Company registration number: 04244798

# W. P. Carey & Co. Limited

## Financial statements

31 December 2016

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**W. P. Carey & Co. Limited**

## Company information

| | |
|---|---|
| **Directors** | Mr Gregory Butchart<br>Mr Mark DeCesaris<br>Ms ToniAnn Sanzone |
| **Secretary** | Reed Smith Corporate Services Limited |
| **Company number** | 04244798 |
| **Registered office** | The Broadgate Tower<br>Third Floor<br>20 Primrose Street<br>London<br>EC2A 2RS |
| **Business address** | 17 Duke of York Street<br>London<br>SW1Y 6LB |
| **Auditors** | RSM UK Audit LLP<br>25 Farringdon Street<br>London<br>EC4A 4AB |

W. P. Carey & Co. Limited

## Contents

**W. P. Carey & Co. Limited**

**Directors' report**
**Year ended 31 December 2016**

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

### Directors

The directors who served the company during the year were as follows:

| | | |
|---|---|---|
| Trevor Bond | | (Resigned 10 February 2016) |
| Jennifer Lucas | | (Resigned 16 December 2016) |
| Thomas E Zacharias | | (Resigned 31 March 2017) |
| Hisham Kader | (Appointed 17 May 2016) | (Resigned 16 December 2016) |
| Gregory Butchart | | (Appointed 16 December 2016) |
| Mark DeCesaris | | (Appointed 16 December 2016) |
| ToniAnn Sanzone | | (Appointed 31 March 2017) |

### Qualifying indemnity provision

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor, RSM UK Audit LLP, is deemed to have been re-appointed in accordance with section 487(2) of the Companies Act 2006.

W. P. Carey & Co. Limited

Directors' report (continued)
Year ended 31 December 2016

**Small company provisions**
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 27 September 2017 and signed on behalf of the board by:

ToniAnn Sanzone
Director

**W. P. Carey & Co. Limited**

**Independent auditor's report to the shareholders of W. P. Carey & Co. Limited Year ended 31 December 2016**

### Opinion on financial statements

We have audited the company financial statements (the "financial statements") on pages 5 to 19. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the directors affairs as at 31 December 2016 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.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Director's Report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Director's report.

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 the 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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 1, 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 and express an opinion on 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.

**Independent auditor's report to the shareholders of W. P. Carey & Co. Limited (continued)**
**Year ended 31 December 2016**

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 auditor's 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.

RSM UK Audit LLP ........................................ Date: 28.9.17.

Joanna Sowden (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

W. P. Carey & Co. Limited

## Statement of comprehensive income
**Year ended 31 December 2016**

| | Note | 2016<br>£ | 2015<br>£ |
|---|---|---|---|
| **Turnover** | 3 | 3,940,706 | 8,083,734 |
| Administrative expenses | | (3,209,577) | (6,657,492) |
| **Operating profit** | 4 | 731,129 | 1,426,242 |
| Interest payable and similar charges | 6 | (4,238) | - |
| **Profit on ordinary activities before taxation** | | 726,891 | 1,426,242 |
| Tax on profit on ordinary activities | 7 | (147,366) | (9,675) |
| **Profit for the financial year and total comprehensive income** | | 579,525 | 1,416,567 |

The notes on pages 8 to 19 form part of these financial statements.

W. P. Carey & Co. Limited

## Statement of financial position
31 December 2016

| | Note | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 8 | 216,420 | | 240,946 | |
| | | | 216,420 | | 240,946 |
| **Current assets** | | | | | |
| Debtors | 9 | 4,971,557 | | 2,086,627 | |
| Cash at bank and in hand | | 2,233,342 | | 4,438,542 | |
| | | 7,204,899 | | 6,525,169 | |
| **Creditors: amounts falling due within one year** | 10 | (5,643,076) | | (5,680,964) | |
| **Net current assets** | | | 1,561,823 | | 844,205 |
| **Total assets less current liabilities** | | | 1,778,243 | | 1,085,151 |
| **Provisions for liabilities** | 12 | | (83,171) | | (88,481) |
| **Net assets** | | | 1,695,072 | | 996,670 |
| **Capital and reserves** | | | | | |
| Called up share capital | 15 | | 225,000 | | 225,000 |
| Share option reserve | 16 | | 2,473,912 | | 2,579,596 |
| Profit and loss account | 16 | | (1,003,840) | | (1,807,926) |
| **Shareholders funds** | | | 1,695,072 | | 996,670 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

