Registration number 04244798

W P Carey & Co Limited

Directors' report and financial statements

for the year ended 31 December 2011

W P Carey & Co Limited

Company information

Directors	Trevor Bond Jan Karst
Company number	04244798
Auditors	RSM Tenon Audit Ltd 66 Chiltern Street London W1U 4JT

W P Carey & Co Limited

Contents

W P Carey & Co Limited

Directors' report
for the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activity and review of the business

The company's principal activity during the year continued to be as an advisor and arranger of investments in real estate transactions by special purpose vehicles owned by the Corporate Property Associate (CPA) series of US Real Estate Investment Trusts (REITs) managed by W P Carey & Co LLC

Business review

During 2011, the company has focused in identifying new investment opportunities for the parent undertaking and the focus will continue throughout 2012 Turnover and profit after tax for the year were £9,235,300 and 3,018,328 respectively This represents a growth of 121% in turnover compared to 2010 and a growth of £112% in profit before tax compared to 2010 The directors are confident that this success will continue

Key Performance Indicators

	2011	2010	Change
	£	£	%
Turnover	9,235,300	4,186,319	121
Profit before tax	3,018,328	1,425,704	112

At the end of the period net assets totalled £5,916,291 (2010 £2,289,334)

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of a final dividend (2010 nil)

Financial risk management objectives and policies

Due to the nature of the company's operations, its financial risks are restricted as regards credit risk, liquidity risk and interest rate cash flow risk

Credit risk

The principal activity of the company is to act as an advisor under a service agreement with W P Carey & Co LLC and consequently the credit risk is minimal

Liquidity risk

The company obtains funding from W P Carey & Co LLC in relation to its costs under the service agreement

Interest rate risk

The company does not hold any interest bearing facilities

W P Carey & Co Limited

Directors' report
for the year ended 31 December 2011

Directors
The dırectors who served durıng the year are as stated below

Trevor Bond
Henry Cabot Lodge III   Resıgned 31 July 2012
Jan Karst

Statement of directors' responsibilities
The dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that year In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and apply them consıstently,
- make judgements and estımates that are reasonable and prudent,
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

In so far as the dırectors are aware
- there ıs no relevant audıt ınformatıon (ınformatıon needed by the company's audıtors ın connectıon wıth preparıng theır report) of whıch the company's audıtors are unaware, and
- the dırectors have taken all the steps that they ought to have taken to make themselves aware of any relevant audıt ınformatıon and to establısh that the company's audıtors are aware of that ınformatıon

Audıtors
RSM Tenon Audıt Ltd are deemed to be reappoınted under sectıon 487(2) of the Companıes Act 2006

Thıs report was approved by the Board on 8/24/12 and sıgned on ıts behalf by

Trevor Bond
Dırector

Independent auditor's report to the shareholders of W P Carey & Co Limited

We have audited the financial statements of W P Carey & Co Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the shareholders of W P Carey & Co Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

RSM Tenon Audit Ltd

David Talbot (senior statutory auditor)
For and on behalf of RSM Tenon Audit Ltd
Accountants and Statutory Auditors

66 Chiltern Street
London
W1U 4JT

24/8/12

W P Carey & Co Limited

Profit and loss account
for the year ended 31 December 2011

	Notes	2011	2010
		Continuing operations	
		£	£
Turnover	2	9,235,300	4,186,319
Administrative expenses		(5,095,581)	(2,195,984)
Operating profit	3	4,139,719	1,990,335
Interest receivable		1,430	-
Profit on ordinary activities before taxation		4,141,149	1,990,335
Tax on profit on ordinary activities	6	(1,122,821)	(564,631)
Profit for the year	14	3,018,328	1,425,704

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 7 to 18 form an integral part of these financial statements.

W P Carey & Co Limited

Balance sheet
as at 31 December 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	**7**		374,783		2,392
Current assets					
Debtors	**8**	6,996,228		2,333,184	
Cash at bank and in hand		439,329		746,619	
		7,435,557		3,079,803	
Creditors: amounts falling due within one year	**9**	(1,802,014)		(792,861)	
Net current assets			5,633,543		2,286,942
Total assets less current liabilities			6,008,326		2,289,334
Provisions for liabilities	**10**		(92,035)		-
Net assets			5,916,291		2,289,334
Capital and reserves					
Called up share capital	**13**		225,000		225,000
Other reserves	**14**		930,374		321,745
Profit and loss account	**14**		4,760,917		1,742,589
Shareholders' funds	**15**		5,916,291		2,289,334

The financial statements were approved by the Board on 8/24/12 and signed on its behalf by

Trevor Bond
Director

Registration number 04244798

The notes on pages 7 to 18 form an integral part of these financial statements.

