

W. P. Carey Inc.  
Form S-4/A  
May 04, 2012  
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As filed with the Securities and Exchange Commission on May 4, 2012

Registration No. 333-180328

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT NO. 1**  
**TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**W. P. CAREY INC.**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**6798**  
(Primary Standard Industrial  
Classification Code Number)

**45-4549771**  
(I.R.S. Employer  
Identification Number)

**50 Rockefeller Plaza**  
**New York, New York 10020**

**(212) 492-1100**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Trevor P. Bond**  
**Chief Executive Officer**  
**W. P. Carey Inc.**  
**50 Rockefeller Plaza**  
**New York, New York 10020**  
**(212) 492-1100**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

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**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. W. P. Carey Inc. may not sell or exchange these securities until the Registration Statement is effective. This joint proxy statement/prospectus is not an offer to sell or exchange these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MAY 4, 2012**

JOINT PROXY STATEMENT/PROSPECTUS

**YOUR VOTE IS VERY IMPORTANT**

Dear W. P. Carey Shareholders and CPA<sup>®</sup>:15 Stockholders:

W. P. Carey & Co. LLC ( W. P. Carey ) and Corporate Property Associates 15 Incorporated ( CPA<sup>®</sup>:15 ) are proposing a combination of their companies by a merger and related transactions, which we refer to collectively as the Merger, pursuant to a definitive agreement and plan of merger dated as of February 17, 2012, which we refer to as the Merger Agreement. In the Merger, each holder of CPA 15 common stock issued and outstanding immediately prior to the effective time of the Merger will receive for each share of CPA 15 common stock consideration consisting of: (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. (as defined below) common stock (the Merger Consideration ). Based on the number of shares of CPA 15 common stock outstanding on [ ], 2012, the record date for CPA<sup>®</sup>:15 s special meeting of stockholders, W. P. Carey Inc. expects to issue approximately [ ] million shares of W. P. Carey Inc. common stock in connection with the Merger. Based on the closing price of \$[ ] per W. P. Carey listed share on the New York Stock Exchange ( NYSE ) on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus, the Merger Consideration has a total value of approximately \$[ ] per share of CPA<sup>®</sup>:15 common stock. We anticipate that the common stock of W. P. Carey Inc. issued in the Merger will be listed on the NYSE at the time of issuance under the symbol WPC. **Due to the fixed stock component of the Merger Consideration, the value of the Merger Consideration will fluctuate with changes in the market price of W. P. Carey s listed shares. We urge you to obtain current market quotations of W. P. Carey s listed shares.**

In addition, the board of directors of W. P. Carey has unanimously approved a plan to reorganize the business operations of W. P. Carey to allow W. P. Carey to qualify as a real estate investment trust ( REIT ) for federal income tax purposes. The conversion of W. P. Carey to a REIT will be implemented through a series of reorganizations and transactions (the REIT Conversion ), including, among other things (i) certain mergers of W. P. Carey subsidiaries with and into W. P. Carey Inc., a wholly-owned subsidiary of W. P. Carey ( W. P. Carey Inc. ), (ii) the merger of W. P. Carey with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger (the W. P. Carey Merger ) pursuant to a definitive agreement and plan of merger dated as of February 17, 2012 between W. P. Carey and W. P. Carey Inc., which we refer to as the REIT Conversion Agreement, and (iii) the qualification by W. P. Carey Inc. as a REIT for federal income tax purposes. In the W. P. Carey Merger, W. P. Carey shareholders will receive one share of W. P. Carey Inc. common stock for each W. P. Carey listed share that they own. Based on the number of W. P. Carey listed shares and the number of shares of common stock of W. P. Carey s subsidiaries outstanding on [ ], 2012, the record date for W. P. Carey s special meeting of shareholders, W. P. Carey Inc. expects to issue approximately [ ] million shares of W. P. Carey Inc. common stock in connection with the REIT Conversion.

The affirmative vote of the holders of a majority of the outstanding W. P. Carey listed shares and shares of CPA<sup>®</sup>:15 common stock entitled to vote is required for the approval of the Merger. The affirmative vote of the holders of a majority of the outstanding W. P. Carey listed shares entitled to vote is required for the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

After careful consideration, the board of directors of W. P. Carey has unanimously declared both the Merger and the W. P. Carey Merger are advisable and recommends that all W. P. Carey shareholders vote **FOR** approval of the Merger and **FOR** adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. After careful consideration, following the recommendation of a special committee of independent directors, the board of directors of CPA<sup>®</sup>:15 has unanimously declared that the Merger is advisable and recommends that all CPA<sup>®</sup>:15 stockholders vote **FOR** approval of the Merger.

Your vote is very important regardless of the number of shares you own. Whether or not you plan to attend the special meeting of shareholders of W. P. Carey or of stockholders of CPA<sup>®</sup>:15, please take the time to vote by completing, signing and mailing the enclosed proxy cards. **If you do not vote, in the case of W. P. Carey, the effect will be the same as voting against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger, and in the case of CPA<sup>®</sup>:15, the effect will be the same as voting against approval of the Merger. In addition, failure to vote may result in W. P. Carey or CPA<sup>®</sup>:15 not having a sufficient quorum of a majority of its outstanding shares represented in person or by proxy at the meetings. A meeting cannot be held unless a quorum is present.**

Each of W. P. Carey and CPA<sup>®</sup>:15 has scheduled a special meeting for its respective shareholders and stockholders to vote on the proposals described in this joint proxy statement/prospectus. The date, place and time of the meetings are as follows:

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FOR W. P. CAREY SHAREHOLDERS:

FOR CPA®:15 STOCKHOLDERS:

[ ], 2012, [ ], Eastern Time at [ ]

[ ], 2012, [ ], Eastern Time at [ ]

This joint proxy statement/prospectus is a prospectus of W. P. Carey Inc. as well as a proxy statement for W. P. Carey and CPA®:15 and provides you with detailed information about the Merger, the REIT Conversion and the special meetings. **We encourage you to read carefully this entire joint proxy statement/prospectus, including all its annexes, and we especially encourage you to read the section entitled Risk Factors beginning on page 35.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SHARES OF W. P. CAREY INC. COMMON STOCK TO BE ISSUED UNDER THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Sincerely,

**Trevor P. Bond**

Chief Executive Officer  
W. P. Carey & Co. LLC

**Richard J. Pinola**

Director and Co-Chair of the Special Committee  
Corporate Property Associates 15 Incorporated

*This joint proxy statement/prospectus is dated [ ], 2012 and is expected to be first mailed to holders of W. P. Carey listed shares and CPA 15 common stock on or about [ ], 2012.*

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W. P. CAREY & CO. LLC

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [ ], 2012

To the shareholders of W. P. Carey & Co. LLC:

A special meeting of shareholders of W. P. Carey & Co. LLC ( W. P. Carey ) will be held on [ ], 2012, at [ ] Eastern Time, at [ ] for the following purposes:

1. To consider and vote upon a proposal to approve the transactions described in the Agreement and Plan of Merger dated as of February 17, 2012 (the Merger Agreement ) by and among Corporate Property Associates 15 Incorporated ( CPA ), CPA 15 Holdco, Inc., a wholly-owned subsidiary of CPA<sup>®</sup>:15 ( CPA 15 Holdco ), W. P. Carey, W. P. Carey REIT, Inc. (now named W. P. Carey Inc.), a wholly-owned subsidiary of W. P. Carey ( W. P. Carey Inc. ), CPA 15 Merger Sub Inc., an indirect subsidiary of W. P. Carey Inc. ( CPA 15 Merger Sub ), and the other parties thereto. As contemplated by the Merger Agreement:

CPA<sup>®</sup>:15 will merge with an indirect wholly-owned subsidiary of CPA<sup>®</sup>:15, with CPA<sup>®</sup>:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and immediately thereafter, CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the merger as an indirect subsidiary of W. P. Carey Inc. and CPA<sup>®</sup>:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc.

Each issued and outstanding share of CPA<sup>®</sup>:15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter into the right to receive (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock (the Merger Consideration ).

Based on the closing price of \$[ ] per W. P. Carey listed share on the New York Stock Exchange on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus, the total Merger Consideration was valued at approximately \$[ ] per share of CPA<sup>®</sup>:15 common stock.

We refer to the transactions described above collectively as the Merger.

2. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated February 17, 2012 (the REIT Conversion Agreement ) between W. P. Carey and W. P. Carey Inc., and approve the merger of W. P. Carey with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger (the W. P. Carey Merger ), pursuant to the REIT Conversion Agreement, as part of the conversion of W. P. Carey to a real estate investment trust for federal income tax purposes through a series of reorganizations and transactions, including the W. P. Carey Merger (the REIT Conversion ). In the W. P. Carey Merger, W. P. Carey shareholders will receive one share of W. P. Carey Inc. common stock for each W. P. Carey listed share that they own.

3. To transact such other business as may properly come before W. P. Carey s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the proposals above.

**AT A MEETING ON FEBRUARY 17, 2012, W. P. CAREY S BOARD OF DIRECTORS UNANIMOUSLY ADOPTED A RESOLUTION DECLARING THAT BOTH THE MERGER AND THE W. P. CAREY MERGER ARE ADVISABLE AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE MERGER AND FOR THE ADOPTION OF THE REIT CONVERSION AGREEMENT AND APPROVAL OF THE W. P. CAREY MERGER.**

The Merger and the Merger Agreement and the W. P. Carey Merger and the REIT Conversion Agreement are each described in more detail in the accompanying joint proxy statement/prospectus, which you should read

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in its entirety before authorizing a proxy to vote. Copies of the Merger Agreement and the REIT Conversion Agreement are attached as Annexes A and B, respectively, to the accompanying joint proxy statement/prospectus. If you do not vote, the effect will be the same as voting against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

Only those shareholders whose names appear in W. P. Carey's records as owning W. P. Carey listed shares at the close of business on [ ], 2012, referred to as the W. P. Carey record date, are entitled to notice of, and to vote at, W. P. Carey's special meeting.

The affirmative vote of shareholders entitled to cast a majority of all the votes entitled to be cast by W. P. Carey shareholders on the matter on the W. P. Carey record date is necessary to approve the proposals relating to the approval of the Merger and the adoption of the REIT Conversion Agreement and the approval of the W. P. Carey Merger. If that vote is not obtained, the Merger and the W. P. Carey Merger cannot be completed.

All shareholders of W. P. Carey are cordially invited to attend W. P. Carey's special meeting in person. To ensure your representation at W. P. Carey's special meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope or to authorize a proxy via telephone or Internet as instructed in the enclosed proxy card. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at W. P. Carey's special meeting.

By Order of the Board of Directors,

Susan C. Hyde

Managing Director and Secretary

New York, New York

[ ], 2012



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CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [ ], 2012

To the stockholders of Corporate Property Associates 15 Incorporated:

A special meeting of stockholders of Corporate Property Associates 15 Incorporated ( CPA<sup>®</sup>:15 ) will be held on [ ], 2012, at [ ] Eastern Time, at [ ] for the following purposes:

1. To consider and vote upon a proposal to approve the transactions described in the Agreement and Plan of Merger dated as of February 17, 2012 (the Merger Agreement ) by and among CPA<sup>®</sup>5, CPA 15 Holdco, Inc., a wholly-owned subsidiary of CPA<sup>®</sup>:15 ( CPA 15 Holdco ), W. P. Carey & Co. LLC ( W. P. Carey ), W. P. Carey REIT, Inc. (now named W. P. Carey Inc.), a wholly-owned subsidiary of W. P. Carey ( W. P. Carey Inc. ), CPA 15 Merger Sub Inc., an indirect subsidiary of W. P. Carey Inc. ( CPA 15 Merger Sub ), and the other parties thereto. As contemplated by the Merger Agreement:

CPA<sup>®</sup>:15 will merge with an indirect wholly-owned subsidiary of CPA<sup>®</sup>:15, with CPA<sup>®</sup>:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and immediately thereafter, CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the merger as an indirect subsidiary of W. P. Carey Inc. and CPA<sup>®</sup>:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc.

Each issued and outstanding share of CPA<sup>®</sup>:15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into the right to receive (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock (the Merger Consideration ).

Based on the closing price of \$[ ] per W. P. Carey listed share on the New York Stock Exchange on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus, the total Merger Consideration was valued at approximately \$[ ] per share of CPA<sup>®</sup>:15 common stock.

We refer to the transactions described above collectively as the Merger.

2. To transact such other business as may properly come before CPA<sup>®</sup>:15 s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the proposal above.

**AT A MEETING ON FEBRUARY 17, 2012, CPA<sup>®</sup>:15 S BOARD OF DIRECTORS, AFTER RECEIVING THE RECOMMENDATION OF A SPECIAL COMMITTEE OF INDEPENDENT DIRECTORS OF CPA<sup>®</sup>:15 S BOARD OF DIRECTORS, UNANIMOUSLY ADOPTED A RESOLUTION DECLARING THAT THE MERGER IS ADVISABLE AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE MERGER.**

The Merger Agreement and the proposed Merger are each described in more detail in the accompanying joint proxy statement/prospectus, which you should read in its entirety before authorizing a proxy to vote. A copy of the Merger Agreement is attached as Annex A to the accompanying joint proxy statement/prospectus. If you do not vote, the effect will be the same as voting against approval of the Merger.

Only those stockholders whose names appear in CPA<sup>®</sup>:15 s records as owning shares of CPA<sup>®</sup>:15 common stock at the close of business on [ ], 2012, referred to as the CPA<sup>®</sup>:15 record date, are entitled to notice of, and to vote at, CPA<sup>®</sup>:15 s special meeting.

The affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast by holders of CPA<sup>®</sup>:15 common stock on the matter on the CPA<sup>®</sup>:15 record date is necessary to approve the Merger. If that

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vote is not obtained, the Merger cannot be completed. CPA<sup>®</sup>:15's bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any transaction between CPA<sup>®</sup>:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger.

All stockholders of CPA<sup>®</sup>:15 are cordially invited to attend CPA<sup>®</sup>:15's special meeting in person. To ensure your representation at CPA<sup>®</sup>:15's special meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope or to authorize a proxy via telephone or Internet as instructed in the enclosed proxy card. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at CPA<sup>®</sup>:15's special meeting.

By Order of the Board of Directors,

Susan C. Hyde

Managing Director and Secretary

New York, New York

[ ], 2012

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ANNEXES

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Annex B	<u>Agreement and Plan of Merger dated February 17, 2012 by and between W. P. Carey &amp; Co. LLC and W. P. Carey REIT, Inc. (REIT Conversion)</u>
Annex C	<u>Opinion of Merrill Lynch, Pierce, Fenner &amp; Smith Incorporated</u>
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**GLOSSARY**

In this joint proxy statement/prospectus, unless the context otherwise requires, when used herein, the following terms shall have the meanings set forth below.

**Advisory Agreement** means the Amended and Restated Advisory Agreement, dated as of October 1, 2009, between CP<sup>®</sup>A5 and CAM.

**AFFO** means FFO as modified to also exclude certain non-cash charges such as amortization of intangibles, deferred income tax benefits and expenses, straight-line rents, stock compensation, gains or losses from extinguishment of debt and deconsolidation of subsidiaries and unrealized foreign currency exchange gains and losses. However, for purposes of the section titled *Opinion of Financial Advisor to W. P. Carey*, **AFFO** means FFO adjusted for company-specific revenue and expense items, as applicable, including recurring capital expenditures, differences in the amount of distributions from equity investments in real estate and pro rata share of FFO from equity investments in real estate, and non-cash revenue amounts. See the section entitled *Prospective Financial Information*.

**Asset Management Agreement** means the Asset Management Agreement, dated as of July 1, 2008, between CP<sup>®</sup>A5 and BV.

**BV** means W. P. Carey & Co. B.V., a private limited liability company organized in the Netherlands.

**CAM** means Carey Asset Management Corp., a Delaware corporation and a wholly-owned subsidiary of W. P. Carey.

**Carey Storage** means Carey Storage Management LLC, a Delaware limited liability company.

**combined company** refers to W. P. Carey Inc. after completion of the Merger.

**CP<sup>®</sup>A:14** means Corporate Property Associates 14 Incorporated, a Maryland corporation.

**CP<sup>®</sup>A:14/16 Merger** means the merger of CP<sup>®</sup>A:14 with a subsidiary of CP<sup>®</sup>A:16 Global.

**CP<sup>®</sup>A:15** means Corporate Property Associates 15 Incorporated, a Maryland corporation, and its subsidiaries.

**CP<sup>®</sup>A:15 Advisory Agreements** means the Advisory Agreement and the Asset Management Agreement.

**CP<sup>®</sup>A:15 Bylaws** means the amended and restated bylaws of CP<sup>®</sup>A:15.

**CP<sup>®</sup>A:15 Charter** means the charter of CP<sup>®</sup>A:15.

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**CPA 15 common stock** means, as the context requires, the common stock of CPA<sup>®</sup>15 outstanding immediately prior to the effective time of the Merger and/or the common stock of CPA 15 Holdco outstanding immediately prior to the effective time of the merger with and into CPA 15 Merger Sub.

**CPA 15 Holdco** means CPA 15 Holdco, Inc., a Maryland corporation and a wholly-owned subsidiary of CPA<sup>®</sup>15.

**CPA 15 Merger Sub** means CPA 15 Merger Sub Inc., a Maryland corporation and an indirect subsidiary of W. P. Carey Inc.

**CPA<sup>®</sup>:16 Global** means Corporate Property Associates 16 Global Incorporated, a Maryland corporation.

**CPA<sup>®</sup>:17 Global** means Corporate Property Associates 17 Global Incorporated, a Maryland corporation.

**CPA<sup>®</sup> REITs** means CPA<sup>®</sup>:15, CPA<sup>®</sup>:16 Global and CPA<sup>®</sup>:17 Global.

**CWI** means Carey Watermark Investors Incorporated, a Maryland corporation.

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**FFO** means the non-GAAP financial measure defined by NAREIT as net income or loss (as computed in accordance with GAAP) excluding: depreciation and amortization expense from real estate assets, impairment charges on real estate, gains or losses from sales of depreciated real estate assets and extraordinary items; however, FFO related to assets held for sale, sold or otherwise transferred and included in the results of discontinued operations are included. These adjustments also incorporate the pro rata share of unconsolidated subsidiaries. See the section entitled Prospective Financial Information.

**GAAP** means United States generally accepted accounting principles.

**Livho** means Livho, Inc., a Delaware corporation.

**Merger** means the combination of W. P. Carey and CPA<sup>15</sup> accomplished by, collectively, the merger of an indirect, wholly-owned subsidiary of CPA<sup>15</sup> with and into CPA<sup>15</sup>, with CPA<sup>15</sup> surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and the merger immediately thereafter of CPA 15 Holdco with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the merger as an indirect subsidiary of W. P. Carey Inc. and CPA<sup>15</sup> becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc.

**Merger Agreement** means the definitive Agreement and Plan of Merger dated as of February 17, 2012 by and among CPA<sup>15</sup>, CPA 15 Holdco, CPA 15 Merger Sub, W. P. Carey, W. P. Carey Inc. and, for the limited purposes set forth therein, CAM and BV.

**Merger Consideration** means the right of each share of CPA 15 common stock to receive (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock.

**Merger Sub 2** means WPC REIT Merger Sub, a Maryland corporation and a wholly-owned subsidiary of WPC Holdco LLC, a disregarded limited liability company organized under the laws of Maryland and a wholly-owned subsidiary of W. P. Carey Inc.

**MFFO** means the NAREIT computation of FFO as modified in accordance with the guidelines and definition of MFFO of the Investment Program Association (the IPA), an industry trade group, and excludes acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments or derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. See the section entitled Prospective Financial Information.

**NAREIT** means the National Association of Real Estate Investment Trusts.

**NAV** means net asset value.

**QRS** means a qualified REIT subsidiary.

**REIT** means a real estate investment trust.

**REIT Conversion** means the conversion of W. P. Carey to a REIT, implemented through a series of reorganizations and transactions, including, among other things, (i) certain mergers of W. P. Carey subsidiaries with and into W. P. Carey Inc., (ii) the W. P. Carey Merger, and (iii) the qualification by W. P. Carey Inc. as a REIT for federal income tax purposes.

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**REIT Conversion Agreement** means the definitive Agreement and Plan of Merger dated as of February 17, 2012, by and between W. P. Carey and W. P. Carey Inc., whereby W. P. Carey will merge with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger.

**TRS** means a taxable REIT subsidiary.

**W. P. Carey** means W. P. Carey & Co. LLC, a Delaware limited liability company.

**W. P. Carey Bylaws** means the amended and restated bylaws of W. P. Carey.

**W. P. Carey Inc.** means W. P. Carey Inc., a Maryland corporation formerly named W. P. Carey REIT, Inc. and a wholly-owned subsidiary of W. P. Carey.

**W. P. Carey Inc. Bylaws** means the amended and restated bylaws of W. P. Carey Inc.

**W. P. Carey Inc. Charter** means the charter of W. P. Carey Inc., including W. P. Carey Inc.'s articles of amendment and restatement.



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**W. P. Carey Inc. common stock** means the common stock, \$0.001 par value per share, of W. P. Carey Inc.

**W. P. Carey LLC Agreement** means W. P. Carey's Amended and Restated Limited Liability Company Agreement.

**W. P. Carey listed share** means each outstanding listed share of W. P. Carey.

**W. P. Carey Merger** means the merger of W. P. Carey with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger.

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**QUESTIONS AND ANSWERS FOR W. P. CAREY SHAREHOLDERS AND CPA<sup>®</sup>:15 STOCKHOLDERS REGARDING THE MERGER AND THE SPECIAL MEETINGS**

*The following questions and answers for W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders briefly address some frequently asked questions about the Merger and the special meetings of shareholders of W. P. Carey and of stockholders of CPA<sup>®</sup>:15. They may not include all the information that is important to you. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes.*

***Q. What are we planning to do?***

- A. W. P. Carey and CPA<sup>®</sup>:15 are proposing a combination of their companies through the Merger. In addition, W. P. Carey is proposing a plan to reorganize the business operations of W. P. Carey to allow W. P. Carey Inc. to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc.

***Q. What will holders of CPA 15 common stock receive in connection with the Merger? When will they receive it?***

- A. In the Merger, each issued and outstanding share of CPA 15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into the right to receive total consideration valued at approximately \$ [ ] per share of CPA 15 common stock (based on the closing price of \$[ ] per W. P. Carey listed share on the New York Stock Exchange (the NYSE ) on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), and consisting of (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. We anticipate that the shares of W. P. Carey Inc. common stock will trade on the NYSE under the symbol WPC, upon the consummation of the Merger.

***Q. How was the Merger Consideration determined?***

- A. The Merger Consideration, including the stock component of 0.2326 shares of W. P. Carey Inc. common stock for one share of CPA 15 common stock, was determined by the board of directors of W. P. Carey and a special committee of the board of directors of CPA<sup>®</sup>:15 following negotiations based in part upon (i) the historical market price of the W. P. Carey listed shares as quoted on the NYSE, and (ii) the estimated NAV per share for CPA<sup>®</sup>:15 of \$10.40 as of September 30, 2011. The estimated NAV was determined on behalf of CPA<sup>®</sup>:15 by W. P. Carey, in its capacity as CPA<sup>®</sup>:15's advisor, based in part upon a valuation of CPA<sup>®</sup>:15's real estate portfolio as of September 30, 2011, as prepared by Robert A. Stanger & Co., Inc. ( Stanger ), a third-party valuation firm, with adjustments for indebtedness, cash and other items.

***Q. What is the expected ongoing rate of return of a CPA<sup>®</sup>:15 stockholder on his or her original investment?***

- A. Each CPA<sup>®</sup>:15 stockholder currently receives \$0.729 of annual distributions per share, which represents an annual rate of return of 7.35% on invested capital of \$9.92 per share (an original investment of \$10.00 per share of CPA<sup>®</sup>:15 common stock, less a special distribution of \$0.08 per share on January 15, 2008). Following the Merger, CPA<sup>®</sup>:15 stockholders will be entitled to receive ongoing distributions paid by W. P. Carey Inc. Based on W. P. Carey Inc.'s anticipated annualized distribution rate of \$2.60 per share following completion of the Merger, divided by the stock component of the Merger Consideration of 0.2326, each holder of CPA 15 common stock is expected to receive \$0.605 in distributions on the 0.2326 shares of W. P. Carey Inc. common stock received in exchange for each CPA<sup>®</sup>:15 share they own. This represents an annual rate of return of 6.98% on invested capital of \$8.67 per share (an original investment of \$10.00 per share of CPA<sup>®</sup>:15 common stock less the \$0.08 per share special distribution on January 15, 2008 and the \$1.25 of cash received as part of the Merger Consideration).



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	<b>Current</b>	<b>After the Merger</b>
	<b>Invested Capital of \$9.92</b>	<b>Invested Capital of \$8.67</b>
<b>Rate of Return on Invested Capital</b>	<b>7.35%</b>	<b>6.98%</b>

On a NAV basis, CPA<sup>®</sup>:15's current annual distribution of \$0.729 per share represents an annual rate of return of 7.01% on the estimated NAV per share of CPA<sup>®</sup>:15 common stock of \$10.40 as of September 30, 2011. W. P. Carey Inc.'s anticipated annualized distribution of \$0.605 per share of W. P. Carey Inc. common stock (calculated as described above) represents an annual rate of return of 6.61% on the estimated NAV per share of CPA 15 common stock of \$9.15 (after deducting the \$1.25 of cash received as part of the Merger Consideration) as of September 30, 2011.

	<b>Current</b>	<b>After the Merger</b>
	<b>Net Asset Value of \$10.40</b>	<b>Net Asset Value of \$9.15</b>
<b>Rate of Return on Net Asset Value</b>	<b>7.01%</b>	<b>6.61%</b>

Future distributions by W. P. Carey Inc. are not guaranteed and there can be no assurance of the future returns that CPA<sup>®</sup>:15 stockholders might receive as stockholders of W. P. Carey Inc. W. P. Carey Inc.'s anticipated distribution rate is based upon its current estimates of its annual REIT taxable income and its intention to qualify as a REIT. While W. P. Carey Inc. believes that its estimates are reasonable, they are subject to uncertainty and to factors outside of its control. See the Risk Factors section of this joint proxy statement/prospectus for a discussion of factors which may affect W. P. Carey Inc.'s payment of distributions. Pursuant to the terms of W. P. Carey's amended and restated credit facility, following the completion of the REIT Conversion, W. P. Carey may make Restricted Payments (as such term is defined in the amended and restated credit facility) in an aggregate amount in any fiscal year not to exceed the greater of 95% of (i) the adjusted funds from operations, and (ii) the amount of Restricted Payments required to be paid in order to maintain its status as a REIT. There is a prohibition on W. P. Carey making Restricted Payments if the obligations under its amended and restated credit facility are declared immediately due and payable upon an event of default, as defined in the amended and restated credit facility. In addition, the ability of W. P. Carey to make Restricted Payments will be either automatically reduced to an amount required in order to maintain W. P. Carey's status as a REIT, or prohibited, as the case may be, upon the occurrence of certain specified events of default.

**Q. Are there any conditions to completion of the Merger?**

A. Yes. The Merger is subject to a number of conditions, including, among others, the following:

approval of the Merger by the requisite vote of the W. P. Carey shareholders and the CPA<sup>®</sup>:15 stockholders;

the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the Securities and Exchange Commission (the SEC) with regard to the registration statement and all necessary state securities or blue sky authorizations shall have been received;

no order, injunction or other legal restraint or prohibition preventing the consummation of the Merger will be in effect;

all consents and waivers from third parties will have been obtained or waived;

the closing of the REIT Conversion will have occurred;

the merger of CPA<sup>®</sup>:15 with and into an indirect wholly-owned subsidiary of CPA<sup>®</sup>:15 will have occurred; and

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the shares of W. P. Carey Inc. common stock shall have been approved for listing on the NYSE. If any of these conditions or any of the other conditions specified in the Merger Agreement are not satisfied, the Merger may be abandoned by either W. P. Carey or CPA<sup>®</sup>:15.

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***Q. Who will be the board of directors and management of the surviving entity after the Merger?***

A. The board of directors and executive management of W. P. Carey immediately prior to the Merger and the REIT Conversion will be the board of directors and executive management, respectively, of W. P. Carey Inc.

***Q. What fees will CPA<sup>®</sup>:15's advisor receive in connection with the Merger?***

A. CAM and its affiliates serve as the advisor for CPA<sup>®</sup>:15. CAM and its affiliates will not receive any subordinated disposition or termination fees in connection with the Merger but will continue to receive all other accrued fees in the ordinary course of business until the closing of the Merger.

***Q. Will W. P. Carey or any of its subsidiaries receive any consideration for the shares of CPA 15 common stock that they own?***

A. No. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and cease to exist and neither W. P. Carey nor any W. P. Carey subsidiary will receive any Merger Consideration for those shares.

***Q. Will CPA<sup>®</sup>:15 and W. P. Carey continue to pay distributions prior to the effective time of the Merger?***

A. Yes. The Merger Agreement permits CPA<sup>®</sup>:15 to continue to pay a regular quarterly distribution and any distribution that is necessary for CPA<sup>®</sup>:15 to maintain its REIT qualification and to avoid other adverse tax consequences. W. P. Carey intends to continue to pay a regular quarterly distribution to its shareholders with respect to quarters completed prior to the Merger.

***Q. Will CPA<sup>®</sup>:15 stockholders who participated in CPA<sup>®</sup>:15's distribution reinvestment and stock purchase plan immediately prior to its suspension, and who desire to participate in the distribution reinvestment and stock purchase plan of W. P. Carey Inc. following completion of the Merger, be able to continue to participate in such plan?***

A. CPA<sup>®</sup>:15 has suspended its distribution reinvestment and stock purchase plan (the CPA<sup>®</sup>:15 DRIP) because of the Merger. Each CPA<sup>®</sup>:15 stockholder who was a participant in the CPA<sup>®</sup>:15 DRIP immediately prior to its suspension and who desires to take part in the distribution reinvestment and stock purchase plan of W. P. Carey Inc. (the W. P. Carey Inc. DRIP) following completion of the Merger will automatically be enrolled in such plan. Each CPA<sup>®</sup>:15 stockholder who was a participant in the CPA<sup>®</sup>:15 DRIP but who does not desire to take part in the W. P. Carey Inc. DRIP should contact W. P. Carey's investor relations department by calling 1-800-WPCAREY. Each CPA<sup>®</sup>:15 stockholder who desires to take part in the W. P. Carey Inc. DRIP but is not a participant in the CPA<sup>®</sup>:15 DRIP will be allowed to follow the procedures applicable to participation in the W. P. Carey Inc. DRIP. Such stockholders should contact W. P. Carey's investor relations department by calling 1-800-WPCAREY.

***Q. When and where are the special meetings?***

A. The special meeting of W. P. Carey shareholders will be held on [ ], 2012, at [ ], Eastern Time, at [ ]. The special meeting of CPA<sup>®</sup>:15 stockholders will be held on [ ], 2012, at [ ], Eastern Time, at [ ].

***Q. What will I be voting on at the special meetings?***

- A. W. P. Carey shareholders are requested to vote on two proposals: (i) to approve the Merger and (ii) to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger. CPA<sup>®</sup>:15 stockholders are requested to vote on the proposal to approve the Merger. In addition, W. P. Carey shareholders and CPA<sup>®</sup>:15

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stockholders are each requested to vote on the proposal to adjourn the special meetings of the respective entities, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meetings to approve the respective proposals.

***Q. Are the proposals being voted on at the special meetings conditioned on each other?***

- A. The proposal for the W. P. Carey shareholders to approve the Merger is not conditioned upon the proposal for the W. P. Carey shareholders to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger; however, CPA<sup>®</sup>:15's obligations to consummate the Merger are subject to the completion of the REIT Conversion and the approval of the Merger by W. P. Carey's shareholders.

***Q. Who can vote at the special meetings?***

- A. If you are a shareholder of record of W. P. Carey or a stockholder of record of CPA<sup>®</sup>:15 at the close of business on [ ], 2012, the record date for W. P. Carey's and CPA<sup>®</sup>:15's special meeting, which we refer to as the W. P. Carey record date or the CPA<sup>®</sup>:15 record date, as applicable, or the record date, you may vote the W. P. Carey listed shares and the shares of CPA 15 common stock, as applicable, that you hold on the record date at each of the respective special meetings.

***Q. Why is my vote important?***

- A. If you do not submit a proxy or vote in person at the meetings, it will be more difficult for us to obtain the necessary quorum to hold the special meetings. In addition, if you are a holder of W. P. Carey listed shares, your failure to submit a proxy or to vote in person will have the same effect as a vote against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger and if you are a holder of CPA 15 common stock, your failure to submit a proxy or to vote in person will have the same effect as a vote against approval of the Merger.

If you hold your W. P. Carey listed shares through a broker, bank, or other nominee, your broker, bank, or other nominee will not be able to cast a vote on the proposal to approve the Merger or the proposal to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger without instructions from you.

***Q. What constitutes a quorum for the special meetings?***

- A. A majority of the outstanding W. P. Carey listed shares being present in person or represented by proxy constitutes a quorum for the W. P. Carey special meeting. A majority of the outstanding shares of CPA 15 common stock being present in person or represented by proxy constitutes a quorum for the CPA<sup>®</sup>:15 special meeting.

***Q. What vote is required?***

- A. The affirmative vote of the holders of a majority of the outstanding W. P. Carey listed shares entitled to vote is required to approve the Merger and to approve the adoption of the REIT Conversion Agreement and approve the W. P. Carey Merger. The affirmative vote of the holders of a majority of the outstanding shares of CPA 15 common stock entitled to vote is required to approve the Merger.

As of the close of business on the W. P. Carey record date and the CPA<sup>®</sup>:15 record date, respectively, there were [ ] W. P. Carey listed shares and [ ] shares of CPA 15 common stock outstanding and entitled to vote at the special meetings. Each outstanding W. P. Carey listed share and share of CPA 15 common stock on the record date is entitled to one vote on each proposal submitted to you for consideration. The CPA<sup>®</sup>:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any



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transaction between CPA<sup>®</sup>:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. As of the close of

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business on the record date, CPA<sup>®</sup>:15's directors and affiliates, including W. P. Carey and its subsidiaries, owned [ ] shares of CPA 15 common stock, or approximately [ ]% of the outstanding shares of CPA 15 common stock.

***Q. How do the boards of directors recommend I vote on the proposals?***

A. The board of directors of W. P. Carey believes that both the Merger and the W. P. Carey Merger are advisable and in the best interests of W. P. Carey and its shareholders. **The W. P. Carey board of directors unanimously recommends that you vote FOR approval of the Merger and FOR adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.**

The board of directors of CPA<sup>®</sup>:15 believes that the Merger is advisable and in the best interests of CPA<sup>®</sup>:15 and its stockholders. **The board of directors of CPA<sup>®</sup>:15 unanimously recommends that you vote FOR approval of the Merger.**

***Q. When is the Merger expected to be completed?***

A. W. P. Carey and CPA<sup>®</sup>:15 expect to complete the Merger by the third quarter of 2012 or as soon as possible thereafter; however, there can be no assurance as to when, or if, the Merger will be completed. W. P. Carey and CPA<sup>®</sup>:15 reserve the right to abandon the Merger even if W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders vote to approve the Merger and other conditions to the completion of the Merger are satisfied or waived, if the boards of directors determine that the Merger is no longer in the best interests of W. P. Carey shareholders or CPA<sup>®</sup>:15 stockholders, respectively.

***Q. Are there risks associated with the Merger that I should consider in deciding how to vote?***

A. Yes. There are a number of risks related to the Merger that are discussed in this joint proxy statement/prospectus. In evaluating the Merger, you should read carefully the detailed description of the risks associated with the Merger described in the section entitled "Risk Factors" and other information included in this joint proxy statement/prospectus.

***Q. Will holders of W. P. Carey listed shares have to pay federal income taxes as a result of the Merger?***

A. No. Holders of W. P. Carey listed shares (who will become holders of W. P. Carey Inc. common stock in the REIT Conversion) are generally not expected to recognize gain in the Merger for federal income tax purposes. The federal income tax treatment of holders of W. P. Carey listed shares and W. P. Carey Inc. common stock depends 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 shareholder will depend on that shareholder's particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, regarding the specific tax consequences, including the federal, state, local, and foreign tax consequences, to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging or otherwise disposing of W. P. Carey Inc. common stock.

***Q. Will holders of CPA 15 common stock have to pay federal income taxes as a result of the Merger?***

A. Although holders of CPA 15 common stock generally will not recognize gain in the Merger for federal income tax purposes with respect to their receipt of W. P. Carey Inc. common stock, they will recognize gain on their CPA 15 common stock for federal income tax purposes

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up to the amount of cash that they receive in the Merger, which is \$1.25 per share for each share of CPA 15 common stock. In addition, a holder of CPA 15 common stock who receives cash in lieu of a fractional share of W. P. Carey Inc.

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common stock in the Merger will generally be treated as having received the cash in redemption of the fractional share interest. Any gain or loss recognized by a holder of CPA 15 common stock in the Merger will generally be treated as capital gain or loss. Any capital gain or loss recognized in connection with the Merger will be long-term capital gain or loss if a holder of CPA 15 common stock has held the surrendered shares for more than one year.

The federal income tax treatment of holders of CPA 15 common stock in the Merger depends 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 of participating in the Merger and of holding W. P. Carey Inc. common stock to any particular shareholder will depend on that shareholder's particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, as defined in the section entitled "Material Federal Income Tax Considerations Taxation of Shareholders Taxation of Non-U.S. Holders," regarding the specific tax consequences, including the federal, state, local, and foreign tax consequences, to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging or otherwise disposing of, your shares of CPA 15 common stock or W. P. Carey Inc. common stock.

***Q. Am I entitled to dissenters' rights of appraisal in connection with the Merger?***

A. CPA<sup>®</sup>:15 stockholders who do not vote in favor of the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary are entitled to dissenters' and appraisal rights with respect to that merger under Maryland law. For holders of CPA 15 common stock, you can vote against approval of that merger by (i) indicating a vote against approval of the Merger on your proxy card and signing and mailing your proxy card in accordance with the instructions provided, (ii) authorizing your proxy by telephone or the Internet and indicating a vote against approval of the Merger or (iii) voting against approval of the Merger in person at CPA<sup>®</sup>:15's special meeting. If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the stockholder has abstained from voting on the Merger, the shares of CPA 15 common stock represented by the proxy will not be considered to have been voted on the Merger. Abstentions will have the same effect as a vote against approval of the Merger. To qualify as an objecting CPA<sup>®</sup>:15 stockholder, you must deliver to CPA<sup>®</sup>:15's corporate secretary, at or prior to CPA<sup>®</sup>:15's special meeting, your written objection to the Merger. The written objection must be separate from and in addition to any proxy or vote against the Merger. In addition, if you wish to exercise your right to demand payment of the fair value of your common stock, within 20 days following the date the articles of merger for the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, you must make a written demand on CPA<sup>®</sup>:15 for the payment of your shares of CPA 15 common stock, stating the number and class of shares for which you demand payment. Strict compliance with statutory procedures is necessary in order to perfect your rights to an appraisal and to receive fair value for your shares of CPA 15 common stock. A copy of the relevant provisions of Maryland law appears as Annex E to this joint proxy statement/prospectus.

***Q. How do I vote without attending the special meetings?***

A. If you are a holder of W. P. Carey listed shares or shares of CPA 15 common stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy by telephone or over the Internet or by mailing a proxy card will not limit your right to attend the special meetings and vote your shares in person. Those shareholders and stockholders of record who choose to authorize a proxy by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on [ ], 2012.

***Q. Can I attend the special meetings and vote my shares in person?***

A. Yes. All holders of W. P. Carey listed shares and all holders of CPA 15 common stock are invited to attend the special meetings for the entity in which they hold shares. Shareholders and stockholders of record at the close

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of business on the record date are invited to attend and vote at the special meetings. If your W. P. Carey listed shares are held by a broker, bank or other nominee, then you are not the shareholder of record. Therefore, to vote at the W. P. Carey special meeting, you must bring the appropriate documentation from your broker, bank or other nominee confirming your beneficial ownership of the W. P. Carey listed shares.

***Q. If my W. P. Carey listed shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my W. P. Carey listed shares for me?***

A. No. If your W. P. Carey listed shares are held in street name by your broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee. Your broker, bank or other nominee will vote your W. P. Carey listed shares only if you provide instructions on how you would like your shares to be voted.

***Q. Once the Merger has been completed, do CPA<sup>®</sup>:15 stockholders have to do anything to receive their shares of W. P. Carey Inc. common stock?***

A. No. Following completion of the Merger, W. P. Carey Inc. will cause a third party transfer agent to record the issuance of the shares of W. P. Carey Inc. common stock to the holders of CPA 15 common stock on its stock records. We will issue shares of W. P. Carey Inc. common stock to holders of CPA 15 common stock in uncertificated book-entry form. No physical share certificates will be delivered.

***Q. What do I need to do now?***

A. You should carefully read and consider the information contained in this joint proxy statement/prospectus, including its annexes. It contains important information about the factors that the board of directors of each of W. P. Carey and CPA<sup>®</sup>:15 considered in evaluating whether to vote to approve the Merger.

You should then complete and sign your proxy card and return it in the enclosed envelope as soon as possible so that your shares will be represented at the special meetings, or authorize your proxy by telephone or over the Internet in accordance with the instructions on your proxy card. If your W. P. Carey listed shares are held through a broker, bank or other nominee, you should receive a separate voting instruction form with this joint proxy statement/prospectus.

***Q. Can I change my vote after I have mailed my signed proxy card?***

A. Yes. You can change your vote at any time before your proxy is voted at your special meeting. To revoke your proxy, you must either (i) notify the secretary of either W. P. Carey or CPA<sup>®</sup>:15, as applicable, in writing, (ii) mail a new proxy card dated after the date of the proxy you wish to revoke, (iii) submit a later dated proxy by telephone or over the Internet by following the instructions on your proxy card or (iv) attend the special meetings and vote your shares in person. Merely attending the special meetings will not constitute revocation of your proxy. If your W. P. Carey listed shares are held through a broker, bank, or other nominee, you should contact your broker, bank or other nominee to change your vote.

***Q. Where will my W. P. Carey Inc. common stock be publicly traded?***

A. W. P. Carey Inc. will apply to have the new shares of W. P. Carey Inc. common stock listed on the NYSE upon the closing of the Merger. We anticipate that the shares of W. P. Carey Inc. common stock issued in the Merger will trade on the NYSE under the symbol WPC, upon the consummation of the Merger.

***Q.*** *Will a proxy solicitor be used?*

A. Yes. We may utilize some of the officers and employees of W. P. Carey's wholly-owned subsidiaries, CAM and Carey Management Services, Inc. (who will receive no compensation in addition to their regular

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salaries), to solicit proxies personally and by telephone. In addition, we have engaged Computershare Fund Services ( Computershare ) to assist in the solicitation of proxies for the meeting and estimate we will pay Computershare a fee of approximately \$115,000. We have also agreed to reimburse Computershare for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Computershare against certain losses, costs and expenses. No portion of the amount that W. P. Carey is required to pay Computershare is contingent upon the closing of the Merger or the REIT Conversion.

***Q. Who can help answer my questions?***

A. If you have more questions about the Merger, or would like additional copies of this joint proxy statement/prospectus, please contact:  
For W. P. Carey shareholders:

W. P. CAREY & CO. LLC

Investor Relations Department

50 Rockefeller Plaza

New York, New York 10020

Telephone: (800) WP-CAREY

Facsimile: (212) 492-8922

For CPA<sup>®</sup>:15 stockholders:

CORPORATE PROPERTY ASSOCIATES 15 INCORPORATED

Investor Relations Department

50 Rockefeller Plaza

New York, New York 10020

Telephone: (800) WP-CAREY

Facsimile: (212) 492-8922

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**QUESTIONS AND ANSWERS FOR W. P. CAREY SHAREHOLDERS**

**REGARDING THE REIT CONVERSION**

*The following questions and answers for W. P. Carey shareholders briefly address some frequently asked questions about the REIT Conversion. They may not include all the information that is important to you. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes.*

***Q. What are we planning to do?***

- A. In addition to the Merger, W. P. Carey is proposing a plan to reorganize its business operations to allow W. P. Carey Inc. to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. W. P. Carey shareholders will not become holders of W. P. Carey Inc. common stock unless and until the Merger and the REIT Conversion are consummated.

***Q. What is a REIT?***

- A. A REIT is an entity that qualifies for special treatment for federal income tax purposes provided that it meets certain requirements including, among other things, that it derives most of its income from real estate-based sources and makes a special election under the Internal Revenue Code of 1986, as amended (the Code). A corporation that qualifies as a REIT generally is not subject to federal income tax on its corporate income and gains that it distributes to its shareholders, reducing its corporate level income taxes and substantially eliminating the double taxation of corporate income.

Even if we qualify as a REIT, we may continue to be required to pay federal income tax on earnings from all or a portion of our non-REIT assets or operations, which consists primarily of the investment management business of W. P. Carey. In addition, our international assets and operations will continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted. We also may be subject to federal income and excise taxes in certain circumstances, as well as state, local, and foreign income, franchise, property and other taxes.

***Q. What will happen in the REIT Conversion?***

- A. The REIT Conversion involves the following key elements:  
*REIT Conversion.* Following certain reorganizations of most of W. P. Carey's subsidiaries, W. P. Carey will then merge with and into W. P. Carey Inc. with W. P. Carey Inc. surviving the merger. Effective at the time of the W. P. Carey Merger, W. P. Carey Inc. will hold, directly or indirectly through its subsidiaries, the assets currently held by W. P. Carey and will conduct the existing businesses of W. P. Carey and its subsidiaries and assume the obligations of W. P. Carey. The REIT Conversion will facilitate W. P. Carey's compliance with REIT tax rules by ensuring the effective adoption of the charter provisions that implement the transfer restrictions that are intended to assist us in meeting the share ownership requirements of the REIT tax rules.

As a consequence of the REIT Conversion, among other things:

there will be no change in the assets W. P. Carey holds or in the businesses it conducts;



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there will be no fundamental change to W. P. Carey's discretionary capital allocation strategy or current operational strategy;

effective at the time of the REIT Conversion, W. P. Carey Inc. will, subject to approval by the NYSE, become a publicly traded NYSE-listed company that will continue to operate, directly or indirectly, all of W. P. Carey's existing business; and

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the rights of the stockholders of W. P. Carey Inc. will be governed by the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws. See the section entitled *Structure of the Merger and the REIT Conversion*.

*Other Reorganization Transactions.* W. P. Carey's existing subsidiaries that are taxable as REITs will become QRSs of W. P. Carey Inc., and W. P. Carey's existing subsidiaries that are taxable as corporations will jointly elect with W. P. Carey Inc. to be treated as TRSs in order to comply with certain REIT qualification requirements. See the section entitled *Material Federal Income Tax Considerations - Subsidiary Entities* for a more detailed description of the requirements and limitations regarding our expected use of TRSs.

The business that we expect to contribute to, or retain in, one or more subsidiaries that will elect to be treated as TRSs effective upon the REIT Conversion principally consists of our investment management business. Net income from our TRSs either will be retained by our TRSs and used to fund their operations, or will be distributed to us, where it either will be reinvested by us into our business or will be contributed to the income available for distribution to our stockholders.

### ***Q. What are the reasons for the REIT Conversion?***

A. The REIT Conversion, together with the Merger, is being proposed primarily for the following reasons:

the Merger and the REIT Conversion are part of a larger transformation that implements W. P. Carey's overall business strategy of expanding real estate assets under ownership which in turn is expected to provide a platform for future growth;

the Merger and the REIT Conversion substantially increase W. P. Carey's scale and liquidity, which in turn provide a basis for an expected continuation of stable dividend growth;

the Merger and the REIT Conversion are expected to provide income contribution from owned properties, while preserving the investment management business; and

the Merger and the REIT Conversion are expected to increase analyst coverage and the combined company's access to capital markets by creating a company with increased scale and trading volume and enhanced liquidity.

To review the background of, and reasons for, the REIT Conversion in greater detail, and the related risks associated with the reorganization, see the sections entitled *The Merger and the REIT Conversion - Background of the Merger and the REIT Conversion*, *The Merger and the REIT Conversion - W. P. Carey's Reasons for the Merger and the REIT Conversion* and the *W. P. Carey Merger* and *Risk Factors*.

### ***Q. What will W. P. Carey shareholders receive in connection with the REIT Conversion and when will they receive it?***

A. At the effective time of the W. P. Carey Merger, W. P. Carey shareholders will receive one share of W. P. Carey Inc. common stock in exchange for each W. P. Carey listed share that they then own. In addition, as a REIT, W. P. Carey Inc. will be required to distribute annually at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain).

If the REIT Conversion is approved by W. P. Carey shareholders and the Merger is approved by both W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders, W. P. Carey Inc. expects to commence declaring regular quarterly distributions beginning in the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment, by the board of directors. W. P. Carey Inc. anticipates that its annualized distribution rate will be \$2.60 per share of W. P. Carey Inc. common stock. The actual timing and amount of the distributions will be as determined and authorized by the board of directors and will



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depend on, among other factors, our financial condition, earnings, debt covenants, applicable provisions under the Maryland General Corporation Law (the "MGCL") and other possible uses of such funds. See the section entitled "Dividend and Distribution Policy."

**If you dispose of your shares before the record date for the first quarterly distribution, you will not receive the first quarterly distribution or any other regular quarterly distribution.**

Any W. P. Carey subsidiaries currently taxable as REITs will distribute their current and accumulated earnings and profits to W. P. Carey prior to the REIT Conversion.

***Q. Should I send in my W. P. Carey listed share certificates (or share certificates of W. P. Carey's predecessor, Carey Diversified, LLC) now or at all?***

A. No. As soon as practicable following the effective time of the W. P. Carey Merger, W. P. Carey Inc. will cause a third party transfer agent to record the transfer on the stock records of W. P. Carey Inc. of the amount of W. P. Carey Inc. common stock issued pursuant to the terms of the REIT Conversion Agreement. We will issue shares of W. P. Carey Inc. common stock to holders of W. P. Carey listed shares in uncertificated book-entry form. No physical share certificates will be delivered. See "Terms of the REIT Conversion" Recordation of Exchange. **Please do not send in your W. P. Carey share certificates (or share certificates of W. P. Carey's predecessor, Carey Diversified, LLC) with your proxy or following completion of the W. P. Carey Merger. Any share certificate or book entry representing W. P. Carey listed shares or its predecessor, Carey Diversified, LLC, will instead automatically represent shares of W. P. Carey Inc. common stock following completion of the W. P. Carey Merger.**

***Q. Will converting to a REIT change W. P. Carey's business objectives and strategy?***

A. No. W. P. Carey's business objectives and strategy will remain the same.

***Q. When is the REIT Conversion expected to be completed and the REIT election expected to be made?***

A. We expect to complete the REIT Conversion by the third quarter of 2012, or as soon as possible thereafter, prior to the Merger. However, there can be no assurance as to when, or if, the REIT Conversion will be completed. If the REIT Conversion and the Merger are completed in 2012, we expect W. P. Carey Inc. to elect to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. W. P. Carey reserves the right to abandon the REIT Conversion even if the shareholders of W. P. Carey vote to adopt the REIT Conversion Agreement, which sets forth the terms and conditions of the W. P. Carey Merger, and approve the W. P. Carey Merger, and other conditions to the completion of the REIT Conversion are satisfied or waived, if the W. P. Carey board of directors determines that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders. See the section entitled "Terms of the REIT Conversion" for a more detailed description of the REIT Conversion.

***Q. Are there risks associated with the REIT Conversion that I should consider in deciding how to vote?***

A. Yes. There are a number of risks related to the REIT Conversion that are discussed in this joint proxy statement/prospectus. In evaluating the REIT Conversion, you should read carefully the detailed description of the risks associated with the REIT Conversion described under the heading "Risk Factors" Risks Related to the REIT Conversion and REIT Structure and other information included in this joint proxy statement/prospectus.



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***Q. Will I have to pay federal income taxes as a result of the REIT Conversion?***

- A. You should not recognize gain or loss for federal income tax purposes as a result of the exchange of W. P. Carey listed shares for shares of W. P. Carey Inc. common stock in the REIT Conversion except to the extent that your allocable share of W. P. Carey indebtedness exceeds your basis in your listed shares of W. P. Carey.

The federal income tax treatment of holders of W. P. Carey shares in the REIT Conversion depends 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 of participating in the REIT Conversion and of holding W. P. Carey Inc. common stock to any particular shareholder will depend on that shareholder's particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, as defined in the section entitled "Material Federal Income Tax Considerations—Taxation of Shareholders—Taxation of Non-U.S. Holders," regarding the specific tax consequences, including the federal, state, local, and foreign tax consequences, to you in light of your particular investment in, or the tax circumstances of acquiring, holding, exchanging or otherwise disposing of, W. P. Carey listed shares or W. P. Carey Inc. common stock.

***Q. Am I entitled to dissenters' rights of appraisal in connection with the REIT Conversion?***

- A. No. Under Delaware law, you are not entitled to any dissenters' rights of appraisal in connection with the REIT Conversion.

***Q. If my W. P. Carey listed shares are held in "street name" by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?***

- A. No. If your W. P. Carey listed shares are held in "street name" by your broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee. Your broker, bank or other nominee will vote your shares only if you provide instructions on how you would like your W. P. Carey listed shares to be voted.

***Q. Where will my W. P. Carey Inc. common stock be publicly traded?***

- A. W. P. Carey Inc. will apply to have the new shares of W. P. Carey Inc. common stock listed on the NYSE upon the closing of the REIT Conversion. We anticipate that the shares of W. P. Carey Inc. common stock issued in the W. P. Carey Merger will trade on the NYSE under the symbol "WPC," upon the consummation of the Merger.

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**STRUCTURE OF THE MERGER AND THE REIT CONVERSION**

The following diagrams summarize the corporate structure of W. P. Carey Inc. before and after the Merger and the REIT Conversion.

**Before the Merger and REIT Conversion:**

**After the Merger and REIT Conversion:**

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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers to fully understand the Merger and the REIT Conversion. In particular, you should read the annexes attached to this joint proxy statement/prospectus, including the Merger Agreement and the REIT Conversion Agreement, which are attached as Annexes A and B, respectively, as they are the legal documents that govern the Merger and the W. P. Carey Merger. You also should read the form of W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws, attached as Annexes F and G, respectively, as they are the legal documents that will govern your rights as a stockholder of W. P. Carey Inc. following the Merger and the REIT Conversion. See the section entitled *Where You Can Find More Information*. For a discussion of the risk factors that you should carefully consider, see the section entitled *Risk Factors*.*

**The Companies**

W. P. Carey & Co. LLC

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

W. P. Carey provides long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. W. P. Carey invests primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. W. P. Carey also earns revenue as the advisor to the CPA® REITs and invests in similar properties. W. P. Carey is currently the advisor to the following CPA® REITs: CPA®:15, CPA®:16 Global and CPA®:17 Global. W. P. Carey is also the advisor to CWI, which W. P. Carey formed in March 2008 for the purpose of acquiring interests in lodging and lodging-related properties.

Collectively, at December 31, 2011, W. P. Carey owned and managed over 980 properties domestically and internationally, including its owned portfolio. W. P. Carey's portfolio was comprised of its full or partial ownership interest in 157 properties, substantially all of which were triple-net leased to 73 tenants, and totaled approximately 13.0 million square feet (on a pro rata basis) with an occupancy rate of approximately 93%. In addition, through its Carey Storage and Livho subsidiaries, W. P. Carey had interests in 21 self-storage properties and a hotel property, respectively, with an aggregate of approximately 0.8 million square feet (on a pro rata basis) at December 31, 2011.

Most of W. P. Carey's properties were either acquired as a result of its consolidation with certain affiliated Corporate Property Associates limited partnerships or subsequently acquired from other CPA® REIT programs in connection with the provision of liquidity to stockholders of those CPA® REITs. Because its advisory agreements with each of the existing CPA® REITs and CWI require that W. P. Carey use its best efforts to present to them a continuing and suitable program of investment opportunities that meet their investment criteria, W. P. Carey generally provides investment opportunities to these funds first and earn revenues from transaction and asset management services performed on their behalf. W. P. Carey's principal focus on its owned real estate portfolio in recent years has therefore been on enhancing the value of its existing properties. Under the advisory agreements with the CPA® REITs and CWI, W. P. Carey performs various services, including but not limited to the day-to-day management of the CPA® REITs and CWI and transaction-related services, for which W. P. Carey earns revenue. The advisory agreements allow W. P. Carey to elect to receive stock in lieu of cash for any revenue due from the CPA® REITs and CWI. W. P. Carey also receives a percentage of distributions of



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available cash from the operating partnerships of CPA<sup>®</sup>:16 Global, CPA<sup>®</sup>:17 Global and CWI. W. P. Carey may also earn incentive and disposition revenue and receive other compensation in connection with providing liquidity alternatives to the stockholders of the CPA<sup>®</sup> REITs and CWI. The CPA<sup>®</sup> REITs and CWI also reimburse W. P. Carey for certain costs, primarily broker-dealer commissions paid on their behalf and marketing and personnel costs. As a result of electing to receive certain payments for services in shares, W. P. Carey holds ownership interests in the CPA<sup>®</sup> REITs and CWI.

W. P. Carey was formed as a limited liability company under the laws of Delaware on July 15, 1996. On January 1, 1998 the limited partnership interests of nine CPA<sup>®</sup> partnerships were combined and became listed on the NYSE under the name Carey Diversified and the symbol CDC. In 2000, Carey Diversified merged with W. P. Carey after W. P. Carey became listed on the NYSE under the symbol WPC.

At December 31, 2011, W. P. Carey employed 212 individuals through its wholly-owned subsidiaries. W. P. Carey's website is www.wpcarey.com. On the website, investors can find press releases, financial filings and other information about W. P. Carey. The SEC website, www.sec.gov, also offers access to reports and documents that W. P. Carey has electronically filed with or furnished to the SEC. These website addresses are not intended to function as hyperlinks, and the information contained on W. P. Carey's website and in the SEC's website is not intended to be a part of this joint proxy statement/prospectus.

Corporate Property Associates 15 Incorporated

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

CPA<sup>®</sup>:15 is a publicly owned, non-listed REIT that primarily invests in commercial properties leased to companies both domestically and internationally. At December 31, 2011, CPA<sup>®</sup>:15's portfolio consisted of full or partial ownership interest in 315 properties, substantially all of which were triple-net leased to 77 tenants and totaled approximately more than 28.0 million square feet (on a pro rata basis). CPA<sup>®</sup>:15's core investment strategy is to own and manage a portfolio of properties leased to a diversified group of companies on a single tenant net lease basis. CPA<sup>®</sup>:15's triple-net leases generally require the tenant to pay substantially all of the costs associated with operating and maintaining the property such as maintenance, insurance, taxes, structural repairs and other operating expenses.

CPA<sup>®</sup>:15 is managed by W. P. Carey through certain of its wholly-owned subsidiaries. W. P. Carey provides both strategic and day-to-day management services for CPA<sup>®</sup>:15, including capital funding services, investment research and analysis, investment financing and other investment-related services, asset management, disposition of assets, investor relations and administrative services. W. P. Carey also provides office space and other facilities for CPA<sup>®</sup>:15. CPA<sup>®</sup>:15 pays asset management fees and certain transactional fees to W. P. Carey and also reimburses W. P. Carey for certain expenses incurred in providing services, including those associated with providing personnel for the administration of CPA<sup>®</sup>:15's operations.

CPA<sup>®</sup>:15 was formed as a Maryland corporation in February 2001. In two offerings, between November 2001 and August 2003, CPA<sup>®</sup>:15 sold a total of 104,617,606 shares of its common stock for a total of \$1.0 billion in gross offering proceeds. Through December 31, 2011, CPA<sup>®</sup>:15 also issued 15,161,997 shares (\$172.3 million) through the CPA<sup>®</sup>:15 DRIP. CPA<sup>®</sup>:15 repurchased 16,524,274 shares (\$173.9 million) under its redemption plan from inception through December 31, 2011. In June 2009, as a result of redemptions reaching the 5% limitation under the terms of its redemption plan and CPA<sup>®</sup>:15's desire to preserve capital and liquidity, CPA<sup>®</sup>:15's board of directors suspended its redemption plan, effective for all redemption requests received subsequent to June 1, 2009, with limited exceptions in cases of death, qualifying disability or confinement to a long-term care facility. The suspension will remain in effect until its board of directors, in its discretion, determines to reinstate the plan.

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W. P. Carey Inc.

