
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER: 001-32162

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND
(STATE OF INCORPORATION)

80-0067704
(I.R.S. EMPLOYER IDENTIFICATION NO.)

50 ROCKEFELLER PLAZA
NEW YORK, NEW YORK
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

10020
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBERS:

INVESTOR RELATIONS (212) 492-8920

(212) 492-1100

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No
Registrant has 56,604,322 shares of common stock, \$.001 par value outstanding at August 9, 2005.

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* The summarized consolidated financial statements contained herein are unaudited; however, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of such financial statements have been included.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

PART I
Item 1. - FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (Unaudited)
(in thousands except share amounts)

	<u>June 30, 2005</u>	<u>December 31, 2004</u> (Note)
ASSETS:		
Land and buildings, net of accumulated depreciation of \$2,289 and \$443 at June 30, 2005 and December 31, 2004	\$ 300,674	\$ 58,654
Net investment in direct financing leases	129,644	97,102
Real estate under construction	21,612	9,994
Mortgage notes receivable	29,845	20,291
Cash and cash equivalents	159,176	217,310
Short-term investments	13,400	9,753
Equity investments	85,335	65,964
Marketable securities	10,900	69,900
Funds in escrow	15,802	22,922
Intangible assets, net of accumulated amortization of \$1,137 at June 30, 2005 and \$123 at December 31, 2004	57,843	5,614
Deferred offering costs	1,327	3,080
Other assets	6,346	4,928
Total assets	<u>\$ 831,904</u>	<u>\$ 585,512</u>
LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Limited recourse mortgage notes payable	\$ 290,302	\$ 97,691
Accrued interest	1,626	298
Prepaid rental income and security deposits	4,996	2,821
Other deposits	1,000	2,458
Due to affiliates	6,762	4,399
Dividends payable	8,162	5,353
Deferred acquisition fees payable to affiliate	14,251	7,535
Accounts payable and accrued expenses	1,442	833
Other liabilities	7,799	916
Total liabilities	<u>336,340</u>	<u>122,304</u>
Minority interest	<u>6,855</u>	<u>-</u>
Commitments and contingencies (Note 4)		
Shareholders' equity:		
Common stock, \$.001 par value; 110,000,000 shares authorized; 56,236,347 and 51,426,720 shares issued and outstanding at June 30, 2005 and December 31, 2004	56	51
Additional paid-in capital	505,561	465,292
Dividend in excess of accumulated earnings	(13,390)	(6,188)
Accumulated other comprehensive income	<u>(2,878)</u>	<u>4,053</u>
	489,349	463,208
Less, treasury stock at cost, 68,770 shares at June 30, 2005	<u>(640)</u>	<u>-</u>
Total shareholders' equity	<u>488,709</u>	<u>463,208</u>
Total liabilities, minority interest and shareholders' equity	<u>\$ 831,904</u>	<u>\$ 585,512</u>

The accompanying notes are an integral part of these consolidated financial statements.

Note: The balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements at that date.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues:				
Rental income	\$ 7,000	\$ 106	\$ 10,887	\$ 106
Interest income from direct financing leases	2,380	341	4,307	341
Interest income on mortgage receivable	496	-	1,059	-
Other operating income	141	-	207	-
	<u>10,017</u>	<u>447</u>	<u>16,460</u>	<u>447</u>
Operating expenses:				
Depreciation and amortization	1,828	11	2,720	11
General and administrative	1,137	186	2,045	313
Property expenses	1,925	222	3,294	222
	<u>4,890</u>	<u>419</u>	<u>8,059</u>	<u>546</u>
Income before other interest income, minority interest, equity income, gains and losses, and interest expense	5,127	28	8,401	(99)
Other interest income	1,506	297	3,007	391
Minority interest in income	(130)	-	(130)	-
Income from equity investments	1,241	423	2,518	423
Loss on foreign currency transactions and derivative instrument, net	(20)	-	(186)	-
Interest expense	(3,680)	(233)	(5,722)	(233)
Net income	<u>\$ 4,044</u>	<u>\$ 515</u>	<u>\$ 7,888</u>	<u>\$ 482</u>
Basic earnings per share	<u>\$ 0.07</u>	<u>\$ 0.03</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>
Dividends declared per share	<u>\$.14500</u>	<u>\$.11290</u>	<u>\$.27001</u>	<u>\$.22537</u>
Weighted average shares outstanding – basic	<u>56,197,766</u>	<u>15,320,209</u>	<u>55,824,822</u>	<u>9,357,555</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)(Unaudited) (in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income	\$ 4,044	\$ 515	\$ 7,888	\$ 482
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	(4,172)	37	(6,931)	37
Comprehensive income (loss)	<u>\$ (128)</u>	<u>\$ 552</u>	<u>\$ 957</u>	<u>\$ 519</u>

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net income	\$ 7,888	\$ 482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangible assets and deferred financing costs	2,754	13
Realized loss on foreign currency transactions, net	27	-
Unrealized loss on foreign currency transactions, net	185	-
Unrealized gain on derivative instrument	(26)	-
Equity income in excess of distributions received	(303)	(423)
Issuance of shares to affiliate in satisfaction of fees due	1,190	-
Minority interest in income	130	-
Straight-line rent adjustments and amortization of rent related intangibles	(434)	(7)
Increase in accrued interest	1,353	207
Increase in due to affiliates (a)	2,332	170
Increase in accounts payable and accrued expenses (a)	137	-
Increase in prepaid rent and security deposits	3,793	332
Net change in other operating assets and liabilities	(752)	171
Net cash provided by operating activities	18,274	945
Cash flows from investing activities:		
Distributions received from equity investments in excess of equity income	1,079	-
Contributions to equity investments	(79)	-
Purchase of short term investments	(3,516)	-
Purchase of securities	(31,825)	-
Proceeds from sale of securities	90,825	-
Purchase of mortgage note receivable	(12,778)	-
Funds held in escrow for acquisition of real estate	(4,253)	(37,206)
Release of funds held in escrow for acquisition of real estate and equity investments	12,371	-
Principal payment of mortgage note receivable	66	-
Acquisition of real estate and equity investments (b)	(351,534)	(84,542)
Net cash used in investing activities	(299,644)	(121,748)
Cash flows from financing activities:		
Proceeds from issuance of stock, net of costs of raising capital	41,340	201,091
Proceeds from mortgages (c)	196,065	18,840
Deferred financing costs and mortgage deposits, net of deposits refunded	44	-
Payments of mortgage principal	(1,056)	-
Dividends paid	(12,281)	(369)
Purchase of treasury stock	(640)	-
Net cash provided by financing activities	223,472	219,562
Effect of exchange rate changes on cash	(236)	-
Net (decrease) increase in cash and cash equivalents	(58,134)	98,759
Cash and cash equivalents, beginning of period	217,310	170
Cash and cash equivalents, end of period	\$ 159,176	\$ 98,929

