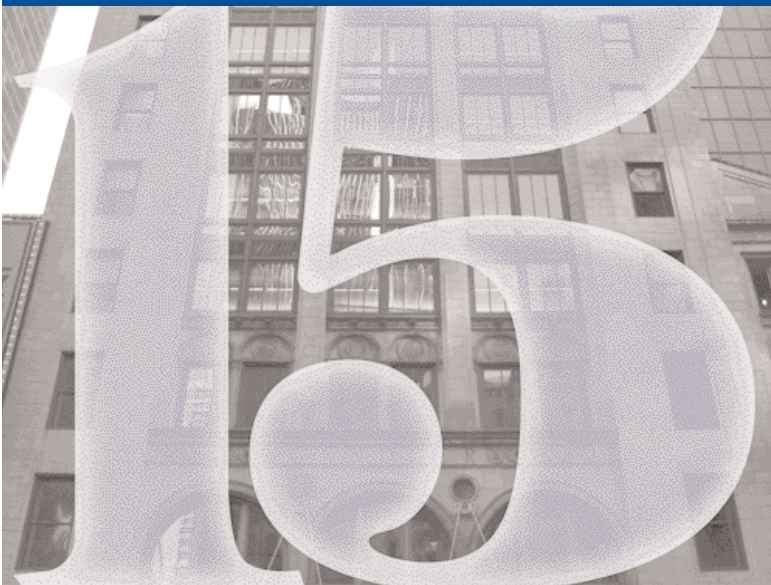


CPA:15

2005 Second Quarter Report

CORPORATE PROPERTY ASSOCIATES 15



GENERATING INCOME FOR INVESTORS SINCE 2001

A MEMBER OF THE

W. P. CAREY

GROUP

DEAR FELLOW CPA[®]:15 SHAREHOLDERS

We are pleased to provide you with details on CPA[®]:15's financial results for the three-month period ended June 30, 2005. Among the quarterly and year-to-date highlights were:

- In June, the Board of Directors of CPA[®]:15 approved and increased the second quarter distribution to \$.1594 per share. This equates to an annualized yield of 6.4% based on the initial share price of \$10.00 per share.
- Cash flows from operating activities for the six-month period ended June 30, 2005 increased to \$60.1 million, from \$22.5 million during the comparable period in 2004.
- Net income for the quarter increased to \$11.3 million, from \$8.5 million during the comparable period last year. The increases in cash flows from operating activities, net income and revenues were primarily due to an increase in CPA[®]:15's asset base as a result of investment activity and an increase in lease revenues following its merger with its affiliate, Carey Institutional Properties, in September 2004.
- Revenues increased to \$54.9 million for the quarter, up from \$33.1 million during the comparable period in 2004.

Investment Activity

- In May, CPA[®]:15 and its affiliate, Corporate Property Associates 16 – Global (CPA[®]:16 – Global), acquired and leased back five boat fabrication, storage and servicing facilities from The Hinckley Company, one of the premier yacht building and servicing businesses in the United States for \$58.3 million. The facilities, totaling approximately 473,000 square feet, will be leased for an initial period of 25 years. CPA[®]:15 owns 30% of the portfolio, while CPA[®]:16 – Global owns the remaining 70%.
- In June, CPA[®]:15 and its affiliate, CPA[®]:16 – Global, acquired and leased back 16 retail facilities from Hellweg Die Profi-Baumärkte GmbH & Co. KG, one of the leading Do-It-Yourself retailers in Germany, for approximately \$154 million. The transaction was the largest single European investment completed in the history of the CPA[®] funds. Hellweg will maintain control of the facilities, which total approximately 1.3 million square feet, for an initial period of 25 years. CPA[®]:15 owns 75% of the portfolio, while CPA[®]:16 – Global owns the remaining 25%.

Portfolio Update

- In April, CPA[®]:15 completed the sale of a vacant property in Miami, Florida formerly leased to Transworld Center, Inc. to a third party for net proceeds of \$19.4 million.

