income tests. Also, rental income will qualify as rents from real property only to the extent that we do not directly or constructively hold a 10% or greater interest, as measured by vote or value, in the lessee's equity.

We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or QRSs. These distributions generally are treated as dividend income to the extent of the earnings and profits of the distributing corporation. Such dividends will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any dividends that we receive from a REIT, however, will be qualifying income for purposes of both the 95% and 75% income tests.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for such year if we are entitled to relief under applicable provisions of the Code. These relief provisions will be generally available if (i) our failure to meet these tests was due to reasonable cause and not due to willful neglect and (ii) following our identification of the failure to meet the 75% or 95% gross income test for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income test for such taxable year in accordance with U.S. Department of Treasury Regulations. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief

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provisions are inapplicable to a particular set of circumstances, we will not qualify as a REIT. As discussed above under " Taxation of REITs in General," even where these relief provisions apply, the Code imposes a tax based upon the amount by which we fail to satisfy the particular gross income test.

Asset Tests

At the close of each calendar quarter, we must also satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other corporations that qualify as REITs and some kinds of mortgage-backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

Second, the value of any one issuer's "securities" (defined to exclude "real estate assets") that we own (other than a TRS or QRS) may not exceed 5% of the value of our total assets.

Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either voting power or value. The 10% asset tests do not apply to securities of TRSs and QRSs and the 10% asset test by value does not apply to "straight debt" having specified characteristics and to certain other securities described below. Solely for purposes of the 10% asset test by value, the determination of our interest in the assets of a partnership in which we own an interest will be based on our proportionate interest in any securities issued by the partnership, excluding for this purpose certain securities described in the Code, as well as our equity interest in the partnership, if any.

Fourth, the aggregate value of all securities of TRSs that we hold may not exceed 25% of the value of our total assets.

Notwithstanding the general rule, as noted above, that for purposes of the REIT income and asset tests we are treated as owning our proportionate share of the underlying assets of a subsidiary partnership, if we hold indebtedness issued by a partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests unless the indebtedness is a qualifying mortgage asset or other conditions are met. Similarly, although stock of another REIT is a qualifying asset for purposes of the REIT asset tests, any non-mortgage debt that is issued by another REIT may not so qualify (such debt, however, will not be treated as a "security" for purposes of the 10% asset test by value, as explained below).

Certain relief provisions are available to REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. One such provision allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (i) the REIT provides the IRS with a description of each asset causing the failure, (ii) the failure is due to reasonable cause and not willful neglect, (iii) the REIT pays a tax equal to the greater of (1) $50,000 per failure, and (2) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%), and (iv) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

In the case of de minimis violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (i) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT's total assets and $10,000,000, and (ii) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

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Certain securities will not cause a violation of the 10% asset test described above. Such securities include instruments that constitute "straight debt." A security does not qualify as "straight debt" where a REIT (or a controlled TRS of the REIT) owns other securities of the same issuer that do not qualify as straight debt, unless the value of those other securities constitute, in the aggregate, 1% or less of the total value of that issuer's outstanding securities. In addition to straight debt, the Code provides that certain other securities will not violate the 10% asset test. Such securities include (i) any loan made to an individual or an estate, (ii) certain rental agreements pursuant to which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT under attribution rules), (iii) any obligation to pay rents from real property, (iv) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, (v) any security (including debt securities) issued by another REIT and (vi) any debt instrument issued by a partnership if the partnership's income is of a nature that it would satisfy the 75% gross income test described above under " Income Tests." In applying the 10% asset test by value, a debt security issued by a partnership is not taken into account to the extent, if any, of the REIT's proportionate interest in the equity and certain debt securities issued by that partnership.

We believe that our holdings of securities and other assets comply with the foregoing REIT asset requirements and we intend to monitor compliance on an ongoing basis. Certain mezzanine loans we make or acquire may qualify for the safe harbor of Revenue Procedure 2003-65, pursuant to which certain loans secured by a first priority security interest in ownership interests in a partnership or limited liability company will be treated as qualifying assets for purposes of the 75% real estate asset test and the 10% vote or value test. See " Income Tests." We may make some mezzanine loans that do not qualify for that safe harbor, qualify as "straight debt" securities or qualify for one of the other exclusions from the definition of "securities" for purposes of the 10% value test. We intend to make such investments in such a manner as not to fail the asset tests described above.

