

# NYSSA Student Research

Industry: Financial Asset Mgmt / Real Estate

This report is published for educational purposes only by students competing in the New York Society of Security Analysts Investment Research Challenge.

## W. P. Carey & Co., L. L. C.

Date: March 14, 2008

Ticker: WPC  
Price: \$ 29.94 (close 03/10/2008)

Recommendation: BUY  
Price Target: \$36.00

Team: B

### Earnings/Share

	Mar.	Jun.	Sept.	Dec.	Year	P/E Ratio
2005A	\$0.00	\$0.00	\$0.00	\$0.00	\$1.21	24.7x
2006A	0.29	0.44	0.36	1.11	\$2.24	13.4
2007A	0.28	1.01	0.53	0.15	\$2.08	14.4
2008E	0.26E	0.49E	0.37E	0.84E	\$2.26E	12.2E

### Highlights

- **We recommended a BUY rating for W. P. Carey & Co., L.L.C. (WPC) with a current fair market price of \$36.00 per share based on DCF and peer comparable valuation:** Looking at the company as two distinct parts, we believe this stock currently trades at an 8.4x EBITDA multiple for the Investment Management portion, with a peer average of 11.8x, and 8.4x EBITDA multiple for Real Estate Operations, with a peer average of 15.8x. We believe WPC should trade at least at its respective peer group average, due to the company's positive attributes of cost efficiency and solid asset and lease revenue growth.
- **Key catalysts for earnings growth include international property acquisitions, an ability to raise funds in a difficult market environment and the recognition of WPC by the market as a low risk defensive stock:** WPC has a focused strategy of diversifying its portfolio through sale leaseback transactions in the real estate markets of the United States, Europe and the Emerging Markets. The company demonstrates an ability to raise money in a challenging market environment and will be recognized by investors as a defensive investment instrument with its prudent risk profile.
- **Internal Synergies are a Hidden Gem:** WPC is not valued appropriately by the market, which may not see the hidden value the company derives from its combination of distinct Investment Management and Real Estate Operations segments. A "sum of the parts" analysis, which viewed the company as two separate pieces, revealed underlying value for the entire company that is much higher than its market value.



### Market Profile

52 Week Price Range	25.79 - 36.86
Average Daily Volume	57,000
Beta	0.64
Dividend Yield (Estimated)	6.32%
Shares Outstanding	38,113.86
Market Capitalization	\$1,141,128.88
Institutional Holdings	12%
Insider Holdings	29%
Book Value per Share (3/10/08)	\$16.07
Debt to Total Capital	44.3%
Return on Equity	14.1%

## Investment Summary

We are placing a BUY rating on the stock W.P Carey & Co., LLC (WPC), with a 12-month price target of \$36.00, which would provide a 20% capital gain, along with a dividend yield of 6.3%. We believe comparable valuation of 8.4x EBITDA multiple for the Investment Management Operations and 8.4x EBITDA multiple for Real Estate Operations provides a compelling opportunity. Our favorable investment outlook is supported by the following analysis.

### Undiscovered Counter-Cyclical Defensive Play

During a past economic downturn during the 18 months following March 2001, shares of WPC increased over 28% while revenue increased over 19%. In the same period the Dow Jones and S&P 500 indices fell 19% and 28%, respectively. We attribute WPC's strength to steady long term growth potential from Investment Management revenue, prudent risk management and steady lease revenue from its real estate portfolio. WPC is an undiscovered defensive stock with attractive multiples, consistent dividend payout and low beta sensitivity to the market.

### Baby Boomers Want It: High Yield investment with a Reduced Risk Profile

With a consistent dividend, a disciplined strategy focused on capital preservation and an ability to mitigate default risk, WPC exhibits the risk profile of a higher yielding fixed income bond. This type of investment is attractive to investors such as retiring Baby Boomers, who require prudent investment products providing consistent income.

### Lease Opportunities in Frontier Markets Provide Growth Opportunities

An increasing popularity by European corporations to use sale leaseback arrangements as a financing method, along with a favorable European regulatory environment, provides WPC with a frontier market with tremendous market volume potential. WPC is an early mover in international net leasing, and focused on international acquisition since the inception of the CPA:16-Global REIT fund offering. Recent announcements included a \$14 million sale leaseback acquisition from OBI, the German DIY Retailer in 2008, again demonstrating their capability of completing international deals.

### Intrinsic Operating Synergy Offers WPC a Distinct Advantage

With a proven track record in completing sale leaseback transactions year after year, WPC's two business units of Investment Management and Real Estate Operations derive both financial and operating synergies. These synergies give WPC a competitive advantage, creating value through cross-organization support that stems from a shared investment evaluation process and flexible asset allocation arrangements.

## Valuation

### Price Target

Using two different methods to derive a target price for each of WPC's two distinct business revenue streams, Investment Management and Real Estate Operations, we determined that the total return for WPC will be 26.5%, including a dividend yield of 6.3%. We derived this from both a Discounted Cash Flow (DCF) analysis which yielded a rounded target price \$35.50, and a comparable company valuation, which yielded a rounded target price \$36.50. By taking the average of the two, we arrived at a target price of \$36.00.

**Figure 1: "Sum of Parts" Analysis Using DCF and Comparable Company Valuation.**

	Target Market Price	=	Investment Management	+	Real Estate Operations
DCF:	\$35.50	=	\$22.50		\$13.00
Comparable Company Valuation:	\$36.50	=	\$26.00	+	\$10.50
<b>Average (rounded):</b>	\$36.00				
Current Share Price:	\$29.94		(as of 3/10/08)		
DCF Percent Difference	20.2%	+	Dividend 6.3%	=	<b>1yr HPR 26.53%</b>

Source: Student Estimates

**DCF Model**

The Discounted Cash Flow (DCF) model uses a five-year forecasted EBITDA from our earnings model, where depreciation and amortization are subtracted. The resulting EBIT is taxed to derive an after tax EBIT amount, and depreciation is then added back to derive unlevered free cash flow. Cash flows were discounted by WACC of 7.4% which was derived by WPC’s cost of debt of 4%, cost of capital of 8.3% and a beta of 0.6. (See Appendix I)

The Investment Management DCF intrinsic value is \$22.50. Key assumptions for our DCF analysis is revenue growth of 10% and average free cash flow growth of 16%, both through 2012. Finally, our valuation utilizes a terminal value of \$909 million, which is based on a 9x multiple of 2012 EBITDA. Based on this analysis we believe WPC’s Investment Management segment is underpriced.

The Real Estate Operations DCF intrinsic value is \$13.00. We are projecting average revenue growth of 6.1% through 2012, a five-year CAGR of 8%, due to constant increases in lease revenues, and other real estate income. Free cash flow is expected to grow 7.3% through 2012. Finally, our valuation utilizes a terminal value of \$454 million, which is based on a 6x multiple of 2012 EBITDA. Based on this analysis we believe WPC’s Real Estate Operations segment is underpriced.

Adding the sum of the parts from our DCF analysis, we find that the overall company is underpriced, trading at a 20.2% discount to its current price. (See Appendices G and H)

**Multiple Review – Investment Management**

By analyzing the Investment Management side of WPC using TEV to EBITDA, we find it is trading at 8.4x, which is undervalued compared to its peer average of 11.8x. The relative value of Investment Management is \$26.00 based on a group multiple of 8.4x EBITDA, and could trade at a premium of 11.8x due to fee growth from increasing Assets Under Management (AUM) and structuring revenue.

**Figure 2: Comparable Investment and Asset Management Companies**

Investment Management											
Symbol	Name	Stock Price	Shares Out	Market Cap	EPS 1yr. Fwd.	P/E	TEV	TEV / Revenue	EBITDA	TEV / LTM EBITDA	
WPC	WP CAREY & CO LLC	\$29.94	39.3	1.18B	\$1.51	19.8x	1,451.8	9.9x	121.124	8.4x	
RJF	Raymond James Fin. Inc.	\$21.68	121.29	2.6B	\$2.07	10.5x	NA	NA	N/A	N/A	
GBL	GAMCO INVESTORS	\$52.67	28.08	1.48B	\$3.16	16.7x	855.8	3.0x	98.7	16.5x	
NITE	KNIGHT CAPITAL GROUP	\$16.23	94.59	1.54B	\$1.32	12.3x	NA	NA	N/A	NA	
CNS	COHEN & STEERS	\$24.10	41.86	1.00B	\$1.51	16.0x	1,439.5	5.1x	117.2	7.1x	
Comparable Average						\$2.02	13.8x	1,147.7	4.0	108.0	11.8x
									EBITDA	TEV/EBITDA	
Market Multiple:									\$25.63	121.124	8.4x

Source: Capital IQ, Yahoo Finance, Company Documents, Student Estimates

**Multiple Review – Real Estate Operations**

We chose to analyze WPC’s Real Estate Operations using a Funds From Operations (FFO) comparable company valuation, which gave us a relative value of \$10.60. The relative value of \$10.60 is based on a group price to FFO multiple of 6.6x and could trade above that level due to future earnings growth potential. Thus, the market is currently undervaluing WPC Real Estate Operations at an 8.4x EBITDA multiple compared to a peer average multiple of 15.8x.