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

W. P. Carey Inc. is a wholly-owned subsidiary of W. P. Carey and was incorporated in Maryland as W. P. Carey REIT, Inc. on February 15, 2012 with the purpose of succeeding and continuing the business of W. P. Carey. Prior to the Merger and the REIT Conversion, W. P. Carey Inc. will conduct no business other than that incident to the REIT Conversion. Following completion of the Merger and the REIT Conversion, W. P. Carey Inc. will succeed to and continue the businesses of W. P. Carey and CPA<sup>®</sup>:15. There will be no fundamental change to the core investment strategies and methods of operation of either W. P. Carey or CPA<sup>®</sup>:15. The combined company's board of directors and senior management team will consist of members of the board of directors and senior management team of W. P. Carey immediately prior to the Merger and the REIT Conversion. The combined company will own and operate properties encompassing approximately 42.0 million square feet diversified across geographies, industries and property types in the U.S. and European markets. As of December 31, 2011, the pro forma combined portfolio was more than 95% leased.

CPA 15 Holdco, Inc.

50 Rockefeller Plaza

New York, New York 10020

(212) 492-1100

CPA 15 Holdco, Inc. is a wholly-owned subsidiary of CPA<sup>®</sup>:15 and was incorporated in Maryland on February 16, 2012 with the sole purpose of engaging in the Merger. CPA 15 Holdco will conduct no business other than that incident to the Merger.

**The Merger**

The board of directors of W. P. Carey has determined that the Merger satisfies many objectives of W. P. Carey for its growth and future return to its shareholders. The principal reasons for the board of directors of W. P. Carey entering into the Merger Agreement are:

the Merger and the REIT Conversion are part of a larger transformation that implements W. P. Carey's overall business strategy of expanding real estate assets under ownership which in turn is expected to provide a platform for future growth;

the Merger and the REIT Conversion substantially increase W. P. Carey's scale and liquidity, which in turn provide a basis for an expected continuation of stable dividend growth;

the Merger and the REIT Conversion are expected to provide income contribution from owned properties, while preserving the investment management business; and

the Merger and the REIT Conversion are expected to increase analyst coverage and the combined company's access to capital markets by creating a company with increased scale and trading volume and enhanced liquidity.

The board of directors of W. P. Carey also considered a number of potentially negative factors about the Merger, including:

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the possibility that the Merger and the REIT Conversion may not be completed, or that completion may be unduly delayed, for reasons beyond the control of W. P. Carey or CPA®:15;

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the risk that failure to complete the Merger and the REIT Conversion could negatively affect the price of the W. P. Carey listed shares; and

the potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Merger and the REIT Conversion.

At a meeting on February 17, 2012, the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee unanimously determined that the Merger is advisable and directed that a proposal to approve the Merger be submitted to CPA<sup>®</sup>:15's stockholders at a special meeting of stockholders. In making their determination, the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee considered a variety of factors, including the following:

the fact that the Merger Consideration to be received by CPA<sup>®</sup>:15's stockholders, valued at approximately \$11.73 based upon the closing price of W. P. Carey's listed shares on February 17, 2012, represented an approximately 13% premium to CPA<sup>®</sup>:15's estimated NAV per share of \$10.40 as of September 30, 2011;

the decision of W. P. Carey Inc. to elect to qualify as a REIT and the belief that, based upon W. P. Carey's anticipated dividends per share after its conversion to a REIT, the stock component of the Merger Consideration will enable CPA<sup>®</sup>:15's stockholders to continue to receive attractive dividends;

the expectation that the proposed transaction with W. P. Carey will provide liquidity to CPA<sup>®</sup>:15's stockholders by delivering shares in a publicly-traded listed company with a broad stockholder base;

the receipt of the stock component of the Merger Consideration will be tax deferred to CPA<sup>®</sup>:15 stockholders, until such time as the shares of W. P. Carey Inc. received in the Merger are sold;

the fact that the combined company will be self-managed, thereby eliminating the external advisory structure under which CPA<sup>®</sup>:15 presently operates;

the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee's belief that the proposed transaction will be immediately accretive to the combined company's AFFO per share and cash available for distributions per share and provide the opportunity for continuation of stable dividend growth;

the expectation that the combined company will be among the largest publicly-traded REITs with an expected total market capitalization of approximately \$5 billion, plus approximately \$12 billion in assets under management (including assets owned by the combined company), and a more diversified portfolio of approximately 450 net-leased assets. As a result of its larger size and enhanced balance sheet, the combined company is expected to have greater operating and financial flexibility and better access to capital markets with a lower cost of capital than CPA<sup>®</sup>:15 on a stand-alone basis;

after the proposed transaction, the combined company would have greater geographic diversification and greater tenant diversification than CPA<sup>®</sup>:15 on a stand-alone basis, which could provide the combined company with greater cash flow stability. In addition, the combined company's geographic exposure to European countries would be 30% (compared to CPA<sup>®</sup>:15's 35.0%) and its exposure to the top two tenants by annualized rent would be 8.2% and 5.7%, respectively (compared to 11.4% and 8.0%, respectively, for CPA<sup>®</sup>:15);

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the proposed transaction would increase the combined company's weighted average debt maturity from 6.0 years to 6.1 years while lowering the average interest rate from approximately 5.7% to 5.1%, in each case compared to CPA<sup>®</sup>:15;

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the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee's conclusion, after consideration and review with its legal and financial advisors, that the transaction with W. P. Carey was superior to other possible liquidity alternatives for a number of reasons, including the CPA<sup>®</sup>:15 special committee's view that:

the current climate for initial public offerings is not favorable, particularly for REITs that are externally managed;

it could be challenging to retain a management team in order to pursue a listing as an internally-managed REIT;

there was a low probability that a third party would have the desire or ability to merge with CPA<sup>®</sup>:15 or otherwise acquire its entire portfolio and related debt at a value comparable to the proposed Merger;

a sale of CPA<sup>®</sup>:15's entire portfolio to unrelated third parties may involve difficulties in obtaining consents from lenders and high transaction costs;

if a liquidation is not conducted all at once, since the fixed operating expenses of CPA<sup>®</sup>:15 are not tied to the size of its asset base, such expenses would become a larger percentage of cash flow and revenues over time, thereby reducing the total net amount realized from the liquidation; and

the costs associated with separate sales of each property could become significant, thus decreasing returns to CPA<sup>®</sup>:15 stockholders.

the provisions in the Merger Agreement that permit the CPA<sup>®</sup>:15 board of directors under specified circumstances to withdraw its recommendation of the Merger in connection with, or approve or recommend, a CPA<sup>®</sup>:15 superior competing transaction (as defined in the section titled "The Merger Agreement - No Solicitation of Transactions" (CHA)) and to terminate the Merger Agreement in order to enter into an agreement with respect to a CPA<sup>®</sup>:15 superior competing transaction, upon the payment of the expense reimbursement (see "The Merger Agreement - Expenses");

the absence of a typical "break-up fee" under the Merger Agreement;

the provisions in the Merger Agreement that require W. P. Carey to reimburse CPA<sup>®</sup>:15 for its out-of-pocket expenses incurred in connection with the proposed transaction if W. P. Carey's stockholders do not approve the Merger and the REIT Conversion;

the high likelihood that the Merger and the REIT Conversion will be completed in a timely manner;

the financial analyses presented to the CPA<sup>®</sup>:15 board of directors by Deutsche Bank that, as of February 17, 2012 and based upon and subject to the assumptions and limitations set forth in its opinion, the Merger Consideration was fair, from a financial point of view, to CPA<sup>®</sup>:15 stockholders, as more fully described elsewhere in this joint proxy statement/prospectus; and

the Merger is subject to the approval of CPA<sup>®</sup>:15's stockholders who therefore have the option to reject the Merger. In addition, CPA<sup>®</sup>:15's stockholders have the right to demand appraisal of their shares in accordance with the procedures established by Maryland

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law. See The Merger Agreement Objecting Stockholders Rights of Appraisal.

The board of directors of CPA<sup>®</sup>:15 also considered a number of potentially negative factors about the Merger, including:

W. P. Carey and its affiliates serve as advisor to other CPA<sup>®</sup> REITs that have investment and rate of return objectives substantially similar to those of the combined company, and the conflicts of interest that may arise from such advisor's role as well as the possibility that CPA<sup>®</sup> REITs may compete with the combined company after the Merger with respect to properties, potential purchasers, sellers and lessees of properties and mortgage financing for properties;

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the average lease maturity of the combined company's portfolio would be lowered after the Merger compared to that of CPA<sup>®</sup>:15. The average lease maturity of CPA<sup>®</sup>:15's portfolio is currently approximately 10.4 years. The average lease maturity in the combined company's portfolio will be approximately 9.2 years, thereby increasing overall risks related to re-leasing or sale of properties upon expiration of such leases;

the challenges inherent in the combination of two business enterprises the size of CPA<sup>®</sup>:15 and W. P. Carey and the risks and costs to CPA<sup>®</sup>:15 if the Merger does not close;

the possibility that the transaction with W. P. Carey would not be completed or may be delayed, and the possible adverse effects on the future liquidity options for CPA<sup>®</sup>:15 that might result if the proposed transaction with W. P. Carey were announced and not completed;

the risk that a different liquidity alternative could ultimately prove to be more beneficial to CPA<sup>®</sup>:15 stockholders than the proposed transaction with W. P. Carey;

the Merger Consideration is fixed and will not be adjusted for changes in the price of W. P. Carey's listed shares or changes in the NAV of CPA<sup>®</sup>:15 prior to the Merger, which means that the value of the Merger Consideration could decrease prior to the closing of the Merger if the trading price of W. P. Carey's listed shares decreases, even if the NAV of CPA<sup>®</sup>:15 increases;

the cash component of the Merger Consideration to be received by CPA<sup>®</sup>:15 stockholders in the Merger would be taxable to such stockholders to the extent of any gain in such CPA<sup>®</sup>:15 shares;

the risk that the anticipated strategic and financial benefits of the Merger and the REIT Conversion may not be fully realized;

the expenses to be incurred in connection with pursuing the Merger; and

the restrictions on the conduct of CPA<sup>®</sup>:15's business between the date of the Merger Agreement and the date of the consummation of the proposed Merger.

The foregoing discussion of the factors considered by the CPA<sup>®</sup>:15 board of directors and the CPA<sup>®</sup>:15 special committee is not intended to be exhaustive but rather summarizes the material factors considered by the CPA<sup>®</sup>:15 board of directors and the CPA<sup>®</sup>:15 special committee. In view of the wide variety of factors considered, the CPA<sup>®</sup>:15 board of directors and the CPA<sup>®</sup>:15 special committee did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual directors may have given different weights to different factors. The CPA<sup>®</sup>:15 board of directors and the CPA<sup>®</sup>:15 special committee considered the positive and negative factors relating to the Merger and the related transactions and believed the negative factors to be outweighed by the positive factors.

### **The Merger Agreement**

The board of directors of each of W. P. Carey and CPA<sup>®</sup>:15 have approved the Merger. Each share of CPA 15 common stock outstanding immediately prior to the Merger, other than shares owned by holders of CPA 15 common stock who perfect their appraisal rights, will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter into consideration valued at approximately \$[ ] per share (based on the closing price of \$[ ] per W. P. Carey listed share on the NYSE on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), consisting of (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and will cease to exist and neither W. P. Carey nor any W. P. Carey subsidiary will receive any Merger Consideration for those shares.





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W. P. Carey intends to fund the cash portion of the Merger Consideration with borrowings from a term loan to be made pursuant to its amended and restated credit agreement dated as of February 17, 2012. In the event that W. P. Carey is unable to borrow under the term loan, W. P. Carey will fund the cash portion of the Merger Consideration by borrowing under its existing lines of credit, which have sufficient availability to cover such amounts. The Merger is not subject to a financing condition.

The closing of the Merger is subject to the satisfaction or waiver of several conditions at or prior to the closing date, including:

approval of the Merger by the requisite vote of the W. P. Carey shareholders and the CPA<sup>®</sup>:15 stockholders;

the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the SEC with regard to the registration statement and all necessary state securities or blue sky authorizations shall have been received;

no order, injunction or other legal restraint or prohibition preventing the consummation of the Merger will be in effect;

all consents, approvals, permits and authorizations required by the Merger Agreement to be obtained from certain specified governmental entities will have been obtained or waived;

the closing of the REIT Conversion will have occurred;

the closing of the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary will have occurred; and

the shares of W. P. Carey Inc. common stock shall have been approved for listing on the NYSE.

Either W. P. Carey or CPA<sup>®</sup>:15 can terminate the Merger Agreement at any time prior to the effective time of the Merger:

by mutual written consent duly authorized by the board of directors of each of W. P. Carey and CPA<sup>®</sup>:15;

by either party, if the other party has breached any representation, warranty, covenant or agreement set forth in the Merger Agreement, or if any representation or warranty by the other party has become untrue, in either case such that either party's related closing condition would be incapable of being satisfied by September 30, 2012, provided that CPA<sup>®</sup>:15 and CPA 15 Holdco shall not be deemed to have breached a representation, warranty, covenant or agreement set forth in the Merger Agreement to the extent the actions or inactions of W. P. Carey or any W. P. Carey subsidiary in its capacity as advisor to CPA<sup>®</sup>:15 pursuant to the CPA<sup>®</sup>:15 Advisory Agreements resulted in such breach;

by either party upon the entry of any judgment, injunction, order, decree or action by any governmental entity or other competent authority preventing the consummation of the Merger that has become final and nonappealable;

by either party, if the Merger shall not have been consummated before September 30, 2012; *provided, however*, that

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a party that has materially breached a representation, warranty, covenant or agreement of such party set forth in the Merger Agreement is not entitled to exercise its right to terminate under this provision, and

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W. P. Carey is not entitled to exercise its right to terminate under this provision to the extent it or any of its subsidiaries actions or inactions in its capacity as advisor to CPA<sup>®</sup>:15 pursuant to the CPA<sup>®</sup>:15 Advisory Agreements resulted in a breach by CPA<sup>®</sup>:15 or a failure of CPA<sup>®</sup>:15 to perform its obligations under the Merger Agreement;  
*provided further that* the termination date of September 30, 2012 shall be automatically extended until October 31, 2012 (the Extended Termination Date), if the condition to closing with respect to the obtaining of all consents, approvals, permits and authorizations from governmental entities is not capable of being satisfied as of September 30, 2012, but is reasonably likely to be satisfied by the Extended Termination Date;

by either party, if, upon a vote at a duly held special meeting of CPA<sup>®</sup>:15 stockholders or any adjournment or postponement thereof, CPA<sup>®</sup>:15 stockholders do not approve the Merger;

by CPA<sup>®</sup>:15, if CPA<sup>®</sup>:15's board of directors or any committee thereof shall have withdrawn its recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA<sup>®</sup>:15 superior competing transaction and CPA<sup>®</sup>:15 has paid, or has agreed in writing to pay, W. P. Carey's out-of-pocket expenses;

by W. P. Carey, if (i) prior to CPA<sup>®</sup>:15's special meeting, the board of directors of CPA<sup>®</sup>:15 or any committee thereof shall have withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, any CPA<sup>®</sup>:15 superior competing transaction or (ii) CPA<sup>®</sup>:15 shall have entered into any agreement with respect to any CPA<sup>®</sup>:15 superior competing transaction; and

by either party, if, upon a vote at a duly held special meeting of W. P. Carey shareholders or any adjournment or postponement thereof, W. P. Carey shareholders do not approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

CPA<sup>®</sup>:15 has agreed to pay W. P. Carey's out-of-pocket expenses (including, without limitation, all attorneys', accountants' and investment bankers' fees and expenses), if the Merger Agreement is terminated (i) by W. P. Carey, due to a breach of any representation, warranty, covenant or agreement on the part of CPA<sup>®</sup>:15 or CPA 15 Holdco such that the related closing condition is not satisfied by September 30, 2012, (ii) by CPA<sup>®</sup>:15, due to CPA<sup>®</sup>:15's board of directors withdrawing its recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a CPA<sup>®</sup>:15 superior competing transaction or (iii) by W. P. Carey if (y) prior to the meeting of CPA<sup>®</sup>:15 stockholders, CPA<sup>®</sup>:15's board of directors has withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA<sup>®</sup>:15 superior competing transaction or (z) CPA<sup>®</sup>:15 has entered into an agreement with respect to a CPA<sup>®</sup>:15 superior competing transaction.

W. P. Carey has agreed to pay CPA<sup>®</sup>:15's out-of-pocket expenses (including, without limitation, all attorneys', accountants', investment bankers' and CPA<sup>®</sup>:15 special committee fees and expenses), if the Merger Agreement is terminated (i) by CPA<sup>®</sup>:15, due to a breach of any representation, warranty, covenant or agreement on the part of W. P. Carey, W. P. Carey Inc. or CPA 15 Merger Sub such that the related closing condition is not satisfied by September 30, 2012 or (ii) by CPA<sup>®</sup>:15 or W. P. Carey, due to the failure of the W. P. Carey shareholders to approve the Merger and the failure to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

Except as set forth above, W. P. Carey and CPA<sup>®</sup>:15 will each pay their own out-of-pocket costs and expenses incurred in connection with the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. W. P. Carey and CPA<sup>®</sup>:15 shall each bear one-half of the costs of filing, printing and mailing this joint proxy statement/prospectus.

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### **REIT Conversion**

The board of directors of W. P. Carey has approved a plan to reorganize its business operations to facilitate the qualification of W. P. Carey Inc., as the successor of its assets and business operations following the REIT Conversion, as a REIT for federal income tax purposes. The REIT Conversion is designed to enable W. P. Carey Inc. to hold its assets and business operations in a manner that will enable W. P. Carey Inc. to elect to be treated as a REIT for federal income tax purposes. If W. P. Carey Inc. qualifies as a REIT, it generally will not be subject to federal corporate income taxes on that portion of its capital gain and ordinary income from its REIT operations that is distributed to its stockholders. This treatment would substantially eliminate the federal double taxation on earnings from REIT operations, or taxation once at the corporate level and again at the stockholder level, that generally results from an investment in a regular C corporation. However, as explained more fully below, W. P. Carey Inc.'s non-REIT operations, which consist primarily of its investment management business, would continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those operations are located. W. P. Carey Inc. will also own real estate in certain foreign jurisdictions and such assets will be subject to tax in these jurisdictions.

The completion of the REIT Conversion is a condition to the closing of the Merger. The W. P. Carey board of directors reserves the right to abandon the REIT Conversion even if its shareholders vote to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger and the other conditions to the completion of the REIT Conversion are satisfied or waived if the board determines, in its sole discretion, that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders.

W. P. Carey estimates that its one-time transaction costs incurred in connection with the Merger and the REIT Conversion will be approximately \$18.0 million in the aggregate.

CPA<sup>®</sup>:15 estimates that its one-time transaction costs incurred in connection with the Merger will be approximately \$10.0 million in the aggregate.

### **Recommendation of the Board of Directors of W. P. Carey**

AT A MEETING ON FEBRUARY 17, 2012, W. P. CAREY'S BOARD OF DIRECTORS VOTED UNANIMOUSLY TO APPROVE AND DECLARE ADVISABLE BOTH THE MERGER AND THE W. P. CAREY MERGER. W. P. CAREY'S BOARD OF DIRECTORS BELIEVES THAT BOTH THE MERGER AND THE W. P. CAREY MERGER ARE IN THE BEST INTERESTS OF W. P. CAREY AND ITS SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT W. P. CAREY SHAREHOLDERS VOTE FOR THE APPROVAL OF THE MERGER AND FOR THE ADOPTION OF THE REIT CONVERSION AGREEMENT AND APPROVAL OF THE W. P. CAREY MERGER.

### **Recommendation of the Board of Directors of CPA<sup>®</sup>:15**

AT A MEETING ON FEBRUARY 17, 2012, CPA<sup>®</sup>:15'S BOARD OF DIRECTORS, AFTER RECEIVING THE RECOMMENDATION OF A SPECIAL COMMITTEE OF INDEPENDENT DIRECTORS OF CPA<sup>®</sup>:15'S BOARD OF DIRECTORS, VOTED UNANIMOUSLY TO APPROVE AND DECLARED ADVISABLE THE MERGER. CPA<sup>®</sup>:15'S BOARD OF DIRECTORS BELIEVES THAT THE MERGER IS IN THE BEST INTERESTS OF CPA<sup>®</sup>:15 AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT CPA<sup>®</sup>:15 STOCKHOLDERS VOTE FOR THE APPROVAL OF THE MERGER.

### **Vote Required**

The affirmative vote of shareholders entitled to cast a majority of the outstanding W. P. Carey listed shares entitled to vote and the affirmative vote of stockholders entitled to cast a majority of the outstanding shares of CPA 15 common stock entitled to vote are required for the approval of the Merger. The CPA<sup>®</sup>:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders

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regarding any transaction between CPA<sup>®</sup>:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. As of the close of business on the CPA<sup>®</sup>:15 record date, CPA<sup>®</sup>:15's directors and affiliates, including W. P. Carey and its subsidiaries, owned [ ] shares of CPA 15 common stock, or approximately [ ]% of the outstanding shares of CPA 15 common stock. Abstentions and broker non-votes, if any, will have the effect of a vote against the proposal to approve the Merger.

The affirmative vote of shareholders entitled to cast a majority of the outstanding W. P. Carey listed shares entitled to vote is required for the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. Abstentions and broker non-votes, if any, will have the effect of a vote against the proposal to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

The affirmative vote of shareholders entitled to cast a majority of the outstanding W. P. Carey listed shares entitled to vote and the affirmative vote of stockholders entitled to cast a majority of the outstanding shares of CPA 15 common stock entitled to vote are required for the approval of the proposal to transact such other business as may properly come before W. P. Carey's and CPA<sup>®</sup>:15's special meetings or any adjournment or postponement of such special meetings, including, without limitation, a motion to adjourn the special meetings to another time for the purpose of soliciting additional proxies.

### **Date, Time, Place and Purpose of Special Meeting**

The special meeting of shareholders of W. P. Carey will be held on [ ], 2012, at [ ] Eastern Time, at [ ] for the following purposes: (i) to consider and vote upon a proposal to approve the Merger; (ii) to consider and vote upon a proposal to adopt REIT Conversion Agreement and approve the W. P. Carey Merger; and (iii) to transact such other business as may properly come before W. P. Carey's special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

The special meeting of stockholders of CPA<sup>®</sup>:15 will be held on [ ], 2012, at [ ], Eastern Time, at [ ] for the following purposes: (i) to consider and vote upon a proposal to approve the Merger; and (ii) to transact such other business as may properly come before CPA<sup>®</sup>:15's special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

### **W. P. Carey Shareholders and CPA<sup>®</sup>:15 Stockholders Entitled to Vote**

The W. P. Carey board of directors has fixed the close of business on [ ], 2012 as the record date for the determination of W. P. Carey shareholders entitled to receive notice of, and to vote at, the W. P. Carey special meeting. As of [ ], 2012, there were [ ] million W. P. Carey listed shares outstanding and entitled to vote and [ ] holders of record.

The CPA<sup>®</sup>:15 board of directors has fixed the close of business on [ ], 2012 as the record date for the determination of CPA<sup>®</sup>:15 stockholders entitled to receive notice of, and to vote at, the CPA<sup>®</sup>:15 special meeting. As of [ ], 2012, there were [ ] million shares of CPA 15 common stock outstanding and entitled to vote and [ ] holders of record.

### **Opinion of Financial Advisor to W. P. Carey**

In connection with the Merger, W. P. Carey's financial advisor, Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BofA Merrill Lynch ), delivered a written opinion, dated February 17, 2012, to the W. P. Carey board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to W. P. Carey of the Merger Consideration to be paid by W. P. Carey. The full text of BofA Merrill Lynch's written opinion, dated

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February 17, 2012, is attached as Annex C to this joint proxy statement/prospectus and sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by BofA Merrill Lynch in rendering its opinion. **BofA Merrill Lynch delivered its opinion to the W. P. Carey board of directors for the benefit and use of the W. P. Carey board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the Merger Consideration from a financial point of view to W. P. Carey. BofA Merrill Lynch's opinion did not address any other aspect of the Merger or any related transactions and no opinion or view was expressed as to the relative merits of the Merger and related transactions in comparison to other strategies or transactions that might be available to W. P. Carey or in which W. P. Carey might engage or as to the underlying business decision of W. P. Carey to proceed with or effect the Merger and related transactions. BofA Merrill Lynch also expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the Merger or any related matter.**

### **Opinion of Financial Advisor to the Special Committee and Board of Directors of CPA<sup>®</sup>:15**

At a meeting of the special committee of CPA<sup>®</sup>:15's board of directors on February 17, 2012, Deutsche Bank Securities Inc. (Deutsche Bank), delivered its oral opinion, subsequently confirmed in writing, dated as of February 17, 2012, to the special committee and board of directors of CPA<sup>®</sup>:15 that, as of that date, based upon and subject to the various considerations, assumptions and limitations set forth in the opinion, the Merger Consideration to be received by CPA<sup>®</sup>:15 stockholders (other than W. P. Carey or any subsidiary of W. P. Carey that holds CPA 15 common stock) in connection with the Merger is fair to such stockholders from a financial point of view.

The full text of Deutsche Bank's opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered, and limitations of the scope of the review undertaken by Deutsche Bank in rendering its opinion, is attached as Annex D to this joint proxy statement/prospectus. CPA<sup>®</sup>:15's stockholders are urged to, and should, read Deutsche Bank's opinion carefully and in its entirety. Deutsche Bank's opinion was directed to CPA<sup>®</sup>:15's special committee and its board of directors and is not intended to be, and does not constitute, a recommendation to CPA<sup>®</sup>:15's special committee, CPA<sup>®</sup>:15's board of directors or CPA<sup>®</sup>:15 to proceed with the Merger, nor does it constitute a recommendation to any CPA<sup>®</sup>:15 stockholder as to how they should vote on, or take any other action with respect to, the Merger. The summary of Deutsche Bank's opinion set forth in this joint proxy statement/prospectus is qualified by reference to the full text of such opinion.

### **CPA<sup>®</sup>:15 Real Estate Portfolio Appraisal**

Stanger was engaged by CPA<sup>®</sup>:15 to appraise the CPA<sup>®</sup>:15 real estate portfolio and has delivered its opinion, based upon the review, analysis, scope and assumptions and limitations described in its report and summarized in this joint proxy statement/prospectus of the market value of the CPA<sup>®</sup>:15 portfolio as of September 30, 2011. CPA<sup>®</sup>:15 selected Stanger to provide the appraisal because of its reputation and experience in valuing assets similar to those in the CPA<sup>®</sup>:15 real estate portfolio. Additionally, in selecting Stanger, the CPA<sup>®</sup>:15 special committee and W. P. Carey, as CPA<sup>®</sup>:15's advisor, considered factors such as the appraisal fee quoted by Stanger relative to historical fees paid by CPA<sup>®</sup>:15 to similar third-party appraisal firms, as well as the high level of service offered by Stanger.

The appraisal reflects Stanger's valuation of the CPA<sup>®</sup>:15 real estate portfolio as of September 30, 2011 in the context of the information available at or around such date. Events occurring after such date could affect the assumptions used in preparing the appraisal and/or the CPA<sup>®</sup>:15 portfolio value opinion. Stanger has no obligation to update its appraisal on the basis of subsequent events.

### **Board of Directors and Management of W. P. Carey Inc.**

The board of directors and executive management of W. P. Carey immediately prior to the REIT Conversion and the Merger will be the board of directors and executive management, respectively, of W. P. Carey Inc. immediately following the Merger and the REIT Conversion.

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### **Regulatory Approvals**

We are not aware of any federal, state or local regulatory requirements that must be complied with or approvals that must be obtained prior to the effective times of the transactions contemplated by the Merger Agreement and the REIT Conversion Agreement, other than compliance with applicable federal and state securities laws, the filing of a certificate or articles of merger as required under the Delaware Limited Liability Company Act (the DLLCA) and the MGCL, respectively, and obtaining various state governmental authorizations.

### **Comparison of Rights of CPA<sup>®</sup>:15 Stockholders and W. P. Carey Inc. Stockholders**

The rights of holders of CPA 15 common stock are currently governed by the MGCL, the CPA<sup>®</sup>:15 Charter and the CPA<sup>®</sup>:15 Bylaws. If the Merger is approved by the shareholders of W. P. Carey and the stockholders of CPA<sup>®</sup>:15 and subsequently completed, all existing CPA<sup>®</sup>:15 stockholders will become stockholders of W. P. Carey Inc. and their rights as stockholders of W. P. Carey Inc. will be governed by the MGCL, the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws. Some important differences exist between your rights as a holder of CPA 15 common stock and your rights as a holder of W. P. Carey Inc. common stock. For more detail regarding the differences between your rights as a holder of CPA 15 common stock and your rights as a holder of W. P. Carey Inc. common stock, see the sections entitled Description of W. P. Carey Inc. Shares and Comparison of Rights of CPA<sup>®</sup>:15 Stockholders and W. P. Carey Inc. Stockholders.

The forms of the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws are attached as Annex F and Annex G to this joint proxy statement/prospectus, respectively.

### **Comparison of Rights of Shareholders of W. P. Carey and Stockholders of W. P. Carey Inc.**

The rights of holders of W. P. Carey listed shares are currently governed by the DLLCA, the W. P. Carey LLC Agreement and the W. P. Carey Bylaws. If the REIT Conversion Agreement is adopted and the W. P. Carey Merger is approved by W. P. Carey's shareholders and the REIT Conversion is completed, all existing W. P. Carey shareholders will become stockholders of W. P. Carey Inc. and their rights as a stockholder of W. P. Carey Inc. will be governed by the MGCL, the W. P. Carey Inc. Charter and the W. P. Carey Inc. Bylaws. Some important differences exist between your rights as a holder of W. P. Carey listed shares and your rights as a holder of W. P. Carey Inc. common stock.

One major difference is that, to satisfy REIT requirements under the Code and to address other concerns relating to stock ownership in W. P. Carey Inc., the W. P. Carey Inc. Charter generally prohibits any stockholder from either (i) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of stock of W. P. Carey Inc. or (ii) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc.'s common stock excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. These limitations are subject to exemption or modification by the board of directors of W. P. Carey Inc. and the estate of Wm. Polk Carey will be granted an exemption to own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc.'s stock. For more detail regarding the differences between your rights as a holder of W. P. Carey listed shares and your rights as a holder of W. P. Carey Inc. common stock, see the sections entitled Description of W. P. Carey Inc. Shares and Comparison of Rights of Shareholders of W. P. Carey and Stockholders of W. P. Carey Inc.

The forms of the W. P. Carey Inc. Charter and W. P. Carey Inc. Bylaws are attached as Annex F and Annex G to this joint proxy statement/prospectus, respectively.



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**Material Federal Income Tax Consequences of the Merger and the REIT Conversion**

As a condition to and prior to the closing of the Merger, (i) W. P. Carey Inc. and CPA 15 Merger Sub shall receive an opinion of Clifford Chance US LLP, relying on customary assumptions and representations of CPA<sup>®</sup>:15, to the effect that, at all times since its taxable year ended December 31, 2008 through the closing date of the Merger, CPA<sup>®</sup>:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and (ii) W. P. Carey Inc., W. P. Carey and CPA 15 Merger Sub shall receive an opinion from DLA Piper LLP (US) to the effect that for federal income tax purposes (A) the mergers of Carey REIT II Holdings, Inc., Carey REIT III, Inc., 308 Route 38, Inc. and Keystone Capital Company, Inc. with Merger Sub 2 Inc. in the REIT Conversion will each qualify as a reorganization under Section 368(a) of the Code; (B) the merger of CAM with a wholly-owned subsidiary of W. P. Carey Inc. in the reorganization will qualify as a reorganization within the meaning of Section 368(a) of the Code; (C) the transfer of shares of BV to W. P. Carey Inc. by operation of law pursuant to the REIT Conversion should qualify as a transfer under Section 351 of the Code; and (D) the deemed distribution of voting stock of W. P. Carey Inc. to W. P. Carey's partners should be tax-free under Treasury Regulation section 1.731-2(d)(1)(ii) to the extent W. P. Carey received the voting shares of W. P. Carey Inc. in non-recognition transactions.

Clifford Chance US LLP is of the opinion that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, holders of CPA<sup>®</sup>:15 common stock will recognize any gain on their CPA<sup>®</sup>:15 common stock for federal income tax purposes up to the amount of cash that they receive in the Merger. Holders of CPA<sup>®</sup>:15 common stock generally will not recognize gain in the Merger for federal income tax purposes in excess of the amount of cash received.

As a condition to and prior to the closing of the Merger, Clifford Chance US LLP will provide an opinion to CPA<sup>®</sup>:15 and CPA 15 Holdco to the effect that each of the merger of CPA<sup>®</sup>:15 with and into an indirect and wholly-owned subsidiary of CPA<sup>®</sup>:15 and the Merger will qualify as a reorganization under Section 368(a) of the Code. The opinion will rely on customary assumptions and representations of CPA<sup>®</sup>:15, CPA 15 Holdco, W. P. Carey, W. P. Carey Inc. and CPA 15 Merger Sub.

In addition, W. P. Carey's tax counsel, DLA Piper LLP (US), is of the opinion that the REIT Conversion will be treated for federal income tax purposes as a series of tax-free reorganizations qualifying under Section 368 of the Code followed by a transaction that should be treated as a tax-free contribution of the remaining property of W. P. Carey to W. P. Carey Inc. under Section 351 of the Code and a distribution in complete liquidation of W. P. Carey under Section 731 of the Code. Accordingly, we expect for federal income tax purposes that no gain or loss will be recognized by W. P. Carey or W. P. Carey Inc. as a result of the REIT Conversion and that you will not recognize any gain or loss upon the conversion of your W. P. Carey listed shares into W. P. Carey Inc. common stock except to the extent that your allocable share of W. P. Carey indebtedness exceeds your tax basis in your W. P. Carey shares.

The federal income tax treatment of the Merger and the REIT Conversion to holders of W. P. Carey listed shares, CPA 15 common stock and W. P. Carey Inc. common stock depends 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 of the Merger and the REIT Conversion to any particular shareholder or stockholder will depend on your particular tax circumstances. We urge you to consult your tax advisor, particularly if you are a non-U.S. holder, regarding the specific tax consequences, including the federal, state, local and foreign tax consequences, to you in light of your particular investment or tax circumstances of the Merger, the REIT Conversion, and acquiring, holding, exchanging or otherwise disposing of W. P. Carey listed shares, CPA 15 common stock and W. P. Carey Inc. common stock.

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**Qualification of W. P. Carey Inc. Following the REIT Conversion**

W. P. Carey Inc. expects to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey Inc. expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. If W. P. Carey Inc. so qualifies, it will be permitted to deduct distributions of taxable income paid to its stockholders, allowing the income represented by such distributions not to be subject to taxation at the entity level and to be taxed only at the stockholder level. Nevertheless, the income of W. P. Carey Inc.'s TRSs, which will hold its assets and operations that may not be REIT compliant as currently structured and operated, and certain REIT assets located in foreign jurisdictions will be subject, as applicable, to federal corporate income tax and to foreign income taxes where those operations are conducted. In addition, W. P. Carey Inc. will be subject to a separate corporate tax on any gain recognized during a specified period (generally ten years) following the REIT Conversion that is attributable to built-in gain with respect to its interests in CAM, Carey Management Services, Inc., BV, and Asiainvest LLC, to the extent that interests in W. P. Carey were held, directly or indirectly, by a taxable C corporation at the time of the W. P. Carey Merger.

W. P. Carey Inc.'s ability to qualify as a REIT will depend upon its continuing compliance following the REIT Conversion with various requirements, including requirements related to the nature of its assets, the sources of its income and the distributions to its stockholders. If W. P. Carey Inc. fails to qualify as a REIT, W. P. Carey Inc. will be subject to federal income tax at regular corporate rates. Even if W. P. Carey Inc. qualifies for taxation as a REIT, it may be subject to federal, state, local and foreign taxes on its income and property.

W. P. Carey's tax counsel, DLA Piper LLP (US), is of the opinion that, after the transactions described in this joint proxy statement/prospectus are completed, W. P. Carey Inc. will be organized in conformity with the requirements for qualification as a REIT under the Code and that its current and anticipated investments and its plan of operation will enable it to meet and continue to meet the requirements for qualification and taxation as a REIT under the Code. W. P. Carey's tax counsel's opinions rely on (i) the assumption that the W. P. Carey Inc. Charter, the W. P. Carey Inc. Bylaws, its licenses and all other applicable legal documents have been and will be complied with by all parties to those documents, (ii) the accuracy and completeness of the factual matters described in this joint proxy statement/prospectus, (iii) representations made by W. P. Carey and W. P. Carey Inc. as to certain factual matters relating to W. P. Carey Inc.'s organization and operations and its expected manner of operation and (iv) in part, on an opinion from Clifford Chance US LLP, counsel to CPA<sup>®</sup>:15, to the effect that at all times since its taxable year ended December 31, 2008, CPA<sup>®</sup>:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code.

The opinions of W. P. Carey's tax counsel are based upon the law as it will exist as of the date of the opinion, but the law may change in the future, possibly with retroactive effect. 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 us that W. P. Carey Inc. will so qualify for any particular year. The opinion of DLA Piper LLP (US) as to W. P. Carey Inc.'s qualification as a REIT will be expressed as of the date issued. DLA Piper LLP (US) will have no obligation to advise W. P. Carey Inc. or its stockholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. Also, the opinions of tax counsel are not binding on either the Internal Revenue Service (the IRS) or a court, and either could take a position different from that expressed by tax counsel.

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### **Potential Conflicts**

In considering the recommendations of W. P. Carey's board of directors to approve the Merger and adopt the REIT Conversion and approve the W. P. Carey Merger and CPA<sup>®</sup>:15's board of directors to approve the Merger, you should be aware that W. P. Carey, CPA<sup>®</sup>:15, and their respective officers and directors may have interests in the proposed transactions that are different from or in addition to your interests as shareholders and stockholders generally. These interests include the following:

CAM and its affiliates serve as the external advisor for CPA<sup>®</sup>:15. They will continue to receive advisory fees accrued prior to the closing of the Merger. CAM and its affiliates have waived their right to receive a termination fee and a subordinated disposition fee in connection with the Merger. At December 31, 2011, W. P. Carey had accrued and unpaid fees of \$2.3 million pursuant to the CPA<sup>®</sup>:15 Advisory Agreements. On a monthly basis, W. P. Carey earns approximately \$2.2 million in asset management fees from CPA<sup>®</sup>:15.

All of CPA<sup>®</sup>:15's officers are officers of W. P. Carey. In addition, prior to his death on January 2, 2012, Wm. Polk Carey, W. P. Carey's founder and former chairman, served as a director of CPA<sup>®</sup>:15. Mr. Carey did not serve on the CPA<sup>®</sup>:15 special committee, which was comprised solely of independent directors of CPA<sup>®</sup>:15.

In its capacity as CPA<sup>®</sup>:15's external advisor, CAM performed an initial review of potential liquidity alternatives available to CPA<sup>®</sup>:15 and recommended the Merger as the best available alternative. In addition, the CPA<sup>®</sup>:15 special committee's financial advisor and the third party valuation firm that performed CPA<sup>®</sup>:15's real estate portfolio valuation as of September 30, 2011 relied, in part, on financial information and property information provided by W. P. Carey in conducting their respective analyses.

CPA<sup>®</sup>:15 did not solicit third party bids for the company or its assets. The Merger Consideration to be paid by W. P. Carey may be less than CPA<sup>®</sup>:15's stockholders could obtain from an unaffiliated third party.

As of the CPA<sup>®</sup>:15 record date, W. P. Carey and its subsidiaries owned [ ] shares of CPA 15 common stock, all of which will be cancelled in the Merger. As of the CPA<sup>®</sup>:15 record date, executive officers and directors of W. P. Carey owned [ ] shares of CPA 15 common stock, all of which will be converted into the right to receive the Merger Consideration.

After the Merger, W. P. Carey Inc. and its affiliates will continue to manage other CPA<sup>®</sup> REITs along with other entities that have investment and rate of return objectives substantially similar to those of the combined company and will receive fees for those services. Those entities may compete with the combined company for investment, tenant and financing opportunities.

The members of W. P. Carey's and CPA<sup>®</sup>:15's respective boards of directors and the special committee of CPA<sup>®</sup>:15's board of directors were informed of the foregoing potential conflicts, and W. P. Carey's and CPA<sup>®</sup>:15's board of directors and the special committee of CPA<sup>®</sup>:15's board of directors considered such potential conflicts when they approved the proposals described in this joint proxy statement/prospectus.

### **Shares Owned by Directors and Executive Officers**

As of [ ], 2012, the directors and executive officers of W. P. Carey owned and were entitled to vote [ ] W. P. Carey listed shares, or [ ]% of the shares outstanding on that date entitled to vote with respect to each of the proposals. As of [ ], 2012, the directors and executive officers of W. P. Carey and directors of CPA<sup>®</sup>:15 owned and were entitled to vote [ ] shares of CPA 15 common stock, or [ ]% of the shares outstanding on that date entitled to vote with respect to each of the proposals. The CPA<sup>®</sup>:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any



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transaction between CPA<sup>®</sup>:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger.

We currently expect that each director and executive officer of W. P. Carey will vote the shares of CPA 15 common stock beneficially owned by such director or executive officer **FOR** approval of the Merger and **FOR** the proposal to adjourn or postpone the special meeting. We also currently expect that each director and executive officer of W. P. Carey will vote the W. P. Carey listed shares beneficially owned by such director or executive officer **FOR** approval of the Merger and **FOR** adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger and **FOR** the proposal to adjourn or postpone the special meeting.

The independent directors of CPA<sup>®</sup>:15 also serve as independent directors of CPA:16 Global and CPA:17 Global. In order to satisfy the independence requirements set forth in the organizational documents of those CPA REITs, the independent directors must divest themselves of the shares of W. P. Carey Inc. common stock that the independent directors will receive in the Merger in respect of their CPA 15 common stock. W. P. Carey Inc. will purchase such shares for cash based on the average closing price of the W. P. Carey Inc. common stock for the five trading days after the closing of the Merger.

### **Dissenters and Appraisal Rights**

Under the DLLCA, W. P. Carey shareholders will not be entitled to dissenters' rights of appraisal as a result of the REIT Conversion.

If you hold CPA 15 common stock and do not wish to receive the consideration in the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary, you are entitled to obtain payment of the fair value of your shares in cash. Your shares will then be known as objecting shares. In order to receive payment for objecting shares, you must file a written objection to the Merger at or before CPA<sup>®</sup>:15's special meeting, you must not vote in favor of the Merger, and within 20 days following the date the articles of merger for the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, you must make a written demand on CPA<sup>®</sup>:15 for the payment of your shares of CPA 15 common stock, stating the number and class of shares for which you demand payment. Strict compliance with statutory procedures is necessary in order to perfect your rights to an appraisal and to receive fair value for your shares of CPA 15 common stock. A copy of the relevant sections of the MGCL is attached to this joint proxy statement/prospectus as Annex E.

Once a demand for cash payment is filed, holders of objecting shares will cease to have any rights of a stockholder, including the right to vote or to receive W. P. Carey Inc. common stock, except the right to receive payment of the fair value of their shares. Once you make a demand for payment, you may withdraw that demand only with the consent of CPA<sup>®</sup>:15's successor. If you do not properly file a written objection to the Merger, if you vote in favor of the Merger, or if you otherwise fail to comply with the requirements of the MGCL, then you will receive one share of CPA 15 Holdco common stock, which immediately will be converted into cash in an amount equal to \$1.25 per share and 0.2326 shares of W. P. Carey Inc. common stock in the Merger for each share of CPA 15 common stock you hold.

If you object to the Merger and demand payment of the fair value of your shares, the fair value will be determined by a court. How the court will value shares of CPA 15 common stock cannot be predicted, and the fair value may be higher, lower, or equal in value to the Merger Consideration being paid in the Merger. For more information on rights of appraisal, see The Merger Agreement Objecting Stockholders' Rights of Appraisal.

**Table of Contents****SUMMARY FINANCIAL INFORMATION**

The following information has been derived from the audited consolidated financial statements of each of W. P. Carey and CPA<sup>®</sup>:15 for the five years ended December 31, 2011. This information is only a summary and should be read in conjunction with the unaudited pro forma financial statements of W. P. Carey Inc. included elsewhere in this joint proxy statement/prospectus, and the historical financial statements and related notes thereto for W. P. Carey and CPA<sup>®</sup>:15 included in this joint proxy statement/prospectus.

**Selected Historical and Pro Forma Financial Data of W. P. Carey**

The unaudited pro forma consolidated operating and balance sheet data is presented as if the Merger and the REIT Conversion occurred on December 31, 2011 for the consolidated balance sheet and January 1, 2011 for the consolidated statements of income. THE PRO FORMA INFORMATION BELOW IS HYPOTHETICAL AND DOES NOT NECESSARILY REFLECT THE FINANCIAL PERFORMANCE THAT WOULD HAVE ACTUALLY RESULTED IF THE MERGER AND THE REIT CONVERSION HAD BEEN COMPLETED ON THOSE DATES. FURTHERMORE, THIS INFORMATION DOES NOT NECESSARILY REFLECT FUTURE FINANCIAL POSITION AND RESULTS OF OPERATIONS IF THE MERGER AND THE REIT CONVERSION ACTUALLY OCCUR.

See W. P. Carey Inc. Pro Forma Consolidated Financial Statements included in this joint proxy statement/prospectus for a more detailed explanation of this analysis.

	Years Ended December 31,					Pro Forma W. P. Carey Inc. 2011 (Unaudited)
	2011	2010	Historical W. P. Carey 2009	2008	2007	
(In thousands except per share amounts)						
<b>Operating Data <sup>(1)</sup></b>						
Revenues from continuing operations <sup>(2)</sup>	\$ 336,409	\$ 269,854	\$ 228,381	\$ 230,714	\$ 249,721	\$ 542,758
Income from continuing operations <sup>(2)</sup>	141,388	86,241	63,867	68,758	66,955	181,821
<b>Net income</b>	139,138	74,951	70,568	78,605	88,789	N/A
Add: Net loss (income) attributable to noncontrolling interests	1,864	314	713	950	(4,781)	N/A
Less: Net income attributable to redeemable noncontrolling interests	(1,923)	(1,293)	(2,258)	(1,508)	(4,756)	N/A
Net income attributable to W. P. Carey shareholders	139,079	73,972	69,023	78,047	79,252	N/A
<b>Basic Earnings Per Share:</b>						
Income from continuing operations attributable to W. P. Carey shareholders	3.50	2.14	1.57	1.73	1.51	2.48
Net income attributable to W. P. Carey shareholders	3.44	1.86	1.74	1.98	2.08	N/A
<b>Diluted Earnings Per Share:</b>						
Income from continuing operations attributable to W. P. Carey shareholders	3.47	2.14	1.57	1.71	1.51	2.47
Net income attributable to W. P. Carey shareholders	3.42	1.86	1.74	1.95	2.05	N/A
Cash distributions declared per share <sup>(3)</sup>	2.19	2.03	2.00	1.96	1.88	N/A
<b>Balance Sheet Data</b>						
Net investments in real estate <sup>(4)</sup>	\$ 1,217,931	\$ 946,975	\$ 884,460	\$ 918,741	\$ 918,734	\$ 3,387,140
Total assets	1,462,623	1,172,326	1,093,336	1,111,136	1,153,284	4,625,311
Long-term obligations <sup>(5)</sup>	589,369	396,982	326,330	326,874	316,751	2,018,782
Book value per share <sup>(6)</sup>	14.01	13.62	13.79	13.81	13.63	14.98
<b>Other Information</b>						
Cash provided by operating activities	\$ 80,116	\$ 86,417	\$ 74,544	\$ 63,247	\$ 47,471	\$ N/A
Cash distributions paid	85,814	92,591	78,618	87,700	71,608	N/A

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Payment of mortgage principal <sup>(7)</sup>	25,327	14,324	9,534	9,678	16,072	N/A
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- (1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
- (2) The year ended December 31, 2011 includes \$52.5 million of incentive, termination and subordinated disposition revenue recognized in connection with the CPA<sup>®</sup>: 14/16 Merger, and for 2007, includes revenue earned in connection with CPA<sup>®</sup>:16 Global meeting its performance criterion. Additionally, the pro forma figures presented in this table include the impact of the Merger discussed in this joint proxy statement/prospectus as well as the impact of the CPA<sup>®</sup>: 14/16 Merger.
- (3) The years ended December 31, 2009 and 2007 exclude special distributions of \$0.30 per share and \$0.27 per share paid in January 2010 and January 2008 to shareholders of record at December 31, 2009 and December 31, 2007, respectively.
- (4) Net investments in real estate consists of net investments in properties, net investments in direct financing leases, equity investments in real estate and the REITs and assets held for sale, as applicable.
- (5) Represents non-recourse and limited-recourse mortgages and note obligations.
- (6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period on a pro forma basis. The total shares of common stock included in the pro forma book value per share calculation are approximately 68.0 million.
- (7) Represents scheduled mortgage principal payments.

**Selected Historical Financial Data of CPA<sup>®</sup>:15**

The following selected financial data should be read in conjunction with the consolidated financial statements of CPA<sup>®</sup>:15 and related notes in Item 8 of the accompanying consolidated financial statements of CPA<sup>®</sup>:15 (in thousands, except per share data):

	Years Ended December 31,				
	2011	2010	2009	2008	2007
<b>Operating Data <sup>(1)</sup></b>					
Total revenues	\$ 249,889	\$ 251,163	\$ 264,789	\$ 270,784	\$ 259,564
Income from continuing operations	78,970	93,954	32,419	79,960	86,686
Net income <sup>(2)</sup>	76,552	100,256	29,900	51,194	124,124
Less: Net income attributable to noncontrolling interests	(19,859)	(40,479)	(30,148)	(22,500)	(36,934)
Net income (loss) attributable to CPA <sup>®</sup> :15 stockholders	56,693	59,777	(248)	28,694	87,190
<b>Earnings (loss) per share:</b>					
Income from continuing operations attributable to CPA <sup>®</sup> :15 shareholders	0.44	0.49	0.07	0.39	0.49
Net income (loss) attributable to CPA <sup>®</sup> :15 stockholders	0.43	0.47		0.22	0.68
Cash distributions declared per share <sup>(3)</sup>	0.7286	0.7246	0.7151	0.6902	0.6691
<b>Balance Sheet Data</b>					
Total assets	\$ 2,452,884	\$ 2,694,055	\$ 2,959,088	\$ 3,189,205	\$ 3,464,637
Net investments in real estate <sup>(4)</sup>	2,034,144	2,297,754	2,540,012	2,715,417	2,882,357
Long-term obligations <sup>(5)</sup>	1,323,131	1,498,296	1,686,154	1,819,443	1,943,724
Book value per share <sup>(6)</sup>	5.15	5.23	5.09	5.57	6.14
<b>Other Information</b>					
Cash provided by operating activities	\$ 163,566	\$ 168,725	\$ 164,475	\$ 180,789	\$ 162,985
Cash distributions paid	94,272	91,743	88,939	98,153	85,327
Payments of mortgage principal <sup>(7)</sup>	73,675	79,905	92,765	42,662	54,903

- (1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
- (2) Net income in 2011, 2010, 2009 and 2008 reflected impairment charges totaling \$31.9 million, \$25.3 million, \$66.6 million and \$42.1 million, respectively, of which \$6.7 million, \$1.5 million, \$4.4 million and \$7.6 million were attributable to noncontrolling interests, respectively. In 2007, income from equity investments in real estate included \$2.4 million of impairment charges attributable to other-than-temporary declines in the fair market value of two real estate equity investments.





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- (3) Cash distributions declared per share for 2007 excluded a special cash distribution of \$0.08 per share that was paid in January 2008 to stockholders of record at December 31, 2007.
- (4) Net investments in real estate consists of net investments in properties, net investment in direct financing leases, equity investments in real estate, real estate under construction and assets held for sale, as applicable.
- (5) Represents mortgage obligations and deferred acquisition fee installments.
- (6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period.
- (7) Represents scheduled mortgage principal payments.

**Table of Contents****W. P. CAREY LISTED SHARES HISTORICAL MARKET PRICE AND DISTRIBUTION INFORMATION**

W. P. Carey's listed shares are listed on the NYSE under the ticker symbol WPC. The following table sets forth, for the periods indicated, the high and low sale prices of the common stock on the NYSE and quarterly cash distributions declared. On February 17, 2012, the last full trading day prior to the public announcement of the proposed Merger and REIT Conversion, the closing sale price of W. P. Carey listed shares on the NYSE was \$45.07 per share. You should obtain a current stock price quotation for W. P. Carey listed shares.

	High	Low	Distributions
<b>2010</b>			
First quarter	\$ 30.32	\$ 24.69	\$ 0.504 <sup>(1)</sup>
Second quarter	31.00	26.61	0.506
Third quarter	30.86	26.49	0.508
Fourth quarter	33.97	28.83	0.510
<b>2011</b>			
First quarter	\$ 38.00	\$ 29.75	\$ 0.512
Second quarter	41.82	34.75	0.550
Third quarter	42.72	32.76	0.560
Fourth quarter	44.71	34.50	0.563
<b>2012</b>			
First quarter	\$ 49.70	\$ 41.28	\$ 0.565
Second quarter (through May 3, 2012)	48.39	45.18	

(1) Excludes a special distribution of \$0.30 per share that was paid in January 2010 to shareholders of record at December 31, 2009. The special distribution was approved by W. P. Carey's board of directors as a result of an increase in its 2009 taxable income. On [ ], 2012, the latest practicable date before the printing of this joint proxy statement/prospectus, the closing sale price of W. P. Carey listed shares on the NYSE was \$[ ] per share.

It is expected that, at the closing of the REIT Conversion, W. P. Carey Inc. common stock will be listed and traded on the NYSE in the same manner in which W. P. Carey listed shares currently trade on that exchange. The historical trading prices of W. P. Carey listed shares are not necessarily indicative of the future trading prices of W. P. Carey Inc.'s common stock because, among other things, the current stock price of W. P. Carey reflects the current market valuation of W. P. Carey's current business and assets and may not reflect the proposed transactions. See the section entitled "Risk Factors - Risks Related to the REIT Conversion and the REIT Structure" The current market price of W. P. Carey listed shares may not be indicative of the market price of W. P. Carey Inc.'s common stock following the Merger and the REIT Conversion.

W. P. Carey is proposing a plan to reorganize the business operations of W. P. Carey to allow W. P. Carey Inc. to qualify as a REIT for federal income tax purposes beginning with its 2012 taxable year. W. P. Carey expects the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. If the REIT Conversion is approved by W. P. Carey shareholders and the Merger is approved by W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders, W. P. Carey Inc. expects to commence declaring regular quarterly distributions beginning in the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment, by the board of directors. The actual timing and amount of the distributions will be as determined and authorized by the board of directors and will depend on, among other factors, our financial condition, earnings, debt covenants, applicable provisions under the MGCL and other possible uses of such funds. See the section entitled "Dividend and Distribution Policy."

**Table of Contents****CPA®:15 COMMON STOCK DISTRIBUTION INFORMATION**

There is no established public trading market for shares of CPA 15 common stock. The following table sets forth, for the periods indicated, the quarterly cash distributions paid on CPA 15 common stock.

	Distributions Declared per Share	Annualized Rate (At \$9.92 per Share (1))	Amount per \$1,000 Invested
<b>2010</b>			
First quarter	\$ 0.1807	7.29%	\$ 18.07
Second quarter	\$ 0.1810	7.30%	\$ 18.10
Third quarter	\$ 0.1813	7.31%	\$ 18.13
Fourth quarter	\$ 0.1816	7.32%	\$ 18.16
<b>2011</b>			
First quarter	\$ 0.1819	7.33%	\$ 18.19
Second quarter	\$ 0.1821	7.34%	\$ 18.21
Third quarter	\$ 0.1823	7.35%	\$ 18.23
Fourth quarter	\$ 0.1823	7.35%	\$ 18.23
<b>2012</b>			
First quarter	\$ 0.1823	7.35%	\$ 18.23

- (1) Reflects an original investment of \$10.00 per share of CPA 15 common stock, less a special distribution of \$0.08 per share on January 15, 2008. The annualized rate equals the quarterly distribution multiplied by four and divided by the per share amounts shown.

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**RISK FACTORS**

*In addition to the other information in this joint proxy statement/prospectus, you should carefully consider the following risk factors relating to the proposed Merger and REIT Conversion in determining whether or not to vote for the approval of the Merger and for the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. This section includes or refers to certain forward-looking statements. See the section entitled *Cautionary Statement Concerning Forward-Looking Statements* for the qualifications and limitations of these forward-looking statements. When used in this section, unless otherwise specifically stated or the context otherwise requires, the terms *we*, *our* and *us* refer to W. P. Carey Inc. and its subsidiaries, including the taxable REIT subsidiaries, with respect to the period after the Merger and the REIT Conversion.*

**Risks Related to the Merger**

***Holders of CPA 15 common stock may be adversely affected if the Merger fails to qualify as a tax-deferred transaction.***

If the Merger were to fail to qualify as a reorganization under the Code and were to be treated as a taxable transaction, then CPA 15 Holdco will be treated as if it had sold all of its assets to W. P. Carey Inc. in exchange for W. P. Carey Inc. common stock and cash in a taxable transaction and liquidated. As a result, CPA 15 Holdco would recognize gain or loss equal to the difference between the amount of cash and the value of the W. P. Carey Inc. common stock received, plus any CPA 15 Holdco liabilities treated as assumed in the Merger, and the basis of its assets, but should generally be entitled to a dividends paid reduction in an equivalent amount. Holders of CPA 15 common stock would generally recognize gain or loss equal to the difference between the amount of cash and the value of the W. P. Carey Inc. common stock received and their basis in their shares of CPA 15 common stock.

The Merger is intended to qualify as a tax-deferred reorganization under Section 368(a)(1)(A) of the Code. There is no guarantee, however, that the IRS will agree with this treatment.

Even if the Merger is treated as a tax-deferred transaction as described above, you will still recognize any gain in either transaction to the extent that you receive cash in the Merger. In addition, special tax rules may trigger tax to non-U.S. holders of W. P. Carey listed shares and/or CPA 15 common stock in the Merger, although these rules are not expected to be applicable.

***Failure to complete the Merger could negatively affect W. P. Carey and CPA<sup>®</sup>:15.***

It is possible that the Merger may not be completed. The parties' respective obligations to complete the Merger are subject to the satisfaction or waiver of specified conditions, some of which are beyond the control of W. P. Carey and CPA<sup>®</sup>:15. For example, the Merger is conditioned on the receipt of the required approvals of W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders. If these approvals are not received, the Merger cannot be completed even if all of the other conditions to the Merger are satisfied or waived. In addition to receiving the required W. P. Carey shareholder and CPA<sup>®</sup>:15 stockholder approvals, the Merger is also conditioned upon, among other things, the closing of the REIT Conversion.

If the Merger is not completed, W. P. Carey and CPA<sup>®</sup>:15 may be subject to a number of material risks, including the following:

CPA<sup>®</sup>:15 stockholders will not have had the opportunity to achieve the liquidity event provided by the Merger and the directors of CPA<sup>®</sup>:15 will have to review other alternatives for liquidity, which may not occur in the near term or on terms as attractive as the terms of the Merger;

W. P. Carey and CPA<sup>®</sup>:15 will have incurred substantial costs related to the Merger, such as legal, accounting and financial advisor fees, which will be payable by W. P. Carey and/or CPA<sup>®</sup>:15 even if the Merger is not completed and will only be subject to reimbursement under certain circumstances;

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CPA<sup>®</sup>:15 may be required to pay W. P. Carey's out-of-pocket expenses incurred in connection with the Merger if the Merger Agreement is terminated (i) by W. P. Carey, due to a breach of any representation, warranty, covenant or agreement on the part of CPA<sup>®</sup>:15 or CPA 15 Holdco such that the closing condition relating to the accuracy of CPA<sup>®</sup>:15's and CPA 15 Holdco's representations, warranties, covenants and agreements would be incapable of being satisfied by September 30, 2012, (ii) by CPA<sup>®</sup>:15, due to CPA<sup>®</sup>:15's board of directors withdrawing its recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a superior competing transaction, or (iii) by W. P. Carey, due to CPA<sup>®</sup>:15's board of directors withdrawing or modifying in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a superior competing transaction or CPA<sup>®</sup>:15 having entered into any agreement with respect to a superior competing transaction; and

W. P. Carey may be required to pay CPA<sup>®</sup>:15's out-of-pocket expenses incurred in connection with the Merger Agreement if the Merger Agreement is terminated (i) by CPA<sup>®</sup>:15, due to a breach of any representation, warranty, covenant or agreement on the part of W. P. Carey, W. P. Carey Inc. or CPA 15 Merger Sub such that the closing condition relating to the accuracy of W. P. Carey's, W. P. Carey Inc.'s and CPA 15 Merger Sub's representations, warranties, covenants and agreements would be incapable of being satisfied by September 30, 2012, or (ii) by W. P. Carey or CPA<sup>®</sup>:15, due to the failure of the W. P. Carey shareholders to approve the Merger and the failure to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

***Because the Merger Consideration is fixed and will not be adjusted for changes in share value, the value of the consideration received by the holders of CPA<sup>®</sup>:15 may be higher or lower than the value of these shares when the Merger was negotiated.***

The Merger Consideration, including the stock component of 0.2326 shares of W. P. Carey common stock for one share of CPA 15 common stock, was determined by the board of directors of W. P. Carey and a special committee of the board of directors of CPA<sup>®</sup>:15 following negotiations based in part upon (i) the historical market price of the W. P. Carey listed shares as quoted on the NYSE, and (ii) the estimated NAV per share for CPA<sup>®</sup>:15 of \$10.40 as of September 30, 2011. The estimated NAV was determined on behalf of CPA<sup>®</sup>:15 by W. P. Carey in its capacity as CPA<sup>®</sup>:15's advisor, based in part upon a valuation of CPA<sup>®</sup>:15's real estate portfolio as of September 30, 2011, as prepared by Stanger, a third-party valuation firm, with adjustments for indebtedness, cash and other items. The Merger Consideration is fixed and will not be adjusted for changes in the price of W. P. Carey's listed shares or changes in the NAV of CPA<sup>®</sup>:15 prior to the Merger. There can be no assurance that, either individually or in the aggregate, material changes have not occurred, or will not occur, in the value of W. P. Carey's listed shares or the NAV of CPA<sup>®</sup>:15 either before or after the date of the Merger Agreement, and the value of the CPA 15 common stock surrendered in the Merger may be higher or lower than the value of these shares at the time the Merger was negotiated or approved by W. P. Carey's board of directors and CPA<sup>®</sup>:15's special committee and board of directors.

