

Registration number 04244798

**W P Carey & Co Limited**

**Directors' report and financial statements**

**for the year ended 31 December 2013**

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## **W P Carey & Co Limited**

### **Company information**

Directors	Trevor Bond	
	Henry Cabot Lodge III	Resignation 13 August 2014
	Jennifer Lucas	
	Thomas E Zacharias	Appointment 13 August 2014
Secretary	Reed Smith Corporate Services Limited	
Company number	04244798	
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS	
Auditors	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB	
Business address	17 Duke of York Street London SW1Y 6LB	

## **W P Carey & Co Limited**

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**W P Carey & Co Limited**  
**Directors' report**  
**for the year ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

**Principal activity**

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

**Directors**

The directors who served during the year are as stated below:

Trevor Bond

Henry Cabot Lodge III      Resignation 13 August 2014

Jennifer Lucas

Thomas E Zacharias      Appointment 13 August 2014

**Charitable Donations**

During the year the company contributed £3,057 to charities.

**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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**W P Carey & Co Limited**

**Directors' report  
for the year ended 31 December 2013**

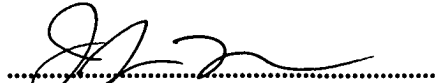
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**Auditors**

Baker Tilly Audit Limited ceased trading on 31 March 2014. The directors, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as Auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as Auditor will be put to the members.

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 on 29th Sept. '14 and signed on its behalf by



**Jennifer Lucas**  
**Director**

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

We have audited the financial statements of W P Carey & Co Limited for the year ended 31 December 2013 on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

**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 financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006.**

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

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

.....continued

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

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

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

*Baker Tilly UK Audit LLP*

.....  
Nick Davies (senior statutory auditor)  
For and on behalf of Baker Tilly UK Audit LLP,  
Statutory Auditor  
Chartered Accountants

25 Farringdon Street  
London  
EC4A 4AB

*30/9/2014*

**W P Carey & Co Limited**

**Profit and loss account  
for the year ended 31 December 2013**

		<b>2013</b>	<b>2012</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	3,011,130	3,308,178
Administrative expenses		(3,476,200)	(2,716,286)
<b>Operating (loss)/profit</b>	<b>3</b>	(465,070)	591,892
Interest payable and similar charges		2,134	(3,257)
<b>(Loss)/profit on ordinary activities before taxation</b>		(462,936)	588,635
Tax on (loss)/profit on ordinary activities	<b>7</b>	84,151	(155,477)
<b>(Loss)/profit for the year</b>	<b>16</b>	(378,785)	433,158

The notes on pages 7 to 16 form an integral part of these financial statements.



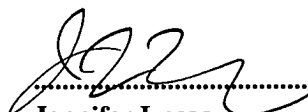
**W P Carey & Co Limited**

**Balance sheet  
as at 31 December 2013**

		<b>2013</b>		<b>2012</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	<b>9</b>		321,674		379,338
<b>Current assets</b>					
Debtors	<b>10</b>	2,847,199		6,222,025	
Cash at bank and in hand		146,657		984,848	
		<u>2,993,856</u>		<u>7,206,873</u>	
<b>Creditors: amounts falling due within one year</b>	<b>11</b>	<u>(1,335,942)</u>		<u>(514,049)</u>	
<b>Net current assets</b>			<u>1,657,914</u>		<u>6,692,824</u>
<b>Total assets less current liabilities</b>			1,979,588		7,072,162
<b>Provisions for liabilities</b>	<b>12</b>		<u>(93,131)</u>		<u>(95,762)</u>
<b>Net assets</b>			<u>1,886,457</u>		<u>6,976,400</u>
<b>Capital and reserves</b>					
Called up share capital	<b>15</b>		225,000		225,000
Other reserves	<b>16</b>		1,846,167		1,557,325
Profit and loss account	<b>16</b>		<u>(184,710)</u>		<u>5,194,075</u>
<b>Shareholders' funds</b>			<u>1,886,457</u>		<u>6,976,400</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board and authorised for issue on 29th Sept '14 and are signed on its behalf by

  
.....  
**Jennifer Lucas**  
**Director**

**Registration number 04244798**

**The notes on pages 7 to 16 form an integral part of these financial statements.**

## **W P Carey & Co Limited**

### **Notes to the financial statements for the year ended 31 December 2013**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

##### **1.2. Turnover**

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

##### **1.3. Tangible fixed assets and depreciation**

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

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

##### **1.4. Leasing**

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

##### **1.5. Share based payments**

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant and are not recorded in the financial statements and are recognised on a disclosure only basis.