**Figure 3: Comparable Real Estate Investment Trust Companies**

Real Estate Operations										
Symbol	Name	Stock Price	Shares Out	Market Cap	FFO	Number of Shares Diluted	FFO / Shares	Price / (FFO / Shares)	TEV/LTM Total Revenue	TEV/LTM EBITDA
WPC	WP CAREY & CO LLC	\$29.94	39.3	1.18B	63,808	39,868.2	\$1.60	18.7x	5.6x	8.4x
WRE	WASH REAL EST INV TR	\$33.38	46.7	1.56B	131,700	46,115.0	\$2.86	11.7x	10.9x	16.4x
NNN	NATIONAL RETAIL PROP	\$22.41	72.5	1.63B	189,700	66,407.5	\$2.86	7.8x	14.0x	17.2x
AFR	AMERICAN FIN RLTY TR	\$7.83	128.5	1.01B	148,900	64,910.1	\$2.29	3.4x	7.6x	17.0x
LXP	LEXINGTON REALTY TRU	\$15.74	61.1	961M	237,400	64,910.1	\$3.66	4.3x	13.1x	14.8x
LSE	CAPLEASE FNDING	\$8.27	44.4	367M	41,000	40,739.0	\$1.01	8.2x	NA	NA
OLP	ONE LIBERTY PROP	\$17.34	10.15	176M	40,852	10,078.0	\$4.05	4.3x	10.9x	13.8x
Comparable Average					131,575	48860.0	\$2.79	6.6x	11.2x	15.8x
					Price		FFO/Shr Price/FFO Shares			
					High		\$1.60		11.7x	
					Average		<b>\$10.60</b>		<b>6.6x</b>	
					Low		\$1.60		3.4x	

Source: Capital IQ, Yahoo Finance, Company Documents, Student Estimates

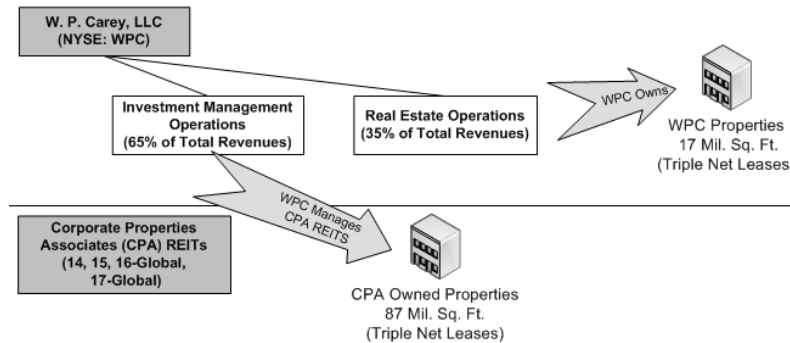
NOTE: FFO, a common industry metric used for real estate, is calculated based on Net Income plus Depreciation

## Business Description

### Business Model and Company Structure

WP Carey has a fairly unique business model with two major parts: an **Investment Management Operations** segment, which derives revenue from managing four non-publicly traded Real Estate Investment Trusts (REIT), and a **Real Estate Operations** segment, which manages a diversified portfolio of commercial properties.

**Figure 4: W. P. Carey Company Structure Diagram**



Source: student research, company documents.  
Simplified diagram; see Appendix M for full company structure.

### Investment Management Operations

Investment Management Operations collects management fees from Corporate Property Associate (CPA) REITs related to structuring and negotiating real estate investments, mortgage financing, and disposition of REIT-owned assets. This business segment consists of Carey Asset Management, Carey Financial and W. P. Carey International. The Investment Management business manages an industrially and geographically diversified portfolio, minimizing risk from concentrated exposure.

### Real Estate Operations

The Real Estate Operations portion of the business collects lease payments from a portfolio of triple-net leased properties, where costs of maintenance, insurance and property taxes are passed to the tenant. The Real Estate Operations side of WPC receives property allocations from sale leaseback acquisitions sourced by the independent Investment Committee. The company owns small subset of additional properties as part of subsidiary operations that own and operate storage unit properties (“Carey Storage”) and a hotel in Livonia, Michigan (“Livho”).

### Business Strategy

WPC uses a business model that seeks to maintain a constant flow of new acquisition targets through triple-net lease transactions that can easily be replicated, along with a solid execution capability and a balanced approach. The revenue from Investment Management Operations is accomplished by moving toward international diversification of their property portfolio and increasing total assets under management of the CPA REIT funds, which is complimented by steady revenue from the Real Estate Operations side of the business. WPC also periodically transfers lower-performing assets from REIT funds into the Real Estate Operation property portfolio, thus preserving the required yield of the CPA REIT funds.

### History of the Company

The origins of WP Carey, L.L.C., began in 1973 with W. P. Carey & Co., a company founded by William Polk Carey, currently Chairman of the Board. Focused on sale-leaseback transactions, the original company created a novel business model using sale leaseback transactions with an asset management component and property held in Real Estate Limited Partnerships, the predecessor to REITs. Early failures led to the company’s conservative approach to evaluating investments. WPC’s Investment Management division has a

track record of solid returns from managing the CPA REITs and with its own portfolio of properties. WPC increased its total assets under management to \$1 billion in 1994, \$2 billion in 1997, \$3.5 billion in 2000 and \$8.2 billion currently.

## **Other Headings Relative to Company**

### **All About the Fees: Investment Management Model is a Recurring Revenue Stream**

The revenue model of WPC's Investment Management segment is based on fees that are collected from the CPA REIT funds it manages. The three main components of fees include asset management fees, structuring fees and property disposition fees. An integral part of forecasting Investment Management revenues comes from understanding the past cycles of opening and closing of CPA REIT funds. Based on these projections, we derived several projections and trends:

The typical lifespan of a CPA REIT fund is 10 to 12 years. CPA:15 will likely end its life cycle in 2009 by merging with CPA:17-Global, and about 55% of its total assets will be transferred. CPA:17-Global will acquire assets until 2012, will make major acquisitions occurring in 2009 and 2010 and will meet asset management performance criteria in 2011. We also project that CPA:17-Global structuring fees have not been deferred due to difficulty in projecting deferral amounts. (See *Appendices K and L*)

### **Predicting WP Carey's Future through Internet Domain Name Registrations**

Based on an investigation into Internet Domain Name ownership, in addition to all funds from CPAi1.com through CPA17global.com, it appears that WPC also has domain registrations completed for the domain names CPA18.com through CPA32.com. This suggests they are planning to continue the cycle of REIT fund creation for many years to come. WPC also owns "stayrich.org," which could be a window into the long-term vision they hold for themselves and their clients.

### **Recent Board Appointments Include Individuals with Emerging Market and Construction Expertise**

Recent board appointments in 2006 and 2007 included several experts in the areas of Real Estate, including Trevor P. Bond, appointed to the Board of Directors and WPC's Investment Committee in 2007, was co-founder of Credit Suisse's real estate equity group which managed approximately \$3 billion of real estate assets. He has past experience with business projects in China, and is fluent in mandarin. Charles E. Parente, appointed to the board in 2006, is also a member of the Board of Directors of Sordoni Construction Services, Inc., a commercial construction and real estate development company. These appointments could signal expansion into emerging markets, creating additional business and growth opportunities for WPC.

## **Industry Overview and Competitive Positioning**

### **Industry Overview: Investment and Asset Management**

We see positive trends for asset managers who specialize in offering REITs. The total market capitalization of publicly listed REITs worldwide reached \$764 billion this year, reflecting a growth of more than 20% as compared with the market capitalization of \$608 billion last year.<sup>1</sup>

### **Industry Overview: Real Estate Operations**

With commercial Real Estate companies that focus on Sale leasebacks and hold long-term net lease agreements, we see a favorable outlook. Solid balance sheets, high occupancy levels, and credit worthy tenants, qualities that that can fare well during market downturns, are the hallmarks of these organizations. WPC has similar characteristics, falls into this class of companies, and benefits from these favorable industry factors.

1. Ernst and Young 2007 Global REIT Report

**Competitive Positioning: Investment and Asset Management**

WPC, with a cost efficient structure and resulting high profit margins, gains a competitive advantage over its peers. WPC has a very low amount of Assets Under Management (AUM), but manages to have the highest pre-tax profit margin against its competitors. WPC achieves this result by keeping operating expenses very low compared to competitors who have twice the amount of operating expenses.

**Figure 5: Industry Profit Margin Comparables**

Investment Management								
Symbol	Name	Asset Mgmt. Revenue	Asset Mgmt. Expenses	Asset Mgmt. Pre Tax Earnings	Assets Under Mgmt. (AUM)	Asset Mgmt Rev / AUM	Asset Mgmt Pre Tax / AUM	Pre Tax Profit Margin
WPC	WPC CAREY & CO LLC	\$146	\$55	\$117	\$8,297	1.77%	1.41%	79.8%
RJF	Raymond James Fin. Inc.	\$235	\$174	\$61	\$37,109	0.63%	0.16%	25.8%
GBL	GAMCO INVESTORS	\$262	NA	NA	\$27,300	0.96%	NA	NA
NITE	KNIGHT CAPITAL GROUP	\$215	\$140	\$75	\$4,200	5.12%	1.78%	34.8%
CNS	COHEN & STEERS	\$174	\$184	(\$3)	\$29,896	0.58%	(0.01%)	(1.9%)
Comparable Average		\$221	\$166	\$44	\$24,626	1.82%	0.64%	19.55%

Source: Capital IQ, Yahoo Finance, Company Documents, Student Estimates

**Access to Alternative Financing Arrangements**

WPC gains a competitive advantage as alternative lenders, such as insurance companies and pension funds, often seek to provide non-recourse loans in exchange for cash flow yields secured by triple net leased property. WPC benefits from these alternative financing arrangements and is thus distanced from banks, hedge funds, LBO debt and structured investment products that are suffering in the current credit contraction environment.

**In a Prime Position to Increase AUM Resulting From REIT Fundraising**

The CPA REIT funds are an attractive product in the current market environment offering a consistent total return, which is a result of WPC’s disciplined investment strategy focused on capital preservation and their ability to mitigate risk. This type of investment is attractive to investors such as retiring Baby Boomers, who require prudent investment products such as those providing consistent income.

With a continued successful fund inflow into the recently launched CPA:17, WPC is in a prime position to grow AUM. CPA REIT funds offered a constantly increasing dividend for ten years, from March 1998 through December 2007, regardless of market conditions.

**Figure 6: CPA REIT Average Fund Lifetime Return**

CPA 14	8.16%
CPA 15	6.78%
CPA 16	6.53%
<b>AVG CPA Return</b>	<b>7.16%</b>

**Competitive Positioning: Real Estate Operations**

WPC is able to generate above average profit margins compared to its peers from a relatively small amount income producing property, and further, ROA and ROE are both above the industry average. The company is able to accomplish this with low debt, and WPC has the lowest levels of debt among its peers.

