

CPA:15

2006 FIRST 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 updated information about CPA®:15's portfolio for the three-month period ended March 31, 2006.

Revenues, net income and cash flows from operating activities increased as compared to the same period in 2005. Our portfolio of net-leased assets continued to provide rising quarterly income to investors. Formed in 2001, CPA®:15 has developed into a diversified portfolio of single-tenant triple-net leased real estate properties that as of March 31, 2006 consisted of 339 properties leased to 84 tenants, totaling more than 31 million square feet located throughout the United States, Belgium, Finland, France, Germany, Poland and the United Kingdom.

Portfolio Update

During the three months ended March 31, 2006, we completed two new investments at a total cost of \$198 million. One investment included properties located in Pennsylvania and Wyoming leased to Corinthian Colleges, Inc., with the other investment consisting of multiple retail properties located throughout Poland leased to OBI Group.

In March 2006, we completed the sale of a property located in Miami, FL for \$17.4 million, net of costs, and recognized a gain of \$2.9 million. We used \$7.8 million of the sale proceeds to satisfy an existing mortgage obligation on the property. In addition to eliminating the carrying costs associated with this property, the sale of this underperforming asset strengthens our overall portfolio, which now has an occupancy rate of 99.5%.

Subsequently, in June 2006, we completed the sale of a building in New York, NY for \$208 million, inclusive of minority interest, which resulted in a GAAP gain of approximately \$44 million, inclusive of minority interest. Together with our affiliate CPA®:14, which owned a 40% interest in the facility, we sold this facility to take advantage of a strong off-shore interest in a fully-leased midtown NYC office building and plan to reinvest these proceeds in other transactions.

In addition, we together with our affiliates CPA®:14 and CPA®:12 approved a plan to restructure a master lease with Starmark Holdings, LLC. We own a 44% interest in these properties, which will incur a GAAP impairment charge totaling approximately \$27.8 million, inclusive of minority interest, during the quarter ended June 30, 2006. For further information, please reference the Form 8-K filed on June 16, 2006 at www.cpa15.com.

Quarterly Distribution

Our first quarter 2006 distribution increased to \$.1614 per share, which equates to an annualized yield of 6.46% based on our original share price of \$10.00. Upon payment of the

quarterly cash distribution on April 13, 2006, W. P. Carey & Co. LLC and its CPA® funds paid more than \$2 billion through more than 700 distributions to investors since the inception of the first CPA® fund in 1979.

Distribution Reinvestment and Share Purchase Plan (DRIP)

As a reminder, our DRIP enables you to reinvest your quarterly distributions in new CPA®:15 shares at our current Net Asset Value and enjoy the effects of compounding returns. It's a convenient and cost-effective way to increase your investment portfolio. For more information about how you can take advantage of this program, please contact our Investor Relations Department at 1-800-WP CAREY or IR@wpcarey.com.

Shareholder Access

Please consider receiving your future investor correspondence, such as this quarterly report, electronically. Register at www.wpcarey.com/ShareholderAccess and you will find a convenient, secure and cost-effective way to access your CPA®:15 investment information online 24 hours a day, seven days a week. In addition to lowering shareholder expenses, you will be able to access your current investment balances and distribution history, among other options.

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

With best regards,



Wm. Polk Carey
Chairman of the Board



Gordon F. DuGan
Chief Executive Officer



Anne Coolidge Taylor
President

P.S. As always, please direct any change of address, name and transfer instructions to our 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

Please note that this letter provides only a summary of the information contained in our quarterly report on Form 10-Q for the three-month period ended March 31, 2006, which we have filed with the Securities and Exchange Commission. We encourage you to read the full report, which can be found at www.cpa15.com.

Consolidated Statements of Income (Unaudited)

(in thousands except share and per share amounts)

	Three months ended March 31,	
	2006	2005
Revenues		
Rental income	\$ 54,973	\$ 41,615
Interest income from direct financing leases	10,044	6,442
Other operating income	463	492
	<u>65,480</u>	<u>48,549</u>
Operating Expenses		
Depreciation and amortization	(14,465)	(11,399)
Property expenses	(7,732)	(6,537)
General and administrative	(2,513)	(2,802)
	<u>(24,710)</u>	<u>(20,738)</u>
Other Income and Expenses		
Income from equity investments	2,413	3,975
Other interest income	1,352	949
Minority interest in income	(7,271)	(3,659)
Gain (loss) on foreign currency transactions and other gains, net	271	(1,521)
Interest expense	(26,766)	(19,672)
	<u>(30,001)</u>	<u>(19,928)</u>
Income from continuing operations	<u>10,769</u>	<u>7,883</u>
Discontinued Operations		
Income from operations of discontinued properties	1,718	363
Gain on sale of real estate, net	2,852	—
Impairment charge on asset held for sale	—	(610)
Income (loss) from discontinued operations	<u>4,570</u>	<u>(247)</u>
Net Income	<u>\$ 15,339</u>	<u>\$ 7,636</u>
Basic Earnings Per Share		
Income from continuing operations	\$.08	\$.06
Income from discontinued operations	.04	—
Net Income	<u>\$.12</u>	<u>\$.06</u>
Dividends Declared Per Share	<u>\$.1614</u>	<u>\$.1589</u>
Weighted Average Shares Outstanding - Basic	<u>128,016,772</u>	<u>126,207,868</u>