##### **1.6. Pensions**

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

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

**W P Carey & Co Limited**

**Notes to the financial statements**  
**for the year ended 31 December 2013**

..... continued

**1.7. Deferred taxation**

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

**1.8. Foreign currencies**

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

**2. Turnover**

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

**3. Operating (loss)/profit**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging:		
Equity settled share-based payments	288,842	626,951
Depreciation and other amounts written off tangible assets	68,909	42,979
Auditors' remuneration (Note 4)	15,000	19,500
	<u>          </u>	<u>          </u>

**4. Auditors' remuneration**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit of the financial statements	15,000	19,500
	<u>          </u>	<u>          </u>

**W P Carey & Co Limited**

**Notes to the financial statements**  
**for the year ended 31 December 2013**

..... continued

**5. Directors' remuneration**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	1,185,934	505,021
Pensions contributions	18,567	17,846
	<u>1,204,501</u>	<u>522,867</u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

Remuneration paid to H C Lodge III relates to his benefits received during the year. This director is now remunerated by the parent company.

**6. Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged represents contributions payable by the company and amounted to £70,599 (2012 - £78,786). Contributions totalling £9,044 were payable to the fund at the year end and included in creditors.

**W P Carey & Co Limited**

**Notes to the financial statements**  
**for the year ended 31 December 2013**

..... continued

**7. Tax on (loss)/profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	(79,485)	151,750
Adjustments in respect of previous periods	(2,035)	-
	<u>(81,520)</u>	<u>151,750</u>
Total current tax charge	<u>(81,520)</u>	<u>151,750</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	(2,631)	3,727
Total deferred tax	<u>(2,631)</u>	<u>3,727</u>
Tax on (loss)/profit on ordinary activities	<u>(84,151)</u>	<u>155,477</u>

**Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (23.00 per cent). The differences are explained below:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before taxation	<u>(462,936)</u>	<u>588,635</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.00% (31 December 2012 : 24.50%)	(106,475)	144,216
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3,589	5,164
Capital allowances for period in excess of depreciation	13,490	2,386
Adjustments to tax charge in respect of previous periods	(2,035)	-
Dissallowable deferred remuneration	11,068	-
Temporary timing differences	(1,157)	(16)
Current tax charge for period	<u>(81,520)</u>	<u>151,750</u>

**W P Carey & Co Limited**

**Notes to the financial statements  
for the year ended 31 December 2013**

..... continued

**8. Dividends**

**Dividends paid and proposed on equity shares**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Paid during the year:		
Equity dividends on Ordinary shares	5,000,000	-
	<u>5,000,000</u>	<u>-</u>

**9. Tangible fixed assets**

	<b>Long leasehold property</b>	<b>Office</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2013	363,044	172,431	535,475
Additions	4,158	7,087	11,245
At 31 December 2013	<u>367,202</u>	<u>179,518</u>	<u>546,720</u>
<b>Depreciation</b>			
At 1 January 2013	28,334	127,803	156,137
Charge for the year	47,970	20,939	68,909
At 31 December 2013	<u>76,304</u>	<u>148,742</u>	<u>225,046</u>
<b>Net book values</b>			
At 31 December 2013	<u>290,898</u>	<u>30,776</u>	<u>321,674</u>
At 31 December 2012	<u>334,710</u>	<u>44,628</u>	<u>379,338</u>

**10. Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	1,989,947	5,712,539
Other debtors	731,941	353,095
Prepayments and accrued income	125,311	156,391
	<u>2,847,199</u>	<u>6,222,025</u>

**W P Carey & Co Limited**

**Notes to the financial statements  
for the year ended 31 December 2013**

..... continued

<b>11. Creditors: amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	21,831	58,684
Other taxes and social security costs	98,088	10,321
Accruals and deferred income	1,216,023	445,044
	<u>1,335,942</u>	<u>514,049</u>

**12. Provisions for liabilities**

	<b>Deferred taxation (Note 13) £</b>	<b>Other provisions £</b>	<b>Total £</b>
At 1 January 2013	5,762	90,000	95,762
Movements in the year	(2,631)	-	(2,631)
At 31 December 2013	<u>3,131</u>	<u>90,000</u>	<u>93,131</u>

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

<b>13. Provision for deferred taxation</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	3,131	5,762
Provision for deferred tax	<u>3,131</u>	<u>5,762</u>
Provision at 1 January 2013	5,762	
Deferred tax credit in profit and loss account	(2,631)	
Provision at 31 December 2013	<u>3,131</u>	

## W P Carey & Co Limited

### Notes to the financial statements for the year ended 31 December 2013

..... continued

#### 14. Share Based Payments

##### Equity-settled share-based payments

At 31 December 2013, the Parent maintained several stock-based compensation plans as described below. The total compensation expense (net of forfeitures) for these plans was £288,842 and £626,951 for the years ended 31 December 2013 and 2012, respectively.