(a) Increase in due to affiliates and accounts payable and accrued expenses excludes amounts related to the raising of capital (financing activities) pursuant to the Company's initial public offering. At June 30, 2005 and 2004, the amount due to the Company's advisor for such costs were \$3,583 and \$2,166, respectively.

(b) The cost basis of real estate investments acquired during the six-month periods ended June 30, 2005 and 2004 also includes deferred acquisition fees payable of \$6,716 and \$2,919, respectively.

(c) Net of \$2,325 retained by mortgage lenders during the six-month period ended June 30, 2005.

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands except share and per share amounts)

NOTE 1. BASIS OF PRESENTATION:

Corporate Property Associates 16 - Global Incorporated (the "Company") is a real estate investment trust ("REIT") that invests in commercial and industrial properties leased to companies domestically and internationally. As a REIT, the Company is not subject to federal income taxation as long as it satisfies certain requirements relating to the nature of its income, the level of its distributions and other factors. The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Article 10 of Regulation S-X of the United States Securities and Exchange Commission ("SEC"). They do not include all information and notes required by generally accepted accounting principles for complete financial statements. All significant intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results of the interim periods presented have been included. The results of operations for the interim periods are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Information About Geographic Areas

The Company has international investments in Canada, Finland, France, Germany, Sweden, Thailand and the United Kingdom. These investments accounted for lease revenues (rental income and interest income from direct financing leases) of \$1,745 and \$341 for the three months ended June 30, 2005 and 2004, respectively, lease revenues of \$3,337 and \$341 for the six months ended June 30, 2005 and 2004, respectively, income from equity investments of \$518 and \$25 for the three months ended June 30, 2005 and 2004, respectively, and income from equity investments of \$1,020 and \$25 for the six months ended June 30, 2005 and 2004, respectively. As of June 30, 2005 and December 31, 2004, long-lived assets related to international investments were \$133,999 and \$92,798, respectively.

NOTE 2. ORGANIZATION AND OFFERING:

The Company commenced its initial public offering of up to 110,000,000 shares of common stock at a price of \$10 per share in December 2003. The initial offering was conducted on a "best efforts" basis by Carey Financial, LLC ("Carey Financial"), a wholly-owned subsidiary of W. P. Carey and Co. LLC (the "Advisor"), and selected other dealers. The Company sold 55,332,415 shares of common stock in its initial offering before suspending sales activities on December 30, 2004. The Company formally terminated its initial offering in March 2005 by filing an amendment to the registration statement for its initial offering, to deregister shares of its common stock that remained unissued as of March 8, 2005, excluding shares issuable under its Distribution Reinvestment and Share Purchase Plan (the "Plan").

In August 2005, the Company filed an amendment to the registration statement filed with the SEC in 2004 for a second "best efforts" public offering of up to 55,000,000 shares. This registration statement has not yet been declared effective.

NOTE 3. TRANSACTIONS WITH RELATED PARTIES:

Pursuant to an advisory agreement between the Company and its Advisor, the Advisor performs certain services for the Company including the identification, evaluation, negotiation, purchase and disposition of property, the day-to-day management of the Company and the performance of certain administrative duties. The advisory agreement between the Company and the Advisor provides that the Advisor will receive an asset management fee. The fee is 1% of average invested assets as defined in the advisory agreement, 1/2 of which (the "performance fee") is subordinated to the preferred return, a non-compounded cumulative distribution return of 6%. As of June 30, 2005, the non-compounded cumulative distribution return was 5.06%. The asset management and performance fees will be payable in cash or restricted stock at the option of the Advisor. For 2005, the Advisor has elected to receive its management fee in restricted shares of common stock of the Company. In connection with the day-to-day operations, the Advisor is also reimbursed for the allocated cost of personnel needed to provide administrative services to the operation of the Company. For the three months ended June 30, 2005 and 2004, the Company incurred asset management fees of \$869 and \$111, respectively and \$1,506 and \$111 for the six

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) *(in thousands except share and per share amounts)*

months ended June 30, 2005 and 2004, respectively, with performance fees in like amounts, which are included in property expenses in the accompanying financial statements. For the three and six months ended June 30, 2005, the Company incurred personnel reimbursements of \$99 and \$178 respectively, which are included in general and administrative expenses in the accompanying financial statements. No such personnel cost reimbursements were incurred in the three and six-month periods ended June 30, 2004.

In connection with structuring and negotiating acquisitions and related mortgage financing on behalf of the Company, the advisory agreement provides for acquisition fees averaging not more than 4.5%, based on the aggregate cost of properties acquired, of which 2% will be deferred and payable in equal annual installments over three years with payment subordinated to the preferred return. Unpaid installments bear interest at an annual rate of 5%. For transactions that were completed during the six months ended June 30, 2005, current and deferred acquisition fees were \$8,395 and \$6,716, respectively, and were paid or payable to the Advisor. For transactions that were completed during the six months ended June 30, 2004, current and deferred acquisition fees were \$3,440 and \$2,752, respectively, and were paid or payable to the Advisor. When a real estate acquisition is completed, the Company pays the Advisor an acquisition expense allowance of 0.5% of the cost of the properties in consideration for the Advisor's payment of certain acquisition expenses. For the six months ended June 30, 2005 and 2004, the allowance was \$2,063 and \$729, respectively.