Real Estate Operations also has low expenses from its relationship with the Investment Management side of the company. Each potential property acquisition for the CPA REITs is reviewed by the Investment Committee, which assesses whether deals meet criteria for inclusion in the fund. Real Estate Operations is able to option these pre-screened properties, eliminating the costs associated with the sourcing of new acquisitions. The Investment Management division’s due diligence, incurred by other similar companies as an additional expense, means each tenant acquired by Real Estate Operations is deemed to be a financially viable tenant. This, in turn, creates a portfolio of high quality tenants that pose little threat of payment delinquencies or default. The combined divisions also gain favorable tax treatment by providing additional

1031 Exchange opportunities, and from splitting of properties into interests with flexible ownership arrangements.

**Figure 7: Real Estate Operations Profit Margin Comparables**

Real Estate Operations										
Symbol	Name	ROA	ROE	Total Debt/Equity	Income Producing Property	Revenue / Prod. Prop.	Profit Margin	Occup. Rate	Total Sq. Ft. (M)	Revenue / Square Ft.
WPC	WP CAREY & CO LLC	3.8%	6.7%	0.4x	\$676	14.1%	40.0%	97.0%	17.0	5.6x
WRE	WASH REAL EST INV TR	6.2%	11.2%	2.3x	1,677.2	15.2%	24.21%	94.5%	12.3	20.8x
NNN	NATIONAL RETAIL PROP	8.8%	8.8%	0.8x	\$2,056	9.2%	83.5%	98.0%	10.3	18.3x
AFR	AMERICAN FIN RLTY TR	0.8%	(13.4%)	3.3x	\$2,321	17.8%	4.6%	86.7%	32.2	12.8x
LXP	LEXINGTON REALTY TRU	1.6%	1.7%	3.0x	\$3,733	10.5%	10.0%	96.0%	45.5	8.7x
LSE	CAPLEASE FNDING	0.0%	(0.1%)	4.3x	\$1,115	6.4%	(0.1%)	99.9%	10.4	6.9x
OLP	ONE LIBERTY PROP	2.9%	17.4%	1.3x	\$315	10.7%	84.8%	99.2%	7.5	4.5x
Comparable Average		3.1%	6.0%	2.5x	\$1,869	11.6%	34.5%	95.7%	19.7	12.0x

Source: Capital IQ, Yahoo Finance, Company Documents, Student Estimates

**Growth Drivers: Investment and Asset Management**

As transaction fees and fees based on AUM represent revenues derived from the CPA REIT funds, growth is dependent on both the ability of WPC to attract new investors, generate revenue from monies in new CPA REIT funds and maintain consistently attractive yields. With these factors, WPC will be in a good position to compete with others in this space.

**Growth Drivers: Real Estate Operations**

For WPC, the growth drivers for their triple net lease business relies entirely on the expansion of their Investment Management business, with the continued success and expansion of WP Carey’s Investment Management business driving the growth of the Real Estate Operations business. Although open to opportunistic acquisitions completely independent from the CPA REIT fund Operations, WP Carey is mostly focused on new properties for their REIT funds.

**Financial Analysis**

**Summary of Revenue Forecast and Earnings Projections**

We forecast that the revenue from Investment Management Operation will grow 10% over the next five years, while revenue from Real Estate Operations will advance 8% annually over the same period. For 2008, we forecast that the revenue will reach \$146 million on the Investment Management side and \$105 million on the Real Estate side. In our revenue forecast, we project that asset management fees and structuring revenue will contribute 8% and 2% respectively to the growth the revenue from Investment Management Operations. The growth of the revenue from Real Estate Operations primarily stems from the growth of lease revenue, which we expect to grow 8% annually over the next five years. EPS is forecast to grow 9% annually over the next five years, and is expected to reach \$2.26 by the end of 2008.

**Earnings Growth Drivers**

The key drivers for earnings growth will be an increase in total assets under management, savings from organizational synergies along with continued low debt leverage.

**Assets Under Management Growth**

We forecast that the amount of Assets Under Management (AUM) for the CPA REIT funds will increase 10% annually during the next five years. In 2008, the volume of AUM is projected to be \$9 billion, and in 2009 the volume is expected to be over \$10 billion. Our projections are based on the fact that the total amount of AUM of the CPA REITs grew at a consistent historical rate of 30% per year, from \$749 million in 1999 to \$8.2 billion in 2007. During the past five years, AUM exhibited a smaller growth rate of 15%, and in light of current weak macroeconomic conditions and a stumbling real estate market, we project a conservative 10% growth rate for AUM over the next five years. We therefore forecast an 8% growth in asset management fees and an average 0.3% growth in structuring revenue over the next five years.

**Lease Revenue Growth**

To compliment the growth of revenue streams from Investment Management, we believe Real Estate Operations revenue will provide a cushion from lease payments and gains from disposition of existing property. Based on our analysis of Real Estate Operation revenue streams from 2001 to 2007, the revenue demonstrated a steady annual growth of 8%. As a result of the link between Investment Management and Real Estate Operations, investments in this side of business are expected to grow at a continued historical pace, and hence revenue. We forecast total revenue from Real Estate Operations to reach \$105 million in 2008, and \$112 million in 2009.

**Figure 8: Financial Highlights, Investment Management and Real Estate Operations**

Investment Management	Historical Year Ending December 31,			Projected Year Ending December 31,				
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Total Revenues</b>	\$82,993	\$131,159	\$172,392	\$147,558	\$166,644	\$305,797	\$195,903	\$211,030
<b>Gross Profit</b>	43,535	95,417	117,827	103,290	116,651	214,058	137,132	147,721
<b>EBITDA</b>	48,946	105,683	121,124	106,553	123,248	221,057	140,862	151,614
<b>Net Income</b>	126,528	226,576	290,219	250,848	283,295	519,855	333,036	358,751
<b>Earnings Per Share – Basic</b>	\$0.66	\$1.42	\$1.53	\$1.34	\$1.70	\$3.33	\$2.30	\$2.67
<b>Diluted Earnings Per – Share</b>	\$0.63	\$1.37	\$1.46	\$1.28	\$1.63	\$3.19	\$2.20	\$2.55
<b>Gross Profit Margin</b>	52.5%	72.7%	68.3%	70.0%	70.0%	70.0%	70.0%	70.0%

Real Estate Operations	Historical Year Ending December 31,			Projected Year Ending December 31,				
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Total Revenues</b>	75,467	80,306	95,312	104,778	112,327	120,448	129,185	138,586
<b>Gross Profit</b>	51,758	61,660	73,104	79,767	85,514	91,696	98,348	105,505
<b>EBITDA</b>	50,929	67,393	75,620	81,366	87,298	93,699	100,607	108,066
<b>Net Income</b>	23,902	32,973	42,444	40,584	43,873	47,436	51,298	55,486
<b>Earnings Per Share – Basic</b>	\$0.64	\$0.88	\$1.12	\$1.06	\$1.15	\$1.24	\$1.35	\$1.46
<b>Diluted Earnings Per – Share</b>	\$0.61	\$0.84	\$1.08	\$1.02	\$1.10	\$1.19	\$1.29	\$1.39
<b>Gross Profit Margin</b>	68.6%	76.8%	76.7%	76.1%	76.1%	76.1%	76.1%	76.1%

**Cost Efficiency**

Compared with multi-asset funds, WPC has one of the lowest cost structures within the Asset Management industry. During the past three years, SG&A of WPC Investment Management Operations trended toward a lower level than peers, at 30% of revenue against competitor Cohen and Steers, at 75%. This grows from built in efficiencies, as one management team effectively manages two businesses, leading to a low cost operating structure. This is evident in Real Estate Operations, where the SG&A expenses only account for 7% of revenue. These findings confirm our assumption of WPC’s ability to realize operating synergy from its two business units. The simplicity of business model enables WPC to keep staff levels low, currently at approximately 120 people, and at the same time realize cost efficiencies between Investment Management and Real Estate Operations. Our forecast projects SG&A to remain at low levels over the next five years, at 30%, 7.3% and 22% for Investment Management, Real Estate Operations and for the overall company, respectively, though CapEx levels may increase for Real Estate Operations in 2008. (See *Appendix J*)

**Low Debt Leverage Lowers Interest Expenses Resulting in a Healthy Balance Sheet**

Compared with its peers in the industry, WPC demonstrated lower debt leverage, with 0.4 average debt-to-equity ratio over the past four years. In addition, WPC utilized a low risk financing method by relying on non-recourse loans for triple net lease transactions. We think that this low risk leverage strategy provides WPC with financial strength, reduces vulnerability of its balance sheet to market volatility, and hence supports its future growth. Despite the difficult market environment, WPC continues to be active, completing

four real estate transactions in the first two months of 2008. WPC carefully controls interest expenses, while benefiting from favorable financing rates. Interest expenses over the past five years were flat, at about 20% of total revenue, while interest expenses against total outstanding loans decreased slightly, at 6.8% in 2005, 6.5% in 2006 and 6.1% in 2007. Though the Federal Reserve recently cut the target interest rate by 1%, and is expected to reduce it further, the commercial loan spread recently reached a high 300 basis point level. Therefore, low interest expenses create an advantage for WPC over its peers in the industry.

## **Investment Risks**

### **Risk to Earnings Growth**

In the event of a lease default, losses are absorbed by both the WPC REIT funds and by investors through lower fund dividends, reducing the REIT fund return, and potentially hampering WPC's ability to raise funds in the future. Further down the revenue stream, lower AUM has a direct impact on Investment Management fee revenue, deteriorating Investment Management earnings. Earnings estimates rely on WPC maintaining a consistent fee structure in its revenue forecast.

In addition, increasing competition from comparable diversified REIT funds and other similar income fund investment instruments could potentially pose a risk to WPC, potentially decreasing the fee structure, and thus driving down Investment Management Revenue.

### **Legal Risk from Pending SEC Commission Approval**

An SEC investigation begun in 2004, settled "in principle" for \$30 million in February 2008. However, it is still pending approval of the full SEC Commission, which could cause the settlement to be subject to change or rejection. The SEC investigation grew from allegations surrounding payment anomalies with regard to CPA:15 shareholder dividends and excess underwriting compensation over and above selling commissions and selected dealer fees in connection with the CPA:15 REIT offering.

While it is the norm for the full SEC Commission to accept a "settlement 'in principle,'" in the event that the settlement is rejected, we estimate a cost closer to \$50 million based on comparable settlements in the past with Morgan Stanley and The Edward Jones Financial Companies, which were settled at \$50 million and \$75 million, respectively.

Like any other asset management and commercial real estate operation company, WPC carries implicit legal risk with financial impact stemmed from the normal business operation

### **Economic Recession Risk for REIT**

Slowing US GDP in 2008, a weak projected trend for 2009, along with an increase in unemployment, is confirming fears of a recession and increases the possibility of tenant lease defaults. Although WPC holds a well-diversified portfolio of properties, weakness in consumer spending could impact valuation of retail and office properties. With the recent increase in residential market defaults, it remains uncertain how much spillover to the commercial and industrial market will occur.