Some of our assets will consist of goodwill. We do not expect the value of any such goodwill to be significant, and, in any event, to negatively impact our compliance with the REIT asset tests.

No independent appraisals will be obtained to support our conclusions as to the value of our total assets or the value of any particular security or securities. Moreover, values of some assets may not be susceptible to a precise determination and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that our interests in our subsidiaries or in the securities of other issuers will not cause a violation of the REIT asset tests.

If we should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause us to lose our REIT qualification if (i) we satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of our assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the market value of our assets. If the condition described in (ii) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of relief provisions described above.

Annual Distribution Requirements

In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to:

(i) the sum of

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(1) 90% of our "REIT taxable income," computed without regard to our net capital gains and the dividends paid deduction, and

(2) 90% of our net income, if any, (after tax) from foreclosure property (as described below), minus

(ii) the sum of specified items of non-cash income.

We generally must make these distributions in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. In order for dividends to provide a tax deduction for us, the distributions must not be "preferential dividends." A distribution is not a preferential dividend if the distribution is (i) pro rata among all outstanding shares of stock within a particular class and (ii) in accordance with the preferences among different classes of stock as set forth in our organizational documents.

To the extent that we distribute at least 90%, but less than 100%, of our "REIT taxable income," as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. We may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we could elect for our stockholders to include their proportionate shares of such undistributed long-term capital gains in income, and to receive a corresponding credit for their share of the tax that we paid. Our stockholders would then increase their adjusted basis of their stock by the difference between (i) the amounts of capital gain distributions that we designated and that they include in their taxable income, and (ii) the tax that we paid on their behalf with respect to that income.

To the extent that we have available net operating losses carried forward from prior REIT tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Such losses, however, will generally not affect the character, in the hands of our stockholders, of any distributions that are actually made as ordinary dividends or capital gains. See " Taxation of Stockholders Taxation of Taxable Domestic Stockholders Distributions."

If we should fail to distribute during a calendar year at least the sum of (i) 85% of our REIT ordinary income for such year, (ii) 95% of our REIT capital gain net income for such year and (iii) any undistributed taxable income from prior periods, we would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (1) the amounts actually distributed and (2) the amounts of income for the taxable year we retained and on which we have paid corporate income tax.

It is possible that, from time to time, we may not have sufficient cash to meet the distribution requirements due to timing differences between (i) our actual receipt of cash, including receipt of distributions from our subsidiaries, and (ii) our inclusion of items in income for federal income tax purposes. Other potential sources of non-cash taxable income include:

- "residual interests" in a real estate mortgage investment conduit or taxable mortgage pools;
- loans or mortgage-backed securities held as assets that are issued at a discount and require the accrual of taxable economic interest in advance of receipt in cash; and
- loans on which the borrower is permitted to defer cash payments of interest, and distressed loans on which we may be required to accrue taxable interest income even though the borrower is unable to make current servicing payments in cash.

In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary for us to arrange for short-term, or possibly long-term, borrowings, or to pay distributions in the form of taxable in-kind distributions of stock or other property.

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We may be able to rectify a failure to pay sufficient dividends for any year by paying "deficiency dividends" to stockholders in a later year. These deficiency dividends may be included in our deduction for dividends paid for the earlier year, but an interest charge would be imposed upon us for the delay in distribution.

Failure to Qualify

If we fail to satisfy one or more requirements for REIT qualification other than the gross income or asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. Relief provisions are available for failures of the gross income tests and asset tests, as described above in "Income Tests" and "Asset Tests."

If we fail to qualify for taxation as a REIT in any taxable year and the relief provisions described above do not apply, we would be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. We cannot deduct dividends to stockholders in any year in which we do not qualify to be taxed as a REIT, nor would we be required to make distributions in such a year. In this situation, to the extent of current and accumulated earnings and profits, distributions to domestic stockholders that are individuals, trusts and estates will generally be taxable at qualified dividend rates. In addition, subject to the limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Unless we are entitled to relief under specific statutory provisions, we would also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which we lost qualification. It is not possible to state whether, in all circumstances, we would be entitled to this statutory relief.