As you may be aware by now, Madison Liquidity Investors and its affiliates are soliciting CPA®:15 investors to sell their shares for \$8.00 per share, a 20% discount to CPA®:15's original offering price of \$10.00 per share. We recommend that you reject their tender offer solicitation for the reason mentioned in our recent shareholder communications, a copy of which can be found at www.CPA15.com. We also encourage you to review the Securities and Exchange Commission's website, www.sec.gov/investor/pubs/minitend.htm, which provides additional details on the dangers of these types of tender offers. If you have questions, please consult your financial advisor or call our Investor Relations Department at 1-800-WP CAREY (972-2739) or send an e-mail to IR@wpcarey.com.

We are pleased to offer a convenient, secure and cost-effective way to access your CPA®:15 investment information online 24 hours a day, seven days a week at www.wpcarey.com/ShareholderAccess. You can access your current investment balances and distribution history, among other options.

As a reminder, CPA®:15's Distribution Reinvestment and Share Purchase Plan (DRIP) enables you to reinvest your quarterly distributions in new CPA®:15 shares at its initial share price of \$10.00 per share and enjoy the effects of compounding returns. It's a convenient and cost-effective way to increase your investment portfolio. For more information on how you can take advantage of this program please call our Investor Relations Department.

On behalf of the entire CPA®:15 family, we thank you again for your continued confidence and support.

With best regards,



Wm. Polk Carey
Chairman



Gordon F. DuGan
Vice Chairman
& *CEO*



Anne Coolidge Taylor
President

P.S. Please direct any change of address, name and transfer instructions, as well as lost check inquiries to CPA®:15's transfer agent:

W. P. Carey & Co. LLC
c/o Phoenix American Financial Services
2401 Kerner Boulevard, San Rafael, CA 94901
1-888-241-3737
www.wpcarey.com/ShareholderAccess

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

<i>(in thousands except share and per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues:				
Rental income	\$ 45,229	\$ 28,220	\$ 90,981	\$ 50,831
Interest income from direct financing leases	7,189	3,613	13,631	7,139
Other operating income	2,439	1,293	4,254	5,508
	54,857	33,126	108,866	63,478
Operating expenses:				
Depreciation and amortization	12,352	7,329	24,789	12,914
General and administrative	2,283	1,518	5,085	3,492
Property expenses	8,543	4,949	16,833	9,816
	23,178	13,796	46,707	26,222
Income from continuing operations before other interest income, minority interest, equity income, gains and losses and interest expense	31,679	19,330	62,159	37,256
Other interest income	1,149	666	2,098	1,671
Minority interest in income	(3,448)	(1,745)	(7,107)	(3,740)
Income from equity investments	3,965	2,123	7,940	4,194
Loss on sale of real estate	—	(48)	—	(48)
Gain on derivative instruments, net	69	—	69	—
(Loss) gain on foreign currency transactions, net	(1,767)	(139)	(3,288)	1,737
Interest expense	(21,803)	(11,424)	(43,491)	(20,423)
Income from continuing operations	9,844	8,763	18,380	20,647
Discontinued operations:				
Income (loss) from operations of discontinued properties	1,509	(261)	1,219	(541)
Loss on sale of real estate	(10)	—	(10)	—
Impairment charge on properties held for sale	—	—	(610)	—
Income (loss) from discontinued operations	1,499	(261)	599	(541)
Net income	\$ 11,343	\$ 8,502	\$ 18,979	\$ 20,106
Basic earnings per share:				
Earnings from continuing operations	\$.08	\$.08	\$.15	\$.19
Income (loss) from discontinued operations	.01	—	-	—
Net income	\$.09	\$.08	\$.15	\$.19
Dividends declared per share	\$.1594	\$.1571	\$.3183	\$.3140
Weighted average shares outstanding – basic	126,678,873	106,584,821	126,443,370	106,342,394

