

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL



2004 THIRD QUARTER REPORT

Diversification Through Real Estate

CPA:16
GLOBAL

A MEMBER OF THE

W. P. CAREY

GROUP

Dear Fellow CPA[®]:16 - Global Shareholders,

Enclosed you will find our third quarter financial report which will provide you details on CPA[®]:16 - Global's growing portfolio and financial performance. Among the 2004 third quarter highlights:

- ◆ Total assets increased to \$423 million;
- ◆ Net income was \$1.7 million for the quarter, and \$2.2 million for the nine-month period ended September 30, 2004;
- ◆ Revenues were \$2.2 million for the quarter, and \$2.6 million for the nine-month period; and,
- ◆ In September, CPA[®]:16 - Global's Board of Directors approved a third quarter distribution of \$0.11546 per share payable on October 15, to shareholders of record as of September 30.

Among the investments completed by CPA[®]:16 - Global and its affiliated REITs during the third quarter:

- ◆ In July, CPA[®]:16 - Global and its affiliate, CPA[®]:15, acquired the chief technology facility and a corporate office from TietoEnator Plc., the leading supplier of high-value-added information technology (IT) services to Nordic countries. The facilities, located in Espoo, Finland, had an aggregate cost of approximately \$97 million. CPA[®]:16 - Global owns a 40% interest, while CPA[®]:15 owns the remaining 60% interest.
- ◆ In August, CPA[®]:16 - Global acquired eight manufacturing facilities, located in seven states and Canada, from Ply Gem Industries, Inc., a leading North American manufacturer of residential exterior building products, for \$37.7 million. The facilities, located in Calgary, Alberta; Kearney, MO; York, NE; Fair Bluff, NC; Wallbridge, OH; Middlesex, PA; Rocky Mount, VA and Martinsburg, WV, total more than two million square feet.
- ◆ In August, CPA[®]:16 - Global and its affiliate, CPA[®]:15, acquired five office and industrial properties leased to the Thales Group SA, one of the largest military contractors in the world, for approximately \$103 million. Located throughout France in St. Quentin-en-Yvelines, Conflans, Ymare, Aubagne and Laval, the tenant will maintain control of the 1.2 million square foot facilities under long-term triple-net leases. CPA[®]:16 - Global owns a 35% interest, while CPA[®]:15 owns the remaining 65% interest.
- ◆ In September, CPA[®]:16 - Global acquired the 90,000 square foot headquarters and data center facility from Xpedite Systems, Inc., a global provider of transaction-based electronic messaging services, for \$15.5 million. Located in Tinton Falls, NJ, Xpedite, with more than 21,000 corporate

accounts, delivers between 11 and 12 million data communications daily.

As we continue to create a portfolio of properties we encourage you to view CPA[®]:16 - Global's website located at www.CPA16Global.com. Here you will find updated portfolio information, press releases and recent news articles.

Soon you will have a new convenient, secure and cost effective way to access your CPA[®]:16 - Global investment information online 24 hours a day, seven day a week at www.wpcarey.com/ShareholderAccess. You can access your current investment balances, distribution histories, and download forms among other options. We encourage you to take advantage of this user-friendly and helpful service as it offers you an opportunity to stay current with your investments while also keeping fund administration costs down. You will be receiving additional information on how to securely access this new site early next year.

We would like to remind you of CPA[®]:16 - Global's Distribution Reinvestment and Share Purchase Plan (DRIP) which enables you to reinvest your quarterly distributions in new CPA[®]:16 - Global 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 transfer agent at 1-888-241-3737 and request your DRIP participation card and prospectus.

As we approach the end of the year we extend to you and your family the very best for an enjoyable Holiday Season and safe and prosperous New Year. Thank you again for your continued confidence and support.

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
1-888-241-3737 • www.phxa.com/wpc

Condensed Consolidated Balance Sheets

	September 30, 2004	December 31, 2003
	(Unaudited)	(Note)
Assets:		
Land and buildings, net of accumulated depreciation of \$182,217 at September 30, 2004	\$ 58,789,824	—
Net investment in direct financing leases	63,402,283	—
Real estate under construction	9,831,390	—
Cash and cash equivalents	211,055,814	\$ 169,762
Equity investments	65,162,739	1,678
Deferred offering costs	2,810,687	1,028,804
Escrows and restricted cash	2,412,944	—
Intangible assets, net of accumulated amortization of \$48,120	5,689,022	—
Due from affiliates	42,000	30,000
Other assets	4,152,033	—
Total assets	<u>\$423,348,736</u>	<u>\$1,230,244</u>
Liabilities and Shareholders' Equity:		
Liabilities:		
Mortgage notes payable	\$ 46,052,915	—
Accrued interest	402,548	—
Prepaid rental income and security deposits	3,200,087	—
Due to affiliates	3,617,337	\$1,044,473
Dividends payable	3,805,800	—
Deferred acquisition fees payable to affiliate	6,748,191	—
Accounts payable and accrued expenses	3,664,980	27,422
Total liabilities	<u>67,491,858</u>	<u>1,071,895</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.001 par value; authorized 110,000,000 shares; 39,733,091 and 20,000 shares issued and outstanding at September 30, 2004 and December 31, 2003	39,733	20
Additional paid-in capital	359,017,419	199,980
Accumulated other comprehensive income	529,214	—
Dividend in excess of accumulated earnings	(3,729,488)	(41,651)
Total shareholders' equity	<u>355,856,878</u>	<u>158,349</u>
Total liabilities and shareholders' equity	<u>\$423,348,736</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 September 30, 2004	Nine Months Ended September 30, 2004
Revenues:		
Rental income	\$ 1,213,880	\$ 1,320,086
Interest income from direct financing leases	944,674	1,285,760
Other operating income	<u>1,600</u>	<u>1,600</u>
	<u>2,160,154</u>	<u>2,607,446</u>
Operating expenses:		
Depreciation and amortization	\$ 213,894	\$ 225,274
General and administrative	271,763	584,692
Property expenses	<u>636,285</u>	<u>857,711</u>
	<u>1,121,942</u>	<u>1,667,677</u>
Income before other interest income, equity investments, gains and losses, and interest expense	1,038,212	939,769
Other interest income	629,212	1,020,095
Income from equity investments	971,852	1,394,477
Loss on foreign currency transactions, net	(196,472)	(196,769)
Interest expense	<u>(694,932)</u>	<u>(927,434)</u>
Net income	<u>\$ 1,747,872</u>	<u>\$ 2,230,138</u>
Basic and diluted earnings per share	<u>\$.05</u>	<u>\$.13</u>
Weighted average shares outstanding—basic and diluted	<u>32,974,058</u>	<u>17,287,184</u>

Note: The Company had no activity from the period from inception (June 5, 2003) to June 30, 2003.



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