Consolidated Statements of Cash Flows (Unaudited)

(in thousands except share amounts)

	Three months ended March 31,	
	2006	2005 (Revised)
Cash flows from operating activities		
Net income	\$ 15,339	\$ 7,636
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	15,422	12,906
Equity income in excess of distributions received	(463)	(315)
Minority interest in income	7,271	3,659
Straight-line rent adjustments	944	(71)
Issuance of shares to affiliate in satisfaction of fees due	2,947	2,669
Impairment charge on real estate	—	610
Realized loss on foreign currency transactions, net	74	56
Unrealized (gain) loss on foreign currency transactions and warrants, net	(345)	1,465
Gain on sale of real estate, net	(2,852)	—
Changes in operating assets and liabilities, net	(962)	(2,332)
Net cash provided by operating activities	<u>37,375</u>	<u>26,283</u>
Cash flows from investing activities		
Distributions from equity investments in excess of equity income	258	864
Acquisitions of real estate and equity investments and other capitalized costs ^(a)	(177,670)	(125,520)
Payment of deferred acquisition fees to an affiliate	(9,455)	(6,001)
Sales of securities	—	20,000
Increase in cash due to adoption of EITF 04-05	10,367	—
Proceeds from sale of real estate	17,357	—
Net cash used in investing activities	<u>(159,143)</u>	<u>(110,657)</u>
Cash flows from financing activities		
Proceeds from issuance of stock, net of costs	4,740	5,042
Distributions paid	(20,462)	(19,908)
Proceeds from mortgages	145,222	90,727
Scheduled mortgage principal payments	(6,432)	(5,864)
Prepayment of mortgage principal	(7,763)	—
Distributions paid to minority partners	(7,718)	(5,603)
Contributions from minority partners	9,869	11,528
Deferred financing costs and mortgage deposits, net of deposits refunded	235	(75)
Purchase of treasury stock	(2,790)	(1,682)
Net cash provided by financing activities	<u>114,901</u>	<u>74,165</u>
Effect of exchange rate changes on cash	(144)	(1,594)
Net decrease in cash and cash equivalents	(7,011)	(11,803)
Cash and cash equivalents, beginning of period	131,448	144,522
Cash and cash equivalents, end of period	<u>\$ 124,437</u>	<u>\$ 132,719</u>

(a) The cost basis of real estate investments acquired during the three months ended March 31, 2006 and 2005 also includes deferred acquisition fees payable to W. P. Carey & Co. LLC of \$3,040 and \$1,573, respectively.

Consolidated Balance Sheets (Unaudited)

(in thousands except share and per share amounts)

	March 31, 2006	December 31, 2005 (Note)
Assets		
Real estate, net	\$ 2,126,940	\$ 1,754,493
Net investment in direct financing leases	459,497	440,415
Equity investments	102,048	185,055
Real estate under construction	1,699	—
Assets held for sale	146,017	13,873
Cash and cash equivalents	124,437	131,448
Marketable securities	11,099	11,323
Intangible assets, net	318,132	236,871
Funds in escrow	51,536	44,734
Other assets, net	60,930	38,289
Total assets	<u>\$ 3,402,335</u>	<u>\$ 2,856,501</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Limited recourse mortgage notes payable	\$ 1,808,012	\$ 1,469,149
Limited recourse mortgage notes payable on assets held for sale	81,462	7,831
Accrued interest	11,232	8,380
Due to affiliates	6,911	7,731
Accounts payable, accrued expenses and other liabilities	17,165	18,671
Prepaid and deferred rental income and security deposits	90,896	56,184
Deferred acquisition fees payable to affiliate	27,538	33,953
Distributions payable	20,668	20,460
Total liabilities	<u>2,063,884</u>	<u>1,622,359</u>
Minority interest in consolidated entities	<u>300,168</u>	<u>198,942</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.001 par value; 240,000,000 shares authorized; 130,089,454 and 129,310,515 shares issued and outstanding at March 31, 2006 and December 31, 2005	130	129
Additional paid-in capital	1,186,386	1,178,700
Distributions in excess of accumulated earnings	(127,700)	(122,369)
Accumulated other comprehensive loss	(2,080)	(5,597)
	<u>1,056,736</u>	<u>1,050,863</u>
Less, treasury stock at cost, 2,037,438 and 1,751,690 shares at March 31, 2006 and December 31, 2005	<u>(18,453)</u>	<u>(15,663)</u>
Total shareholders' equity	<u>1,038,283</u>	<u>1,035,200</u>
Total liabilities and shareholders' equity	<u>\$ 3,402,335</u>	<u>\$ 2,856,501</u>

Note: The balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements at that date.



c/o Phoenix American Financial Services
2401 Kerner Boulevard
San Rafael, CA 94901

W. P. CAREY

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