***CPA<sup>®</sup>:15 did not solicit third party bids for the company or its assets and accordingly, the Merger Consideration W. P. Carey Inc. is paying may be less than could be obtained from an unaffiliated third party or parties on an arm's-length basis.***

If CPA<sup>®</sup>:15 were selling its real estate properties to a non-affiliated third party or parties, either singly or on a portfolio basis, such purchaser or purchasers might assign different values to such properties, either singly or in the aggregate, as a result of using different valuation methodologies or assumptions, or more current market information, and therefore might be willing to pay an aggregate purchase price for such properties greater than the valuations used to determine the Merger Consideration.

In addition, CPA<sup>®</sup>:15 did not solicit third-party bids for CPA<sup>®</sup>:15 as a whole, which could have resulted in a purchase price for CPA<sup>®</sup>:15 greater than the value of the Merger Consideration being received by CPA<sup>®</sup>:15 stockholders in the Merger.

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***The terms of the Merger may not be as favorable to the CPA<sup>®</sup>:15 stockholders as if only independent representatives were involved in analyzing the transactions and providing information.***

While the board of directors of CPA<sup>®</sup>:15 formed a separate committee of independent directors and retained separate legal and financial advisors to assist CPA<sup>®</sup>:15 in evaluating the Merger, representatives of W. P. Carey, who also serve as officers of CPA<sup>®</sup>:15, performed an initial review of potential liquidity alternatives for CPA<sup>®</sup>:15 and analyzed the terms and conditions of the Merger. If only independent representatives of CPA<sup>®</sup>:15 were involved in considering liquidity alternatives for CPA<sup>®</sup>:15 and analyzing the transactions, the terms of the Merger might have been different. In addition, the CPA<sup>®</sup>:15 special committee's financial advisor and the third party valuation firm that performed CPA<sup>®</sup>:15's real estate portfolio valuation at September 30, 2011 relied, in part, on financial information and property information provided by W. P. Carey in conducting their respective analyses.

***The Merger Agreement prohibits each of CPA<sup>®</sup>:15 and W. P. Carey from soliciting competing transactions, and places conditions on CPA<sup>®</sup>:15's ability to negotiate and accept a superior competing transaction, which may adversely affect each company's stockholders.***

In the Merger Agreement, each of CPA<sup>®</sup>:15 and W. P. Carey agreed on behalf of itself and its respective affiliates and agents, beginning as of the date of the Merger Agreement, not to initiate, solicit, encourage or facilitate certain competing transactions to the Merger, subject, in the case of CPA<sup>®</sup>:15, to CPA<sup>®</sup>:15's rights to (i) enter into negotiations with respect to a competing transaction proposal that CPA<sup>®</sup>:15's board of directors has determined is reasonably likely to be superior to the Merger after giving W. P. Carey notice and the opportunity to make a new proposal; and (ii) approve, recommend or enter into a superior competing transaction after reimbursing W. P. Carey for its out of pocket expenses in connection with the Merger and the other transactions contemplated by the Merger Agreement. The prohibition on CPA<sup>®</sup>:15's and W. P. Carey's ability to initiate or solicit certain competing transactions and the conditions that CPA<sup>®</sup>:15 must satisfy in order to negotiate, approve or recommend a superior competing transaction may make it more unlikely that a competing transaction would emerge for either party and may make it more difficult and expensive for CPA<sup>®</sup>:15 to accept a competing transaction that its board of directors determines to be superior to the Merger.

***If a substantial number of CPA<sup>®</sup>:15 stockholders demand appraisal rights, our ability to pay distributions could be adversely affected.***

Objecting CPA<sup>®</sup>:15 stockholders may have the right to appraisal of their shares as described elsewhere in this joint proxy statement/prospectus. If an objecting stockholder demands payment of the fair value of its shares, the fair value may be determined by a court. If a substantial number of stockholders demand appraisal rights and the court determines that they are entitled to such rights, the combined company would be required to pay sums out-of-pocket to satisfy the dissenters' rights to fair value as objecting stockholders will not receive any Merger Consideration. We cannot predict the amount of cash it may be required to provide to any dissenter seeking appraisal rights. If those amounts are substantial, they could have a material adverse effect on the combined company's ability to pay distributions. Neither W. P. Carey nor CPA<sup>®</sup>:15 has a right to terminate the Merger Agreement based upon shareholders or stockholders exercising their appraisal rights.

### **Risks Related to the REIT Conversion and REIT Structure**

***If the REIT Conversion fails to qualify as a tax-deferred transaction, holders of W. P. Carey listed shares would be required to recognize taxable gains.***

The REIT Conversion has been structured in a manner intended to result in no recognition of gain for federal income tax purpose. Specifically, the REIT Conversion is intended to qualify in part as (i) a tax-deferred reorganization under Section 368 of the Code, (ii) a tax-deferred contribution under Section 351 of the Code and (iii) a tax-deferred distribution in complete liquidation under Section 731 of the Code. There is no guarantee, however, that the IRS will agree with this treatment.

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We intend to take the position that each of the mergers under the REIT Conversion qualifies as a tax-deferred reorganization under Section 368 of the Code. In addition, we intend to take the position that the BV Contribution, as defined on page 294, qualifies as a Section 351 contribution. If these transactions do not qualify as tax-deferred, they would generally be treated as taxable asset sales in which the holders of W. P. Carey listed shares would be required to recognize taxable gain.

Even if the REIT Conversion is treated as a tax-deferred transaction as described above, you will still recognize any gain in the REIT Conversion to the extent that you are deemed to be relieved of liabilities in excess of your adjusted tax basis in your W. P. Carey listed shares. In addition, special tax rules may trigger tax to non-U.S. holders of W. P. Carey listed shares in the REIT Conversion, although these special tax rules are not expected to be applicable.

***While we expect our tax counsel to opine that we will be properly organized as a REIT in accordance with applicable law upon effecting the REIT Conversion and the transactions contemplated thereby, those opinions are not binding on the IRS or any court and do not guarantee our qualification as a REIT.***

We expect our tax counsel, DLA Piper LLP (US), to provide an opinion prior to the closing of the Merger that, following completion of the proposed transactions for the REIT Conversion, and we will be organized in conformity with the requirements for qualification as a REIT under the Code beginning with our 2012 taxable year (we expect the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc.), and that our current and anticipated investments and plan of operation will enable us to meet and continue to meet the requirements for qualification and taxation as a REIT under the Code. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court, and either could take a position different from that expressed by counsel. The opinion of DLA Piper LLP (US) will represent only their view based on a review and analysis of existing law and will rely on (i) the assumption that the W. P. Carey Inc. Charter, the W. P. Carey Inc. Bylaws, our licenses and all other applicable legal documents have been and will be complied with by all parties to those documents; (ii) the accuracy and completeness of the factual matters described in this joint proxy statement/prospectus; (iii) representations made by us as to certain factual matters relating to W. P. Carey Inc.'s (and its subsidiaries') organization, operations and expected manner of operation; and (iv) in part, upon an opinion from Clifford Chance US LLP, counsel to CPA<sup>®</sup>:15, to the effect that at all times since its taxable year ended December 31, 2008, CPA<sup>®</sup>:15 has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code. 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 us that we will so qualify for any particular year. Any opinion of DLA Piper LLP (US) as to our qualification and taxation as a REIT will be expressed as of the date issued. DLA Piper LLP (US) will have 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.

Furthermore, both the validity of any opinion of DLA Piper LLP (US) and our qualification and taxation as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the quarterly asset tests under applicable Code provisions and Treasury Regulations will depend in part upon the W. P. Carey Inc. board of directors' good faith analysis of the fair market values of our assets, some of which are not susceptible to a precise determination. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. While we believe that we will satisfy these tests, DLA Piper LLP (US) will not review compliance with these tests on a continuing basis.



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***Because the current market price of W. P. Carey listed shares may not be indicative of the market price of W. P. Carey Inc.'s common stock following the Merger and the REIT Conversion, the stock price of W. P. Carey Inc.'s common stock following the Merger could be lower.***

W. P. Carey's current share price may not be indicative of how the market will value W. P. Carey Inc.'s common stock following the Merger and the REIT Conversion because of the change in W. P. Carey's organization from a limited liability company to a corporation qualified as a REIT and the change in W. P. Carey's distribution policy. W. P. Carey's listed share price does not necessarily take into account these effects, and the stock price after the Merger and the REIT Conversion could be lower than the current price. Furthermore, one of the factors that may influence the price of W. P. Carey Inc. common stock will be the yield from distributions on W. P. Carey Inc. common stock compared to yields on other financial instruments. If, for example, an increase in market interest rates results in higher yields on other financial instruments, the market price of our common stock could be adversely affected. In addition, our use of TRSs may cause the market to value our common stock differently than the shares of other REITs, which may not use TRSs as extensively as we currently expect to do so. The market price of W. P. Carey Inc.'s common stock will also be affected by general market conditions (as the price of the W. P. Carey listed shares currently is) and will be potentially affected by the economic and market perception of REIT securities.

***If we fail to qualify as a REIT or fail to remain qualified as a REIT, we would be subject to federal income tax at corporate income tax rates and would not be able to deduct distributions to shareholders when computing our taxable income.***

We are currently not treated as a REIT for federal income tax purposes. The W. P. Carey board of directors has authorized us to take the steps necessary to elect to be treated as a REIT for federal income tax purposes beginning with our 2012 taxable year. We expect the REIT election to be effective from February 15, 2012, the date of incorporation of W. P. Carey Inc. In order to qualify as a REIT, we plan to hold our non-qualifying REIT assets and conduct our non-qualifying REIT income activities in or through one or more TRSs.

If, in any taxable year, we fail to qualify for taxation as a REIT, and are not entitled to relief under the Code:

we will not be allowed a deduction for distributions to stockholders in computing our taxable income;

we will be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates; and

we would not be eligible to qualify as a REIT for the four taxable years following the year during which we were so disqualified. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distributions to our stockholders, which in turn could have an adverse impact on the value of our common stock. This adverse impact could last for five or more years because, unless we are entitled to relief under certain statutory provisions, we will be taxed as a corporation, beginning in the year in which the failure occurs, and we will not be allowed to re-elect to be taxed as a REIT for the following four years.

If we fail to qualify for taxation as a REIT, we may need to borrow funds or liquidate some investments to pay the additional tax liability. Were this to occur, funds available for investment would be reduced.

REIT qualification involves the application of highly technical and complex provisions of the Code to our operations, as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Although we plan to operate in a manner consistent with the REIT qualification rules, we cannot assure you that we will so qualify or remain so qualified.

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***If we fail to make required distributions, we may be subject to federal corporate income tax.***

Following the completion of the Merger and the REIT Conversion, we intend to declare regular quarterly distributions commencing with the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment, by the W. P. Carey Inc. board of directors. To qualify and be taxed as a REIT, we will generally be required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all or substantially all of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain the proposed quarterly distributions that approximate our taxable income, and may fail to qualify for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments.

To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders for a calendar year is less than a minimum amount specified under the Code.

In addition, to qualify as a REIT, any C corporation earnings and profits to which we succeed (such as by a deemed liquidation of a taxable corporate subsidiary) must be distributed as of the close of the taxable year in which the REIT accumulates or acquires such C corporation's earnings and profits. As a result, we would be required to distribute any earnings and profits acquired from any taxable corporate subsidiary liquidation prior to the close of the taxable year in which the Merger and the REIT Conversion transactions occur, though we do not expect any such earnings and profits to be acquired.

***Because certain covenants in our future debt instruments may limit our ability to make required REIT distributions, we could be subject to taxation.***

Our future debt instruments may include covenants that limit our ability to make required REIT distributions. If the limits set forth in these covenants prevent us from satisfying our REIT distribution requirements, we could fail to qualify for taxation as a REIT. If the limits set forth in these covenants do not jeopardize our qualification for taxation as a REIT but do nevertheless prevent us from distributing 100% of our REIT taxable income, we will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts.

***Because we will be required to satisfy numerous requirements imposed upon REITs, we may be required to borrow funds, sell assets, or raise equity on terms that are not favorable to us.***

In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings. Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt, to sell assets, or to offer equity securities in order to fund distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our total leverage. For a discussion of risks related to our level of indebtedness, see [Risks Related to our Business](#). Our use of debt to finance investments could adversely affect our cash flow.

In addition, if we fail to comply with certain asset ownership tests described below under [Material Federal Income Tax Considerations](#) at the end of any calendar quarter, we must generally correct the failure within

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30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders.

***Because the REIT rules require us to satisfy certain rules on an ongoing basis, our flexibility or ability to pursue otherwise attractive opportunities may be limited.***

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of W. P. Carey Inc. common stock. Thus, compliance with these tests will require us to refrain from certain activities discussed in Material Federal Income Tax Considerations and may hinder our ability to make certain attractive investments, including the purchase of non-qualifying assets, the expansion of non-real estate activities, and investments in the businesses to be conducted by our TRSs, and to that extent limit our opportunities and our flexibility to change our business strategy. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require the target company to comply with some REIT requirements prior to closing. In addition, our conversion to a REIT may result in investor pressures not to pursue growth opportunities that are not immediately accretive.

To meet our annual distribution requirements, we may be required to distribute amounts that may otherwise be used for our operations, including amounts that may otherwise be invested in future acquisitions, capital expenditures or repayment of debt and it is possible that we might be required to borrow funds, sell assets or raise equity to fund these distributions, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings.

***Because the REIT provisions of the Code limit our ability to hedge effectively, the cost of our hedging may increase, and we may incur tax liabilities.***

The REIT provisions of the Code limit our ability to hedge assets as well as liabilities which are not incurred to acquire or carry real estate. Generally, income from hedging transactions which have been properly identified for tax purposes and that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets and income from certain currency hedging transactions related to our non-U.S. operations does not constitute gross income for purposes of the REIT 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 REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs could be subject to tax on income or gains resulting from hedges entered into by them or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in any of our TRSs generally will not provide any tax benefit, except for being carried forward for use against future taxable income in the TRSs.

***Because the REIT rules limit our ability to receive distributions from TRSs, our ability to fund distribution payments using cash generated through our TRSs may be limited.***

Our ability to receive distributions from our TRSs is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from real estate-related sources, which principally includes gross income from the leasing of our communications sites and rental-related services. Consequently, no more than 25% of our gross income may consist of dividend income from our TRSs and other non-qualifying types of income. Thus, our ability to receive distributions from our TRSs may be limited, and may impact our ability to fund distributions to our stockholders using cash flows from our TRSs. Specifically, if our TRSs became highly profitable, we might become limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability.

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***We intend to extensively use TRSs, which may cause us to fail to qualify as a REIT.***

The net income of our TRSs is not required to be distributed to us, and income that is not distributed to us generally will not be subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our securities in our TRSs and certain other non-qualifying assets to exceed 25% of the fair market value of our assets, we would fail to qualify as a REIT.

***Our ownership of our TRSs will be subject to limitations that could prevent us from growing our investment management business and our transactions with our TRSs could cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on an arm's-length basis.***

Overall, no more than 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs, and compliance with this limitation could limit our ability to grow our investment management business. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. We will monitor the value of our respective investments in our TRSs for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRSs on terms that we believe are arm's-length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% TRS limitation or to avoid application of the 100% excise tax.

***Because the W. P. Carey Inc. board of directors determine in their sole discretion the dividend on a quarterly basis, our cash distributions are not guaranteed and may fluctuate.***

The W. P. Carey Inc. board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity, applicable provisions of the MGCL and other factors, including debt covenant restrictions that may impose limitations on cash payments, and future acquisitions and divestitures. Consequently, our distribution levels may fluctuate.

***Because distributions payable by REITs generally do not qualify for reduced tax rates, the value of W. P. Carey Inc.'s common stock could be adversely affected.***

Certain distributions payable by domestic or qualified foreign corporations to individuals, trusts and estates that are U.S. shareholders, as defined below under Material Federal Income Tax Considerations, are currently eligible for federal income tax at a maximum rate of 15% and are scheduled to be taxed at ordinary income rates for taxable years beginning after December 31, 2012. Distributions payable by REITs, in contrast, generally are not eligible for the current reduced rates unless the distributions are attributable to dividends received by the REIT from other corporations which would be eligible for the reduced rates. The more favorable rates applicable to regular corporate distributions could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay distributions, which could adversely affect the value of the stock of REITs, including W. P. Carey Inc.'s common stock.

***Even if we qualify as a REIT, certain of our business activities will be subject to corporate level income tax and foreign taxes, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.***

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and state,

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local or foreign income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT.

Any TRS assets and operations would continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. Any of these taxes would decrease our earnings and our cash available for distributions to shareholders.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on all or a portion of the gain recognized from a sale of assets formerly held by any C corporation that we acquire in a carry over basis transaction occurring within a specified period (generally, ten years) after we acquire such assets, to the extent the built-in gain based on the fair market value of those assets on the effective date of the REIT election is in excess of our then tax basis. The tax on subsequently sold assets will be based on the fair market value and built-in gain of those assets as of the beginning of W. P. Carey Inc.'s holding period. Gains from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We expect to have only a de minimis amount of assets subject to these corporate tax rules and do not expect to dispose of any significant assets subject to these corporate tax rules.

***Because dividends received by non-U.S. shareholders are generally taxable, we may be required to withhold a portion of our distributions to such persons.***

Ordinary dividends received by non-U.S. shareholders that are not effectively connected with the conduct of a United States trade or business generally are subject to United States withholding tax at a rate of 30%, unless reduced by an applicable income tax treaty. Additional rules will apply to any non-U.S. shareholders that will own more than 5% of W. P. Carey Inc. common stock with respect to certain capital gain distributions.

***The ability of the W. P. Carey Inc. board of directors to revoke our REIT qualification, without stockholder approval, may cause adverse consequences to our stockholders.***

The W. P. Carey Inc. Charter provides that the board of directors may revoke or otherwise terminate the REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income, and we will be subject to federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our stockholders.

***Federal income tax laws governing REITs and related interpretations may change at any time and any such legislative or other actions affecting REITs could have a negative effect on us and our stockholders.***

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the United States Department of the Treasury, and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us or our stockholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us or our stockholders may be changed. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to you or us of such qualification.

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### **Risks Related to Our Business**

*The recent financial and economic crisis adversely affected our business, and the continued uncertainty in the global economic environment may adversely affect our business in the future.*

We and our managed funds are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. During 2011 we saw slow improvement in the U.S. economy following the significant distress experienced in 2008 and 2009. Toward the end of 2011, however, there was an increase in international economic uncertainty as a result of the sovereign debt crisis and a deterioration of economic fundamentals in Europe. To date, these crises have had a limited impact on our business, primarily in that a number of tenants, particularly in the portfolios of the CPA® REITs, have experienced increased levels of financial distress, with several having filed for bankruptcy protection, although our experience in 2011 reflected an improvement from 2009 and 2010. Currently, conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain.

If the economic situation worsens, we could in the future experience a number of additional effects on our business, including higher levels of default in the payment of rent by our tenants, additional bankruptcies and impairments in the value of our property investments, as well as difficulties in financing transactions and refinancing existing loans as they come due. Any of these conditions may negatively affect our earnings, as well as our cash flow and, consequently, our ability to sustain the payment of dividends at current levels.

Our managed funds may also be adversely affected by these conditions, and their earnings or cash flow may also be adversely affected by other events, such as increases in the value of the U.S. Dollar relative to other currencies in which they receive rent, as well as the need to expend cash to fund increased redemptions. Additionally, the ability of CPA®:17 Global and CWI to make new investments will be affected by the availability of financing as well as their ability to raise new funds. Decreases in the value of the assets held by the REITs will adversely affect the asset management revenues payable to us, as well as the value of the stock we hold in the REITs, and decreases in these funds' earnings or ability to pay distributions may also affect their ability to make the payments due to us, as well as our income and cash flow from the REIT distribution payments.

*Revenue and earnings from our investment management operations are subject to volatility, which may cause our investment management revenue to fluctuate.*

Growth in 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 because of the resulting fluctuation in transaction-based revenue. Asset management revenue may be affected by factors that include not only our ability to increase the REITs' portfolio of properties under management, but also changes in valuation of those properties, as well as sales of the 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 REIT interests and dividend income from those interests, may be significantly affected by the results of operations of the REITs, in particular, those of CPA®:15 and CPA®:16 Global, since at December 31, 2011 we owned 7.7% and 17.9% of their outstanding shares, respectively. Each of the CPA® REITs has invested substantially all of its assets (other than short-term investments) in triple-net leased properties substantially similar to those we hold, and consequently the results of operations of, and cash available for distribution by, each of the CPA® REITs, is likely to be substantially affected by the same market conditions, and subject to the same risk factors, as the properties we own. Four of the sixteen CPA® funds temporarily reduced the rate of distributions to their investors as a result of adverse developments involving tenants.

Each of the REITs we currently manage may incur significant debt, which either due to liquidity problems or restrictive covenants contained in their borrowing agreements, could restrict their ability to pay revenue owed

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to us when due. In addition, the revenue payable under each of our current investment advisory agreements is subject to a variable annual cap based on a formula tied to the assets and income of that REIT. This cap may limit the growth of our management revenue. Furthermore, our ability to earn revenue related to the disposition of properties is primarily tied to providing liquidity events for the REIT investors. Our ability to provide that liquidity, and to do so under circumstances that will satisfy the applicable subordination requirements noted below in Information about W. P. Carey Business Objectives and Strategy Investment Management Other Revenue, will depend on market conditions at the relevant time, which may vary considerably over a period of years. In any case, liquidity events typically occur several years apart, and income from our investment management operations is likely to be significantly higher in those years in which such events occur.

***Because the revenue streams from the investment advisory agreements with the CPA®REITs are subject to limitation or cancellation, any such termination could have a material adverse effect on our business, results of operations and financial condition.***

The agreements under which we provide investment advisory services are renewable annually in September and may generally be terminated by each REIT upon 60 days' notice, with or without cause, and are currently scheduled to expire on the earlier of September 30, 2012 and the closing date of the Merger, unless otherwise renewed. There can be no assurance that these agreements will not expire or be terminated. If the Merger is consummated, we have agreed to waive fees to which we were formerly entitled to be paid by CPA®:15 in connection with a liquidity event, including termination fees and subordinated disposition fees. CPA®:17 Global, CPA®:16 Global and CWI have the right, but not the obligation, upon certain terminations to repurchase our interests in their operating partnerships at fair market value. If such right is not exercised, we would remain as a limited partner of the operating partnerships. Nonetheless, any such termination could have a material adverse effect on our business, results of operations and financial condition.

***Changes in investor preferences or market conditions could limit our ability to raise funds or make new investments.***

Substantially all of our and the CPA® REITs' current investments, as well as the majority of the investments we expect to originate for the CPA® REITs in the near term, are investments in single-tenant commercial properties that are subject to triple-net leases. In addition, we have relied predominantly on raising funds from individual investors through the sale by participating selected dealers to their customers of publicly-registered, non-traded securities of the REITs. Although we have increased the number of broker-dealers we use for fundraising, historically the majority of our fundraising efforts have been through one major selected dealer. If, as a result of changes in market receptivity to investments that are not readily liquid and involve high selected dealer fees, or for other reasons, this capital raising method were to become less available as a source of capital, our ability to raise funds for the REIT programs, and consequently our ability to make investments on their behalf, could be adversely affected. While we are not limited to this particular method of raising funds for investment (and, among other things, the REITs may themselves be able to borrow additional funds to invest), our experience with other means of raising capital is limited. Also, many factors, including changes in tax laws or accounting rules, may make these types of investments less attractive to potential sellers and lessees, which could negatively affect our ability to increase the amount of assets of this type under management.

***We face active competition for investments.***

We face active competition for our investments from many sources, including insurance companies, credit companies, pension funds, private individuals, financial institutions, finance companies and investment companies, among others. These institutions may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. In addition, our evaluation of the acceptability of rates of return on behalf of the REITs is affected by such factors as the cost of raising capital, the amount of revenue we can earn and the performance hurdle rates of the relevant REITs. Thus, the effect of the cost of raising capital and the revenue we can earn may be to limit the amount of new investments we make on behalf of the REITs, which will

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in turn limit the growth of revenues from our investment management operations. The investment community continues to remain risk averse. We believe that the net lease financing market is perceived as a relatively conservative investment vehicle. Accordingly, we expect increased competition for investments, both domestically and internationally. It is possible that further capital inflows into our marketplace will place additional pressure on the returns we can generate from our investments and our willingness and ability to execute transactions.

***A substantial amount of our leases will expire within the next five years, and we may have difficulty in re-leasing or selling our properties if tenants do not renew their leases.***

Within the next five years, approximately 27% of the combined company's leases, based on annualized contractual minimum base rent, are due to expire. If these leases are not renewed, or if the properties cannot be re-leased on terms that yield payments comparable to those currently being received, then the lease revenues of the combined company could be substantially adversely affected. The terms of any new or renewed leases of these properties may depend on market conditions prevailing at the time of lease expiration. In addition, if properties are vacated by the current tenants, the combined company may incur substantial costs in attempting to re-lease such properties. The combined company may also seek to sell these properties, in which event we may incur losses, depending upon market conditions prevailing at the time of sale.

Real estate investments generally lack liquidity compared to other financial assets, and this lack of liquidity will limit our ability to quickly change our portfolio in response to changes in economic or other conditions. Some of our net leases are for properties that are specially suited to the particular needs of the tenant. With these properties, we may be required to renovate the property or to make rent concessions in order to lease the property to another tenant. In addition, if we are forced to sell the property, we may have difficulty selling it to a party other than the tenant due to the special purpose for which the property may have been designed. These and other limitations may affect our ability to re-lease or sell properties without adversely affecting returns to shareholders.

***Due to our investment advisory agreements with the REITs, our portfolio growth is constrained by our obligations to offer property transactions to the REITs.***

Under our investment advisory agreements with the REITs, we are required to use our best efforts to present a continuing and suitable investment program to them. In recent years, new property investment opportunities have generally been made available by us to the REITs. While the allocation of new investments to the REITs fulfills our duty to present a continuing and suitable investment program and enhances the revenues from our investment management operations, it also restricts the potential growth of revenues from our real estate ownership and our ability to diversify our portfolio.

***Because we invest in properties located outside the U.S., we are exposed to additional risks.***

We have invested in and may continue to invest in properties located outside the U.S. At December 31, 2011, our directly-owned real estate properties located outside of the U.S. represented 10% of current annualized contractual minimum base rent. These investments may be affected by factors particular to the laws of the jurisdiction in which the property is located. These investments may expose us to risks that are different from and in addition to those commonly found in the U.S., including:

changing governmental rules and policies;

enactment of laws relating to the foreign ownership of property and laws relating to the ability of foreign entities to remove invested capital or profits earned from activities within the country to the U.S.;

expropriation of investments;

legal systems under which the ability to enforce contractual rights and remedies may be more limited than would be the case under U.S. law;



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difficulty in conforming obligations in other countries and the burden of complying with a wide variety of foreign laws, which may be more stringent than U.S. laws, including tax requirements and land use, zoning, and environmental laws, as well as changes in such laws;

adverse market conditions caused by changes in national or local economic or political conditions;

tax requirements vary by country and we may be subject to additional taxes as a result of our international investments;

changes in relative interest rates;

changes in the availability, cost and terms of mortgage funds resulting from varying national economic policies;

changes in real estate and other tax rates and other operating expenses in particular countries;

changes in land use and zoning laws;

more stringent environmental laws or changes in such laws; and.

restrictions and/or significant costs in repatriating cash and cash equivalents held in foreign bank accounts.

In addition, the lack of publicly available information in accordance with GAAP could impair our ability to analyze transactions and may cause us to forego an investment opportunity for ourselves or the REITs. It may also impair our ability to receive timely and accurate financial information from tenants necessary to meet our and the REITs' reporting obligations to financial institutions or governmental or regulatory agencies. Certain of these risks may be greater in emerging markets and less developed countries. Our expertise to date is primarily in the U.S. and Europe, and we have less experience in other international markets. We may not be as familiar with the potential risks to our and the REITs' investments outside the U.S. and Europe and we could incur losses as a result.

Also, we may rely on third-party asset managers in international jurisdictions to monitor compliance with legal requirements and lending agreements with respect to properties we own or manage on behalf of the REITs. Failure to comply with applicable requirements may expose us or our operating subsidiaries to additional liabilities.

Moreover, we are subject to changes in foreign exchange rates due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. Our principal currency exposure is to the Euro. We attempt to mitigate a portion of the risk of currency fluctuation by financing our properties in the local currency denominations, although there can be no assurance that this will be effective. Because we generally place both our debt obligation to the lender and the tenant's rental obligation to us in the same currency, our results of foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies; that is, absent other considerations, a weaker U.S. dollar will tend to increase both our revenues and our expenses, while a stronger U.S. dollar will tend to reduce both our revenues and our expenses.

*If we recognize substantial impairment charges on our properties, our net income may be reduced.*

We have recognized impairment charges of \$39.5 million, \$42.1 million and \$77.1 million for the years ended December 31, 2011, 2010 and 2009, respectively. In the future, we may incur substantial impairment charges, which we are required to recognize whenever we sell a property for less than its carrying value or we determine that the carrying amount of the property is not recoverable and exceeds its fair value (or, for direct financing leases, that the unguaranteed residual value of the underlying property has declined). By their nature, the timing or extent of impairment charges are not predictable. We may incur non-cash impairment charges in the future, which may reduce our net income.



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***Because we use debt to finance investments, our cash flow could be adversely affected.***

Most of our investments are made by borrowing a portion of the total investment and securing the loan with a mortgage on the property. We generally borrow on a non-recourse basis to limit our exposure on any property to the amount of equity invested in the property. If we are unable to make our debt payments as required, a lender could foreclose on the property or properties securing its debt. Additionally, lenders for our international mortgage loan transactions typically incorporate covenants and other provisions that can cause a loan default, including a loan to value ratio, a debt service coverage ratio and a material adverse change in the borrower's or tenant's business. Accordingly, if the real estate value declines or the tenant defaults, the lender would have the right to foreclose on its security. If any of these events were to occur, it could cause us to lose part or all of our investment, which in turn could cause the value of our portfolio, and revenues available for distribution to our stockholders, to be reduced.

Some of our financing may also require us to make a balloon payment at maturity. Our ability to make balloon payments on debt will depend upon our ability either to refinance the obligation when due, invest additional equity in the property or to sell the related property. When the balloon payment is due, we may be unable to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. Our ability to accomplish these goals will be affected by various factors existing at the relevant time, such as the state of the national and regional economies, local real estate conditions, available mortgage or interest rates, availability of credit, our equity in the mortgaged properties, our financial condition, the operating history of the mortgaged properties and tax laws. A refinancing or sale could affect the rate of return to shareholders and the projected time of disposition of our assets.

***Our leases may permit tenants to purchase a property at a predetermined price, which could limit our realization of any appreciation or result in a loss.***

In some circumstances, we may grant tenants a right to repurchase the property they lease from us. The purchase price may be a fixed price or it may be based on a formula or the market value at the time of exercise. If a tenant exercises its right to purchase the property and the property's market value has increased beyond that price, we could be limited in fully realizing the appreciation on that property. Additionally, if the price at which the tenant can purchase the property is less than our carrying value (for example, where the purchase price is based on an appraised value), we may incur a loss.

***We do not fully control the management of our net properties.***

The tenants or managers of net leased properties are responsible for maintenance and other day-to-day management of the properties. If a property is not adequately maintained in accordance with the terms of the applicable lease, we may incur expenses for deferred maintenance expenditures or other liabilities once the property becomes free of the lease. While our leases generally provide for recourse against the tenant in these instances, a bankrupt or financially troubled tenant may be more likely to defer maintenance and it may be more difficult to enforce remedies against such a tenant. In addition, to the extent tenants are unable to conduct their operation of the property on a financially successful basis, their ability to pay rent may be adversely affected. Although we endeavor to monitor, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of our properties, such monitoring may not in all circumstances ascertain or forestall deterioration either in the condition of a property or the financial circumstances of a tenant.

***The value of our real estate is subject to fluctuation.***

We are subject to all of the general risks associated with the ownership of real estate. While the revenues from our leases and those of the REITs are not directly dependent upon the value of the real estate owned, significant declines in real estate values could adversely affect us in many ways, including a decline in the residual values of properties at lease expiration; possible lease abandonments by tenants; a decline in the attractiveness of REIT investments that may impede our ability to raise new funds for investment by the REITs

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and a decline in the attractiveness of triple-net lease transactions to potential sellers. We also face the risk that lease revenue will be insufficient to cover all corporate operating expenses and debt service payments on indebtedness we incur. General risks associated with the ownership of real estate include:

adverse changes in general or local economic conditions;

changes in the supply of or demand for similar or competing properties;

changes in interest rates and operating expenses;

competition for tenants;

changes in market rental rates;

inability to lease or sell properties upon termination of existing leases;

renewal of leases at lower rental rates;

inability to collect rents from tenants due to financial hardship, including bankruptcy;

changes in tax, real estate, zoning and environmental laws that may have an adverse impact upon the value of real estate;

uninsured property liability, property damage or casualty losses;

unexpected expenditures for capital improvements or to bring properties into compliance with applicable federal, state and local laws;

exposure to environmental losses;

changes in foreign exchange rates; and

acts of God and other factors beyond the control of our management.

***Because most of our properties are occupied by a single tenant, our success is materially dependent upon their financial stability.***

Most of the properties of the combined company will be occupied by a single tenant and, therefore, the success of the combined company's investments is materially dependent on the financial stability of these tenants. Revenues from several of the combined company's tenants/guarantors will constitute a significant percentage of its lease revenues. The combined company's five largest tenants/guarantors

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represented approximately 26% of total lease revenues in 2011. Lease payment defaults by tenants negatively impact our, and will negatively impact the combined company's, net income and reduce the amounts available for distributions to shareholders. As some of these tenants may not have a recognized credit rating, these tenants may have a higher risk of lease defaults than if those tenants had a recognized credit rating. In addition, the bankruptcy of a tenant could cause the loss of lease payments as well as an increase in the costs incurred to carry the property until it can be re-leased or sold. We have had, and the combined company may have, tenants file for bankruptcy protection. In the event of a default, the combined company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting the investment and re-leasing the property. If a lease is terminated, there is no assurance that the combined company will be able to re-lease the property for the rent previously received or sell the property without incurring a loss.

***The bankruptcy or insolvency of tenants or borrowers may cause a reduction in our revenue and expenses.***

Bankruptcy or insolvency of a tenant or borrower could cause:

the loss of lease or interest and principal payments;

an increase in the costs incurred to carry the property;

litigation;

a reduction in the value of our shares; and

a decrease in distributions to our stockholders.

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Under U.S. bankruptcy law, a tenant who is the subject of bankruptcy proceedings has the option of assuming or rejecting any unexpired lease. If the tenant rejects the lease, any resulting claim we have for breach of the lease (excluding collateral securing the claim) will be treated as a general unsecured claim. The maximum claim will be capped at the amount owed for unpaid rent prior to the bankruptcy unrelated to the termination, plus the greater of one year's lease payments or 15% of the remaining lease payments payable under the lease (but no more than three years' lease payments). In addition, due to the long-term nature of our leases and, in some cases, terms providing for the repurchase of a property by the tenant, a bankruptcy court could recharacterize a net lease transaction as a secured lending transaction. If that were to occur, we would not be treated as the owner of the property, but we might have rights as a secured creditor. Those rights would not include a right to compel the tenant to timely perform its obligations under the lease but may instead entitle us to adequate protection, a bankruptcy concept that applies to protect against a decrease in the value of the property if the value of the property is less than the balance owed to us.

Insolvency laws outside of the U.S. may not be as favorable to reorganization or to the protection of a debtor's rights as tenants under a lease as are the laws in the U.S. Our rights to terminate a lease for default may be more likely to be enforceable in countries other than the U.S., in which a debtor/tenant or its insolvency representative may be less likely to have rights to force continuation of a lease without our consent. Nonetheless, such laws may permit a tenant or an appointed insolvency representative to terminate a lease if it so chooses.

However, in circumstances where the bankruptcy laws of the U.S. are considered to be more favorable to debtors and to their reorganization, entities that are not ordinarily perceived as U.S. entities may seek to take advantage of the U.S. bankruptcy laws if they are eligible. An entity would be eligible to be a debtor under the U.S. bankruptcy laws if it had a domicile (state of incorporation or registration), place of business or assets in the U.S. If a tenant became a debtor under the U.S. bankruptcy laws, then it would have the option of assuming or rejecting any unexpired lease. As a general matter, after the commencement of bankruptcy proceedings and prior to assumption or rejection of an expired lease, U.S. bankruptcy laws provide that until an unexpired lease is assumed or rejected, the tenant (or its trustee if one has been appointed) must timely perform obligations of the tenant under the lease. However, under certain circumstances, the time period for performance of such obligations may be extended by an order of the bankruptcy court.

W. P. Carey and the CPA<sup>®</sup> REITs have had tenants file for bankruptcy protection and have been involved in bankruptcy-related litigation (including several international tenants). Four prior REITs under the Corporate Property Associates brand name reduced the rate of distributions to their investors as a result of adverse developments involving tenants.

Similarly, if a borrower under one of our loan transactions declares bankruptcy, there may not be sufficient funds to satisfy its payment obligations to us, which may adversely affect our revenue and distributions to our stockholders. The mortgage loans in which we may invest and the mortgage loans underlying the mortgage-backed securities in which we may invest may be subject to delinquency, foreclosure and loss, which could result in losses to us.

***Because we are subject to possible liabilities relating to environmental matters, we could incur unexpected costs and our ability to sell or otherwise dispose of a property may be negatively impacted.***

We own commercial properties and are subject to the risk of liabilities under federal, state and local environmental laws. These responsibilities and liabilities also exist for properties owned by the REITs and if they become liable for these costs, their ability to pay for our services could be materially affected. Some of these laws could impose the following on us:

responsibility and liability for the cost of investigation and removal or remediation of hazardous or toxic substances released on or from our property, generally without regard to our knowledge of, or responsibility for, the presence of these contaminants;

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liability for the costs of investigation and removal or remediation of hazardous substances at disposal facilities for persons who arrange for the disposal or treatment of such substances;

liability for claims by third parties based on damages to natural resources or property, personal injuries, or costs of removal or remediation of hazardous or toxic substances in, on, or migrating from our property;

responsibility for managing asbestos-containing building materials, and third-party claims for exposure to those materials; and

claims being made against us by the REITs for inadequate due diligence.

Our costs of investigation, remediation or removal of hazardous or toxic substances, or for third-party claims for damages, may be substantial. The presence of hazardous or toxic substances at any of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination or otherwise adversely affect our ability to sell or lease the property or to borrow using the property as collateral. While we attempt to mitigate identified environmental risks by contractually requiring tenants to acknowledge their responsibility for complying with environmental laws and to assume liability for environmental matters, circumstances may arise in which a tenant fails, or is unable, to fulfill its contractual obligations. In addition, environmental liabilities, or costs or operating limitations imposed on a tenant to comply with environmental laws, could affect its ability to make rental payments to us. Also, and although we endeavor to avoid doing so, we may be required, in connection with any future divestitures of property, to provide buyers with indemnification against potential environmental liabilities.

***A potential change in U.S. accounting standards regarding operating leases may make the leasing of facilities less attractive to our potential domestic tenants, which could reduce overall demand for our leasing services.***

Under current authoritative accounting guidance for leases, a lease is classified by a tenant as a capital lease if the significant risks and rewards of ownership are considered to reside with the tenant. This situation is considered to be met if, among other things, the non-cancelable lease term is more than 75% of the useful life of the asset or if the present value of the minimum lease payments equals 90% or more of the leased property's fair value. Under capital lease accounting for a tenant, both the leased asset and liability are reflected on their balance sheet. If the lease does not meet any of the criteria for a capital lease, the lease is considered an operating lease by the tenant and the obligation does not appear on the tenant's balance sheet; rather, the contractual future minimum payment obligations are only disclosed in the footnotes thereto. Thus, entering into an operating lease can appear to enhance a tenant's balance sheet in comparison to direct ownership. In response to concerns caused by a 2005 SEC study that the current model does not have sufficient transparency, the Financial Accounting Standards Board ( FASB ) and the International Accounting Standards Board ( IASB ) issued an Exposure Draft on a joint proposal that would dramatically transform lease accounting from the existing model. The FASB and IASB met during July 2011 and voted to re-expose the proposed standard. A revised exposure draft for public comment is currently expected to be issued in the first half of 2012, with a final standard expected to be issued during 2012. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized. Changes to the accounting guidance could affect both our and the REITs' accounting for leases as well as that of our and the REITs' tenants. These changes would impact most companies but are particularly applicable to those that are significant users of real estate. The proposal outlines a completely new model for accounting by lessees, whereby their rights and obligations under all leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize.

***We depend on key personnel for our future success, and the loss of key personnel or inability to attract and retain personnel could harm our business.***

Our future success depends in large part on our ability to hire and retain a sufficient number of qualified personnel. Our future success also depends upon the continued service of our executive officers: Trevor P. Bond,

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our President and Chief Executive Officer; Mark J. DeCesaris, our Chief Financial Officer; Thomas E. Zacharias, our Chief Operating Officer and the head of our Asset Management Department; John D. Miller, our Chief Investment Officer; and Mark Goldberg, President of Carey Financial, LLC. The loss of the services of any of these officers could have a material adverse effect on our operations.

***Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations, and they require management to make estimates, judgments and assumptions about matters that are inherently uncertain.***

Our accounting policies and methods are fundamental to how we record and report our financial position and results of operations. We have identified several accounting policies as being critical to the presentation of our financial position and results of operations because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be recorded under different conditions or using different assumptions. Because of the inherent uncertainty of the estimates, judgments and assumptions associated with these critical accounting policies, we cannot provide any assurance that we will not make subsequent significant adjustments to our consolidated financial statements. If our judgments, assumptions and allocations prove to be incorrect, or if circumstances change, our business, financial condition, revenues, operating expense, results of operations, liquidity, ability to pay dividends or stock price may be materially adversely affected.

***Our governing documents and capital structure, which will govern until the closing of the Merger, may discourage a takeover.***

The W. P. Carey LLC Agreement provides that **Control Shares** (as defined below) acquired in a **Control Share Acquisition** (as defined below) have no voting rights, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. **Control Shares** are defined in the W. P. Carey LLC Agreement as voting shares that, if aggregated with all other shares owned by an acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiring person to exercise voting power within one of the following ranges of voting power:

one-fifth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

**Control Shares** do not include shares the acquiring person is entitled to vote as a result of having previously obtained shareholder approval. A **Control Share Acquisition** means the acquisition of **Control Shares**, subject to certain exceptions. A person who has made or proposes to make a **Control Share Acquisition** may compel our board of directors to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, we may present the question at any shareholders meeting.

If an acquiring person delivers to us an **Acquiring Person Statement** (the substance of which is described in the W. P. Carey LLC Agreement) within 10 days of acquiring **Control Shares**, we may redeem, at the fair value, any or all of **Control Shares** within 60 days of the shareholder meeting where voting rights were not approved, except for those **Control Shares** where two-thirds of disinterested shareholders have given prior approval for the exercise of the voting rights. If an **Acquiring Person** does not deliver to us an **Acquiring Person statement** within 10 days of acquiring **Control Shares**, we may redeem, at the fair value, all **Control Shares**, including those for which voting rights have been previously approved, during a period that begins on the 11th day following the acquisition of **Control Shares** and ending 60 days after the acquiring person delivers the **Acquiring Person statement**. Fair value is determined as of the date of the last **Control Share Acquisition** by the



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acquiror or of any meeting of shareholders at which the voting rights of the shares were considered. The Control Share Acquisition provision does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction.

The Control Share provision outlined above may discourage a tender offer for our shares or a hostile takeover, even though these may be attractive to shareholders.

***The W. P. Carey Inc. Charter and Maryland law contain provisions that may delay or prevent a change of control transaction.***

Our charter contains 7.9% ownership limits. Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to limit any person to beneficial or constructive ownership of either (i) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of stock of W. P. Carey Inc. or (ii) owning more than 7.9% in value or in number of shares, whichever is more restrictive, of the aggregate outstanding shares of W. P. Carey Inc.'s common stock excluding any outstanding shares of W. P. Carey Inc. common stock not treated as outstanding for federal income tax purposes. Our board of directors, in its sole discretion, may exempt a person from the ownership limits and our board of directors has elected to grant the estate of Wm. Polk Carey an exemption to own up to 18.0% of the aggregate outstanding shares of W. P. Carey Inc. common stock or any other outstanding class or series of W. P. Carey Inc.'s stock. However, our board of directors may not grant an exemption from the ownership limits to any person unless our board of directors obtains such representations, covenants and undertakings as our board of directors may deem appropriate in order to determine that granting the exemption would not result in losing our status as a REIT. Our board of directors may also increase or decrease the common stock ownership limit and/or the aggregate stock ownership limit so long as the change would not result in five or fewer persons beneficially owning more than 49.9% in value of our outstanding stock. The ownership limits and the other restrictions on ownership of our stock contained in our charter may delay or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. See Description of W. P. Carey Inc. Shares Restrictions on Ownership and Transfer.

*The W. P. Carey Inc. board of directors may modify our authorized shares of stock of any class or series and may create and issue a class or series of common stock or preferred stock without stockholder approval.* Our board of directors is empowered under our charter from time to time to amend our charter to increase or decrease the aggregate number of shares of our stock or the number of shares of stock of any class or series that we have authority to issue, and from time to time to classify any unissued shares of common stock or preferred stock and to or reclassify any previously classified, but unissued, shares of common stock or preferred stock into one or more classes or series of stock and to issue such shares of stock so classified or reclassified, without stockholder approval. Our board of directors may determine the relative rights, preferences and privileges of any class or series of common stock or preferred stock issued. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, senior to the rights of holders of our common stock. The issuance of any such classes or series of common stock or preferred stock could also have the effect of delaying or preventing a change of control transaction that might otherwise be in the best interests of our stockholders.

*Certain provisions of Maryland law could inhibit changes in control.* Certain provisions of the MGCL may have the effect of inhibiting a third party from making a proposal to acquire us or impeding a change of control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock, including:

business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock), or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose special appraisal rights and supermajority voting requirements on these combinations; and

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control share provisions that provide that holders of control shares of our company (defined as voting shares which, when aggregated with all other shares owned or controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of issued and outstanding control shares ) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder. Prior to the consummation of the Merger and the REIT Conversion, our board of directors, by resolution, intends to exempt any business combination between us and any person who is an existing, or becomes in the future an, interested stockholder. Consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any such person. As a result, such person may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the super-majority vote requirements and the other provisions of the statute. Additionally, this resolution may be altered, revoked or repealed in whole or in part at any time and we may opt back into the business combination provisions of the MGCL. If this resolution is revoked or repealed, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer. In the case of the control share provisions of the MGCL, we have elected to opt out of these provisions of the MGCL pursuant to a provision in our bylaws.

Additionally, Title 3, Subtitle 8 of the MGCL, permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or our bylaws, to implement certain governance provisions, some of which (for example, a classified board) we do not currently have. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change in control of our company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-current market price.

The W. P. Carey Inc. Charter, the W. P. Carey Inc. Bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders. See Certain Material Provisions of Maryland Law and of Our Charter and Bylaws Our Board of Directors, Business Combinations, Control Share Acquisitions, Maryland Unsolicited Takeovers Act, and Advance Notice of Director Nominations and New Business.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Except for historical information contained in this joint proxy statement/prospectus, certain of the matters discussed in this joint proxy statement/prospectus constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. The forward-looking statements can be identified by the use of words such as may, will, should, would, assume, outlook, seek, plan, believe, expect, anticipate, intend, estimate or similar substance used in connection with any discussion of future plans, actions, or events. These statements are based on the current expectations of the management of W. P. Carey and CPA<sup>®</sup>: 15, as applicable.

These forward-looking statements include, but are not limited to, statements regarding revenues, regulatory activities, expenses, earnings per share, liquidity and capital resources, trends, synergies, efficiencies, cost savings, projected FFO, projected AFFO, asset portfolios and the completion of and the timetable for completion of the Merger and the REIT Conversion.

These risks and uncertainties include those set forth under the section entitled Risk Factors, as well as, among others, the following:

legislative, regulatory, or other changes in the real estate industry which increase the costs of, or otherwise affect our operations;

competition for tenants with respect to new leases and the renewal or rollover of existing leases;

the ability of our tenants to operate their businesses in a manner sufficient to maintain or increase revenue and to generate sufficient income to make rent payments;

changes in national or regional economic conditions, including changes in interest rates and the availability and cost of capital;

failure to complete the Merger and the REIT Conversion; and

potential liability under, and change in, environmental, zoning, tax and other laws.

Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the combined company. In light of the foregoing risks, uncertainties, assumptions and factors, the forward-looking events discussed in this joint proxy statement/prospectus may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus. Except as required under the federal securities laws and the rules and regulations of the SEC, neither W. P. Carey nor CPA<sup>®</sup>: 15 undertake any obligation to release publicly any revisions to the forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events.

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**THE MERGER AND THE REIT CONVERSION**

This joint proxy statement/prospectus constitutes a prospectus of W. P. Carey Inc., which is a part of the registration statement on Form S-4 filed by W. P. Carey Inc. with the SEC under the Securities Act of 1933, as amended (the Securities Act), in order to register the shares of W. P. Carey Inc. common stock to be issued to holders of CPA 15 common stock in the Merger and holders of W. P. Carey listed shares in the W. P. Carey Merger. It also constitutes a proxy statement of CPA<sup>®</sup>:15 in connection with the solicitation of the approval by CPA<sup>®</sup>:15 stockholders of the Merger, and a proxy statement of W. P. Carey in connection with the solicitation of the approval by W. P. Carey shareholders of the Merger and approval of the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

**The Merger**

CPA<sup>®</sup>:15 will become a subsidiary of W. P. Carey Inc. through the following transactions: CPA<sup>®</sup>:15 will merge with an indirect, wholly-owned subsidiary of CPA<sup>®</sup>:15, with CPA<sup>®</sup>:15 surviving the merger as a wholly-owned subsidiary of CPA 15 Holdco, and immediately thereafter CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the Merger as an indirect subsidiary of W. P. Carey Inc. and CPA<sup>®</sup>:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc. Each issued and outstanding share of CPA 15 common stock will be converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into the right to receive total consideration valued at approximately \$[ ] per share of CPA 15 common stock (based on the closing price of \$[ ] per W. P. Carey listed share on the NYSE on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), consisting of (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and will cease to exist without any conversion thereof or payment therefor. We anticipate that the shares of W. P. Carey Inc. common stock issued in the Merger will trade on the NYSE under the symbol WPC.

**The REIT Conversion**

Prior to the Merger, W. P. Carey will merge with and into W. P. Carey Inc., with W. P. Carey Inc. surviving the merger pursuant to the REIT Conversion Agreement. Each issued and outstanding W. P. Carey listed share will immediately be converted into one share of W. P. Carey Inc. common stock.

We anticipate that the shares of W. P. Carey Inc. common stock issued in the W. P. Carey Merger will trade on the NYSE under the symbol WPC.

**Background of the Merger and the REIT Conversion**

W. P. Carey was formed as a limited liability company under the laws of Delaware on July 15, 1996. The company commenced operations on January 1, 1998 by combining the limited partnership interests of nine CPA<sup>®</sup> partnerships, at which time it became listed on the NYSE. The company was formed to provide long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. W. P. Carey invests primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. The company also earns revenue as the advisor to publicly-owned, non-listed REITs, which are sponsored by the company under the CPA<sup>®</sup> brand name, including CPA<sup>®</sup>:15, and which invest in similar properties.

Most of W. P. Carey's properties were either acquired as a result of its consolidation with certain affiliated CPA<sup>®</sup> limited partnerships or subsequently acquired from other CPA<sup>®</sup> REIT programs in connection with the provision of liquidity to shareholders of those CPA<sup>®</sup> REITs. W. P. Carey's advisory agreements with each of the existing CPA<sup>®</sup> REITs, including its advisory agreement with CPA<sup>®</sup>:15, require that it use its best efforts to

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present to the CPA<sup>®</sup> entity a continuing and suitable program of investment opportunities that meets its investment criteria. Additionally, as the external advisor to each of the CPA<sup>®</sup> entities, W. P. Carey also reviews potential liquidity alternatives for the CPA<sup>®</sup> REITs and presents its analyses and recommendations to the boards of directors of the CPA<sup>®</sup> REITs for their consideration.

CPA<sup>®</sup>:15 was formed in 2001 and raised approximately \$1 billion in net investment capital through public offerings of its common stock. CPA<sup>®</sup>:15 has invested substantially all of the net proceeds from its public offerings in real estate and owns a diversified portfolio of interests in 315 properties as of December 31, 2011.

CPA<sup>®</sup>:15 was formed to hold its investments for a number of years; therefore, in the early years of its existence, CPA<sup>®</sup>:15 concentrated on making investments and maximizing the cash flow from its properties, with an intention to begin considering liquidity events for its stockholders generally commencing eight years following the investment of substantially all of the proceeds from its public offerings, which occurred in January 2004.

On March 16, 2011, members of the senior management team of W. P. Carey made a presentation to the strategic planning committee of the board of directors of W. P. Carey outlining various strategic initiatives, which included a discussion of whether the company should remain a limited liability company and continue to focus on its existing asset management business, or whether it should convert to a REIT and augment its real estate portfolio while retaining its asset management business. The presentation included (i) a review of W. P. Carey's existing portfolio including the age of the properties in the portfolio, (ii) an overview of the existing business model as well as proposed changes to the business model, and (iii) a review of the means by which W. P. Carey could increase its access to the capital markets, including via the potential conversion of W. P. Carey into a REIT. The board discussed the fact that the alternative of the status quo limited the company's access to capital and did not address the company's key risks such as its existing portfolio and dependence on retail equity capital. Alternatively, the board was of the opinion that the REIT Conversion and increasing W. P. Carey's owned assets (either through individual deals or through portfolio acquisition like CPA<sup>®</sup>:15) would improve the company's access to capital and valuation and allow the company to continue its profitable asset management business which would be a smaller component of its business following the proposed REIT Conversion. Following a discussion period, the strategic planning committee of the board of directors of W. P. Carey concluded that W. P. Carey should engage an external financial advisor to assist W. P. Carey with its evaluation of potential strategic alternatives.

At a meeting of the board of directors of W. P. Carey on March 17, 2011, at the recommendation of the strategic planning committee, the board of directors authorized management to engage BofA Merrill Lynch as W. P. Carey's external financial advisor. Additionally, the senior management team instructed W. P. Carey's regular external corporate and securities counsel, DLA Piper LLP (US), or DLA Piper, to assist in evaluating the feasibility of the various proposed strategic initiatives, including an exploration of the potential tax implications of such initiatives.

In the second quarter of 2011, W. P. Carey, in its capacity as the external advisor to CPA<sup>®</sup>:15, began reviewing possible liquidity alternatives for CPA<sup>®</sup>:15. On May 17, 2011, members of the W. P. Carey senior management team, in the company's capacity as the external advisor to CPA<sup>®</sup>:15, made a presentation to the executive committee of the board of directors of W. P. Carey regarding various potential liquidity alternatives for CPA<sup>®</sup>:15, including the sale of CPA<sup>®</sup>:15's portfolio in a single transaction or a series of transactions, the listing of CPA<sup>®</sup>:15's shares on a national securities exchange, or the acquisition of CPA<sup>®</sup>:15 by another CPA<sup>®</sup> entity, a third party, or W. P. Carey. In evaluating the potential alternatives, the management team reviewed various issues surrounding the previous merger of CPA<sup>®</sup>:14 with and into a subsidiary of CPA<sup>®</sup>:16 Global completed on May 2, 2011. In light of this discussion, the management team highlighted CPA<sup>®</sup>:15's greater size relative to CPA<sup>®</sup>:14 and discussed the challenges of liquidating the entity in a similar manner. Following the presentation, the executive committee of the board of directors of W. P. Carey discussed the potential benefits and risks

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associated with the various proposed liquidity alternatives, including the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and a concurrent conversion by W. P. Carey into a REIT, as a means by which to provide a liquidity event for CPA<sup>®</sup>:15 while simultaneously addressing many of the issues discussed with the strategic planning committee of the board of directors of W. P. Carey regarding W. P. Carey's existing portfolio, including the age of the properties in the portfolio.

On June 15, 2011, the strategic planning committee of the board of directors of W. P. Carey held a regularly scheduled meeting at W. P. Carey's offices, together with representatives of management and W. P. Carey's financial advisor. At the meeting, the strategic planning committee of the board of directors of W. P. Carey discussed with W. P. Carey's management team and financial advisor various potential liquidity alternatives for CPA<sup>®</sup>:15, such as the sale of CPA<sup>®</sup>:15's portfolio in a single transaction or a series of transactions, the listing of CPA<sup>®</sup>:15's shares on a national securities exchange, and the acquisition of CPA<sup>®</sup>:15 by another CPA<sup>®</sup> entity, a third party, or W. P. Carey and the concurrent conversion of W. P. Carey into a REIT. The discussion included a review of the potential benefits and risks associated with the various liquidity alternatives for CPA<sup>®</sup>:15. With respect to the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT, the strategic planning committee discussed with W. P. Carey's management team and financial advisor various considerations, including potential alternatives for the form of consideration and the structure of the surviving company, the availability of funds and the sources of financing, the timing of the transaction with respect to the state of the domestic capital markets, and the potential pro forma financial impact on W. P. Carey attributable to the proposed acquisition of CPA<sup>®</sup>:15.

On June 16, 2011, the strategic planning committee of the board of directors of W. P. Carey summarized its June 15, 2011 meeting for the entire W. P. Carey board of directors and gave an overview of, among other things, the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT. Following a discussion period, the board of directors of W. P. Carey instructed the management team of W. P. Carey, as the external advisor to CPA<sup>®</sup>:15, to review potential liquidity alternatives with CPA<sup>®</sup>:15's board of directors.

Accordingly, at a meeting on June 23, 2011, members of the W. P. Carey senior management team presented various potential liquidity alternatives to CPA<sup>®</sup>:15's board of directors for preliminary consideration, including the listing of CPA<sup>®</sup>:15's shares on a national securities exchange, selling CPA<sup>®</sup>:15's portfolio in a single transaction or a series of transactions, and the acquisition of CPA<sup>®</sup>:15 by a third party, another CPA<sup>®</sup> entity, or W. P. Carey and the concurrent conversion of W. P. Carey into a REIT. As part of its presentation, the W. P. Carey management team discussed the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT, and outlined various considerations in connection with this liquidity alternative, including the resulting company's potential long-term valuation outlook and enhanced access to the capital markets, alternatives for the form of consideration, and the structure of the surviving company. Following the presentation there was a discussion period. The board of directors of CPA<sup>®</sup>:15 expressed an interest in obtaining greater detail about the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and a concurrent conversion of W. P. Carey into a REIT, to assist the board of directors of CPA<sup>®</sup>:15 in its evaluation of the available liquidity alternatives. The analyses presented by the W. P. Carey management team were preliminary and no formal action was taken by the CPA<sup>®</sup>:15 board of directors at this meeting.

On July 18, 2011, CPA<sup>®</sup>:15's board of directors formed a special committee, referred to as the CPA<sup>®</sup>:15 special committee, comprised of all of the independent directors of CPA<sup>®</sup>:15, namely, Marshall E. Blume, Elizabeth P. Munson, Richard J. Pinola and James D. Price. The board of directors delegated to the CPA<sup>®</sup>:15 special committee the authority to review possible liquidity alternatives, including a potential business combination involving another CPA<sup>®</sup> REIT or W. P. Carey. The CPA<sup>®</sup>:15 special committee was delegated the sole authority to negotiate the terms of a transaction and to make a recommendation to the full board, which could include a recommendation to reject any transaction. The CPA<sup>®</sup>:15 special committee was authorized to retain its own legal and financial advisors.