NOTE 4. COMMITMENTS AND CONTINGENCIES:

As previously reported, the Advisor and Carey Financial, the wholly-owned broker-dealer subsidiary of the Advisor, are currently subject to an investigation by the SEC into payments made to third party broker-dealers and other matters.

In response to subpoenas and requests of the Division of Enforcement of the SEC ("Enforcement Staff"), the Advisor and Carey Financial have produced documents relating to payments made to certain broker-dealers, both during and after the offering process, for certain of the REITs managed by the Advisor (including Corporate Property Associates 10 Incorporated ("CPA[®]:10"), Carey Institutional Properties Incorporated ("CIP[®]"), Corporate Property Associates 12 Incorporated ("CPA[®]:12"), Corporate Property Associates 14 Incorporated ("CPA[®]:14") and Corporate Property Associates 15 Incorporated ("CPA[®]:15"), in addition to selling commissions and selected dealer fees.

Among the payments reflected in documents produced to the Enforcement Staff were certain payments, aggregating in excess of \$9,400, made to a broker-dealer which distributed shares of the REITs. The expenses associated with these payments, which were made during the period from early 2000 through the end of 2003, were borne by and accounted for on the books and records of the REITs. Of these payments, CPA[®]:10 paid in excess of \$40; CIP[®] paid in excess of \$870; CPA[®]:12 paid in excess of \$2,400; CPA[®]:14 paid in excess of \$4,900; and CPA[®]:15 paid in excess of \$1,200. In addition, other smaller payments by these REITs to the same and other broker-dealers have been identified aggregating less than \$1,000. The Company did not make, or make reimbursements in respect of, any of these payments to broker-dealers.

Although no formal regulatory action has been initiated against the Advisor or Carey Financial in connection with the matters being investigated, the SEC may pursue such an action against either or both of them. The nature of the relief or remedies the SEC may seek cannot be predicted at this time. If such an action is brought, it could have a material adverse effect on the Advisor and the REITs managed by the Advisor, including the Company, and the magnitude of that effect would not necessarily be limited to the payments described above but could include other payments and civil monetary penalties. Any action brought against the Advisor or Carey Financial could also have a material adverse effect on the Company because of the Company's dependence on the Advisor and Carey Financial for a broad range of services, including in connection with the offering of securities.

The Company is liable for certain expenses of offerings of its securities including filing, legal, accounting, printing and escrow fees, which are to be deducted from the gross proceeds of the offerings. The Company reimburses Carey Financial or one of its affiliates for expenses (including fees and expenses of its counsel) and for the costs of any sales and information meetings of Carey Financial's employees or those of one of its affiliates relating to the Company's securities offerings. Total underwriting compensation with respect to any offering may not exceed 10% of gross proceeds of such offering. The Advisor has agreed to be responsible for the payment of (i) organization and offering expenses (excluding selling commissions and selected dealer fees paid and expenses reimbursed to the sales agent and selected dealers) which exceed 4% of the gross proceeds of each offering and (ii) organization and offering expenses (including selling commissions, fees paid and expenses reimbursed to selected dealers) which exceed 15% of the gross proceeds of each offering. The total costs paid by the Advisor in connection with offerings of the Company's securities were \$13,638 through June 30, 2005, of which the Company has reimbursed \$10,527. Unpaid costs are included in due to affiliates in the accompanying financial statements.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands except share and per share amounts)

NOTE 5. EQUITY INVESTMENTS:

On April 29, 2004, the Company, along with two affiliates, CPA[®]:14 and CPA[®]:15, through a limited partnership in which the Company owns a 30.77% limited partnership interest, purchased 78 retail self-storage and truck rental facilities and entered into master lease agreements with two lessees that operate the facilities under the U-Haul brand name. The self-storage facilities are leased to Mercury Partners, LP and the truck rental facilities are leased to U-Haul Moving Partners, Inc.

Summarized financial information of the limited partnership is as follows:

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Assets (primarily real estate)	\$ 344,158	\$ 350,882
Liabilities (primarily mortgage notes payable)	(214,965)	(219,753)
Partners' and members' equity	<u>\$ 129,193</u>	<u>\$ 131,129</u>
Company's share of equity investees' net assets	<u>\$ 39,988</u>	<u>\$ 40,596</u>
	<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Revenues (primarily rental income)	\$ 14,294	\$ 4,927
Expenses (primarily interest on mortgages and depreciation)	(9,385)	(3,624)
Net income	<u>\$ 4,909</u>	<u>\$ 1,303</u>
Company's share of net income from equity investments	<u>\$ 1,498</u>	<u>\$ 398</u>

The Company also owns interests in single-tenant net leased properties leased to corporations through noncontrolling interests in partnerships and limited liability companies in which its ownership interests are 50% or less and the Company exercises significant influence. The underlying investments are owned with affiliates that have similar investment objectives as the Company. The ownership interests range from 25% to 50%. The lessees are Actuant Corporation, Pohjola Non-Life Insurance Company, TietoEnator Plc., Thales S.A. and Hellweg Die Profi-Baumarkte GmbH & Co. KG. The interests in Pohjola and Hellweg were acquired in January 2005 and June 2005, respectively (see Note 6).