W P Carey & Co Limited

Notes to the financial statements
for the year ended 31 December 2011

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The Company has taken the exemption under FRS 1, Cash Flow Statements, not to provide a cash flow statement, as these are included in the consolidated cash flow of the Group which are publicy available

1.2. Turnover

Turnover consists of a service fee charged to W P Carey International LLC in respect of advisory services It is based on a multiple of all operational costs, excluding bonuses and share based compensation payments Turnover also include a 2% allocation of acquisition fee received by W P Carey International LLC The 2% fee income is recognized upon receipt of acquisition fee invoice after actual fee is received by W P Carey International and calculation has been finalized on the acquisition All turnover is attributable to work in the United Kingdom and is paid directly by W P Carey International LLC

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Leasehold properties	-	Straight line over the life of the lease
Office Equipment	-	3 Years

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.5. Share based payments

Employees of the company participate in the parent company's stock based compensation scheme The parent company issues equity-settled share-based payments to certain employees Equity settled share-based payments are measured at fair value (excluding the effect of non market based returns conditions) at the date of grant The fair value determined at grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions
Restricted Share Units ("RSU's") and Performance Share Units ("PSU's") are granted in the name of the employee who has all the rights of a shareholder subject to restrictions on transfers and risk of forfeiture RSU's values are derived from the market value of shares of the parent company at the grant date PSU values are derived from using a Monte Carlo simulation model and market value of shares of the parent company at grant date

Notes to the financial statements
for the year ended 31 December 2011

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date Transactions in foreign currencies are recorded at the date of the transactions All differences are taken to the Profit and Loss account

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3. Operating profit

	2011	2010
	£	£
Operating profit is stated after charging		
Equity settled share-based payments	608,629	106,518
Depreciation and other amounts written off tangible assets	5,733	2,664
Net foreign exchange loss	15,683	92,872
Operating lease rentals		
- Land and buildings	138,770	86,693
Auditors' remuneration (Note 4)	13,780	12,500

4. Auditors' remuneration

	2011	2010
	£	£
Auditors' remuneration - audit of the financial statements	13,780	12,500

5. Employees

Number of employees	2011	2010
The average monthly numbers of employees (including the directors) during the year were		
Administration	5	5

Employment costs	2011	2010
	£	£
Wages and salaries	3,107,280	1,120,282
Social security costs	263,254	148,648
Pension costs-other operating charge	56,349	28,510
Equity settled share based payments	608,629	106,518
	4,035,512	1,403,958

5.1. Directors' remuneration

	2011	2010
	£	£
Remuneration and other emoluments	293,596	345,163

Highest paid director	£	£
Amounts included above		
Emoluments and other benefits	293,596	345,163
Pension contributions	30,000	5,000
	323,596	350,163

Pension contributions

The number of directors on whose behalf the company make pension contributions was as follows

	2011	2010
Money purchase schemes	1	1

The directors, J Karst and T Bond are renumerated by the parent company

6. Tax on profit on ordinary activities

Analysis of charge in period	2011	2010
	£	£
Current tax		
UK corporation tax	1,113,830	563,139
Total current tax charge	1,113,830	563,139
Deferred tax		
Timing differences, origination and reversal	8,991	1,492
Total deferred tax	8,991	1,492
Tax on profit on ordinary activities	1,122,821	564,631

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (26 per cent) The differences are explained below

	2011	2010
	£	£
Profit on ordinary activities before taxation	4,141,149	1,990,335
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 49% (31 December 2010 28 00%)	1,097,114	557,294
Effects of:		
Expenses not deductible for tax purposes	24,974	8,083
Capital allowances for period in excess of depreciation	(8,637)	(2,238)
Non trading loan relationship income	379	-
Current tax charge for period	1,113,830	563,139