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During the remainder of July 2011, the CPA<sup>®</sup>:15 special committee interviewed several candidates to be its legal and financial advisors. Following this process, the CPA<sup>®</sup>:15 special committee retained Pepper Hamilton LLP, or Pepper Hamilton, as its legal advisor and Deutsche Bank Securities Inc., or Deutsche Bank, as its financial advisor.

On August 1, 2011, W. P. Carey provided Deutsche Bank with a preliminary outline of selected transaction terms for a proposed acquisition of CPA<sup>®</sup>:15 via the merger of CPA<sup>®</sup>:15 with an affiliate of W. P. Carey. The preliminary term sheet set forth a nominal offer price of \$10.50 per share of CPA 15 common stock to be paid 100% in stock of W. P. Carey, provided that W. P. Carey would have the right to elect to pay up to 25% of the transaction consideration in cash. The exchange ratio would be set based on W. P. Carey's stock price at the time of public announcement of the transaction, and adjusted based upon W. P. Carey's stock price at the time of mailing of the proxy statement for the transaction. The proposed terms also contemplated that W. P. Carey would convert from a publicly-traded limited liability company to a publicly traded REIT as part of the transaction, but would maintain W. P. Carey's then-current dividend policy, subject to REIT distribution requirements.

On August 8, 2011, the CPA<sup>®</sup>:15 special committee held a teleconference meeting with representatives of Deutsche Bank and Pepper Hamilton and representatives of Clifford Chance US LLP, or Clifford Chance, counsel for CPA<sup>®</sup>:15. At the meeting, the CPA<sup>®</sup>:15 special committee and other meeting participants discussed W. P. Carey's preliminary outline of selected transaction terms. The CPA<sup>®</sup>:15 special committee members and their advisors discussed the potential benefits to both parties of the proposed merger and the concurrent conversion of W. P. Carey to a REIT. The CPA<sup>®</sup>:15 special committee noted its preliminary view that a fixed exchange ratio could be preferable because it would enable CPA<sup>®</sup>:15's stockholders to participate in any appreciation in W. P. Carey's stock price between the public announcement and the closing of the transaction. The CPA<sup>®</sup>:15 special committee also noted that the proposed nominal value of the consideration was essentially equivalent to CPA<sup>®</sup>:15's estimated net asset value per share as of December 31, 2010 of \$10.40 per share. The Deutsche Bank representatives summarized the valuation work being undertaken by their firm, after which they reviewed with the CPA<sup>®</sup>:15 special committee a variety of potential strategic alternatives for CPA<sup>®</sup>:15 in addition to the transaction proposed by W. P. Carey. The CPA<sup>®</sup>:15 special committee instructed Deutsche Bank to seek clarity on the proposed transaction terms and to continue its due diligence on the potential transaction, its valuation work and its analyses regarding potential strategic alternatives.

For the next several weeks, W. P. Carey and CPA<sup>®</sup>:15, with the assistance of their respective external legal and financial advisors, continued to discuss various considerations concerning the proposed transaction, including alternatives for the form of consideration and the structure of the surviving company, the availability of funds and the sources of financing, and the timing of the transaction with respect to the state of the domestic capital markets. During this period, the W. P. Carey management team also periodically updated the executive committee on the discussions and negotiations between W. P. Carey and CPA<sup>®</sup>:15.

The CPA<sup>®</sup>:15 special committee held a telephonic meeting on August 22, 2011. Representatives from Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. The Deutsche Bank representatives updated the CPA<sup>®</sup>:15 special committee on actions taken since the CPA<sup>®</sup>:15 special committee's last meeting and summarized the status of their outstanding due diligence requests to W. P. Carey's advisors.

Throughout August 2011, W. P. Carey and DLA Piper worked to refine an initial draft of a proposed Merger Agreement and to outline, from a tax perspective, the requisite internal reorganizational steps required to effect the proposed REIT Conversion.

On September 15, 2011, the W. P. Carey board of directors had a regularly scheduled meeting in Baltimore, Maryland. Members of the W. P. Carey senior management team as well as W. P. Carey's financial advisor were present at the meeting. BofA Merrill Lynch discussed with the W. P. Carey board of directors certain financial matters relating to CPA<sup>®</sup>:15 and W. P. Carey. The W. P. Carey board of directors also discussed with W. P.

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Carey's management and financial advisor various considerations, including alternatives for the form of consideration and the structure of the surviving company, the availability of funds and the sources of financing, the timing of the transaction with respect to the state of the domestic capital markets, and the potential pro forma financial impact on W. P. Carey attributable to the proposed acquisition of CPA<sup>®</sup>:15. The W. P. Carey management team then made a presentation that discussed various potential liquidity alternatives for CPA<sup>®</sup>:15, including the sale of CPA<sup>®</sup>:15's portfolio in a single transaction or a series of transactions, the listing of CPA<sup>®</sup>:15's shares on a national securities exchange, or the acquisition of CPA<sup>®</sup>:15 by another CPA<sup>®</sup> entity, a third party, or W. P. Carey. The W. P. Carey management team also discussed the potential benefits and risks associated with the REIT Conversion including the resulting company's potential long-term valuation outlook and enhanced access to the capital markets, analyzed the strengths and weaknesses of W. P. Carey's current and proposed future business models, and reviewed strategic options for W. P. Carey which included a discussion of whether the company should remain a limited liability company and continue to focus on its existing asset management business, or whether it should convert to a REIT and augment its real estate portfolio while retaining its asset management business. Following this discussion, the general view of the W. P. Carey board of directors was that the Merger and REIT Conversion offered the best long term opportunity for W. P. Carey shareholders as well as the best liquidity alternative for CPA<sup>®</sup>:15 as compared to the other available liquidity alternatives. The meeting of the W. P. Carey board of directors was adjourned so that the W. P. Carey board of directors could meet with the CPA<sup>®</sup>:15 special committee, which, as noted below, had been meeting separately, to discuss the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT.

The CPA<sup>®</sup>:15 special committee also met on September 15, 2011 prior to its regularly scheduled board meeting held in Baltimore, Maryland. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance were present at the meeting. Deutsche Bank presented preliminary valuation summaries to the CPA<sup>®</sup>:15 special committee regarding each of CPA<sup>®</sup>:15 and W. P. Carey, as well as preliminary implied exchange ratios based upon those valuations. During the meeting, the CPA<sup>®</sup>:15 special committee took note of CPA<sup>®</sup>:15's previously-stated intention to consider liquidity events generally commencing in 2012, and discussed potential liquidity alternatives to the proposed merger with W. P. Carey, including an initial public offering, sales of individual assets and/or portfolios of assets, and a business combination with a party other than W. P. Carey. Based upon discussions with its advisors, the CPA<sup>®</sup>:15 special committee's general view was that such other alternatives were likely to be less attractive to CPA<sup>®</sup>:15 than the proposed merger with W. P. Carey and its concurrent conversion to a REIT. The CPA<sup>®</sup>:15 special committee meeting was adjourned so that the CPA<sup>®</sup>:15 special committee could meet with the W. P. Carey board of directors, which, as noted above, had been meeting separately, to discuss the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT.

During the joint meeting, the CPA<sup>®</sup>:15 special committee identified to the W. P. Carey board of directors certain issues of importance to the CPA<sup>®</sup>:15 special committee, including: (i) the need for CPA<sup>®</sup>:15 to obtain an updated valuation of its net assets; (ii) the dividend policy of W. P. Carey after the proposed Merger; (iii) clarity regarding any cash component of the Merger Consideration; and (iv) the desirability of a fixed exchange ratio. The parties did not reach agreement on any proposed transaction terms at this meeting. After the meeting, the CPA<sup>®</sup>:15 special committee instructed W. P. Carey to identify a third-party firm to prepare an appraisal of CPA<sup>®</sup>:15's real estate portfolio as of September 30, 2011 to be used by W. P. Carey in preparing an estimated net asset valuation of CPA<sup>®</sup>:15 as of such date. W. P. Carey recommended that CPA<sup>®</sup>:15 retain, and CPA<sup>®</sup>:15 did retain, Stanger based on its experience in real estate portfolio valuations and its competitive fee proposal, among other factors. See Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for additional information about Stanger's qualifications.

On September 21, 2011, W. P. Carey provided the CPA<sup>®</sup>:15 special committee with an updated preliminary transaction proposal. This proposal stated that the nominal value of the consideration would be equal to CPA<sup>®</sup>:15's estimated net asset value per share as of September 30, 2011 and would be paid in \$1.25 of cash with the balance in W. P. Carey Inc. common stock. Similar to the original proposal, the exchange ratio would be set based on W. P.



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Carey's stock price prior to the public announcement and would be subject to adjustment prior to mailing the proxy statement. Additionally, at the request of the management team of W. P. Carey, in early October 2011, DLA Piper sent an initial draft of the Merger Agreement to Clifford Chance reflecting the revised offer.

The CPA<sup>®</sup>:15 special committee held a telephonic meeting on October 12, 2011. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. Deutsche Bank provided the CPA<sup>®</sup>:15 special committee with an update on the status of the real estate appraisal being undertaken by Stanger. The CPA<sup>®</sup>:15 special committee and its advisors also discussed the management of the combined company after completion of the proposed transaction. The CPA<sup>®</sup>:15 special committee and its advisors also reviewed the updated preliminary proposal made by W. P. Carey on September 21, 2011. The CPA<sup>®</sup>:15 special committee noted its continued preference for a fixed exchange ratio that was based on an historical average of W. P. Carey's stock price, and also reiterated its view that the stock portion of the merger consideration should deliver CPA<sup>®</sup>:15's stockholders a total dividend more consistent with the dividend they received as holders of CPA 15 common stock. The CPA<sup>®</sup>:15 special committee instructed Deutsche Bank to continue its due diligence and discussions with W. P. Carey and its advisors.

Throughout October and November 2011, members of the senior W. P. Carey management team met, telephonically and in person, with certain members of the W. P. Carey board of directors to inform them of the status of discussions regarding the proposed transactions. The W. P. Carey management team continued to discuss various potential liquidity alternatives for CPA<sup>®</sup>:15, including the sale of CPA<sup>®</sup>:15's portfolio in a single transaction or a series of transactions, the listing of CPA<sup>®</sup>:15's shares on a national securities exchange, or the acquisition of CPA<sup>®</sup>:15 by another CPA<sup>®</sup> entity, a third party, or W. P. Carey. The W. P. Carey management team also discussed the potential benefits and risks associated with the REIT Conversion, analyzed the strengths and weaknesses of W. P. Carey's current and proposed future business models, and reviewed strategic options for W. P. Carey. Additionally, during this time, W. P. Carey, CPA<sup>®</sup>:15 and their respective advisors continued negotiating the terms of the potential acquisition of CPA<sup>®</sup>:15 by W. P. Carey and the concurrent conversion of W. P. Carey into a REIT, including the exchange ratio and form of consideration. The W. P. Carey management team and DLA Piper also worked together with CPA<sup>®</sup>:15 and its legal advisors to revise a proposed Merger Agreement, and to refine, from a tax perspective, the requisite internal reorganizational steps that W. P. Carey would be required to implement in order to effect the REIT Conversion.

The CPA<sup>®</sup>:15 special committee held a meeting on December 8, 2011 at the offices of Clifford Chance with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance. The Deutsche Bank representatives reviewed the results of the appraisal that had been conducted by Stanger as of September 30, 2011, which W. P. Carey used to derive a preliminary estimated net asset value of \$10.30 per CPA<sup>®</sup>:15 share. The appraisal was prepared based on the income method of valuation, specifically a discounted cash flow analysis (see Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for a more detailed summary of the valuation methodology). After discussion, Deutsche Bank indicated its view that the methodologies employed by Stanger and the market assumptions utilized by Stanger were reasonable. The CPA<sup>®</sup>:15 special committee reviewed a dividend sensitivity analysis prepared by Deutsche Bank and confirmed the committee's view of the importance of the combined company's dividend policy, in light of the fact that CPA<sup>®</sup>:15 had historically delivered an attractive dividend to its shareholders. The CPA<sup>®</sup>:15 special committee instructed Deutsche Bank to seek an improvement in the exchange ratio and to seek, to the extent possible, dividend equivalence on a per share basis for CPA<sup>®</sup>:15's stockholders after the transaction.

The CPA<sup>®</sup>:15 special committee met by teleconference on December 16, 2011 together with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance. The Deutsche Bank representatives provided an update on the valuation, based on an updated estimated net asset value of \$10.40 per share, and the dividend model for the combined company after the transaction, which indicated a higher dividend than had previously been assumed. Deutsche Bank also reviewed with the CPA<sup>®</sup>:15 special committee implied valuation ranges for CPA<sup>®</sup>:15 and W. P. Carey and the implied exchange ratio, based upon various methodologies, including discounted cash flow, dividend yield and historical trading price metrics. The CPA<sup>®</sup>:15 special committee and its

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advisors noted that CPA<sup>®</sup>:15 was not under any current or near-term obligation to complete a liquidity event. The CPA<sup>®</sup>:15 special committee instructed Deutsche Bank to pursue a more favorable exchange ratio and to seek a fixed exchange ratio for the proposed transaction, rather than a ratio that would be subject to adjustment.

Also on December 16, 2011, CPA<sup>®</sup>:15 proposed a fixed exchange ratio with no collar at a range of 0.2660 to 0.2867 of a share of W. P. Carey listed shares for each outstanding share of CPA 15 common stock, with the exchange ratio to be adjusted for the \$1.25 per share of cash consideration.

On December 18, 2011, W. P. Carey proposed an exchange ratio of 0.23402 of a share of W. P. Carey listed shares plus \$1.25 per share in cash for each outstanding share of CPA 15 common stock.

The CPA<sup>®</sup>:15 special committee and representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance held a teleconference meeting on December 19, 2011. The Deutsche Bank representatives updated the CPA<sup>®</sup>:15 special committee on the negotiations with W. P. Carey. As part of this discussion, the Deutsche Bank representatives informed the CPA<sup>®</sup>:15 special committee that W. P. Carey was willing to proceed with a fixed exchange ratio based upon the six-month average stock price for W. P. Carey. The Deutsche Bank representatives noted that, at the proposed exchange ratio, there would be approximate dividend equivalence for each share of CPA15 common stock after the transaction, based on W. P. Carey's estimate of a \$2.60 annualized dividend for the year ending December 31, 2012. The CPA<sup>®</sup>:15 special committee discussed next steps and confirmed that it would seek a voting agreement from W. P. Carey's principal shareholder if the transaction were to proceed. The CPA<sup>®</sup>:15 special committee also instructed Clifford Chance and Pepper Hamilton to begin reviewing the draft Merger Agreement that had previously been provided by DLA Piper.

On December 20, 2011, CPA<sup>®</sup>:15 proposed an exchange ratio of 0.23554 of a share of W. P. Carey listed shares and \$1.25 per share of cash consideration in exchange for each outstanding share of CPA 15 common stock. Following this discussion, W. P. Carey and CPA<sup>®</sup>:15 agreed to continue with due diligence and preparation of definitive documentation, and to reconvene on exchange ratio negotiations upon completion of due diligence.

At the request of the CPA<sup>®</sup>:15 special committee, representatives of Deutsche Bank organized a meeting on January 12, 2012 with the CPA<sup>®</sup>:15 special committee and representatives of W. P. Carey, together with their respective financial advisors. At this meeting, W. P. Carey reviewed the combined company's business plan, dividend policy, investment allocation policy, leverage policy, capital raising plans and conflict resolution policies.

The CPA<sup>®</sup>:15 special committee held a teleconference meeting on January 18, 2012. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. The Deutsche Bank representatives reviewed alternative methodologies proposed by CPA<sup>®</sup>:15 and W. P. Carey for calculating the exchange ratio. After discussion and consideration, the CPA<sup>®</sup>:15 special committee determined that, since each of the approaches was reasonable, an implied transaction price at either of, or between, the two alternatives could be reasonable and acceptable if the transaction were to proceed. Representatives of Clifford Chance reported on the status of the Merger Agreement and the tax treatment of the transaction to CPA<sup>®</sup>:15's stockholders. The CPA<sup>®</sup>:15 special committee noted its prior discussion of alternatives to the proposed transaction with W. P. Carey and requested that the Deutsche Bank representatives prepare an updated review of such alternatives for an upcoming meeting.

On January 20, 2012, certain members of the board of directors of W. P. Carey held a telephonic meeting, together with various members of the W. P. Carey senior management team and W. P. Carey's legal and financial advisors. The members of the board of directors of W. P. Carey were updated on the status of the negotiations with the CPA<sup>®</sup>:15 special committee and its financial advisor. The members also discussed the topics reviewed with the CPA<sup>®</sup>:15 special committee and its advisors, including, among other topics, the combined company's business plan, dividend policy, investment allocation policy, leverage policy, capital

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raising plans and conflict resolution policies. The members also discussed the potential benefits and risks associated with the potential REIT Conversion and instructed W. P. Carey's management and advisors to continue negotiations of the terms of the potential transaction with CPA<sup>®</sup>:15.

On January 25, 2012, the strategic planning committee held its regularly scheduled meeting, together with representatives of W. P. Carey's management and legal and financial advisors. The strategic planning committee of the board of directors of W. P. Carey was updated on the status of the exchange ratio negotiations with CPA<sup>®</sup>:15. The strategic planning committee discussed with W. P. Carey's management and advisors the potential benefits and risks of the proposed transaction and reviewed financial metrics, geographic diversification, contract terms, pro forma business mix, and the lease expiration schedule of each of W. P. Carey and CPA<sup>®</sup>:15. The strategic planning committee also reviewed the timing of the transaction with respect to the state of the domestic capital markets and the pro forma financial impact on W. P. Carey attributable to the proposed acquisition of CPA<sup>®</sup>:15. Following this discussion, the meeting was adjourned so that the independent directors of the board of directors of W. P. Carey could meet in order to evaluate the proposed transaction. Following that meeting, the independent directors of the board of directors of W. P. Carey requested that W. P. Carey's management and advisors negotiate the final remaining open items, including the proposed stock exchange ratio and the reimbursement of CPA<sup>®</sup>:15's expenses in the event that the requisite shareholder approval was not obtained.

The CPA<sup>®</sup>:15 special committee held a meeting at the offices of Clifford Chance on January 25, 2012. Representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. Deutsche Bank provided an update on the status of the exchange ratio negotiations with W. P. Carey. Deutsche Bank also reviewed an updated presentation regarding alternatives to the proposed transaction with W. P. Carey, including a liquidation of CPA<sup>®</sup>:15's portfolio through sales of assets, a listing of CPA<sup>®</sup>:15's shares on a national securities exchange and a merger or other corporate level transaction with a third party. The CPA<sup>®</sup>:15 special committee and its advisors discussed pros and cons of the alternatives, including the challenging conditions in the capital markets generally and, in particular, for initial public offerings of REITs, the challenge of identifying and retaining a management team dedicated to CPA<sup>®</sup>:15 if the company were to proceed with a stock exchange listing, the potential expense and difficulties in obtaining consents from lenders to a transaction involving a third party, the length of time it could take to liquidate the portfolio in a series of asset sales and the risks of market volatility during that time. The CPA<sup>®</sup>:15 special committee also reviewed a list of potential third party merger partners prepared by Deutsche Bank and concluded that there was a low probability that any of the potential third parties would have the appetite or ability to merge with CPA<sup>®</sup>:15 or otherwise acquire its entire portfolio and related debt at a value comparable to the proposed W. P. Carey transaction. After considering the potential benefits and other considerations of each of the alternatives and taking into consideration the time, expense, distraction, challenging market conditions, low probability of third-party interest and other factors described above, and weighing them against the W.P. Carey proposal, the CPA<sup>®</sup>:15 special committee affirmed its view that the proposed transaction with W. P. Carey was superior to each of the alternatives, and that the alternatives should not be pursued currently. During the meeting, representatives of Clifford Chance updated the CPA<sup>®</sup>:15 Special Committee on the status of negotiations of the Merger Agreement, which were proceeding satisfactorily.

For the remainder of January and the early part of February 2012, various members of the W. P. Carey senior management team, with the assistance of DLA Piper and BofA Merrill Lynch, worked with Clifford Chance and Deutsche Bank to try and reach a mutually agreeable position.

As part of the negotiations, the CPA<sup>®</sup>:15 special committee and its advisors had inquired as to the possibility of obtaining a voting agreement from the estate of Wm. Polk Carey, the founder and chairman of W. P. Carey, who passed away on January 2, 2012, with regard to the proposed transaction. On January 27, 2012, representatives of W. P. Carey advised representatives of Deutsche Bank and Clifford Chance that the estate had informed W. P. Carey that it was not prepared to enter into a voting agreement at such time because the co-executors of the Estate planned to retain a financial advisor to assist in their review of the proposed transaction.

At a telephonic meeting on February 1, 2012, the CPA<sup>®</sup>:15 special committee, together with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance, discussed the position of the estate and the potential

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merits and detriments of delaying its consideration of the proposed transaction until after the estate completed its review. After discussion, the CPA<sup>®</sup>:15 special committee determined to continue its consideration without waiting for the estate's review to be completed primarily based on the CPA<sup>®</sup>:15 special committee's conclusion that the proposed transaction was attractive for the CPA<sup>®</sup>:15 stockholders and superior to other liquidity alternatives and the CPA<sup>®</sup>:15 special committee's belief that it would be in the CPA<sup>®</sup>:15 stockholders' best interests not to delay the transaction. The CPA<sup>®</sup>:15 special committee instructed the legal and financial advisors to request that W. P. Carey agree to reimburse CPA<sup>®</sup>:15's expenses if the shareholders of W. P. Carey failed to approve the proposed transaction. After discussion and negotiation, W. P. Carey agreed to reimburse CPA<sup>®</sup>:15 for its transaction expenses if W. P. Carey's shareholders do not approve the proposed transaction.

On February 3, 2012, W. P. Carey proposed an exchange ratio of 0.2240 of a share of W. P. Carey listed shares plus \$1.25 per share in cash for each outstanding share of CPA 15 common stock.

The CPA<sup>®</sup>:15 special committee met by teleconference on February 3, 2012. Representatives from Deutsche Bank, Pepper Hamilton and Clifford Chance participated in the meeting. The Deutsche Bank representatives updated the CPA<sup>®</sup>:15 special committee on the status of negotiations with respect to the proposed merger, including a revised position expressed by W. P. Carey as to the proposed stock exchange ratio. After discussion, the CPA<sup>®</sup>:15 special committee determined that the new proposed stock exchange ratio was not acceptable and instructed its advisors to communicate to W. P. Carey's representatives that CPA<sup>®</sup>:15 would not proceed on the revised terms at that time.

During the week of February 6, 2012, CPA<sup>®</sup>:15 proposed an exchange ratio of 0.2343 of a share of W. P. Carey listed shares and \$1.25 per share in cash for each outstanding share of CPA 15 common stock.

The CPA<sup>®</sup>:15 special committee met by teleconference on February 7, 2012 with representatives of Deutsche Bank, Pepper Hamilton and Clifford Chance. The Deutsche Bank representatives reported positive discussions with representatives of W. P. Carey with respect to the exchange ratio. The CPA<sup>®</sup>:15 special committee instructed Deutsche Bank to seek to finalize those discussions.

Following a series of discussions, at a telephonic meeting on February 8, 2012, W. P. Carey's senior management team agreed on a proposed exchange ratio, and asked Deutsche Bank to communicate such exchange ratio to the CPA<sup>®</sup>:15 special committee. The proposed exchange ratio was a fixed ratio of 0.2326 of a share of W. P. Carey listed shares plus \$1.25 of cash, for each outstanding share of CPA 15 common stock. W. P. Carey's senior management team conveyed this development to individual members of the W. P. Carey board of directors. Additionally, at a teleconference meeting later that day, Deutsche Bank reported the proposed exchange ratio to the CPA<sup>®</sup>:15 special committee. The CPA<sup>®</sup>:15 special committee noted that, based on W. P. Carey's closing stock price as of February 3, 2012, the nominal value of the merger consideration represented a premium of approximately 11% to CPA<sup>®</sup>:15's NAV per share as of September 30, 2011 and also reflected significantly improved dividend equivalence. The CPA<sup>®</sup>:15 special committee believed that it had reached a favorable result and determined to continue its consideration of the transaction on the terms discussed, subject to receipt of Deutsche Bank's fairness analysis and opinion and finalization of the Merger Agreement.

On February 17, 2012, W. P. Carey's board of directors met by teleconference with representatives of W. P. Carey's management and legal and financial advisors at the offices of W. P. Carey. W. P. Carey's management and representatives of DLA Piper reviewed with the board of directors the principal terms and conditions of the Merger Agreement. At the meeting, BofA Merrill Lynch reviewed with the W. P. Carey board of directors its financial analysis of the Merger Consideration and delivered to the W. P. Carey board of directors an oral opinion, confirmed by delivery of a written opinion dated February 17, 2012, to the effect that, as of that date and based on and subject to various assumptions and limitations described in the opinion, the Merger Consideration to be paid by W. P. Carey was fair, from a financial point of view, to W. P. Carey. After discussion, the Board of Directors of W. P. Carey unanimously determined that the Merger and the REIT

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Conversion were in the best interests of W. P. Carey and to recommend that the Merger, the REIT Conversion and the other transactions contemplated by the Merger Agreement and the REIT Conversion Agreement be submitted to the W. P. Carey shareholders for their approval.

On February 17, 2012, CPA<sup>®</sup>:15's special committee met with its legal and financial advisors at the offices of Clifford Chance. This meeting also constituted a meeting of CPA<sup>®</sup>:15's board of directors. At the meeting, the representatives of Deutsche Bank delivered the firm's fairness opinion analysis to CPA<sup>®</sup>:15's special committee. Following Deutsche Bank's presentation and a discussion period with the CPA<sup>®</sup>:15 special committee, representatives of Deutsche Bank reviewed the financial terms of the proposed transaction and orally advised the CPA<sup>®</sup>:15 special committee and the CPA<sup>®</sup>:15 board of directors that in Deutsche Bank's opinion, the proposed merger consideration was fair, from a financial point of view, to CPA<sup>®</sup>:15's stockholders (other than W. P. Carey and its subsidiaries). The representatives of Deutsche Bank further advised the CPA<sup>®</sup>:15 special committee that they were prepared to confirm their opinion in writing. In addition, representatives of Clifford Chance and Pepper Hamilton reviewed with the board of directors the fiduciary duties of CPA<sup>®</sup>:15's directors under Maryland law and the principal terms and conditions of the Merger Agreement. After the conclusion of the presentations, the CPA<sup>®</sup>:15 special committee and the CPA<sup>®</sup>:15 board determined that the merger was in the best interests of CPA<sup>®</sup>:15 and voted unanimously to recommend that the merger and other transactions contemplated by the Merger Agreement be submitted to the CPA<sup>®</sup>:15 stockholders for their approval.

On February 17, 2012, W. P. Carey executed the REIT Conversion Agreement and W. P. Carey and CPA<sup>®</sup>:15 executed the Merger Agreement.

### **W. P. Carey's Reasons For the Merger and the REIT Conversion and the W. P. Carey Merger**

After careful consideration, W. P. Carey's board of directors, by a unanimous vote at a meeting held on February 17, 2012, determined that the Merger and the REIT Conversion, including the W. P. Carey Merger, are advisable and in the best interests of W. P. Carey and its shareholders, and approved the Merger and adopted the REIT Conversion Agreement and approved the W. P. Carey Merger. In its evaluation, the W. P. Carey board of directors consulted with W. P. Carey's senior management and legal and financial advisors, and considered a number of factors that the board of directors believed supported its decision, including the following material factors:

the Merger and the REIT Conversion are part of a larger transformation that implements W. P. Carey's overall business strategy of expanding real estate assets under ownership, which in turn is expected to provide a platform for future growth;

the Merger and the REIT Conversion substantially increase W. P. Carey's scale and liquidity, which in turn provide a basis for an expected continuation of stable dividend growth;

the Merger and the REIT Conversion are expected to provide income contribution from owned properties, while preserving the investment management business;

the Merger and the REIT Conversion are expected to increase analyst coverage and the combined company's access to capital markets by creating a company with increased scale and trading volume and enhanced liquidity;

given the increased market capitalization of the combined company, the Merger and the REIT Conversion are expected to enhance W. P. Carey Inc.'s potential acquisition currency and, therefore, expand W. P. Carey Inc.'s growth potential;

the REIT Conversion is expected to simplify tax reporting for stockholders of W. P. Carey Inc. and expand the W. P. Carey shareholder base;

the Merger and the REIT Conversion are expected to create a company with a high quality combined real estate portfolio of premium assets that is well diversified across tenants, geographies and property types;



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the Merger and the REIT Conversion will provide liquidity to CPA<sup>®</sup>:15 stockholders without the incurrence of significant indebtedness by W. P. Carey Inc. or CPA<sup>®</sup>:15;

the high likelihood that the Merger and the REIT Conversion will be completed in a timely manner given the commitment of both parties to complete the Merger and the REIT Conversion pursuant to their respective obligations under the Merger Agreement, the absence of any significant closing conditions under the Merger Agreement, other than the shareholder and stockholder approvals and third-party consents, and the fact that W. P. Carey's obligation to consummate the Merger is not subject to any financing contingency;

because W. P. Carey and its affiliates act as CPA<sup>®</sup>:15's advisor and manage the day-to-day activities of CPA<sup>®</sup>:15, the Merger would require less real estate due diligence than would otherwise occur with an unrelated third party, which would reduce the potential cost of the transaction and make its execution more certain; and

the opinion, dated February 17, 2012, of BofA Merrill Lynch to the W. P. Carey board of directors as to the fairness, from a financial point of view and as of such date, to W. P. Carey of the Merger Consideration to be paid by W. P. Carey, which opinion was based on and subject to the assumptions made, procedures followed, factors considered and limitations on the review undertaken as more fully described below in the section entitled "Opinion of Financial Advisor to W. P. Carey."

W. P. Carey's board of directors also considered the following potentially negative factors in its deliberations concerning the Merger and REIT Conversion, including the W. P. Carey Merger:

the possibility that the Merger and the REIT Conversion may not be completed, or that completion may be unduly delayed, for reasons beyond the control of W. P. Carey or CPA<sup>®</sup>:15;

the risk that failure to complete the Merger and the REIT Conversion could negatively affect the price of the W. P. Carey listed shares;

the substantial costs to be incurred in connection with the Merger and the REIT Conversion, including the costs of integrating the business of CPA<sup>®</sup>:15;

the obligation of W. P. Carey to pay certain expenses upon termination of the Merger if the Merger is terminated under certain conditions;

the risk that failure to complete the Merger could negatively affect the future business and financial results of W. P. Carey;

the risk that the announcement of the Merger and the REIT Conversion and the efforts necessary to complete the Merger and the REIT Conversion could result in a disruption in the operations of W. P. Carey by, among other things, diverting management focus and other resources of W. P. Carey from operational matters, strategic opportunities and its day-to-day business; and

the other factors described under the section titled "Risk Factors."

W. P. Carey did not quantify any anticipated cost savings with respect to the Merger since they were expected to be relatively immaterial in light of the size of the overall proposed transaction since CPA<sup>®</sup>:15 is managed by W. P. Carey, does not have any employees, and has very little in terms of operational costs or overhead aside from the advisory fees paid to W. P. Carey.

**CPA<sup>®</sup>:15's Reasons for the Merger**

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At a meeting on February 17, 2012, the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee unanimously determined that the Merger is advisable and directed that a proposal to approve the Merger be submitted to CPA<sup>®</sup>:15 s stockholders at a special meeting of stockholders. In making their determination, the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee considered a variety of factors, including the following:

the fact that the Merger Consideration to be received by CPA<sup>®</sup>:15 s stockholders, valued at approximately \$11.73 based upon W. P. Carey s closing stock price on February 17, 2012, represented



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an approximately 13% premium to CPA<sup>®</sup>:15's estimated NAV per share of \$10.40 as of September 30, 2011;

the decision of W. P. Carey Inc. to elect to qualify as a REIT and the belief that, based upon W. P. Carey's anticipated dividends per share after its conversion to a REIT, the stock component of the Merger Consideration will enable CPA<sup>®</sup>:15's stockholders to continue to receive attractive dividends;

the proposed transaction with W. P. Carey will provide liquidity to CPA<sup>®</sup>:15's stockholders by delivering shares in a publicly-traded listed company with a broad stockholder base;

the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee's review of the financial performance, business operations, financial condition and prospects of each of CPA<sup>®</sup>:15 and W. P. Carey, independently and as a combined entity after W. P. Carey converts to a REIT, and their belief that the combination of W. P. Carey and CPA<sup>®</sup>:15 will allow CPA<sup>®</sup>:15's stockholders to participate in a stronger combined company based on the anticipated greater operational and financial flexibility of the combined company;

the receipt of the stock component of the Merger Consideration will be tax deferred to CPA<sup>®</sup>:15 stockholders, until such time as the shares of W. P. Carey Inc. received in the Merger are sold;

the fact that the combined company will be self-managed, thereby eliminating the external advisory structure under which CPA<sup>®</sup>:15 presently operates and the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee's belief that internally managed REITs are typically viewed more favorably by the public capital markets than externally managed REITs;

the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee's belief that the proposed transaction will be immediately accretive to the combined company's AFFO per share and cash available for distributions per share and provide for continuation of stable dividend growth;

the expectation that the combined company will be among the largest publicly-traded REITs with an expected total market capitalization of approximately \$5 billion, plus approximately \$12 billion in assets under management (including assets owned by the combined company), and a more diversified portfolio of approximately 450 net-leased assets. As a result of its larger size and enhanced balance sheet, the combined company is expected to have greater operating and financial flexibility and better access to capital markets with a lower cost of capital than CPA<sup>®</sup>:15 on a stand-alone basis;

after the proposed transaction, the combined company would have greater geographic diversification and greater tenant diversification than CPA<sup>®</sup>:15 on a stand-alone basis, which could provide the combined company with greater cash flow stability. In addition, the combined company's geographic exposure to European countries would be 30% (compared to CPA<sup>®</sup>:15's 35.0%) and its exposure to the top two tenants by annualized rent would be 8.2% and 5.7%, respectively (compared to 11.4% and 8.0%, respectively, for CPA<sup>®</sup>:15);

the proposed transaction would increase the combined company's weighted average debt maturity from 6.0 years to 6.1 years while lowering the average interest rate from approximately 5.7% to 5.1%, in each case compared to CPA<sup>®</sup>:15;

the stock component of the Merger Consideration is a fixed exchange ratio which will not fluctuate as a result of changes in the price of W. P. Carey listed shares prior to the Merger, which limits the impact of external factors on the transaction and provides certainty to the stockholders of both parties as to their respective pro forma percentage ownership of the combined company;

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the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee's conclusion, after consideration and review with its legal and financial advisors, that the transaction with W. P. Carey was superior to other possible liquidity alternatives for a number of reasons, including the CPA<sup>®</sup>:15 special committee's view that:

the current climate for initial public offerings is not favorable, particularly for REITs that are externally managed;

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it could be challenging to retain a management team in order to pursue a listing as an internally-managed REIT;

there was a low probability that a third party would have the desire or ability to merge with CPA<sup>®</sup>:15 or otherwise acquire its entire portfolio and related debt at a value comparable to the proposed W. P. Carey transaction;

a sale of CPA<sup>®</sup>:15's entire portfolio to unrelated third parties may involve difficulties in obtaining consents from lenders and high transaction costs;

if a liquidation is not conducted all at once, since the fixed operating expenses of CPA<sup>®</sup>:15 are not tied to the size of its asset base, such expenses would become a larger percentage of cash flow and revenues over time, thereby reducing the total net amount realized from the liquidation; and

the costs associated with separate sales of each property could become significant, thus decreasing returns to CPA<sup>®</sup>:15 stockholders.

the provisions in the Merger Agreement that permit the CPA<sup>®</sup>:15 board of directors under specified circumstances to withdraw its recommendation of the Merger in connection with, or approve or recommend, a CPA<sup>®</sup>:15 superior competing transaction (as defined in the section titled "The Merger Agreement - No Solicitation of Transactions" (CHS)) and to terminate the Merger Agreement in order to enter into an agreement with respect to a CPA<sup>®</sup>:15 superior competing transaction, upon the payment of the expense reimbursement (see "The Merger Agreement - Expenses");

the absence of a typical "break-up fee" under the Merger Agreement, making it financially more attractive for a third-party to make a competing offer after signing and public announcement, and for CPA<sup>®</sup>:15 to accept such offer, than would be the case if there were such a "break-up fee";

the provisions in the Merger Agreement that require W. P. Carey to reimburse CPA<sup>®</sup>:15 for its out-of-pocket expenses incurred in connection with the proposed transaction if W. P. Carey's shareholders do not approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger;

the high likelihood that the Merger and the REIT Conversion will be completed in a timely manner given the commitment of both parties to complete the Merger and the REIT Conversion pursuant to their respective obligations under the Merger Agreement, the absence of any significant closing conditions under the Merger Agreement, other than the shareholder and stockholder approvals and third-party consents, and the fact that W. P. Carey's obligation to consummate the Merger is not subject to any financing contingency;

the financial analyses presented to the CPA<sup>®</sup>:15 board of directors by Deutsche Bank that, as of February 17, 2012 and based upon and subject to the assumptions and limitations set forth in its opinion, the Merger Consideration was fair, from a financial point of view, to CPA<sup>®</sup>:15 stockholders, as more fully described elsewhere in this joint proxy statement/prospectus;

because W. P. Carey and its affiliates act as CPA<sup>®</sup>:15's advisor and manage the day-to-day activities of CPA<sup>®</sup>:15, the Merger would require less real estate due diligence than would otherwise occur with an unrelated third party, which would reduce the potential cost of the transaction and make its execution more certain; and

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the Merger is subject to the approval of CPA<sup>®</sup>:15 s stockholders who therefore have the option to reject the Merger. In addition, CPA<sup>®</sup>:15 s stockholders have the right to demand appraisal of their shares in accordance with the procedures established by Maryland law. See The Merger Agreement Objecting Stockholders Rights of Appraisal.

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The CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee also considered a variety of risks and other potentially negative factors concerning the proposed transaction with W. P. Carey, including the following:

W. P. Carey and its affiliates serve as advisor to other CPA<sup>®</sup> REITs that have investment and rate of return objectives substantially similar to those of the combined company, and the conflicts of interest that may arise in such advisor's role as well as the possibility that CPA<sup>®</sup> REITs may compete with the combined company after the Merger with respect to properties, potential purchasers, sellers and lessees of properties and mortgage financing for properties;

the average lease maturity of the combined company's portfolio would be lowered after the Merger compared to that of CPA<sup>®</sup>:15. The average time to lease maturity of the CPA<sup>®</sup>:15's portfolio is currently approximately 10.4 years. The average time remaining on all leases in the combined company's portfolio will be reduced to approximately 9.2 years, thereby increasing overall risks related to re-leasing or sale of properties upon expiration of such leases;

the challenges inherent in the combination of two business enterprises the size of CPA<sup>®</sup>:15 and W. P. Carey and the risks and costs to CPA<sup>®</sup>:15 if the Merger does not close;

the various conditions to CPA<sup>®</sup>:15's obligations to complete the Merger and the possibility that the transaction with W. P. Carey would not be completed and in evaluating this risk, the particular circumstances under which CPA<sup>®</sup>:15, on the one hand, or W. P. Carey, on the other hand, could terminate the Merger Agreement, and the possible adverse effects on the future liquidity options for CPA<sup>®</sup>:15 that might result if the proposed transaction with W. P. Carey were announced and not completed;

the risk that a different liquidity alternative could ultimately prove to be more beneficial to CPA<sup>®</sup>:15 stockholders than the proposed transaction with W. P. Carey;

the Merger Consideration is fixed and will not be adjusted for changes in the price of W. P. Carey's listed shares or changes in the NAV of CPA<sup>®</sup>:15 prior to the Merger, which means that the value of the Merger Consideration could decrease prior to the closing of the Merger if the trading price of W. P. Carey's listed shares decreases, even if the NAV of CPA<sup>®</sup>:15 increases;

the cash component of the Merger Consideration to be received by CPA<sup>®</sup>:15 stockholders in the Merger would be taxable to such stockholders to the extent of any gain in such CPA<sup>®</sup>:15 shares;

the possibility that the REIT Conversion or the Merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of W. P. Carey or CPA<sup>®</sup>:15;

the risk that failure to complete the Merger could negatively affect the future business and financial results of CPA<sup>®</sup>:15 because CPA<sup>®</sup>:15 may be perceived as having diminished value and CPA<sup>®</sup>:15 may be unable to identify and execute an alternative liquidity transaction for CPA<sup>®</sup>:15 stockholders on terms as attractive as the terms of the Merger;

the risk that the anticipated strategic and financial benefits of the REIT Conversion and the Merger may not be fully realized;

the expenses to be incurred in connection with pursuing the Merger; and

the restrictions on the conduct of CPA<sup>®</sup>:15's business between the date of the Merger Agreement and the date of the consummation of the proposed Merger.

The foregoing discussion of the factors considered by the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee is not intended to be exhaustive but rather summarizes the material factors considered by the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee. In view of the wide variety of factors considered, the CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual directors may have given different weights to different factors. The CPA<sup>®</sup>:15 board of directors and CPA<sup>®</sup>:15 special committee considered the positive and negative factors relating to the Merger and the related transactions and believed the negative factors to be outweighed by the positive factors.

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**OPINION OF FINANCIAL ADVISOR TO W. P. CAREY**

W. P. Carey has retained BofA Merrill Lynch to act as W. P. Carey's financial advisor in connection with the Merger. At a February 17, 2012 meeting of the W. P. Carey board of directors held to evaluate the Merger, BofA Merrill Lynch rendered to the W. P. Carey board of directors an oral opinion, confirmed by delivery of a written opinion, dated February 17, 2012, to the effect that, as of that date and based on and subject to various assumptions and limitations described in the opinion, the Merger Consideration to be paid by W. P. Carey was fair, from a financial point of view, to W. P. Carey.

The full text of BofA Merrill Lynch's written opinion, dated February 17, 2012, is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by BofA Merrill Lynch in rendering its opinion. The following summary of BofA Merrill Lynch's opinion is qualified in its entirety by reference to the full text of the opinion. **BofA Merrill Lynch delivered its opinion to the W. P. Carey board of directors for the benefit and use of the W. P. Carey board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the Merger Consideration from a financial point of view to W. P. Carey. BofA Merrill Lynch's opinion did not address any other aspect of the Merger or any related transactions and no opinion or view was expressed as to the relative merits of the Merger and related transactions in comparison to other strategies or transactions that might be available to W. P. Carey or in which W. P. Carey might engage or as to the underlying business decision of W. P. Carey to proceed with or effect the Merger and related transactions. BofA Merrill Lynch also expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the Merger or any related matter.**

In connection with its opinion, BofA Merrill Lynch, among other things:

reviewed certain publicly available business and financial information relating to CPA<sup>®</sup>:15 and W. P. Carey;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of CPA<sup>®</sup>:15 furnished to or discussed with BofA Merrill Lynch by W. P. Carey as the parent of CAM, CPA<sup>®</sup>:15's external advisor, including certain financial forecasts relating to CPA<sup>®</sup>:15 prepared by such external advisor and further discussed with BofA Merrill Lynch by W. P. Carey's management, referred to as the CPA<sup>®</sup>:15 forecasts;

reviewed an appraisal of CPA<sup>®</sup>:15's real estate portfolio as of September 30, 2011 prepared by Stanger, an independent third-party appraiser, provided to BofA Merrill Lynch by W. P. Carey in December 2011, referred to as the appraisal;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of W. P. Carey furnished to or discussed with BofA Merrill Lynch by W. P. Carey's management, including certain financial forecasts relating to W. P. Carey prepared by W. P. Carey's management, referred to as the W. P. Carey forecasts;

discussed the past and current business, operations, financial condition and prospects of CPA<sup>®</sup>:15 and W. P. Carey and certain trends and recent developments in, and prospects for, the commercial real estate market and related credit and financial markets with members of W. P. Carey's senior management;

reviewed the potential pro forma financial impact of the Merger on the future financial performance of W. P. Carey, including the potential effect on W. P. Carey's estimated FFO and AFFO;

reviewed the trading history of, and indexed total returns relating to, W. P. Carey listed shares and a comparison of such indexed total returns with those of other companies BofA Merrill Lynch deemed relevant;





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compared certain financial information of CPA<sup>®</sup>:15 and certain financial and stock market information of W. P. Carey with similar information of other companies BofA Merrill Lynch deemed relevant;

reviewed the Merger Agreement and certain related documents; and

performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of W. P. Carey's management that it was not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the CPA<sup>®</sup>:15 forecasts, BofA Merrill Lynch was advised by W. P. Carey as the parent of CAM, CPA<sup>®</sup>:15's external advisor, and assumed, with W. P. Carey's consent, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of such external advisor and W. P. Carey's management as to the future financial performance of CPA<sup>®</sup>:15. With respect to the W. P. Carey forecasts, BofA Merrill Lynch assumed, at W. P. Carey's direction, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of W. P. Carey's management as to the future financial performance of W. P. Carey. With respect to the appraisal, BofA Merrill Lynch assumed, with W. P. Carey's consent, that it was reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the preparer of such appraisal as to CPA<sup>®</sup>:15's real estate portfolio. At W. P. Carey's direction, BofA Merrill Lynch relied upon the assessments of W. P. Carey's management as to certain trends and recent developments in, and prospects for, the commercial real estate market and related credit and financial markets.

BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of CPA<sup>®</sup>:15 (other than the appraisal which BofA Merrill Lynch reviewed without independent verification for purposes of its opinion), W. P. Carey or any other entity, nor did BofA Merrill Lynch make any physical inspection of the properties or assets of CPA<sup>®</sup>:15, W. P. Carey or any other entity. BofA Merrill Lynch also did not make an analysis of, nor did it express any opinion or view as to, the adequacy or sufficiency of allowances for credit losses with respect to leases or any other matters and BofA Merrill Lynch was advised and therefore assumed that any such allowances for losses were, and on a pro forma basis would be, in the aggregate appropriate to cover such losses. BofA Merrill Lynch further did not evaluate the solvency or fair value of CPA<sup>®</sup>:15, W. P. Carey or any other entity under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at W. P. Carey's direction, that the Merger and related transactions would be consummated in accordance with their respective terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Merger and related transactions, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on CPA<sup>®</sup>:15, W. P. Carey, W. P. Carey Inc. or the contemplated benefits of the Merger. BofA Merrill Lynch also assumed, at W. P. Carey's direction, that the Merger would qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a)(1)(A) of the Code. BofA Merrill Lynch was advised that CPA<sup>®</sup>:15 has operated in conformity with the requirements for qualification as a REIT for federal income tax purposes since its formation as a REIT and further assumed, at W. P. Carey's direction, that W. P. Carey Inc. would qualify as a REIT for federal income tax purposes and that the Merger would not adversely affect such status or operations of CPA<sup>®</sup>:15 or W. P. Carey Inc. In addition, BofA Merrill Lynch assumed, with W. P. Carey's consent, that the value of W. P. Carey Inc. common stock issuable in the Merger would be equivalent to the market value of W. P. Carey listed shares.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects or implications of the Merger (other than the Merger Consideration to the extent expressly specified in its opinion) or any related transactions, including, without limitation, the form or structure of the Merger Consideration or the Merger or any terms, aspects or implications of the REIT Conversion, the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary or any other arrangements, agreements or understandings entered into in connection with or

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related to the Merger or otherwise. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, to W. P. Carey of the Merger Consideration and no opinion or view was expressed with respect to any consideration received in connection with the Merger or related transactions by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any officers, directors or employees of any party to the Merger or related transactions, or class of such persons, relative to the Merger Consideration or otherwise. BofA Merrill Lynch expressed no view or opinion with respect to, and relied, with W. P. Carey's consent, upon the assessments of W. P. Carey's representatives regarding, legal, regulatory, accounting, tax and similar matters relating to CPA<sup>®</sup>:15, W. P. Carey, W. P. Carey Inc., any related entity and the Merger and related transactions (including the contemplated benefits thereof) as to which BofA Merrill Lynch understood that W. P. Carey obtained such advice as it deemed necessary from qualified professionals. BofA Merrill Lynch further did not express any opinion as to what the value of W. P. Carey Inc. common stock actually would be when issued or the prices at which W. P. Carey listed shares or W. P. Carey Inc. common stock would trade at any time.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. The credit, financial and stock markets have been experiencing unusual volatility and BofA Merrill Lynch expressed no opinion or view as to any potential effects of such volatility on W. P. Carey, CPA<sup>®</sup>:15, W. P. Carey Inc. or the Merger and related transactions. It should be understood that subsequent developments may affect BofA Merrill Lynch's opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by BofA Merrill Lynch's Americas Fairness Opinion Review Committee. Except as described in this summary, W. P. Carey imposed no other instructions or limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

The following represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to the W. P. Carey board of directors in connection with its opinion, dated February 17, 2012. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.** For purposes of the financial analyses summarized below, the term "implied consideration value" refers to \$11.80 per share calculated as (i) the cash consideration of \$1.25 per share and (ii) the implied value of the stock component of the Merger Consideration based on the 0.2326 exchange ratio and the closing stock price of W. P. Carey listed shares of \$45.37 per share on February 15, 2012.

### **Selected Companies Analyses**

BofA Merrill Lynch performed separate selected companies analyses of CPA<sup>®</sup>:15 and W. P. Carey utilizing financial data of the selected publicly traded companies listed below based on Wall Street research consensus estimates, public filings and other publicly available information. Financial data of CPA<sup>®</sup>:15 and W. P. Carey were based on the CPA<sup>®</sup>:15 forecasts, the W. P. Carey forecasts, their respective public filings and other publicly available information.

**CPA<sup>®</sup>:15.** In performing a selected companies analysis of CPA<sup>®</sup>:15, BofA Merrill Lynch reviewed financial information of CPA<sup>®</sup>:15 and the following five selected publicly traded triple-net lease REITs, referred to as the selected REITs:

CapLease, Inc.

Entertainment Properties Trust

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Lexington Realty Trust


National Retail Properties, Inc.

Realty Income Corporation

BofA Merrill Lynch reviewed, among other things, enterprise values of the selected REITs, calculated as equity values based on closing stock prices on February 15, 2012, plus debt, less cash and other adjustments, as a multiple of calendar year 2012 estimated earnings before interest, taxes, depreciation and amortization, referred to as EBITDA. BofA Merrill Lynch also reviewed closing stock prices of the selected REITs on February 15, 2012 as a multiple of calendar year 2012 estimated FFO per share. BofA Merrill Lynch further reviewed annualized quarterly dividends of the selected REITs as a percentage of the closing stock prices of the selected REITs on February 15, 2012, referred to as dividend yield, and such dividend yields divided by calendar year 2012 estimated AFFO per share of the selected REITs, referred to as the AFFO payout ratio. The overall observed low to high calendar year 2012 EBITDA and FFO multiples for the selected REITs were 12.0x to 17.1x and 6.6x to 17.9x, respectively, and low to high dividend yields and AFFO payout ratios for the selected REITs were 4.8% to 6.6% and 40% to 88%, respectively. BofA Merrill Lynch then applied a selected range of calendar year 2012 EBITDA multiples of 13.0x to 14.0x and calendar year 2012 FFO multiples of 13.0x to 15.0x derived from the selected REITs to corresponding data of CPA<sup>®</sup>:15 and a selected range of dividend yields of 5.5% to 6.5% and AFFO payout ratios of 80% to 90% derived from the selected REITs to CPA<sup>®</sup>:15's annualized dividend and calendar year 2012 AFFO per share. This implied the following approximate per share equity value reference ranges for CPA<sup>®</sup>:15 on a standalone basis, as compared to the implied consideration value of \$11.80 per share:

Implied Per Share Equity Value Reference Ranges Based On			
2012 EBITDA	2012 FFO	Annual Dividend Yield/2012 AFFO	Implied Consideration Value
\$12.80 - \$14.40	\$ 10.80 - \$12.50	\$10.20 - \$13.60	\$11.80

BofA Merrill Lynch noted that, after reduction for liquidation payments by CPA<sup>®</sup>:15 to CAM, CPA<sup>®</sup>:15's external advisor and a wholly owned subsidiary of W. P. Carey, such implied equity value reference ranges for CPA<sup>®</sup>:15 would be approximately \$12.10 to \$13.50 per share, \$10.40 to \$11.90 per share and \$9.90 to \$12.80 per share, respectively.

**W. P. Carey.** In performing a selected companies analysis of W. P. Carey, BofA Merrill Lynch reviewed financial and stock market information of W. P. Carey, the selected REITs referred to above under Selected Companies Analyses  and the following 17 selected publicly traded asset managers, referred to as the selected asset managers:

Affiliated Managers Group, Inc.	Gamco Investors, Inc.
AllianceBernstein Holding L.P.	Invesco Ltd.
Artio Global Investors Inc.	Janus Capital Group Inc.
Blackrock, Inc.	Legg Mason, Inc.
Calamos Asset Management, Inc.	Pzena Investment Management, Inc.
Cohen & Steers, Inc.	T. Rowe Price Group, Inc.
Eaton Vance Corp.	Waddell & Reed Financial, Inc.
Federated Investors, Inc.	WisdomTree Investments, Inc.
Franklin Resources, Inc.	

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BofA Merrill Lynch reviewed, among other things, enterprise values of the selected REITs and the selected asset managers, calculated as equity values based on closing stock prices on February 15, 2012, plus debt, less cash and other adjustments, as a multiple of calendar year 2012 estimated EBITDA. BofA Merrill Lynch also reviewed closing stock prices of the selected REITs as a multiple of calendar year 2012 estimated FFO per share and of the selected asset managers as a multiple of calendar year 2012 estimated earnings, referred to as PE. BofA Merrill Lynch further reviewed the dividend yields of the selected REITs based on closing stock prices on February 15, 2012 and the AFFO payout ratios based on calendar year 2012 estimated AFFO per share of the selected REITs. The overall observed low to high calendar year 2012 EBITDA multiples for the selected REITs and the selected asset managers were 12.0x to 17.1x and 5.8x to 14.5x, respectively, low to high calendar year 2012 FFO per share multiples for the selected REITs and calendar year 2012 PE multiples for the selected asset managers were 6.6x to 17.9x and 10.4x to 20.8x, respectively, and low to high dividend yields and AFFO payout ratios for the selected REITs were 4.8% to 6.6% and 40% to 88%, respectively. BofA Merrill Lynch then applied a selected range of calendar year 2012 EBITDA multiples of 12.5x to 13.5x derived from the selected REITs and calendar year 2012 EBITDA multiples of 9.0x to 10.0x derived from the selected asset managers to W. P. Carey's calendar year 2012 estimated EBITDA attributed to its real estate business and asset management business, respectively. BofA Merrill Lynch also applied a selected range of calendar year 2012 FFO multiples of 12.5x to 14.5x derived from the selected REITs and calendar year 2012 PE multiples of 12.0x to 15.0x derived from the selected asset managers to W. P. Carey's calendar year 2012 estimated FFO attributed to its real estate business and estimated net earnings attributed to its asset management business, respectively. In addition, BofA Merrill Lynch applied a selected range of dividend yields of 5.5% to 6.5% and AFFO payout ratios of 80% to 90% derived from the selected REITs to W. P. Carey's annualized dividend and calendar year 2012 AFFO per share. This implied the following approximate per share equity value reference ranges for W. P. Carey, as compared to W. P. Carey's closing stock price on February 15, 2012:

Implied Per Share Equity Value Reference Ranges Based On			W. P. Carey Closing Stock Price
2012 EBITDA	2012 FFO/PE	Annual Dividend Yield/2012 AFFO	on February 15, 2012
\$35.50 - \$40.10	\$ 41.60 - \$49.70	\$33.90 - \$45.00	\$45.37

Based on the standalone implied per share equity value reference ranges for CPA<sup>®</sup>:15 described above (less the \$1.25 per share cash consideration) and the implied per share equity value reference ranges for W. P. Carey described above, BofA Merrill Lynch calculated implied exchange ratio reference ranges. The implied reference ranges derived from the calendar year 2012 EBITDA multiples, calendar year 2012 FFO and PE multiples and annual dividend yield and calendar year 2012 AFFO payout ratios described above indicated implied exchange ratio reference ranges of 0.288x to 0.370x, 0.192x to 0.270x and 0.199x to 0.364x, respectively, as compared to the 0.2326 exchange ratio in the Merger.

No company used in these analyses is identical to CPA<sup>®</sup>:15 or W. P. Carey. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which CPA<sup>®</sup>:15 and W. P. Carey were compared.

**Selected Capitalization Rate Analyses**

BofA Merrill Lynch performed separate selected capitalization rate analyses of CPA<sup>®</sup>:15 and W. P. Carey utilizing financial data of the selected REITs listed above under the heading Selected Companies Analyses based on Wall Street research consensus estimates, public filings and other publicly available information. Financial data of CPA<sup>®</sup>:15 and W. P. Carey were based on the CPA<sup>®</sup>:15 forecasts, the W. P. Carey forecasts, their respective public filings and other publicly available information.

**CPA<sup>®</sup>:15.** In performing a selected capitalization rate analysis of CPA<sup>®</sup>:15, BofA Merrill Lynch reviewed implied capitalization rates of the selected REITs calculated as implied market values of the real estate of the selected REITs based on closing stock prices on February 15, 2012 and calendar year 2012 estimated

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capitalization rates applied to such real estate as reported by Wall Street research analysts. The overall observed low to high implied capitalization rates and estimated capitalization rates for the selected REITs were 6.0% to 8.8% and 6.5% to 9.0%, respectively. BofA Merrill Lynch then applied a selected range of capitalization rates of 8.0% to 9.0% derived from the selected REITs to CPA<sup>®</sup>:15's calendar year 2012 estimated net operating income. This implied the following approximate per share equity value reference range for CPA<sup>®</sup>:15 on a standalone basis, as compared to the implied consideration value of \$11.80 per share:

Implied Per Share Equity Value Reference Range	Implied Consideration Value
\$10.50 - \$12.80	\$ 11.80

BofA Merrill Lynch noted that, after reduction for liquidation payments by CPA<sup>®</sup>:15 to CAM, CPA<sup>®</sup>:15's external advisor and a wholly owned subsidiary of W. P. Carey, such implied per share equity value reference range for CPA<sup>®</sup>:15 would be approximately \$10.20 to \$12.10 per share.

**W. P. Carey.** In performing a selected capitalization rate analysis of W. P. Carey, BofA Merrill Lynch reviewed implied capitalization rates of the selected REITs calculated as implied market values of the real estate of the selected REITs based on closing stock prices on February 15, 2012 and calendar year 2012 estimated capitalization rates applied to such real estate as reported by Wall Street research analysts. BofA Merrill Lynch also reviewed enterprise values of the selected asset managers, calculated as equity values based on closing stock prices on February 15, 2012, plus debt, less cash and other adjustments, as a multiple of calendar year 2012 estimated EBITDA. The overall observed low to high implied capitalization rates and estimated capitalization rates for the selected REITs were 6.0% to 8.8% and 6.5% to 9.0%, respectively, and low to high calendar year 2012 EBITDA multiples for the selected asset managers were 5.8x to 14.5x, respectively. BofA Merrill Lynch then applied a selected range of capitalization rates of 8.0% to 9.0% derived from the selected REITs to W. P. Carey's calendar year 2012 estimated net operating income attributed to its real estate business and a selected range of calendar year 2012 EBITDA multiples of 9.0x to 10.0x derived from the selected asset managers to W. P. Carey's calendar year 2012 estimated EBITDA attributed to its asset management business. This implied the following approximate per share equity value reference range for W. P. Carey, as compared to W. P. Carey's closing stock price on February 15, 2012:

Implied Per Share	W. P. Carey Closing Stock Price
Equity Value Reference Range	on February 15, 2012
\$32.20 - \$36.90	\$ 45.37

Based on the standalone implied per share equity value reference range for CPA<sup>®</sup>:15 described above (less the \$1.25 per share cash consideration) and the implied per share equity value reference range for W. P. Carey described above, BofA Merrill Lynch calculated an implied exchange ratio reference range of 0.251x to 0.359x, as compared to the 0.2326 exchange ratio in the Merger.

No company used in these analyses is identical to CPA<sup>®</sup>:15 or W. P. Carey. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which CPA<sup>®</sup>:15 and W. P. Carey were compared.

**Discounted Cash Flow Analyses**

BofA Merrill Lynch performed separate discounted cash flow analyses of CPA<sup>®</sup>:15 and W. P. Carey by calculating the estimated present value of the standalone unlevered, after-tax free cash flows that CPA<sup>®</sup>:15 and W. P. Carey were forecasted to generate during calendar years 2012 through 2015 based on the CPA<sup>®</sup>:15 forecasts and the W. P. Carey forecasts, respectively.