Summarized financial information of the above mentioned equity investees are as follows:

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Assets (primarily real estate)	\$ 483,657	\$ 249,920
Liabilities (primarily mortgage notes payable)	(353,063)	(185,665)
Partners' and members' equity	<u>\$ 130,594</u>	<u>\$ 64,255</u>
Company's share of equity investees' net assets	<u>\$ 45,347</u>	<u>\$ 25,368</u>
	<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Revenues (primarily rental income and interest income from direct financing leases)	\$ 14,368	\$ 708
Expenses (primarily interest on mortgages and depreciation)	(11,748)	(161)
Net income	<u>\$ 2,620</u>	<u>\$ 547</u>
Company's share of net income from equity investments	<u>\$ 1,020</u>	<u>\$ 25</u>

NOTE 6. ACQUISITIONS OF REAL ESTATE-RELATED INVESTMENTS:

A summary of properties (real estate accounted for under the operating method and net investment in direct financing leases), equity investments and mortgage notes receivable acquired in the six months ended June 30, 2005 and 2004 is as follows:

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands except share and per share amounts)

PROPERTIES ACQUIRED

<u>Lease Obligor(s):</u>	<u>Cost</u>	<u>Location</u>	<u>Initial Annual Contractual Rent</u>	<u>Mortgage Financing</u>	<u>Annual Debt Service</u>	<u>Date Acquired</u>
HMS Healthcare, Inc.	\$ 18,732	Southfield, MI	\$ 1,228	\$ 9,100	\$ 643	1/3/2005
Clean Earth Kentucky, LLC	7,366	Cynthiana, KY	711	4,550	393	1/14/2005
Precise Technology Group, Inc.	16,469	Buffalo Grove, IL	1,448	-	-	1/18/2005
LFD Manufacturing Limited and IDS Logistics (Thailand) Limited (1) (2)	23,689	Lamlukka and Bangpa-In, Thailand	1,495	11,440	900	1/28/2005
Finisar Corporation	29,292	Sunnyvale, CA and Allen, TX	2,951	17,000	1,457	2/4/2005
MetalsAmerica, Inc.	7,437	Shelby, NC	651	4,000	339	2/9/2005
PolyPipe, Inc.	8,714	Frenley, NV; Gainesville, TX; Sandersville, GA and Erwin, TN	787	5,000	447	2/25/2005
Telcordia Technologies, Inc. (4)	116,908	Piscataway, NJ	8,913	79,686	4,436	3/15/2005
The Talaria Company (Hinckley) (5)	58,319	Stuart, FL; Portsmouth, RI and Southwest Harbor And Trenton, ME	5,162	35,000	3,072	5/6/2005
MetoKote Corporation and MetoKote Canada Limited (1)	38,306	Huber Heights, Sheffield Village and Lima, OH; Lebanon, Tennessee and Peru, IL; Ontario, Canada	3,326	26,000	1,601	5/27/2005
Career Education Corp. (7)	10,541	Nashville, TN	475	6,500	480	6/24/2005

EQUITY INVESTMENTS ACQUIRED

<u>Lease Obligor</u>	<u>Cost</u>	<u>Location</u>	<u>Initial Annual Contractual Rent</u>	<u>Mortgage Financing</u>	<u>Annual Debt Service</u>	<u>Date Acquired</u>
Pohjola Non-Life Insurance Company (1) (3)	\$ 45,542	Helsinki, Finland	\$ 3,251	\$ 33,865	\$ 1,712	1/3/2005
Hellweg Die Profi-Baumarkte GmbH & Co. KG (1) (6)	38,543	16 properties in Germany	3,138	26,591	1,727	6/9/2005

- (1) Based on the applicable exchange rate on the dates of acquisition.
- (2) The Company is committed to funding expansions at these properties, at the option of the lessees, in an amount up to \$6,057. In the event the expansions take place, the Company has the ability to increase its borrowing under the loan facility by \$3,900 at substantially the same terms as the original borrowing.
- (3) Amounts shown represent the Company's 40% interest in this investment. The remaining interest is owned by an affiliate.
- (4) Annual debt service increases to \$5,578 in year three.
- (5) The Company acquired a 70% interest in this investment. The remaining interest is owned by an affiliate. Amounts in the table above represent 100% of the investment as the investment is consolidated by the Company.
- (6) Amounts shown represent the Company's 25% interest in this investment. The remaining interest is owned by an affiliate.
- (7) Career Education Corp. is expected to increase its occupancy at the property in stages over an 18-month period. As a result of the increased occupancy as well as stated annual rent increases, rental income will be recognized on an annual straight-line basis of \$868.

MORTGAGE NOTES RECEIVABLE ACQUIRED

In January 2005, the Company originated a \$54,000 mortgage collateralized by distribution and storage facilities of Reyes Holdings L.L.C. The mortgage was originated as a 10-year loan with a 25-year amortization schedule, bearing interest at a fixed rate of approximately 6.34%. The Advisor arranged for the syndication of the first \$41,260 in the form of an A-note, bearing interest at a fixed rate of 5.14%. In consideration for an investment of \$12,740, the Company obtained the \$12,740 B-note, which bears interest at a fixed rate of 6.34%, and an interest only participation in the A-note for the difference between the stated amounts payable under the A-note and the amounts receivable from the interests sold to the participants in the A-note (the difference between the amounts

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands except share and per share amounts)

payable at an annual rate of 6.34% and 5.14%). The interest only participation is accounted for as a derivative instrument with changes in its fair value included in the determination of net income.

During the six months ended June 30, 2004, the Company completed real estate related investments totaling approximately \$146,700 (based on the exchange rate on the date of acquisition). Included in this total is \$96,620 representing an equity method investment in 78 self-storage facilities that operate under the U-Haul brand name. These investments have been disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Costs incurred in connection with structuring proposed transactions that were not completed were \$309 and \$593 for the three and six months ended June 30, 2005, respectively. No such costs were incurred in the three and six months ended June 30, 2004. These costs are included in general and administrative expenses in the accompanying financial statements.

NOTE 7. INTANGIBLES:

In connection with its acquisition of properties, the Company has recorded net intangibles of \$50,989, which are being amortized over periods ranging from 12 years to 40 years. Amortization of below-market and above-market rent intangibles is recorded as an adjustment to rental income.

Intangibles are summarized as follows:

	<u>JUNE 30, 2005</u>	<u>DECEMBER 31, 2004</u>
Lease intangibles		
In-place lease	\$ 40,106	\$ 3,822
Tenant relationship	11,552	1,568
Above-market rent	7,322	347
Less: accumulated amortization	<u>(1,137)</u>	<u>(123)</u>
	<u>\$ 57,843</u>	<u>\$ 5,614</u>
Below-market rent	\$ (7,991)	\$ (938)
Less: accumulated amortization	<u>192</u>	<u>22</u>
	<u>\$ (7,799)</u>	<u>\$ (916)</u>

Net amortization of intangibles was \$619 and \$844 for the three and six months ended June 30, 2005, respectively. Net amortization for the three and six months ended June 30, 2004 was \$1. Based on the intangibles recorded through June 30, 2005, annual net amortization of intangibles for each of the next five years is expected to be \$2,650.