Sale-Leaseback Transactions

Our investments may be in the form of sale-leaseback transactions. We normally intend to treat these transactions as true leases for federal income tax purposes. However, depending on the terms of any specific transaction, the IRS might take the position that the transaction is not a true lease but is more properly treated in some other manner, such as a financing arrangement or loan for federal income tax purposes. Even if our sale-leasebacks are treated as secured loans, for purposes of the REIT asset tests and the 75% gross income test, each "loan" would likely be considered to be collateralized by real property to the extent of the fair market value of the underlying property. As a result, we believe that we would continue to meet the REIT assets tests and gross income tests. It is possible, however, that if one or more of our leases were recharacterized as a financing, the recharacterization of one or more of these transactions could cause us to fail to satisfy the REIT asset tests or gross income tests described above based upon the asset we would be treated as holding or the income we would be treated as having earned as a result of such recharacterization, and such failure could result in our failing to qualify as a REIT. In addition, if one or more of our leases were recharacterized as a loan, tax attributes associated with the ownership of real property principally depreciation would not be available to us, and the timing of our income inclusion would be affected. These changes in amount or timing of income inclusion or the loss of depreciation deductions resulting from the recharacterization could cause us to fail to meet the distribution requirement described above for one or more taxable years absent the availability of the deficiency dividend procedure or might result in a larger portion of our dividends being treated as ordinary income to our stockholders.

Prohibited Transactions

Net income that we derive from a prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property (other than foreclosure property, as discussed below) that is held primarily for sale to customers in the ordinary course of a trade or business. We intend to conduct our operations so that no asset that we own (or

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are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our business. Whether property is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers or that we can comply with certain safe-harbor provisions of the Code that would prevent such treatment. The 100% tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will potentially be subject to tax in the hands of the corporation at regular corporate rates.

Foreclosure Property

Foreclosure property is real property and any personal property incident to such real property (i) that we acquire as the result of having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after a default (or upon imminent default) on a lease of the property or a mortgage loan held by us and secured by the property, (ii) for which we acquired the related loan or lease at a time when default was not imminent or anticipated and (iii) with respect to which we made a proper election to treat the property as foreclosure property. We generally will be subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property. To the extent that we receive any income from foreclosure property that does not qualify for purposes of the 75% gross income test, we intend to make an election to treat the related property as foreclosure property.

Derivatives and Hedging Transactions

We and our subsidiaries may enter into hedging transactions with respect to interest rate and foreign currency exposure on one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swaps, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by U.S. Department of Treasury Regulations, any income from a hedging transaction we entered into (i) in the normal course of our business primarily to manage risk of interest rate, inflation and/or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as specified in U.S. Department of Treasury Regulations before the closing of the day on which it was acquired, originated or entered into, including gain from the sale or disposition of such a transaction, and (ii) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests, which is clearly identified as such before the closing of the day on which it was acquired, originated or entered into, will not constitute gross income for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the 75% or 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT. We may conduct some or all of our hedging activities through our TRS or other corporate entity, the income from which may be subject to federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries. No assurance can be given, however, that our hedging activities will not give rise to income that does not qualify for purposes of either or both of the REIT gross income tests, or that our hedging activities will not adversely affect our ability to satisfy the REIT qualification requirements.

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Taxation of Stockholders

Taxation of Taxable Domestic Stockholders

In this section, the phrase "domestic stockholder" means a holder of shares of our common stock that for federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for federal income tax purposes created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate, the income of which is subject to federal income taxation regardless of its source; or
- a trust, if (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

If a partnership, including for this purpose any entity that is treated as a partnership for federal income tax purposes, holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the federal income tax consequences of the acquisition, ownership and disposition of shares of our common stock.

Distributions

So long as we qualify as a REIT, the distributions that we make to our taxable domestic stockholders out of current or accumulated earnings and profits that we do not designate as capital gain distributions will generally be taken into account by stockholders as ordinary income and will not be eligible for the dividends received deduction for corporations. With limited exceptions, our dividends are not eligible for taxation at the preferential income tax rates (i.e., the 20% federal rate) for qualified dividends received by domestic stockholders that are individuals, trusts and estates from taxable C corporations. Such stockholders, however, are taxed at the preferential rates on dividends designated by and received from REITs to the extent that the dividends are attributable to:

- income retained by the REIT in the prior taxable year on which the REIT was subject to corporate level income tax (less the amount of tax);
- qualified dividends received by the REIT from TRSs or other taxable C corporations; or
- income in the prior taxable year from the sales of "built-in gain" property acquired by the REIT from C corporations in carryover basis transactions (less the amount of corporate tax on such income).

