

CPA:15

2006 THIRD 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 our portfolio for the third quarter of 2006.

Revenues and cash flow from operating activities increased as compared to the same period in 2005. Our balance sheet remains strong and our cash position will allow us the opportunity to make future real estate investments and expand our portfolio of single-tenant triple-net leased real estate assets, which at the end of the third quarter of 2006 consisted of 333 properties leased to 84 tenants. These facilities total approximately 31 million square feet and are located throughout the United States, Europe (Belgium, Finland, France, Germany, Poland) and the United Kingdom.

Portfolio Update

As previously reported, in the second quarter of 2006 we restructured a master lease agreement with Starmark Holdings LLC (“Starmark Holdings”) covering 15 fitness center properties that we owned together with several of our affiliates. In the third quarter, six of the properties were leased to a new tenant, Life Time Fitness Inc. In addition, four of the properties formerly leased to Starmark Holdings were transferred to Life Time Fitness in exchange for a \$20 million commitment to fund improvements to the six leased properties. An additional property was re-leased to a second new tenant, Town Sports International, on terms similar to the original lease with Starmark Holdings. Four remaining properties are leased to Starmark Holdings. In December 2006, the ownership of Starmark Holdings was restructured and 100% of the equity of the smaller fitness club operations is now owned by management and a new investor, Central Sports Co., Ltd., a fitness club operator based in Japan.

Appointment of Benjamin P. Harris as President

We are pleased to announce the recent appointment of Benjamin P. Harris as President. Mr. Harris previously served as the President of Corporate Property Associates 12 prior to its merger with Corporate Property Associates 14 in December 2006. In addition to serving as head of W. P. Carey’s domestic Investment Department, Mr. Harris is a Chartered Financial Analyst, and a member of the alternative investments committee of the New York Society of Securities Analysts.

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

Online Account 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 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

Please note that this letter provides only a summary of the information contained in our quarterly report on Form 10-Q for the three months ended September 30, 2006, which can be found at www.cpa15.com.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Nine months ended September 30,	
	2006	2005
Cash flows from operating activities		
Net income	\$ 43,128	\$ 27,394
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	47,935	39,775
Equity income in real estate in excess of distributions received	(1,376)	(683)
Minority interest in income	19,835	10,975
Straight-line rent adjustments	592	(2,028)
Issuance of shares to affiliate in satisfaction of fees due	9,979	8,224
Impairment charge	27,571	1,210
Realized gain on foreign currency transactions, net	(419)	(244)
Unrealized (gain) loss on foreign currency transactions and warrants, net	(1,589)	3,488
(Gain) loss on sale of real estate, net	(45,278)	1,130
Funds released from escrow and restricted cash	11,770	—
Settlement proceeds assigned to lender	—	(506)
Change in operating assets and liabilities, net	(632)	10,149
Net cash provided by operating activities	<u>111,516</u>	<u>98,884</u>
Cash flows from investing activities		
Distributions from equity investments in real estate in excess of equity income	811	2,235
Acquisitions of real estate and equity investments in real estate and other capitalized costs ^(a)	(185,462)	(304,026)
Payment of deferred acquisition fees to an affiliate	(9,455)	(6,001)
Proceeds from sale of securities	—	20,000
Increase in cash due to consolidation of certain ventures	8,181	—
Proceeds from sale of real estate and equipment	217,081	19,759
Net cash provided by (used in) investing activities	<u>31,156</u>	<u>(268,033)</u>
Cash flows from financing activities		
Distributions paid	(61,929)	(60,169)
Distributions to minority interest partners	(67,712)	(14,946)
Contributions from minority interest partners	67,101	23,784
Proceeds from mortgages	170,222	213,286
Prepayment of mortgage principal	(205,883)	—
Scheduled payments of mortgage principal	(22,467)	(19,856)
Deferred financing costs and mortgage deposits, net of deposits refunded	(214)	(53)
Loan from affiliate	84,000	—
Repayment of loan to affiliate	(84,000)	—
Proceeds from issuance of shares, net of costs	14,544	15,181
Purchase of treasury stock	(19,337)	(9,315)
Net cash (used in) provided by financing activities	<u>(125,675)</u>	<u>147,912</u>
Effect of exchange rate changes on cash	480	(3,751)
Net increase (decrease) in cash and cash equivalents	17,477	(24,988)
Cash and cash equivalents, beginning of period	131,448	144,522
Cash and cash equivalents, end of period	<u>\$ 148,925</u>	<u>\$ 119,534</u>

(a) The cost basis of real estate investments acquired during the nine months ended September 30, 2006 and 2005 also includes deferred acquisition fees payable to W.P. Carey & Co. LLC of \$3,040 and \$5,170, respectively.

Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share amounts)

	September 30, 2006	December 31, 2005 (Note)
Assets		
Real estate, net	\$ 2,111,580	\$ 1,754,493
Net investment in direct financing leases	471,979	440,415
Equity investments in real estate	102,406	185,055
Real estate under construction	6,454	—
Assets held for sale	11,449	13,873
Cash and cash equivalents	148,925	131,448
Marketable securities	11,064	11,323
Intangible assets, net	289,140	236,871
Funds in escrow	50,615	44,734
Other assets, net	62,990	38,289
Total assets	\$ 3,266,602	\$ 2,856,501
Liabilities and Shareholders' Equity		
Liabilities:		
Limited recourse mortgage notes payable	\$ 1,741,063	\$ 1,469,149
Limited recourse mortgage notes payable on assets held for sale	—	7,831
Accrued interest	11,225	8,380
Accounts payable, accrued expenses and other liabilities	18,413	18,671
Due to affiliates	10,164	7,731
Deferred acquisition fees payable to affiliate	27,538	33,953
Prepaid and deferred rental income and security deposits	90,506	56,184
Distributions payable	20,916	20,460
Total liabilities	1,919,825	1,622,359
Minority interest in consolidated entities	315,299	198,942
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 240,000,000 shares authorized; 131,738,086 and 129,310,515 shares issued and outstanding, respectively	132	129
Additional paid-in capital	1,203,220	1,178,700
Distributions in excess of accumulated earnings	(141,626)	(122,369)
Accumulated other comprehensive income (loss)	4,752	(5,597)
	1,066,478	1,050,863
Less, treasury stock at cost, 3,734,447 and 1,751,690 shares, respectively	(35,000)	(15,663)
Total shareholders' equity	1,031,478	1,035,200
Total liabilities and shareholders' equity	\$ 3,266,602	\$ 2,856,501

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

Consolidated Statements of Income (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Revenues				
Rental income	\$ 58,172	\$ 40,603	\$ 170,581	\$ 122,372
Interest income from direct financing leases	10,474	9,430	30,884	23,061
Other operating income	2,173	3,623	4,361	5,394
	<u>70,819</u>	<u>53,656</u>	<u>205,826</u>	<u>150,827</u>
Operating Expenses				
Depreciation and amortization	(15,424)	(11,219)	(45,149)	(33,769)
Property expenses	(10,242)	(10,202)	(26,925)	(23,898)
General and administrative	(2,424)	(3,118)	(7,647)	(8,165)
Impairment charge	—	—	(18,957)	—
	<u>(28,090)</u>	<u>(24,539)</u>	<u>(98,678)</u>	<u>(65,832)</u>
Other Income and Expenses				
Income from equity investments in real estate	1,783	3,803	5,977	11,743
Other interest income	1,980	1,086	4,893	3,129
Minority interest in income	(1,064)	(3,167)	(7,809)	(8,860)
Gain (loss) on foreign currency transactions and other gains, net	643	542	2,008	(2,839)
Interest expense	(41,432)	(20,812)	(96,211)	(59,965)
	<u>(38,090)</u>	<u>(18,548)</u>	<u>(91,142)</u>	<u>(56,792)</u>
Income from continuing operations	<u>4,639</u>	<u>10,569</u>	<u>16,006</u>	<u>28,203</u>
Discontinued Operations				
Income from operations of discontinued properties	657	267	2,484	3,646
(Loss) gain on sale of real estate	—	(1,120)	45,278	(1,130)
Impairment charge on asset held for sale	—	(600)	(8,614)	(1,210)
Minority interest in income	—	(701)	(12,026)	(2,115)
Income (loss) from discontinued operations	<u>657</u>	<u>(2,154)</u>	<u>27,122</u>	<u>(809)</u>
Net Income	<u>\$ 5,296</u>	<u>\$ 8,415</u>	<u>\$ 43,128</u>	<u>\$ 27,394</u>
Basic Earnings Per Share				
Income from continuing operations	\$ 0.04	\$ 0.08	\$ 0.13	\$ 0.22
Income (loss) from discontinued operations	0.01	(0.01)	0.21	—
Net income	<u>\$ 0.05</u>	<u>\$ 0.07</u>	<u>\$ 0.34</u>	<u>\$ 0.22</u>
Distributions Declared Per Share				
	<u>\$ 0.1634</u>	<u>\$ 0.1599</u>	<u>\$ 0.4872</u>	<u>\$ 0.4782</u>
Weighted Average Shares				
Outstanding - Basic	<u>128,731,438</u>	<u>127,211,696</u>	<u>128,439,979</u>	<u>126,702,677</u>



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