NOTE 8. PRO FORMA FINANCIAL INFORMATION:

The following consolidated pro forma financial information has been presented as if the Company's acquisitions made during the six month period ended June 30, 2005 had occurred on January 1, 2005 and 2004 for the three month and six month periods ended June 30, 2005 and 2004. The pro forma financial information is not necessarily indicative of what the actual results would have been, nor does it purport to represent the results of operations for future periods

	<u>Three Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Pro forma total revenues	\$ 18,062	\$ 8,835
Pro forma net income	11,609	1,020
Pro forma earnings per share:		
Basic and diluted	\$.21	\$.02
	<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Pro forma total revenues	\$ 27,070	\$ 17,735
Pro forma net income	15,696	4,402
Pro forma earnings per share:		
Basic and diluted	\$.28	\$.08

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands except share and per share amounts)

The pro forma net income and earnings per share figures for the three and six-month periods ended June 30, 2005 presented above include losses on foreign currency transactions of \$118 and \$212, respectively. No such losses on foreign currency transactions were incurred in the three and six-month periods ended June 30, 2004. The pro forma weighted average shares outstanding for the three and six month periods ended June 30, 2005 and 2004 were determined as if all shares issued since the inception of the Company were issued on January 1, 2004.

NOTE 9. SUBSEQUENT EVENTS:

In July 2005, the Company and CPA[®]:15, each through 50% interests, purchased land and buildings in Paris, France, for E88,564 (\$107,074 based on the exchange rate of the Euro on the date of acquisition) and assumed an existing lease agreement with The Paris Police Department. The assumed lease expires in June 2019 and does not provide for any renewal options. Annual rent as of the date of lease assumption is E5,011 (\$6,058 based on the exchange rate of the Euro on the date of acquisition). Limited recourse mortgage financing totaling E65,000 (\$78,585 based on the exchange rate of the Euro on the date of acquisition) was obtained in connection with this purchase.

In July 2005, the Company purchased land and building in Saltillo, Mexico, for \$3,782, and entered into a net lease agreement guaranteed by MetoKote Corporation and denominated in U.S. dollars. The lease has an initial term of 20 years with two 10-year renewal options and provides for initial annual rent of \$335.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(in thousands except share and per share amounts)*

The following discussion and analysis of financial condition and results of operations of Corporate Property Associates 16 - Global Incorporated contain forward-looking statements and should be read in conjunction with the consolidated financial statements and notes thereto as of June 30, 2005. As used in this quarterly report on Form 10-Q, the terms "the Company," "we," "us" and "our" include Corporate Property Associates 16 - Global Incorporated, its consolidated subsidiaries and predecessors, unless otherwise indicated. Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as "anticipate," "believe," "expect," "estimate," "intend," "could," "should," "would," "may," "seeks," "plans" or similar expressions. Do not unduly rely on forward-looking statements. They give our expectations about the future and are not guarantees, and speak only as of the date they are made. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievement to be materially different from the results of operations or plan expressed or implied by such forward-looking statements. While we cannot predict all of the risks and uncertainties, they include, but are not limited to, the risk factors described in Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2004. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved. Additionally, a description of our critical accounting estimates is included in the management's discussion and analysis section in our Annual Report on Form 10-K for the year ended December 31, 2004. There has been no significant change in such critical accounting estimates.

EXECUTIVE OVERVIEW

BUSINESS OVERVIEW

We were formed in 2003 for the purpose of investing primarily in commercial and industrial properties leased to companies domestically and internationally and are managed by a wholly-owned subsidiary of W. P. Carey & Co. LLC (the "Advisor"). We intend to file our 2004 Federal tax return as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, and accordingly will not be subject to Federal income taxes on income distributed to shareholders, provided we distribute at least 90% of our REIT taxable income to shareholders on an annual basis and meet certain other conditions. We intend to retain our REIT status.

HOW WE EARN REVENUE

The primary source of our revenue is earned from leasing real estate. We invest in commercial and industrial properties that are then leased to companies domestically and internationally, primarily on a net lease basis. We also invest in mortgage loans that are collateralized by real estate. Revenue is subject to fluctuation because of lease expirations, lease terminations, the timing of new lease transactions, tenant defaults and sales of property.

HOW MANAGEMENT EVALUATES RESULTS OF OPERATIONS

Management evaluates our results with a primary focus on the ability to generate cash flow necessary to meet its objectives of funding distributions to our shareholders and overall property appreciation. As a result, management's assessment of operating results gives less emphasis to the effect of unrealized gains and losses, which may cause fluctuations in net income for comparable periods but have no impact on cash flow, and to other noncash charges such as depreciation and impairment charges. In evaluating cash flow from operations, management includes equity distributions that are included in investing activities to the extent that the distributions in excess of equity income are the result of noncash charges such as depreciation and amortization. Management does not consider unrealized gains and losses resulting from short-term foreign currency fluctuations or derivative instruments when evaluating our ability to fund distributions. Management's evaluation of our potential for generating cash flow includes our assessment of the long-term sustainability of our real estate portfolio.

Our Results of Operations section below contains a table describing our investments as of June 30, 2005 and annual cash flow expected from each investment.

CURRENT DEVELOPMENTS AND TRENDS

Competition for investments continues to remain strong. Inflation and interest rates, at least for the short term, are expected to rise.