**CPA<sup>®</sup>:15.** BofA Merrill Lynch calculated terminal values for CPA<sup>®</sup>:15 by applying to CPA<sup>®</sup>:15's 2016 terminal year estimated EBITDA a range of terminal value multiples of 13.0x to 14.0x. The cash flows and terminal

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values were then discounted to present value as of December 31, 2011 using discount rates ranging from 8.0% to 9.0%. This implied the following approximate per share equity value reference range for CPA<sup>®</sup>:15 on a standalone basis, as compared to the implied consideration value of \$11.80 per share:

Implied Per Share Equity Value Reference Range	Implied Consideration Value
\$11.60 - \$13.40	\$ 11.80

BofA Merrill Lynch noted that, after reduction for liquidation payments by CPA<sup>®</sup>:15 to CAM, CPA<sup>®</sup>:15's external advisor and a wholly owned subsidiary of W. P. Carey, such implied per share equity value reference range for CPA<sup>®</sup>:15 would be approximately \$11.10 to \$12.60 per share.

**W. P. Carey.** BofA Merrill Lynch calculated terminal values for W. P. Carey by applying to W. P. Carey's 2016 terminal year estimated EBITDA a range of terminal value multiples of 11.0x to 12.0x. The cash flows and terminal values were then discounted to present value as of December 31, 2011 using discount rates ranging from 8.0% to 10.0%. This implied the following approximate per share equity value reference range for W. P. Carey, as compared to W. P. Carey's closing stock price on February 15, 2012:

Implied Per Share	W. P. Carey Closing Stock Price
Equity Value Reference Range	on February 15, 2012
\$37.00 - \$44.50	\$ 45.37

Based on the standalone implied per share equity value reference range for CPA<sup>®</sup>:15 described above (less the \$1.25 per share cash consideration) and the implied per share equity value reference range for W. P. Carey described above, BofA Merrill Lynch calculated an implied exchange ratio reference range of 0.233x to 0.328x, as compared to the 0.2326 exchange ratio in the Merger.

**Other Factors**

BofA Merrill Lynch also noted certain additional factors that were not considered part of BofA Merrill Lynch's financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

historical trading performance of W. P. Carey listed shares during the 52-week period ended February 15, 2012, which reflected low and high closing prices for W. P. Carey listed shares during such period of \$32.76 to \$45.52 per share;

a publicly available Wall Street research analyst report relating to W. P. Carey, including a NAV of W. P. Carey and stock price target for W. P. Carey listed shares, which indicated a range of approximately \$44.25 to \$45.00 per share; and

potential pro forma financial effects of the Merger on W. P. Carey's calendar years 2012 and 2013 estimated FFO per share, FFO per share excluding non-cash rental revenue adjustments from asset step-up, referred to as core FFO, and AFFO per share based on the CPA<sup>®</sup>:15 forecasts, the W. P. Carey forecasts, their respective public filings and other publicly available information, which indicated that the Merger could be neutral to W. P. Carey's calendar years 2012 and 2013 estimated FFO per share, accretive to W. P. Carey's calendar years 2012 and 2013 estimated core FFO per share by approximately 5% and accretive to W. P. Carey's calendar years 2012 and 2013 estimated AFFO per share by approximately 18% and 17%, respectively. The actual results achieved by the combined company may vary from forecasted results and the variations may be material.

**Miscellaneous**

As noted above, the discussion set forth above is a summary of the material financial analyses presented by BofA Merrill Lynch to the W. P. Carey board of directors in connection with its opinion and is not a



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comprehensive description of all analyses undertaken or factors considered by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that the analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses considered or focusing on information presented in tabular format, without considering all analyses or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of W. P. Carey and CPA<sup>®</sup>:15. The estimates of the future performance of W. P. Carey and CPA<sup>®</sup>:15 in or underlying BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch's analyses. These analyses were prepared solely as part of BofA Merrill Lynch's analysis of the fairness, from a financial point of view, to W. P. Carey of the Merger Consideration to be paid by W. P. Carey and were provided to the W. P. Carey board of directors in connection with the delivery of BofA Merrill Lynch's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or acquired or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch's view of the actual value of W. P. Carey or CPA<sup>®</sup>:15.

The type and amount of consideration payable in the Merger was determined through negotiations between W. P. Carey and CPA<sup>®</sup>:15, rather than by any financial advisor, and was approved by the W. P. Carey board of directors. BofA Merrill Lynch was not requested to, and it did not, recommend the specific consideration payable in the Merger or that any given consideration constituted the only appropriate consideration for the Merger. The decision to enter into the Merger Agreement was solely that of the W. P. Carey board of directors. As described above, BofA Merrill Lynch's opinion and analyses were only one of many factors considered by the W. P. Carey board of directors in its evaluation of the Merger and should not be viewed as determinative of the views of W. P. Carey's board of directors, management or any other party with respect to the Merger or the Merger Consideration.

In connection with BofA Merrill Lynch's services as W. P. Carey's financial advisor, W. P. Carey has agreed to pay BofA Merrill Lynch an aggregate fee of \$6.5 million, a portion of which was payable upon delivery of the opinion, a portion of which is payable upon completion of the REIT Conversion and \$3.5 million of which is contingent upon consummation of the Merger. W. P. Carey also has agreed to reimburse BofA Merrill Lynch for its expenses, including fees and expenses of BofA Merrill Lynch's legal counsel, incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch and related persons against liabilities, including liabilities under the federal securities laws, arising out of BofA Merrill Lynch's engagement.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of its businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of W. P. Carey, CPA<sup>®</sup>:15, W. P. Carey Inc. and certain of their respective affiliates.



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BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to W. P. Carey and certain of its affiliates and have received or in the future may receive compensation for the rendering of these services, including (i) having acted or acting as administrative agent, arranger and book runner for, and as a lender under, certain credit facilities, term loans, real estate loans and letters of credit of W. P. Carey and certain of its affiliates, (ii) having provided or providing certain foreign exchange trading services to W. P. Carey and certain of its affiliates and (iii) having provided or providing certain treasury management services and products to W. P. Carey and certain of its affiliates. BofA Merrill Lynch and its affiliates in the future also may provide investment banking, commercial banking and other financial services to W. P. Carey Inc., for which services BofA Merrill Lynch and its affiliates would expect to receive compensation.

BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. W. P. Carey selected BofA Merrill Lynch to act as its financial advisor in connection with the Merger on the basis of BofA Merrill Lynch's experience in similar transactions, its reputation in the investment community and its familiarity with W. P. Carey and its business.

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**OPINION OF FINANCIAL ADVISOR TO THE SPECIAL COMMITTEE AND BOARD OF DIRECTORS OF CPA<sup>®</sup>:15**

Pursuant to an engagement letter dated as of July 26, 2011, Deutsche Bank acted as financial advisor to the special committee of CPA<sup>®</sup>:15 and the board of directors of CPA<sup>®</sup>:15 in connection with the Merger. At the February 17, 2012 meeting of the CPA<sup>®</sup>:15 special committee and board of directors, Deutsche Bank delivered its opinion, subsequently confirmed in writing, to the effect that, as of the date of such opinion, based upon and subject to the assumptions, limitations, qualifications and other conditions set forth in the opinion, the Merger Consideration was fair, from a financial point of view, to the stockholders of CPA<sup>®</sup>:15, other than W. P. Carey and any W. P. Carey subsidiary that holds CPA 15 common stock.

The full text of Deutsche Bank's written opinion, dated as of February 17, 2012, which sets forth, among other things, the assumptions made, matters considered and limitations, qualifications and conditions of the review undertaken by Deutsche Bank in connection with its opinion, is attached as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference in its entirety. **Deutsche Bank's opinion has been approved and authorized for issuance by a fairness opinion review committee and is addressed to, and is for the use and benefit of, the board of directors of CPA<sup>®</sup>:15 in connection with and for the purpose of its evaluation of the Merger. Deutsche Bank's opinion is limited to the fairness of the Merger Consideration, from a financial point of view, to the stockholders of CPA<sup>®</sup>:15, other than W. P. Carey and any W. P. Carey subsidiary that holds CPA 15 common stock. Deutsche Bank's opinion does not address any other terms of the Merger or the Merger Agreement, nor does it address the terms of any other agreement entered into or to be entered into in connection with the Merger. Deutsche Bank was not asked to, and Deutsche Bank's opinion did not, address the fairness of the Merger, or any consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of CPA<sup>®</sup>:15, nor did it address the fairness of the contemplated benefits of the Merger. Deutsche Bank expressed no opinion as to the merits of the underlying decision by CPA<sup>®</sup>:15 to engage in the Merger nor did it express any opinion, and Deutsche Bank's opinion did not constitute a recommendation, as to how any CPA<sup>®</sup>:15 stockholders should vote on the Merger.** Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of CPA<sup>®</sup>:15's officers, directors, or employees of any parties to the Merger, or any class of such persons, in connection with the Merger relative to the Merger Consideration to be received by the stockholders of CPA<sup>®</sup>:15. Deutsche Bank was not requested to, and did not, solicit third party indications of interest in the possible acquisition of all or part of CPA<sup>®</sup>:15, and Deutsche Bank's opinion does not address the relative merits of the Merger as compared to any alternative transaction or business strategies. Deutsche Bank's opinion does not in any manner address the prices at which the common stock of W. P. Carey, W. P. Carey Inc. or other W. P. Carey Inc. securities will trade following the announcement or consummation of the Merger. The summary of Deutsche Bank's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of Deutsche Bank's opinion set forth as Annex D to this joint proxy statement/prospectus. CPA<sup>®</sup>:15 stockholders are urged to read Deutsche Bank's opinion in its entirety.

In connection with Deutsche Bank's role as financial advisor to the special committee of CPA<sup>®</sup>:15, and in arriving at its opinion, Deutsche Bank has, among other things, reviewed certain publicly available financial and other information concerning CPA<sup>®</sup>:15 and W. P. Carey and certain internal analyses, financial forecasts and other information relating to CPA<sup>®</sup>:15 and W. P. Carey prepared and furnished to Deutsche Bank by representatives of W. P. Carey and approved for Deutsche Bank's use by CPA<sup>®</sup>:15. Deutsche Bank also held discussions with certain senior officers and other representatives and advisors of W. P. Carey regarding the businesses and prospects of CPA<sup>®</sup>:15 and W. P. Carey. In addition, Deutsche Bank has:

reviewed the reported prices and trading activity for the W. P. Carey listed shares;

compared certain financial and stock market information for W. P. Carey with, to the extent publicly available, similar information for certain other companies we considered relevant whose securities are publicly traded;

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reviewed the NAV estimates for CPA<sup>®</sup>:15 provided by W. P. Carey and derived in part from a third party appraisal of CPA<sup>®</sup>:15's real estate portfolio as of September 30, 2011 (see Real Estate Portfolio Appraisal by Robert A. Stanger & Co., Inc. for a discussion of the third party appraisal);

reviewed, to the extent publicly available, the financial terms of certain recent business combinations which we deemed relevant;

reviewed a draft dated February 15, 2012 of the Merger Agreement; and

performed such other studies and analyses and considered such other factors as we deemed appropriate.

In preparing its opinion, Deutsche Bank did not assume responsibility for the independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning CPA<sup>®</sup>:15 or W. P. Carey, including, without limitation, any financial information or the NAV estimates considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, with the permission of CPA<sup>®</sup>:15's special committee, Deutsche Bank assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare, obtain or (other than the NAV estimates) review any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of CPA<sup>®</sup>:15 or W. P. Carey, nor did Deutsche Bank evaluate the solvency or fair value of CPA<sup>®</sup>:15 or W. P. Carey under any law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts made available to Deutsche Bank, Deutsche Bank, with the knowledge and permission of CPA<sup>®</sup>:15's special committee, assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of representatives of W. P. Carey as to the matters covered thereby and that such forecasts will be realized in the amounts and time periods currently estimated by W. P. Carey. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections, or the assumptions on which they are based. Deutsche Bank's opinion was necessarily based upon the economic, market and other conditions as in effect on, and the information made available to Deutsche Bank as of, the date of such opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting Deutsche Bank's opinion of which it becomes aware after the date of the opinion.

For purposes of rendering its opinion, Deutsche Bank, with the knowledge and permission of CPA<sup>®</sup>:15's special committee, has assumed that, in all respects material to its analysis:

the Merger will be consummated in accordance with the terms of the Merger Agreement, without any waiver, modification or amendment of any term, condition or agreement that would be material to Deutsche Bank's analysis;

all material governmental, regulatory or other approvals and consents required in connection with the consummation of the Merger will be obtained and in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions, terms or conditions will be imposed that would be material to Deutsche Bank's analysis; and

the final terms of the Merger Agreement did not differ materially from the terms set forth in the draft Deutsche Bank reviewed; and

consistent with information presented to Deutsche Bank by CPA<sup>®</sup>:15's special committee, the Merger will be tax-free to CPA<sup>®</sup>:15 and tax-free, with respect to the stock consideration, to the stockholders of CPA<sup>®</sup>:15.

Deutsche Bank is not a legal, regulatory, tax or accounting expert and Deutsche Bank relied on the assessments made by CPA<sup>®</sup>:15's special committee and its other advisors with respect to these issues.

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**Table of Contents****Deutsche Bank's Financial Analyses**

The following is a summary of the material financial analyses contained in the presentation that was made by Deutsche Bank to the special committee of CPA<sup>®</sup>:15 and the board of directors of CPA<sup>®</sup>:15 on February 17, 2012 and that were used by Deutsche Bank in connection with rendering its opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Deutsche Bank, nor does the order of the analyses described below represent the relative importance or weight given to those analyses by Deutsche Bank or the special committee and the board of directors of CPA<sup>®</sup>:15. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Deutsche Bank's financial analyses. Certain financial, comparative and other analyses summarized below include information presented in tabular format. The tables must be read together with the text of each summary and are alone not a complete description of Deutsche Bank's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 16, 2012, and is not necessarily indicative of current market conditions. In performing its analyses, Deutsche Bank made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of CPA<sup>®</sup>:15 and W. P. Carey. None of CPA<sup>®</sup>:15, W. P. Carey, Deutsche Bank or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or to reflect the prices at which the businesses could actually be sold.

***Transaction Overview***

Based on (i) the \$1.25 in cash payment per share of CPA 15 common stock and (ii) the stock component of the Merger Consideration of 0.2326 shares of W. P. Carey Inc. common stock per share of CPA 15 common stock, Deutsche Bank noted that the implied value of the Merger Consideration pursuant to the Merger Agreement was approximately \$11.82 per share of CPA 15 common stock based on the closing price per W. P. Carey listed shares on February 16, 2012 of \$45.46.

***Analysis of Selected Publicly Traded Companies***

Deutsche Bank compared certain financial information and commonly used valuation measurements for CPA<sup>®</sup>:15 and W. P. Carey to corresponding information and measurements of certain publicly traded companies that Deutsche Bank considered relevant for each company. In determining the universe of comparable companies for each of CPA<sup>®</sup>:15 and W. P. Carey, Deutsche Bank considered a variety of factors, based on publicly available information, including the following material factors: similarity in company portfolio, size, primary lease structure and geographic exposure. However, because of the inherent differences between the businesses, operations and prospects of CPA<sup>®</sup>:15, W. P. Carey and those of the selected comparable companies, Deutsche Bank believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected publicly traded company analysis. Accordingly, Deutsche Bank also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of CPA<sup>®</sup>:15, W. P. Carey and the selected comparable companies that could affect the values of each in order to provide a context in which to consider the results of the quantitative analysis for each of CPA<sup>®</sup>:15 and W. P. Carey. Deutsche Bank selected the following three companies as comparable companies because, although publicly traded, they operate on a triple net lease basis with portfolio characteristics that are comparable to the portfolio characteristics of CPA<sup>®</sup>:15:

Lexington Realty Trust

National Retail Properties, Inc.

Realty Income Corp.

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In addition to the three companies listed above, Deutsche Bank selected W. P. Carey as a comparable company for the CPA<sup>®</sup>:15 analysis. The comparable companies listed above (together with W. P. Carey only for purposes of the CPA<sup>®</sup>:15 analysis) are referred to as the selected companies.

To calculate the trading multiples for the selected companies, Deutsche Bank used publicly available information concerning historical and projected financial performance, including published historical financial information and forecasted estimates based on widely used industry data and research providers and public filings made by the selected companies. Using such financial information, Deutsche Bank reviewed for each of these companies, among other things: (i) the ratio of price to FFO estimates for the fiscal year 2012, which we refer to as P/FFO, (ii) the ratio of price to AFFO estimates for fiscal year 2012, which we refer to as P/AFFO, and (iii) the current dividend yields.

AFFO is generally accepted by the REIT industry to be a more accurate measure of residual cash flow. Deutsche Bank notes that while AFFO is a recognizable measure of operating performance and residual cash flow for REITs created by the REIT industry, measures of AFFO may not be directly in accordance with GAAP and therefore should not be considered an alternative to net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by GAAP, as a measure of liquidity, and AFFO is not necessarily indicative of cash available to fund cash needs.

*FFO Multiple Analyses.* Based upon the results of the selected publicly traded company analysis, Deutsche Bank developed a range of multiples to apply to each of W. P. Carey's and CPA<sup>®</sup>:15's projected 2012 FFO values provided by W. P. Carey, and calculated an implied per share stock price using a range of multiples for P/FFO of (i) 9.5x through 15.5x for CPA<sup>®</sup>:15 and (ii) 9.5x through 15.5x for W. P. Carey. The results of the analyses for each of W. P. Carey and CPA<sup>®</sup>:15 are summarized as follows:

Company	Implied Price per Share
CPA <sup>®</sup> :15	\$ 7.81 - \$12.74
W. P. Carey	\$ 31.35 - \$51.16

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1282x - 0.3664x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.1526x - 0.4063x to 0.2601x, the total exchange ratio in the Merger. See Implied Exchange Ratio Analysis.

*AFFO Multiple Analyses.* Based upon the results of the selected publicly traded company analysis, Deutsche Bank developed a range of multiples to apply to each of CPA<sup>®</sup>:15's projected 2012 AFFO values provided by W. P. Carey and calculated an implied per share stock price using a range of multiples for P/AFFO of 10.0x through 15.0x for both W. P. Carey and CPA<sup>®</sup>:15. The results of the analyses for each of W. P. Carey and CPA<sup>®</sup>:15 are summarized as follows:

Company	Implied Price per Share
CPA <sup>®</sup> :15	\$ 8.22 - \$12.33
W. P. Carey	\$ 36.03 - \$54.04

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1290x - 0.3075x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.1521x - 0.3422x to 0.2601x, the total exchange ratio in the Merger. See Implied Exchange Ratio Analysis.

*Dividend Yield Analysis.* Based upon the results of the selected publicly traded company analyses, Deutsche Bank determined that the 2012 estimated dividend yields for the selected companies (in the case of both W. P. Carey and CPA<sup>®</sup>:15) ranged from 4.75% to 5.50%, based on the assumption that 90% to 100% of cash

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available for distribution would be paid out in dividends. Applying these results to the projected cash available for distribution values provided by W. P. Carey for each of W. P. Carey and CPA<sup>®</sup>:15, Deutsche Bank calculated a range of implied common equity values per share for each of W. P. Carey and CPA<sup>®</sup>:15 as follows:

Company	Implied Price per Share
CPA <sup>®</sup> :15	\$ 9.02 - \$11.60
W. P. Carey	\$ 40.45 - \$52.04

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1493x to 0.2559x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.1733x to 0.2868x to 0.2601x, the total exchange ratio in the Merger. See below **Implied Exchange Ratio Analysis**.

None of the selected companies utilized as a comparison is identical to CPA<sup>®</sup>:15 and none of the selected companies utilized as a comparison (other than W. P. Carey) is identical to W. P. Carey. Accordingly, Deutsche Bank believes that the analysis of selected publicly traded companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such selected companies.

**Discounted Cash Flow Analysis**

**CPA<sup>®</sup>:15 Analysis.** As part of its analysis, and in order to estimate the present value of the common stock of CPA<sup>®</sup>:15, Deutsche Bank performed a discounted cash flow analysis of CPA<sup>®</sup>:15 based upon the projected stand-alone unlevered after-tax cash flows for CPA<sup>®</sup>:15 provided by W. P. Carey.

Deutsche Bank calculated a range of NAVs per share of the company's common stock based upon the sum of the discounted net present values of the company's unlevered after-tax free cash flows for the fiscal years 2012 through 2015, plus the discounted net present value of the company's terminal value as of year-end 2016. To determine the terminal valuation, a range of capitalization rates of 7.5% to 9.5% were applied to the 2016 projected net operating income. The expected net operating income and future cash flow attributable to each company and its components were determined using information provided by W. P. Carey. Deutsche Bank discounted the unlevered free cash flow streams and the estimated terminal values of each company to present value as of December 31, 2011 using a range of discount rates from 8.0% to 10% in each case. The capitalization rates used in these analyses were chosen by Deutsche Bank based on its expertise and experience with the REIT industry and its analysis of triple-net lease public selected companies listed above under **Analysis of Selected Publicly Traded Companies**. The discount ranges were derived from the calculation of the weighted average cost of capital of CPA<sup>®</sup>:15.

Deutsche Bank calculated per-share NAVs by first determining a range of enterprise values of CPA<sup>®</sup>:15 by adding the present values of the company's after-tax unlevered free cash flows and terminal value at each discount rate, subtracting from these enterprise values the net debt (which is total debt minus cash) of \$1,055 million as of December 31, 2011 (CPA<sup>®</sup>:15 Net Debt), and then dividing these amounts by the number of outstanding shares of common stock of the company. Deutsche Bank observed that the resulting ranges of implied common NAVs per share for the companies were \$8.53 to \$13.08, as compared to the estimated NAV at September 30, 2011 of \$10.40 per share.

**W. P. Carey Analysis.** As part of its analysis, and in order to estimate the present value of the common stock of W. P. Carey, Deutsche Bank also performed a discounted cash flow analysis of W. P. Carey based upon the projected unlevered cash flows for the company provided by W. P. Carey.

Deutsche Bank calculated a range of equity values per share of W. P. Carey's listed shares based upon the sum of the discounted net present values of the company's unlevered free cash flows for the fiscal years 2012 through 2015, plus the discounted net present value of the company's terminal value as of year-end 2016. To

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determine the terminal valuation, Deutsche Bank separately calculated the terminal values of each of the real estate and asset management businesses of W. P. Carey. Deutsche Bank determined the terminal valuation of (i) W. P. Carey's real estate business by applying a range of capitalization rates of 7.5% to 9.5% to a forward year of projected net operating income from the real estate business and (ii) W. P. Carey's asset management business by applying a range of EBITDA multiples from 9.0x to 12.0x to a forward year of projected EBITDA for the asset management business. Deutsche Bank then added the terminal values of the real estate business to the terminal values of the asset management business to obtain the estimated terminal values of W. P. Carey. Deutsche Bank discounted the unlevered free cash flow streams and the estimated terminal values of W. P. Carey to present value using two discount rates of 8.0% and 10% in each case.

The expected net operating income, future cash flow and EBITDA attributable to W. P. Carey and its components were determined using information provided by W. P. Carey. The capitalization rates used in these analyses were chosen by Deutsche Bank based on its expertise and experience with the REIT industry and in its analysis of triple-net lease public selected companies listed above in Analysis of Selected Publicly Traded Companies. The EBITDA multiples were chosen by Deutsche Bank based on its expertise in the asset management industry and its analysis of the following asset management companies: The Blackstone Group, Kohlberg Kravis Roberts & Co. and Apollo Global Management. The discount rates were derived from the calculation of the weighted average cost of capital of W. P. Carey.

Deutsche Bank calculated per-share equity values by first determining a range of enterprise values of W. P. Carey by adding the present values of the company's after-tax unlevered free cash flows and terminal value at each discount rate, subtracting from these enterprise values the net debt (which is total debt minus cash) of \$668 million as of December 31, 2011, and then dividing those amounts by the number of outstanding shares of common stock of the company. Deutsche Bank observed that the resulting ranges of implied common equity values per share for the companies were \$27.32 to \$40.27, as compared to the share price of W. P. Carey as of February 16, 2012 of \$45.46 per share.

In addition, Deutsche Bank compared (i) the range of implied stock exchange ratios based on this analysis of 0.1808x to 0.4331x to 0.2326x, the stock exchange ratio in the Merger and (ii) the range of implied total exchange ratios based on this analysis of 0.2119x to 0.4788x to 0.2601x, the total exchange ratio in the Merger. See Implied Exchange Ratio Analysis.

**Net Operating Income Capitalization Analyses**

In order to estimate the value of the common stock of CPA<sup>®</sup>:15, Deutsche Bank performed a net operating income capitalization rate analysis. In this analysis, Deutsche Bank calculated adjusted enterprise values by dividing projected 2012 net operating income values of CPA<sup>®</sup>:15, provided by W. P. Carey, by a range of capitalization rates, based on how W. P. Carey categorizes the tenants and leases of each company. Leases are categorized based on tenant credit quality, length of lease and real estate quality, organized by W. P. Carey on behalf of CPA<sup>®</sup>:15 into five categories, which in turn results in five categories of net operating income values. Ranges of low, medium and high capitalization rates were applied to each portfolio lease category to calculate adjusted total equity values. The capitalization rates applied to each lease category were adjusted based on the credit quality for the applicable properties. Deutsche Bank calculated such adjustment based on its expertise and experience with the REIT industry and its analysis of triple-net lease selected companies listed above under Analysis of Selected Publicly Traded Companies. The resulting adjusted enterprise values were used to calculate a range of implied per share prices by subtracting CPA<sup>®</sup>:15 Net Debt from these values and dividing by the number of shares of common stock outstanding to CPA<sup>®</sup>:15. The following table presents the results of these analyses:

Company	Implied Price per Share	
	Low	High
CPA <sup>®</sup> :15	\$ 9.24	\$ 12.44

In addition, Deutsche Bank compared the range of implied per share prices for CPA<sup>®</sup>:15 of \$9.24 to \$12.44 based on this analysis to \$10.40, the estimated NAV per share of CPA<sup>®</sup>:15 at September 30, 2011.

**Table of Contents****Analysis of Selected Precedent Transactions**

Deutsche Bank reviewed the financial terms, to the extent publicly available, of ten selected real estate portfolio transactions since July 1, 2006 involving companies that operate on a triple-net lease basis where the targeted assets were in industrial, office, retail and other diversified portfolios, which we refer to as the selected transactions. Deutsche Bank calculated various financial multiples based on certain publicly available information for each of the selected transactions. The transactions reviewed were as follows:

Month and Year Announced	Target	Acquiror	Implied Cap Rate
August 2011	Washington Real Estate Investment Trust	Area Property Partners	6.1%
December 2010	Corporate Property Associates 14 Incorporated	Corporate Property Associates 16 - Global Incorporated	9.3%
October 2010	ProLogis	The Blackstone Group	8.0%
May 2010	iStar Financial Inc.	Dividend Capital Total Realty Trust, Inc.	8.6%
June 2009	ProLogis	Various Parties	8.9%
November 2007	American Financial Realty Trust	Gramercy Capital Corp.	7.9%
March 2007	Spirit Finance Corporation	Macquarie Bank Limited and other PE	7.3%
June 2006	Corporate Property Associates 12 Incorporated	Corporate Property Associates 14 Incorporated	N/A
October 2006	Government Properties Trust, Inc.	Record Realty Trust	7.3%
July 2006	NewKirk Realty Trust, Inc.	Lexington Corporate Properties Trust	11.0%

In its analysis, Deutsche Bank derived and compared, among other things, the mean and median values of multiples for the ratio of price to AFFO and implied net operating income capitalization rates for the selected transactions. To calculate the comparative data for the selected transactions, Deutsche Bank used publicly available information from Wall Street equity research, press releases and filings made by the companies and SNL Financial equity research.

The analysis indicated the following:

Ratio	Selected Transactions Valuation Multiples	
	Mean	Median
P/AFFO		
LTM	12.3x	12.7x
FY + 1	11.2x	12.0x
FY + 2	11.1x	11.9x
Implied cap rate	8.3%	8.0%

The ratio of price to AFFO for 2012 was applied to the estimate of AFFO for fiscal year 2012 for CPA<sup>®</sup>:15 provided by W. P. Carey, and the determined implied capitalization rates were applied to the estimate of net operating income for 2012 for CPA<sup>®</sup>:15 that was provided by W. P. Carey. Based upon the transaction multiples, Deutsche Bank calculated the following range of implied share prices for CPA<sup>®</sup>:15:

Metric	Multiples of Ratio of Price to AFFO (2012E)	Implied Price per Share
AFFO	10.0x - 12.5x	\$ 8.22 - \$10.27

	Net Operating Income Capitalization Rates	
Net Operating Income	7.5% - 9.5%	\$ 9.60 - \$14.31





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In addition, Deutsche Bank compared the range of prices per share based on these analyses of \$8.22 to \$10.27 and \$9.60 to \$14.31 to \$10.40, the estimated NAV per share of CPA<sup>®</sup>:15 at September 30, 2011.

Because the reasons for, and circumstances surrounding, including without limitation differing markets and other conditions, each of the precedent transactions analyzed were so diverse, and due to the inherent differences between the operations and financial conditions of CPA<sup>®</sup>:15 and the companies involved in the selected transactions, Deutsche Bank believes that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences between the characteristics of these selected transactions and the Merger that could affect the value of the subject companies and businesses and W. P. Carey.

**Implied Exchange Ratio Analysis**

Using the range of implied prices per share for CPA 15 common stock and the range of implied prices per W. P. Carey listed share for each of the trading comparables and discounted cash flow valuation method described above, Deutsche Bank calculated implied stock exchange ratios and implied total exchange ratios for each such valuation method and compared to the stock exchange ratio and total exchange ratio in the Merger. The implied stock exchange ratio is the implied exchange ratio of W. P. Carey listed shares for one share of CPA 15 common stock, without taking into account the \$1.25 in cash portion of the Merger Consideration. The implied total exchange ratio is the implied exchange ratio of W. P. Carey listed shares for one share of CPA 15 common stock, taking into account the \$1.25 in cash portion of the Merger Consideration.

**Implied Stock Exchange Ratio Analysis**

Deutsche Bank performed the implied stock exchange ratio analysis by (i) dividing the lowest implied stock price per share of CPA 15 common stock for a given valuation method by the highest implied stock price per W. P. Carey listed share for such valuation method to arrive at the low end of the implied stock exchange ratio range for such valuation method and (ii) dividing the highest implied stock price per share of CPA 15 common stock for a given valuation method by the lowest implied stock price per W. P. Carey listed share for such valuation method to arrive at the high end of the implied stock exchange ratio range for such valuation method. This analysis indicated a range of implied stock exchange ratios for each valuation method as set forth below:

Valuation Method	Implied Stock Exchange Ratio		Stock Exchange Ratio in the Merger
<b>Trading Comparables</b>			
<i>P/2012E FFO Multiple</i>	0.1282x	0.3664x	
<i>P/2012E AFFO Multiple</i>	0.1290x	0.3075x	0.2326x
<i>Dividend Yield 2012E</i>	0.1493x	0.2559x	
<b>Discounted Cash Flow</b>	0.1808x	0.4331x	

**Table of Contents****Implied Total Exchange Ratio Analysis**

Deutsche Bank performed the implied total exchange ratio analysis by (i) dividing the lowest implied total price per share of CPA 15 common stock for a given valuation method by the highest implied total price per W. P. Carey listed share for such valuation method to arrive at the low end of the implied total exchange ratio range for such valuation method and (ii) dividing the highest implied total price per share of CPA 15 common stock for a valuation method by the lowest implied total price per W. P. Carey listed share for such valuation method to arrive at the high end of the implied total exchange ratio range for such valuation method. This analysis indicated a range of implied total exchange ratios for each valuation method as set forth below:

Valuation Method	Implied Total Exchange Ratio	Total Exchange Ratio in the Merger
<b>Trading Comparables</b>		
<i>P/2012E FFO Multiple</i>	0.1526x 0.4063x	
<i>P/2012E AFFO Multiple</i>	0.1521x 0.3422x	0.2601x
<i>Dividend Yield 2012E</i>	0.1733x 0.2868x	
<b>Discounted Cash Flow</b>	0.2119x 0.4788x	

The foregoing summary is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to a summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinion, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the special committee of CPA<sup>®</sup>:15 as to the fairness, from a financial point of view, to the holders of common stock of CPA<sup>®</sup>:15, of the Merger Consideration consisting of, for each share of common stock of CPA<sup>®</sup>:15, (i) \$1.25 in cash and (ii) 0.2326 shares of common stock of W. P. Carey Inc. In connection with its analyses, Deutsche Bank made, and was provided by representatives of W. P. Carey with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond CPA<sup>®</sup>:15's control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of CPA<sup>®</sup>:15 or its advisor, neither CPA<sup>®</sup>:15 nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the Merger were determined through negotiations between CPA<sup>®</sup>:15 and W. P. Carey and were approved by the special committee and board of directors of CPA<sup>®</sup>:15. Although Deutsche Bank provided advice to the special committee of CPA<sup>®</sup>:15 during the course of these negotiations, the decision to enter into the Merger was solely that of the special committee of CPA<sup>®</sup>:15. As described above, the opinion and presentation of Deutsche Bank to the special committee and board of directors of CPA<sup>®</sup>:15 were only one of a number of factors taken into consideration by CPA<sup>®</sup>:15's special committee and board of directors in making its determination to approve the Merger. Deutsche Bank's opinion was provided to the special committee and board of directors of CPA<sup>®</sup>:15 to assist it in connection with its consideration of the Merger and does not constitute a recommendation to any CPA<sup>®</sup>:15 stockholder as to how to vote on any matter.

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**Additional Information**

The special committee of CPA<sup>®</sup>:15 selected Deutsche Bank as its financial advisor in connection with the Merger based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions. CPA<sup>®</sup>:15 has retained Deutsche Bank pursuant to an engagement letter dated as of July 26, 2011. As compensation for Deutsche Bank's services in connection with the Merger, CPA<sup>®</sup>:15 has agreed to pay to Deutsche Bank the following fees:

- (a) a transaction fee of \$4,000,000 contingent on the consummation of the Merger;
- (b) an opinion fee of \$750,000 upon delivery of its fairness opinion (or upon notice from Deutsche Bank that it was unable to render the opinion), which shall reduce the transaction fee paid in connection with the consummation of the Merger or any fee payable pursuant to (d) below;
- (c) in the event that CPA<sup>®</sup>:15 requests that Deutsche Bank renders an additional opinion with respect to a materially amended or revised offer(s), an additional opinion fee of \$250,000 payable upon delivery of such additional opinion (or upon notice from Deutsche Bank that it was unable to render the opinion), which shall reduce the transaction fee paid in connection with the consummation of the Merger or any fee payable pursuant to (d) below; and
- (d) if the transaction is not consummated and CPA<sup>®</sup>:15 is entitled to any payment (including, without limitation, any termination fee, discounted pricing for services or any settlement in connection with a litigation or other proceeding related to the failure of the Merger), a fee equal to 20% of any such payment, provided that such fee shall not exceed \$4,000,000.

Regardless of whether the Merger is consummated, CPA<sup>®</sup>:15 has agreed to reimburse Deutsche Bank for reasonable fees, expenses and disbursements of Deutsche Bank's counsel and all of Deutsche Bank's reasonable travel and other out-of-pocket expenses incurred in connection with the Merger or otherwise arising out of the engagement of Deutsche Bank under the engagement letter, provided that any such fees in excess of \$75,000 will only be reimbursed if incurred with the consent of CPA<sup>®</sup>:15. CPA<sup>®</sup>:15 has also agreed to indemnify Deutsche Bank and certain related persons to the full extent lawful against certain liabilities arising out of its engagement or the Merger.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG, which, together with its affiliates, are referred to in this joint proxy statement/prospectus as the DB Group. One or more members of the DB Group have, from time to time, provided, and are currently providing, investment banking and other financial services to W. P. Carey or its affiliates for which they have received, and in the future may receive, compensation, including acting as financial advisor to the special committee of the board of directors of CPA<sup>®</sup>:16 Global in December 2010. The DB Group may also provide investment and commercial banking services to CPA<sup>®</sup>:15 and W. P. Carey Inc. in the future, for which we would expect the DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of W. P. Carey Inc. and their respective affiliates for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

**Table of Contents****PROSPECTIVE FINANCIAL INFORMATION**

Certain forecasted operating information, including estimated FFO and AFFO, for both W. P. Carey and CPA<sup>®</sup>:15 was provided to W. P. Carey's board of directors and CPA<sup>®</sup>:15's special committee and board of directors. This prospective financial information also was provided to the respective financial advisors to W. P. Carey and CPA<sup>®</sup>:15's special committee and board of directors. The forecasted information presents, to the best knowledge and belief of W. P. Carey and CPA<sup>®</sup>:15, their expected results. Neither W. P. Carey nor CPA<sup>®</sup>:15 can give you any assurance that their forecasted results will be achieved. There will likely be differences between W. P. Carey's and CPA<sup>®</sup>:15's forecasts and actual results, and those differences could be material.

Each of W. P. Carey and CPA<sup>®</sup>:15 uses the definition of FFO adopted by the National Association of Real Estate Investment Trusts, which is referred to in this joint proxy statement/prospectus as NAREIT, as interpreted by the SEC. FFO is a non-GAAP measure defined by NAREIT as net income or loss (computed in accordance with GAAP), excluding depreciation and amortization expense from real estate assets, impairment charges on real estate, gains or losses from sales of depreciated real estate assets and extraordinary items; however, FFO related to assets held for sale, sold or otherwise transferred and included in the results of discontinued operations are included. These adjustments also incorporate the pro rata share of unconsolidated subsidiaries. FFO includes each of W. P. Carey's and CPA<sup>®</sup>:15's share of FFO of unconsolidated real estate ventures and discontinued operations and excludes minority interests in real estate depreciation and amortization expenses. Each of W. P. Carey and CPA<sup>®</sup>:15 believes that FFO is a meaningful measure as a supplement to net earnings because net earnings assumes that the values of real estate assets diminish predictably over time as reflected through depreciation and amortization expenses. Each of W. P. Carey and CPA<sup>®</sup>:15 believes that the values of real estate assets fluctuate due to market conditions. W. P. Carey's and CPA<sup>®</sup>:15 calculation of FFO may not be comparable to similarly titled measures reported by other companies because not all companies calculate FFO in the same manner.

W. P. Carey modifies the NAREIT computation of FFO to include other adjustments to GAAP net income for certain non-cash charges, where applicable, such as non-cash charges such as amortization of intangibles, deferred income tax benefits and expenses, straight-line rents, stock compensation, gains or losses from extinguishment of debt and deconsolidation of subsidiaries and unrealized foreign currency exchange gains and losses. W. P. Carey refers to its modified definition of FFO as AFFO and employs AFFO as one measure of its operating performance when it formulates corporate goals and evaluates the effectiveness of its strategies. CPA<sup>®</sup>:15 modifies the NAREIT computation of FFO in accordance with the guidelines and definition of MFFO of the IPA, an industry trade group. In calculating MFFO, CPA<sup>®</sup>:15 excludes acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments or derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. CPA<sup>®</sup>:15 refers to its modified definition of FFO as MFFO and employs MFFO as one measure of its operating performance when it formulates corporate goals and evaluates the effectiveness of its strategies. Each of W. P. Carey and CPA<sup>®</sup>:15 excludes these items from GAAP net income as they are not the primary drivers in its decision-making process. Each of W. P. Carey's and CPA<sup>®</sup>:15's assessment of its respective operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. As a result, W. P. Carey believes that AFFO, and CPA<sup>®</sup>:15 believes MFFO, is a useful supplemental measure for investors to consider because it will help them to better understand and measure the performance of W. P. Carey's and CPA<sup>®</sup>:15's respective business over time without the potentially distorting impact of these short-term fluctuations. See Information about W. P. Carey Management's Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Measures FFO as Adjusted and Information about CPA<sup>®</sup>:15 Management's Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Measures FFO and MFFO.

The forecasted information for W. P. Carey and CPA<sup>®</sup>:15 has been prepared by and is the responsibility of W. P. Carey's management and was prepared based on actual tenant lease terms based on expected performance under those leases and in-place fixed rate debt. In determining the expected performance under a lease, W. P. Carey's management made certain assumptions. These assumptions were based primarily on

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contractual clauses that provide for increases in rent over the term of the lease. As a general matter, these increases are fixed or tied generally to increases in indices such as the Consumer Price Index ( CPI ) or other similar index in the jurisdiction in which the property is located, but may contain caps or other limitations, either on an annual or overall basis. However, in some jurisdictions (notably Germany), these clauses must provide for rent adjustments based on increases or decreases in the relevant index. In addition, with respect to retail stores and hotels, the assumptions were based in part on the terms of the lease which may provide for participation in gross revenues of the tenant at the property above a stated level, or percentage rent. The forecasted information has been prepared under the same accounting policies used in historical periods for each entity as described in Information About W. P. Carey Management s Discussion and Analysis of Financial Condition and Results of Operation and Information About CPA5 Management s Discussion and Analysis of Financial Condition and Results of Operation. PricewaterhouseCoopers LLP has neither examined nor compiled the prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP reports included in this joint proxy statement/prospectus relate to each of W. P. Carey s and CPA:15 s historical financial information. Such reports do not extend to the prospective financial information and should not be read to do so. This prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

**Table of Contents****REAL ESTATE PORTFOLIO APPRAISAL BY ROBERT A. STANGER & CO., INC.**

Robert A. Stanger & Co., Inc. ( Stanger ) was engaged by CPA<sup>®</sup>:15 to appraise the CPA<sup>®</sup>:15 real estate portfolio and has delivered its opinion, based upon the review, analysis, scope and limitations described in its report and summarized below, of the market value of the CPA<sup>®</sup>:15 portfolio as of September 30, 2011. CPA<sup>®</sup>:15 selected Stanger to provide the appraisal because of its experience and reputation.

**Experience of Stanger**

Stanger provides consulting and valuation services for real estate assets and investment portfolios owned by individuals or institutions. Stanger's valuation services relate principally to real estate portfolio valuations, single property appraisals, and the valuation of general partner and limited partner interests. Stanger has valued over \$20.0 billion of real estate assets and currently provides confirming opinions or appraisals annually on over \$3.0 billion of properties. Properties reviewed are located throughout North America, Europe and Asia and include office, industrial, retail, multifamily, hotels, self-storage, net lease, land and other property types. Stanger maintains a wide range of industry contacts and a database of asset performance information, industry publications, and information on real estate markets.

**Summary of Methodology**

Pursuant to its engagement agreement with CPA<sup>®</sup>:15, Stanger provided its opinion of the market value of the real estate portfolio of CPA<sup>®</sup>:15 as of September 30, 2011 based on the income method of valuation, specifically a discounted cash flow analysis. The income method is a customary valuation method for income-producing properties, such as the corporate tenant net-leased properties owned by CPA<sup>®</sup>:15. While Stanger was engaged to provide its opinion of the market value of the CPA<sup>®</sup>:15 real estate portfolio in the aggregate, the appraisal was based on an analysis of each property in the CPA<sup>®</sup>:15 portfolio. In performing this analysis, Stanger reviewed property level information provided by CPA<sup>®</sup>:15's advisor, W.P. Carey, including: (i) lease abstracts and leases which encumber the properties in the CPA<sup>®</sup>:15 portfolio; (ii) lease guaranty agreements, as appropriate; (iii) information related to the credit-quality of the tenants or guarantors under such leases, as available, including the most recent available tenant financial statements; (iv) property operating data, including current rent and property operating expenses borne by CPA<sup>®</sup>:15; (v) prior appraisals of the properties, as available; (vi) information on pending leases or pending lease modifications; (vii) information concerning current tenant usage of the properties; (viii) purchase and sale agreements for those properties under contract for sale at or around the date of valuation; (ix) acquisition information for those properties in the CPA<sup>®</sup>:15 real estate portfolio acquired in the three years preceding the valuation date; (x) the current ownership interest held by CPA<sup>®</sup>:15 in each property; and (xi) other property-level information, as appropriate. In addition, Stanger (a) discussed each property in the CPA<sup>®</sup>:15 real estate portfolio with CPA<sup>®</sup>:15's advisor; (b) visited the properties in the CPA<sup>®</sup>:15 real estate portfolio; and (c) reviewed information from a variety of sources about market conditions for each individual property in the CPA<sup>®</sup>:15 real estate portfolio.

After the reviews above, Stanger developed a discounted cash flow analysis for each property in the CPA<sup>®</sup>:15 real estate portfolio which included: (1) estimated net cash flow for each property in the portfolio during the remaining anticipated lease term unencumbered by mortgage debt; and (2) an estimated residual value of each property from a hypothetical sale of the property upon the assumed expiration of the lease. The hypothetical sale amount was derived by capitalizing the estimated stabilized net operating income of each property for the year following the assumed lease expiration, after considering the re-tenancing of such property at an estimated then current market rental rate, at a selected capitalization rate and deducting costs of sale estimated at 2.0%. Stanger's discounted cash flow analysis also included re-tenancing costs at the end of the assumed lease term, as appropriate, including downtime costs, tenant improvement allowances, rental concessions and leasing commissions. In the case where a tenant had a purchase option deemed by Stanger to be materially favorable to the tenant, or the tenant had long-term renewal options at rental rates materially below estimated market rental rates, the appraisal assumed the exercise of such purchase option or long-term renewal

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options in its determination of residual value. Where a property was deemed to have excess land, the discounted cash flow analysis included the estimated excess land value at the assumed expiration of the lease, based upon an analysis of comparable land sales or listings in the general market area of the property grown at estimated market growth rates through the assumed year of lease expiration. For those properties in the CPA<sup>®</sup>:15 portfolio that were currently under contract for sale, the appraised value of the portfolio reflects the current contractual sale price of such properties.

The discount rates and residual capitalization rates used to value the CPA<sup>®</sup>:15 real estate portfolio were applied on a property-by-property basis, and were selected based on several factors, including the creditworthiness of the tenants, industry surveys, discussions with industry professionals, property type, location and age, current lease rates relative to estimated market lease rates, and other factors deemed appropriate. The discount rates applied to the estimated net operating cash flow projection of each property for CPA<sup>®</sup>:15 ranged from approximately 3.75% to 14.00%. The discount rates applied to the estimated residual value of each property for CPA<sup>®</sup>:15 ranged from approximately 7.75% to 12.50%. The residual capitalization rates applied to the properties in CPA<sup>®</sup>:15 ranged from approximately 7.00% to 11.75%.

### **Conclusion as to CPA<sup>®</sup>:15 Portfolio Value**

The result of the analysis outlined above was then adjusted where appropriate to reflect the ownership interest of CPA<sup>®</sup>:15 in each property and to convert each non-domestically located property value to U.S. dollars based upon foreign exchange rates as of the valuation date. Based on the analyses outlined above, and subject to the assumptions and limitations below, the as is market value of the CPA<sup>®</sup>:15 portfolio as of September 30, 2011 was \$2,569,721,000. The resulting imputed capitalization rate based on the estimated net operating income of the CPA<sup>®</sup>:15 portfolio for the twelve month period following the valuation date was 8.8%.

### **Assumptions and Limitations of the Appraisal**

The appraisal reflects Stanger's valuation of the CPA<sup>®</sup>:15 real estate portfolio as of September 30, 2011 in the context of the information available at or around such date. Events occurring after the date of valuation could affect the assumptions used in preparing the appraisal and/or Stanger's opinion of value. Stanger has no obligation to update its appraisal on the basis of subsequent events.

The appraisal is subject to certain assumptions and limiting conditions, including: (i) Stanger assumes no responsibility for matters of a legal nature affecting any of the properties in the CPA<sup>®</sup>:15 portfolio and title to each property is assumed to be good and marketable and each property is assumed to be free and clear of all liens unless otherwise stated; (ii) the appraisal assumes (a) responsible ownership and competent management of each property, (b) no hidden or unapparent conditions of any property's subsoil or structure that would render such property more or less valuable, (c) full compliance with all applicable federal, state and local zoning, access and environmental regulations and laws, and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which Stanger's opinion of value contained in the appraisal is based; (iii) the information upon which Stanger's appraisal is based has been provided by or gathered from sources assumed to be reliable and accurate, including information that has been provided to Stanger by CPA<sup>®</sup>:15 and W. P. Carey, or their representatives, as outlined in Summary of Methodology above, and Stanger shall not be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, exhibits and other factual matters; (iv) any necessary repairs or alterations to any property in the CPA<sup>®</sup>:15 portfolio are assumed to be completed in a workmanlike manner; (v) the physical condition of the property improvements are based on representations by CPA<sup>®</sup>:15 and Stanger assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components; (vi) Stanger has made no survey of the properties in the portfolio and has assumed that there are no soil, drainage or environmental issues that would impair Stanger's opinion of value; (vii) any projections of income and expenses included in the appraisal and the valuation parameters utilized are not predictions of the future; rather, they are Stanger's best estimate of current market



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thinking as of the valuation date relating to future income and expenses and Stanger makes no warranty or representation that any such projections will materialize; (viii) Stanger's opinion of value represents normal consideration for the CPA<sup>®</sup>:15 portfolio sold unaffected by special terms, services, fees, costs, or credits incurred in a transaction; (ix) the existence of hazardous materials, which may or may not be present at any property, was not disclosed to Stanger by CPA<sup>®</sup>:15 or W. P. Carey, and Stanger has no knowledge of the existence of such materials on or in any property, nor is Stanger qualified to detect such hazardous substances and Stanger assumes no responsibility for the detection or existence of such conditions as such considerations are not within the scope of Stanger's engagement; (x) Stanger has assumed that each property is free of any negative impact with regard to the Environmental Cleanup Responsibility Act or any other environmental problems or with respect to non-compliance with the Americans with Disabilities Act (the ADA) and no investigation has been made by Stanger with respect to any potential environmental or ADA problems as such investigation is not within the scope of Stanger's engagement; (xi) Stanger's opinion of value does not reflect any potential premium or discount a potential buyer may assign to an assembled portfolio of properties or to a group of properties in a particular local market; and (xii) Stanger's opinion of the CPA<sup>®</sup>:15 real estate portfolio value was based upon Stanger's engagement agreement with CPA<sup>®</sup>:15 which called for the sole use of the income approach to value, specifically a discounted cash flow analysis, the assumption that the highest and best use of each property was as currently improved, and CPA<sup>®</sup>:15's request that any property under contract for sale at or around the valuation date be valued at its contractual sale price, as provided to us by CPA<sup>®</sup>:15 or its advisor. The use of other valuation methodologies might produce a higher or lower value.

## **Compensation and Material Relationships**

Stanger has been paid an aggregate fee of \$360,000 for preparation of the appraisal of the CPA<sup>®</sup>:15 portfolio. Stanger will also be reimbursed for all related out-of-pocket expenses, and is entitled to indemnification against certain liabilities. Stanger's engagement in this assignment, including its fee, was not dependent upon developing or reporting predetermined results or upon the consummation of the Merger. Stanger's appraisal was rendered to CPA<sup>®</sup>:15 for its sole use and reliance. However, Stanger has agreed that its appraisal may also be relied upon by W. P. Carey in its role as CPA<sup>®</sup>:15's advisor for CPA<sup>®</sup>:15's financial reporting, determination of NAV and general internal management purposes, and that Stanger's appraisal may be one of a number of factors taken into consideration by CPA<sup>®</sup>:15's financial advisor in connection with the Merger. Stanger has no present or prospective interest in the CPA<sup>®</sup>:15 real estate portfolio or any specific property therein, nor does it have any interest in CPA<sup>®</sup>:15, W. P. Carey or any of their affiliates. Stanger has provided other financial advisory and valuation services to W. P. Carey and its affiliates in the past and has been paid normal and customary compensation for such services. Stanger may provide such services to W. P. Carey and its affiliates in the future.

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**CONFLICTS OF INTEREST**

A number of conflicts of interest are inherent in the relationship between W. P. Carey and CPA<sup>®</sup>:15. The boards of directors of W. P. Carey and CPA<sup>®</sup>:15 recognized these conflicts and the need to independently determine that the Merger is in the best interests of their respective companies and respective shareholders and stockholders, and therefore CPA<sup>®</sup>:15 formed a special committee comprised entirely of independent directors. The special committee of CPA<sup>®</sup>:15 engaged independent legal and financial advisors. In considering the recommendation of the boards of directors of W. P. Carey and CPA<sup>®</sup>:15 to approve the Merger, W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders should be aware that conflicts of interest exist because W. P. Carey and its affiliates serve as the advisor for CPA<sup>®</sup>:15, and the officers and directors of W. P. Carey and CPA<sup>®</sup>:15 may have certain interests in the proposed transactions that are different from or in addition to the interests of W. P. Carey shareholders and CPA<sup>®</sup>:15 stockholders generally. The boards of directors of W. P. Carey and CPA<sup>®</sup>:15 (including the independent directors of CPA<sup>®</sup>:15) knew about these additional interests, and considered them, when they approved the Merger and the other transactions described in this joint proxy statement/prospectus. Certain of these interests are set forth below.

**Common Management**

CAM and its affiliates invest in and serve as the advisor for CPA<sup>®</sup>:15. Additionally, the executive management of CPA<sup>®</sup>:15 is comprised of the same individuals as the executive management of W. P. Carey.

The directors of each of W. P. Carey and CPA<sup>®</sup>:15 have an independent obligation to ensure that the participation in the Merger of each individual company on whose board they serve is fair and equitable, considering all factors unique to each company and without regard to whether the Merger is fair and equitable to the other company. Although the directors have sought to discharge faithfully this obligation to each of the companies, their respective shareholders and stockholders should bear in mind that until his death on January 2, 2012, Mr. Carey, one of the directors of CPA<sup>®</sup>:15, also served as a director of W. P. Carey and the other CPA<sup>®</sup> REITs.

**Lack of Independent Representation of Shareholders and Stockholders**

Representatives of W. P. Carey, who also serve as the officers of CPA<sup>®</sup>:15, performed an initial review of potential liquidity alternatives for CPA<sup>®</sup>:15 and recommended the Merger as the best alternative. In addition, the CPA<sup>®</sup>:15 special committee's financial advisor and the third party valuation firm that performed CPA<sup>®</sup>:15's real estate portfolio valuation at September 30, 2011 relied, in part, on financial information and property information provided by W.P. Carey in conducting their respective analyses.

To help alleviate potential conflicts, the board of directors of CPA<sup>®</sup>:15 created a special committee comprised of four independent directors which is represented by separate legal counsel and a separate financial advisor. The purpose of the special committee is to evaluate the Merger from an independent perspective and to make a recommendation to the full board of directors of CPA<sup>®</sup>:15 regarding the Merger. CPA<sup>®</sup>:15's special committee is comprised of Dr. Marshall E. Blume, Elizabeth P. Munson, Richard J. Pinola and James D. Price. The financial advisor to CPA<sup>®</sup>:15's special committee and board of directors provided the special committee and board of directors with a fairness opinion regarding the Merger Consideration. See Opinion of Financial Advisor to the Special Committee and Board of Directors of CPA<sup>®</sup>:15.

**Independent Directors of CPA<sup>®</sup>:15 Also Serve or Served as Directors of Other CPA<sup>®</sup> REITs**

Directors of CPA<sup>®</sup>:15 serve, and have served, on the boards of the other CPA<sup>®</sup> REITs. Dr. Blume has served as an independent director of CPA<sup>®</sup>:16 Global from June 2011 (having previously served in that capacity from June 2009 to July 2010 and from April 2007 to April 2008) and CPA<sup>®</sup>:17 Global since 2008. Ms. Munson has also served as an independent director of CPA<sup>®</sup>:16 Global since April 2004 and CPA<sup>®</sup>:17 Global since October 2007. Mr. Pinola has also served as an independent director of CPA<sup>®</sup>:16 Global since August 2006 and as an independent director of CPA<sup>®</sup>:17 Global since July 2010 (having previously served in

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that capacity, from October 2007 to June 2009). Mr. Price also served as an independent director of CPA<sup>®</sup>:16 Global from June 2011 (having previously served in that capacity from September 2005 to September 2007) and CPA<sup>®</sup>:17 Global since October 2007.

**Fees Payable to CPA<sup>®</sup>:15 s Advisor by CP<sup>®</sup>:15 in Connection with the Merger**

Concurrently with and as a condition to the closing of the Merger, the CPA<sup>®</sup>:15 Advisory Agreements will each automatically terminate and in connection with such termination, CAM and BV each will waive its right to receive any subordinated disposition or termination fees. The parties have agreed that CAM and BV will continue to be entitled to receive any and all other accrued fees pursuant to the CPA<sup>®</sup>:15 Advisory Agreements prior to the closing of the Merger other than the subordinated disposition and termination fees. The term of the Advisory Agreement has been extended to the earlier of the closing of the Merger or September 30, 2012.

**Share Ownership of Affiliates**

As of the CPA<sup>®</sup>:15 record date, W. P. Carey and its subsidiaries, and its directors and executive officers, owned [ ] shares of CPA 15 common stock (equal to approximately [ ]% of the outstanding shares of CPA 15 common stock). As of the CP<sup>®</sup>:15 record date, the directors of CPA<sup>®</sup>:15 beneficially owned [ ] shares of CPA 15 common stock in the aggregate, representing approximately [ ]% of the outstanding shares of CPA 15 common stock. The CPA<sup>®</sup>:15 Bylaws, however, prohibit its directors and their affiliates from voting their shares on any matters submitted to stockholders regarding any transaction between the company and its advisor, or any of its directors or affiliates, including W. P. Carey. Although these shares may not be voted, they will be considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and cease to exist without any conversion thereof or payment therefor.

As described above, the independent directors of CPA<sup>®</sup>:15 also serve as independent directors of CPA:16 Global and CPA:17 Global. In order to satisfy the independence requirements set forth in the organizational documents of those CPA<sup>®</sup> REITs, the independent directors must divest themselves of the [ ] shares of W. P. Carey Inc. common stock that the independent directors will receive in the Merger in respect of their CPA 15 common stock. W. P. Carey Inc. will purchase such shares for cash based on the average closing price of the W. P. Carey Inc. common stock for the five trading days after the closing of the Merger.

Each of the directors of W. P. Carey beneficially owns W. P. Carey listed shares, but each owns less than [ ]% of the total outstanding shares. As of the W. P. Carey record date, the estate of Wm. Polk Carey holds approximately [ ]% of W. P. Carey listed shares. Francis J. Carey, Jr., a director of W. P. Carey and co-executor of the estate of Wm. Polk Carey, has shared voting and dispositive power over the W. P. Carey listed shares owned by the estate and therefore may be deemed to beneficially own those shares.

The directors and officers of W. P. Carey immediately prior to the effective time of the Merger will continue to be the directors and officers of the combined company after the Merger. During 2011, the directors of W. P. Carey as a group received cash and equity compensation of \$1,795,000.

**Lack of Market Bids**

If CPA<sup>®</sup>:15 were selling its real estate properties to a non-affiliated third party or parties, either singly or on a portfolio basis, such purchaser or purchasers might assign different values to such properties, either singly or in the aggregate, as a result of using different valuation methodologies or assumptions, or more current market information, and therefore might be willing to pay an aggregate purchase price for such properties greater than the value of the Merger Consideration being received by CPA<sup>®</sup>:15 stockholders in the Merger.

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In addition, CPA<sup>®</sup>:15 did not solicit third party bids for CPA<sup>®</sup>:15 as a whole, which could have resulted in a purchase price for CPA<sup>®</sup>:15 greater than the value of the Merger Consideration being received by CPA<sup>®</sup>:15 stockholders in of the Merger.

### **Competition with W. P. Carey and its Affiliates in the Sale, Lease and Operation of Properties**

The advisor to CPA<sup>®</sup>:15 currently manages, and may in the future manage, public and private real estate investment partnerships and other REITs that have investment and rate of return objectives substantially similar to those of W. P. Carey, CPA<sup>®</sup>:15 and the combined company. In addition, W. P. Carey expects to manage or advise, directly or through affiliates, additional REITs and other investment entities. Therefore, those entities may be in competition with the combined company after the Merger with respect to properties, potential purchasers, sellers and lessees of properties and mortgage financing for properties.

Following completion of the Merger and the REIT Conversion, W. P. Carey Inc. intends to implement certain procedures to help manage any perceived or actual conflicts among it and the other CPA<sup>®</sup> REITs, including:

allocating funds based on numerous factors, including cash available, diversification / concentration, transaction size, tax, leverage and fund life;

all split transactions will be subject to the approval of the independent directors of the CPA<sup>®</sup> REITs;

investment allocation among members of W. P. Carey Inc.'s affiliates will be reviewed as part of an annual advisory contract renewal process; and

W. P. Carey Inc. will institute a quarterly review of all investment activities of W. P. Carey Inc. and the CPA<sup>®</sup> REITs by a committee including representatives of the independent directors of the CPA<sup>®</sup> REITs.

### **Joint Ventures and Other Transactions with Affiliates**

Together with certain affiliates, W. P. Carey and CPA<sup>®</sup>:15 participate in an entity that leases office space used for the administration of real estate entities. This entity does not have any significant assets, liabilities or operations other than its interest in the office lease. Under the terms of an office cost-sharing agreement among the participants in this entity, rental, occupancy and leasehold improvement costs are allocated among the participants based on gross revenues and are adjusted quarterly.

W. P. Carey and CPA<sup>®</sup>:15 own interests in entities ranging from 15% to 95%, as well as jointly-controlled tenancy-in-common interests in properties, with the remaining interests generally held by affiliates.