Distributions that we designate as capital gain dividends will generally be taxed to our stockholders as long-term capital gains, to the extent that such distributions do not exceed our actual net capital gain for the taxable year, without regard to the period for which the stockholder that receives such distribution has held its stock. We may elect to retain and pay taxes on some or all of our net long-term capital gains, in which case provisions of the Code will treat our stockholders as having received, solely for tax purposes, our undistributed capital gains, and the stockholders will receive a corresponding credit for taxes that we paid on such undistributed capital gains. See " Annual Distribution Requirements." Corporate stockholders may be required to treat up to 20% of some capital gain distributions as ordinary income. Long-term capital gains are generally taxable at maximum federal rates of 20% in the case of stockholders that are individuals, trusts and estates, and 35% in the

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case of stockholders that are corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum federal income tax rate for taxpayers who are taxed as individuals, to the extent of previously claimed depreciation deductions.

Distributions in excess of our current and accumulated earnings and profits will generally represent a return of capital and will not be taxable to a stockholder to the extent that the amount of such distributions does not exceed the adjusted basis of the stockholder's shares in respect of which the distributions were made. Rather, the distribution will reduce the adjusted basis of the stockholder's shares. To the extent that such distributions exceed the adjusted basis of a stockholder's shares, the stockholders generally must include such distributions in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any distribution that we declare in October, November or December of any year and that is payable to a stockholders of record on a specified date in any such month will be treated as both paid by us and received by the stockholders on December 31 of such year, provided that we actually pay the distribution during January of the following calendar year.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. See " Annual Distribution Requirements." Such losses, however, are not passed through to stockholders and do not offset income of stockholders from other sources, nor would such losses affect the character of any distributions that we make, which are generally subject to tax in the hands of stockholders to the extent that we have current or accumulated earnings and profits.

Dispositions of our stock

In general, capital gains recognized by individuals, trusts and estates upon the sale or disposition of our stock will be subject to a maximum federal income tax rate of 20% if the stock is held for more than one year, and will be taxed at ordinary income rates (of up to 39.6%) if the stock is held for one year or less. Gains recognized by stockholders that are corporations are subject to federal income tax at a maximum rate of 35%, whether or not such gains are classified as long-term capital gains. Capital losses recognized by a stockholder upon the disposition of our stock that was held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the stockholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of our stock by a stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions that we make that are required to be treated by the stockholder as long-term capital gain.

If an investor recognizes a loss upon a subsequent disposition of our stock or other securities in an amount that exceeds a prescribed threshold, it is possible that the provisions of U.S. Department of Treasury Regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss-generating transaction to the IRS. These regulations, though directed towards "tax shelters," are broadly written and apply to transactions that may not typically be considered tax shelters. The Code imposes significant penalties for failure to comply with these requirements. You should consult your tax advisor concerning any possible disclosure obligation with respect to the receipt or disposition of our stock or securities or transactions that we might undertake directly or indirectly. Moreover, you should be aware that we and other participants in the transactions in which we are involved (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

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Passive activity losses and investment interest limitations Distributions that we make and gain arising from the sale or exchange by a domestic stockholder of our stock will not be treated as passive activity income. As a result, stockholders will not be able to apply any "passive losses" against income or gain relating to our stock. If we make dividends to non-corporate domestic stockholders, the dividends will be treated as investment income for purposes of computing the investment interest limitation. However, net capital gain from the disposition of our stock (or distributions treated as such), capital gain dividends and dividends taxed at net capital gains rates generally will be excluded from investment income except to the extent the domestic stockholder elects to treat such amounts as ordinary income for federal income tax purposes.

Certain domestic stockholders who are individuals, estates or trusts are required to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock. Domestic stockholders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of shares of our common stock.

Taxation of Non-U.S. Holders

The following is a summary of certain federal income and estate tax consequences of the ownership and disposition of our stock applicable to certain non-U.S. holders. A "non-U.S. holder" is any person other than a domestic stockholder or an entity treated as a partnership for federal income tax purposes.

The following discussion is based on current law, and is for general information only. It addresses only selected, and not all, aspects of federal income and estate taxation.

Ordinary dividends

The portion of distributions received by non-U.S. holders that (i) is payable out of our earnings and profits, (ii) is not attributable to our capital gains and (iii) is not effectively connected with a U.S. trade or business of the non-U.S. holder, will be subject to U.S. withholding tax at the rate of 30%, unless reduced or eliminated by treaty. We generally plan to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. holder unless either:

- a lower treaty rate applies and the non-U.S. stockholder files an IRS Form W-8BEN or IRS Form W-8BEN-E evidencing eligibility for that reduced rate with us; or

- the non-U.S. stockholder files an IRS Form W-8ECI with us claiming that the distribution is effectively connected income.