**The notes on pages 8 to 19 form part of these financial statements.**

W. P. Carey & Co. Limited

**Statement of financial position (continued)**
**31 December 2016**

These financial statements were approved by the board of directors and authorised for issue on 27 September 2017, and are signed on behalf of the board by:

ToniAnn Sanzone
Director

Company registration number: 04244798

**The notes on pages 8 to 19 form part of these financial statements.**

**W. P. Carey & Co. Limited**

**Notes to the financial statements**
**Year ended 31 December 2016**

## 1. Statement of compliance

These financial statements have been prepared in accordance with the provisions of FRS 102, Section 1A small entities.

The company is a private company limited by shares incorporated in England & Wales. The address of the registered office is The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS.

## 2. Accounting policies

### Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in £ sterling, which is the functional currency of the entity, and rounded to the nearest £.

### Going concern

The directors consider the going concern basis of accounting to be appropriate, given the continued support of the parent company, W. P. Carey Inc., which funds all costs incurred by the company, and therefore there is no risk of the company defaulting on its obligations.

### Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 20. The entity has taken the exemptions in accordance with FRS 102 section 35 amended accounting policies to comply with FRS 102.

### Changes in accounting policies

The transition to FRS 102 Section 1A small entities has not resulted in any changes in accounting policies to those used previously. Share based payments were previously measured at fair value prior to the date of transition to FRS 102 in accordance with Section 26 of the standard.

In preparing the financial statements for the prior year, the company adopted a new accounting policy *for the revenue recognition. Revenue is now recognised when the right to consideration is earned* whereas in the past revenue was recognised on a cash basis.

### Turnover

W. P. Carey & Co. Limited earns an advisory service fee of 2-4.5% of the combined acquisition costs for acquisitions where the work is performed in the United Kingdom. The fee income is recognised on an accruals basis when the right to consideration is obtained through performance of services.

### Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities,

and

- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

### *Foreign currencies*

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

### Operating leases

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

### Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|---|
| Fixtures, fittings and equipment | - | straight line over 3 years |
| Long leasehold property | - | straight line of the life of the lease |

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

**Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

**Financial instruments**
A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Equity instruments are measured at the fair value of the cash or other resources receivable net of any transaction costs of issuing the equity instruments.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Financial instruments that are treated as a financial liability, have an obligation to deliver another financial asset to another entity.

Financial liabilities are classified at amortised cost and are initially measured at fair value minus any transaction costs.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on a trade date when the company becomes party to the contractual provisions of the instrument. Financial instruments are recognised initally at fair value plus transaction costs that are directly attributable to the aquisition or issue of the financial instrument.

Financial instruments are derecognised on the trade date when the company is no longer a party to the contractual provisions of the instrument.

**Defined contribution plans**
Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

**Employee benefits - share based payments**
Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. The fair value for RSU's (restricted stock unit awards) are determined by the Company stock price on the date of grant.

50% of the PSU award is market based and the fair value is measured by use of the Monte Carlo simulation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of the non-transferability, excercise restrictions, and behavioural considerations. The remaining 50% of the PSU award is performance based and the fair value is determined by the Company stock price on date of grant. Share based payments are recognised and measured at fair value and in accordance with FRS 102 Section 26.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

## 3. Turnover

Turnover arises from:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Rendering of services | 3,940,706 | 8,083,734 |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

## 4. Operating profit

Operating profit is stated after charging:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Fees payable for the audit of the financial statements | 23,700 | 19,000 |

## 5. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | **2016** | 2015 |
|---|---|---|
| Administrative staff | 6 | 7 |
| | 6 | 7 |

Director's remuneration was £179,343 (2015: £1,202,177).