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### **THE W. P. CAREY SPECIAL MEETING**

#### **Date, Time and Place**

The special meeting of W. P. Carey shareholders will be held at [ ], Eastern Time, on [ ], 2012, at [ ].

#### **Purpose**

The purposes of W. P. Carey's special meeting are to:

consider and vote upon a proposal to approve the Merger;

consider and vote upon a proposal to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger, as part of the reorganization through which W. P. Carey intends to qualify as a REIT for federal income tax purposes; and

transact such other business as may properly come before W. P. Carey's special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

#### **Recommendation of the Board of Directors of W. P. Carey**

W. P. Carey's board of directors, after careful consideration, at a meeting on February 17, 2012, unanimously adopted a resolution declaring that the Merger and the W. P. Carey Merger are advisable, and unanimously recommends a vote **FOR** approval of the Merger and **FOR** adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger.

#### **Record Date, Outstanding Shares and Voting Rights**

W. P. Carey's board of directors has fixed the close of business on [ ], 2012 as the record date for W. P. Carey's special meeting. Accordingly, only holders of record of W. P. Carey's listed shares on the W. P. Carey record date are entitled to notice of, and to vote at, W. P. Carey's special meeting. As of the W. P. Carey record date, there were [ ] outstanding W. P. Carey listed shares held by approximately [ ] holders of record. At W. P. Carey's special meeting, each W. P. Carey listed share will be entitled to one vote.

#### **Quorum**

The representation, in person or by properly executed proxy, of the holders of a majority of the W. P. Carey listed shares entitled to vote at W. P. Carey's special meeting is necessary to constitute a quorum at W. P. Carey's special meeting. W. P. Carey listed shares represented in person or by proxy will be counted for the purposes of determining whether a quorum is present at W. P. Carey's special meeting. For the purposes of determining the presence of a quorum, abstentions and broker non-votes (i.e., shares represented in person or by proxy at the meeting held by brokers, as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which the broker does not have discretionary voting power to vote such shares) will be included in determining the number of W. P. Carey listed shares present and entitled to vote at the special meeting.

#### **Vote Required**

Approval of the Merger and adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger each requires the affirmative vote of the holders of at least a majority of the outstanding listed shares of W. P. Carey entitled to vote as of the W. P. Carey record date. Abstentions and broker non-votes will have the same effect as votes against approval of the Merger and against the adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger since these proposals require the affirmative vote of a majority of all the votes entitled to be cast by W. P. Carey shareholders on the matters.



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### **Voting of Proxies**

If you are a holder of W. P. Carey listed shares on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy to vote your shares by telephone or over the Internet will not limit your right to attend the special meeting and vote your shares in person. Those shareholders of record who choose to authorize a proxy by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on [ ], 2012. All W. P. Carey listed shares represented by properly executed proxy cards received before or at the W. P. Carey special meeting and all proxies properly submitted by telephone or over the Internet will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxy cards, telephone or Internet submissions. If no instructions are indicated on a properly executed proxy card, the shares will be voted **FOR** each of the proposals. You are urged to indicate how you vote your shares and whether you authorize a proxy by proxy card, by telephone or over the Internet.

If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the shareholder has abstained from voting on one or more of the proposals, the W. P. Carey listed shares represented by the proxy will be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted on the abstained proposals. For the proposals to approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger, abstentions will have the same effect as a vote against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger. For the proposal to adjourn the meeting to solicit additional proxies, abstentions (which are not considered votes cast) will have no effect on the vote of such proposal.

If your shares are held in an account at a broker, bank or other nominee, you must instruct them on how to vote your shares. If an executed proxy card is returned by a broker, bank or other nominee holding shares that indicates that the broker, bank or other nominee does not have discretionary authority to vote on the proposals, the shares will be considered present at the meeting for purposes of determining the presence of a quorum, but will not be considered to have been voted on the proposals. Under applicable rules and regulations of the NYSE, brokers, banks or other nominees have the discretion to vote on routine matters, but do not have the discretion to vote on non-routine matters. The proposals to approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger are non-routine matters. Accordingly, your broker, bank or other nominee will vote your shares only if you provide instructions on how to vote by following the information provided to you by your broker, bank or other nominee. If you do not provide voting instructions, your shares will be considered broker non-votes because the broker, bank or other nominee will not have discretionary authority to vote your shares. Therefore, your failure to provide voting instructions to the broker, bank, or other nominee will have the same effect as a vote against approval of the Merger and against adoption of the REIT Conversion Agreement and against approval of the W. P. Carey Merger.

### **Adjournment or Postponement**

Although it is not currently expected, the special meeting may be adjourned to solicit additional proxies if there are not sufficient votes to approve the Merger or adopt the REIT Conversion Agreement and approve the W. P. Carey Merger. In that event, W. P. Carey may ask its shareholders to vote upon the proposal to consider the adjournment of the special meeting to solicit additional proxies, but not the proposals to approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger. If W. P. Carey shareholders approve this proposal, we could adjourn the meeting and use the time to solicit additional proxies. Any W. P. Carey listed shares which were voted against approval of the Merger and against adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger will not be voted in favor of the adjournment or postponement of W. P. Carey's special meeting in order to solicit additional proxies.

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### **Revocation of Proxies**

Any proxy given pursuant to this solicitation may be revoked, and the vote changed, by the person giving it at any time before it is voted. Proxies may be revoked by:

delivering to the corporate secretary of W. P. Carey, at or before the vote is taken at W. P. Carey's special meeting, a later-dated written notice stating that you would like to revoke your proxy and change your vote;

properly executing a later-dated proxy relating to the same shares and delivering it to the corporate secretary of W. P. Carey before the vote is taken at W. P. Carey's special meeting; or

attending W. P. Carey's special meeting and voting in person, although attendance at W. P. Carey's special meeting will not in and of itself constitute a revocation of a proxy or a change of your vote.

Proxies authorized by telephone or via the Internet may only be revoked in writing in accordance with the above instructions.

Any written notice of revocation or subsequent proxy should be sent to W. P. Carey, 50 Rockefeller Plaza, New York, New York 10020, Attention: Corporate Secretary, so as to be received prior to W. P. Carey's special meeting, or hand delivered to the corporate secretary of W. P. Carey at or before the taking of the vote at W. P. Carey's special meeting.

### **Shares Beneficially Owned by W. P. Carey Directors and Officers**

As of the W. P. Carey record date, W. P. Carey's directors and executive officers and their affiliates, as a group, beneficially owned approximately [ ]% of the outstanding W. P. Carey listed shares.

### **Solicitation of Proxies; Expenses**

All expenses of W. P. Carey's solicitation of proxies from its shareholders, including the cost of mailing this joint proxy statement/prospectus to W. P. Carey shareholders, will be paid by W. P. Carey. We may utilize some of the officers and employees of W. P. Carey's wholly-owned subsidiaries, CAM and Carey Management Services, Inc. (who will receive no compensation in addition to their regular salaries), to solicit proxies personally and by telephone. In addition, we have engaged Computershare to assist in the solicitation of proxies for the meeting and estimate we will pay Computershare a fee of approximately \$115,000. We have also agreed to reimburse Computershare for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Computershare against certain losses, costs and expenses. No portion of the amount that W. P. Carey is required to pay Computershare is contingent upon the closing of the Merger or the REIT Conversion. The agreement between W. P. Carey and Computershare may be terminated (i) by either party for any reason upon 90 days prior written notice, (ii) by the non-defaulting party if the other party fails to cure such default within 90 days of written notice thereof, and (iii) by either party if the other party files a voluntary petition in bankruptcy or an involuntary petition is filed against it, the other party is adjudged bankrupt, a court assumes jurisdiction of the other party's assets under federal reorganization act, a trustee or receiver is appointed by a court for all of a substantial portion of the assets of the other party, the other party becomes insolvent or the other party makes an assignment of its assets for the benefit of its creditors. The agreement between W. P. Carey and Computershare also limits any damages to the fees and costs due and payable to Computershare. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy materials to their principals and to request authority for the execution of proxies and will reimburse such persons for their expenses in so doing.

### **Absence of Dissenters' Rights of Appraisal**

Under the DLLCA, W. P. Carey shareholders will not be entitled to dissenters' rights of appraisal as a result of the REIT Conversion.



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**THE CPA®:15 SPECIAL MEETING**

**Date, Time and Place**

The special meeting of CPA®:15 stockholders will be held at [ ], Eastern Time, on [ ], 2012, at [ ].

**Purpose**

The purposes of CPA®:15 s special meeting are to:

consider and vote upon a proposal to approve the Merger; and

transact such other business as may properly come before CPA®:15 s special meeting or any adjournments or postponements of the special meeting, including, without limitation, a motion to adjourn the special meeting to another time for the purpose of soliciting additional proxies to approve the various proposals.

**Recommendation of the Board of Directors of CPA®:15**

CPA®:15 s board of directors, after careful consideration and based on the recommendation of the CPA®:15 special committee, at a meeting on February 17, 2012, unanimously adopted a resolution declaring that the Merger is advisable and unanimously recommends a vote **FOR** approval of the Merger.

**Record Date, Outstanding Shares and Voting Rights**

CPA®:15 s board of directors has fixed the close of business on [ ], 2012 as the record date for CPA®:15 s special meeting. Accordingly, only holders of record of shares of CPA 15 common stock on the CPA®:15 record date are entitled to notice of, and to vote at, CPA®:15 s special meeting. As of the CPA®:15 record date, there were [ ] outstanding shares of CPA 15 common stock held by approximately [ ] holders of record. At CPA®:15 s special meeting, each share of CPA 15 common stock will be entitled to one vote.

**Quorum**

The representation, in person or by properly executed proxy, of the holders of a majority of the shares of CPA 15 common stock entitled to vote at CPA®:15 s special meeting is necessary to constitute a quorum at CPA®:15 s special meeting. Shares of CPA 15 common stock represented in person or by proxy will be counted for the purposes of determining whether a quorum is present at CPA®:15 s special meeting. For the purposes of determining the presence of a quorum, abstentions and broker non-votes will be included in determining the number of shares of CPA 15 common stock present and entitled to vote at the special meeting.

**Vote Required**

Approval of the Merger requires the affirmative vote of the holders of at least a majority of the outstanding shares of CPA 15 common stock entitled to vote as of the CPA®:15 record date. The CPA®:15 Bylaws prohibit any of its directors or affiliates, including W. P. Carey, from voting their shares on any matters submitted to stockholders regarding any transaction between CPA®:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger. Abstentions and broker non-votes will have the same effect as votes against approval of the Merger since the proposal requires the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter.

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### **Voting of Proxies**

If you are a holder of CPA 15 common stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy to vote your shares by telephone or over the Internet will not limit your right to attend the special meeting and vote your shares in person. Those stockholders of record who choose to authorize a proxy by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on [ ], 2012. All shares of CPA 15 common stock represented by properly executed proxy cards received before or at the CPA<sup>®</sup>:15 special meeting and all proxies properly submitted by telephone or over the Internet will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxy cards, telephone or Internet submissions. If no instructions are indicated on a properly executed proxy card, the shares will be voted **FOR** each of the proposals. You are urged to indicate how you vote your shares and whether you authorize a proxy by proxy card, by telephone or over the Internet.

If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the stockholder has abstained from voting on one or more of the proposals, the shares of CPA 15 common stock represented by the proxy will be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted on the abstained proposals. For the proposal to approve the Merger, abstentions will have the same effect as a vote against approval of the Merger. For the proposal to adjourn the meeting to solicit additional proxies, abstentions will have the same effect as votes cast against the proposal.

### **Adjournment or Postponement**

Although it is not currently expected, the special meeting may be adjourned to solicit additional proxies if there are not sufficient votes to approve the Merger. In that event, CPA<sup>®</sup>:15 may ask its stockholders to vote upon the proposal to consider the adjournment of the special meeting to solicit additional proxies, but not the proposal to approve the Merger. If CPA<sup>®</sup>:15 stockholders approve this proposal, CPA<sup>®</sup>:15 could adjourn the meeting and use the time to solicit additional proxies. Any shares of CPA 15 common stock which were voted against approval of the Merger will not be voted in favor of the adjournment or postponement of CPA<sup>®</sup>:15's special meeting in order to solicit additional proxies.

### **Revocation of Proxies**

Any proxy given pursuant to this solicitation may be revoked, and the vote changed, by the person giving it at any time before it is voted. Proxies may be revoked by:

delivering to the corporate secretary of CPA<sup>®</sup>:15, at or before the vote is taken at CPA<sup>®</sup>:15's special meeting, a later-dated written notice stating that you would like to revoke your proxy and change your vote;

properly executing a later-dated proxy relating to the same shares and delivering it to the corporate secretary of CPA<sup>®</sup>:15 before the vote is taken at CPA<sup>®</sup>:15's special meeting; or

attending CPA<sup>®</sup>:15's special meeting and voting in person, although attendance at CPA<sup>®</sup>:15's special meeting will not in and of itself constitute a revocation of a proxy or a change of your vote.

Proxies authorized by telephone or via the Internet may only be revoked in writing in accordance with the above instructions.

Any written notice of revocation or subsequent proxy should be sent to CPA<sup>®</sup>:15, 50 Rockefeller Plaza, New York, New York 10020, Attention: Corporate Secretary, so as to be received prior to CPA<sup>®</sup>:15's special meeting, or hand delivered to the corporate secretary of CPA<sup>®</sup>:15 at or before the taking of the vote at CPA<sup>®</sup>:15's special meeting.

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### **Shares Beneficially Owned by CPA<sup>®</sup>:15 Directors and Officers**

As of the CPA<sup>®</sup>:15 record date, CPA<sup>®</sup>:15's directors and executive officers and their affiliates, including W. P. Carey and its subsidiaries as a group, beneficially owned approximately [ ]% of the outstanding shares of CPA 15 common stock. The CPA<sup>®</sup>:15 Bylaws prohibit any of its directors or affiliates from voting their shares on any matters submitted to stockholders regarding any transaction between CPA<sup>®</sup>:15 and its advisor, or any of its directors or affiliates, including W. P. Carey; however, these shares are considered to be outstanding and eligible to vote for the purposes of determining whether the requisite stockholder approval has been obtained and therefore will have the effect of counting as votes against the Merger.

### **Solicitation of Proxies; Expenses**

All expenses of CPA<sup>®</sup>:15's solicitation of proxies from its stockholders, including the cost of mailing this joint proxy statement/prospectus to CPA<sup>®</sup>:15 stockholders, will be paid by CPA<sup>®</sup>:15. CPA<sup>®</sup>:15 may utilize some of the officers and employees of W. P. Carey's wholly-owned subsidiaries, CAM and Carey Management Services, Inc. (who will receive no compensation in addition to their regular salaries), to solicit proxies personally and by telephone. In addition, W. P. Carey has engaged Computershare to assist in the solicitation of proxies for the meeting and estimate W. P. Carey will pay Computershare a fee of approximately \$115,000. W. P. Carey has also agreed to reimburse Computershare for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify Computershare against certain losses, costs and expenses. No portion of the amount that W. P. Carey is required to pay Computershare is contingent upon the closing of the Merger or the REIT Conversion. The agreement between W. P. Carey and Computershare may be terminated (i) by either party for any reason upon 90 days' prior written notice, (ii) by the non-defaulting party if the other party fails to cure such default within 90 days' of written notice thereof, and (iii) by either party if the other party files a voluntary petition in bankruptcy or an involuntary petition is filed against it, the other party is adjudged bankrupt, a court assumes jurisdiction of the other party's assets under the federal reorganization act, a trustee or receiver is appointed by a court for all of a substantial portion of the assets of the other party, the other party becomes insolvent or the other party makes an assignment of its assets for the benefit of its creditors. The agreement between W. P. Carey and Computershare also limits any damages to the fees and costs due and payable to Computershare.

### **Objecting Stockholders' Rights of Appraisal**

If you do not wish to receive the consideration in the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary, you are entitled to obtain payment of the fair value of your shares in cash. Your shares will then be known as objecting shares. In order to receive payment for objecting shares, you must file a written objection to approval of the Merger at or before CPA<sup>®</sup>:15's special meeting, you must not vote in favor of the Merger and you must comply with certain other requirements of the MGCL, a copy of which appears as Annex E to this joint proxy statement/prospectus

Once a demand for cash payment is filed, holders of objecting shares will cease to have any rights of a stockholder, including the right to vote or to receive W. P. Carey Inc. common stock, except the right to receive payment of the fair value of their shares. If you do not properly file a written objection to the Merger, if you vote in favor of the Merger, or if you otherwise fail to comply with the requirements of the MGCL, then you will receive one share of CPA 15 Holdco common stock, which immediately will be converted into cash in an amount equal to \$1.25 per share and 0.2326 shares of W. P. Carey Inc. common stock in the Merger for each share of CPA 15 common stock you hold.

If you object to the approval of the Merger and demand payment of the fair value of your shares, the fair value will be determined by a court. CPA<sup>®</sup>:15 cannot predict how the court will value shares of CPA 15 common stock, and the fair value may be higher, lower or equal in value to the Merger Consideration being paid in the Merger. For more information regarding rights of appraisal see The Merger Agreement Objecting Stockholders' Rights of Appraisal.

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**THE MERGER AGREEMENT**

*The following is a brief summary of the material provisions of the Merger Agreement, a copy of which is attached as Annex A and is incorporated by reference in this joint proxy statement/prospectus. This summary is qualified in its entirety by reference to the Merger Agreement. You should read carefully the Merger Agreement in its entirety as it is the legal document that governs the Merger.*

**The Merger**

The Merger Agreement provides that, at the effective time of the Merger, CPA<sup>®</sup>:15 will merge with and into a wholly-owned subsidiary of CPA 15 Holdco, an indirect, wholly-owned subsidiary of CPA<sup>®</sup>:15, with CPA<sup>®</sup>:15 surviving the merger, and immediately thereafter, CPA 15 Holdco will merge with and into CPA 15 Merger Sub, with CPA 15 Merger Sub surviving the Merger as an indirect subsidiary of W. P. Carey Inc. and CPA<sup>®</sup>:15 becoming a direct subsidiary of CPA 15 Merger Sub and an indirect subsidiary of W. P. Carey Inc., all in accordance with the MGCL.

**Closing and Effective Time of the Merger**

The Merger Agreement provides that the closing of the Merger will take place commencing at 10:00 a.m., local time, on a date specified by the parties, which will be no later than the third business day after the satisfaction or waiver of the closing conditions set forth in the Merger Agreement (other than those conditions that by their nature are to be satisfied at the closing), at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, 27th Floor, New York, New York 10020, or at such other time and place as the parties to the Merger Agreement agree in writing.

The Merger will become effective at such time specified in the articles of merger, provided that such time does not exceed 30 days after the articles of merger are accepted for record by the State Department of Assessments and Taxation of Maryland. The parties have agreed to cause the effective time of the Merger to occur on the closing date.

**Conversion of Securities**

At the effective time of the Merger, each share of CPA 15 common stock issued and outstanding immediately prior to the effective time of the Merger will be cancelled and converted into one share of common stock of CPA 15 Holdco, and immediately thereafter, into total consideration per share of CPA 15 common stock valued at approximately \$[ ] per share (based on the closing price of \$[ ] per W. P. Carey listed share on the NYSE on [ ], 2012, the last practicable date before the printing of this joint proxy statement/prospectus), consisting of the right to receive (i) \$1.25 in cash and (ii) 0.2326 shares of W. P. Carey Inc. common stock. Each share of CPA 15 common stock that is owned by W. P. Carey or any W. P. Carey subsidiary immediately prior to the effective time of the Merger will automatically be canceled and retired and will cease to exist and neither W. P. Carey nor any W. P. Carey subsidiary will receive any Merger Consideration for those shares. No fractional shares of W. P. Carey Inc. common stock will be issued under the Merger Agreement. To the extent that a holder of CPA 15 common stock would otherwise be entitled to receive a fraction of a share of W. P. Carey Inc. common stock, computed on the basis of the aggregate number of shares of CPA 15 common stock held by such holder, such holder shall instead receive a cash payment in an amount equal to such fraction multiplied by \$10.48.

Shares of CPA 15 common stock that are objecting shares, as defined in Subtitle 2 of Title 3 of the MGCL, will not be converted into or represent a right to receive any shares of W. P. Carey Inc. common stock, but the holders thereof will be entitled only to such rights as are granted to dissenting stockholders by the MGCL. However, if a dissenting stockholder, after the effective time of the Merger, withdraws such demand for appraisal or fails to perfect or otherwise loses the right to receive fair value for the objecting shares pursuant to the MGCL,

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such objecting shares shall be deemed to be converted, as of the effective time of the Merger, into the right to receive cash in an amount of \$1.25 per share and 0.2326 shares of W. P. Carey Inc. common stock without interest.

### ***Cash Portion of Merger Consideration***

W. P. Carey intends to fund the cash portion of the Merger Consideration with borrowings from a term loan to be made pursuant to its amended and restated credit agreement dated as of February 17, 2012. In the event that W. P. Carey is unable to borrow under the term loan, W. P. Carey will fund the cash portion of the Merger Consideration by borrowing under its existing lines of credit, which have sufficient availability to cover such amounts. The Merger is not subject to a financing condition.

### ***Recordation of Exchange; Payment of Merger Consideration***

As soon as practicable following the effective time of the Merger, W. P. Carey Inc. will cause a third party transfer agent to record the issuance of the shares of W. P. Carey Inc. common stock to the holders of CPA 15 common stock on its stock records. No physical share certificates will be delivered. Prior to the effective time of the Merger, W. P. Carey shall designate a bank or trust company reasonably acceptable to CPA<sup>®</sup>:15 to act as agent for the payment of the Merger Consideration. W. P. Carey shall take all steps necessary to enable, and shall cause, the surviving corporation to provide to the paying and exchange agent immediately following the effective time of the Merger the aggregate cash portion of the Merger Consideration payable upon cancellation of the CPA 15 common stock pursuant to the terms of the Merger Agreement. As soon as practicable after the effective time of the Merger, and in any event not later than the tenth business day after the effective time of the Merger, the paying and exchange agent shall pay to each holder of CPA 15 common stock the amount of cash such holder is entitled to receive pursuant to the Merger Agreement.

### ***Stock Transfer Books***

At the close of business on the day on which the closing of the Merger occurs, CPA<sup>®</sup>:15 and CPA 15 Holdco will close their stock transfer books, and no subsequent transfers of shares of CPA 15 common stock will be recorded on such books.

### **Representations and Warranties**

W. P. Carey, W. P. Carey Inc. and CPA 15 Merger Sub, on the one hand, and CPA<sup>®</sup>:15 and CPA 15 Holdco, on the other hand, have made representations and warranties in the Merger Agreement, many of which are qualified as to materiality or subject to matters disclosed by the parties, and none of which survive the effective time of the Merger, relating to, among other things:

organization, standing and corporate power;

capital structures;

power and authority to enter into, execute, deliver and enforce the Merger Agreement and all other documents to be executed in connection with the transactions contemplated by the Merger Agreement;

no conflicts with, violations of or defaults under organizational documents, material contracts or judgments, orders or laws;

consents and regulatory approvals necessary to complete the Merger;

absence of certain changes or events (with respect to W. P. Carey only);

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information supplied relating to the disclosures in the registration statement of which this joint proxy statement/prospectus is a part;

opinion of financial advisor (with respect to CPA<sup>®</sup>:15 only);

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the requisite vote required;

no brokers;

the Investment Company Act of 1940, as amended (the Investment Company Act );

state takeover statutes and the charter waiver (with respect to CPA®:15 only)

availability of SEC documents, internal accounting controls, disclosure controls and procedures and significant deficiencies and material weaknesses (with respect to W. P Carey only);

no undisclosed material liabilities (with respect to W. P. Carey only);

no default (with respect to W. P. Carey only);

compliance with applicable laws and regulatory matters (with respect to W. P. Carey only);

litigation (with respect to W. P. Carey only);

taxes (with respect to W. P. Carey only);

pension and benefit plans and employee relations (with respect to W. P. Carey only);

intangible property (with respect to W. P. Carey only);

environmental matters (with respect to W. P. Carey only);

properties (with respect to W. P. Carey only);

insurance (with respect to W. P. Carey only);

contracts (with respect to W. P. Carey only);

related party transactions (with respect to W. P. Carey only):

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limited business activities (with respect to W. P. Carey only); and

availability of funds (with respect to W. P. Carey only).

Certain representations and warranties were made by W. P. Carey only and not CPA<sup>®</sup>:15 and CPA 15 Holdco because of the advisory role in which W. P. Carey and its affiliates serve with respect to CPA<sup>®</sup>:15 and the oversight and control W. P. Carey and its affiliates have over such matters to which CPA<sup>®</sup>:15 would otherwise represent and warrant.

### **Covenants**

W. P. Carey and CPA<sup>®</sup>:15 have agreed that, until the effective time of the Merger, each company will (i) use and cause each of its subsidiaries to use, all commercially reasonable efforts to operate its business in the usual, regular and ordinary course in substantially the same manner as conducted prior to the execution of the Merger Agreement, and to preserve intact in all material respects its current business organization, and (ii) not take certain material actions without the other's consent. W. P. Carey, as the parent of CAM, CPA<sup>®</sup>:15's external advisor, also agreed not to cause CPA<sup>®</sup>:15 to take actions or fail to take any actions which would be in breach of the Merger Agreement.

Each of W. P. Carey Inc., W. P. Carey, CPA 15 Merger Sub, CPA 15 Holdco and CPA<sup>®</sup>:15 have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other in doing, all things necessary, proper or advisable to fulfill all conditions applicable to such party or its subsidiaries pursuant to the REIT Conversion Agreement and the Merger Agreement and to consummate and make effective, in the most expeditious manner practicable, the Merger, the REIT Conversion and the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary.



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During the period from the date of the Merger Agreement to the earlier of the termination of the Merger Agreement or the effective time of the Merger:

CPA<sup>®</sup>:15 and CPA 15 Holdco each agreed that it will not purchase, redeem or otherwise acquire any CPA 15 common stock or stock or other equity interests in any CPA<sup>®</sup>:15 subsidiary or any options, warrants or rights to acquire, or security convertible into, shares of CPA 15 common stock or stock or other equity interests in any CPA<sup>®</sup>:15 subsidiary, except that CPA<sup>®</sup>:15 may complete any qualified redemptions pending as of the date of the Merger Agreement to the extent permitted by applicable law, and

W. P. Carey and W. P. Carey Inc. each agreed that it will not, other than in the ordinary course of business or in connection with the REIT Conversion, purchase, redeem or otherwise acquire any W. P. Carey listed shares, W. P. Carey Inc. common stock or stock or other equity interests in any W. P. Carey subsidiary or any options, warrants or rights to acquire, or security convertible into, W. P. Carey listed shares or W. P. Carey Inc. common stock or stock or other equity interests in any W. P. Carey subsidiary, in each case other than repurchases from employees or affiliates of W. P. Carey or any W. P. Carey subsidiary (including any holder of 10% or more of (a) the W. P. Carey listed shares or (b) stock or equity interests of any such W. P. Carey subsidiary).

### **NYSE Listing and Deregistration**

Each of W. P. Carey and W. P. Carey Inc. has agreed to use its reasonable best efforts to cause the W. P. Carey Inc. common stock to be approved for listing on the NYSE, subject to official notice of issuance, prior to the closing of the Merger. W. P. Carey and W. P. Carey Inc. have also agreed to use reasonable best efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary to enable the deregistration of the CPA 15 common stock under the Securities Exchange Act of 1934, as amended (the Exchange Act), as promptly as practicable after the effective time of the Merger, and in any event no more than 10 days after the closing of the Merger.

### **Fees Payable to Affiliates**

Concurrently with and as a condition to the closing of the Merger, the CPA<sup>®</sup>:15 Advisory Agreements will each automatically terminate and in connection with such termination, CAM and BV each will waive its right to receive any subordinated disposition or termination fees. The parties have agreed that CAM and BV will continue to be entitled to receive any and all other accrued fees pursuant to the CPA<sup>®</sup>:15 Advisory Agreements prior to the closing of the Merger other than the subordinated disposition and termination fees. The term of the Advisory Agreement has been extended to the earlier of the closing of the Merger or September 30, 2012. At December 31, 2011, W. P. Carey had accrued and unpaid fees of \$2.3 million pursuant to the CPA<sup>®</sup>:15 Advisory Agreements. On a monthly basis, W. P. Carey earns approximately \$2.2 million in asset management fees from CPA<sup>®</sup>:15.

### **No Solicitation of Transactions**

#### ***W. P. Carey***

W. P. Carey and its subsidiaries agreed that they will not, and will not authorize or permit, directly or indirectly, any officer, director, investment advisor, agent, investment banker, financial advisor, attorney, accountant, broker, finder or other agent, representative or controlled affiliate of W. P. Carey and its subsidiaries to initiate, solicit, encourage or facilitate (including by way of furnishing nonpublic information or assistance) any inquiries or the making of any proposal or other action that constitutes, or may reasonably be expected to lead to, a W. P. Carey competing transaction (as defined below) or enter into any discussions or negotiate with any third party in furtherance of such inquiries or to obtain a W. P. Carey competing transaction. W. P. Carey must notify CPA<sup>®</sup>:15 in writing (as promptly as practicable but in any event within 24 hours of receipt) of the relevant details relating to all inquiries and proposals (including the identity of the parties, price and other

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material terms thereof) which it or any of the W. P. Carey subsidiaries or any of their respective officers, directors, employees, agents, investment bankers, financial advisors, attorneys, accountants, brokers, finders or other representatives or controlled affiliates may receive after the date of the Merger Agreement relating to any of the foregoing matters or otherwise relating to any request for information relating to W. P. Carey or any of the W. P. Carey subsidiaries (other than requests for information unrelated to a W. P. Carey competing transaction). W. P. Carey must keep CPA<sup>®</sup>:15 reasonably informed on a prompt basis as to any material developments regarding any W. P. Carey competing transaction inquiries or proposals. None of W. P. Carey or any of the W. P. Carey subsidiaries shall, after the date of the Merger Agreement, enter into any confidentiality agreement that would prohibit them from providing such information to CPA<sup>®</sup>:15. W. P. Carey shall not, and shall not permit any of the W. P. Carey subsidiaries to, terminate, waive, amend or modify any provision of any existing standstill or confidentiality agreement to which W. P. Carey or any of the W. P. Carey subsidiaries is a party, in each case relating to a W. P. Carey competing transaction. W. P. Carey is required to promptly inform CPA<sup>®</sup>:15 in writing with respect to any such inquiry or proposal that becomes reasonably likely to lead to a proposal for a W. P. Carey competing transaction.

For purposes of the Merger Agreement, a W. P. Carey competing transaction means any of the following (other than the transactions expressly provided for in the Merger Agreement): (i) any merger, consolidation, share exchange, business combination or similar transaction involving W. P. Carey (or any of the material W. P. Carey subsidiaries); (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 50% or more of the assets of W. P. Carey and the W. P. Carey subsidiaries, taken as a whole, in a single transaction or series of related transactions, excluding any bona fide financing transactions which do not, individually or in the aggregate, have as a purpose or effect the sale or transfer of control of such assets; or (iii) any tender offer or exchange offer for 50% or more of the voting power in the election of directors exercisable by the holders of the outstanding W. P. Carey listed shares (or any of the W. P. Carey subsidiaries), in each case excluding any transaction (x) that is conditioned upon the consummation of the transactions contemplated by the Merger Agreement and the REIT Conversion Agreement or (y) the consummation of which would not reasonably be expected to materially impede, interfere with, prevent or delay the consummation of the transactions contemplated by the Merger Agreement and the REIT Conversion Agreement.

***CPA<sup>®</sup>:15***

None of CPA<sup>®</sup>:15, CPA 15 Holdco or any CPA<sup>®</sup>:15 subsidiary shall, nor shall it authorize or permit, directly or indirectly, any officer, director, investment advisor, agent, investment banker, financial advisor, attorney, accountant, broker, finder or other agent, representative or controlled affiliate of CPA<sup>®</sup>:15, CPA 15 Holdco or any CPA<sup>®</sup>:15 subsidiary to initiate, solicit, encourage or facilitate (including by way of furnishing nonpublic information or assistance) any inquiries or the making of any proposal or other action that constitutes, or may reasonably be expected to lead to, any CPA<sup>®</sup>:15 competing transaction (as defined below), or enter into discussions or negotiate with any third party in furtherance of such inquiries or to obtain a CPA<sup>®</sup>:15 competing transaction.

CPA<sup>®</sup>:15 must notify W. P. Carey in writing (as promptly as practicable but in any event within 24 hours of receipt) of the relevant details relating to all inquiries and proposals (including the identity of the parties, price and other material terms thereof) which it, CPA 15 Holdco or any CPA<sup>®</sup>:15 subsidiary or any of their respective officers, directors, employees, agents, investment bankers, financial advisors, attorneys, accountants, brokers, finders or other representatives or controlled affiliates may receive after February 17, 2012, the date of the Merger Agreement, relating to any of the foregoing matters or otherwise relating to any request for information relating to CPA<sup>®</sup>:15, CPA 15 Holdco or any CPA<sup>®</sup>:15 subsidiary (other than requests for information unrelated to a CPA<sup>®</sup>:15 competing transaction or a CPA<sup>®</sup>:15 superior competing transaction (as defined below)). CPA<sup>®</sup>:15 must keep W. P. Carey reasonably informed on a prompt basis as to any material developments regarding any such inquiries or proposals. None of CPA<sup>®</sup>:15, CPA 15 Holdco or any CPA<sup>®</sup>:15 subsidiary shall, after the date of the Merger Agreement, enter into any confidentiality agreement that would prohibit them from providing such information to W. P. Carey. CPA<sup>®</sup>:15 must not, and must not permit CPA 15 Holdco or any of the CPA<sup>®</sup>:15

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subsidiaries to, terminate, waive, amend or modify any provision of any existing standstill or confidentiality agreement to which CPA<sup>®</sup>:15, CPA 15 Holdco or any CPA<sup>®</sup>:15 subsidiary is a party, in each case relating to a CPA<sup>®</sup>:15 competing transaction. CPA<sup>®</sup>:15 must promptly inform W. P. Carey in writing with respect to any such inquiry or proposal that becomes reasonably likely to lead to a proposal for a CPA<sup>®</sup>:15 competing transaction, regardless of whether or not such proposal is likely to lead to a CPA<sup>®</sup>:15 superior competing transaction.

Notwithstanding the no solicitation provisions of the Merger Agreement or any other provision of the Merger Agreement to the contrary, to the extent the board of directors of CPA<sup>®</sup>:15 determines that the directors' duties under law so require, as determined by the board of directors in good faith after consultation with outside counsel, CPA<sup>®</sup>:15 may:

disclose to the CPA<sup>®</sup>:15 stockholders any information required to be disclosed under applicable law;

to the extent applicable, comply with Rule 14e-2(a) or Rule 14(d)-9 promulgated under the Exchange Act, with respect to a CPA<sup>®</sup>:15 competing transaction; *provided, however*, that neither CPA<sup>®</sup>:15 nor its board of directors is permitted to approve or recommend a CPA<sup>®</sup>:15 competing transaction that is not a CPA<sup>®</sup>:15 superior competing transaction;

if it receives a proposal for a CPA<sup>®</sup>:15 competing transaction (that was not solicited in violation of the no solicitation provisions of the Merger Agreement),

furnish non-public information with respect to CPA<sup>®</sup>:15 and the CPA<sup>®</sup>:15 subsidiaries to the third party who made such proposal provided that CPA<sup>®</sup>:15 (i) has previously or concurrently furnished such information to W. P. Carey and (ii) shall furnish such information pursuant to a confidentiality agreement), and

contact such third party and its advisors solely for the purpose of clarifying the proposal and any material contingencies and the capability of consummation, so as to determine whether the proposal for a CPA<sup>®</sup>:15 competing transaction is reasonably likely to lead to a CPA<sup>®</sup>:15 superior competing transaction;

if its board of directors determines in good faith (after consulting with its outside counsel and financial advisors) that a proposal for a CPA<sup>®</sup>:15 competing transaction (which proposal was not solicited in breach of the no solicitation provisions of the Merger Agreement) is reasonably likely to lead to a CPA<sup>®</sup>:15 superior competing transaction, continue to furnish non-public information and participate in negotiations regarding such proposal; *provided, however*, that not fewer than 72 hours prior to any determination by CPA<sup>®</sup>:15's board of directors that the proposal for a CPA<sup>®</sup>:15 competing transaction is reasonably likely to lead to a CPA<sup>®</sup>:15 superior competing transaction, W. P. Carey must be notified orally and in writing of the CPA<sup>®</sup>:15 board of directors' intention to take such action and CPA<sup>®</sup>:15 must negotiate in good faith with W. P. Carey concerning any such new proposal by W. P. Carey prior to the expiration of such 72-hour period; *provided further that* CPA<sup>®</sup>:15 must promptly notify W. P. Carey if the CPA<sup>®</sup>:15 board of directors determines that a CPA<sup>®</sup>:15 competing transaction is not, and is unlikely to become, a CPA<sup>®</sup>:15 superior competing transaction; and

approve or recommend (and in connection therewith withdraw or modify its approval or recommendation of the Merger Agreement and the Merger) a CPA<sup>®</sup>:15 superior competing transaction or enter into an agreement with respect to such CPA<sup>®</sup>:15 superior competing transaction.

For purposes of the Merger Agreement, a CPA<sup>®</sup>:15 competing transaction means any of the following (other than the transactions expressly provided for in the Merger Agreement): (i) any merger, consolidation, share exchange, business combination or similar transaction involving CPA<sup>®</sup>:15 (or any of the material CPA<sup>®</sup>:15 subsidiaries); (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 50% or more of the assets of CPA<sup>®</sup>:15 and the CPA<sup>®</sup>:15 subsidiaries, taken as a whole, in a single transaction or series of related transactions, excluding any bona fide financing transactions which do not, individually or in the aggregate, have as a purpose or effect the sale or transfer of control of such assets; or (iii) any tender offer or exchange offer for 50% or more of the voting power in the election of directors exercisable by the holders of outstanding CPA 15 common stock (or any of the CPA<sup>®</sup>:15 subsidiaries).



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For purposes of the Merger Agreement, a CPA<sup>®</sup>:15 superior competing transaction means a bona fide proposal for a CPA<sup>®</sup>:15 competing transaction made by a third party which the board of directors of CPA<sup>®</sup>:15 determines (after taking into account any amendment of the terms of the Merger or the REIT Conversion and/or any proposal by W. P. Carey to amend the terms of the Merger Agreement and related agreements, the Merger or the REIT Conversion), in good faith and after consultation with its financial and legal advisors, (i) is on terms which are more favorable from a financial point of view to the CPA<sup>®</sup>:15 stockholders than the Merger and the other transactions contemplated by the Merger Agreement, (ii) would result in such third party owning, directly or indirectly, all or substantially all of the CPA 15 common stock then outstanding (or all or substantially all of the equity of the surviving entity in a merger) or all or substantially all of the assets of CPA<sup>®</sup>:15 and the CPA<sup>®</sup>:15 subsidiaries taken as a whole, (iii) is reasonably capable of being consummated and (iv) was not solicited by CPA<sup>®</sup>:15, any CPA<sup>®</sup>:15 subsidiary or any of their respective officers, directors, investment advisors, investment bankers, financial advisors, attorneys, accountants, brokers, finders and any other agents, representatives or controlled affiliates in breach of the no solicitation provisions of the Merger Agreement.

**Conditions to Obligations to Complete the Merger and Other Transactions**

The respective obligations of the parties to the Merger Agreement to complete the Merger are subject to the satisfaction or waiver of several conditions at or prior to the closing date, including:

W. P. Carey's shareholders will have approved the Merger and adopted the REIT Conversion Agreement and approved the W. P. Carey Merger;

CPA<sup>®</sup>:15's stockholders will have approved the Merger;

the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the SEC with regard to the registration statement and all necessary state securities or blue sky authorizations shall have been received;

no order, injunction or other legal restraint or prohibition preventing the consummation of the Merger will be in effect; and

all consents, approvals, permits and authorizations required by the Merger Agreement to be obtained from any governmental entity will have been obtained.

The obligations of W. P. Carey to effect the Merger are further subject to the satisfaction or waiver on the closing date of several conditions, including:

the representations and warranties of CPA<sup>®</sup>:15 and CPA 15 Holdco will be true and correct on the closing date (except for such changes resulting from actions permitted under the provisions of the Merger Agreement addressing the conduct of CPA<sup>®</sup>:15's business between the execution date of the Merger Agreement and the closing date and to the extent that any representation or warranty is expressly limited by its terms to another date), except where the failure of such representations and warranties to be true and correct (without giving effect to any materiality, CPA<sup>®</sup>:15 material adverse effect or similar qualification or limitation), in the aggregate, would not reasonably be likely to have a material adverse effect on CPA<sup>®</sup>:15;

CPA<sup>®</sup>:15 and CPA 15 Holdco will have performed in all material respects all covenants and obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger;

since the date of the Merger Agreement, there will have occurred no changes, events or circumstances which, individually or in the aggregate, constitute a material adverse effect on CPA<sup>®</sup>:15;

prior to the closing of the Merger, W. P. Carey Inc. will have received an opinion from CPA<sup>®</sup>:15 s counsel as to CPA<sup>®</sup>:15 s REIT qualification;

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all necessary consents and waivers from third parties will have been obtained, except such consents and waivers from third parties, which, if not obtained, would not reasonably be expected to have a material adverse effect on CPA<sup>®</sup>:15;

prior to the closing of the Merger, W. P. Carey will have received an opinion from its counsel that various transactions being consummated in connection with the REIT Conversion each will qualify as a reorganization under Section 368(a) of the Code or should qualify as a transfer under Section 351 of the Code, as the case may be; and

the closing of the merger of CPA<sup>®</sup>:15 with and into an indirect and wholly-owned subsidiary of CPA<sup>®</sup>:15 shall have occurred. The obligations of CPA<sup>®</sup>:15 and CPA 15 Holdco to effect the Merger are further subject to the satisfaction or waiver on the closing date of several conditions, including:

the representations and warranties of W. P. Carey, W. P. Carey Inc. and CPA 15 Merger Sub will be true and correct on the closing date (except for such changes resulting from actions permitted under the provisions of the Merger Agreement addressing the conduct of W. P. Carey's business between the execution date of the Merger Agreement and the closing date and to the extent that any representation or warranty is expressly limited by its terms to another date), except where the failure of such representations and warranties to be true and correct (without giving effect to any materiality, W. P. Carey material adverse effect or similar qualification or limitation), in the aggregate, would not reasonably be likely to have a material adverse effect on W. P. Carey;

W. P. Carey and W. P. Carey Inc. will have performed in all material respects all covenants and obligations required to be performed by it under the Merger Agreement at or prior to the effective time of the Merger;

the closing of the REIT Conversion shall have occurred;

the W. P. Carey Inc. common stock will have been approved for listing on the NYSE, subject to official notice of issuance;

since the date of the Merger Agreement, there will have occurred no changes, events or circumstances which, individually or in the aggregate, constitute a material adverse effect on W. P. Carey;

prior to the closing of the Merger, CPA<sup>®</sup>:15 and CPA 15 Holdco will have received an opinion from DLA Piper LLP (US) as to W. P. Carey Inc.'s REIT qualification and tax status;

all necessary consents and waivers from third parties set forth in the Merger Agreement will have been obtained, except such consents and waivers from third parties, which, if not obtained, would not reasonably be expected to have a material adverse effect on W. P. Carey;

prior to the closing of the Merger, CPA<sup>®</sup>:15 and CPA 15 Holdco shall have received an opinion of Clifford Chance US LLP to the effect that for federal income tax purposes (i) the Merger will qualify as a reorganization under Section 368(a) of the Code and (ii) the merger of CPA<sup>®</sup>:15 with and into an indirect wholly-owned subsidiary of CPA<sup>®</sup>:15 will qualify as a reorganization under Section 368(a) of the Code; and

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prior to the closing of the Merger, CPA<sup>®</sup>:15 and CPA 15 Holdco shall have received an opinion of DLA Piper LLP (US) to the effect that, at all times since 2008, W. P. Carey has been classified as a partnership and not as an association taxable as a corporation for federal income tax purposes.

For purposes of the Merger Agreement, material adverse effect means, generally, and subject to the exclusions set forth in the Merger Agreement, (i) with respect to CPA<sup>®</sup>:15, a material adverse effect (A) on the business, properties, financial condition or results of operations of the company and its subsidiaries or (B) that would, or would be reasonably likely to, prevent or materially delay the performance by the company of its



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material obligations under the Merger Agreement or the consummation of the Merger or any other transactions contemplated by the Merger Agreement; and (ii) with respect to W. P. Carey, a material adverse effect (A) on the business, properties, financial condition or results of operations of the company and its subsidiaries or (B) that would, or would be reasonably likely to, prevent or materially delay the performance by the company or any of its subsidiaries of its material obligations under the Merger Agreement or the consummation of the Merger or any other transactions contemplated by the Merger Agreement.

Unless prohibited by law, both W. P. Carey and CPA<sup>®</sup>:15 could elect to waive any condition in its favor that has not been satisfied and complete the Merger. No waiver will be made that by law requires further approval by shareholders without obtaining such approval. For example, if either W. P. Carey or CPA<sup>®</sup>:15 elects to waive the condition that each party receive agreed-upon tax opinions, the shareholders of W. P. Carey and the stockholders of CPA<sup>®</sup>:15 will be informed of such waiver prior to being asked to vote on the Merger.

### **Termination**

Either W. P. Carey or CPA<sup>®</sup>:15 can terminate the Merger Agreement at any time prior to the effective time of the Merger:

by mutual written consent duly authorized by the board of directors of each of W. P. Carey and CPA<sup>®</sup>:15;

by either party, if the other party has breached any representation, warranty, covenant or agreement set forth in the Merger Agreement, or if any representation or warranty by the other party has become untrue, in either case such that either party's related closing condition would be incapable of being satisfied by September 30, 2012, provided that CPA<sup>®</sup>:15 and CPA 15 Holdco shall not be deemed to have breached a representation, warranty, covenant or agreement set forth in the Merger Agreement to the extent the actions or inactions of W. P. Carey or any W. P. Carey subsidiary in its capacity as advisor to CPA<sup>®</sup>:15 pursuant to the CPA<sup>®</sup>:15 Advisory Agreements resulted in such breach;

by either party upon the entry of any judgment, injunction, order, decree or action by any governmental entity or other competent authority preventing the consummation of the Merger that has become final and nonappealable;

by either party, if the Merger shall not have been consummated before September 30, 2012; provided, however, that

a party that has materially breached a representation, warranty, covenant or agreement of such party set forth in the Merger Agreement is not entitled to exercise its right to terminate under this provisions, and

W. P. Carey is not entitled to exercise its right to terminate under this provision to the extent it or any of its subsidiaries actions or inactions in its capacity as advisor to CPA<sup>®</sup>:15 pursuant to the CPA<sup>®</sup>:15 Advisory Agreements resulted in a breach by CPA<sup>®</sup>:15 or a failure of CPA<sup>®</sup>:15 to perform its obligations under the Merger Agreement; provided further that the termination date of September 30, 2012 shall be automatically extended until the Extended Termination Date, if the condition to closing with respect to the obtaining of all consents, approvals, permits and authorizations from governmental entities is not capable of being satisfied as of September 30, 2012, but is reasonably likely to be satisfied by the Extended Termination Date;

by either party, if, upon a vote at a duly held special meeting of CPA<sup>®</sup>:15 stockholders or any adjournment or postponement thereof, CPA<sup>®</sup>:15 stockholders do not approve the Merger;

by CPA<sup>®</sup>:15, if CPA<sup>®</sup>:15's board of directors or any committee thereof shall have withdrawn its recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA<sup>®</sup>:15 superior competing transaction and CPA<sup>®</sup>:15 has

paid, or has agreed in writing to pay, certain W. P. Carey out-of-pocket expenses;

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by W. P. Carey, if (i) prior to CPA<sup>®</sup>:15's special meeting, the board of directors of CPA<sup>®</sup>:15 or any committee thereof shall have withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, any CPA<sup>®</sup>:15 superior competing transaction or (ii) CPA<sup>®</sup>:15 shall have entered into any agreement with respect to any CPA<sup>®</sup>:15 superior competing transaction; and

by either party, if, upon a vote at a duly held special meeting of W. P. Carey shareholders or any adjournment or postponement thereof, W. P. Carey shareholders do not approve the Merger and adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

### **Effect of Termination**

If either party terminates the Merger Agreement in a manner described above, all obligations of W. P. Carey and CPA<sup>®</sup>:15 under the Merger Agreement will terminate without any liability or obligation of any party to the other party, except for any liability of a party for willful breaches of the Merger Agreement, failure or refusal by a party to consummate the transactions contemplated by the Merger Agreement, certain expenses and other obligations as provided in the Merger Agreement.

### **Expenses**

CPA<sup>®</sup>:15 has agreed to pay W. P. Carey's out-of-pocket expenses (including, without limitation, all attorneys', accountants' and investment bankers' fees and expenses), if the Merger Agreement is terminated (i) by W. P. Carey, due to a breach of any representation, warranty, covenant or agreement on the part of CPA<sup>®</sup>:15 or CPA 15 Holdco such that the related closing condition is not satisfied by September 30, 2012, (ii) by CPA<sup>®</sup>:15, due to CPA<sup>®</sup>:15's board of directors withdrawing its recommendation of the Merger or the Merger Agreement in connection with, or approving or recommending, a CPA<sup>®</sup>:15 superior competing transaction or (iii) by W. P. Carey if (y) prior to the meeting of CPA<sup>®</sup>:15 stockholders, CPA<sup>®</sup>:15's board of directors has withdrawn or modified in any manner adverse to W. P. Carey its approval or recommendation of the Merger or the Merger Agreement in connection with, or approved or recommended, a CPA<sup>®</sup>:15 superior competing transaction or (z) CPA<sup>®</sup>:15 has entered into an agreement with respect to a CPA<sup>®</sup>:15 superior competing transaction.

W. P. Carey has agreed to pay CPA<sup>®</sup>:15's out-of-pocket expenses (including, without limitation, all attorneys', accountants', investment bankers' and CPA<sup>®</sup>:15 special committee fees and expenses), if the Merger Agreement is terminated (i) by CPA<sup>®</sup>:15, due to a breach of any representation, warranty, covenant or agreement on the part of W. P. Carey, W. P. Carey Inc. or CPA 15 Merger Sub such that the related closing condition is not satisfied by September 30, 2012 or (ii) by CPA<sup>®</sup>:15 or W. P. Carey, due to the failure of the W. P. Carey shareholders to approve the Merger and the failure to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger.

Except as set forth above, W. P. Carey and CPA<sup>®</sup>:15 will each pay their own respective out-of-pocket costs and expenses incurred in connection with the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. W. P. Carey and CPA<sup>®</sup>:15 shall each bear one-half of the costs of filing, printing and mailing this joint proxy statement/prospectus.

### **Extension and Waiver**

At any time prior to the effective time of the Merger, each of W. P. Carey and CPA<sup>®</sup>:15 may:

extend the time for the performance of any of the obligations or other acts of the other party;

waive any inaccuracies in the representations and warranties of the other party contained in the Merger Agreement or in any document delivered pursuant to the Merger Agreement; and

subject to the proviso in the sentence under the caption "Amendment," waive compliance with any of the agreements or conditions contained of the other party in the Merger Agreement.

Any agreement on the part of either party to any extension or waiver described above shall be valid only if set forth in writing and signed by the party agreeing to such extension or waiver.



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The parties to the Merger Agreement may amend the Merger Agreement in writing by action of their respective boards of directors at any time before or after stockholder approval for the Merger is received from CPA<sup>®</sup>:15 stockholders and prior to the filing of the articles of merger with the State Department of Assessments and Taxation of Maryland; provided that after the approval of the Merger by the CPA<sup>®</sup>:15 stockholders is obtained, no amendment, modification or supplement may be made that will change the form or amount of the Merger Consideration, or any terms or conditions of the Merger Agreement if such change would adversely affect the CPA<sup>®</sup>:15 stockholders.

**Accounting Treatment of the Merger**

The Merger will be treated as a business combination in accordance with current authoritative accounting guidance. The fair value of the consideration given by W. P. Carey in the Merger will be allocated to the assets acquired and liabilities assumed as of the completion of the Merger. Additionally, any goodwill will be recognized and measured. All transaction costs will be expensed. The financial statements of W. P. Carey Inc. will reflect the combined operations of W. P. Carey Inc. and CPA<sup>®</sup>:15 from the effective time of the Merger.

**Determination of Merger Consideration**

The Merger Consideration, including the stock component of 0.2326 shares of W. P. Carey common stock for one share of CPA 15 common stock, was determined by the board of directors of W. P. Carey and a special committee of the board of directors of CPA<sup>®</sup>:15 following negotiations based in part upon (i) the historical market price of the W. P. Carey listed shares as quoted on the NYSE, and (ii) the estimated NAV per share for CPA<sup>®</sup>:15 of \$10.40 as of September 30, 2011. The estimated NAV was determined on behalf of CPA<sup>®</sup>:15 by W. P. Carey, in its capacity as CPA<sup>®</sup>:15's advisor, based in part upon a valuation of CPA<sup>®</sup>:15's real estate portfolio as of September 30, 2011, prepared by Stanger, a third-party valuation firm, with adjustments for indebtedness, cash and other items, the largest of which was the estimated fair market value of the property level debt. The fair market value of such property level debt was determined by a third party based upon available market data for comparable liabilities and applying selected discount rates to the stream of future debt payments. The calculation of the estimated net asset values involved other adjustments, including adjustments for other net tangible assets of CPA<sup>®</sup>:15 and fees payable by CPA<sup>®</sup>:15 to the advisor in connection with the Merger.

The breakdown of the net asset valuation is as follows (\$ in thousands except per share amount):

	<b>CPA<sup>®</sup>:15</b>
Appraised Real Estate Value	\$ 2,569,721
(less) Fair Market Value of Property Debt	(1,259,577)
(plus) Other Net Tangible Assets	91,985
(less) Liquidation Stage Fees	(39,829)
(less) Other Adjustments	(457)
Estimated Net Asset Value	\$ 1,361,843
Shares Outstanding	130,535,801
Net Asset Value Per Share (Rounded)	\$ 10.40

**Regulatory Matters**

W. P. Carey is not aware of any U.S. federal or state regulatory approvals that must be obtained in connection with the Merger or the REIT Conversion. CPA<sup>®</sup>:15 is also not aware of any U.S. federal or state regulatory approvals that must be obtained in connection with the Merger.

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**Resales of W. P. Carey Inc. Common Stock Issued in Connection with the Merger**

W. P. Carey Inc. common stock issued in connection with the Merger will be freely transferable, except for shares of W. P. Carey Inc. common stock received by persons who are deemed to be affiliates, as such term is defined by Rule 144 under the Securities Act, of CPA<sup>®</sup>:15 at the time the Merger proposal is submitted to CPA<sup>®</sup>:15 stockholders for approval. Shares of W. P. Carey Inc. common stock held by such affiliates may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act (or Rule 144 in the case of such persons who become affiliates of W. P. Carey Inc.) or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of W. P. Carey or CPA<sup>®</sup>:15 generally include individuals or entities that control, or are controlled by, or are under the common control with, such party and may include directors and executive officers of such party as well as principal shareholders of such party.

**Objecting Stockholders Rights of Appraisal**

Under Subtitle 2 of Title 3 of the MGCL, a copy of which appears as Annex E to this joint proxy statement/prospectus, CPA<sup>®</sup>:15 stockholders have the right to demand payment from W. P. Carey Inc. of the fair value of their shares of CPA 15 common stock.

To qualify as an objecting stockholder, you must deliver to the corporate secretary of CPA<sup>®</sup>:15 at 50 Rockefeller Plaza, New York, New York 10020, at or prior to your special meeting, your written objection to the Merger. The written objection must be separate from and in addition to any proxy or vote against the Merger. A proxy or vote against the Merger does not by itself constitute your written objection or demand for appraisal.

In addition, if you are a CPA<sup>®</sup>:15 stockholder and wish to exercise your right to demand payment of the fair value of your stock, within 20 days following the date the articles of merger with respect to the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, you must make a written demand on CPA<sup>®</sup>:15 for the payment of your CPA 15 common stock stating the number and class of shares for which you demand payment. In addition to making a written demand for the payment of your stock, you must not vote in favor of the Merger. CPA<sup>®</sup>:15 stockholders who return executed but unmarked proxies will be deemed to have voted in favor of the Merger. If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the stockholder has abstained from voting on the Merger, the shares of CPA 15 common stock represented by the proxy will not be considered to have been voted on the Merger. Abstentions will have the same effect as a vote against approval of the Merger.

Once you have filed a demand for payment, you cease to have any rights as a stockholder, including the right to receive the Merger Consideration or vote the W. P. Carey Inc. common stock, as applicable, except the right to receive payment of the fair value of your shares. Once you make a demand for payment, you may withdraw that demand only with the consent of CPA<sup>®</sup>:15.

Provided that you do not vote in favor of the Merger, or return an executed but unmarked proxy, and assuming the W. P. Carey shareholders and the CPA<sup>®</sup>:15 stockholders approve the Merger, then, promptly after the Merger is effective, CPA<sup>®</sup>:15 must notify you in writing of the date the articles of merger with respect to the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland. As part of that notice, CPA<sup>®</sup>:15 may send a written offer to pay to you a specified price deemed by CPA<sup>®</sup>:15 to be the fair value for your shares. Each offer will be accompanied by a balance sheet as of a date not more than six months prior to the offer date, a profit and loss statement for the 12 months ending on the date of the balance sheet, and any other information CPA<sup>®</sup>:15 considers pertinent. Within 50 days after the date the articles of merger with respect to the merger of CPA<sup>®</sup>:15 with its indirect wholly-owned subsidiary are accepted for record by the State Department of Assessments and Taxation of Maryland, if you have not received from CPA<sup>®</sup>:15 the fair value of your shares, you may file a petition with a court of equity in the county where the principal office of CPA<sup>®</sup>:15 is located for an appraisal to determine the fair value of your shares.

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IF YOU DO NOT COMPLY WITH THE PROCEDURES FULLY AND THE MERGER IS APPROVED, YOU MAY LOSE YOUR RIGHT TO DEMAND PAYMENT OF THE FAIR VALUE OF YOUR SHARES, AND YOU WILL BE REQUIRED TO ACCEPT THE MERGER CONSIDERATION.

If the court finds you are entitled to an appraisal of your stock, it will appoint three disinterested appraisers to determine the fair value of your stock. Unless the court permits a longer period, the appraisers have 60 days after their appointment to determine the fair value of your stock and file their report with the court, and within 15 days after the appraisers file their report, any party may object to it and request a hearing. The court may, among other things, accept the report or set its own determination of the fair value, and then direct CPA<sup>®</sup>:15 to pay the appropriate amount.

Neither W. P. Carey nor CPA<sup>®</sup>:15 can predict how the court will value the respective shares of W. P. Carey Inc. or CPA<sup>®</sup>:15 common stock, and the fair value may be higher, lower or equal in value to the Merger Consideration being paid in the Merger. Stockholders should note that opinions of investment banking firms as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the Merger, are not opinions as to, and do not otherwise address, fair value under the MGCL.

If the court finds that the failure of a stockholder to accept an offer for the stock was arbitrary and vexatious or not in good faith, the court has the right to apportion among all or some of the parties any expenses of any proceeding to demand the fair or appraised value of shares as it deems equitable.

The above description is a summary of the material provisions of Subtitle 2 of Title 3 of the MGCL. For complete information, you should review the text of Subtitle 2, which appears as Annex E to this joint proxy statement/prospectus.

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**TERMS OF THE REIT CONVERSION**

*The following is a brief summary of the material provisions of the REIT Conversion Agreement, a copy of which is attached as Annex B and is incorporated by reference in this joint proxy statement/prospectus. This summary is qualified in its entirety by reference to the REIT Conversion Agreement. You should read carefully the REIT Conversion Agreement in its entirety as it is the legal document that governs the REIT Conversion.*

**The REIT Conversion**

W. P. Carey Inc. is a newly formed, wholly-owned subsidiary of W. P. Carey. W. P. Carey Inc. currently holds a small amount of cash as its only asset. The REIT Conversion Agreement provides that W. P. Carey will, after certain mergers of W. P. Carey subsidiaries with and into W. P. Carey Inc., merge with and into W. P. Carey Inc., at which time the separate existence of W. P. Carey as a limited liability company will cease and W. P. Carey Inc. will continue as the surviving corporation.

**Closing and Effective Time of the REIT Conversion**

The boards of directors of W. P. Carey and W. P. Carey Inc. have adopted the REIT Conversion Agreement and approved the W. P. Carey Merger, subject to shareholder approval. The W. P. Carey Merger will become effective at the time a certificate of merger and articles of merger are submitted for filing and accepted for record by the Secretary of State of Delaware in accordance with the DLLCA and the State Department of Assessments and Taxation of Maryland in accordance with the MGCL, respectively, or at such later time as specified in the certificate of merger or articles of merger, as the case may be. We anticipate that the REIT Conversion will be completed by the third quarter of 2012 or as soon as possible thereafter. However, there can be no assurance as to when, or if, the REIT Conversion will be completed following the adoption by our shareholders of the REIT Conversion Agreement and approval of the W. P. Carey Merger at the special meeting and the satisfaction or waiver of the other conditions to the W. P. Carey Merger as described in the section Conditions to Completion of the REIT Conversion.

