

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL



2004 SECOND 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 CPA®:16 - Global's second quarter financial report. We are pleased to provide you with this update which offers additional details on CPA®:16 - Global's financial performance. Among the quarterly highlights were:

- ◆ Total assets grew to \$228.8 million.
- ◆ Net income increased to \$515,269.
- ◆ In June, the Board of Directors of CPA®:16 - Global approved a dividend of \$.001241 per share per day payable on July 15 to shareholders of record as of June 30.
- ◆ CPA®:16 - Global announced that the Federal Reserve Board's recent decision to increase the federal funds rate by an additional 25 basis points to 1-1/2 percent would have a negligible impact on the borrowing costs of the company.

Among the investments completed by CPA®:16 - Global and its affiliated REITs during the second quarter were:

- ◆ In April, 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 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.
- ◆ In May, CPA®:16 - Global acquired an office, manufacturing and warehouse facility in Leeds, United Kingdom 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.
- ◆ In June, CPA®:16 - Global acquired the corporate headquarters and principal facilities of a leading designer, manufacturer and marketer of innovative floor and

carpet maintenance equipment for commercial, professional and industrial applications for \$13.7 million. The facilities, totaling more than 233,000 square feet, are located in Englewood, CO and Chandler, AZ and will be leased under a 20-year triple net lease followed by four, five-year renewal options.

As we continue to create a portfolio of properties 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 of 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 e-mail, please register by sending e-mail to CPA16Global@wpcarey.com.

On behalf of the entire CPA[®]:16 - Global family, we wish you and your family the very best and thank you again for your continued 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 Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 482,266	—
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,486	—
Equity income in excess of distributions received	(422,626)	—
Straight-line rent adjustments	(7,516)	—
Increase in accrued interest	206,714	—
Increase in due to affiliates (a)	169,860	—
Increase in prepaid rent and security deposits	331,905	—
Net change in other operating assets and liabilities	170,777	—
Net cash provided by operating activities	<u>944,866</u>	<u>—</u>
Cash flows from investing activities:		
Funds held in escrow for acquisition of equity investment	(37,205,800)	—
Acquisition of real estate and equity investments	(84,542,513)	—
Net cash used in investing activities	<u>(121,748,313)</u>	<u>—</u>
Cash flows from financing activities:		
Proceeds from issuance of stock, net of costs of raising capital	201,091,327	\$ 200,000
Proceeds from mortgages	18,840,150	—
Dividends paid	(369,076)	—
Net cash provided by financing activities	<u>219,562,401</u>	<u>200,000</u>
Net increase in cash and cash equivalents	98,758,954	200,000
Cash and cash equivalents, beginning of period	<u>169,762</u>	<u>—</u>
Cash and cash equivalents, end of period	<u>\$ 98,928,716</u>	<u>\$ 200,000</u>

(a) Increase in due to affiliates excludes amounts related to the raising of capital (financing activities) pursuant to the Company's public offering. At June 30, 2004, the amount due to the Company's advisor for such costs was \$2,165,628.

Condensed Consolidated Balance Sheets

	June 30, 2004	December 31, 2003
	(Unaudited)	(Note)
Assets:		
Land and buildings, net of accumulated depreciation of \$9,255 at June 30, 2004	\$ 12,255,294	—
Net investment in direct financing leases	28,121,720	—
Cash and cash equivalents	98,928,716	\$ 169,762
Equity investments	44,346,296	1,678
Deferred offering costs	2,165,628	1,028,804
Escrows and restricted cash	39,371,892	—
Other and intangible assets, net	3,641,034	—
Due from affiliates	—	30,000
Total assets	<u>\$228,830,580</u>	<u>\$ 1,230,244</u>
Liabilities and Shareholders' Equity:		
Liabilities:		
Mortgage notes payable	\$ 18,977,700	—
Accrued interest	206,714	—
Prepaid rental income and security deposits	331,905	—
Due to affiliates	2,443,064	\$ 1,044,473
Dividends payable	1,743,315	—
Deferred acquisition fees payable to affiliate	2,919,249	—
Accounts payable and accrued expenses	2,551,887	27,422
Total liabilities	<u>29,173,834</u>	<u>1,071,895</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.001 par value; authorized 110,000,000 shares; 22,250,260 and 20,000 shares issued and outstanding at June 30, 2004 and December 31, 2003	22,250	20
Additional paid-in capital	201,269,077	199,980
Accumulated other comprehensive income	37,195	—
Dividend in excess of accumulated earnings	(1,671,776)	(41,651)
Total shareholders' equity	<u>199,656,746</u>	<u>158,349</u>
Total liabilities and shareholders' equity	<u>\$ 228,830,580</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 June 30, 2004	Six Months Ended June 30, 2004
Revenues:		
Rental income	\$ 106,205	\$ 106,205
Interest income from direct financing leases	341,086	341,086
	<u>447,291</u>	<u>447,291</u>
Operating expenses:		
Depreciation and amortization	\$ 11,380	\$ 11,380
General and administrative	186,045	312,929
Property expenses	221,426	221,426
	<u>418,851</u>	<u>545,735</u>
Income (loss) before other interest income, equity investments, gains and losses, and interest expense	28,440	(98,444)
Other interest income	297,038	390,883
Income from equity investments	422,590	422,626
Loss on foreign currency transactions	(297)	(297)
Interest expense	(232,502)	(232,502)
Net income	<u>\$ 515,269</u>	<u>\$ 482,266</u>
Basic and diluted earnings per share	<u>\$.03</u>	<u>\$.05</u>
Weighted average shares outstanding - basic and diluted	<u>15,320,209</u>	<u>9,357,555</u>

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



*c/o Phoenix American Financial Services, Inc.
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