

Investing for the long run™



CPA:15

Corporate Property Associates 15
2008 Third Quarter Report

A MEMBER OF THE

W. P. CAREY

GROUP

Dear Fellow Shareholders

The Corporate Property Associates series of programs was founded thirty years ago based on an investment strategy intended to work in good times and in bad. Since then, we have continued to follow this strategy through a conservative risk management approach which includes:

Diversification:

We diversify our portfolio by tenant, tenant industry and geography so that we limit exposure to any one tenant, region or single industry, given our belief that the performance of companies in the same industry or the same area tends to correlate in a down time. CPA[®]:15's portfolio is broadly diversified, consisting of 84 separate corporate obligors from 24 industries with 369 properties in 38 states and eight countries. And the portfolio is more than 97% occupied.

Critical Operating Assets:

We identify and purchase assets that we deem essential for companies to maintain their core operations and stay in business in down markets—assets such as flow-through warehouses and profitable retail properties. We also look to acquire properties that contribute significantly to the overall profitability of the tenant company.

Focus on Tenant Creditworthiness:

Each acquisition we complete undergoes a thorough underwriting process. Generally, our independent investment committee, comprised of seasoned investment professionals with a combined 200 years of experience and expertise, must review and approve all transactions.

We are pleased that our disciplined and conservative approach to building the CPA[®]:15 portfolio has resulted in solid, steady cash flows. In addition, while we have seen a small increase in rent delinquencies, so far in 2008 we have

not experienced a significant increase in corporate defaults. This being said, in light of current economic conditions, we believe corporate defaults may increase in the next 12 to 24 months. We will monitor our tenants closely and continue to manage the portfolio aggressively to mitigate any effect this may have on the overall portfolio.

We have much to look forward to in 2009, and on behalf of the entire W. P. Carey family, we thank you for your ongoing confidence and support. We will continue to work diligently on your behalf to maintain our track record of excellence during these challenging times.

With best regards,



Wm. Polk Carey
Chairman of the Board



Gordon F. DuGan
Chief Executive Officer



Benjamin P. Harris
President

Please note that these highlights provide only a summary of the information contained in our quarterly report on Form 10-Q for the three and nine months ended September 30, 2008, 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 Cash Flow (Unaudited)

(in thousands)

	Nine months ended September 30,	
	2008	2007
Cash Flows — Operating Activities		
Net income	\$ 40,982	\$ 60,223
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	52,318	48,263
Straight-line rent adjustments	3,816	3,560
Income from equity investments in real estate in excess of distributions received	(307)	(21,232)
Minority interest in income	17,684	20,110
Issuance of shares to affiliate in satisfaction of fees due	11,948	11,049
Realized gain on foreign currency transactions, derivative instruments and other, net	(6,069)	(2,640)
Unrealized (gain) loss on foreign currency transactions, derivative instruments and other, net	1,009	(1,276)
Reversal of unrealized gain on warrants	—	1,210
Gain on sale of real estate, net	(90)	—
Impairment charges	17,233	—
Changes in operating assets and liabilities	8,177	(6,040)
Net cash provided by operating activities	146,701	113,227
Cash Flows — Investing Activities		
Distributions from equity investments in real estate in excess of equity income	1,773	5,093
Acquisitions of real estate and equity investments in real estate and other capital expenditures	(17,054)	(109,028)
VAT taxes paid in connection with acquisition of real estate	—	(2,336)
Proceeds from sale of real estate	1,010	—
Proceeds from sale of securities	—	1,580
Exercise of common stock warrants	—	(499)
Repayment of loan by affiliate	7,569	—
Payment of deferred acquisition fees to an affiliate	(8,413)	(10,802)
Net cash used in investing activities	(15,115)	(115,992)
Cash Flows — Financing Activities		
Distributions paid ^(a)	(75,996)	(63,763)
Distributions paid to minority interest partners	(31,514)	(23,131)
Contributions from minority interest partners	—	24,902
Proceeds from mortgages	25,000	29,559
Scheduled payments of mortgage principal	(32,448)	(27,618)
Prepayment of mortgage principal	(17,588)	—
Deferred financing costs and mortgage deposits, net of deposits refunded	(195)	(98)
Proceeds from issuance of shares, net of costs	14,432	15,147
Purchase of treasury stock	(35,751)	(23,846)
Net cash used in financing activities	(154,060)	(68,848)
Change in Cash and Cash Equivalents During the Period		
Effect of exchange rate changes on cash	935	5,592
Net decrease in cash and cash equivalents	(21,539)	(66,021)
Cash and cash equivalents, beginning of period	166,851	174,375
Cash and cash equivalents, end of period	\$ 145,312	\$ 108,354

(a) Includes a special distribution of \$10,153 (\$0.08 per share) declared in December 2007 and paid in January 2008.