## 6. *Interest payable and similar charges*

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Other interest payable and similar charges | 4,238 | - |

## 7. Tax on profit on ordinary activities

**Major components of tax expense**

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **Current tax:** | | |
| UK current tax expense | 152,591 | 15,563 |
| Adjustments in respect of previous periods | 85 | (5,345) |
| Total UK current tax | 152,676 | 10,218 |
| Total current tax | 152,676 | 10,218 |
| **Deferred tax:** | | |
| Origination and reversal of timing differences | (5,310) | (543) |
| **Tax on profit on ordinary activities** | 147,366 | 9,675 |

## 8. Tangible assets

| | Long leasehold property | Fixtures, fittings and equipment | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2016 | 367,202 | 184,287 | 551,489 |
| Additions | - | 7,666 | 7,666 |
| **At 31 December 2016** | 367,202 | 191,953 | 559,155 |
| **Depreciation** | | | |
| At 1 January 2016 | 131,744 | 178,799 | 310,543 |
| Charge for the year | 27,720 | 4,472 | 32,192 |
| **At 31 December 2016** | 159,464 | 183,271 | 342,735 |
| **Carrying amount** | | | |
| **At 31 December 2016** | 207,738 | 8,682 | 216,420 |
| At 31 December 2015 | 235,458 | 5,488 | 240,946 |

## 9. Debtors

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Amounts owed by group undertakings | 4,860,581 | 1,956,861 |
| Prepayments and accrued income | 37,019 | 104,119 |
| Other debtors | 73,957 | 25,647 |
| | 4,971,557 | 2,086,627 |

The amounts owed by group undertakings are interest-free, unsecured and repayable on demand

## 10. Creditors: amounts falling due within one year

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Trade creditors | 16,166 | 16,370 |
| Amounts owed to group undertakings | 4,157,240 | 3,450,660 |
| Accruals and deferred income | 1,132,376 | 2,158,970 |
| Corporation tax | 152,591 | 15,563 |
| Other taxation and social security | 147,112 | 39,401 |
| Other creditors | 37,591 | - |
| | 5,643,076 | 5,680,964 |

The amounts owed to group undertakings are interest-free, unsecured and repayable on demand

## 11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Included in provisions (note 12) | (6,829) | (1,519) |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Accelerated capital allowances | (6,829) | (1,519) |

## 12. Provisions

| | Deferred tax (note 11) | Other provisions | **Total** |
|---|---|---|---|
| | £ | £ | **£** |
| At 1 January 2016 | (1,519) | 90,000 | 88,481 |
| Additions | (5,310) | - | (5,310) |
| **At 31 December 2016** | (6,829) | 90,000 | 83,171 |

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

## 13. Employee benefits

### Defined contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £77,261 (2015: £83,676).
At the year end contributions of £6,829 were outstanding (2015: £9,950).

## 14. Share-based payments

Equity-settled share-based payments

At 31 December 2016 the ultimate parent, W. P. Carey Inc., maintained several stock-based compensation plans as described below. The total compensation expense (net of forfeitures) for these plans was £224,048 (2015 - £310,067).

2009 Incentive Plan

The Parent company maintains the Amended and Restated W. P. Carey Inc. 2009 Share Incentive Plan, or the 2009 Incentive Plan, which as amended currently authorises the issuances of up to 5,900,000 shares of its common stock. At 31 December 2016, there were 1,873,145 shares remaining available for issuance under the 2009 Share Incentive Plan. The 2009 Incentive Plan provides for the grant of (i) share options, (ii) RSUs, (iii) PSUs, and (iv) dividend equivalent rights. The vesting of grants under the plan is accelerated upon a change in control and under certain other conditions.

In December 2007, the Compensation Committee approved the long-term incentive plan, or LTIP, and terminated further contributions to the Partnership Equity Unit Plan. The following table presents LTIP awards granted in the past three years (PSUs are reflected at 100% of target but may settle at more or less than the amount shown):

2009 Incentive Plan

| Fiscal Year | RSUs Awarded | PSUs Awarded |
|---|---|---|
| 2016 | 9,414 | 4,000 |
| 2015 | 6,955 | - |
| 2014 | 8,004 | - |

The RSUs generally vest over three years. Vesting and payment of the PSUs is conditional on certain company and market performance goals being met during the relevant three-year performance period. The ultimate number of PSUs to be vested will depend on the extent to which the performance goals are met and can range from zero to three times the original awards. At the end of each reporting period, W. P. Carey Inc. evaluates the ultimate number of PSUs expected to vest based upon the extent to which W. P. Carey Inc. has met and expects to meet the performance goals and where appropriate revises the estimate and associated expense. Upon vesting, the RSUs and PSUs may be converted into shares of W. P. Carey Inc. 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 at the end of the performance period and may be converted into additional shares of common stock at the conclusion of the performance period to the extent that the PSUs vest. Dividend equivalent rights are accounted for as additional compensation expense.