Reduced treaty rates and other exemptions are not available to the extent that income is attributable to excess inclusion income (i.e., certain income from taxable mortgage pools or REMIC residual interests) allocable to the non-U.S. holder. Accordingly, we will withhold at a rate of 30% on any portion of a distribution that is paid to a non-U.S. holder and attributable to that holder's share of our excess inclusion income. As required by IRS guidance, we intend to notify our stockholders if a portion of a distribution paid by us is attributable to excess inclusion income.

Subject to the discussion below, in general, non-U.S. holders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our stock. In cases where the dividend income from a non-U.S. holder's investment in our stock is, or is treated as, effectively connected with the non-U.S. holder's conduct of a U.S. trade or business, the non-U.S. holder generally will be subject to federal income tax at graduated rates, in the same manner as domestic stockholders are taxed with respect to such distributions. Such income must generally be reported on a U.S. income tax return filed by or on behalf of the non-U.S. holder. The income may also be subject to the 30% branch profits tax in the case of a non-U.S. holder that is a corporation.

Non-dividend distributions

Unless our stock constitutes a U.S. real property interest (a "USRPI"), distributions that we make that are not out of our earnings and profits will not be subject to U.S. income tax. If we cannot determine at the time a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to ordinary dividends. The non-U.S. holder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our stock constitutes a USRPI, as described below, distributions that we make in excess of the sum of (i) the stockholder's proportionate share of our earnings and profits, plus (ii) the stockholder's basis in its stock, will be taxed under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"), at the rate of tax, including any applicable capital gains rates, that would apply to a domestic stockholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distribution exceeds the stockholder's share of our earnings and profits.

Capital gain distributions

Under FIRPTA, a distribution that we make to a non-U.S. holder, to the extent attributable to gains from dispositions of USRPIs that we held directly or through pass-through subsidiaries ("USRPI capital gains") will, except as described below, be considered effectively connected with a U.S. trade or business of the non-U.S. holder and will be subject to U.S. income tax at the rates applicable to U.S. individuals or corporations, without regard to whether we designate the distribution as a capital gain distribution. See above under " Ordinary dividends," for a discussion of the consequences of income that is effectively connected with a U.S. trade or business. In addition, we will be required to withhold tax equal to 35% of the amount of distributions to the extent the distributions constitute USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a non-U.S. holder that is a corporation. A distribution is not a USRPI capital gain if we held an interest in the underlying asset solely as a creditor. Capital gain distributions received by a non-U.S. holder that are attributable to dispositions of our assets other than USRPIs are not subject to federal income or withholding tax, unless (i) the gain is effectively connected with the non-U.S. holder's U.S. trade or business and, if certain treaties apply, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder, (in which case the non-U.S. holder would be subject to the same treatment as U.S. holders with respect to such gain), or (ii) the non-U.S. holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the non-U.S. holder will incur a 30% tax on his or her capital gains.

A capital gain distribution that would otherwise have been treated as a USRPI capital gain will not be so treated or be subject to FIRPTA, and generally will not be treated as income that is effectively connected with a U.S. trade or business, and instead will be treated in the same manner as an ordinary dividend, if (1) the capital gain distribution is received with respect to a class of stock that is regularly traded on an established securities market located in the United States, and (2) the recipient non-U.S. holder does not own more than 5% of that class of stock at any time during the year ending on the date on which the capital gain distribution is received. The shares of our common stock are listed on the New York Stock Exchange under the symbol "WPC."

Dispositions of our stock

Unless our stock constitutes a USRPI, a sale of our stock by a non-U.S. holder generally will not be subject to U.S. taxation under FIRPTA. Our stock could be treated as a USRPI if 50% or more of our assets at any time during a prescribed testing period consist of interests in real property located

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within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor we expect to meet this 50% test.

Even if the foregoing 50% test is met, however, our stock nonetheless will not constitute a USRPI if we are a "domestically-controlled qualified investment entity." A domestically-controlled qualified investment entity includes a REIT, less than 50% of the value of which is held directly or indirectly by non-U.S. holders at all times during a specified testing period. We believe that we will be a domestically-controlled qualified investment entity, and that a sale of our stock should not be subject to taxation under FIRPTA.

