Celebrating our 50th anniversary, W. P. Carey Inc. (NYSE: WPC) ranks among the largest net lease real estate investment trusts (REITs) with an enterprise value of approximately $24 billion and a diversified portfolio of high-quality, operationally critical commercial real estate. As of December 31, 2022, our portfolio included 1,449 net lease properties over approximately 176 million square feet, primarily located in the U.S. and Northern and Western Europe, in addition to a U.S. portfolio of 84 self-storage operating properties.

50 years
Investing for the Long Run®

25 years
as a public company

25 years
investing in Europe

24 years
of consecutive annual dividend increases
2022
A Pure-Play Net Lease REIT
Following the successful liquidation of 16 prior funds, W. P. Carey closes an important chapter in its history with the completion of its merger with CPA®:18, marking its official exit from the non-traded REIT business and concluding its transition to a pure-play net lease REIT with enhanced earnings quality, a simplified business and increased scale.

1973
Our Founding
Founding of W. P. Carey (originally W. P. Carey & Co.) pioneers the concept of pooled net leased commercial real estate for investors.

1979
Inaugural Investment Program
Launch of first investment program (CPA®) provides individual investors with well-protected and growing income through the shared ownership of commercial real estate.

1998
Private to Public
CPA®:1-9 consolidate and begin trading on the NYSE, later merging with W. P. Carey & Co.

1999
European Expansion

2012
The REIT Choice
Conversion to a REIT expands access to institutional capital to fund future growth.

2022
50 Years in the Making

50 Years
in the Making
with a goal of providing investors with durable and growing long-term income protected by robust investment underwriting and diligent asset management. While our core approach has remained constant, the markets in which we operate have not, thereby challenging us to stay nimble and evolve.

From our genesis as a privately held investment manager in 1973 to a publicly traded company in 1998 and conversion to a REIT in 2012, we’ve grown to become one of the largest U.S. REITs, completing our transition to a pure-play net lease REIT in 2022 through our merger with CPA®:18. We are also one of the only U.S.-based REITs with a longstanding platform in Europe, which dates back to our first investment in the region 25 years ago.

Today as we celebrate our anniversary and other milestones, we do so with a simplified strategy, generating higher-quality—and therefore more valuable—earnings streams, with increased scale and a heightened focus on AFFO growth driven by accretive investments and the rent escalations embedded in our portfolio.

2022 Highlights

The year presented challenges for all REITs—most notably, precipitously higher interest rates coupled with investment cap rates that were stubbornly slow to adjust. Amid this environment, 2022 was highlighted by:

- 6.3% year-over-year growth in Real Estate AFFO per share driven by:
  - $1.4 billion of accretive investments
  - $2.2 billion merger with CPA®:18
  - Record 3.4% year-over-year contractual same-store rent growth

- A growing, well-covered dividend and an attractive dividend yield averaging over 5%

- Strong stock price performance within the REIT sector, ranking W. P. Carey among the top-performing REITs for total shareholder return

Dear Fellow Shareholders,

50 years ago, Wm. Polk Carey founded W. P. Carey...
Dual Engines of Growth

A cornerstone of W. P. Carey’s long-term success has been our unique combination of internal and external growth. I’m pleased to report that 2022 was no different.

The Importance of Structuring

We believe W. P. Carey continues to offer investors the highest level of inflation protection within the net lease sector with over half of our ABR generated from leases that have rent increases tied to CPI. After decades of low inflation, the record same-store rent growth we generated in 2022 stems directly from our longstanding focus on sale-leaseback transactions, which enables us to directly negotiate lease structures, such as lease term and rent escalators. Even if inflation normalizes in 2023, we expect our inflation-linked leases to continue providing a tailwind to our earnings, given the lagged impact of rent increases.

Navigating a Tricky Investment Climate

2022’s turbulent market backdrop presented challenges for buyers and sellers alike. The U.S. 10-year treasury rate rose almost 240 basis points, moving the long-term cost of debt for all REITs meaningfully higher. Sellers on the other hand, were slow to adjust their expectations following more than a decade of downward pressure on cap rates. Buyers fought to preserve investment spread, resulting in longer negotiations and closing time frames, especially for sale-leasebacks tied to corporate M&A.

Having raised significant capital, W. P. Carey remained well positioned throughout 2022 with substantial dry powder and ample liquidity to deploy into attractive opportunities as they arose. The focus for much of the year therefore became when to deploy it. As the year drew to a close, cap rates meaningfully improved and we actively exerted our pricing power, requiring higher yields and creating opportunities to transact at more attractive spreads.
The Benefits of Diversification

A Wider Opportunity Set

Our diversified investment strategy continues to afford us a wide funnel of opportunities. Our advantaged competitive position and strong balance sheet ensure we are well equipped to capitalize on them.