##### 2009 Incentive Plan

The Parent company maintains the 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 2013, there were 3,977,040 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 both plans is accelerated upon a change in our 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
2013	6,300	-
2012	15,438	15,125

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, we evaluate the ultimate number of PSUs we expect to vest based upon the extent to which we have met and expect to meet the performance goals and where appropriate revise our estimate and associated expense. Upon vesting, the RSUs and PSUs may be converted into shares of our common stock. Both the RSUs and PSUs carry dividend equivalent rights. Dividend equivalent rights on RSUs are paid in cash on a quarterly basis whereas dividend equivalent rights on PSUs accrue during the performance period and may be converted into additional shares of common stock at the conclusion of the performance period to the extent that the PSUs vest. Dividend equivalent rights are accounted for as a reduction to retained earnings to the extent that the awards are expected to vest. For awards that are not expected to vest or do not ultimately vest, dividend equivalent rights are accounted for as additional compensation expense.



# W P Carey & Co Limited

## Notes to the financial statements for the year ended 31 December 2013

..... continued

As result of issuing these awards, the company currently expects to recognise compensation expense totalling approximately £2,055,222 over the vesting period, of which £288,842 and £626,951 was recognised during 2013 and 2012, respectively. The grant date fair value of RSUs are based on our stock price on the date of grant. The grant date fair value of PSUs were determined utilising a Monte Carlo simulation model to generate a range of possible future stock prices for both us and the plan defined peer index over the three-year performance period.

### Details of the nonvested restricted stock RSU award activity for 2013 and 2012 at weighted average grant date fair value:

	2013		2012	
	No.	£	No.	£
Nonvested at the beginning of the year	8,668	22.59	32,667	17.08
Granted during the year	6,300	34.26	4,500	26.17
Forfeited during the year	-	-	(17,709)	15.75
Vested during the year	(4,167)	20.81	(10,790)	18.62
Outstanding at the end of the year	<u>10,801</u>	<u>29.71</u>	<u>8,668</u>	<u>22.59</u>

### Nonvested PSU awards at 31 December 2013 at weighted average grant date fair value:

	2013		2012	
	No.	£	No.	£
Nonvested at the beginning of the year	11,998	30.72	33,000	29.08
Granted during the year	10,023	28.45	17,000	34.31
Forfeited during the year	-	-	(37,500)	30.48
Vested during the year	(39,818)	15.86	(3,500)	33.41
Increase in est. payout ratio	28,757	10.76	2,998	28.57
Outstanding at the end of the year	<u>10,960</u>	<u>29.57</u>	<u>11,998</u>	<u>30.72</u>

### Employee Share Purchase Plan

We sponsor 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 our common stock. Employees can purchase stock semi-annually at a price equal to 85% of the fair market value at certain plan defined dates.

**W P Carey & Co Limited**

**Notes to the financial statements  
for the year ended 31 December 2013**

..... continued

**Stock Options**

Options granted under the 1997 Incentive Plan generally have a ten-year term and generally vest in four equal annual installments. We have not issued option awards since 2008. At 31 December 2013, all of our options were fully vested; however certain options had exercise limitations.

**Option and warrant activity for the ended 31 December 2012 and 31 December 2013 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 2 years (2012 - 3 years) and have the following weighted average exercise prices:

	<b>2013</b>		<b>2012</b>	
	<b>Shares</b>	<b>\$</b>	<b>Shares</b>	<b>\$</b>
Outstanding at the beginning of the year	3,525	31.35	3,525	31.35
Exercised	(11)	-	-	-
Outstanding at the end of the year	<u>3,514</u>	<u>31.35</u>	<u>3,525</u>	<u>31.35</u>
Exercisable at the end of the year	<u>3,143</u>	<u>31.20</u>	<u>2,751</u>	<u>31.02</u>

**15. Share capital**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
225,000 Ordinary shares of £1 each	<u>225,000</u>	<u>225,000</u>
<b>Equity Shares</b>		
225,000 Ordinary shares of £1 each	<u>225,000</u>	<u>225,000</u>

**16. Reserves**

	<b>Profit and loss account</b>	<b>Special reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2013</b>	5,194,075	1,557,325	6,751,400
Loss for the year	(378,785)	-	(378,785)
Other movements	-	288,842	288,842
Equity Dividends	(5,000,000)	-	(5,000,000)
<b>At 31 December 2013</b>	<u>(184,710)</u>	<u>1,846,167</u>	<u>1,661,457</u>

Other reserves represent credit in respect of share based payments

## W P Carey & Co Limited

### Notes to the financial statements for the year ended 31 December 2013

..... continued

#### 17. Financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
<b>Expiry date:</b>		
In over five years	<u>281,486</u>	<u>281,486</u>

#### 18. Related party transactions

The company has taken advantage of the exemption under FRS8 not to disclose transactions with other companies within the group. This is because the company is a wholly owned subsidiary of W.P Carey International LLC and the related party transactions are disclosed in the consolidated financial statements of the group.

#### 19. Controlling interest

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 Delaware, which is the largest 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