W P Carey & Co Limited

Notes to the financial statements
for the year ended 31 December 2011

7. Tangible fixed assets

	Short leasehold property	Long leasehold property	Office	Total
	£	£	£	£
Cost				
At 1 January 2011	27,826	-	129,080	156,906
Additions	-	348,070	30,054	378,124
Disposals	(27,826)	-	(19,263)	(47,089)
At 31 December 2011	-	348,070	139,871	487,941
Depreciation				
At 1 January 2011	27,826	-	126,688	154,514
On disposals	(27,826)	-	(19,263)	(47,089)
Charge for the year	-	2,901	2,832	5,733
At 31 December 2011	-	2,901	110,257	113,158
Net book values				
At 31 December 2011	-	345,169	29,614	374,783
At 31 December 2010	-	-	2,392	2,392

8. Debtors

	2011	2010
	£	£
Amounts owed by group undertakings	6,845,774	2,219,200
Other debtors	116,436	52,852
Prepayments and accrued income	34,018	61,132
	6,996,228	2,333,184

9. Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	52,877	22,764
Corporation tax	581,713	543,613
Other taxes and social security costs	19,853	114,049
Accruals and deferred income	1,147,571	112,435
	1,802,014	792,861

10. Provisions for liabilities

	Deferred taxation (Note 11) £	Other provisions £	Total £
Charge for the year	-	90,000	90,000
Movements in the year	2,035	-	-
At 31 December 2011	-	90,000	-

Other provisions

Other provisions relate to a dilapidation reserve for the new premise which is expected to be utilised in October 2021

11. Provision for deferred taxation

	2011 £	2010 £
Accelerated capital allowances	2,035	(6,956)

Provision at 1 January 2011	(6,956)	(8,448)
Deferred tax charge in profit and loss account	8,991	1492
Provision at 31 December 2011	2,035	(6,956)

12 **Stock based compensation**

Equity-settled share-based payments

At December 31, 2011, the Parent maintained several stock-based compensation plans as described below The total compensation expense (net of forfeitures) for these plans was £608,629 and £106, 518 for the years ended December 31, 2011 and 2010, respectively

"1997 Share Incentive Plan

The Parent company maintain the 1997 Share Incentive Plan (as amended, the "1997 Incentive Plan"), which authorised the issuance of up to 6,200,000 shares of their Common Stock, of which 5, 892,253 were issued or are currently reserved for issuance upon exercise of outstanding options and vesting of restricted units and performance units at December 31, 2009 The 1997 Incentive Plan has been replaced by a new stock incentive plan (see "2009 Incentive Plan" below), and as a result no further awards can be made under the 1997 Incentive Plan The 1997 Incentive Plan provided for the grant of (i) share options, which may or may not qualify as incentive stock options under the Code , (ii) performance shares or units (""PSUs""), (iii) dividend equivalent rights and (iv) restricted shares or units (""RSUs"") The vesting of grants is accelerated upon a change in our control and under certain other conditions Options granted under the 1997 Incentive Plan generally have a 10-year term and generally vest in four equal annual instalments "

In December 2007, the Compensation Committee of WP Carey & Co LLC approved a long-term incentive compensation program (the "LTIP") and terminated further contributions to the Partnership Equity Unit Plan described below In 2008, the Compensation Committee approved long-term incentive awards consisting of 32,500 RSUs and 12,500 PSUs under the LTIP through the 1997 Incentive Plan In 2009, the Compensation Committee granted 12,500 RSUs and 12,500 PSUs under the LTIP through the 1997 Incentive Plan The RSUs generally vest over three years Vesting and payment of the PSUs is conditional on certain performance goals being met by us during the performance period The ultimate number of PSUs to be vested will depend on the extent to which we meet the performance goals at the end of the three-year performance period and can range from zero to three times the original awards At the end of each reporting period, we evaluate the ultimate number of PSUs we expect to vest based upon the extent to which we have met and expect to meet the performance goals and where appropriate revise our estimate and associated expense

Upon vesting, the RSUs and PSUs may be converted into shares of our common stock Both the RSUs and PSUs carry dividend equivalent rights Dividend equivalent rights on RSUs are paid in cash on a quarterly basis whereas dividend equivalent rights on PSUs accrue during the performance period and may be converted into additional shares of common stock at the conclusion of the performance period to the extent the PSUs vest Dividend equivalent rights are accounted for as a reduction to retained earnings to the extent that the awards are expected to vest For awards that are not expected to vest or do not ultimately vest, dividend equivalent rights are accounted for as additional compensation expense

As a result of issuing these awards, the parent company currently expect to recognize compensation expense totalling approximately £1,038,334 over the vesting period, of which £608,629 and £106, 518 was recognised during 2011 and 2010, respectively Fair value was determined using the Monte Carlo simulation model The significant inputs in the model were risk-free interest rate of 1 03% and volatility of 36 25%, stock price at valuation date of $31 20 and dividend yield of zero percent