**Conversion of Listed Shares**

At the effective time of the W. P. Carey Merger, each outstanding W. P. Carey listed share will be converted into one share of W. P. Carey Inc. common stock, and W. P. Carey Inc. will succeed to and continue to operate the existing business of W. P. Carey.

**Recordation of Exchange**

***Recordation of Exchange.***

As soon as practicable following the effective time of the W. P. Carey Merger, W. P. Carey Inc. will cause a third party transfer agent to record the transfer on the stock records of W. P. Carey Inc. of the amount of W. P. Carey Inc. common stock issued pursuant to the terms of the REIT Conversion Agreement. No physical share certificates will be delivered. See Other Effects of the REIT Conversion.

***Stock Transfer Books.***

At the completion of the REIT Conversion, W. P. Carey will close its stock transfer books, and no subsequent transfers of W. P. Carey listed shares will be recorded on such books.

**Other Effects of the REIT Conversion**

We expect the following to occur in connection with the REIT Conversion:

**Charter Documents of W. P. Carey Inc.** The charter and bylaws of W. P. Carey Inc. in effect immediately prior to the closing of the REIT Conversion will be the charter and bylaws of the surviving corporation, subject to any required amendments. Copies of the form of the W. P. Carey Inc.



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Charter and W. P. Carey Inc. Bylaws are set forth in Annex F and Annex G, respectively, of this joint proxy statement/prospectus. See also the section entitled Description of W. P. Carey Inc. Shares.

**Directors and Officers.** The directors and officers of W. P. Carey serving as directors and officers of W. P. Carey immediately prior to the closing of the REIT Conversion will be the directors and officers of W. P. Carey Inc.

**Options and Other Rights to Purchase or Acquire W. P. Carey Listed Shares.** Each option or other right to purchase or otherwise acquire W. P. Carey listed shares pursuant to stock option or other stock-based plans of W. P. Carey granted and outstanding immediately prior to the effective time of the W. P. Carey Merger shall, without any action on the part of the holder of such option or right, be converted into and become a right to purchase or otherwise acquire the same number of shares of W. P. Carey Inc. common stock at the same price per share and upon the same terms and subject to the same conditions as applicable to such options or other rights immediately prior to the effective time of the W. P. Carey Merger.

**Distributions.** W. P. Carey's obligations with respect to any dividends or other distributions to the shareholders of W. P. Carey that have been declared by W. P. Carey but not paid prior to the effective time of the W. P. Carey Merger will be assumed by W. P. Carey Inc.

**Listing of W. P. Carey Inc. Common Stock.** We anticipate that the shares of W. P. Carey Inc. common stock issued in the W. P. Carey Merger will trade on the NYSE under the symbol WPC following the completion of the REIT Conversion.

### **Conditions to Completion of the REIT Conversion**

The closing of the REIT Conversion is a condition to the closing of the Merger. The board of directors of W. P. Carey has the right to abandon the REIT Conversion even if shareholders of W. P. Carey vote to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger and the other conditions to the completion of the REIT Conversion are satisfied or waived, if it determines that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders. The respective obligations of W. P. Carey and W. P. Carey Inc. to complete the REIT Conversion require the satisfaction or, where permitted, waiver, of the following conditions:

adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger by the requisite vote of the shareholders of W. P. Carey;

approval of the Merger by the requisite vote of the W. P. Carey shareholders and the CPA<sup>®</sup>:15 stockholders;

the registration statement, of which this joint proxy statement/prospectus forms a part, will have become effective and no stop order will have been issued or threatened by the SEC with regard to the registration statement;

approval for listing on the NYSE of W. P. Carey Inc. common stock, subject to official notice of issuance;

receipt of all governmental approvals and third-party consents to the REIT Conversion, except for consents as would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of W. P. Carey Inc. and its subsidiaries taken as a whole;

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determination by the board of directors of W. P. Carey, in its sole discretion, that the transactions constituting the REIT Conversion that have an impact on W. P. Carey Inc.'s qualification as a REIT for federal income tax purposes have occurred or are reasonably likely to occur;

the determination by the board of directors of W. P. Carey, in its sole discretion, that no legislation or proposed legislation with a reasonable possibility of being enacted would have the effect of substantially (i) impairing the ability of W. P. Carey Inc. to qualify as a REIT, (ii) increasing the federal tax liabilities of W. P. Carey Inc. resulting from the REIT Conversion or (c) reducing the expected benefits to W. P. Carey Inc. resulting from the REIT Conversion; and

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execution of a certificate of merger and articles of merger and acceptance for record of such certificate of merger and articles of merger by the Secretary of State of Delaware in accordance with the DLLCA and the State Department of Assessments and Taxation of Maryland in accordance with the MGCL, respectively.

### **Termination of the REIT Conversion Agreement**

The REIT Conversion Agreement provides that it may be terminated and the REIT Conversion abandoned at any time prior to its completion, before or after adoption of the REIT Conversion Agreement and approval of the W. P. Carey Merger by the shareholders of W. P. Carey, by the mutual consent of the board of directors of W. P. Carey and W. P. Carey Inc.

We have no current intention of abandoning the REIT Conversion subsequent to the special meeting if shareholder approval is obtained and the other conditions to the REIT Conversion are satisfied or waived. However, the board of directors of W. P. Carey reserves the right to abandon the REIT Conversion even if shareholders of W. P. Carey vote to adopt the REIT Conversion Agreement and approve the W. P. Carey Merger, which is an important element of the REIT Conversion, and the other conditions to the completion of the REIT Conversion are satisfied or waived, if it determines that the REIT Conversion is no longer in the best interests of W. P. Carey and its shareholders.

### **Regulatory Approvals**

We are not aware of any federal, state, local or foreign regulatory requirements that must be complied with or approvals that must be obtained prior to completion of the REIT Conversion pursuant to the REIT Conversion Agreement, other than compliance with applicable federal and state securities laws and the filing and acceptance of a certificate of merger and articles of merger as required under the DLLCA and the MGCL, respectively.

### **Absence of Dissenters Rights of Appraisal**

Under the DLLCA, W. P. Carey shareholders will not be entitled to dissenters rights of appraisal as a result of the REIT Conversion.

### **Restrictions on Sales of W. P. Carey Inc. Common Stock Issued Pursuant to the REIT Conversion**

The shares of W. P. Carey Inc. common stock to be issued in connection with the REIT Conversion will, subject to the restrictions on the transfer and ownership of W. P. Carey Inc. common stock set forth in the W. P. Carey Inc. Charter, be freely transferable under the Securities Act, except for shares issued to any shareholder who may be deemed to be an affiliate of W. P. Carey for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or under the common control with, W. P. Carey and may include the executive officers, directors and significant shareholders of W. P. Carey.

### **Accounting Treatment of the REIT Conversion**

For accounting purposes, the W. P. Carey Merger will be treated as a transfer of assets and exchange of shares between entities under common control. The accounting basis used to initially record the assets and liabilities in W. P. Carey Inc. is the carryover basis of W. P. Carey. Shareholder's equity of W. P. Carey Inc. will be that carried over from W. P. Carey.

### **Formation of the REIT and Other Subsidiaries**

We will effect certain structural changes in connection with the proposed REIT Conversion. These reorganization transactions are intended to enable us to qualify as a REIT for federal income tax purposes and to

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improve our tax efficiency. W. P. Carey has already commenced these reorganization transactions and will continue to pursue them to completion. See Structure of the Merger and the REIT Conversion.

Following the Merger and REIT Conversion, CPA<sup>®</sup>:15 will be a QRS of W. P. Carey Inc. The rental and passive activities held by W. P. Carey Inc. will be housed in QRSs while the historic management business of W. P. Carey will be housed in TRSs under W. P. Carey Inc. A QRS is a wholly-owned, domestic or foreign corporate subsidiary of a REIT that has not elected to be treated as a separate corporation from the REIT for federal income tax purposes. The assets, liabilities and items of income, deduction and credit of a QRS are treated as the REIT's for federal income tax purposes. In contrast, a TRS is a domestic or foreign corporate subsidiary that has elected to be taxed separately from a REIT, and thus typically pays corporate tax at regular rates on its taxable income.

REITs are generally required to engage primarily in rental and passive activities permitted by the Code. Accordingly, we will, as appropriate, form QRSs or cause existing subsidiaries to become QRSs, and these QRSs will own our rental real estate. In contrast, our management business and other non-REIT activities, will be conducted through one or more TRSs because those activities are expected to generate non-qualifying REIT income as currently structured and operated. As appropriate, we will form TRSs or elect TRS status for existing subsidiaries in order to hold or acquire assets and operations that we believe are best suited for TRSs.

Net income from our TRSs will either be retained by our TRSs and used to fund their operations, or will be distributed to us, where it will either be reinvested by us into our business or contribute to income available for distribution to our stockholders. To the extent a TRS distribution to us constitutes taxable income, it will increase our REIT taxable income and associated REIT distribution requirements.

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**DIVIDEND AND DISTRIBUTION POLICY**

Upon completion of the Merger and the REIT Conversion, we intend to declare regular quarterly distributions to holders of W. P. Carey Inc. common stock commencing in the quarter in which the Merger closes, the amount of which will be determined, and is subject to adjustment by, W. P. Carey Inc.'s board of directors and the preferential rights of any class or series of our stock that we may subsequently classify or reclassify. To qualify as a REIT, we must generally distribute to our stockholders each year an amount at least equal to 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). Generally, we expect to distribute all or substantially all of our REIT taxable income so as to not be subject to the income or excise tax on undistributed REIT taxable income. See the section entitled Material Federal Income Tax Considerations.

We expect that distributions will be declared quarterly. The amount, timing and frequency of distributions, however, will be at the sole discretion of the board of directors and will be declared based upon various factors, many of which are beyond our control, including:

our financial condition and operating cash flows;

our operating and other expenses;

debt service requirements;

capital expenditure requirements;

the amount required to maintain REIT status and reduce any income and excise taxes that we otherwise would be required to pay;

limitations on distributions in our existing and future debt instruments;

limitations on our ability to fund distributions using cash generated through our TRSs;

applicable provisions under the MGCL; and

other factors that the board of directors may deem relevant.

We anticipate that distributions will generally be paid from cash from operations after debt service requirements and non-discretionary capital expenditures. To the extent that our cash available for distribution is insufficient to allow us to satisfy the REIT distribution requirements, we currently intend to borrow funds to make distributions consistent with this policy. Our ability to fund distributions through borrowings is subject to continued compliance with debt covenants, as well as the availability of borrowing capacity under our lending arrangements. If our operations do not generate sufficient cash flows and we are unable to borrow, we may be required to reduce our anticipated quarterly distributions. Our distribution policy enables us to review the alternative funding sources available to us for distributions from time to time. For information regarding risk factors that could materially adversely affect our actual results of operations, please see the section entitled Risk Factors.

**Table of Contents****SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

The following information has been derived from the audited consolidated financial statements of each of W. P. Carey and CPA<sup>®</sup>:15 for the five years ended December 31, 2011. This information is only a summary and should be read in conjunction with the unaudited pro forma financial statements of W. P. Carey Inc. included elsewhere in this joint proxy statement/prospectus, and the historical financial statements and related notes thereto for W. P. Carey and CPA<sup>®</sup>:15 included in this joint proxy statement/prospectus.

**W. P. Carey**

The unaudited pro forma consolidated operating and balance sheet data is presented as if the Merger and REIT Conversion occurred on December 31, 2011 for the consolidated balance sheet and January 1, 2011 for the consolidated statements of income. THE PRO FORMA INFORMATION BELOW IS HYPOTHETICAL AND DOES NOT NECESSARILY REFLECT THE FINANCIAL PERFORMANCE THAT WOULD HAVE ACTUALLY RESULTED IF THE MERGER AND REIT CONVERSION HAD BEEN COMPLETED ON THOSE DATES. FURTHERMORE, THIS INFORMATION DOES NOT NECESSARILY REFLECT FUTURE FINANCIAL POSITION AND RESULTS OF OPERATIONS IF THE MERGER AND THE REIT CONVERSION ACTUALLY OCCUR.

See W. P. Carey Inc. Unaudited Pro Forma Consolidated Financial Information included in this joint proxy statement/prospectus for a more detailed explanation of this analysis.

	Years Ended December 31,					Pro Forma - W. P. Carey Inc. 2011 (Unaudited)
	2011	2010	Historical - W. P. Carey 2009	2008	2007	
(In thousands except per share amounts)						
<b>Operating Data <sup>(1)</sup></b>						
Revenues from continuing operations <sup>(2)</sup>	\$ 336,409	\$ 269,854	\$ 228,381	\$ 230,714	\$ 249,721	\$ 542,758
Income from continuing operations <sup>(2)</sup>	141,388	86,241	63,867	68,758	66,955	182,821
<b>Net income</b>	139,138	74,951	70,568	78,605	88,789	N/A
Add: Net loss (income) attributable to noncontrolling interests	1,864	314	713	950	(4,781)	N/A
Less: Net income attributable to redeemable noncontrolling interests	(1,923)	(1,293)	(2,258)	(1,508)	(4,756)	N/A
Net income attributable to W. P. Carey shareholders	139,079	73,972	69,023	78,047	79,252	N/A
<b>Basic Earnings Per Share:</b>						
Income from continuing operations attributable to W. P. Carey shareholders	3.50	2.14	1.57	1.73	1.51	2.48
Net income attributable to W. P. Carey shareholders	3.44	1.86	1.74	1.98	2.08	N/A
<b>Diluted Earnings Per Share:</b>						
Income from continuing operations attributable to W. P. Carey shareholders	3.47	2.14	1.57	1.71	1.51	2.47
Net income attributable to W. P. Carey shareholders	3.42	1.86	1.74	1.95	2.05	N/A
Cash distributions declared per share <sup>(3)</sup>	2.19	2.03	2.00	1.96	1.88	N/A
<b>Balance Sheet Data</b>						
Net investments in real estate <sup>(4)</sup>	\$ 1,217,931	\$ 946,975	\$ 884,460	\$ 918,741	\$ 918,734	\$ 3,387,140
Total assets	1,462,623	1,172,326	1,093,336	1,111,136	1,153,284	4,625,311
Long-term obligations <sup>(5)</sup>	589,369	396,982	326,330	326,874	316,751	2,018,782
Book value per share <sup>(6)</sup>	14.01	13.62	13.79	13.81	13.63	14.98
<b>Other Information</b>						
Cash provided by operating activities	\$ 80,116	\$ 86,417	\$ 74,544	\$ 63,247	\$ 47,471	\$ N/A

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Cash distributions paid	85,814	92,591	78,618	87,700	71,608	N/A
Payment of mortgage principal <sup>(7)</sup>	25,327	14,324	9,534	9,678	16,072	N/A

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- (1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
- (2) The year ended December 31, 2011 includes \$52.5 million of incentive, termination and subordinated disposition revenue recognized in connection with the CPA<sup>®</sup>: 14/16 Merger, and for 2007, includes revenue earned in connection with CPA<sup>®</sup>:16 Global meeting its performance criterion. Additionally, the pro forma figures presented in this table include the impact of the Merger discussed in this joint proxy statement/prospectus as well as the impact of the CPA<sup>®</sup>:14/16 Merger.
- (3) The years ended December 31, 2009 and 2007 exclude special distributions of \$0.30 per share and \$0.27 per share paid in January 2010 and January 2008 to shareholders of record at December 31, 2009 and December 31, 2007, respectively.
- (4) Net investments in real estate consists of net investments in properties, net investments in direct financing leases, equity investments in real estate and the REITs and assets held for sale, as applicable.
- (5) Represents non-recourse and limited-recourse mortgages and note obligations.
- (6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period on a pro forma basis. The total shares of common stock included in the pro forma book value per share calculation are approximately 68.0 million.
- (7) Represents scheduled mortgage principal payments.

**CPA<sup>®</sup>:15**

The following selected financial data should be read in conjunction with the consolidated financial statements of CPA<sup>®</sup>:15 and related notes in Item 8 (in thousands, except per share data):

	Years Ended December 31,				
	2011	2010	2009	2008	2007
<b>Operating Data</b> <sup>(1)</sup>					
Total revenues	\$ 249,889	\$ 251,163	\$ 264,789	\$ 270,784	\$ 259,564
Income from continuing operations	78,970	93,954	32,419	79,960	86,686
Net income <sup>(2)</sup>	76,552	100,256	29,900	51,194	124,124
Less: Net income attributable to noncontrolling interests	(19,859)	(40,479)	(30,148)	(22,500)	(36,934)
Net income (loss) attributable to CPA <sup>®</sup> :15 shareholders	56,693	59,777	(248)	28,694	87,190
<b>Earnings (loss) per share:</b>					
Income from continuing operations attributable to CPA <sup>®</sup> :15 shareholders	0.44	0.49	0.07	0.39	0.49
Net income (loss) attributable to CPA <sup>®</sup> :15 shareholders	0.43	0.47		0.22	0.68
Cash distributions declared per share <sup>(3)</sup>	0.7286	0.7246	0.7151	0.6902	0.6691
<b>Balance Sheet Data</b>					
Total assets	\$ 2,452,884	\$ 2,694,055	\$ 2,959,088	\$ 3,189,205	\$ 3,464,637
Net investments in real estate <sup>(4)</sup>	2,034,144	2,297,754	2,540,012	2,715,417	2,882,357
Long-term obligations <sup>(5)</sup>	1,323,131	1,498,296	1,686,154	1,819,443	1,943,724
Book value per share <sup>(6)</sup>	5.15	5.23	5.09	5.57	6.14
<b>Other Information</b>					
Cash provided by operating activities	\$ 163,566	\$ 168,725	\$ 164,475	\$ 180,789	\$ 162,985
Cash distributions paid	94,272	91,743	88,939	98,153	85,327
Payments of mortgage principal <sup>(7)</sup>	73,675	79,905	92,765	42,662	54,903

- (1) Certain prior year amounts have been reclassified from continuing operations to discontinued operations.
- (2) Net income in 2011, 2010, 2009 and 2008 reflected impairment charges totaling \$31.9 million, \$25.3 million, \$66.6 million and \$42.1 million, respectively, of which \$6.7 million, \$1.5 million, \$4.4 million and \$7.6 million was attributable to noncontrolling interests, respectively. In 2007, income from equity investments in real estate included \$2.4 million of impairment charges attributable to other-than-temporary declines in the fair market value of two real estate equity investments.





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- (3) Cash distributions declared per share for 2007 excluded a special cash distribution of \$0.08 per share that was paid in January 2008 to stockholders of record at December 31, 2007.
- (4) Net investments in real estate consists of net investments in properties, net investment in direct financing leases, equity investments in real estate, real estate under construction and assets held for sale, as applicable.
- (5) Represents mortgage obligations and deferred acquisition fee installments.
- (6) Represents total assets less net intangible assets, total liabilities and total noncontrolling interests, divided by shares of common stock outstanding at the end of the period.
- (7) Represents scheduled mortgage principal payments.

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**INFORMATION ABOUT W. P. CAREY**

*Set forth below is a description of the business of W. P. Carey. W. P. Carey Inc., a wholly-owned subsidiary of W. P. Carey, was incorporated in Maryland on February 15, 2012 to succeed to and continue the business of W. P. Carey, which is described below, upon completion of the W. P. Carey Merger. Effective at the time of the W. P. Carey Merger, W. P. Carey Inc. will hold, directly or indirectly through its subsidiaries, the assets currently held by W. P. Carey and will conduct the existing businesses of W. P. Carey and its subsidiaries. When used in this section, unless otherwise specifically stated or the context requires otherwise, the terms we, us or our refer to W. P. Carey and its consolidated subsidiaries and predecessors.*

**General Development of Business**

***Overview***

W. P. Carey provides long-term financing via sale-leaseback and build-to-suit transactions for companies worldwide and manages a global investment portfolio. A build-to-suit transaction is a form of a sale leaseback transaction that allows companies to expand an existing facility or build a new facility. In a build-to-suit transaction, W. P. Carey works with a company and/or a real estate developer to acquire the land or existing property, finances 100% of the construction costs and enters into a long-term lease with the company that begins upon completion of construction. We invest primarily in commercial properties domestically and internationally that are generally triple-net leased to single corporate tenants, which requires each tenant to pay substantially all of the costs associated with operating and maintaining the property. We also earn revenue as the advisor to the CPA<sup>®</sup> REITs. We are currently the advisor to the following CPA<sup>®</sup> REITs: CPA<sup>®</sup>:15, CPA<sup>®</sup>:16 Global and CPA<sup>®</sup>:17 Global. We were the advisor to CPA<sup>®</sup>:14 until the CPA<sup>®</sup>:14/16 Merger. We are also the advisor to CWI, which we formed in March 2008 for the purpose of acquiring interests in lodging and lodging-related properties.

Most of our properties were either acquired as a result of our consolidation with certain affiliated Corporate Property Associates limited partnerships or subsequently acquired from other CPA<sup>®</sup> REIT programs in connection with the provision of liquidity to stockholders of those CPA<sup>®</sup> REITs, as further described below. Because our advisory agreements with each of the existing CPA<sup>®</sup> REITs and CWI require that we use our best efforts to present to them a continuing and suitable program of investment opportunities that meet their investment criteria, we generally provide investment opportunities to these funds first and earn revenues from transaction and asset management services performed on their behalf. Our principal focus on our owned real estate portfolio in recent years has therefore been on enhancing the value of our existing properties. See Conflicts of Interest.

We were formed as a limited liability company under the laws of Delaware on July 15, 1996. On January 1, 1998 the limited partnership interests of nine CPA<sup>®</sup> partnerships were combined and became listed on the NYSE under the name Carey Diversified and the symbol CDC. In 2000, Carey Diversified merged with W. P. Carey after W. P. Carey became listed on the NYSE under the symbol WPC. As a limited liability company, we are not subject to federal income taxation as long as we satisfy certain requirements relating to our operations and pass through any tax liabilities or benefits to our shareholders; however, certain of our subsidiaries are engaged in investment management operations and are subject to U.S. federal, state and local income taxes, and some of our subsidiaries may also be subject to foreign taxes.

Our principal executive offices are located at 50 Rockefeller Plaza, New York, NY 10020, and our telephone number is (212) 492-1100. At December 31, 2011, we employed 212 individuals through our wholly-owned subsidiaries.

***Primary Business Segments***

***Investment Management*** We structure and negotiate investments and debt placement transactions for the REITs, for which we earn structuring revenue, and manage their portfolios of real estate investments, for which

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we may earn asset-based management and performance revenue. Depending on the arrangement with each REIT, we earn asset-based management revenue based on the value of their real estate-related and lodging-related assets under management. We also receive performance revenue from CPA<sup>®</sup>:15 and, before the CPA<sup>®</sup>:14/16 Merger, from CPA<sup>®</sup>:14 and CPA<sup>®</sup>:16 Global. As funds available to the CPA<sup>®</sup> REITs and CWI are invested, the asset base from which we earn revenue increases. In addition, we also receive a percentage of distributions of available cash from the operating partnerships of CPA<sup>®</sup>:17 Global and CWI, as well as from the operating partnership of CPA<sup>®</sup>:16 Global after the CPA<sup>®</sup>:14/16 Merger. We may also earn incentive and disposition revenue and receive other compensation in connection with providing liquidity alternatives to CPA<sup>®</sup> REITs and CWI stockholders.

*Real Estate Ownership* We own and invest in commercial properties in the U.S. and the European Union that are then leased to companies, primarily on a triple-net lease basis. We may also invest in other properties if opportunities arise. Effective as of January 1, 2011, we include our equity investments in the CPA<sup>®</sup> REITs and CWI in our Real Estate Ownership segment. The equity income or loss from the CPA<sup>®</sup> REITs and CWI that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the CPA<sup>®</sup> REITs and CWI. This treatment is consistent with that of our directly-owned properties.

***Significant Developments During 2012***

At December 31, 2011, CPA<sup>®</sup>:15's portfolio was comprised of full or partial ownership in 315 properties, substantially all of which were triple-net leased with an average remaining life of 10.4 years and an estimated annual contractual minimum base rent of \$223.0 million (on a pro rata basis). We expect to assume the related property debt comprised of 74 fixed-rate and seven variable-rate non-recourse mortgage loans with an aggregate fair value of \$1.2 billion and a weighted-average annual interest rate of 5.7% at December 31, 2011 (on a pro rata basis). During 2011, we earned \$26.0 million in fees from CPA<sup>®</sup>:15 and recognized \$3.4 million in equity earnings based on our ownership of shares in CPA<sup>®</sup>:15.

On January 2, 2012, our founder and Chairman, Wm. Polk Carey, passed away. Following the passing of Mr. Carey, on January 4, 2012, the Board of Directors elected Benjamin H. Griswold, IV as Non-Executive Chairman of the Board. Mr. Griswold has been a director since 2006 and served as Lead Director from 2010. He also serves as Chairman of the Compensation Committee of our Board of Directors (the Compensation Committee).

On February 17, 2012, we entered into an amended and restated credit facility that amended and restated the credit agreement entered into on December 28, 2011 and which includes a new \$175.0 million term loan as part of our credit facility in order to pay (in a single draw) for the cash portion of the Merger Consideration. The term loan is available until the earliest of (i) September 30, 2012, (ii) the date (if any) that the Merger occurs, and (iii) the date of the termination of the term facility, pursuant to the terms of the amended and restated credit facility. The term loan draw is subject to a number of closing conditions, including the lenders' satisfactory completion of due diligence and determination that no material adverse change has occurred, and there can be no assurance that we will be able to obtain the term loan.

Please see The Combined Company Executive Compensation Employment Agreements for a discussion of the employment agreement between W. P. Carey and Trevor P. Bond, W. P. Carey's Chief Executive Officer. Mr. Bond's employment agreement was not entered into in connection with the Merger Agreement or the REIT Conversion Agreement and Mr. Bond will not receive or be paid any severance in connection with the Merger or the REIT Conversion.

***Significant Developments During 2011***

*Acquisition Activity* During 2011, we structured investments on behalf of the CPA<sup>®</sup> REITs and CWI totaling approximately \$1.2 billion. International investments comprised 54% (on a pro rata basis) of these investments. Amounts are based on the exchange rate of the foreign currency at the date of acquisition, as applicable.

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*Investor Capital Inflows* We raised more than \$582.5 million on behalf of CPA:17 Global during 2011. Of this total, we raised \$163.8 million under CPA:17 Global's initial public offering and \$418.7 million under CPA:17 Global's follow-on offering, as described below. Since beginning fundraising for CPA:17 Global in December 2007 through December 31, 2011, we have raised more than \$1.9 billion on its behalf. CPA:17 Global's initial public offering was terminated in April 2011 when a registration statement for a continuous public offering of up to an additional \$1.0 billion of common stock, which we refer to as the follow-on offering, was declared effective by the SEC on April 7, 2011.

We also raised \$47.1 million on behalf of CWI from the beginning of its offering in September 2010 through December 31, 2011.

*Credit Facility* In December 2011, we entered into a \$450.0 million unsecured revolving credit facility to replace our then-existing \$250.0 million unsecured line of credit and \$30.0 million secured line of credit, which were both due to expire in June 2012. At our election, the principal amount available under the new line of credit may be increased by up to an additional \$125.0 million, subject to the conditions provided in the credit agreement. The new credit facility matures in December 2014 but may be extended for one year at our option, subject to the conditions provided in the credit agreement. The outstanding amounts under our existing credit facilities aggregated \$233.2 million at the time, which we rolled over to the new facility.

*Financing Activity* During 2011, we obtained mortgage financing totaling \$576.0 million on behalf of the CPA REITs and \$69.8 million for our owned real estate portfolio, consisting of financing for new transactions and on unencumbered properties and refinancing of maturing debt. These mortgage financings had a weighted-average annual interest rate of approximately 4.5%. Amounts are based on the exchange rate of the foreign currency at the date of financing and the weighted average interest rate on unhedged variable-rate loans is based on the rate on the date of financing, as applicable.

*CPA:14/16 Merger* In the CPA:14/16 Merger, CPA:14 stockholders were entitled to receive \$11.50 per share, which was equal to the estimated NAV of CPA:14 as of September 30, 2010. For each share of CPA:14 stock owned, each CPA:14 stockholder received a \$1.00 per share special cash dividend and a choice of either (i) \$10.50 in cash or (ii) 1.1932 shares of CPA:16 Global. The merger consideration of \$954.5 million was paid by CPA:16 Global, including payment of \$444.0 million to liquidating stockholders and issuing 57,365,145 shares of common stock with a fair value of \$510.5 million on the date of closing to stockholders of CPA:14 in exchange for 48,076,723 shares of CPA:14 common stock. The \$1.00 per share special cash distribution, totaling \$90.4 million in the aggregate, was funded from the proceeds of the CPA:14 Asset Sales described below. In connection with the CPA:14/16 Merger, we agreed to purchase a sufficient number of shares of CPA:16 Global common stock from CPA:16 Global to enable it to pay the merger consideration if the cash on hand and available to CPA:14 and CPA:16 Global, including the proceeds of the CPA:14 Asset Sales and a new \$320.0 million senior credit facility of CPA:16 Global, were not sufficient. Accordingly, we purchased 13,750,000 shares of CPA:16 Global on May 2, 2011 for \$121.0 million, which we funded, along with other obligations, with cash on hand and \$121.4 million drawn on our then-existing unsecured line of credit.

In connection with the CPA:14/16 Merger, on May 2, 2011, we purchased the remaining interests in three ventures from CPA:14, in which we already had a partial ownership interest, for an aggregate purchase price of \$31.8 million, plus the assumption of \$87.6 million of indebtedness. The purchase price was based on the appraised values of the ventures underlying properties and debt. In connection with the purchase, we recorded a gain of \$27.9 million, which represents the difference between our respective carrying values and the fair values of our previously held interests in these ventures. Together with the three properties sold by CPA:14 to CPA:17 Global on that date, as well as certain other properties sold to third parties in anticipation of the CPA:14/16 Merger, these sales are referred to herein as the CPA:14 Asset Sales.

Upon consummation of the CPA:14/16 Merger, we earned revenues of \$31.2 million in connection with the termination of the advisory agreement with CPA:14 and \$21.3 million of subordinated disposition revenues.

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We elected to receive our termination revenue in 2,717,138 shares of CPA<sup>®</sup>:14, which were exchanged into 3,242,089 shares of CPA<sup>®</sup>:16 Global in the CPA<sup>®</sup>:14/16 Merger. In addition, we received \$11.1 million in cash as a result of the \$1.00 per share special cash distribution paid by CPA<sup>®</sup>:14 to its stockholders. Upon closing of the CPA<sup>®</sup>:14/16 Merger, we received 13,260,091 million shares of common stock of CPA<sup>®</sup>:16 Global in respect of our shares of CPA<sup>®</sup>:14.

CAM, our subsidiary that acts as the advisor to the CPA<sup>®</sup> REITs, waived any acquisition fees payable by CPA<sup>®</sup>:16 Global under its advisory agreement with CAM in respect of the properties acquired in the CPA<sup>®</sup>:14/16 Merger and also waived any disposition fees that may subsequently be payable by CPA<sup>®</sup>:16 Global upon a sale of such assets. As the advisor to CPA<sup>®</sup>:14, CAM earned acquisition fees related to those properties acquired by CPA<sup>®</sup>:14 and disposition fees on those properties upon the liquidation of CPA<sup>®</sup>:14 and, as a result, CAM and CPA<sup>®</sup>:16 Global agreed that CAM should not receive fees upon the acquisition or disposition of the same properties by CPA<sup>®</sup>:16 Global.

*CPA<sup>®</sup>:16 Global UPREIT Reorganization* Immediately following the CPA<sup>®</sup>:14/16 Merger on May 2, 2011, CPA<sup>®</sup>:16 Global completed an internal reorganization whereby CPA<sup>®</sup>:16 Global formed an umbrella partnership real estate investment trust, or UPREIT, which was approved by CPA<sup>®</sup>:16 Global stockholders in connection with the CPA<sup>®</sup>:14/16 Merger. In connection with the formation of the UPREIT, CPA<sup>®</sup>:16 Global contributed substantially all of its assets and liabilities to an operating partnership in exchange for a managing member interest and units of membership interest in that operating partnership, which together represent a 99.985% capital interest of the Managing Member (representing the CPA<sup>®</sup>:16 Global stockholders' interest). Through our subsidiary, Carey REIT III, Inc. (the Special General Partner or Carey REIT III), we acquired a special membership interest (Special Member Interest) of 0.015% in CPA<sup>®</sup>:16 Global's operating partnership for \$0.3 million, entitling us to receive certain profit allocations and distributions of cash (Note 3 to the accompanying consolidated financial statements of W. P. Carey).

As consideration for the Special Member Interest, we amended our advisory agreement with CPA<sup>®</sup>:16 Global to give effect to this UPREIT reorganization and to reflect a revised fee structure whereby (i) our asset management fees are prospectively reduced to 0.5% from 1.0% of the asset value of a property under management, (ii) the former 15% subordinated incentive fee and termination fees have been eliminated and replaced by (iii) a 10% Special General Partner Available Cash Distribution, as described in Note 3 to the accompanying consolidated financial statements of W. P. Carey, and (iv) the 15% Final Distribution, as described in Note 3 to the accompanying consolidated financial statements of W. P. Carey. The sum of the new 0.5% asset management fee and the Available Cash Distribution is expected to be lower than the original 1.0% asset management fee; accordingly, the Available Cash Distribution is contractually limited to 0.5% of the value of CPA<sup>®</sup>:16 Global's assets under management. However, the amount of after-tax cash we receive pursuant to this revised structure is anticipated to be greater than the amount we received under the previous arrangement. The fee structure related to initial acquisition fees, subordinated acquisition fees and subordinated disposition fees for CPA<sup>®</sup>:16 Global remains unchanged.

*Impairment Charges* During 2011, we recorded impairment charges on our owned portfolio totaling \$10.7 million (see Note 10 to the accompanying consolidated financial statements of W. P. Carey). We currently estimate that the CPA<sup>®</sup> REITs will record impairment charges aggregating approximately \$61.7 million for 2011, of which our proportionate share is approximately \$7.8 million (see Note 6 to the accompanying consolidated financial statements of W. P. Carey). Our cash distributions from the CPA<sup>®</sup> REITs are not affected by the impairment charges recognized by them.

**Financial Information About Segments**

Refer to Note 17 in the accompanying consolidated financial statements of W. P. Carey for financial information about W. P. Carey's segments.

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### **Business Objectives and Strategy**

We have two primary business segments, Investment Management and Real Estate Ownership. These segments are each described below. Our objective is to increase shareholder value and earnings through expansion of our investment management operations and prudent management of our owned real estate assets.

#### ***Investment Management***

We earn revenue as the advisor to the CPA<sup>®</sup> REITs and CWI. Under the advisory agreements with the CPA<sup>®</sup> REITs and CWI, we perform various services, including but not limited to the day-to-day management of the CPA<sup>®</sup> REITs and CWI and transaction-related services. The advisory agreements allow us to elect to receive stock for any revenue due from the CPA<sup>®</sup> REITs or CWI.

Because of limitations on the amount of non-real estate-related income that may be earned by a limited liability company that is taxed as a publicly traded partnership, our investment management operations are currently conducted primarily through taxable subsidiaries.

From time to time, we explore alternatives for expanding our investment management operations beyond advising the CPA<sup>®</sup> REITs and CWI. Any such expansion could involve the purchase of properties or other investments as principal, either for our owned portfolio or with the intention of transferring such investments to a newly-created fund, as well as the sponsorship of one or more funds to make investments other than primarily net lease investments.

*Asset Management Revenue* We earn asset management revenue from the CPA<sup>®</sup> REITs and CWI, which is based on average invested assets and is calculated according to the advisory agreements for the CPA<sup>®</sup> REITs and CWI. For CPA<sup>®</sup>:16 Global prior to the CPA<sup>®</sup>:14/16 Merger and for CPA<sup>®</sup>:15, this revenue generally totals 1% per annum, with a portion of this revenue, or 0.5%, contingent upon the achievement of specific performance criteria. For CPA<sup>®</sup>:16 Global subsequent to the CPA<sup>®</sup>:14/16 Merger, we earn asset management revenue of 0.5% of average invested assets. For CPA<sup>®</sup>:17 Global, we earn asset management revenue ranging from 0.5% of average market value for long-term net leases and certain other types of real estate investments up to 1.75% of average equity value for certain types of securities. For CWI, we earn asset management revenue of 0.5% of the average market value of lodging-related investments. We do not earn performance revenue from CPA<sup>®</sup>:17 Global, CWI and, subsequent to the CPA<sup>®</sup>:14/16 Merger, from CPA<sup>®</sup>:16 Global, but we receive up to 10% of distributions of available cash, as defined in the respective advisory agreements, from their operating partnership. We seek to increase our asset management revenue and performance revenue by increasing real estate-related assets under management, both as the CPA<sup>®</sup> REITs and CWI make new investments and from organizing new investment entities. Such revenue may also increase, or decrease, based on changes in the appraised value of the real estate assets of the individual the CPA<sup>®</sup> REITs and CWI. Assets under management, and the resulting revenue earned by us, may also decrease if investments are disposed of, either individually or in connection with the liquidation of a CPA<sup>®</sup> REIT or CWI.

*Structuring Revenue* Under the terms of the advisory agreements, we earn revenue in connection with structuring and negotiating investments and related financing for the CPA<sup>®</sup> REITs and CWI, which we call acquisition revenue. We may receive acquisition revenue of up to an average of 4.5% of the total cost of all investments made by each CPA<sup>®</sup> REIT. A portion of this revenue (generally 2.5%) is paid when the transaction is completed, while the remainder (generally 2%) is payable in annual installments ranging from three to eight years, provided the relevant CPA<sup>®</sup> REIT meets its performance criterion. Unpaid installments bear interest at annual rates ranging from 5% to 7%. For certain types of non-long term net lease investments acquired on behalf of CPA<sup>®</sup>:17 Global, initial acquisition revenue may range from 0% to 1.75% of the equity invested plus the related acquisition revenue, with no deferred acquisition revenue being earned. For CWI, we earn initial acquisition revenue of 2.5% of the total investment cost of the properties acquired and loans originated by us not to exceed 6% of the aggregate contract purchase price of all investments and loans with no deferred acquisition

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revenue being earned. We may also be entitled, subject to the CPA<sup>®</sup> REITs and CWI board approval, to fees for structuring loan refinancing of up to 1% of the principal amount. This loan refinancing revenue, together with the acquisition revenue, is referred to as structuring revenue.

*Other Revenue* We may also earn revenue related to the disposition of properties, subject to subordination provisions, which will only be recognized as the relevant conditions are met. Such revenue may include subordinated disposition revenue of no more than 3% of the value of any assets sold, payable only after shareholders have received back their initial investment plus a specified preferred return, and subordinated incentive revenue of 15% of the net cash proceeds distributable to shareholders from the disposition of properties, after recoupment by shareholders of their initial investment plus a specified preferred return. If the Merger is consummated, we have agreed to waive certain fees to which we were formerly entitled to be paid by CPA<sup>®</sup>:15 in connection with a liquidity event, including subordinated disposition and termination fees. In connection with the termination of the advisory agreement for CPA<sup>®</sup>:14 during 2011, we received a termination payment of \$31.2 million. CPA<sup>®</sup>:17 Global, CPA<sup>®</sup>:16 Global, and CWI, will have the right, but not the obligation, upon certain terminations to repurchase our interests in their respective operating partnerships at fair market value. We will not receive a termination payment in circumstances where we receive subordinated incentive revenue.

We may earn substantial disposition and incentive or termination revenue in connection with providing liquidity to the stockholders of the CPA<sup>®</sup> REITs and CWI. In general, we begin evaluating liquidity alternatives for the CPA<sup>®</sup> REITs and CWI stockholders about eight years after a CPA<sup>®</sup> REIT or CWI has substantially invested the net proceeds received in its initial public offering. These liquidity alternatives may include listing the CPA<sup>®</sup> REITs and CWI's shares on a national securities exchange, selling the assets of the CPA<sup>®</sup> REIT or CWI or merging the affected CPA<sup>®</sup> REIT or CWI with another entity, which could include another CPA<sup>®</sup> REIT. However, the timing of liquidity events depends on market conditions and may also depend on other factors, including approval of the proposed course of action by the independent directors, and in some instances the stockholders, of the affected CPA<sup>®</sup> REIT or CWI, and may occur well after the eighth anniversary of the date that the net proceeds of an offering have been substantially invested. Because of these factors, the CPA<sup>®</sup> REIT and CWI liquidity events have not typically taken place every year. In consequence, given the relatively substantial amounts of disposition revenue, as compared with the ongoing revenue earned from asset management and structuring investments, income from this business segment may be significantly higher in those years where a liquidity event takes place. During 2011, we earned incentive and disposition revenue and received other compensation in connection with providing a liquidity alternative to the CPA<sup>®</sup>:14 stockholders with the CPA<sup>®</sup>:14/16 Merger.

The CPA<sup>®</sup> REITs and CWI reimburse us for certain costs, primarily broker-dealer commissions paid on their behalf and marketing and personnel costs. The CPA<sup>®</sup> REITs and CWI also reimburse us for many of our costs associated with the evaluation of transactions on their behalf that are not completed. These reimbursements may be substantial. These reimbursements, together with asset management revenue payable by a specific CPA<sup>®</sup> REIT, may be subject to deferral or reduction if they exceed a specified percentage of that CPA<sup>®</sup> REITs income or invested assets.

Pursuant to our advisory agreement with CWI, we perform certain services, including managing CWI's offering and its overall business, identification, evaluation, negotiation, purchase and disposition of lodging-related properties and the performance of certain administrative duties. We are currently fundraising for CWI. Unreimbursed costs incurred on behalf of CWI totaled \$5.1 million through December 31, 2011. We anticipate being reimbursed for all or a portion of these costs in accordance with the terms of the advisory agreement.

*Equity Investments in the CPA<sup>®</sup> REITs* As discussed above, we may elect to receive certain of our revenues from the CPA<sup>®</sup> REITs in shares of those entities. At December 31, 2011, we owned 7.7% of the outstanding shares of CPA<sup>®</sup>:15, 17.9% of the outstanding shares of CPA<sup>®</sup>:16 Global, 0.9% of the outstanding shares of CPA<sup>®</sup>:17 Global and 0.5% of the outstanding shares of CWI (Note 6 to the accompanying consolidated financial statements of W. P. Carey).



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### ***Real Estate Ownership***

We own and invest in commercial properties in the U.S. and the European Union that are then leased to companies, primarily on a single-tenant, triple-net leased basis. While our acquisition of new properties is constrained by our obligation to provide a continuing and suitable investment program to the CPA® REITs and CWI, we seek to maximize the value of our existing portfolio through prudent management of our real estate assets, which may involve follow-on transactions, dispositions and favorable lease modifications, as well as refinancing of existing debt. In connection with providing liquidity alternatives to the CPA® REITs and CWI stockholders, we may acquire additional properties from the liquidating the CPA® REITs and CWI, as we did in 2011 in connection with the CPA®:14/16 Merger. We have also acquired properties and interests in properties through tax-free exchanges and as part of joint ventures with the CPA® REITs and CWI. We may also, in the future, seek to increase our portfolio by making investments, including non-net lease investments and investments in emerging markets, that may not meet the investment criteria of the CPA® REITs and CWI, particularly investments that are not current-income oriented. See [Our Portfolio](#) below for an analysis of our portfolio at December 31, 2011.

No single tenant at any of our consolidated investments represented more than 10% of our total lease revenues from our real estate ownership during 2011, 2010 or 2009.

The Investment Strategies, Financing Strategies, Asset Management, Competition and Environmental Matters sections described below pertain to both our Investment Management and Real Estate Ownership segments.

### ***Investment Strategies***

The following description of our investment process applies to investments we make on behalf of the CPA® REITs. In general, we would expect to follow a similar process in connection with any investments in triple-net lease, single-tenant commercial properties we may make directly, but we are not required to do so.

In analyzing potential investments, we review all aspects of a transaction, including tenant and real estate fundamentals, to determine whether a potential investment and lease can be structured to satisfy the CPA® REITs' investment criteria. In evaluating net lease transactions, we generally consider, among other things, the following aspects of each transaction:

*Tenant/Borrower Evaluation* We evaluate each potential tenant or borrower for its creditworthiness, typically considering factors such as management experience, industry position and fundamentals, operating history, and capital structure, as well as other factors that may be relevant to a particular investment. We seek opportunities in which we believe the tenant may have a stable or improving credit profile or credit potential that has not been recognized by the market. In evaluating a possible investment, the creditworthiness of a tenant or borrower often will be a more significant factor than the value of the underlying real estate, particularly if the underlying property is specifically suited to the needs of the tenant; however, in certain circumstances where the real estate is attractively valued, the creditworthiness of the tenant may be a secondary consideration. Whether a prospective tenant or borrower is creditworthy will be determined by our investment department and the investment committee, as described below. Creditworthy does not mean investment grade.

*Properties Important to Tenant/Borrower Operations* We generally will focus on properties that we believe are essential or important to the ongoing operations of the tenant. We believe that these properties provide better protection generally as well as in the event of a bankruptcy, since a tenant/borrower is less likely to risk the loss of a critically important lease or property in a bankruptcy proceeding or otherwise.

*Diversification* We attempt to diversify the portfolios of the CPA® REITs to avoid dependence on any one particular tenant, borrower, collateral type, geographic location or tenant/borrower industry. By diversifying these portfolios, we seek to reduce the adverse effect of a single under-performing investment or a downturn in

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any particular industry or geographic region. While we have not endeavored to maintain any particular standard of diversity in our owned portfolio, we believe that our owned portfolio is reasonably well diversified (see [Our Portfolio](#) below).

*Lease Terms* Generally, the net leased properties in which the CPA® REITs and we invest will be leased on a full recourse basis to the tenants or their affiliates. In addition, we seek to include a clause in each lease that provides for increases in rent over the term of the lease. These increases are fixed or tied generally to increases in indices such as the CPI or other similar index in the jurisdiction in which the property is located, but may contain caps or other limitations, either on an annual or overall basis. Further, in some jurisdictions (notably Germany), these clauses must provide for rent adjustments based on increases or decreases in the relevant index. In the case of retail stores and hotels, the lease may provide for participation in gross revenues of the tenant at the property above a stated level, or percentage rent; however, percentage rent has been insignificant in the recent years. Alternatively, a lease may provide for mandated rental increases on specific dates, and we may adopt other methods in the future.

*Collateral Evaluation* We review the physical condition of the property, and conduct a market evaluation to determine the likelihood of replacing the rental stream if the tenant defaults or of a sale of the property in such circumstances. We also generally engage a third party to conduct, or require the seller to conduct, Phase I or similar environmental site assessments (including a visual inspection for the potential presence of asbestos) in an attempt to identify potential environmental liabilities associated with a property prior to its acquisition. If potential environmental liabilities are identified, we generally require that identified environmental issues be resolved by the seller prior to property acquisition or, where such issues cannot be resolved prior to acquisition, require tenants contractually to assume responsibility for resolving identified environmental issues after the acquisition and provide indemnification protections against any potential claims, losses or expenses arising from such matters. Although we generally rely on our own analysis in determining whether to make an investment on behalf of the CPA® REITs and CWI, each real property to be purchased by them will be appraised by an independent appraiser. The contractual purchase price (plus acquisition fees payable to the advisor, but excluding acquisition expenses, for properties acquired on behalf of the CPA® REITs and CWI) for a real property we acquire for ourselves or on behalf of the CPA® REITs and CWI will not exceed its appraised value. The appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the lessee's credit and the conditions of the credit markets at the time the lease transaction is negotiated. The appraised value may be greater than the construction cost or the replacement cost of a property, and the actual sale price of a property if sold may be greater or less than the appraised value. In cases of special purpose real estate, a property is examined in light of the prospects for the tenant/borrower's enterprise and the financial strength and the role of that asset in the context of the tenant/borrower's overall viability. Operating results of properties and other collateral may be examined to determine whether or not projected income levels are likely to be met. We will also consider factors particular to the laws of foreign countries, in addition to the risks normally associated with real property investments, when considering an investment outside the U.S.

*Transaction Provisions to Enhance and Protect Value* We attempt to include provisions in the leases that we believe may help protect an investment from changes in the operating and financial characteristics of a tenant that may affect its ability to satisfy its obligations to the CPA® REIT or reduce the value of the investment. Such provisions include requiring our consent to specified tenant activity, requiring the tenant to provide indemnification protections, and requiring the tenant to satisfy specific operating tests. We may also seek to enhance the likelihood of a tenant's lease obligations being satisfied through a guaranty of obligations from the tenant's corporate parent or other entity or a letter of credit. This credit enhancement, if obtained, provides additional financial security. However, in markets where competition for net lease transactions is strong, some or all of these provisions may be difficult to negotiate. In addition, in some circumstances, tenants may retain the right to repurchase the property leased by the tenant. The option purchase price is generally the greater of the contract purchase price and the fair market value of the property at the time the option is exercised.

*Other Equity Enhancements* We may attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of

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the tenant or borrower or their parent. If warrants are obtained, and become exercisable, and if the value of the stock subsequently exceeds the exercise price of the warrant, equity enhancements can help achieve the goal of increasing investor returns.

As other opportunities arise, we may also seek to expand the CPA<sup>®</sup> REIT portfolios to include other types of real estate-related investments, such as:

equity investments in real properties that are not long-term net leased to a single-tenant and may include partially leased properties, multi-tenanted properties, vacant or undeveloped properties and properties subject to short-term net leases, among others;

mortgage loans secured by commercial real properties;

subordinated interests in first mortgage real estate loans, or B Notes;

mezzanine loans related to commercial real estate, which are senior to the borrower's equity position but subordinated to other third-party financing;

commercial mortgage-backed securities, or CMBS; and

equity and debt securities (including preferred equity and other higher-yielding structured debt and equity investments) issued by companies that are engaged in real-estate-related businesses, including other REITs.

To date, our investments on behalf of the CPA<sup>®</sup> REITs have not included significant amounts of these types of investments.

*Investment Committee* We have an investment committee that provides services to the CPA<sup>®</sup> REITs and may provide services to us. CWI has a separate investment committee. Our investment department, under the oversight of our chief investment officer, is primarily responsible for evaluating, negotiating and structuring potential investment opportunities. Before an investment is made on behalf of a CPA<sup>®</sup> REIT, the transaction is generally reviewed by the investment committee. The investment committee is not directly involved in originating or negotiating potential investments, but instead functions as a separate and final step in the investment process. We place special emphasis on having experienced individuals serve on our investment committee. We generally will not invest in a transaction on behalf of the CPA<sup>®</sup> REITs unless it is approved by the investment committee; provided, however, that investments of \$10.0 million or less may be approved by either the Chairman of the investment committee or the chief investment officer, up to, in the case of investments other than long-term net leases, a cap of \$30.0 million or 5% of the CPA<sup>®</sup> REIT's estimated NAV, whichever is greater, provided that such investments may not have a credit rating of less than BBB-. The investment committee retains the authority to identify other categories of transactions that may be entered into without its prior approval. The investment committee may delegate its authority, such as to investment advisory committees with specialized expertise in the particular geographic market, like our Asia advisory committee for potential investments in China. However, we do not currently expect that the investments delegated to these advisory committees will account for a significant portion of the investments we make in the near term.

In addition, the investment committee may at the request of our board of directors or executive committee also review any initial investment in which we propose to engage directly, although it is not required to do so. Our board of directors or executive committee may also determine that certain investments that may not meet the CPA<sup>®</sup> REITs' investment criteria (particularly transactions in emerging markets and investments that are not current income oriented) may be acceptable to us. For transactions that meet the investment criteria of more than one CPA<sup>®</sup> REIT, our chief investment officer may allocate the investment to one of the CPA<sup>®</sup> REITs or among two or more of the CPA<sup>®</sup> REITs. In cases where two or more CPA<sup>®</sup> REITs (or one or more CPA<sup>®</sup> REITs and us) will hold the investment, a majority of the independent directors of each CPA<sup>®</sup> REIT investing in the property must also approve the transaction.

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The following people currently serve on our investment committee:

*Nathaniel S. Coolidge*, Chairman Former senior vice president and head of the bond and corporate finance department of John Hancock Mutual Life Insurance (currently known as John Hancock Life Insurance Company). Mr. Coolidge's responsibilities included overseeing its entire portfolio of fixed income investments.

*Axel K.A. Hansing* Currently serving as a senior partner at Collier Capital, Ltd., a global leader in the private equity secondary market, and responsible for investment activity in parts of Europe, Turkey and South Africa.

*Frank J. Hoene Meyer* Former vice chairman and chief investment officer of the Prudential Insurance Company of America. As chief investment officer, he was responsible for all of Prudential Insurance Company of America's investments including stocks, bonds and real estate.

*Jean Hoysradt* Currently serving as the chief investment officer of Mousse Partners Limited, an investment office based in New York.

*Richard C. Marston* Currently the James R.F. Guy professor of finance and economics at the Wharton School of the University of Pennsylvania.

*Nick J.M. van Ommen* Former chief executive officer of the European Public Real Estate Association (EPRA), currently serves on the supervisory boards of several companies, including Babis Vovos International Construction SA, a listed real estate company in Greece, Intervest Retail and Intervest Offices, listed real estate companies in Belgium, BUWOG / ESG, a residential leasing and development company in Austria and IMMOFINANZ, a listed real estate company in Austria.

*Dr. Karsten von Köller* Currently chairman of Lone Star Germany GmbH, a US private equity firm (Lone Star), Chairman of the Supervisory Boards of Düsseldorfer Hypothekenbank AG, a subsidiary of Lone Star, and MHB Bank AG Vice Chairman of the Supervisory Boards of IKB Deutsche Industriebank AG and Corealcredit Bank AG.

Messrs. Coolidge, Hansing, Marston, van Ommen and von Köller also serve as members of our board of directors.

We are required to use our best efforts to present a continuing and suitable investment program to the REITs but we are not required to present to the REITs any particular investment opportunity, even if it is of a character which, if presented, could be taken by one or more of the REITs.

***Self-Storage Investments***

In November 2006, we formed a subsidiary, Carey Storage, for the purpose of investing in self-storage real estate properties and their related businesses within the U.S. In January 2009, Carey Storage completed a transaction whereby it received cash proceeds, plus a commitment to invest additional equity, from a third party (the Investor) to fund the purchase of self-storage assets in the future in exchange for an interest of approximately 60% in its self-storage portfolio. During 2010, Carey Storage amended its agreement with the Investor to, among other things; remove a contingent purchase option held by Carey Storage to repurchase the Investor's interest in the venture at fair value. Further information about current Carey Storage activity is described in Note 4. Net Investments in Properties Operating Real Estate of the accompanying consolidated financial statements of W. P. Carey.

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At December 31, 2011, we owned and managed over 980 properties domestically and internationally, including our owned portfolio. Our portfolio was comprised of our full or partial ownership interest in 157 properties, substantially all of which were triple-net leased to 73 tenants, and totaled approximately 13 million square feet (on a pro rata basis) with an occupancy rate of approximately 93%. In addition, through our Carey Storage and Livho subsidiaries, we had interests in 21 self-storage properties and a hotel property, respectively, with an aggregate of approximately 0.8 million square feet (on a pro rata basis) at December 31, 2011. Our net lease portfolio has the following property and lease characteristics:

*Geographic Diversification* Information regarding the geographic diversification of our properties at December 31, 2011 is set forth below (dollars in thousands):

Region	Consolidated Investments		Equity Investments in Real Estate	
	Annualized Contractual Minimum Base Rent <sup>(a)</sup>	% of Annualized Contractual Minimum Base Rent	Annualized Contractual Minimum Base Rent <sup>(b)</sup>	% of Annualized Contractual Minimum Base Rent
<b>United States</b>				
South	\$ 33,031	48%	\$ 150	1%
West	18,979	27	3,590	15
East	5,709	8	6,744	28
Midwest	4,776	7	909	4
Total U.S.	62,495	90	11,393	48
<b>International</b>				
Europe <sup>(c)</sup>	7,121	10	12,379	52
Total	\$ 69,616	100%	\$ 23,772	100%

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

(c) Represents investments in France, Germany, Poland and Spain.

*Property Diversification* Information regarding our property diversification at December 31, 2011 is set forth below (dollars in thousands):

Property Type	Consolidated Investments		Equity Investments in Real Estate	
	Annualized Contractual Minimum Base Rent <sup>(a)</sup>	% of Annualized Contractual Minimum Base Rent	Annualized Contractual Minimum Base Rent <sup>(b)</sup>	% of Annualized Contractual Minimum Base Rent
Office	\$ 30,773	44%	\$ 8,579	36%
Industrial	21,078	30	4,448	19
Warehouse/Distribution	11,242	16	7,475	31
Retail	5,412	8		
Other Properties <sup>(c)</sup>	1,111	2	3,270	14
Total	\$ 69,616	100%	\$ 23,772	100%

- (a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.
- (b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.
- (c) Other properties include education and childcare, healthcare, land and leisure properties.

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*Tenant Diversification* Information regarding our tenant diversification at December 31, 2011 is set forth below (dollars in thousands):

Tenant Industry <sup>(a)</sup>	Consolidated Investments		Equity Investments in Real Estate	
	Annualized Contractual Minimum Base Rent <sup>(b)</sup>	% of Annualized Contractual Minimum Base Rent	Annualized Contractual Minimum Base Rent <sup>(c)</sup>	% of Annualized Contractual Minimum Base Rent
Business and Commercial Services	\$ 13,378	19%	\$ 791	3%
Transportation Cargo	7,535	11		
Retail Stores	6,435	9	7,419	31
Telecommunications	5,830	8		
Beverages, Food, and Tobacco	5,026	7		
Aerospace and Defense	4,931	7		
Banking	3,862	6		
Forest Products and Paper	3,772	6		
Electronics	3,055	4	1,374	6
Media: Printing and Publishing	2,580	4	4,423	19
Grocery	2,408	4		
Healthcare, Education and Childcare	2,358	3	3,269	14
Consumer Goods	2,161	3		
Chemicals, Plastics, Rubber, and Glass	1,179	2		
Leisure, Amusement, Entertainment	952	1		
Construction and Building	878	1		
Textiles, Leather, and Apparel	872	1		
Federal, State and Local Government	698	1		
Mining, Metals, and Primary Metal Industries	265	1	948	4
Transportation Personal	207		3,297	14
Machinery	179		2,251	9
Other <sup>(d)</sup>	1,055	2		
	\$ 69,616	100%	\$ 23,772	100%

(a) Based on the Moody's Investors Service, Inc.'s classification system and information provided by the tenant.

(b) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(c) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

(d) Includes revenue from tenants in our consolidated investments in the following industries: automobile, and hotels and gaming.

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*Lease Expirations* At December 31, 2011, lease expirations of our properties are as follows (dollars in thousands):

Year of Lease Expiration	Consolidated Investments		Equity Investments in Real Estate	
	Annualized Contractual Minimum Base Rent <sup>(a)</sup>	% of Annualized Contractual Minimum Base Rent	Annualized Contractual Minimum Base Rent <sup>(b)</sup>	% of Annualized Contractual Minimum Base Rent
2012	\$ 8,862	13%	\$	%
2013	4,346	6		
2014	8,518	12	3,297	14
2015	6,681	10	6,418	27
2016	5,072	7	1,561	7
2017	6,435	9		
2018	4,626	7		
2019	14,451	21		
2020 - 2030	10,625	15	12,496	52
Total	\$ 69,616	100%	\$ 23,772	100%

(a) Reflects annualized contractual minimum base rent for the fourth quarter of 2011.

(b) Reflects our pro rata share of annualized contractual minimum base rent for the fourth quarter of 2011 from equity investments in real estate.

**Financing Strategies**

Consistent with our investment policies, we use leverage when available on terms we believe are favorable. Substantially all of our mortgage loans, as well as those of the CPA<sup>®</sup> REITs and CWI, are non-recourse and bear interest at fixed rates, or have been converted to fixed rates through interest rate caps or swap agreements. We may refinance properties or defease a loan when a decline in interest rates makes it profitable to prepay an existing mortgage loan, when an existing mortgage loan matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include an increased cash flow resulting from reduced debt service requirements, an increase in distributions from proceeds of the refinancing, if any, and/or an increase in property ownership if some refinancing proceeds are reinvested in real estate. We may be required to pay a yield maintenance premium to the lender in order to pay off a loan prior to its maturity.

A lender of non-recourse mortgage debt generally has recourse only to the property collateralizing such debt and not to any of our other assets, while full recourse financing would give a lender recourse to all of our assets. The use of non-recourse debt, therefore, helps us to limit the exposure of all of our assets to the equity related to a single investment. Lenders may, however, have recourse to our other assets in limited circumstances not related to the repayment of the indebtedness, such as under an environmental indemnity or in the case of fraud.