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(in thousands)</i>	Six Months Ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net income	\$ 18,979	\$ 20,106
Adjustments to reconcile net income to net cash provided by operating activities:		
(Income) loss from discontinued operations, including impairment charges on real estate and loss on sale	(599)	541
Depreciation and amortization of intangibles and deferred financing costs	25,700	13,204
Equity income in excess of distributions received	(982)	(136)
Straight-line rent adjustments	255	(3,424)
Settlement proceeds assigned to lender	—	(2,754)
Loss on sale of real estate	—	48
Gain on derivative instruments, net	(69)	—
Loss (gain) on foreign currency transactions, net	3,288	(1,737)
Issuance of shares to affiliate in satisfaction of fees due	5,432	2,705
Minority interest in income	7,107	3,740
Changes in operating assets and liabilities, net	1,183	(9,230)
Net cash provided by continuing operations	60,294	23,063
Net cash used in discontinued operations	(186)	(541)
Net cash provided by operating activities	60,108	22,522
Cash flows from investing activities:		
Distributions from operations of equity investments in excess of equity income	1,806	632
Acquisition of real estate and equity investments and other capitalized costs	(286,440)	(494,519)
VAT taxes recovered in connection with purchases of real estate, net	—	5,275
Payment of deferred acquisition fees	(6,001)	(3,253)
Purchase of short-term investments	—	(20,863)
Redemption of short-term investments	—	15,400
Purchase of securities	—	(19,125)
Proceeds from sale of marketable securities	20,000	61,100
Proceeds of amount receivable from sale of real estate from affiliate	—	3,034
Proceeds from sale of real estate	19,759	2,752
Net cash used in investing activities	(250,876)	(449,567)
Cash flows from financing activities:		
Proceeds from mortgages	210,361	247,688
Scheduled mortgage and note principal payments	(11,563)	(4,518)
Deferred financing costs and mortgage deposits, net of deposits refunded	—	(635)
Capital contributions from minority partner	23,528	56,241
Distributions paid to minority partners	(9,407)	(1,888)
Proceeds from issuance of stock, net of costs of raising capital	10,171	8,142
Dividends paid	(39,960)	(33,220)
Purchase of treasury stock	(5,920)	(1,755)
Net cash provided by financing activities	177,210	270,055
Effect of exchange rate changes on cash	(4,946)	(143)
Net decrease in cash and cash equivalents	(18,504)	(157,133)
Cash and cash equivalents, beginning of period	144,522	235,217
Cash and cash equivalents, end of period	\$ 126,018	\$ 78,084

CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands except share amounts)

	June 30, 2005	December 31, 2004*
Assets:		
Land and buildings, net of accumulated depreciation of \$64,522 and \$47,756 at June 30, 2005 and December 31, 2004	\$ 1,720,490	\$ 1,695,066
Net investment in direct financing leases	437,662	291,367
Intangible assets, net of accumulated amortization of \$17,265 and \$8,503 at June 30, 2005 and December 31, 2004	229,953	228,760
Assets held for sale	—	19,385
Real estate under construction	30,120	25,115
Equity investments	186,352	180,479
Cash and cash equivalents	126,018	144,522
Marketable securities	11,796	32,150
Other assets, net	100,682	101,552
Total assets	\$ 2,843,073	\$ 2,718,396
Liabilities, Minority Interest and Shareholders' Equity:		
Liabilities:		
Limited recourse mortgage notes payable	\$ 1,452,351	\$ 1,309,126
Accrued interest	8,035	7,694
Due to affiliates	6,361	6,159
Accounts payable and accrued expenses	12,975	9,878
Other liabilities	31,754	24,161
Prepaid rental income and security deposits	45,209	66,122
Deferred acquisition fees payable to affiliate	32,883	34,650
Dividends payable	20,208	19,908
Total liabilities	1,609,776	1,477,698
Minority interest	189,703	176,490
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.001 par value; 240,000,000 shares authorized; issued and outstanding, 127,616,497 and 126,009,926 at June 30, 2005 and December 31, 2004	128	126
Additional paid-in capital	1,162,739	1,147,138
Dividend in excess of accumulated earnings	(106,432)	(85,151)
Accumulated other comprehensive (loss) income	(2,827)	6,189
	1,053,608	1,068,302
Less, treasury stock at cost, 1,068,322 and 416,149 shares at June 30, 2005 and December 31, 2004	(10,014)	(4,094)
Total shareholders' equity	1,043,594	1,064,208
Total liabilities, minority interest and shareholders' equity	\$ 2,843,073	\$ 2,718,396

*Note: The balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements at that date.



*c/o Phoenix American Financial Services
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