Within our diversified investment approach, we remained primarily focused on warehouse and industrial properties, which comprised about two-thirds of our 2022 investment volume. On a regional basis, investments were split with approximately two-thirds in North America and one-third in Europe. We also continued to generate strong deal flow from existing tenant and sponsor relationships. Furthermore, we established new sponsor relationships as private equity firms became more actively engaged in sale-leasebacks driven by a lack of appealing alternatives.

Downside Protection

While we seek to generate attractive long-term, risk-adjusted returns, we are also focused on downside protection, having demonstrated the stability of our cash flows over numerous economic cycles and throughout the stress test imposed by the COVID-19 pandemic.

Our portfolio is constructed to ensure that no individual tenant, asset type or industry can have an outsized impact on our overall performance. In addition to maintaining a diversified portfolio, we believe that our disciplined underwriting—centered on critical real estate leased to large companies—and constant focus on maintaining a well-positioned, investment-grade balance sheet with access to multiple forms of capital make us one of the safest REITs in terms of downside protection.

Property Type Diversification

- Industrial (26.5%)
- Warehouse (24.1%)
- Office (17.4%)
- Retail (16.8%)
- Self-Storage (Net Lease) (4.5%)
- Other (10.7%)²

Geographic Diversification

- United States (63.4%)
- Europe (34.1%)
- Other (2.6%)³

Tenant Industry Diversification

- Retail Stores (20.5%)⁴
- Consumer Services (8.0%)
- Beverage and Food (7.7%)
- Automotive (6.2%)
- Grocery (5.8%)
- Cargo Transportation (4.6%)
- Hotel and Leisure (4.1%)
- Healthcare and Pharmaceuticals (4.0%)
- Capital Equipment (4.0%)
- Business Services (3.5%)
- Containers, Packaging and Glass (3.4%)
- Durable Consumer Goods (3.4%)
- Construction and Building (3.4%)
- Sovereign and Public Finance (3.1%)
- High-Tech Industries (2.6%)
- Insurance (2.2%)
- Chemicals, Plastics and Rubber (2.2%)
- Non-Durable Consumer Goods (1.9%)
- Banking (1.7%)
- Metals (1.4%)
- Telecommunications (1.2%)
- Other (5.1%)⁴

Portfolio data reflects pro rata ownership of real estate assets (excluding operating properties) as of December 31, 2022. Numbers may not add to 100% due to rounding.

² Other includes education facility, hotel (net lease), laboratory, specialty, fitness facility, research and development, student housing (net lease), theater, funeral home, restaurant, land and parking.
³ Other includes Canada, Mauritius and Japan.
⁴ Other includes media: broadcasting and subscription, aerospace and defense, wholesale, media: advertising, printing and publishing, oil and gas, utilities: electric, environmental industries; consumer transportation; forest products and paper; electricity and real estate. Retail Stores includes auto dealerships.
$43 million acquisition of logistics facility in Tennessee

In March 2022, we acquired a 689,500-square-foot logistics facility in Tennessee net leased to a leading North American manufacturer of healthcare products and wholly owned subsidiary of one of the world’s largest pharmaceutical companies. The high-quality, cross-docked facility serves as the company’s primary North American distribution center and is strategically located near key interstate highways. As part of the transaction, we also committed to fund an expansion of the facility, which is expected to be completed in 2023, at which time the lease will reset to ten years with fixed rent increases.

$97 million sale-leaseback with existing tenant in Belgium

In June 2022, we completed the sale-leaseback of a food production and warehouse facility in Belgium totaling 1.9 million square feet. The facility is triple-net leased to an existing W. P. Carey tenant, a leading fruit and vegetable distributor, for a term of 20 years with Belgian CPI-based rent increases. The facility is strategically important to the tenant’s business—comprising substantially all of the production capacity of its prepared food business line—and is ideally located in one of the most productive agricultural regions globally.

$25 million build-to-suit of BREEAM Outstanding R&D facility in the Netherlands

In July 2022, we completed the build-to-suit of a state-of-the-art R&D facility in the Netherlands. The 63,800-square-foot property is triple-net leased to Upfield, a global plant-based consumer products company located on the campus of the world’s leading agricultural and food research institution. The property is expected to receive a BREEAM Outstanding rating (the highest possible) for its environmental features, which include solar panels, a green roof and Aquifer Thermal Energy Storage (ATES).
2022 Portfolio Overview

$1.38 billion ABR

1,449 net lease properties

392 tenants

176 million square feet

98.8% occupancy

10.8 years weighted average lease term
Opportune Capital Raising Amid Unsettled Markets

Amid a financial markets backdrop that was unsettled for most of 2022, our ability to selectively access various forms of capital differentiated W. P. Carey from many other REITs. The strength of our stock price enabled us to lock in attractively priced equity capital, and we were among only a handful of REITs to issue well-priced debt capital.