Historically, a deterioration of the US economy along with a protracted recession along with a credit contraction reduces investment activity in the asset management industry. The indirect impact of this is slower collection of funds for the CPA:17 REIT, delaying the introduction of the next CPA fund in the series, CPA:18, and impacting WPC Investment Management revenue.

Appendix A:

**Projected Consolidated Income Statement for W. P. Carey & Co. LLC**

*Dollars in Thousands, except per share*

Consolidated	Historical Year Ending December 31,			Projected Year Ending December 31,					2007 - 2008 CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Revenues</b>									
Asset management revenue	52,332	57,633	83,051	83,768	97,141	97,749	113,043	120,385	8%
Structuring revenue	28,197	22,506	78,175	51,549	55,981	60,793	66,019	71,694	-2%
Incentive, termination and subordinated disposition revenue from mergers	0	46,018	0	0	0	132,211	0	0	0%
Lease revenues	62,476	69,197	75,403	87,204	93,308	99,840	106,829	114,307	9%
Income from equity investments in CPA® REITs	3,090	2,606	7,191	3,128	3,128	3,128	3,128	3,128	-15%
Other income	372	0	0	0	0	0	0	0	0%
Other real estate income	9,901	8,503	12,718	14,447	15,891	17,461	19,229	21,151	18%
<b>Total Revenues</b>	<b>156,368</b>	<b>206,463</b>	<b>256,538</b>	<b>240,096</b>	<b>265,449</b>	<b>411,200</b>	<b>308,247</b>	<b>330,664</b>	<b>8%</b>
<b>Operating Expenses</b>									
General and administrative	44,981	41,376	61,821	54,540	60,790	105,425	70,324	75,177	
Provision for settlement	0	0	0	0	0	0	0	0	
Property expenses	6,155	5,984	6,245	7,739	8,297	8,897	9,542	10,237	
Impairment charges and loan losses	5,704	1,147	1,017	1,153	1,236	1,325	1,421	1,524	
Other real estate expenses	6,327	5,881	7,690	8,454	9,063	9,718	10,423	11,181	
<b>Total Operating Expenses</b>	<b>63,167</b>	<b>54,388</b>	<b>76,773</b>	<b>71,886</b>	<b>79,385</b>	<b>125,365</b>	<b>91,710</b>	<b>98,119</b>	
<b>Gross Profit</b>	<b>93,201</b>	<b>152,075</b>	<b>179,765</b>	<b>168,210</b>	<b>186,064</b>	<b>285,835</b>	<b>216,537</b>	<b>232,545</b>	
<b>Other Income and Expenses</b>									
Other interest income	3,487	3,305	6,842	3,927	7,401	7,733	4,931	5,358	
Minority interest in income	(264)	(275)	(4,143)	(1,107)	(1,062)	(778)	(993)	(958)	
Gain on sale of securities, foreign currency transactions and other gains, net	1,359	12,969	3,114	2,038	2,038	2,038	2,038	2,038	
<b>Total Other Income/Expenses</b>	<b>4,582</b>	<b>15,999</b>	<b>5,813</b>	<b>4,858</b>	<b>8,377</b>	<b>8,993</b>	<b>5,977</b>	<b>6,439</b>	
<b>EBIT DA</b>	<b>97,783</b>	<b>168,074</b>	<b>185,578</b>	<b>173,069</b>	<b>194,440</b>	<b>294,828</b>	<b>222,514</b>	<b>238,984</b>	<b>5%</b>
Depreciation and amortization	20,051	25,137	25,543	19,857	20,924	24,892	22,902	23,933	
<b>EBIT</b>	<b>77,732</b>	<b>142,937</b>	<b>160,035</b>	<b>153,212</b>	<b>173,517</b>	<b>269,936</b>	<b>199,611</b>	<b>215,051</b>	
Interest expense	(15,768)	(17,016)	(20,890)	(22,423)	(24,263)	(26,258)	(28,421)	(30,766)	
<b>Sub total before taxes</b>	<b>61,964</b>	<b>125,921</b>	<b>139,155</b>	<b>130,790</b>	<b>149,254</b>	<b>243,678</b>	<b>171,191</b>	<b>184,285</b>	
Provision for income taxes	(19,208)	(46,356)	(60,706)	(52,249)	(54,284)	(85,523)	(48,246)	(44,686)	
<b>Income From Continuing Operations</b>	<b>42,756</b>	<b>80,565</b>	<b>78,449</b>	<b>78,540</b>	<b>94,970</b>	<b>158,155</b>	<b>122,945</b>	<b>139,598</b>	
(Loss) income from discontinued operations	3,736	736	10,649	0	0	0	0	0	
<b>Net Income</b>	<b>46,492</b>	<b>81,301</b>	<b>89,098</b>	<b>78,540</b>	<b>94,970</b>	<b>158,155</b>	<b>122,945</b>	<b>139,598</b>	<b>9%</b>
<b>Earnings per share—basic</b>	<b>\$1.24</b>	<b>\$2.16</b>	<b>\$2.35</b>	<b>\$2.06</b>	<b>\$2.49</b>	<b>\$4.15</b>	<b>\$3.23</b>	<b>\$3.66</b>	
<b>Earnings per share—diluted</b>	<b>\$1.19</b>	<b>\$2.08</b>	<b>\$2.26</b>	<b>\$1.97</b>	<b>\$2.38</b>	<b>\$3.97</b>	<b>\$3.08</b>	<b>\$3.50</b>	
<b>Weighted Average Shares Outstanding</b>									
Basic	37,688,835	37,668,920	38,113,857	38,113,857	38,113,857	38,113,857	38,113,857	38,113,857	
Diluted	39,020,801	39,093,997	39,868,208	39,868,208	39,868,208	39,868,208	39,868,208	39,868,208	

Source: Company Documents, Student Estimates

Appendix A [continued]: Projected Consolidated Income Statement for W. P. Carey and Co., LLC

	2005	2006	2007	2008	2009	2010	2011	2012
<b>Margins</b>								
Gross Margin	59.6%	73.7%	70.1%	70.1%	70.1%	69.5%	70.2%	70.3%
G&A Expenses	28.8%	20.0%	24.1%	22.7%	22.9%	25.6%	22.8%	22.7%
Property expenses	3.0%	2.9%	3.0%	3.7%	4.0%	4.3%	4.6%	4.9%
Impairment charges and loan losses	2.7%	0.6%	0.5%	0.6%	0.6%	0.6%	0.7%	0.7%
Other real estate expenses	3.0%	2.8%	3.7%	4.1%	4.4%	4.7%	5.0%	5.4%
Other Expense / (Income) as % of Sales	2.9%	7.7%	2.3%	2.0%	3.2%	2.2%	1.9%	1.9%
Interest Expense	(10.1%)	(8.2%)	(8.1%)	(9.3%)	(9.1%)	(6.4%)	(9.2%)	(9.3%)
Provision for income taxes	(12.3%)	(22.0%)	(23.7%)	(21.8%)	(20.4%)	(20.8%)	(15.7%)	(13.5%)
EBITDA Margin	62.5%	81.4%	72.3%	72.1%	73.2%	71.7%	72.2%	72.3%
EBIT Margin	49.7%	69.2%	62.4%	63.8%	65.4%	65.6%	64.8%	65.0%
Net Income Margin	29.7%	39.4%	34.7%	32.7%	35.8%	38.5%	39.9%	42.2%
Depreciation and amortization	12.8%	12.2%	10.0%	8.3%	7.9%	6.1%	7.4%	7.2%
<b>Growth rates</b>								
Revenue growth rates	(24.8%)	32.0%	24.3%	(6.4%)	10.6%	54.9%	(25.0%)	7.3%
Asset management revenue	14.2%	10.1%	44.1%	0.9%	16.0%	0.6%	15.6%	6.5%
Structuring revenue	(16.3%)	(20.2%)	247.4%	(34.1%)	8.6%	8.6%	8.6%	8.6%
Incentive, termination and subordinated disposition revenue from mergers	(100.0%)	#DIV/0!	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Lease revenues	4.6%	10.8%	9.0%	15.7%	7.0%	7.0%	7.0%	7.0%
Other real estate income	(21.7%)	(14.1%)	49.6%	13.6%	10.0%	10.0%	10.0%	10.0%
Other interest income	12.8%	(5.2%)	107.0%	(42.6%)	88.4%	4.5%	(36.2%)	8.7%
income from equity investments in real estate	(15.7%)	(15.7%)	175.9%	(56.5%)	0.0%	0.0%	0.0%	0.0%
Minority interest in income	(82.4%)	4.2%	1,406.5%	(73.3%)	(4.0%)	(26.8%)	27.6%	(3.5%)
Gain on sale of securities, foreign currency transactions and other gains, net	11.2%	854.3%	(76.0%)	(34.5%)	0.0%	0.0%	0.0%	0.0%
Effective Tax Rate		36.0%	43.6%	39.9%	36.4%	35.1%	28.2%	24.2%

Footnote: Consolidating Investment Management and Real Estate Operations does not exactly match WPC consolidated statement

Footnote: 2007 Normalized to exclude Provision of Settlement of \$29.9M and \$8.9M in taxes

Appendix B:

**Projected Investment Management Income Statement for W. P. Carey & Co. LLC**

*Dollars in Thousands, except per share*

Investment Management	Historical Year Ending December 31,			Projected Year Ending December 31,					2006-2011 CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Revenues</b>									
Asset management revenue	52,332	57,633	83,051	83,768	97,141	97,749	113,043	120,385	8%
Structuring revenue	28,197	22,506	78,175	51,549	55,981	60,793	66,019	71,694	-2%
Incentive, termination and subordinated disposit	0	46,018	0	0	0	132,211	0	0	0%
Income from equity investments in C PA@ REITs	2,092	5,002	11,166	11,166	11,166	11,166	11,166	11,166	0%
Other Income	372	0	0	0	0	0	0	0	
<b>Total Revenues</b>	<b>82,993</b>	<b>131,159</b>	<b>172,392</b>	<b>146,484</b>	<b>164,288</b>	<b>301,919</b>	<b>190,228</b>	<b>203,245</b>	<b>3%</b>
<b>Operating Expenses</b>									
General and administrative	39,468	35,742	54,565	46,875	52,572	96,614	60,873	65,038	
<b>Total Operating Expenses</b>	<b>39,468</b>	<b>35,742</b>	<b>54,565</b>	<b>46,875</b>	<b>52,572</b>	<b>96,614</b>	<b>60,873</b>	<b>65,038</b>	
<b>Gross Profit</b>	<b>43,525</b>	<b>95,417</b>	<b>117,827</b>	<b>99,609</b>	<b>111,716</b>	<b>205,305</b>	<b>129,355</b>	<b>138,206</b>	
<b>Other Income and Expenses</b>									
Other interest income	3,176	2,853	6,031	2,967	6,264	6,387	3,338	3,471	
Minority interest in loss (income)	235	892	(2,734)	293	329	604	380	406	
Gain on sale of securities, foreign currency transactions and other gains, net	2,000	6,521	0	0	0	0	0	0	
<b>Total Other Income/Expenses</b>	<b>5,411</b>	<b>10,266</b>	<b>3,297</b>	<b>3,260</b>	<b>6,592</b>	<b>6,991</b>	<b>3,718</b>	<b>3,878</b>	
<b>EBITDA</b>	<b>48,946</b>	<b>105,683</b>	<b>121,124</b>	<b>102,869</b>	<b>118,308</b>	<b>212,296</b>	<b>133,073</b>	<b>142,084</b>	<b>3%</b>
Depreciation and amortization	5,602	7,643	4,179	3,516	3,943	7,246	4,565	4,878	
<b>EBIT</b>	<b>43,344</b>	<b>98,040</b>	<b>116,945</b>	<b>99,353</b>	<b>114,365</b>	<b>205,050</b>	<b>128,508</b>	<b>137,206</b>	<b>3%</b>
Provision for income taxes	(18,662)	(44,710)	(59,125)	(50,231)	(52,102)	(83,164)	(45,695)	(41,927)	
<b>Net Income</b>	<b>\$24,682</b>	<b>\$53,330</b>	<b>\$57,820</b>	<b>\$49,122</b>	<b>\$62,263</b>	<b>\$121,886</b>	<b>\$82,813</b>	<b>\$95,279</b>	<b>11%</b>
<b>Margins</b>									<b>Step Functi</b>
Gross Margin	52.5%	72.7%	68.3%	68.0%	68.0%	66.0%	68.0%	68.0%	
G&A Expenses	47.5%	27.3%	31.7%	32.0%	32.0%	32.0%	32.0%	32.0%	
EBITDA Margin	59.0%	80.6%	70.3%	70.2%	72.0%	70.3%	70.0%	69.9%	
EBIT Margin	52.2%	74.7%	67.8%	67.8%	69.6%	67.9%	67.6%	67.5%	
Net Income Margin	29.7%	40.7%	33.5%	33.5%	37.9%	40.4%	43.5%	46.9%	
<b>Growth Rate Analysis</b>									
Revenue growth rates	(37.8%)	58.0%	31.4%	(15.0%)	12.2%	83.8%	(37.0%)	6.8%	10.1%
Asset management revenue	14.2%	10.1%	44.1%	0.9%	16.0%	0.6%	15.6%	6.5%	7.9%
Structuring revenue	(16.3%)	(20.2%)	247.4%	(34.1%)	8.6%	8.6%	8.6%	8.6%	8.6%
Incentive, termination and subordinated disposit	(100.0%)	0.0%	0.0%						
Income from equity investments in C PA@ REITs	2.5%	3.8%	6.5%						
Other Income	(128.5%)	(100.0%)	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>Total Revenues</b>	<b>(228.0%)</b>	<b>(106.2%)</b>	<b>297.9%</b>	<b>(33.2%)</b>	<b>24.6%</b>	<b>9.2%</b>	<b>24.2%</b>	<b>15.1%</b>	
Other interest income	3.8%	2.2%	3.5%						
Minority interest in income	0.3%	0.7%	(1.6%)	0.2%	0.2%	0.2%	0.2%	0.2%	
Gain on sale of securities, foreign currency trans	2.4%	5.0%	0.0%						
EBITDA Growth rates	(54.7%)	126.2%	19.3%	(15.0%)	15.1%	79.3%	(37.3%)	6.8%	
EBIT Growth Rate	(54.7%)	126.2%	19.3%	(15.0%)	15.1%	79.3%	(37.3%)	6.8%	
EPS Growth Rate	(47.4%)	115.3%	7.8%	(15.5%)	26.8%	95.8%	(32.1%)	15.1%	
Net Income Growth Rate	(46.6%)	116.1%	8.4%	(15.0%)	26.8%	95.8%	(32.1%)	15.1%	
Effective Tax Rate	43.1%	45.6%	50.6%	50.6%	45.6%	40.6%	35.6%	30.6%	(5.0%)
Earnings per share—basic	\$0.66	\$1.42	\$1.53	\$1.29	\$1.63	\$3.20	\$2.17	\$2.50	10%
Earnings per share—diluted	\$0.63	\$1.37	\$1.46	\$1.23	\$1.56	\$3.06	\$2.08	\$2.39	10%

Footnote: 2007 Normalized to exclude Provision of Settlement of \$29.9M and \$8.9M in taxes

Appendix C:

**Projected Schedule for Investment Management Items for W. P. Carey & Co. LLC**

	Historical Year Ending December 31,			Projected Year Ending December 31,				
	2005	2006	2007	2008	2009	2010	2011	2012
Other Interest Income, recurring	3,176	2,853	6,031					
Deferred interest income from CP A 16			\$3,178					
Deferred interest income from CP A 17					\$3,178	\$3,178		
	3,176	2,853	2,853	2,967	3,086	3,209	3,338	3,471
	12.5%	(10.2%)	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Other Interest Income, recurring</b>				<b>2,967</b>	<b>6,264</b>	<b>6,387</b>	<b>3,338</b>	<b>3,471</b>
<b>Depreciation</b>								
Total Revenues	82,993	131,159	172,392	146,484	164,288	301,919	190,228	203,245
Depreciation	5,602	7,643	4,179	3,516	3,943	7,246	4,565	4,878
% of Total Revenues	6.7%	5.8%	2.4%	2.40%	2.40%	2.40%	2.40%	2.40%

Appendix D:

**Projected Real Estate Operations Income Statement for W. P. Carey & Co. LLC**

*Dollars in Thousands, except per share*

Real Estate Operations	Historical Year Ending December 31,			Projected Year Ending December 31,					2007 - 2009
	2005	2006	2007	2008	2009	2010	2011	2012	CAGR
<b>Revenues</b>									
Lease revenues	62,476	69,197	75,403	87,204	93,308	99,840	106,829	114,307	9%
Income from equity investments in CPA® REITs	3,090	2,606	7,191	3,128	3,128	3,128	3,128	3,128	-15%
Other real estate income	9,901	8,503	12,718	14,447	15,891	17,481	19,229	21,151	11%
<b>Total Revenues</b>	<b>75,467</b>	<b>80,306</b>	<b>95,312</b>	<b>104,778</b>	<b>112,327</b>	<b>120,448</b>	<b>129,185</b>	<b>138,586</b>	<b>8%</b>
<b>Operating Expenses</b>									
General and administrative	5,523	5,634	7,256	7,665	8,217	8,812	9,461	10,138	
Property expenses	6,155	5,984	6,246	7,739	8,297	8,897	9,542	10,237	
Impairment charges and loan losses	5,704	1,147	1,017	1,153	1,236	1,325	1,421	1,524	
Other real estate expenses	6,327	5,881	7,690	8,454	9,063	9,718	10,423	11,181	
<b>Total Operating Expenses</b>	<b>23,709</b>	<b>18,646</b>	<b>22,208</b>	<b>25,011</b>	<b>26,813</b>	<b>28,751</b>	<b>30,837</b>	<b>33,081</b>	
<b>Gross Profit</b>	<b>51,758</b>	<b>61,660</b>	<b>73,104</b>	<b>79,767</b>	<b>85,514</b>	<b>91,696</b>	<b>98,348</b>	<b>105,505</b>	<b>8%</b>
<b>Other Income and Expenses</b>									
Other interest income	311	452	811	960	1,137	1,346	1,594	1,887	
Minority interest in income	(499)	(1,167)	(1,409)	(1,400)	(1,391)	(1,382)	(1,373)	(1,364)	
Gain on sale of securities, foreign currency transactions and other gains, net	(641)	6,448	3,114	2,038	2,038	2,038	2,038	2,038	
<b>Total Other Income/Expenses</b>	<b>(829)</b>	<b>5,733</b>	<b>2,516</b>	<b>1,598</b>	<b>1,784</b>	<b>2,002</b>	<b>2,259</b>	<b>2,561</b>	
<b>EBIT DA</b>	<b>50,929</b>	<b>67,393</b>	<b>75,620</b>	<b>81,366</b>	<b>87,298</b>	<b>93,699</b>	<b>100,607</b>	<b>108,066</b>	<b>7%</b>
Depreciation and amortization	14,449	17,494	2,1364	16,341	16,981	17,646	18,337	19,055	
<b>EBIT</b>	<b>36,480</b>	<b>49,899</b>	<b>54,256</b>	<b>65,025</b>	<b>70,317</b>	<b>76,053</b>	<b>82,270</b>	<b>89,011</b>	<b>10%</b>
Interest expense	(15,768)	(17,016)	(20,880)	(22,423)	(24,263)	(26,258)	(28,421)	(30,766)	
<b>Sub total before taxes</b>	<b>20,712</b>	<b>32,883</b>	<b>33,376</b>	<b>42,602</b>	<b>46,055</b>	<b>49,795</b>	<b>53,849</b>	<b>58,245</b>	
Provision for income taxes	(546)	(646)	(1,581)	(2,018)	(2,182)	(2,359)	(2,551)	(2,759)	
<b>Income From Continuing Operations</b>	<b>20,166</b>	<b>32,237</b>	<b>31,795</b>	<b>40,584</b>	<b>43,873</b>	<b>47,436.5</b>	<b>51,298</b>	<b>55,486</b>	
(Loss) Income from Discontinued Operations	3,736	736	10,649	0	0	0	0	0	
<b>Net Income</b>	<b>\$23,902</b>	<b>\$32,973</b>	<b>\$42,444</b>	<b>\$40,584</b>	<b>\$43,873</b>	<b>\$47,436</b>	<b>\$51,298</b>	<b>\$55,486</b>	<b>6%</b>
<b>Margins</b>									<b>Step Function</b>
Gross Margin	68.6%	76.8%	76.7%	76.1%	76.1%	76.1%	76.1%	76.1%	
G&A Expenses	7.3%	7.0%	7.6%	7.3%	7.3%	7.3%	7.3%	7.3%	
Lease revenues	8.2%	7.5%	6.8%	7.4%	7.4%	7.4%	7.4%	7.4%	
Income from equity investments in CPA® REITs	7.6%	1.4%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	
Other real estate income	8.4%	7.3%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	
Interest Expense	(20.9%)	(21.2%)	(21.9%)	(21.4%)	(21.6%)	(21.8%)	(22.0%)	(22.2%)	(0.2%)
EBITDA Margin	67.5%	83.9%	79.3%	77.7%	77.7%	77.8%	77.9%	78.0%	
EBIT Margin	48.3%	62.1%	56.9%	62.1%	62.6%	63.1%	63.7%	64.2%	
Net Income Margin	31.7%	41.1%	44.5%	38.7%	39.1%	39.4%	39.7%	40.0%	
<b>Growth rates</b>									
Revenue growth rates	(0.8%)	6.4%	18.7%	3.0%	7.2%	7.2%	7.3%	7.3%	
Lease revenues	4.6%	10.8%	9.0%	7.0%	7.00%	7.00%	7.00%	7.00%	
income from equity investments in real estate	(15.7%)	(15.7%)	175.9%	(50.0%)	16.0%	(16.0%)	16.0%	16.0%	
Other real estate income	(21.7%)	(14.1%)	49.6%	10.0%	10.0%	10.0%	10.0%	10.0%	
Other interest income	15.2%	46.3%	79.4%	18.4%	18.4%	18.4%	18.4%	18.4%	
Minority interest in income	(0.7%)	(1.5%)	(1.5%)	(0.6%)	(0.6%)	(0.6%)	(0.6%)	(0.6%)	
Gain on sale of securities, foreign currency transactions and other gains, net	(152.5%)	1,005.9%	(51.7%)	2.4%	2.4%	2.4%	2.4%	2.4%	
EBITDA Growth rates	8.2%	32.3%	12.2%	7.6%	7.3%	7.3%	7.4%	7.4%	
Net Income Growth Rate	21.7%	38.0%	28.7%	(4.4%)	8.1%	8.1%	8.1%	8.2%	
Tax:	2.6%	2.0%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	
Earnings per share—basic	\$0.64	\$0.88	\$1.12	\$1.06	\$1.15	\$1.24	\$1.35	\$1.46	5%
Earnings per share—diluted	\$0.61	\$0.84	\$1.08	\$1.02	\$1.10	\$1.19	\$1.29	\$1.39	5%
Funds from Operations (FFO)	38,351	50,467	63,808	56,925	60,854	65,082	69,635	74,541	3%
FFO / Share	\$1.02	\$1.34	\$1.67	\$1.49	\$1.60	\$1.71	\$1.83	\$1.96	
Adjusted FFO (Avg. FFO from 2007 and 2009)			58,143						