The share based payment charge for the year in respect of all of the company's awards was £224,048 (2015 - £310,067). The grant date fair value of RSUs are based on the W. P. Carey Inc. stock price on the date of grant. The grant date fair value of the PSU's were determined using a combination of the Monte Carlo model for the total shareholder return (TSR) metrics and share prices and expected adjusted funds from operations (AFFO) growth for the AFFO metrics.

**Details of the nonvested restricted stock RSU award activity for 2016 and 2015 at weighted average grant date fair value:**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Outstanding at 1 January 2016 | 14,392 | 44.01 | 13,705 | 36.99 |
| Granted during the year | 9,414 | 45.88 | 6,955 | 48.20 |
| Forfeited during the year | (7,330) | 50.17 | - | - |
| Vested/exercised during the year | (6,920) | 51.08 | (6,268) | 37.05 |
| Outstanding at 31 December 2016 | 9,556 | 49.63 | 14,392 | 44.01 |

**Details of the nonvested PSU awards at 31 December 2016 and 31 December 2015 at weighted average grant date fair value**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Outstanding at 1 January 2016 | - | - | - | - |
| Granted during the year | 4,000 | 67.11 | - | - |
| Forfeited during the year | (1,000) | 67.11 | - | - |
| Outstanding at 31 December 2016 | 3,000 | 67.11 | | |

**Employee Share Purchase Plan**

The company sponsors an Employee Share Purchase Plan, or ESPP, pursuant to which eligible employees may contribute up to 10% of compensation, subject to certain limits, to purchase common stock in W.P.Carey Inc. Employees can purchase stock semi-annually at a price equal to 90% of the fair market value at certain plan defined dates.

**Stock Options**

Options granted under the 1997 Incentive Plan generally have a ten-year term and generally vest in four equal annual instalments. W. P. Carey Inc. has not issued option awards since 2007. At 31 December 2016, all of the options were fully vested; however certain options had exercise limitations.

**Option and warrant activity for the ended 31 December 2016 and 31 December 2015 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 under a year (2015 - 1 year) and have the following weighted average exercise prices

| | **2016** No. | £ | 2015 No. | £ |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 1,500 | 29.93 | 1,500 | 29.93 |
| Excercised | | | | |
| Outstanding at the end of the year | 1,500 | 29.93 | 1,500 | 29.93 |
| Excercisable at the end of the year | 1,500 | 29.93 | 1500 | 29.93 |

The total expense recognised in profit or loss for the year is as follows:

| | **2016** £ | 2015 £ |
|---|---|---|
| Equity-settled share-based payments | 224,048 | 310,067 |

## 15. Called up share capital

**Issued, called up and fully paid**

| | **2016** **No** | **£** | 2015 No | £ |
|---|---|---|---|---|
| Ordinary shares shares of £ 1.00 each | 225,000 | 225,000 | 225,000 | 225,000 |

## 16. Reserves

**Profit and loss account**
This records accumulated trading profits and losses including taxation.

**Share option reserve**
The share option reserve records the expected cost measured at fair value of the equity-settled share based payment options issued to employees.

## 17. Operating leases

**The company as lessee**
The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Not later than 1 year | 196,738 | 225,492 |
| Later than 1 year and not later than 5 years | 1,069,949 | 1,266,687 |
| | 1,266,687 | 1,492,179 |

## 18. Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33 related party disclosures not to disclose transactions with wholly owned group companies.

## 19. Controlling party

The immediate parent undertaking is W.P. Carey International LLC, a company incorporated in the state of Delaware, USA.

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

W. P. Carey Inc.
50 Rockefeller Plaza
New York NY 10020
USA

## 20. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2015.

**Reconciliation of equity**
No transitional adjustments were required.

**Reconciliation of profit or loss for the year**
No transitional adjustments were required.