Rising interest rates are expected to have the following impact on our business:

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued) *(in thousands except share and per share amounts)*

- Rising interest rates would likely cause a decline in the values of properties in our investment portfolio;
- Rising interest rates would likely cause an increase in inflation and a corresponding increase in the Consumer Price Index ("CPI"), which over time will result in increased revenue and partially offset the impact of declining property values;
- The impact of rising interest rates would be mitigated through our use of fixed interest rates on our current debt; however, financing obtained in connection with subsequent investments or on unencumbered properties could be affected;
- Rising interest rates would likely enable us to achieve higher rates of return on new investments, which would be partially offset by increased debt costs associated with increased interest rates;
- Rising interest rates could make other income generating products more attractive to investors on a relative basis and affect our ability to raise capital; and
- Rising interest rates may have an impact on the credit quality of certain tenants.

We will continue to pursue our objectives through long-term investment transactions and diversifying our portfolio. We expect to continue investing in the international commercial real estate market, as we believe the international market may provide for favorable opportunities. In addition, financing terms are generally more favorable for international transactions. Financing terms for international transactions generally provide for lower interest rates and greater flexibility to finance the underlying property. These benefits are partially offset by shorter lease and loan maturities. Investing in additional international properties increases our exposure to fluctuations in foreign currency exchange rates.

For the six months ended June 30, 2005, cash flows generated from operations and equity investments were sufficient to fund distributions paid and meet other obligations, including paying scheduled mortgage principal payments. As of June 30, 2005, we had \$159,176 in cash and cash equivalents as well as \$13,400 in short-term instruments and \$10,900 in auction-rate marketable securities that we intend to convert to cash, which will primarily be used to fund future real estate investments, as well as maintain sufficient working capital balances and meet other commitments.

We intend to fund quarterly distributions from cash generated from operations. We also currently expect to continue raising funds through an additional public offering of our common stock. Substantially all of the capital raised has been raised by one selected-dealer and any adverse change in our relationship with this selected-dealer could limit our ability to sell additional shares of common stock.

Management believes that as the portfolio matures there is a potential for an increase in the value of the portfolio and that any increase may not be reflected in the financial statements; however, rising interest rates and other market conditions may have an adverse affect on the future value of the portfolio.

Current Developments Include:

ACQUISITIONS - Our Advisor is continuing to evaluate investments to utilize our existing cash balances raised from our initial public offering. During the quarter ended June 30, 2005, we completed transactions totaling approximately \$128,000. In May 2005, we and an affiliate, Corporate Property Associates 15 ("CPA[®]:15"), through 70% and 30% interests, respectively, in a limited liability company, acquired land and buildings in Stuart, FL; Portsmouth, Rhode Island and Southwest Harbor and Trenton, ME for \$58,319 and entered into a net lease with The Talaria Company (doing business as The Hinckley Company). The lease has an initial term of 25 years with two 5-year renewal options followed by two 10-year renewal options and provides for initial annual rent of \$5,162. The lease also provides for rent increases every four years based on increases in the CPI. In connection with the purchase, the limited liability company obtained a limited recourse mortgage loan of \$35,000.

In May 2005, we acquired land and buildings in Huber Heights, Sheffield Village and Lima, OH; and Lebanon, Tennessee and Peru, IL for \$28,414 and Ontario, Canada for CAD 12,464 (\$9,892 based on the exchange rate of the Canadian Dollar as of the date of the

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued) *(in thousands except share and per share amounts)*

agreement) and entered into leases with MetoKote Corporation for the domestic properties and MetoKote Canada Limited for the Canadian property. The leases each have an initial lease term of 20 years with two 10-year renewal options and provide for initial annual rent of \$2,471 on the domestic properties and CAD 1,084 (\$885) on the Canadian property. Each lease also provides for annual rent increases based on increases in the CPI of the respective country. In connection with the purchase, we obtained limited recourse mortgage loans of \$20,000 on the domestic properties and CAD 7,492 (\$6,000) on the Canadian Property.

In June 2005, we and CPA[®]:15, through 25% and 75% interests, respectively, in a limited liability company, acquired 16 retail facilities throughout Germany for E126,101 (\$154,171 based on the exchange rate of the Euro as of the date of the agreement, of which our share is \$38,543), and entered into a net lease with Hellweg Die Profi-Baumarkte GmbH & Co. KG. The lease has an initial term of 25 years with a 5-year renewal option and provides for initial annual rent of E10,267 (\$12,552, of which our share is \$3,138). The lease also provides for rent increases every two years based on increases in the German CPI. In connection with the acquisition, the limited liability company obtained a limited recourse mortgage loan of E87,000 (\$106,366 of which our share is \$26,591).

In June 2005, we acquired land and buildings in Nashville, TN for \$10,541 and assumed a net lease with Career Education Corporation. The lease expires in June 2019 with two 5-year renewal options and provides for annual rent at the date of assumption of \$475. Career Education is expected to increase its occupancy over an 18-month period as the property is being retrofitted to their specifications per an existing agreement with the former owner of the property. Accordingly, rent will increase in accordance with the tenant's expanded occupancy followed by stated annual rent increases. As a result, rental income will be recognized on an annual straight-line basis of \$868. In connection with the purchase, we obtained a limited recourse mortgage loan of \$6,500.

See Subsequent Events below for descriptions of acquisitions completed in July 2005.

FUND RAISING ACTIVITY - Our initial public offering was terminated in March 2005 following the sale of 55,332,415 shares. In August 2005, we filed an amendment to our registration statement filed with the United States Securities and Exchange Commission ("SEC") in 2004 for a second "best efforts" public offering of up to 55,000,000 shares. This registration statement has not yet been declared effective. We currently anticipate that sales of shares in our second offering will commence before the end of 2005.

DIVIDEND - In June 2005, our board of directors approved and increased the second quarter dividend to \$.1450 per share payable in July 2005 to shareholders of record as of June 30, 2005.