Stock based compensation - continued

*2009 Share Incentive Plan

In June 2009, the parent company stockholders approved the 2009 Share Incentive Plan (the "2009 Incentive Plan") to replace the 1997 Incentive Plan, except with respect to outstanding contractual obligations under the 1997 Incentive Plan, so that no further awards can be made under that plan The 2009 Incentive Plan authorizes the issuance of up to 3 6 million shares of our common stock and provides for the grant of (i) share options, (ii) restricted shares or units, (iii) performance shares or units, and (iv) dividend equivalent rights The vesting of grants is accelerated upon a change in our control and under certain other conditions Future grants under the LTIP will be made under the 2009 Incentive Plan "

Nonvested restricted stock and RSU awards activity for 2011 and 2010
At Weighted Average Grant Date Fair Value

	2011		2010	
	Shares	**£**	**Shares**	**£**
Nonvested at the begining of the year	6,000	17 95	4,667	18 12
Granted during the year	29,500	19 88	3,500	18 43
Vested during the year	(2,833)	18 23	(2,167)	18 52
Outstanding at the end of the year	32,667	19 65	6,000	17 95

Nonvested PSU awards at December 31 2011
At Weighted Average Grant Date Fair Value

	2011		2010	
	Shares	**£**	**Shares**	**£**
Nonvested Beginning of year	7,078	31 08	5,245	18 98
Granted during the year	29,500	27 98	3,500	34 92
Vested during the year	(3,578)	27 19	(1,667)	12 87
Outstanding at the end of the year	33,000	28 69	7,078	31 08

Option and warrant activity for year ended 31 December 2010 and 31 December 2011 at Weighted Average Exercise Price were as follows

The option and warrants at the end of the year have a weighted average remaining contractual life of 4 years (2010 5 years) and have the following weighted average exercise prices

	2011		2010	
	Shares	$	Shares	$
Outstanding at beginning of year	4,025	31 17	4,025	31 17
Granted	-	-	-	-
Vested	-	-	-	-
Forfeited/expired	(500)	-	-	-
Outstanding at the end of the year	3,525	31 35	4,025	31 17
Exercisable at the end of the year	2,345	30 78	1,940	30 78

13 Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
225,000 Ordinary shares of £1 each	225,000	225,000
Equity Shares		
225,000 Ordinary shares of £1 each	225,000	225,000

14. Equity Reserves

	Profit and loss account	Other reserve	Total
	£	£	£
At 1 January 2011	1,742,589	321,745	2,064,334
Profit for the year	3,018,328	-	-
Credit to equity for equity-settled share based payments	-	608,629	608,629
At 31 December 2011	4,760,917	-	2,672,963

Other reserves represent credit in respect of share based payments

18. Controlling interest

The immediate parent undertaking is Carey Asset Management Corp , a company incorporated in the state of Delaware, USA

The ultimate parent undertaking and controlling party is W P Carey International LLC, a company incorporated in Delaware, which is the largest group to consolidate these financial statements Copies of the financial statements of W P Carey International LLC are available at the following address

W P Carey International LLC
50 Rockefeller Plaza
New York NY 10020
USA

15 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the year	3,018,328	1,425,704
Credit to equity for equity-settled share based payments	608,629	106,518
Net addition to shareholders' funds	3,626,957	1,532,222
Opening shareholders' funds	2,289,334	757,112
Closing shareholders' funds	5,916,291	2,289,334

16. Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011	2010
	£	£
Expiry date.		
Between one and five years	-	80,000
In over five years	248,646	-
	248,646	80,000

17. Related party transactions

As the company is a wholly owned subsidiary and the related party transactions are disclosed in the consolidated financial statements of the group, it has taken advantage of the exemptions under FRS 8 not to disclose transactions with other companies within the group

W P Carey & Co Limited

Notes to the financial statements
for the year ended 31 December 2011

18. Controlling interest

The immediate parent undertaking is Carey Asset Management Corp , a company incorporated in the state of Delaware, USA

The ultimate parent undertaking and controlling party is W P Carey International LLC, a company incorporated in Delaware, which is the largest group to consolidate these financial statements Copies of the financial statements of W P Carey International LLC are available at the following address

W P Carey International LLC
50 Rockefeller Plaza
New York NY 10020
USA