In the event that we are not a domestically-controlled qualified investment entity, but our stock is "regularly traded," as defined by applicable U.S. Department of Treasury Regulations, on an established securities market, a non-U.S. holder's sale of our common stock nonetheless would not be subject to tax under FIRPTA as a sale of a USRPI, provided that the selling non-U.S. holder held 5% or less of our outstanding common stock at all times during a specified testing period.

If gain on the sale of our stock were subject to taxation under FIRPTA, the non-U.S. holder would be required to file a federal income tax return and would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the stock could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Wash sales

In general, special wash sale rules apply if a stockholder owning more than 5% of our common stock avoids a taxable distribution of gain recognized from the sale or exchange of U.S. real property interests by selling our common stock before the ex-dividend date of the distribution and then, within a designated period, enters into an option or contract to acquire shares of the same or a substantially identical class of our common stock. If a wash sale occurs, then the seller/repurchaser will be treated as having gain recognized from the sale or exchange of U.S. real property interests in the same amount as if the avoided distribution had actually been received. Non-U.S. holders should consult their own tax advisors on the special wash sale rules that apply to non-U.S. holders.

Estate tax

If our stock is owned or treated as owned by an individual who is not a citizen or resident (as specially defined for federal estate tax purposes) of the United States at the time of such individual's death, the stock will be includable in the individual's gross estate for federal estate tax purposes, unless an applicable estate tax treaty provides otherwise, and may therefore be subject to federal estate tax.

Foreign Accounts

The Hiring Incentives to Restore Employment Act (the "HIRE Act") imposes a 30% withholding tax on certain types of payments made to "foreign financial institutions" and certain other non-U.S. entities unless certain due diligence, reporting, withholding and certification requirements are satisfied. The portion of the HIRE Act that provides for this withholding tax and related provisions is known as the "Foreign Account Tax Compliance Act" or "FATCA."

As a general matter, and among other things, FATCA imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our shares if paid to a foreign entity unless (i) if the foreign entity is a "foreign financial institution," the foreign entity undertakes certain due diligence, reporting, withholding and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," the foreign entity certifies it has no substantial U.S. owners or furnishes information regarding each substantial U.S. owner, or (iii) the foreign entity is otherwise

excepted under FATCA. The requirements under FATCA may be modified by an intergovernmental agreement between the United States and another country. The withholding tax described above apply (i) currently to dividends on our shares and (ii) to payments of gross proceeds from a sale or other disposition of our shares beginning on January 1, 2017. Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

Taxation of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they may be subject to taxation on their unrelated business taxable income ("UBTI"). While some investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt employee pension trust do not automatically constitute UBTI. Based on that ruling, and provided that (i) a tax-exempt stockholder has not held our stock as "debt financed property" within the meaning of the Code (e.g., where the acquisition or holding of the property is financed through a borrowing by the tax-exempt stockholder) and (ii) our stock is not otherwise used in an unrelated trade or business, distributions that we make and income from the sale of our stock generally should not give rise to UBTI to a tax-exempt stockholder.

Tax-exempt stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code are subject to different UBTI rules, which generally require such stockholders to characterize distributions that we make as UBTI.

In certain circumstances, a pension trust that owns more than 10% of our stock by value could be required to treat a percentage of its distributions as UBTI, if we are a "pension-held REIT." We will not be a pension-held REIT unless either (i) one pension trust owns more than 25% of the value of our stock or (ii) a group of pension trusts, each individually holding more than 10% of the value of our stock, collectively owns more than 50% of the value of our stock. Certain restrictions on ownership and transfer of our stock should generally prevent a tax-exempt entity from owning more than 10% of the value of our stock and should generally prevent us from becoming a "pension-held REIT."

Tax-exempt stockholders are urged to consult their tax advisors regarding the federal, state, local and foreign income and other tax consequences of owning our stock.

Backup Withholding and Information Reporting

We will report to our domestic stockholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a domestic stockholder may be subject to backup withholding with respect to dividends paid unless the holder is a corporation or comes within other exempt categories and, when required, demonstrates this fact or provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A domestic stockholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. In addition, we may be required to withhold a portion of a capital gain distribution to any domestic stockholders who fails to certify its non-foreign status.