RESULTS OF OPERATIONS

We commenced real estate operations in 2004, and our results of operations for the three and six months ended June 30, 2004 reflect the limited nature of our operations during those periods. Through June 30, 2005, we have invested in several properties, both domestic and international, leased to companies on a net lease basis. We have also invested in mortgage loans that are collateralized by real estate. We anticipate that we will continue to use the proceeds of our initial public offering along with limited recourse property-level mortgage financing and proceeds from future offerings of our common stock to form a diversified portfolio of real estate net leased to corporate tenants. Accordingly, the results of operations for the three-month period ended June 30, 2005 are not expected to be representative of our future results because we expect that our asset base will continue to increase. As our asset base increases, revenues and general and administrative, property and depreciation expenses will increase. Interest expense will increase as mortgage loans are obtained. We have investments in Europe, the United Kingdom, Thailand and Canada and as such, results of operations are subject to fluctuations in foreign currency exchange rates.

Real Estate Investments

Our real estate portfolio as of June 30, 2005 is expected to generate annual cash flow (annual contractual rent less annual property level debt service) of \$19,424, from our direct ownership of real estate as follows:

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)
(in thousands except share and per share amounts)

Lease Obligor	Annual Contractual Rent	Annual Debt Service	Estimated Annual Cash Flow
2005 ACQUISITIONS			
Telcordia Technologies, Inc. (1) (3)	\$ 8,913	\$ 4,436	\$ 4,477
The Talaria Company (Hinckley) (3) (6)	5,162	3,072	2,090
MetoKote Corporation and MetoKote Canada Limited (2) (3) (5)	3,326	1,601	1,725
Finisar Corporation	2,951	1,457	1,494
Precise Technology Group, Inc.	1,448	-	1,448
LFD Manufacturing Limited and IDS Logistics (Thailand) Limited (2)	1,495	900	595
HMS Healthcare, Inc. (4)	1,228	643	585
PolyPipe, Inc.	787	447	340
Clean Earth Kentucky, LLC	711	393	318
MetalsAmerica, Inc.	651	339	312
Career Education Corp. (3) (7)	475	480	(5)
2004 ACQUISITIONS			
Ply Gem Industries, Inc. (2)	3,510	1,790	1,720
Foss Manufacturing Company, Inc.	3,195	1,533	1,662
Plantasjen ASA (2)	2,162	1,385	777
Polestar Petty Ltd. (2)	2,116	1,363	753
Xpedite Systems, Inc.	1,395	820	575
Castle Rock Industries, Inc.	1,328	770	558
	<u>\$ 40,853</u>	<u>\$ 21,429</u>	<u>\$ 19,424</u>

- (1) Annual debt service increases to \$5,578 in year three.
- (2) Based on the applicable exchange rate on the date of acquisition. Amounts are subject to fluctuations in foreign currency exchange rates.
- (3) Represents investment completed during the quarter ended June 30, 2005.
- (4) Excludes two assumed leases that provide for annual rent of \$318 and \$63, respectively, and which expire in December 2005 and December 2010, respectively.
- (5) Annual debt service increases to \$2,171 in year two.
- (6) Includes lease revenues applicable to minority interests. Minority interests included in the consolidated amounts above total \$627 for the six months ended June 30, 2005.
- (7) Career Education Corp. is expected to increase its occupancy at the property in stages over an 18-month period. As a result of the increased occupancy as well as stated annual rent increases, rental income will be recognized on an annual straight-line basis of \$868.

We recognize income from equity investments of which lease revenues are a significant component. Our ownership interests range from 25% to 50%. Our pro rata share of equity investments as of June 30, 2005 is expected to generate annual cash flow (annual contractual rent less annual property level debt service) of \$10,668 as follows:

Lease Obligor	Annual Contractual Rent	Annual Debt Service	Estimated Annual Cash Flow
2005 ACQUISITIONS			
Pohjola Non-Life Insurance Company (1)	\$ 3,251	\$ 1,712	\$ 1,539
Hellweg Die Profi-Baumarkte GmbH & Co. KG (1) (2)	3,138	1,727	1,411
2004 ACQUISITIONS			
U-Haul Moving Partners, Inc. and Mercury LP	8,782	4,541	4,241
Thales S.A. (1)	4,142	2,053	2,089
TietoEnator Plc. (1)	2,793	1,731	1,062
Actuant Corporation (1)	803	477	326
	<u>\$ 22,909</u>	<u>\$ 12,241</u>	<u>\$ 10,668</u>

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued) *(in thousands except share and per share amounts)*

- (1) Based on the applicable exchange rate on the date of acquisition. Amounts are subject to fluctuations in foreign currency exchange rates.
- (2) Represents investment completed during the quarter ended June 30, 2005.

A build-to-suit project for a building to be leased to Huntsman LLC is expected to be completed in September 2005 and is expected to provide for estimated annual cash flow of \$3,545 once completed.

Mortgage Notes Receivable

We currently have interests in two mortgage notes receivable. Our interest in a mortgage note receivable collateralized by the distribution facilities of BlueLinx Holdings, Inc. was purchased in December 2004 and is expected to provide annual cash flow of approximately \$1,300, which is based on a floating rate of interest. The note is initially scheduled to mature in November 2007 and may be extended for two-1 year periods.

In January 2005, we purchased a \$12,740 mortgage note receivable and related interest-only participation collateralized by the distribution and storage facilities of Reyes Holding L.L.C. Annual cash flow from this investment, including installments of principal, is expected to approximate \$1,515. The note expires in February 2015.

FINANCIAL CONDITION

Uses of Cash During the Period

We used a combination of existing cash balances, limited recourse financing and other sources (see investing activities below) to fund acquisitions totaling \$402,000 for the six months ended June 30, 2005. As a result, our cash and cash equivalents decreased \$58,134 from the December 31, 2004 balance. Management believes we have sufficient cash balances to acquire a diversified real estate portfolio and meet our working capital needs including our distribution rate. Our use of cash during the period is described below.

OPERATING ACTIVITIES - In evaluating cash flow from operations, management includes equity distributions that are included in investing activities to the extent that the distributions in excess of equity income are the result of noncash charges such as depreciation and amortization. For the six months ended June 30, 2005, cash flows from operating activities and equity investments of \$19,353 were sufficient to pay distributions to shareholders of \$12,281 and meet scheduled principal payment installments on mortgage debt of \$1,056. Annual operating cash flow is expected to increase as a result of recent investment activity. Investments completed in the six month period ended June 30, 2005 are expected to generate annual cash flow of approximately \$18,000 (subject to fluctuations in foreign currency exchange rates).