Footnote, 2005 Net Income is off by \$20,000

Appendix E:

**Projected Schedule for Real Estate Operations Items for W. P. Carey & Co. LLC**

	Historical Year Ending December 31,			Projected Year Ending December 31,				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Depreciation</b>								
Real Estate Net	454,478	540,504	513,405	533,309	554,194	575,896	598,449	621,885
Depreciation	14,449	17,494	21,364	16,341	16,981	17,646	18,337	19,055
% of Real estate	3.2%	3.2%	4.2%	3.06%	3.06%	3.06%	3.06%	3.06%

Appendix F:

**Projected Balance Sheet for W. P. Carey & Co. LLC**

*Dollars in Thousands, except per share*

	Historical Year Ending December 31,			Projected Year Ending December 31,					Projected CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Assets</b>									
Real estate, net	454,478	540,504	513,405	533,309	554,194	575,896	598,449	621,885	3.1%
Net investment in direct financing leases	131,975	108,581	89,463	83,891	74,723	64,707	53,793	41,925	(13.0%)
Equity investments in real estate and CPA® REITs	134,567	166,147	242,677	251,674	261,530	271,771	282,414	293,474	3.1%
Operating real estate, net	7,865	33,606	73,189	75,502	78,459	81,531	84,724	88,042	3.1%
Real estate under construction and redevelopment									
Assets held for sale	18,815	1,269	0	0	0	0	0	0	
Cash and cash equivalents	13,014	22,108	12,137	13,183	13,699	14,236	14,793	15,372	3.1%
Due from affiliates	82,933	88,884	88,329	91,788	95,383	99,118	102,999	107,033	3.0%
Goodwill	63,607	63,607	63,607	66,098	68,686	71,376	74,171	77,076	3.1%
Intangible assets, net	40,700	43,742	36,266	37,686	39,162	40,696	42,289	43,945	(0.7%)
Other assets, net	35,308	24,562	34,211	35,551	36,943	38,390	39,893	41,455	10.2%
<b>Total Assets</b>	<b>983,262</b>	<b>1,093,010</b>	<b>1,153,284</b>	<b>1,198,447</b>	<b>1,245,379</b>	<b>1,294,149</b>	<b>1,344,829</b>	<b>1,397,494</b>	<b>4.2%</b>
<b>Liabilities and Members' Equity</b>									
<b>Liabilities</b>									
Non-recourse debt	226,701	261,152	254,051	237,768	262,875	407,214	305,259	327,459	
Limited recourse mortgage notes payable on assets held for sale	4,412	0		0	0	0	0	0	
Unsecured credit facility	15,000	2,000	62,700	62,700	62,700	62,700	62,700	62,700	
Secured credit facility	0	15,501	0	0	0	0	0	0	
Accrued interest	2,036	1,974	0	0	0	0	0	0	
Distributions payable (dividends payable)	16,963	17,481	29,222	20,672	20,879	21,087	21,298	21,511	
Due to affiliates	2,994	1,239	0	0	0	0	0	0	
Deferred revenue	23,085	40,490	0	0	0	0	0	0	
Accounts payable and accrued expenses	23,002	32,073	71,819	67,216	74,314	115,117	86,295	92,571	
Prepaid and deferred rental income and security deposits	4,414	5,548	0	0	0	0	0	0	
Accrued income taxes	634	21,935	3,307	3,095	3,422	5,301	3,974	4,263	
Deferred income taxes, net	39,908	41,527	61,331	57,400	63,461	98,306	73,693	79,053	
Other liabilities	12,956	12,340	514	481	532	824	618	663	
Settlement provision (Note 11)			29,979	0	0	0	0	0	
<b>Total liabilities</b>	<b>372,105</b>	<b>453,260</b>	<b>512,923</b>	<b>449,332</b>	<b>488,183</b>	<b>710,550</b>	<b>553,836</b>	<b>588,218</b>	
Minority interest in consolidated entities	3,689	7,765	6,090	6,090	6,090	6,090	6,090	6,090	
<b>Members' equity:</b>									
Listed share, no par value, 100,000,000 share authorized									
36,745,027, 37,523,462, 37,706,247 and 38,262,157 shares issued and outstanding, respectively	740,593	745,969	748,584	860,076	868,158	694,561	901,954	920,236	
Distributions in excess of accumulated earnings	(131,178)	(114,008)	(117,051)	(117,051)	(117,051)	(117,051)	(117,051)	(117,051)	
Unearned compensation	(5,119)	0	0	0	0	0	0	0	
Accumulated other comprehensive income	3,172	24	2,738	0	0	0	0	0	
<b>Total Members' equity</b>	<b>607,468</b>	<b>631,985</b>	<b>634,271</b>	<b>743,025</b>	<b>751,107</b>	<b>577,510</b>	<b>784,903</b>	<b>803,185</b>	
<b>Total liabilities, minority interest and members' equity</b>	<b>983,262</b>	<b>1,093,010</b>	<b>1,153,284</b>	<b>1,198,447</b>	<b>1,245,379</b>	<b>1,294,149</b>	<b>1,344,829</b>	<b>1,397,494</b>	
<i>check</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	

**Appendix F [continued]: Projected Balance Sheet for W. P. Carey & Co., LLC**

	Historical Year Ending December 31,			Projected Year Ending December 31,				
	2005	2006	2007	2008	2009	2010	2011	2012
% liability	37.84%	41.47%	44.47%	37.49%	39.20%	54.90%	41.18%	42.09%
% equity	61.78%	57.82%	55.00%	62.00%	60.31%	44.62%	58.36%	57.47%
Total Debt	246,113	278,653	316,751	300,468	325,575	469,914	367,959	390,159
Total Book Capitalization	853,581	910,638	951,022	1,043,493	1,076,682	1,047,424	1,152,862	1,193,344
Total Debt / Total Book Capitalization	28.8%	30.6%	33.3%	28.8%	30.2%	44.9%	31.9%	32.7%
EBITDA	97,783	168,074	185,578	173,069	194,440	294,828	222,514	238,984
Total Debt / EBITDA	2.5x	1.7x	1.7x	1.7x	1.7x	1.6x	1.7x	1.6x
Interest Expense	15,768	17,016	20,880	22,423	24,263	26,258	28,421	30,766
EBITDA Coverage	6.2x	9.9x	8.9x	7.7x	8.0x	11.2x	7.8x	7.8x
Debt to Total Capital	37.8%	41.5%	44.5%	37.5%	39.2%	54.9%	41.2%	42.1%
Real estate, net	46.2%	49.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%
Net investment in direct financing leases	13.4%	9.9%	7.8%	7.0%	6.0%	5.0%	4.0%	3.0%
Equity investments in real estate and CPA® REITs	13.7%	15.2%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Operating real estate, net	0.8%	3.1%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Real estate under construction and redevelopment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assets held for sale	1.9%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash and cash equivalents	1.3%	2.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Due from affiliates	8.4%	8.1%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Goodwill	6.5%	5.8%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Intangible assets, net	4.1%	4.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Other assets, net	3.6%	2.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Assets growth	(3.0%)	11.2%	5.5%	3.9%	3.9%	3.9%	3.9%	3.9%
Non-recourse debt	18.9%	15.2%	(2.7%)	(2.7%)	(2.7%)	(2.7%)	(2.7%)	(2.7%)