Consolidated Balance Sheets (Unaudited)

(in thousands except share and per share amounts)

	September 30, 2008	December 31, 2007 (NOTE)
Assets		
Real estate, net	\$ 2,126,656	\$ 2,146,169
Net investment in direct financing leases	471,029	522,126
Equity investments in real estate	207,619	202,112
Assets held for sale	8,531	—
Real estate under construction	—	11,950
Cash and cash equivalents	145,312	166,851
Intangible assets, net	249,279	272,496
Other assets, net	134,812	142,933
Total assets	<u>\$ 3,343,238</u>	<u>\$ 3,464,637</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Non-recourse debt	\$ 1,867,405	\$ 1,921,648
Non-recourse debt on assets held for sale	7,514	—
Accounts payable, accrued expenses and other liabilities	37,024	33,288
Prepaid and deferred rental income and security deposits	86,179	80,006
Due to affiliates	26,495	35,712
Distributions payable	22,157	32,055
Total liabilities	<u>2,046,774</u>	<u>2,102,709</u>
Minority interest in consolidated entities	<u>283,560</u>	<u>300,031</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 240,000,000 shares authorized; 138,062,411 and 135,798,189 shares issued and outstanding, respectively	138	136
Additional paid-in capital	1,273,619	1,247,241
Distributions in excess of accumulated earnings	(173,606)	(148,490)
Accumulated other comprehensive income	20,658	35,164
	<u>1,120,809</u>	<u>1,134,051</u>
Less, treasury stock at cost, 10,428,523 and 7,277,509 shares, respectively	<u>(107,905)</u>	<u>(72,154)</u>
Total shareholders' equity	<u>1,012,904</u>	<u>1,061,897</u>
Total liabilities and shareholders' equity	<u>\$ 3,343,238</u>	<u>\$ 3,464,637</u>

NOTE: The consolidated balance sheet at December 31, 2007 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,	
	2008	2007	2008	2007
Revenues				
Rental income	\$ 63,509	\$ 59,748	\$ 190,520	\$ 176,742
Interest income from direct financing leases	11,925	11,733	35,676	33,374
Other operating income	1,040	2,946	3,767	6,371
	<u>76,474</u>	<u>74,427</u>	<u>229,963</u>	<u>216,487</u>
Operating Expenses				
Depreciation and amortization	(16,628)	(15,778)	(52,494)	(46,726)
Property expenses	(10,623)	(11,888)	(31,291)	(30,638)
General and administrative	(1,988)	(2,712)	(7,346)	(7,475)
Impairment charges	(13,214)	—	(13,214)	—
	<u>(42,453)</u>	<u>(30,378)</u>	<u>(104,345)</u>	<u>(84,839)</u>
Other Income and Expenses				
Advisor settlement	—	—	9,111	—
Income from equity investments in real estate	2,332	16,842	10,426	21,599
Other interest income	1,399	2,099	4,754	7,941
Minority interest in income	(2,861)	(6,397)	(17,684)	(18,804)
Gain on foreign currency transactions, derivative instruments and other, net	147	2,407	5,096	2,706
Interest expense	(27,936)	(28,041)	(86,365)	(83,732)
	<u>(26,919)</u>	<u>(13,090)</u>	<u>(74,662)</u>	<u>(70,290)</u>
Income from continuing operations before income taxes	7,102	30,959	50,956	61,358
Provision for income taxes	(2,076)	(814)	(6,590)	(3,870)
Income from continuing operations	<u>5,026</u>	<u>30,145</u>	<u>44,366</u>	<u>57,488</u>
Discontinued Operations				
Income from operations of discontinued properties	188	1,182	545	4,041
Impairment charges	(4,019)	—	(4,019)	—
Gain on sale of real estate, net	—	—	90	—
Minority interest in income	—	(423)	—	(1,306)
Income from discontinued operations	<u>(3,831)</u>	<u>759</u>	<u>(3,384)</u>	<u>2,735</u>
Net Income	<u>\$ 1,195</u>	<u>\$ 30,904</u>	<u>\$ 40,982</u>	<u>\$ 60,223</u>
Earnings Per Share				
Income from continuing operations	\$ 0.04	\$ 0.23	\$ 0.34	\$ 0.45
Income from discontinued operations	(0.03)	0.01	(0.02)	0.02
Net income	<u>\$ 0.01</u>	<u>\$ 0.24</u>	<u>\$ 0.32</u>	<u>\$ 0.47</u>
Weighted Average Shares Outstanding	<u>128,627,044</u>	<u>128,954,827</u>	<u>128,832,916</u>	<u>128,959,423</u>
Distributions Declared Per Share	<u>\$ 0.1736</u>	<u>\$ 0.1679</u>	<u>\$ 0.5159</u>	<u>\$ 0.4997</u>



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