We must report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. stockholder

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resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our common stock within the U.S. is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. stockholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our common stock conducted through certain U.S. related financial intermediaries is subject to information reporting (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's federal income tax liability provided the required information is furnished to the IRS.

Legislative or Other Actions Affecting REITs

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of Treasury. Changes to the federal tax laws and interpretations thereof could adversely affect an investment in our stock.

State, Local and Foreign Taxes

We and our subsidiaries and stockholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which we or they transact business, own property or reside. We own real property assets located in numerous jurisdictions and will be required to file tax returns in some of those jurisdictions. Our state, local or foreign tax treatment and that of our stockholders may not conform to the federal income tax treatment discussed above. We may own foreign real estate assets and pay foreign property taxes, and dispositions of foreign property or operations involving, or investments in, foreign real estate assets may give rise to foreign income or other tax liability in amounts that could be substantial. Any foreign taxes that we incur do not pass through to stockholders as a credit against their federal income tax liability. Prospective investors should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our stock.

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UNDERWRITING (CONFLICTS OF INTEREST)

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Wells Fargo Securities, LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of our common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	980,000
Citigroup Global Markets Inc	600,000
Wells Fargo Securities, LLC	600,000
Barclays Capital Inc.	400,000
J.P. Morgan Securities LLC	400,000
BMO Capital Markets Corp.	170,000
Capital One Securities, Inc.	170,000
Evercore Group L.L.C.	170,000
Ladenburg Thalmann & Co. Inc.	170,000
Piper Jaffray & Co.	170,000
Robert W. Baird & Co. Incorporated	170,000
Total	4,000,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

Pursuant to the underwriting agreement, we have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $1.53 per share. After the initial offering, the public offering price, concession or any other term of this offering may be changed.

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The following table shows the public offering price, underwriting discount and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$64.00	$256,000,000	$294,400,000
Underwriting discount	$2.56	$10,240,000	$11,776,000
Proceeds, before expenses, to us	$61.44	$245,760,000	$282,624,000

The expenses of this offering, not including the underwriting discount, are estimated at $760,000 and are payable by us.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to 600,000 additional shares of our common stock at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, and our executive officers and directors, have agreed not to sell or transfer any shares of common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, for 90 days after the date of this prospectus supplement, without first obtaining the written consent of the representatives. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any shares of our common stock;
- sell any option or contract to purchase any shares of our common stock;
- purchase any option or contract to sell any shares of our common stock;
- grant any option, right or warrant for the sale of any shares of our common stock;
- otherwise dispose of or transfer any shares of our common stock;
- file, request or demand that we file, or otherwise cause to be filed, as applicable, a registration statement related to shares of our common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock, whether any such swap, other agreement or other transaction is to be settled by delivery of shares of our common stock or other securities, in cash or otherwise.

This lock-up provision also applies to securities convertible into or exchangeable or exercisable for shares of our common stock. It also applies to common stock and such other securities owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (i) during the last 17 days of the lock-up period referred to above, we issue an earnings release or material news or a material event relating to us occurs, or (ii) prior to the expiration of the lock-up period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

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New York Stock Exchange

Our common stock is listed on the New York Stock Exchange under the symbol "WPC."

Price Stabilization, Short Positions

Until the distribution of the shares of our common stock in this offering is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing shares of our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of this offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the price of our common stock or preventing or retarding a decline in the price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Conflicts of Interest

Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citibank, N.A., an affiliate of Citigroup Global Markets Inc., Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities, LLC, Barclays Bank PLC, an affiliate of Barclays Capital Inc., JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, BMO Harris Bank N.A., an affiliate of BMO Capital Markets Corp., and Capital One, National Association, an affiliate of Capital One Securities, Inc., are lenders under our Senior Unsecured Credit Facility and will receive their proportionate share of the net proceeds from this offering used to reduce such indebtedness. Due to

the fact that such underwriters have an interest in the successful completion of this offering beyond the underwriting discount they will receive, a conflict of interest exists.

Other Relationships

In addition to the relationships described above under " Conflicts of Interest," some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer of shares to the public may be made in that Relevant Member State other than:

A. to any legal entity that is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (i) it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive, and (ii) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in this offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in this offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in

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circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of the shares that are the subject of this offering may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer of shares to the public" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

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Notice to Prospective Investors in Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the shares being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the shares have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the shares offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The shares may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the shares are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the shares on the SIX Swiss Exchange or any other regulated shares market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus supplement contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus supplement is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.