Appendix G: Discounted Cash Flow for Investment Management Operations

**Discounted Cash Flow Analysis for W. P. Carey & Co. LLC**

Dollars in Millions, except per share

	Historical Year Ending December 31,		Projected Year December 31,			2012 CAAGR		
	2005	2006	2007	2008	2009		2010	2011
<b>Investment Management</b>								
Revenue	\$82,993.0	\$131,169.0	\$172,392.0	\$146,483.7	\$164,287.7	\$301,918.5	\$190,228.2	\$203,244.8
EBITDA	48,946.0	105,683.0	121,124.0	102,899.0	118,308.0	212,295.7	133,073.2	142,084.1
Less: Depreciation & Amortization	(5,602.0)	(7,643.0)	(4,179.0)	(3,516.6)	(3,942.9)	(7,246.0)	(4,566.5)	(4,877.9)
EBIT	43,344.0	98,040.0	116,945.0	99,382.4	114,365.1	205,049.6	128,507.8	137,206.2
Less: Taxes @ 50.6%	(21,913.8)	(49,567.0)	(59,125.0)	(50,231.1)	(57,820.7)	(103,668.9)	(64,970.9)	(69,388.6)
Tax-affected EBIT	21,430.2	48,473.0	57,820.0	49,151.3	56,544.5	101,380.7	63,536.9	67,817.5
Plus: Depreciation & Amortization				3,516.6	3,942.9	7,246.0	4,566.5	4,877.9
Unlevered Free Cash Flow				\$52,638.0	\$60,487.4	\$108,626.8	\$68,102.3	\$72,715.4
Unlevered Free Cash Flow Growth Rate				14.9%	14.9%	79.6%	(37.3%)	6.8%

**A** + **B** = **C**

Discount Rate	PV of Terminal Value as a Multiple of 2012 EBITDA (c)		Enterprise Value	
	8.0x	9.0x	8.0x	9.0x
6.23%	\$940,087.7	\$948,088.7	\$1,141,051.2	\$1,246,082.2
6.73%	820,994.0	923,168.3	1,117,316.1	1,219,889.4
7.23%	801,640.6	901,846.7	1,094,209.5	1,194,414.6
7.73%	783,210.1	881,111.4	1,071,714.7	1,169,616.0
8.23%	765,285.8	860,946.5	1,049,811.5	1,145,472.2

**D** - **E** = **F**

Discount Rate	Total Equity Value		Value Per Diluted Share (d)	
	8.0x	9.0x	8.0x	9.0x
6.23%	\$836,437.2	\$941,448.2	\$20.98	\$23.61
6.73%	812,701.1	915,275.4	20.38	22.96
7.23%	789,595.5	889,800.6	19.81	22.32
7.73%	767,100.7	865,002.0	19.24	21.70
8.23%	746,197.5	840,868.2	18.69	21.09

**G** = **H**

Discount Rate	Terminal Value as a % of Enterprise Value		Implied Perpetuity Growth Rate	
	8.0x	9.0x	8.0x	9.0x
6.23%	73.6%	75.8%	(0.2%)	0.5%
6.73%	73.4%	75.7%	0.3%	1.0%
7.23%	73.3%	75.5%	0.8%	1.5%
7.73%	73.1%	75.3%	1.3%	1.9%
8.23%	72.9%	75.2%	1.7%	2.4%

(a) Projections based on internal estimates.  
 (b) Present values calculated as of 12/31/07.  
 (c) Discounted 5 years; based on 2012 EBITDA of \$142,084.1 million.  
 (d) Based on 39,868,208 million diluted shares outstanding as of 10/10/08.

Appendix H: Discounted Cash Flow for Real Estate Operations

**Discounted Cash Flow Analysis for W. P. Carey & Co. LLC**

*Dollars in Millions, except per share*

Real Estate Operations	Historical Year Ending December 31,				Projected Year December 31,				2007-2012 CAGR
	2005	2006	2007	2008	2009	2010	2011	2012	
Revenue	\$75,467.0	\$80,306.0	\$85,312.0	\$104,778.2	\$112,327.1	\$120,447.8	\$129,184.7	\$138,565.5	7.8%
EBITDA	50,929.0	67,393.0	75,620.0	81,366.7	87,298.3	93,698.7	100,606.6	108,065.5	7.4%
Less: Depreciation & Amortization	(14,449.0)	(17,494.0)	(21,364.0)	(16,341.0)	(16,990.9)	(17,645.9)	(18,336.9)	(19,055.0)	
EBIT	36,480.0	49,899.0	54,256.0	65,024.7	70,317.4	76,052.9	82,269.7	89,010.6	10.4%
Less: Taxes @ 4.7%	(1,728.0)	(2,363.7)	(2,570.1)	(3,080.2)	(3,330.9)	(3,802.6)	(3,897.1)	(4,216.4)	
Tax-effected EBIT	34,752.0	47,535.3	51,685.9	61,944.5	66,986.6	72,450.3	78,372.7	84,794.2	
Plus: Depreciation & Amortization				16,341.0	16,990.9	17,645.9	18,336.9	19,055.0	
Unlevered Free Cash Flow				\$78,285.5	\$83,967.4	\$90,096.2	\$96,709.6	\$103,849.2	7.4%
Unlevered Free Cash Flow Growth Rate				7.3%	7.3%	7.3%	7.3%	7.4%	

**A + B = C**

**D - E = F**

Discount Rate	A		B		C	
	5.0x	7.0x	5.0x	7.0x	5.0x	7.0x
6.23%	\$375,926.3	\$479,212.1	\$559,080.7	\$775,289.7	\$855,138.4	\$935,007.0
6.73%	370,840.6	468,092.3	546,107.6	760,717.5	838,732.9	916,748.2
7.23%	365,469.4	467,280.6	533,484.1	748,536.6	822,700.1	888,963.5
7.73%	360,409.6	446,767.3	521,228.5	732,716.7	807,176.9	881,638.2
8.23%	355,468.1	436,542.7	509,289.8	719,248.7	792,000.8	864,757.9

Discount Rate	D		E		F	
	5.0x	7.0x	5.0x	7.0x	5.0x	7.0x
6.23%	\$304,814.0	\$470,655.7	\$550,524.4	\$630,393.0	\$11.81	\$13.81
6.73%	304,814.0	466,103.5	534,118.9	612,134.2	11.44	13.40
7.23%	304,814.0	441,922.6	518,136.1	594,349.5	11.08	13.00
7.73%	304,814.0	428,101.7	502,562.9	577,024.2	10.74	12.61
8.23%	304,814.0	414,629.7	487,386.8	560,148.9	10.40	12.22

Discount Rate	Terminal Value as a % of Enterprise Value	
	5.0x	7.0x
6.23%	51.5%	59.8%
6.73%	51.3%	59.6%
7.23%	51.0%	59.3%
7.73%	50.8%	59.1%
8.23%	50.6%	58.9%

Value Per Diluted Share (d)	Implied Perpetuity Growth Rate	
	5.0x	7.0x
\$11.81	(10.9%)	(8.6%)
11.44	(10.5%)	(8.2%)
11.08	(10.1%)	(7.6%)
10.74	(9.6%)	(7.1%)
10.40	(9.2%)	(6.7%)

(a) Projections based on internal estimates.  
 (b) Present values calculated as of 12/31/07.  
 (c) Discounted 5 years; based on 2012 EBITDA of \$108,065.5 million.  
 (d) Based on 39,868,208 million diluted shares outstanding as of 10/10/08.

Appendix I:

**WACC for W. P. Carey & Co. LLC**

*Dollars in Millions, except per share*

W. P. Carey & Co. LLC WACC	
<i>Cost of Debt:</i>	
Historical weighted average cost of debt	6.10%
Marginal Tax Rate	43.62%
After-tax cost of debt: $6.10\% \times (1 - 43.6\%) =$	3.44%
<i>Cost of Equity:</i>	
Yield on the 10-year U.S. Government Bond	3.54%
Unlevered Beta	0.64
Market Risk Premium	4.90%
Size Risk Premium	1.61%
Cost of Equity = $3.54\% + (0.64 \times 4.90\%) + 1.61\% =$	8.29%
<i>Percentage of Capital</i>	
Total Debt	\$316,751.0
Market Value of Equity	1,141,128.9
Total Capital	\$1,457,879.9
Debt as a % of Total Capital	21.7%
Market Value of Equity to Total Capital	78.3%
<i>Weighted Average Cost of Capital:</i>	
WACC = $(3.44\% \times 21.7\%) + (8.29\% \times 78.3\%) =$	<b>7.23%</b>

Size Risk Premium	
\$0.000	6.41%
\$262.725	2.86%
\$505.437	2.36%
\$746.219	1.75%
\$1,097.603	1.61%
\$1,607.854	1.44%
\$2,231.707	1.07%
\$3,464.104	0.75%
\$6,241.953	0.60%
\$14,096.886	(0.37%)

Source: Ibbotson Associates

Appendix J: 12-month Projected CapEx vs. Actual CapEx

Year	Quarter	CapEx Projected	Actual CapEx (1 yr. later)	% Actual CapEx Incr.
2004	Q2	\$2,000	1,240	
	Q3	\$2,644	1,393	12.3%
	Q4	\$3,575	2,975	113.6%
2005	Q1	\$2,965	3,649	22.7%
	Q2	\$2,359	5,873	60.9%
	Q3	\$2,688	5,874	0.0%
2006	Q4	\$1,550	4,937	(16.0%)
	Q1	\$1,675	8,144	65.0%
	Q2	\$3,565	8,424	3.4%
	Q3	\$2,855	12,511	48.5%
2007	Q4	\$2,700	15,987	27.8%
	Q1	\$10,598	Future Capex Not Projected	
	Q2	\$10,348		
	Q3	\$10,100		
Q4	\$7,600			

Source: student research, company documents.

