

W P CAREY & CO LLC
Form 10-Q
August 07, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2012**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-13779

W. P. CAREY & CO. LLC

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

13-3912578

(I.R.S. Employer Identification No.)

**50 Rockefeller Plaza
New York, New York**

(Address of principal executive office)

10020

(Zip Code)

Investor Relations (212) 492-8920

(212) 492-1100

(Registrant's telephone numbers, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Registrant has 40,358,186 shares of common stock, no par value, outstanding at August 1, 2012.

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Forward-Looking Statements	

This Quarterly Report on Form 10-Q (the "Report"), including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of Part I of this Report, contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements generally are identified by the words believe, project, expect, anticipate, estimate, intend, strategy, plan, should, will, would, will be, will continue, will likely result, and similar expressions. It is important to note that our actual results could be materially different from those projected in such forward-looking statements. You should exercise caution in relying on forward-looking statements as they involve known and unknown risks, uncertainties and other factors that may materially affect our future results, performance, achievements or transactions. Information on factors which could impact actual results and cause them to differ from what is anticipated in the forward-looking statements contained herein is included in this Report as well as in our other filings with the Securities and Exchange Commission (the "SEC"), including but not limited to those described in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 as filed with the SEC on February 29, 2012 (the "2011 Annual Report"). We do not undertake to revise or update any forward-looking statements. Additionally, a description of our critical accounting estimates is included in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2011 Annual Report. There has been no significant change in our critical accounting estimates.

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Table of Contents**PART I****Item 1. Financial Statements****W. P. CAREY & CO. LLC****CONSOLIDATED BALANCE SHEETS (UNAUDITED)***(in thousands, except share amounts)*

	June 30, 2012	December 31, 2011
Assets		
Investments in real estate:		
Real estate, at cost (inclusive of amounts attributable to consolidated variable interest entities (VIEs) of \$41,032 and \$41,032, respectively)	\$ 595,920	\$ 646,482
Operating real estate, at cost (inclusive of amounts attributable to consolidated VIEs of \$26,395 and \$26,318, respectively)	110,028	109,875
Accumulated depreciation (inclusive of amounts attributable to consolidated VIEs of \$23,328 and \$22,350, respectively)	(127,139)	(135,175)
Net investments in properties	578,809	621,182
Net investments in direct financing leases	57,872	58,000
Equity investments in real estate and the REITs	552,552	538,749
Net investments in real estate	1,189,233	1,217,931
Cash and cash equivalents (inclusive of amounts attributable to consolidated VIEs of \$245 and \$230, respectively)	39,800	29,297
Due from affiliates	33,908	38,369
Intangible assets and goodwill, net	121,402	125,957
Other assets, net (inclusive of amounts attributable to consolidated VIEs of \$1,891 and \$2,773, respectively)	54,272	51,069
Total assets	\$ 1,438,615	\$ 1,462,623
Liabilities and Equity		
Liabilities:		
Non-recourse and limited-recourse debt (inclusive of amounts attributable to consolidated VIEs of \$14,073 and \$14,261, respectively)	\$ 346,532	\$ 356,209
Line of credit	233,160	233,160
Accounts payable, accrued expenses and other liabilities (inclusive of amounts attributable to consolidated VIEs of \$1,620 and \$1,651, respectively)	62,948	82,055
Income taxes, net	37,652	44,783
Distributions payable	22,960	22,314
Total liabilities	703,252	738,521
Redeemable noncontrolling interest	6,788	7,700
Commitments and contingencies (Note 10)		
Equity:		
W. P. Carey members' equity:		

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Listed shares, no par value, 100,000,000 shares authorized; 40,358,186 and 39,729,018 shares issued and outstanding, respectively	798,036	779,071
Distributions in excess of accumulated earnings	(99,653)	(95,046)
Deferred compensation obligation	7,691	7,063
Accumulated other comprehensive loss	(11,096)	(8,507)
Total W. P. Carey members' equity	694,978	682,581
Noncontrolling interests	33,597	33,821
Total equity	728,575	716,402
Total liabilities and equity	\$ 1,438,615	\$ 1,462,623

See Notes to Consolidated Financial Statements.

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Table of Contents**W. P. CAREY & CO. LLC****CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)***(in thousands, except share and per share amounts)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
Asset management revenue	\$ 15,636	\$ 16,619	\$ 31,238	\$ 36,439
Structuring revenue	3,622	5,735	11,260	21,680
Incentive, termination and subordinated disposition revenue	-	52,515	-	52,515
Wholesaling revenue	4,080	2,922	7,867	6,202
Reimbursed costs from affiliates	20,484	17,059	39,221	34,778
Lease revenues	17,228	16,217	34,859	30,089
Other real estate income	6,992	5,709	12,984	10,992
	68,042	116,776	137,429	192,695
Operating Expenses				
General and administrative	(26,582)	(24,585)	(53,491)	(45,908)
Reimbursable costs	(20,484)	(17,059)	(39,221)	(34,778)
Depreciation and amortization	(6,733)	(5,891)	(13,528)	(10,501)
Property expenses	(3,404)	(2,819)	(5,989)	(5,708)
Other real estate expenses	(2,431)	(2,942)	(4,930)	(5,499)
Impairment charges	(1,003)	-	(3,660)	-
	(60,637)	(53,296)	(120,819)	(102,394)
Other Income and Expenses				
Other interest income	155	560	658	1,235
Income from equity investments in real estate and the REITs	28,345	15,072	42,331	21,288
Gain on change in control of interests	-	27,859	-	27,859
Other income and (expenses)	1,218	4,758	1,524	5,239
Interest expense	(7,246)	(5,355)	(14,591)	(9,671)
	22,472	42,894	29,922	45,950
Income from continuing operations before income taxes	29,877	106,374	46,532	136,251
Benefit from (provision for) income taxes	1,882	(25,030)	187	(32,597)
Income from continuing operations	31,759	81,344	46,719	103,654
Discontinued Operations				
(Loss) income from operations of discontinued properties	(231)	(122)	(273)	403
(Loss) gain on sale of real estate	(298)	(121)	(479)	660
Impairment charges	-	(41)	(3,068)	(41)
(Loss) income from discontinued operations	(529)	(284)	(3,820)	1,022
Net Income	31,230	81,060	42,899	104,676
Add: Net loss attributable to noncontrolling interests	480	384	1,058	714
Less: Net loss (income) attributable to redeemable noncontrolling interest	67	(1)	110	(604)
Net Income Attributable to W. P. Carey Members	\$ 31,777	\$ 81,443	\$ 44,067	\$ 104,786

Basic Earnings Per Share

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Income from continuing operations attributable to W. P. Carey members	\$	0.79	\$	2.03	\$	1.17	\$	2.57
(Loss) income from discontinued operations attributable to W. P. Carey members		(0.01)		(0.01)		(0.09)		0.03
Net income attributable to W. P. Carey members	\$	0.78	\$	2.02	\$	1.08	\$	2.60
