

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL



2004 FIRST QUARTER REPORT



Diversification Through Real Estate

**CPA[®]:16
GLOBAL**

A MEMBER OF THE

W. P. CAREY

GROUP

Dear Fellow CPA®:16 - Global Shareholders,

We are pleased to provide you with CPA®:16 - Global's inaugural quarterly financial report. As W. P. Carey's latest income generating real estate investment trust, we are pleased to provide you with this update which offers additional details on CPA®:16 - Global's financial performance.

During the first quarter, CPA®:16 - Global's total assets grew to \$80.4 million while it incurred a net loss of \$33,003. This loss was anticipated. As with any newly formed fund, CPA®:16 - Global's revenues consisted solely of interest income on money market investments. These results are not representative of future periods and we expect revenues and income to increase as the money we've raised is invested in corporate real estate around the world. In addition, CPA®:16 - Global's initial dividend of \$0.001236 per share per day, for the period an investor was a shareholder of record, was paid to investors on April 15th.

Since the end of the first quarter, we completed two acquisitions. These transactions closed during the second quarter and are not reflected in the first quarter results.

- ◆ On April 29th, CPA®:16 - Global, along with two affiliates CPA®:15 and CPA®:14, purchased 78 retail self-storage and truck rental facilities operated under the U-Haul brand name for \$312 million. The facilities are located in 69 cities in 24 states. All 78 locations contain a truck rental facility, and all but one contains a self-storage facility. Under the terms of the two separate bond-type net lease agreements, the self-storage facilities will be leased for an initial term of 20 years. The lease can be renewed for two ten-year periods. The truck rental facilities will be leased for an initial term of 10 years. CPA®:16 - Global owns a 30.77% interest in the facilities, CPA®:14 owns a 11.54% interest and CPA®:15 owns a 57.69% interest.
- ◆ On May 5th, CPA®:16 - Global acquired an office, manufacturing and warehouse facility in Leeds, U.K. from The Polestar Group, the largest commercial printer in the U.K., for approximately \$27.7 million. Under the terms of the transaction, Polestar will maintain control of the 199,137 square foot facility, which will serve as the largest web-offset printing site in the U.K., under a 25-year triple-net lease, with options to retain operating control longer.

As we continue to create a portfolio of properties that is diversified by property type, geographic region and industry type, we encourage you to view CPA®:16 - Global's website, www.cpa16global.com, where you will find updated portfolio information, press releases and recent news articles.

We would like to remind you about CPA®:16 - Global's Dividend Reinvestment and Share Purchase Plan (DRIP) which enables you to reinvest your quarterly dividends in new CPA®:16 - Global shares at \$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 transfer agent at 1-888-241-3737 and request your DRIP participation card and prospectus.

In our continuing effort to reduce investor-related expenses, we are now able to deliver your investor-related correspondence electronically. If you would like to receive future investor correspondence via email, please register by sending an e-mail to cpa16global@wpcarey.com.

We remain committed to providing our investors with a dependable income stream while continuing to meet the long-term financing needs of high quality companies. On behalf of the entire CPA®:16 - Global family, we wish you and your family the very best and hope that you have a safe and enjoyable summer.

With best regards,

Most sincerely,



Wm. Polk Carey
Chairman



Gordon F. DuGan
Vice Chairman



Thomas E. Zacharias
President

P.S. As always, please direct any change of address, name and transfer instructions, as well as lost check inquiries to our transfer agent:

W. P. Carey & Co. LLC
c/o Phoenix American Financial Services
2401 Kerner Boulevard, San Rafael, CA 94901-5529
1-888-241-3737 • www.phxa.com/wpc

Condensed Consolidated Statements of Cash Flows (Unaudited)

Three Months Ended March 31,
2004

(in thousands)

Cash flows from operating activities:

| | |
|---|---------------|
| Net loss | \$ (33,003) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Equity income | (36) |
| Decrease in due from affiliates (a) | 30,000 |
| Increase in accounts payable and accrued expenses | <u>55,048</u> |
| Net cash provided by operating activities | <u>52,009</u> |

Cash flows from investing activities:

| | |
|---------------------------------------|----------------|
| Acquisition of equity investment | <u>(1,669)</u> |
| Net cash used in investing activities | <u>(1,669)</u> |

Cash flows from financing activities:

| | |
|---|----------------------|
| Proceeds from issuance of stock, net of costs of raising activities | <u>78,430,073</u> |
| Net cash provided by financing activities | <u>78,430,073</u> |
| Net increase in cash and cash equivalents | 78,480,413 |
| Cash and cash equivalents, beginning of period | <u>169,762</u> |
| Cash and cash equivalents, end of period | <u>\$ 78,650,175</u> |

(a) Net decrease in due to affiliates excludes amounts related to the raising of capital (financing activities) pursuant to the Company's public offering. At March 31, 2004, the amount due to the Company's advisor for such costs was \$1,753,150.

Condensed Consolidated Balance Sheets

| <i>(in thousands, except share amounts)</i> | March 31, 2004 | December 31, 2003 |
|---|----------------------|----------------------|
| | (Unaudited) | (Note) |
| Assets: | | |
| Cash and cash equivalents | \$ 78,650,175 | \$ 169,762 |
| Equity investments | 1,714 | 1,678 |
| Deferred offering costs | 1,753,150 | 1,028,804 |
| Due from affiliates | — | 30,000 |
| Total assets | <u>\$ 80,405,039</u> | <u>\$ 1,230,244</u> |
| Liabilities and Shareholders' Equity: | | |
| Liabilities: | | |
| Due to affiliates | \$ 1,767,150 | \$ 1,044,473 |
| Dividends payable | 369,524 | — |
| Accounts payable and accrued expenses | 82,470 | 27,422 |
| Total liabilities | <u>2,219,144</u> | <u>1,071,895</u> |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Common stock, \$.001 par value; authorized 110,000,000 shares; 8,632,804 and 20,000 shares issued and outstanding at March 31, 2004 and December 31, 2003 | 8,633 | 20 |
| Additional paid-in capital | 78,621,440 | 199,980 |
| Dividend in excess of accumulated earnings | (444,178) | (41,651) |
| Total shareholders' equity | <u>78,185,895</u> | <u>158,349</u> |
| Total liabilities and shareholders' equity | <u>\$ 80,405,039</u> | <u>\$ 1,230,244</u> |

Note: The balance sheet at December 31, 2003 has been derived from the audited consolidated financial statements at that date.

Condensed Consolidated Statements of Income (Unaudited)

Three Months Ended March 31,

(in thousands)

2004

| | | |
|---|----|-----------|
| Revenues: | \$ | — |
| Operating expenses: | | |
| General and administrative | \$ | 126,884 |
| Loss before other interest and income from equity investments | | (126,884) |
| Other interest income | | 93,845 |
| Income from equity investments | | 36 |
| Net loss | \$ | (33,003) |
| Basic and diluted earnings per share | \$ | (0.01) |
| Weighted average shares outstanding - basic and diluted | | 3,321,413 |

Note: The Company was formed on June 5, 2003.



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

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