**Appendix K: Investment Management Fee Structure**

		<b>Basic rate</b>	<b>Performance Rate</b>	<b>Total</b>
<b>Asset mgmt fee</b>		0.5%	0.5%	1.0%
<b>Structuring fee</b>				
	Acquisition fee	2.5%	2%	4.5%
	Refinancing fee	1%		1.0%

*Source: student research, company documents.*

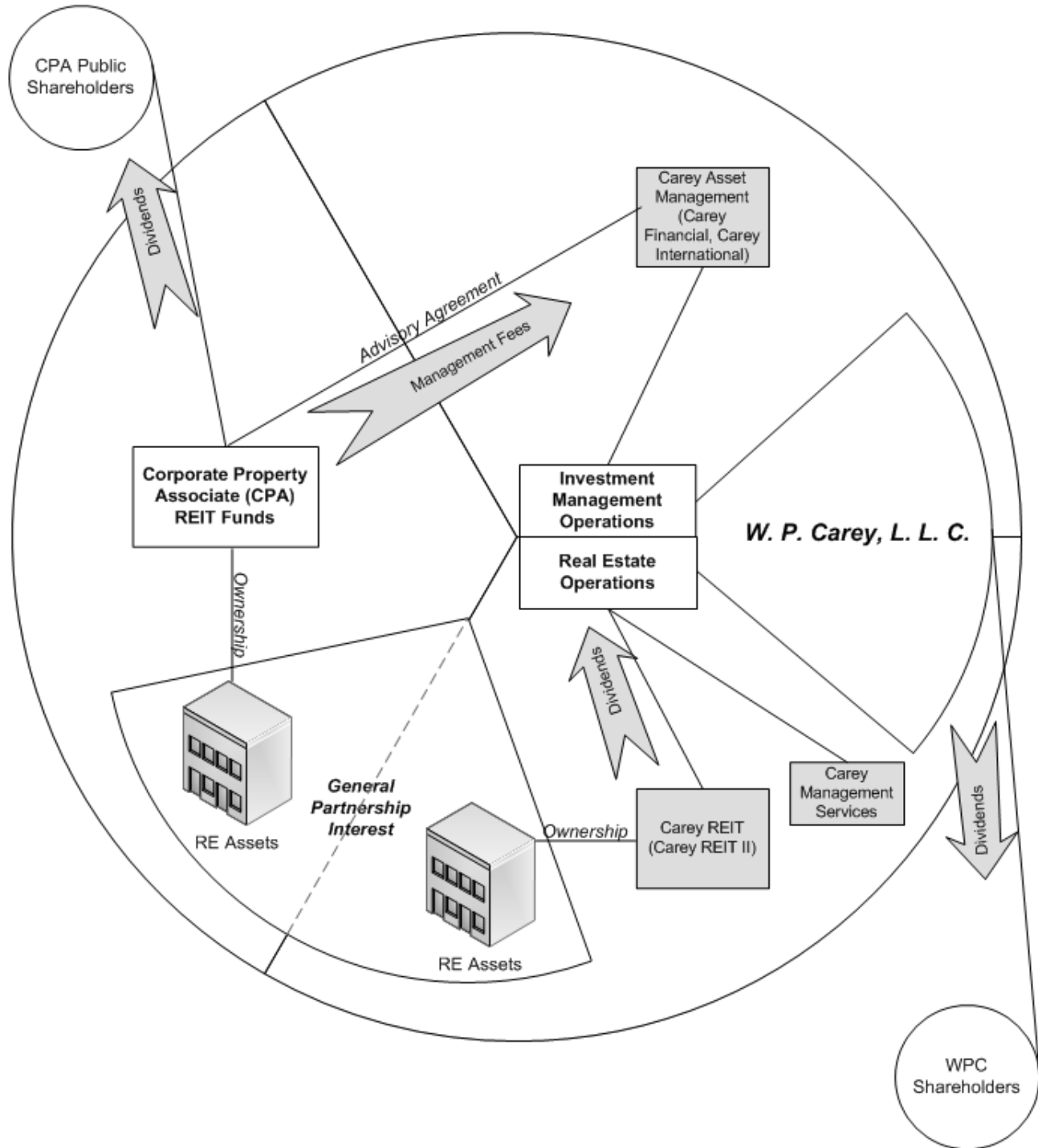
Appendix L: Investment Management Revenue Forecast

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>CAREY INSTITUTIONAL PROPERTIES INCORPORATED</b>																
Total Assets				380,209	369,307	550,226	\$544,946									
<b>CPA 12</b>																
Real Estate	259,173	332,456	341,780	345,166	341,780	350,424	344,229	309,818	217,540							
To BI Asset	396,604	418,087	441,209	441,209	447,241	472,129	462,191	453,042	427,226							
Asset Management																
Asset Management Fee	2,090	2,090	2,206	2,206	2,236	2,361	2,311	2,265	2,136							
Performance Fee	2,090	2,090	2,206	2,206	2,236	2,361	2,311	2,265	2,136							
The purchase of assets from CPA 12 had a negative																
To BI Asset Management Fee	4,181	4,181	4,412	4,412	4,472	4,721	4,622	4,530	4,272	0	(1,300)					
Structuring																
Change in Total Real Estate Assets			12,671	(3,386)	8,644	(6,196)	(34,411)	32,278								
Change in Total Investment			362,666	55,477	13,588	6,316	7,601	3,709	(7,428)							
Structuring Fee	0,025	9,064	1,387	340	188	200	190	99	0							
	0,02	7,251	1,110	272	126	160	152	74	0							
Totals	16,315	2,496	611	284	361	342	167	0								
Amount merged with CPA 14										\$126,006						
Amount disposed of										151,534						
Disposition Fee / Amount disposed of										46,018						
										30.4%						
<b>CPA 14</b>																
Real Estate	44,742	113,046	439,436	799,047	1,010,142	1,072,543	1,088,073	943,637	1,154,336	1,123,408	1,164,725	1,175,208				
In/Re/Case	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000				
Total Assets	107,956	331,063	645,762	1,097,236	1,319,897	1,345,747	1,346,355	1,295,036	1,675,323	1,690,757	1,690,757	1,690,759				
Performance C/Re/IB Met	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Asset Management																
Asset Management Fee	540	1,655	3,229	5,486	6,599	6,729	6,732	6,475	8,377	8,454	8,454	8,454				
Performance Fee	540	1,655	3,229	5,486	6,599	6,729	6,732	6,475	8,377	8,454	8,454	8,454				
To BI Asset Management Fee																
Structuring Revenue																
Derived Structuring Revenue	0,025	2,021	2,743	9,181	9,682	6,946	2,124	737	213	7,231	10					
Structuring Fee	0,02	1,617	2,194	7,345	5,557	1,699	590	170	5,785	8						
Performance																
Total Structuring Fee	2,021	2,743	9,181	9,682	12,502	3,823	1,327	363	13,016	18						
Amount merged with CPA 17 - Global													646,364			
Amount disposed of													528,843			
Disposition Fee / Amount merged													132,211			
<b>CPA 15</b>																
Real Estate																
Total Assets																
In/Re/Case																
Performance C/Re/IB Met																
Asset Management																
Asset Management Fee																
Performance Fee																
To BI Asset Management Fee																
Structuring Revenue																
Derived Structuring Revenue																
Structuring Fee																
Performance																
Totals																

Appendix L [Continued]: Investment Management Revenue Forecast

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>CPA 16 - Global</b>																
Real Estate								59,097	386,615	648,693	1,468,290	1,541,705	1,696,875	1,746,751	1,746,751	1,746,751
Total Assets							169,762	585,512	929,649	1,775,640	3,088,246	3,221,668	3,543,824	3,650,139	3,650,139	3,650,139
Initial Cost							169,762		585,512	929,649	1,468,290	1,541,705	1,696,875	1,746,751	1,746,751	1,746,751
Performance Contribution Met									58.5%	0%	50.0%	5.0%	10.0%	3.0%	0.0%	0.0%
Asset Management												16,108	17,719	18,251	18,251	18,251
Asset Management Fee							849	2,928	4,648	8,878	15,341	16,108	17,719	18,251	18,251	18,251
Performance Fee											17,303	16,108	17,719	18,251	18,251	18,251
Asset Management											19,032	16,108	17,719	18,251	18,251	18,251
Actual Performance Fee (Nom 10%)												16,108	17,719	18,251	18,251	18,251
Total Asset Management Fee							2,928	4,648	8,878	8,878	34,373	32,216	35,438	36,501	36,501	36,501
Deferred Revenue											\$11,945					
Structuring Revenue																
Change in Total Real Estate Assets								327,518	261,978	261,978	819,697	73,415	154,170	50,876	0	0
Change in Total Assets							415,750	344,137	845,991	1,292,606						
Change in Investment							222,163	414,403	431,970	909,617						
Deferred Structuring Revenue											42,495					
Structuring Fee							5,554	10,360	10,799	22,740						
Performance							4,443	8,268	8,638	18,192						
Total							5,554	10,360	10,799	22,740	42,495					
CPA 17 - Global																
Assets acquired from CPA 14																
Total Assets											200,000	600,000	1,650,000	3,300,000	4,950,000	5,742,000
Initial Cost											200,000	600,000	1,650,000	3,300,000	4,950,000	5,742,000
Asset Management												3,000	8,250	16,500	24,750	28,710
Asset Management Fee												3,000	8,250	16,500	24,750	28,710
Performance Fee												3,000	8,250	16,500	24,750	28,710
Total Asset Management Fee												6,000	16,500	33,000	49,500	57,420
Structuring Revenue												400,000	1,050,000	1,650,000	1,650,000	1,920,000
Change in Total Real Estate Assets												9,037,059	10,479,729	10,545,285	12,195,265	12,987,265
TOTALS												9,037,059	10,479,729	10,545,285	12,195,265	12,987,265
Total Assets	506,580	749,150	749,150	1,467,180	1,913,786	3,148,550	4,161,798	5,109,305	5,505,414	6,787,259	8,214,545	9,037,059	10,479,729	10,545,285	12,195,265	12,987,265
Change in Total Assets	47.0%	5.83%	7.84%	30.4%	30.4%	64.5%	32.2%	22.0%	7.9%	23.2%	21.0%	7.0%	70.0%	0.6%	75.0%	0.5%
Asset Management Fee	540	5,259	5,259	9,792	9,966	21,942	21,942	45,806	42,592	57,835	83,841	83,768	97,141	97,749	113,043	120,885
% of Total Assets								0.90%	0.76%	0.85%	1.01%	0.93%	0.92%	0.93%	0.93%	0.93%
Total Structuring amount (DK)								\$80,000	\$85,000	\$720,000	1,095,000	1,189,130	1,291,352	1,402,361	1,522,913	1,653,828
Structuring Fee	18,536	5,259	5,259	9,792	9,966	30,359	32,625	40,050	38,925	32,400	49,275	23,685	56,611	76,539	74,250	35,640
Performance Fee							14,653	56,488	18,151	39,403	46,804					
Deferred Revenue from 16								5,536	3,456		2,300					
amount deferred																
Some kind of income/loss																
Total Structuring Fee							1,288	(\$1,303)								
Total Structuring Revenue							\$1,658	\$3,875	\$8,197	\$22,408	\$49,104	\$51,549	\$55,981	\$60,793	\$66,019	\$71,594

Appendix M: Diagram of Full Company Structure



Source: WP Carey CPA:17 Investor Prospectus, plus additional research

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