We also have an unsecured line of credit that can be used in connection with refinancing existing debt and making new investments, as well as to meet other working capital needs. Our line of credit is discussed below under Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Cash Resources and Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Line of Credit.



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Some of our financing may require us to make a lump-sum or balloon payment at maturity. We are actively seeking to refinance loans that mature within the next several years but believe we have sufficient financing alternatives and/or cash resources to make these payments, if necessary. At December 31, 2011, scheduled balloon payments for the next five years were as follows (in thousands):

2012	\$ 28,260
2013	
2014 <sup>(a) (b)</sup>	236,960
2015 <sup>(c)</sup>	40,182
2016 <sup>(a) (c)</sup>	51,369

- (a) Excludes our pro rata share of scheduled balloon payments of equity investments in real estate totaling \$49.1 million in 2014 and \$6.1 million in 2016.
- (b) Includes amounts that will be due upon maturity of our new unsecured \$450.0 million revolving line of credit, which is scheduled to occur in December 2014, unless extended pursuant to its terms. At December 31, 2011, we had drawn \$233.2 million from this line of credit.
- (c) Inclusive of amounts attributable to noncontrolling interests of \$0.2 million in 2015 and \$5.2 million in 2016.

**Asset Management**

We believe that effective management of our assets is essential to maintain and enhance property values. Important aspects of asset management include restructuring transactions to meet the evolving needs of current tenants, re-leasing properties, refinancing debt, selling properties and knowledge of the bankruptcy process.

We monitor, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of any of our properties. Monitoring involves receiving assurances that each tenant has paid real estate taxes, assessments and other expenses relating to the properties it occupies and confirming that appropriate insurance coverage is being maintained by the tenant. For international compliance, we often rely on third-party asset managers. We review financial statements of tenants and undertake regular physical inspections of the condition and maintenance of properties. Additionally, we periodically analyze each tenant's financial condition, the industry in which each tenant operates and each tenant's relative strength in its industry.

**Competition**

In our Investment Management segment, we face active competition in raising funds for investment by the CPA<sup>®</sup> REITs and CWI, from other funds with similar investment objectives that seek to raise funds from investors through publicly registered, non-traded funds, publicly-traded funds and private funds, such as hedge funds. In addition, we face broad competition from other forms of investment. Currently, we raise substantially all of our funds for investment in the CPA<sup>®</sup> REITs and CWI within the U.S.; however, in the future we may seek to raise funds for investment from outside the U.S.

We face active competition in both our Investment Management segment and our Real Estate Ownership segment from many sources for investment opportunities in commercial properties net leased to major corporations both domestically and internationally. In general, we believe that our management's experience in real estate, credit underwriting and transaction structuring should allow us to compete effectively for commercial properties. However, competitors may be willing to accept rates of return, lease terms, other transaction terms or levels of risk that we may find unacceptable.

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### ***Environmental Matters***

We and the CPA<sup>®</sup> REITs and CWI have invested, and expect to continue to invest, in properties currently or historically used as industrial, manufacturing and commercial properties. Under various federal, state and local environmental laws and regulations, current and former owners and operators of property may have liability for the cost of investigating, cleaning-up or disposing of hazardous materials released at, on, under, in or from the property. These laws typically impose responsibility and liability without regard to whether the owner or operator knew of or was responsible for the presence of hazardous materials or contamination, and liability under these laws is often joint and several. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of hazardous materials. As part of our efforts to mitigate these risks, we typically engage third parties to perform assessments of potential environmental risks when evaluating a new acquisition of property and we frequently obtain contractual protection (indemnities, cash reserves, letters of credit or other instruments) from property sellers, tenants, a tenant's parent company or another third party to address known or potential environmental issues.

### **Financial Information About Geographic Areas**

See Our Portfolio and Note 17 of the consolidated financial statements of W. P. Carey for financial data pertaining to our geographic operations.

### **Properties**

Our principal corporate offices are located at 50 Rockefeller Plaza, New York, NY 10020 and our primary international investment offices are located in London and Amsterdam. We also have office space domestically in Dallas, Texas and internationally in Shanghai. We lease all of these offices and believe these leases are suitable for our operations for the foreseeable future.

See Our Portfolio for a discussion of the properties we hold for rental operations and Schedule III Real Estate and Accumulated Depreciation of the accompanying consolidated financial statements of W. P. Carey for a detailed listing of such properties.

### **Legal Proceedings**

At December 31, 2011, we were not involved in any material litigation.

Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

### **Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

#### ***Listed Shares and Distributions***

Our common stock is listed on the NYSE under the ticker symbol WPC. At December 31, 2011, there were approximately 39,893 holders of record of our common stock. The following table shows the high and low prices per share and quarterly cash distributions declared for the past two fiscal years:

Period	2012			2011			2010		
	High	Low	Cash Distributions Declared	High	Low	Cash Distributions Declared	High	Low	Cash Distributions Declared
First quarter	\$ 49.70	\$ 41.28	\$ 0.565	\$ 38.00	\$ 29.75	\$ 0.512	\$ 30.32	\$ 24.69	\$ 0.504
Second quarter	48.39 <sup>(1)</sup>	45.18 <sup>(1)</sup>		41.82	34.75	0.550	31.00	26.61	0.506
Third quarter				42.72	32.76	0.560	30.86	26.49	0.508
Fourth quarter				44.71	34.50	0.563	33.97	28.83	0.510

(1) Through May 3, 2012



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As described in Note 11 to the accompanying consolidated financial statements of W. P. Carey, our unsecured line of credit contains covenants that restrict the amount of distributions that we can pay.

***Stock Price Performance Graph***

The graph below provides an indicator of cumulative total shareholder returns for our common stock for the period December 31, 2006 to December 31, 2011 compared with the S&P 500 Index and the FTSE NAREIT Equity REITs Index. The graph assumes a \$100 investment on December 31, 2006, together with the reinvestment of all dividends.

	2006	2007	At December 31,		2010	2011
			2008	2009		
W. P. Carey & Co. LLC	\$ 100.00	\$ 117.94	\$ 89.51	\$ 115.42	\$ 139.77	\$ 193.33
S&P 500 Index	100.00	105.49	66.46	84.05	96.71	98.76
FTSE NAREIT Equity REITs Index	100.00	84.31	52.50	67.20	85.98	93.11

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

**Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Management's discussion and analysis of financial condition and results of operations ( MD&A ) is intended to provide the reader with information that will assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. MD&A also provides the reader with our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results. The discussion also provides information about the financial results of the segments of our business to provide a better understanding of how these segments and their results affect our financial condition and results of operations.

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### Business Overview

As described above in Business Objectives and Strategy, we operate in two operating segments, Investment Management and Real Estate Ownership. Within our Investment Management segment, we are currently the advisor to the following affiliated publicly-owned, non-listed real estate investment trusts: CPA<sup>®</sup>:15, CPA<sup>®</sup>:16 Global, CPA<sup>®</sup>:17 Global, and CWI. Effective January 1, 2011, we include our equity investments in the CPA<sup>®</sup> REITs and CWI in our Real Estate Ownership segment. The equity income or loss from the CPA<sup>®</sup> REITs and CWI that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the REITs. This treatment is consistent with that of our directly-owned properties. Results for the years ended December 31, 2010 and 2009 have been reclassified to conform to the current year presentation.

### Financial Highlights

(in thousands)

	Years Ended December 31,		
	2011	2010	2009
Total revenues (excluding reimbursed costs from affiliates)	\$ 271,580	\$ 209,831	\$ 180,847
Net income attributable to W. P. Carey members	139,079	73,972	69,023
Cash flow from operating activities	80,116	86,417	74,544
Distributions paid	85,814	92,591	78,618
Supplemental financial measures:			
Funds from operations as adjusted (AFFO)	188,853	130,870	122,876
Adjusted cash flow from operating activities	98,588	88,634	93,880

We consider the performance metrics listed above, including certain supplemental metrics that are not defined by GAAP ( non-GAAP ), such as AFFO and adjusted cash flow from operating activities, to be important measures in the evaluation of our results of operations, liquidity and capital resources. We evaluate our results of operations with a primary focus on increasing and enhancing the value, quality and amount of assets under management by our Investment Management segment and the ability to generate the cash flow necessary to meet our objectives in our Real Estate Ownership segment. Results of operations by reportable segment are described below in Results of Operations. See Supplemental Financial Measures below for our definition of these non-GAAP measures and reconciliations to their most directly comparable GAAP measure.

Total revenue increased in 2011 as compared to 2010. The incentive, termination and subordinated disposition revenue recognized in connection with providing a liquidity event for CPA<sup>®</sup>:14 stockholders in May 2011 and a higher volume of investments structured on behalf of the CPA<sup>®</sup> REITs and CWI contributed to increases in revenues from our Investment Management segment. New investments that we entered into during 2010 and 2011, including the properties we purchased in May 2011 from CPA<sup>®</sup>:14 in connection with the CPA<sup>®</sup>:14 Asset Sales (see Note 4 to the accompanying consolidated financial statements of W. P. Carey), contributed to the increases in revenues in our Real Estate Ownership segment.

Net income increased in 2011 as compared to 2010. Results from operations in our Investment Management segment were significantly higher during the current year as a result of the incentive, termination and subordinated disposition revenue recognized in May 2011 in connection with providing a liquidity event for CPA<sup>®</sup>:14 stockholders and higher volume of investments structured on behalf of the CPA<sup>®</sup> REITs and CWI. Results from operations in our Real Estate Ownership segment benefited from income generated from and gains recognized on the properties we purchased from CPA<sup>®</sup>:14 in connection with the CPA<sup>®</sup>:14 Asset Sales as well as income generated from our equity interests in the CPA<sup>®</sup> REITs and CWI as a result of our \$121.0 million incremental investment in CPA<sup>®</sup>:16 Global in connection with the CPA<sup>®</sup>:14/16 Merger.

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Cash flow from operating activities decreased in 2011 as compared to 2010, primarily due to a decrease in cash received from providing asset-based management services to the CPA<sup>®</sup> REITs and CWI as we no longer receive cash asset management fees from CPA<sup>®</sup>:14 and CPA<sup>®</sup>:16 Global subsequent to the CPA<sup>®</sup>:14/16 Merger, partially offset by the disposition revenues received, net of income taxes paid, in connection with providing a liquidity event to CPA<sup>®</sup>:14 stockholders through the CPA<sup>®</sup>:14/16 Merger.

Distributions paid decreased in 2011 as compared to 2010, primarily due to a special distribution of \$0.30 per share paid in January 2010 to stockholders of record at December 31, 2009.

Our AFFO supplemental measure increased in 2011 as compared to 2010. AFFO attributable to our Investment Management segment benefited from the incentive, termination and subordinated disposition revenue recognized in connection with providing a liquidity event for CPA<sup>®</sup>:14 stockholders in May 2011. AFFO attributable to our Real Estate Ownership segment increased in the current year as a result of increased income generated from our equity interests in the CPA<sup>®</sup> REITs and CWI due to our \$121.0 million incremental investment in CPA<sup>®</sup>:16 Global in connection with the CPA<sup>®</sup>:14/16 Merger as well as investments that we entered into during 2011 and 2010, including the properties that we purchased from CPA<sup>®</sup>:14 in connection with the CPA<sup>®</sup>:14 Asset Sales.

Adjusted cash flow from operating activities increased in 2011 as compared to 2010 as a result of the \$1.00 per share special distribution received from CPA<sup>®</sup>:14 in connection with the CPA<sup>®</sup>:14/16 Merger, higher cash distributions received from CPA<sup>®</sup>:17 Global's operating partnership as a result of new investments entered into during 2010 and 2011, and the initial distributions of available cash received from the CPA<sup>®</sup>:16 Global's operating partnership. These increases were partially offset by the fact that we no longer receive cash asset management fees from CPA<sup>®</sup>:14 and CPA<sup>®</sup>:16 Global subsequent to the CPA<sup>®</sup>:14/16 Merger.

### **Significant Developments**

On January 2, 2012, our founder and Chairman, Wm. Polk Carey, passed away. Following the passing of Mr. Carey, on January 4, 2012, the Board of Directors elected Benjamin H. Griswold, IV as Non-Executive Chairman of the Board. Mr. Griswold has been a director since 2006 and served as Lead Director from 2010. He also serves as Chairman of the Compensation Committee.

### **Current Trends**

#### ***General Economic Environment***

We and our managed funds are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. During 2011, we saw slow improvement in the U.S. economy following the significant distress experienced in 2008 and 2009. Towards the end of 2011, however, there was an increase in international economic uncertainty as a result of the sovereign debt crisis and a deterioration of economic fundamentals in Europe. Currently, conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain. It is not possible to predict with certainty the outcome of these trends. Nevertheless, our views of the effects of the current financial and economic trends on our business, as well as our response to those trends, are presented below.

*Foreign Exchange Rates* Fluctuations in foreign currency exchange rates impact both our Real Estate Ownership and Investment Management segments. In our Real Estate Ownership segment, we are impacted through our ownership of properties in the European Union, primarily France, and through our equity ownership in the CPA<sup>®</sup> REITs, which each have significant foreign investments, primarily in Euro denominated countries and to a lesser extent in other currencies. In our Investment Management segment, significant unhedged foreign currency exchange rate fluctuations would impact the asset management revenue we receive for managing the portfolios of the CPA<sup>®</sup> REITs as well as the quarterly distributions of available cash we receive from the operating partnerships of CPA<sup>®</sup>:16 Global and CPA<sup>®</sup>:17 Global.

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Our results of foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies. Investments denominated in the Euro accounted for approximately 10% of our annualized contractual minimum base rent and 33% of aggregate annualized contractual minimum base rent for the CPA® REITs at December 31, 2011. International investments carried on our balance sheet are marked to the spot exchange rate as of the balance sheet date. The U.S. dollar strengthened at December 31, 2011 versus the spot rate at December 31, 2010. The Euro/U.S. dollar exchange rate at December 31, 2011, \$1.2950, represented a 2% decrease from the December 31, 2010 rate of \$1.3253. This strengthening had an unfavorable impact on our balance sheet, and especially those of the CPA® REITs, at December 31, 2011 as compared to our balance sheet at December 31, 2010.

The operational impact of our international investments is measured throughout the year. Due to the volatility of the Euro/U.S. dollar exchange rate during 2011, which ranged between a low of \$1.3188 and a high of \$1.4439, the average rate we utilized to measure these operations increased by 5% versus 2010. This increase had a favorable impact on 2011 results of operations of the CPA® REITs as compared to the prior year period. As a result, our equity in earnings was modestly impacted; however, as a result of hedging, distributions from CPA®:16 Global or CPA®:17 Global were not significantly impacted. While we actively manage our foreign exchange risk, a significant unhedged decline in the value of the Euro could have a material negative impact on our NAVs, future results, financial position and cash flows. Such a decline would particularly impact the CPA® REITs, which have higher levels of international investments than we have in our owned portfolio.

*Capital Markets* During 2011, capital markets conditions in the U.S. exhibited some signs of post-crisis improvement, including new issuances of CMBS debt and increasing capital inflows to both commercial real estate debt and equity markets, which helped increase the availability of mortgage financing and sustained transaction volume. Despite increased volatility in the CMBS market as key market participants began to withdraw, and a credit downgrade of U.S. Treasury debt obligations, we have seen the cost for domestic debt stabilize while the Federal Reserve has kept interest rates low and new lenders, including insurers, have introduced capital. Events in the Euro-zone have impacted the price and availability of financing and have affected global commercial real estate capitalization rates, which vary depending on a variety of factors including asset quality, tenant credit quality, geography and lease term.

*Investment Opportunities* Through our Investment Management segment, we earn structuring revenue on the investments we structure on behalf of the CPA® REITs and CWI. Our ability to complete these investments on behalf of the CPA® REITs and CWI, and thereby earn structuring revenue, fluctuates based on the pricing and availability of transactions and financing, among other factors.

Times of economic uncertainty may also present opportunities in the sale-leaseback market. We continue to see investment opportunities that we believe will allow us to structure transactions on behalf of the CPA® REITs and CWI on favorable terms. Although capitalization rates have begun to vary widely, we believe that the investment environment remains attractive and that we will be able to achieve the targeted returns of our managed funds. We have benefited from commercial de-leveraging and recent new construction activity that has provided attractive investment opportunities for net lease investors such as W. P. Carey and the CPA® REITs. To the extent that these trends continue and we are able to achieve sufficient levels of fundraising, we believe that our investment volume will benefit. While the investment community continues to remain risk averse, we expect to experience increased competition for investments, both domestically and internationally, because we believe that net lease financing market is perceived as a relatively more conservative investment vehicle, and further capital inflows into the marketplace could put additional pressure on the returns that we can generate from our investments and our willingness and ability to execute transactions. In addition, we expect to continue to expand our ability to source deals in other markets.

We structured investments on behalf of the CPA® REITs and CWI totaling approximately \$1.2 billion during 2011, and based on current conditions, we expect that we will be able to continue to take advantage of the investment opportunities we are seeing in the U.S. and internationally through the near term. International

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investments comprised 54% (on a pro rata basis) of total investments structured during 2011. While international activity fluctuates from quarter to quarter, we currently expect that such transactions will continue to form a significant portion of the investments we structure, although the relative portion of international investments in any given period will vary.

We calculate net operating income for each property as the rent that we receive from a tenant, less debt service for any financing obtained for our investment in such property. The capitalization rate for an investment is a function of the purchase price that we are willing to pay for an investment, the rent that the tenant is willing to pay and the risk we are willing to assume. In our target markets for the CPA® REITs, we have recently seen capitalization rates in the U.S. ranging from 6.25% to 11.0% and ranging from 6.5% to 12.0% internationally. The variability is due largely to the quality of the underlying assets, tenant credit quality, and the terms of the leases.

*Financing Conditions* Through our Investment Management segment, we earn structuring revenue related in part to the debt we obtain for the CPA® REITs. In addition, through our Real Estate Ownership segment, we are impacted by the cost and availability of financing for our owned properties and, through our equity interests, for properties owned by the CPA® REITs and CWI. During 2011, we saw continued improvement in the U.S. credit and real estate financing markets despite the U.S. sovereign credit downgrade as new lenders entered the marketplace and the U.S. Treasury kept interest rates low. However, the sovereign debt issues in Europe that began in the second quarter of 2011 had the impact of increasing the cost of debt in certain international markets and made it more challenging for us to obtain debt for certain international deals. During 2011, we obtained non-recourse and limited-recourse mortgage financing totaling \$576.0 million on behalf of the CPA® REITs, including \$126.9 million on international investments, and \$69.8 million for our owned real estate portfolio (each on a pro rata basis).

**Real Estate Sector**

As noted above, the commercial real estate market is impacted by a variety of macro-economic factors, including but not limited to growth in gross domestic product, unemployment, interest rates, inflation and demographics. We have seen modest improvements in these domestic macro-economic factors since the beginning of the credit crisis. However, internationally these fundamentals have not significantly improved, which may result in higher vacancies, lower rental rates and lower demand for vacant space in future periods related to international properties. We and the CPA® REITs are chiefly affected by changes in the appraised values of our properties, tenant defaults, inflation, lease expirations and occupancy rates.

*Net Asset Values of the REITs* We own shares in each of the CPA® REITs and CWI, which we report in our Real Estate Ownership segment, and we earn asset management revenue through our Investment Management segment based on a percentage of average invested assets for each REIT. As such, we benefit from rising investment values and are negatively impacted when these values decrease.

The following table presents recent NAVs for the CPA® REITs:

	December 31, 2011	September 30, 2011	June 30, 2011	December 31, 2010	September 30, 2010	December 31, 2009
CPA®:14	N/A	N/A	N/A	N/A	\$ 11.50	\$ 11.80
CPA®:15	\$ 10.40	\$ 10.40	N/A	\$ 10.40	N/A	10.70
CPA®:16 Global	\$ 9.10	N/A	\$ 8.90	N/A	8.80	9.20

The NAV for CPA®:16 Global at June 30, 2011 was higher than the NAV at September 30, 2010 primarily due to the favorable impact of foreign currency exchange rate fluctuations. The NAVs for CPA®:14 and CPA®:15 in 2010 were lower than those NAVs at December 31, 2009 primarily due to continued weakness in the economy and a weakening of the Euro versus the U.S. dollar during 2010 and 2009. On May 2, 2011,



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CPA<sup>®</sup>:14 merged into a subsidiary of CPA<sup>®</sup>:16 Global and as a result, we will no longer compute NAV for CPA<sup>®</sup>:14. We have not computed NAV for CPA<sup>®</sup>:17 Global as it is still in its offering period. The NAVs of the CPA<sup>®</sup> REITs are based on a number of variables, including individual tenant credits, lease terms, lending credit spreads, foreign currency exchange rates and tenant defaults, among others. We do not control these variables and, as such, cannot predict how they will change in the future.

*Credit Quality of Tenants* The credit quality of tenants primarily impacts our Real Estate Ownership segment. As a net lease investor, we are exposed to credit risk within our tenant portfolio, which can reduce our results of operations and cash flow from operations if our tenants are unable to pay their rent. Within our managed portfolios, tenant defaults can reduce the asset management revenue in our Investment Management segment if they lead to a decline in the appraised value of the assets of the CPA<sup>®</sup> REITs and can also reduce our income and distributions from equity investments in the CPA<sup>®</sup> REITs in our Real Estate Ownership segment. Tenants experiencing financial difficulties may become delinquent on their rent and/or default on their leases and, if they file for bankruptcy protection, may reject our lease in bankruptcy court, resulting in reduced cash flow, which may negatively impact NAVs and require us or the CPA<sup>®</sup> REITs to incur impairment charges. Even where a default has not occurred and a tenant is continuing to make the required lease payments, we may restructure or renew leases on less favorable terms, or the tenant's credit profile may deteriorate, which could affect the value of the leased asset and could in turn require us or the CPA<sup>®</sup> REITs to incur impairment charges.

Despite signs of improvement in domestic general business conditions during 2011, which had a favorable impact on the overall credit quality of our tenants, we believe that there still remain significant risks to an economic recovery, particularly in the Euro-zone. As of the date of this joint proxy statement/prospectus, we have no significant exposure to tenants operating under bankruptcy protection in our owned portfolio, while in the CPA<sup>®</sup> REIT portfolios, tenants operating under bankruptcy protection, administration or receivership account for less than 1% of aggregate annualized contractual minimum base rent, a decrease from levels experienced during the crisis. It is possible, however, that tenants may file for bankruptcy or default on their leases in the future and that economic conditions may again deteriorate.

To mitigate credit risk, we have historically looked to invest in assets that we believe are critically important to our tenants' operations and have attempted to diversify our owned portfolio and the CPA<sup>®</sup> REITs portfolios by tenant, tenant industry and geography. We also monitor tenant performance through review of rent delinquencies as a precursor to a potential default, meetings with tenant management and review of tenants' financial statements and compliance with any financial covenants. When necessary, our asset management process includes restructuring transactions to meet the evolving needs of tenants, re-leasing properties, refinancing debt and selling properties, as well as protecting our rights when tenants default or enter into bankruptcy.

*Inflation* Inflation impacts our lease revenues and, through our equity ownership in the CPA<sup>®</sup> REITs and joint ventures, our equity in earnings within our Real Estate Ownership segment because our leases and those of the CPA<sup>®</sup> REITs generally have rent adjustments that are either fixed or based on formulas indexed to changes in CPI or other similar indices for the jurisdiction in which the property is located. Because these rent adjustments may be calculated based on changes in the CPI over a multi-year period, changes in inflation rates can have a delayed impact on our results of operations. We have seen a return of moderate inflation during 2011 that we expect will drive increases in our owned portfolio and in the portfolios of the CPA<sup>®</sup> REITs in coming years.

*Lease Expirations and Occupancy* Lease expirations and occupancy rates impact our revenues and, through our equity ownership in the CPA<sup>®</sup> REITs and joint ventures, our equity in earnings within our Real Estate Ownership segment. Within our managed portfolios, vacancies can reduce the asset management revenue in our Investment Management segment if they lead to a decline in the appraised value of the assets of the CPA<sup>®</sup> REITs and can also reduce our income and distributions from equity investments in the CPA<sup>®</sup> REITs.

We actively manage our owned real estate portfolio and the portfolios of the CPA<sup>®</sup> REITs and begin discussing options with tenants in advance of scheduled lease expirations. In certain cases, we may obtain lease

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renewals from our tenants; however, tenants may elect to move out at the end of their term or may elect to exercise purchase options, if any, in their leases. In cases where tenants elect not to renew, we may seek replacement tenants or try to sell the property. As of December 31, 2011, 13% of the annualized contractual minimum base rent in our owned portfolio is scheduled to expire in the next twelve months. Subsequent to December 31, 2011 and through the date of this joint proxy statement/prospectus, properties under two leases representing approximately 7% of our annualized contractual minimum base rent at December 31, 2011 have been contracted for sale, although there can be no assurance that the properties can be sold at favorable prices or at all. We currently anticipate that we will be able to renew a majority of the remaining leases scheduled to expire in 2012. For those leases that we believe will be renewed, it is possible that renewed rents may be below the tenants' existing contractual rents and that lease terms may be shorter than historical norms.

The occupancy rate for our owned real estate portfolio increased from 89% at December 31, 2010 to approximately 93% as of December 31, 2011, reflecting the sales of several vacant properties.

### ***Investor Capital Inflows***

Trends for investor capital inflows primarily impact our Real Estate Ownership segment because the REITs we manage that are in an offering period are dependent upon the funds raised to acquire assets and maintain portfolio diversification. Additionally, the presence of sufficient capital enables us to structure investments and earn structuring revenue in our Investment Management segment.

CPA<sup>®</sup>:17 Global's initial public offering was terminated when its registration statement for the follow-on offering was declared effective by the SEC on April 7, 2011. Through the termination of CPA<sup>®</sup>:17 Global's initial public offering, we raised \$163.8 million during 2011 and more than \$1.5 billion on its behalf since beginning fundraising in December 2007. From the beginning of the follow-on offering through December 31, 2011, we raised \$418.7 million for CPA<sup>®</sup>:17 Global.

For CWI, we raised \$47.1 million from the beginning of its offering in September 2010 through December 31, 2011. CWI filed a registration statement to sell up to \$1.0 billion of common stock in an initial public offering for the purpose of acquiring interests in lodging and lodging-related properties and we raised the minimum amount required to commence the issuance of shares on March 3, 2011.

### ***Proposed Accounting Changes***

The following proposed accounting changes may potentially impact our Investment Management and Real Estate Ownership segments if the outcome has a significant influence on sale-leaseback demand in the marketplace:

The IASB and FASB have issued an Exposure Draft on a joint proposal that would dramatically transform lease accounting from the existing model. These changes would impact most companies but are particularly applicable to those that are significant users of real estate. The proposal outlines a completely new model for accounting by lessees, whereby their rights and obligations under all leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize. The FASB and IASB met during July 2011 and voted to re-expose the proposed standard. A revised exposure draft for public comment is currently expected to be issued in the first half of 2012, and a final standard is currently expected to be issued by the end of 2012. The boards also reached decisions, which are tentative and subject to change, on a single lessor accounting model and the accounting for variable lease payments, along with several presentation and disclosure issues. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized, and as such we are unable to determine whether this proposal will have a material impact on our business.

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In October 2011, the FASB issued an exposure draft that proposes a new accounting standard for investment property entities. Currently, an entity that invests in real estate properties, but is not an investment company under the definition set forth by GAAP, is required to measure its real estate properties at cost. The proposed amendments would require all entities that meet the criteria to be investment property entities to follow the proposed guidance, under which investment properties acquired by an investment property entity would initially be measured at transaction price, including transaction costs, and subsequently measured at fair value with all changes in fair value recognized in net income. A detailed analysis is required to determine whether an entity is within the scope of the amendments in this proposed update. An entity in which substantially all of its business activities are investing in a real estate property or properties for total return, including an objective to realize capital appreciation (including certain real estate investment trusts and real estate funds) would be affected by the proposed amendments. The proposed amendments also would introduce additional presentation and disclosure requirements for an investment property entity. As of the date of this joint proxy statement/prospectus, the proposed guidance has not yet been finalized, and as such we are unable to determine whether we meet the definition of a real estate property entity and if the proposal will have a material impact on our business.

**How We Evaluate Results of Operations**

We evaluate our results of operations with a primary focus on increasing and enhancing the value, quality and amount of assets under management by our Investment Management segment and seeking to increase value in our Real Estate Ownership segment. We focus our efforts on improving underperforming assets through re-leasing efforts, including negotiation of lease renewals, or selectively selling assets in order to increase value in our real estate portfolio. The ability to increase assets under management by structuring investments on behalf of the CPA<sup>®</sup> REITs and CWI is affected, among other things, by the CPA<sup>®</sup> REITs' and CWI's ability to raise capital and our ability to identify and enter into appropriate investments and financing.

Our evaluation of operating results includes our ability to generate necessary cash flow in order to fund distributions to our shareholders. As a result, our assessment of operating results gives less emphasis to the effects of unrealized gains and losses, which may cause fluctuations in net income for comparable periods but have no impact on cash flows, and to other non-cash charges such as depreciation and impairment charges. We do not consider unrealized gains and losses resulting from short-term foreign currency fluctuations when evaluating our ability to fund distributions. Our evaluation of our potential for generating cash flow includes an assessment of the long-term sustainability of both our real estate portfolio and the assets we manage on behalf of the CPA<sup>®</sup> REITs and CWI.

We consider cash flows from operating activities, cash flows from investing activities, cash flows from financing activities and certain non-GAAP performance metrics to be important measures in the evaluation of our results of operations, liquidity and capital resources. Cash flows from operating activities are sourced primarily by revenues earned from structuring investments and providing asset-based management services on behalf of the CPA<sup>®</sup> REITs and CWI we manage and long-term lease contracts from our real estate ownership. Our evaluation of the amount and expected fluctuation of cash flows from operating activities is essential in evaluating our ability to fund operating expenses, service debt and fund distributions to shareholders.

We consider adjusted cash flows from operating activities as a supplemental measure of liquidity in evaluating our ability to sustain distributions to shareholders. We consider this measure useful as a supplemental measure to the extent the source of distributions in excess of equity income is the result of non-cash charges, such as depreciation and amortization, because it allows us to evaluate the cash flows from consolidated and unconsolidated investments in a comparable manner. In deriving this measure, we exclude cash distributions from equity investments in real estate and the CPA<sup>®</sup> REITs and CWI that are sourced from sales of equity investee's assets or refinancing of debt because they are deemed to be returns on our investment.

We focus on measures of cash flows from investing activities and cash flows from financing activities in our evaluation of our capital resources. Investing activities typically consist of the acquisition or disposition of

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investments in real property and the funding of capital expenditures with respect to real properties. Financing activities primarily consist of the payment of distributions to shareholders, borrowings and repayments under our lines of credit and the payment of mortgage principal amortization.

**Results of Operations**

Effective January 1, 2011, we include our equity investments in the CPA® REITs and CWI in our Real Estate Ownership segment. The equity income or loss from the CPA® REITs and CWI that is now included in our Real Estate Ownership segment represents our proportionate share of the revenue less expenses of the net-leased properties held by the CPA® REITs and CWI. This treatment is consistent with that of our directly-owned properties. Results for 2010 and 2009 have been reclassified to conform to the current period presentation. A summary of comparative results of these business segments is as follows:

**Investment Management** (in thousands)

	Years Ended December 31,					
	2011	2010	Change	2010	2009	Change
<b>Revenues</b>						
Asset management revenue	\$ 66,808	\$ 76,246	\$ (9,438)	\$ 76,246	\$ 76,621	\$ (375)
Structuring revenue	46,831	44,525	2,306	44,525	23,273	21,252
Incentive, termination and subordinated disposition revenue	52,515		52,515			
Wholesaling revenue	11,664	11,096	568	11,096	7,691	3,405
Reimbursed costs from affiliates	64,829	60,023	4,806	60,023	47,534	12,489
	242,647	191,890	50,757	191,890	155,119	36,771
<b>Operating Expenses</b>						
General and administrative	(89,251)	(69,007)	(20,244)	(69,007)	(58,819)	(10,188)
Reimbursable costs	(64,829)	(60,023)	(4,806)	(60,023)	(47,534)	(12,489)
Depreciation and amortization	(3,464)	(4,652)	1,188	(4,652)	(3,807)	(845)
	(157,544)	(133,682)	(23,862)	(133,682)	(110,160)	(23,522)
<b>Other Income and Expenses</b>						
Other interest income	1,911	1,145	766	1,145	1,538	(393)
Income from equity investments in the REITs	21,196	4,468	16,728	4,468	2,160	2,308
Other income and (expenses)	140	334	(194)	334	4,099	(3,765)
	23,247	5,947	17,300	5,947	7,797	(1,850)
Income from continuing operations before income taxes	108,350	64,155	44,195	64,155	52,756	11,399
Provision for income taxes	(34,971)	(23,661)	(11,310)	(23,661)	(21,813)	(1,848)
Net income from investment management	73,379	40,494	32,885	40,494	30,943	9,551
Add: Net loss attributable to noncontrolling interests	2,542	2,372	170	2,372	2,374	(2)
Less: Net income attributable to redeemable noncontrolling interest	(1,923)	(1,293)	(630)	(1,293)	(2,258)	965
Net income from investment management attributable to W. P. Carey members	\$ 73,998	\$ 41,573	\$ 32,425	\$ 41,573	\$ 31,059	\$ 10,514



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### ***Asset Management Revenue***

We earn asset-based management and performance revenue from the CPA<sup>®</sup> REITs and CWI based on the value of their real estate-related assets under management. This asset management revenue may increase or decrease depending upon (i) increases in the CPA<sup>®</sup> REITs and CWI asset bases as a result of new investments; (ii) decreases in the CPA<sup>®</sup> REITs and CWI asset bases as a result of sales of investments; (iii) increases or decreases in the appraised value of the real estate-related assets in the CPA<sup>®</sup> REITs and CWI investment portfolios; and (iv) whether the CPA<sup>®</sup> REITs are meeting their performance criteria. Each CPA<sup>®</sup> REIT met its performance criteria for all periods presented. The availability of funds for new investments is substantially dependent on our ability to raise funds for investment by the CPA<sup>®</sup> REITs and CWI.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, asset management revenue decreased by \$9.4 million. Asset management decreased by \$18.0 million, primarily due to recent property sales by the CPA<sup>®</sup> REITs and the change in our fee arrangement with CPA<sup>®</sup>:16 Global under its new UPREIT structure after the CPA<sup>®</sup>:14/16 Merger. As discussed in Note 3 to the accompanying consolidated financial statements of W. P. Carey, immediately after the CPA<sup>®</sup>:14/16 Merger, our asset management fee from CPA<sup>®</sup>:16 Global was reduced from 1% to 0.5% of the property value of the assets under management and we now receive a distribution of up to 10% of the available cash, as defined, of CPA<sup>®</sup>:16 Global's operating partnership, which we record as Income from equity investments in the CPA<sup>®</sup> REITs and CWI within the Investment Management segment. This decrease was partially offset by an increase in revenue of \$8.4 million during 2011 from CPA<sup>®</sup>:17 Global as a result of new investments that it entered into during 2010 and 2011.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, asset management revenue decreased by \$0.4 million. Asset management revenue from the CPA<sup>®</sup> REITs decreased by \$3.1 million as a result of declines in the appraised value of the real estate-related assets of CPA<sup>®</sup>:14, CPA<sup>®</sup>:15 and CPA<sup>®</sup>:16 Global at December 31, 2009. This decrease was substantially offset by an increase in revenue of \$2.6 million from CPA<sup>®</sup>:17 Global as a result of new investments entered into during 2009 and 2010.

### ***Structuring Revenue***

We earn structuring revenue when we structure and negotiate investments and debt placement transactions for the CPA<sup>®</sup> REITs and CWI. Structuring revenue is dependent on investment activity, which is subject to significant period-to-period variation. We structured real estate investments on behalf of the CPA<sup>®</sup> REITs and CWI totaling approximately \$1.2 billion during 2011, including a \$395.5 million transaction in Italy in the third quarter on behalf of CPA<sup>®</sup>:17 Global with a capitalization rate of approximately 8.0%, compared to \$1.0 billion in 2010 and \$507.7 million in 2009. Included in the 2011 investment activity were \$169.3 million of self-storage properties acquired on behalf of CPA<sup>®</sup>:17 Global, for which we earned structuring revenue of 1.75% of total equity invested and \$75.9 million of hotel properties acquired on behalf of CWI, for which we earned structuring revenue of 2.5% of the total investment cost of the properties, compared to an average of 4.5% that we generally earn for structuring long-term net lease investments on behalf of the CPA<sup>®</sup> REITs. Additionally, included in the 2011 and 2010 investment activity were \$73.7 million and \$91.7 million, respectively, of real estate-related loans originated by us on behalf of CPA<sup>®</sup>:17 Global, for which we earned structuring revenue of 1%. We waived any structuring revenue due from CPA<sup>®</sup>:16 Global under its advisory agreement with us in connection with its acquisition of assets from CPA<sup>®</sup>:14 in the CPA<sup>®</sup>:14/16 Merger.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, structuring revenue increased by \$2.3 million, primarily due to higher investment volume in the current year, partially offset by a lower rate of structuring revenue earned on the self-storage and hotel properties that we acquired on behalf of the CPA<sup>®</sup> REITs and CWI in 2011.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, structuring revenue increased by \$21.3 million, primarily due to higher investment volume in 2010 compared to 2009.

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***Incentive, Termination and Subordinated Disposition Revenue***

Incentive, termination and subordinated disposition revenue is generally earned in connection with events in which we provide liquidity or alternatives to the CPA<sup>®</sup> REITs and CWI's stockholders. These events typically do not occur every year, and no such event occurred during 2010 or 2009. However, in connection with providing a liquidity event for CPA<sup>®</sup>:14 stockholders in May 2011 in the form of the CPA<sup>®</sup>:14/16 Merger, we earned subordinated disposition revenue of \$21.3 million in cash and termination revenue of \$31.2 million, which we received in shares of CPA<sup>®</sup>:14 that were subsequently converted into shares of CPA<sup>®</sup>:16 Global. As a condition of the Merger, we have agreed to waive our subordinated disposition and termination fees from CPA<sup>®</sup>:15.

***Wholesaling Revenue***

We earned a wholesaling fee of \$0.15 per share sold in connection with CPA<sup>®</sup> 17 Global's initial public offering through April 7, 2011. In addition, as discussed in Note 3 to the accompanying consolidated financial statements of W. P. Carey, we earn a dealer manager fee of up to \$0.35 per share sold in connection with CPA<sup>®</sup> 17 Global's follow-on offering and \$0.30 per share sold in connection with CWI's initial public offering. We re-allow all or a portion of the dealer manager fees to selected dealers in the offerings. Dealer manager fees that are not re-allowed are classified as wholesaling revenue. Wholesaling revenue earned is generally offset by underwriting costs incurred in connection with the offerings, which are included in general and administrative expenses.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, wholesaling revenue increased by \$0.6 million primarily due to shares sold in connection with CWI's initial public offering, for which the issuance of shares commenced on March 3, 2011, partially offset by a decrease in the numbers of shares sold related to CPA<sup>®</sup>:17 Global's offerings.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, wholesaling revenue increased by \$3.4 million primarily due to an increase in the number of shares sold related to CPA<sup>®</sup>:17 Global's initial public offering in 2010 compared to 2009.

***Reimbursed and Reimbursable Costs***

Reimbursed costs from affiliates (revenue) and reimbursable costs (expenses) represent costs incurred by us on behalf of the CPA<sup>®</sup> REITs and CWI, consisting primarily of broker-dealer commissions and marketing and personnel costs, which are reimbursed by the CPA<sup>®</sup> REITs and CWI. Revenue from reimbursed costs from affiliates is offset by corresponding charges to reimbursable costs.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, reimbursed and reimbursable costs increased by \$4.8 million, primarily due to \$3.9 million of commissions paid to broker-dealers related to CWI's initial public offering and a \$1.7 million increase in personnel costs reimbursed by the CPA<sup>®</sup> REITs and CWI primarily as a result of increased headcount in 2011.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, reimbursed and reimbursable costs increased by \$12.5 million, primarily due to a higher level of commissions paid to broker-dealers related to CPA<sup>®</sup>:17 Global's initial public offering related to a corresponding increase in funds raised.

***General and Administrative***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, general and administrative expenses increased by \$20.2 million, primarily due to increases in compensation-related costs of \$15.0 million and professional fees of \$2.9 million. Compensation-related costs were higher in 2011 due to several factors,

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including: an increase of \$10.4 million in the amortization of stock-based compensation and an increase of \$2.2 million in our expected bonus payout as a result of higher investment volumes in 2011. Stock-based compensation increased in 2011 as a result of changes in the expected vesting of performance share units ( PSUs ) granted in 2009 and 2010 and an increase in the number of restricted share units ( RSUs ) and PSUs awards issued to employees in 2011 in connection with entering into employment agreements with certain key employees during the year. Professional fees increased in 2011 primarily due to costs incurred in connection with exploring liquidity alternatives for certain of the CPA® REITs, including the CPA®:14/16 Merger and the Merger.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, general and administrative expenses increased by \$10.2 million, primarily due to increases in compensation-related costs of \$5.8 million, underwriting costs of \$3.7 million and business development costs of \$0.9 million. A \$6.8 million increase in compensation-related costs that was primarily due to an increase in commissions to investment officers and our expected bonus payout as a result of the higher investment volume during 2010 was partially offset by a \$2.0 million decrease in stock-based compensation expense due to the resignations of two senior officers during 2010. Underwriting costs related to CPA®:17 Global s offering are generally offset by wholesaling revenue, which we earn based on the number of shares of CPA®:17 Global sold.

***Depreciation and Amortization***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, depreciation and amortization expenses decreased by \$1.2 million, primarily due to one of the management contracts with CPA®:14 becoming fully amortized in December 2010.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, depreciation and amortization expenses increased by \$0.8 million, primarily due to an increase in amortization expense as a result of costs incurred with upgrading our computer equipment and software in 2009.

***Income from Equity Investments in the REITs***

Distributions of available cash representing a portion of our proportionate share of earnings from the operating partnerships of CPA®:17 Global, CWI and, subsequent to the CPA®:14/16 Merger, CPA®:16 Global are recorded as income from equity investments in the CPA® REITs and CWI within the Investment Management segment. In addition, subsequent to the CPA®:14/16 Merger, amortization of deferred revenue related to our Special Member Interest in CPA®:16 Global s operating partnership is also included in income from equity investments in the REITs within the Investment Management segment.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, income from equity investments in the CPA® REITs and CWI increased by \$16.7 million. This increase was due in part to \$6.2 million of initial cash distributions of our proportionate share of earnings received and earned from CPA®:16 Global s operating partnership after the CPA®:14/16 Merger and \$5.7 million of deferred revenue earned from our Special Member Interest in CPA®:16 Global s operating partnership during 2011. In addition, cash distributions of our proportionate share of earnings received and earned from CPA®:17 Global s operating partnership increased by \$4.9 million as a result of new investments entered into during 2011 and 2010. As of December 31, 2011, we had not received any cash distributions of our proportionate share of earnings from CWI s operating partnership as it did not have earnings.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, income from equity investments in the CPA® REITs and CWI increased by \$2.3 million, primarily due to higher cash distributions of our proportionate share of earnings from CPA®:17 Global s operating partnership as a result of higher investment volume.



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### ***Other Income and (Expenses)***

*2011* During 2011, we recognized other income of \$0.1 million primarily due to gains realized on foreign currency transactions for the repatriation of cash from foreign countries.

*2010* During 2010, we recognized other income of \$0.3 million primarily due to gains realized on foreign currency transactions for the repatriation of cash from foreign countries.

*2009* During 2009, we recognized other income of \$4.1 million primarily related to a settlement of a dispute with a vendor regarding certain fees we paid in prior years for services they performed.

### ***Provision for Income Taxes***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, provision for income taxes increased by \$11.3 million, primarily due to \$9.3 million of income taxes incurred during 2011 as a result of the \$52.5 million incentive, termination and subordinated disposition income that we recognized in connection with the CPA<sup>®</sup>:14/16 Merger. Provision for income taxes also increased in the current year as a result of increased volume of investments structured on behalf of the CPA<sup>®</sup> REITs and CWI.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, our provision for income taxes increased by \$1.8 million, primarily due to an increase in income from continuing operations before income taxes.

### ***Net Income from Investment Management Attributable to W. P. Carey Members***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, the resulting net income from investment management attributable to W. P. Carey members increased by \$32.4 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, the resulting net income from investment management attributable to W. P. Carey members increased by \$10.5 million.

### ***Funds from Operations as Adjusted***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, AFFO from our Investment Management segment increased by \$51.4 million, primarily as a result of the incentive, termination and subordinated disposition revenue that we recognized in connection with providing a liquidity event for CPA<sup>®</sup>:14 stockholders in May 2011 in the form of the CPA<sup>®</sup>:14/16 Merger. AFFO is a non-GAAP measure that we use to evaluate our business. For a definition of AFFO and reconciliation to net income attributable to W. P. Carey members, see Supplemental Financial Measures below.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, AFFO from our Investment Management segment increased by \$12.7 million, primarily due to higher investment volume.

**Table of Contents****Real Estate Ownership** (in thousands)

	2011	2010	Years Ended December 31,			Change
			Change	2010	2009	
<b>Revenues</b>						
Lease revenues	\$ 70,206	\$ 59,881	\$ 10,325	\$ 59,881	\$ 58,564	\$ 1,317
Other real estate income	23,556	18,083	5,473	18,083	14,698	3,385
	93,762	77,964	15,798	77,964	73,262	4,702
<b>Operating Expenses</b>						
Depreciation and amortization	(25,054)	(17,952)	(7,102)	(17,952)	(17,072)	(880)
Property expenses	(13,241)	(10,416)	(2,825)	(10,416)	(6,699)	(3,717)
General and administrative	(4,456)	(4,422)	(34)	(4,422)	(4,999)	577
Other real estate expenses	(10,784)	(8,121)	(2,663)	(8,121)	(7,308)	(813)
Impairment charges	(10,432)	(1,140)	(9,292)	(1,140)	(3,516)	2,376
	(63,967)	(42,051)	(21,916)	(42,051)	(39,594)	(2,457)
<b>Other Income and Expenses</b>						
Income from equity investments in real estate and the REITs	30,032	26,524	3,508	26,524	11,265	15,259
Gain on change in control of interests	27,859		27,859			
Other income and (expenses)	4,500	1,196	3,304	1,196	3,433	(2,237)
Interest expense	(21,920)	(15,725)	(6,195)	(15,725)	(14,462)	(1,263)
	40,471	11,995	28,476	11,995	236	11,759
Income from continuing operations before income taxes	70,266	47,908	22,358	47,908	33,904	14,004
Provision for income taxes	(2,257)	(2,161)	(96)	(2,161)	(980)	(1,181)
Income from continuing operations	68,009	45,747	22,262	45,747	32,924	12,823
(Loss) income from discontinued operations	(2,250)	(11,290)	9,040	(11,290)	6,701	(17,991)
Net income from real estate ownership	65,759	34,457	31,302	34,457	39,625	(5,168)
Less: Net income attributable to noncontrolling interests	(678)	(2,058)	1,380	(2,058)	(1,661)	(397)
Net income from real estate ownership attributable to W. P. Carey members	\$ 65,081	\$ 32,399	\$ 32,682	\$ 32,399	\$ 37,964	\$ (5,565)

The following table presents the components of our lease revenues (in thousands):

	Years Ended December 31,		
	2011	2010	2009
Rental income	\$ 59,549	\$ 49,787	\$ 47,945
Interest income from direct financing leases	10,657	10,094	10,619
	\$ 70,206	\$ 59,881	\$ 58,564



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The following table sets forth the net lease revenues (i.e., rental income and interest income from direct financing leases) that we earned from lease obligations through our direct ownership of real estate (in thousands):

Lessee	Years Ended December 31,		
	2011	2010	2009
CheckFree Holdings, Inc. <sup>(a)</sup>	\$ 5,216	\$ 5,103	\$ 4,964
The American Bottling Company <sup>(b)</sup>	4,943	4,390	4,591
Federal Express Corporation <sup>(c)</sup>	4,922		
Bouygues Telecom, S.A. <sup>(a) (d) (e)</sup>	4,002	3,852	6,410
JP Morgan Chase Bank, N.A. <sup>(f)</sup>	3,862	3,448	
Orbital Sciences Corporation <sup>(g)</sup>	3,312	3,611	2,771
Eroski Sociedad Cooperativa <sup>(a) (d) (h)</sup>	3,235	1,710	
Titan Corporation	2,913	2,912	2,912
Amylin Pharmaceuticals, Inc. <sup>(c)</sup>	2,908		
AutoZone, Inc. <sup>(b)</sup>	2,818	2,241	2,228
Google, Inc. (formerly leased to Omnicom Group Inc.) <sup>(i)</sup>	2,173	1,518	1,251
Quebecor Printing, Inc.	1,936	1,916	1,919
Unisource Worldwide, Inc. <sup>(j)</sup>	1,926	1,923	1,668
CSS Industries, Inc. <sup>(k)</sup>	1,855	1,516	1,570
Jarden Corporation	1,614	1,614	1,614
Sybron Dental Specialties Inc. <sup>(l)</sup>	1,596	1,816	1,953
BE Aerospace, Inc.	1,580	1,580	1,580
Eagle Hardware & Garden, a subsidiary of Lowe's Companies	1,492	1,568	1,574
Sprint Spectrum, L.P.	1,486	1,425	1,425
Enviro Works, Inc.	1,216	1,255	1,426
Other <sup>(d)</sup>	15,201	16,483	18,708
	\$ 70,206	\$ 59,881	\$ 58,564

- (a) These revenues are generated in consolidated ventures, generally with our affiliates, and on a combined basis, include lease revenues applicable to noncontrolling interests totaling \$2.6 million, \$3.8 million and \$3.7 million for the years ended December 31, 2011, 2010 and 2009, respectively.
- (b) The increase in 2011 was due to an out-of-period adjustment (Note 2 to the accompanying consolidated financial statements of W. P. Carey).
- (c) In connection with the CPA<sup>®</sup>:14 Asset Sales, we purchased the remaining interest in this investment from CPA<sup>®</sup>:14 (Note 4 to the accompanying consolidated financial statements of W. P. Carey). Subsequent to the acquisition, we consolidate this investment. We had previously accounted for this investment under the equity method.
- (d) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro increased by approximately 5% during the year ended December 31, 2011 as compared to 2010 and decreased by approximately 5% during the year ended December 31, 2010 as compared to 2009, resulting in a positive impact on lease revenues in 2011 and a negative impact on lease revenues in 2010 for our Euro-denominated investments.
- (e) The decrease in 2010 was due to a lease restructuring in January 2010.
- (f) We acquired this investment in February 2010.
- (g) We completed an expansion at this facility in January 2010, at which time we recognized deferred rental income of \$0.3 million.
- (h) We acquired this investment in June 2010.
- (i) In January 2011, we signed a new 15-year lease with Google, Inc. The lease with the former tenant, Omnicom Group Inc., expired in September 2010. The increase in 2010 reflects the accelerated amortization of below-market rent intangibles as a result of the former tenant not renewing its lease with us.
- (j) The increase in 2010 was due to a rent increase as a result of a lease renewal in October 2009.



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- (k) A tenant-funded improvement at this facility was completed in 2011, at which time we recognized deferred rental income of \$0.3 million.  
 (l) The decrease in 2011 was due to an out-of-period adjustment (Note 2 to the accompanying consolidated financial statements of W. P. Carey).

We recognize income from equity investments in real estate, of which lease revenues are a significant component. The following table sets forth the net lease revenues earned by these ventures. Amounts provided are the total amounts attributable to the ventures and do not represent our proportionate share (dollars in thousands):

Lessee	Ownership Interest at December 31, 2011	Years Ended December 31,		
		2011	2010	2009
The New York Times Company <sup>(a)</sup>	18%	\$ 27,796	\$ 26,768	\$ 21,751
Carrefour France, SAS <sup>(b)</sup>	46%	20,228	19,618	21,481
Medica France, S.A. <sup>(b)</sup>	46%	6,789	6,447	6,917
Schuler A.G. <sup>(b)</sup>	33%	6,555	6,208	6,568
U. S. Airways Group, Inc.	75%	4,421	4,421	4,356
Hologic, Inc.	36%	3,623	3,528	3,387
Federal Express Corporation <sup>(c)</sup>	100%	2,391	7,121	7,044
Symphony IRI Group, Inc. <sup>(d)</sup>	33%	2,182	4,164	4,973
Consolidated Systems, Inc.	60%	1,933	1,831	1,831
Amylin Pharmaceuticals, Inc. <sup>(e)</sup>	100%	1,342	4,027	3,635
Childtime Childcare, Inc.	34%	1,258	1,303	1,332
The Retail Distribution Group <sup>(f)</sup>	0%		206	1,020
		\$ 78,518	\$ 85,642	\$ 84,295

- (a) We acquired our interest in this investment in March 2009.  
 (b) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro increased by approximately 5% during the year ended December 31, 2011 as compared to 2010 and decreased by approximately 5% during the year ended December 31, 2010 as compared to 2009, resulting in a positive impact on lease revenues in 2011 and a negative impact on lease revenues in 2010 for our Euro-denominated investments.  
 (c) In connection with the CPA<sup>®</sup>:14 Asset Sales, we purchased the remaining interest in this investment from CPA<sup>®</sup>:14 (Note 4 to the accompanying consolidated financial statements of W. P. Carey). Subsequent to the acquisition, we consolidate this investment.  
 (d) In June 2011, this venture sold one of its properties and distributed the proceeds to the venture partners. The decrease in 2010 was due to a lease restructuring.  
 (e) The increase in 2010 was due to a CPI-based (or equivalent) rent increase and a lease restructuring.  
 (f) In March 2010, the venture completed the sale of this property, and as a result, we have no further economic interest in this venture. The above table does not reflect our share of interest income from our 5% interest in a venture that has a note receivable (see Financial Condition Equity Method Investments below). For the years ended December 31, 2011, 2010 and 2009, the venture recognized interest income of \$1.9 million, \$24.2 million and \$27.1 million, respectively. These amounts represent total amounts attributable to the entire venture, not our proportionate share, and are subject to fluctuations in the exchange rate of the Euro.

**Lease Revenues**

As of December 31, 2011, 66% of our net leases, based on annualized contractual minimum base rent, provide for adjustments based on formulas indexed to changes in the CPI, or other similar indices for the

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jurisdiction in which the property is located, some of which have caps and/or floors. In addition, 28% of our net leases have fixed rent adjustments. We own international investments and, therefore, lease revenues from these investments are subject to fluctuations in exchange rate movements in foreign currencies.

During the quarter ended December 31, 2011, we entered into one new lease with a total contractual annual minimum base rent of \$0.2 million and a term of nine years and we modified five leases. We amended leases with contractual annual minimum base rents aggregating \$1.4 million which represented an 11% reduction from the terms of the prior leases. We did not provide for any tenant concessions in connection with these lease amendments.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, lease revenues increased by \$10.3 million, primarily due to \$9.4 million of lease revenue generated from new investments we entered into during 2010 and 2011, including the properties we purchased in May 2011 from CPA<sup>®</sup>:14 in connection with the CPA<sup>®</sup>:14 Asset Sales. In addition, lease revenues increased by \$0.9 million as a result of an out-of-period adjustment recorded in the fourth quarter of 2011 (Note 2 to the accompanying consolidated financial statements of W. P. Carey) and \$0.8 million as a result of scheduled rent increases at several properties. These increases were partially offset by the impact of recent tenant activity, including lease restructurings, lease expirations and property sales, which resulted in a reduction to lease revenues of \$1.0 million.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, lease revenues increased by \$1.3 million, primarily due to \$6.0 million in lease revenue from new investments and an expansion we placed into service during 2010, partially offset by the impact of 2010 and 2009 tenant activity (including lease restructurings, lease expirations and property sales), which reduced lease revenues by \$4.9 million.

***Other Real Estate Income***

Other real estate income generally consists of revenue from Carey Storage, a subsidiary that holds investments in 21 domestic self-storage properties, and Livho, a subsidiary that operates a hotel franchise in Livonia, Michigan. Other real estate income also includes lease termination payments and other non-rent related revenues from real estate ownership.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, other real estate income increased by \$5.5 million, primarily due to an increase of \$3.2 million in income generated from the eight new self-storage properties acquired during the third quarter of 2010 and an increase in reimbursable tenant costs of \$1.9 million. Reimbursable tenant costs are recorded as both revenue and expenses and therefore have no net impact on our results of operations.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, other real estate income increased by \$3.4 million, primarily due to increases in reimbursable tenant costs of \$2.7 million as well as income of \$1.5 million from the eight new self-storage properties acquired in the third quarter of 2010. These increases were partially offset by a decrease in lease termination income of \$1.0 million. Reimbursable tenant costs are recorded as both revenue and expenses and therefore have no impact on our results of operations.

***Depreciation and Amortization***

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, depreciation and amortization increased by \$7.1 million. Depreciation and amortization increased by \$5.6 million as a result of our 2011 and 2010 investment activity, including \$4.7 million attributable to the properties we purchased from CPA<sup>®</sup>:14 in May 2011 (Note 4 to the accompanying consolidated financial statements of W. P. Carey). In addition, depreciation and amortization increased by \$2.2 million as a result of an out-of-period adjustment recorded in the fourth quarter of 2011 (Note 2 to the accompanying consolidated financial statements of W. P. Carey). These increases were partially offset by a decrease in amortization of \$0.6 million as a result of lease intangible assets related to two tenants becoming fully amortized in 2010.

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*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, depreciation and amortization increased by \$0.9 million primarily due to depreciation and amortization of \$2.3 million related to new investments we entered into and an expansion we placed into service during 2010. This increase was partially offset by a \$1.0 million write-off of intangible assets as a result of a lease termination in June 2009 that resulted in lower amortization in 2010 and a \$0.5 million decrease in depreciation and amortization as a result of several assets becoming fully depreciated or amortized.

**Property Expenses**

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, property expenses increased by \$2.8 million, primarily due to an increase in reimbursable tenant costs of \$1.9 million and a \$0.6 million performance fee paid to a third-party manager on a foreign property as a result of meeting its performance criteria.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, property expenses increased by \$3.7 million, primarily due to an increase in reimbursable tenant costs of \$2.7 million. The remainder of the increase was due to two tenants vacating properties during 2010.

**Other Real Estate Expenses**

Other real estate expenses generally consist of operating expenses related to Carey Storage and Livho as described in Other Real Estate Income above.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, other real estate expenses increased by \$2.7 million, primarily due to an increase of \$1.8 million in operating expenses as a result of the eight new self-storage properties acquired during the third quarter of 2010. In addition, operating expenses from Livho increased by \$0.9 million in 2011 as compared to 2010.

*2010 vs. 2009* For the year ended December 31, 2010 as compared to 2009, other real estate expenses increased by \$0.8 million, primarily due to operating expenses from the eight new self-storage properties acquired during the third quarter of 2010.

**Impairment Charges**

Our impairment charges are more fully described in Note 10 to the accompanying consolidated financial statement of W. P. Carey. Impairment charges related to our continuing real estate ownership operations were as follows (in thousands):

Lessee	Years Ended December 31,			Triggering Event
	2011	2010	2009	
The Titan Corporation	\$ 5,833	\$	\$	Tenant not renewing lease; anticipated sale
United States Postal Service	4,934			Tenant not renewing lease; anticipated sale
The American Bottling Company	(868)		1,571	Decline in unguaranteed residual value of properties
Others	533	1,140	1,945	Tenants not renewing leases or vacated; anticipated sales; and decline in unguaranteed residual value of properties
<b>Total</b>	<b>\$ 10,432</b>	<b>\$ 1,140</b>	<b>\$ 3,516</b>	



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***Income from Equity Investments in Real Estate and the CPA® REITs and CWI***

Income from equity investments in real estate and the CPA® REITs and CWI represents our proportionate share of net income or loss (revenue less expenses) from our interests in unconsolidated real estate investments and our investments in the CPA® REITs and CWI. However, a portion of our equity earnings from the CPA® REITs and CWI, equivalent to the cash distributions from the related operating partnerships, is included in the Investment Management segment. The net income of the CPA® REITs and CWI fluctuates based on the timing of transactions, such as new leases and property sales, as well as the level of impairment charges.

*2011 vs. 2010* For the year ended December 31, 2011 as compared to 2010, income from equity investments in real estate increased by \$3.5 million, primarily due to an increase in equity income from the CPA® REITs totaling \$6.4 million. Results of operations from the CPA® REITs and CWI during 2011 included the following gains and expenses: net gains of \$78.8 million from the CPA®:14 Asset Sales, of which our share was approximately \$7.4 million; a bargain purchase gain for CPA®:16 Global of \$28.7 million because the fair value of CPA®:14 exceeded the CPA®:14/16 Merger consideration, of which our share was approximately \$5.0 million; a net gain of \$33.5 million on the sales of several properties and the extinguishment of several related mortgage loans, of which our share was approximately \$3.7 million; impairment charges totaling \$61.7 million, of which our share was approximately \$7.8 million; and \$13.6 million of expenses incurred in connection with the CPA