2022 capital markets highlights included:

- $502 million of equity net proceeds raised through a combination of settling outstanding equity forwards and ATM issuance
- Executed an inaugural €350 million private placement bond offering
- Increased the total capacity on our Senior Unsecured Credit Facility to $2.4 billion through the exercise of its accordion feature
- Earned ratings upgrades to Baa1 by Moody’s in September 2022 and BBB+ by S&P in January 2023

Having further strengthened our balance sheet in 2022, we have entered 2023 in an exceptionally strong capital position with abundant dry powder, ample liquidity and moderate use of leverage. Not only does this ensure we are well equipped with capital to deploy into accretive investments in 2023, but it also enhances our competitive position through our ability to provide certainty of close to sellers.

We ended 2022 with just over $2.2 billion of total liquidity, including $530 million of unsettled equity forwards, providing substantial dry powder to deploy into new investments in 2023.

I’m also pleased to say that the upgrades to our credit ratings—in recognition of the continued enhancements to our credit profile—incrementally improve both our access to debt and cost of debt, putting us in an even stronger capital position.

A Favorable Environment for Sale-Leasebacks

Bolstering our optimism for the year ahead is our belief that the environment for sale-leasebacks is as favorable as we’ve ever seen it. High-yield debt and leveraged loans remain very expensive, driving a new batch of companies and private equity firms to explore alternative sources of capital.

The strength of our balance sheet, including the significant liquidity mentioned earlier, gives us a competitive advantage with sellers concerned about execution risk. Our competitive position is especially compelling compared to bidders who rely on asset-level debt—which has either become prohibitively expensive or unavailable.

Improved transaction market fundamentals coupled with our strong competitive position and a well-equipped balance sheet set us up for increased investment activity at higher cap rates in 2023.

While we see improvements in the sale-leaseback market, we also acknowledge the increasing likelihood of a recession in 2023. For the reasons I discussed earlier in this letter, investors can be assured that downside protection has been a hallmark of our success for the past 50 years and will surely contribute to our ongoing, long-term success.
In Closing

I’ll end where I started by acknowledging our exciting milestone year. What began with an entrepreneurial idea from then college student Bill Carey to buy as many dorm room refrigerators as he could afford and lease them to his fellow students has grown to become—50 years later—one of the largest U.S. REITs.

Of course, all of the achievements and milestones we’re celebrating this year would not be possible without our dedicated and talented employees who continue to go above and beyond to deliver on our mission of Investing for the Long Run®.

I’d also like to thank the W. P. Carey Board of Directors for their continued support and counsel, with a special welcome to both Constantin Beier and Elisabeth Stheeman, who joined the board in 2022.

Finally, I want to thank you, our shareholders, for your ongoing confidence and trust. While we have a lot to reflect on this year, I’m also incredibly excited about the future and look forward to everything we can achieve in the years to come.

With best regards,

Jason E. Fox
Chief Executive Officer
As we celebrate our 50th anniversary, we’re thrilled to continue the legacy of our founder Wm. Polk Carey, and his lifelong dedication to Doing Good While Doing Well®. We are proud to highlight some of our latest achievements, which reflect our ongoing commitment to making a positive difference within our business, local communities and beyond:

- Included in Bloomberg Gender-Equality Index for third consecutive year
- Named a 2022 Green Lease Leader, among the first net lease REITs to receive the recognition at the Gold level
- Earned 2022 Great Place to Work Certification™ and named a Best Place to Work by GlobeSt.com
- Maintained a Governance QualityScore of 1 from ISS, indicating the lowest governance risk
- Issued our first green bond allocation report, with all proceeds fully allocated to eligible green projects, all of which have BREEAM Very Good or LEED Gold ratings or higher
- Furthered our commitment to sustainability with 27 leases with Green Lease provisions executed in 2022 totaling 16.8 million square feet of assets and generating an ABR of approximately $97.5 million
- Increased corporate donations by over 10% to support organizations, including Ability Beyond, Asian American Federation, Autism Speaks, CARE International, Dominican Women’s Development Center, Equal Justice Initiative, Gift of Adoption, Heritage of Pride, the Honor Foundation, Juneteenth NY and Maestro Cares Foundation
- Sponsored a team to run the New York City Marathon in support of NewYork-Presbyterian Hospital
- Continued our CareyForward employee volunteer program supporting community organizations, such as the American Cancer Society, the Amsterdam Food Bank, City Harvest, Feeding America, Friends of Governors Island, Friends of the High Line, CARE Netherlands and Volunteers of America
The following non-GAAP financial measures are used in this CEO letter:

**AFFO**

Due to certain unique operating characteristics of real estate companies, as discussed below, NAREIT, an industry trade group, has promulgated a non-GAAP measure known as FFO, which we believe to be an appropriate supplemental measure, when used in addition to and in conjunction with results presented in accordance with GAAP, to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental non-GAAP measure. FFO is not equivalent to, nor a substitute for, net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as restated in December 2018. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from sales of property, impairment charges on real estate or other assets incidental to the company’s main business, gains or losses on changes in control of interests in real estate and depreciation and amortization from real estate assets; and after adjustments for unconsolidated partnerships and jointly owned investments. Adjustments for unconsolidated partnerships and jointly owned investments are calculated to reflect FFO.

We also modify the NAREIT computation of FFO to adjust GAAP net income for certain non-cash charges, such as amortization of real estate-related intangibles, deferred income tax benefits and expenses, straight-line rent and related reserves, other non-cash rent adjustments, non-cash allowance for credit losses on loans receivable and direct financing leases, stock-based compensation, non-cash environmental accretion expense, amortization of discounts and premiums on debt and amortization of deferred financing costs. Our assessment of our operations is focused on long-term sustainability and not on such non-cash items, which may cause short-term fluctuations in net income but have no impact on cash flows. Additionally, we exclude non-core income and expenses, such as gains or losses from extinguishment of debt and merger and acquisition expenses. We also exclude realized and unrealized gains/losses on foreign currency exchange rate movements (other than those realized on the settlement of foreign currency derivatives), which are not considered fundamental attributes of our business plan and do not affect our overall long-term operating performance. We refer to our modified definition of FFO as AFFO. We exclude these items from GAAP net income to arrive at AFFO as they are not the primary drivers in our decision-making process and excluding these items provides investors a view of our portfolio performance over time and makes it more comparable to other REITs that are currently not engaged in acquisitions, mergers and restructuring, which are not part of our normal business operations. AFFO also reflects adjustments for unconsolidated partnerships and jointly owned investments. We use AFFO as one measure of our operating performance when we formulate corporate goals, evaluate the effectiveness of our strategies and determine executive compensation.

We believe that AFFO is a useful supplemental measure for investors to consider as we believe it will help them to better assess the sustainability of our operating performance without the potentially distorting impact of these short-term fluctuations. However, there are limits on the usefulness of AFFO to investors. For example, impairment charges and unrealized foreign currency exchange rate losses that we exclude may become actual realized losses upon the ultimate disposition of the properties in the form of lower cash proceeds or other considerations. We use our FFO and AFFO measures as supplemental financial measures of operating performance. We do not use our FFO and AFFO measures as, nor should they be considered to be, alternatives to net income computed under GAAP, or as alternatives to net cash provided by operating activities computed under GAAP, or as indicators of our ability to fund our cash needs.

**Other Metrics**

**Pro Rata Metrics**

This CEO letter contains certain metrics prepared on a pro rata basis. We refer to these metrics as pro rata metrics. We have a number of investments, usually with our affiliates, in which our economic ownership is less than 100%. On a full consolidation basis, we report 100% of the assets, liabilities, revenues and expenses of those investments that are deemed to be under our control or for which we are deemed to be the primary beneficiary, even if our ownership is less than 100%. Also, for all other jointly owned investments, which we do not control, we report our net investment and our net income or loss from that investment. On a pro rata basis, we generally present our proportionate share, based on our economic ownership of these jointly owned investments, of the assets, liabilities, revenues and expenses of those investments. Multiplying each of our jointly owned investments’ financial statement line items by our percentage ownership and adding or subtracting those amounts from our totals, as applicable, may not accurately depict the legal and economic implications of holding an ownership interest of less than 100% in our jointly owned investments.

**ABR**

ABR represents contractual minimum annualized base rent for our net-leased properties and reflects exchange rates as of December 31, 2022. If there is a rent abatement, we annualize the first monthly contractual base rent following the free rent period. ABR is not applicable to operating properties and is presented on a pro rata basis.
W. P. Carey is committed to reducing our environmental impact and finding new ways to expand our green efforts. As such, we are proud to report that our 2022 CEO Letter was issued in electronic form only.