INVESTING ACTIVITIES - Our investing activities are generally comprised of real estate related transactions (purchases and sales of real estate and mortgage loans collateralized by real estate) and the purchase of and sale of short-term investments and marketable securities which we intend to convert to cash.

We completed several investments during the six months ended June 30, 2005, including the purchase of a mortgage note receivable. These investments are described in Results of Operations above and in the accompanying financial statements. Our recent investment activity was funded through the use of existing cash balances, proceeds from mortgage financings, the release of funds of \$12,371 held in escrow and a portion of the proceeds from the sale of marketable securities and the issuance of our stock. During the six months ended June 30, 2005, we had net sales (purchases less proceeds from sale) of marketable securities of \$59,000, which was used to fund investment activity and for working capital needs. We also placed \$4,253 in escrow in connection with a potential acquisition.

FINANCING ACTIVITIES - In addition to paying distributions to shareholders and making scheduled mortgage principal payments, we obtained \$196,065 in mortgage financing to fund investment activity and received \$41,340 from the issuance of stock, net of costs. The decrease in proceeds from the issuance of our stock as compared to the comparable prior year period is due to the termination of our initial offering in March 2005.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)
(in thousands except share and per share amounts)

All of our mortgage obligations are limited recourse and bear interest at fixed rates and provide for monthly or quarterly installments which include scheduled payments of principal. Accordingly, our cash flow should not be adversely affected by increases in interest rates, which are near historical lows. However, financing on future acquisitions will likely bear higher rates of interest.

Cash Resources

As of June 30, 2005, we had \$159,176 in cash and cash equivalents as well as \$13,400 in short-term instruments and \$10,900 in auction-rate marketable securities that we intend to convert to cash, which will primarily be used to fund future real estate related investments, as well as maintain sufficient working capital balances and meet other commitments. In addition, debt may be incurred on unleveraged properties with a carrying value of \$16,290 as of June 30, 2005 and any proceeds may be used to finance future real estate purchases. We also currently anticipate that sales of shares in our second offering will commence before the end of 2005 (see Current Developments and Trends above).

Cash Requirements

During the next twelve months, cash requirements will include scheduled mortgage principal payment installments (we have no mortgage balloon payments scheduled until 2011), paying distributions to shareholders, funding build-to-suit commitments on projects that we currently project to total \$35,388 as well as other normal recurring operating expenses. We also intend to use our cash to purchase new properties to further diversify our portfolio and maintain cash balances sufficient to meet working capital needs. Based on the projected increase in operating cash flows from recent real estate related acquisitions, cash flow from operations and distributions from operations of equity investments in excess of equity income is expected to be sufficient to meet operating cash flow objectives during the next twelve months.

OFF-BALANCE SHEET AND AGGREGATE CONTRACTUAL AGREEMENTS

The table below summarizes our contractual obligations as of June 30, 2005 and the effect that such obligations are expected to have on our liquidity and cash flow in future periods.

	<u>TOTAL</u>	<u>LESS THAN 1 YEAR</u>	<u>1-3 YEARS</u>	<u>3-5 YEARS</u>	<u>MORE THAN 5 YEARS</u>
Limited recourse mortgage notes payable (1)	\$ 477,179	\$ 21,244	\$ 45,148	\$ 46,514	\$ 364,273
Deferred acquisition fees due to affiliate (1)	15,567	3,093	10,073	2,401	-
Deposit held for future expansion (2)	72	72	-	-	-
Build-to-suit commitment (3)	35,388	35,388	-	-	-
Operating leases (4)	<u>1,228</u>	<u>82</u>	<u>177</u>	<u>222</u>	<u>747</u>
	<u>\$ 529,434</u>	<u>\$ 59,879</u>	<u>\$ 55,398</u>	<u>\$ 49,137</u>	<u>\$ 365,020</u>

- (1) Amounts are inclusive of principal and interest.
- (2) In connection with the acquisition of the Polestar Petty property in 2004, we entered into an agreement to fund a future expansion at the property.
- (3) Represents remaining build-to-suit commitments for two projects. Commitments include a project in Woodlands, Texas where estimated total construction costs are currently projected to total \$38,025, of which \$7,842 was funded as of June 30, 2005 and a project in Thailand where estimated total construction costs are currently projected to total \$5,205 (subject to fluctuations in foreign currency exchange rates).
- (4) Operating lease obligations consist primarily of our share of minimum rents payable under an office cost-sharing agreement with certain affiliates for the purpose of leasing office space used for the administration of real estate entities. Such amounts are allocated among the entities based on gross revenues and are therefore subject to fluctuation.

Amounts related to our foreign operations are based on the exchange rate of the local currencies as of June 30, 2005.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)
(in thousands except share and per share amounts)

SUBSEQUENT EVENTS

In July 2005, we and CPA[®]:15, each through 50% interests, purchased land and buildings in Paris, France, for E88,564 (\$107,074 based on the exchange rate of the Euro on the date of acquisition) and assumed an existing lease agreement with The Paris Police Department. The assumed lease expires in June 2019 and does not provide for any renewal options. Annual rent as of the date of lease assumption is E5,011 (\$6,058 based on the exchange rate of the Euro on the date of acquisition). Limited recourse mortgage financing totaling E65,000 (\$78,585 based on the exchange rate of the Euro on the date of acquisition) was obtained in connection with this purchase.

In July 2005, we purchased land and building in Saltillo, Mexico, for \$3,782, and entered into a net lease agreement guaranteed by MetoKote Corporation and denominated in U. S. dollars. The lease has an initial term of 20 years with two 10-year renewal options and provides for initial annual rent of \$335.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

Item 3. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
(in thousands except share and per share amounts)

Market risk is the exposure to loss resulting from changes in interest rates, credit spreads, foreign currency exchange rates and equity prices. In pursuing our business plan, the primary market risks to which we are exposed are interest rate and foreign currency exchange rate risks.

Interest Rate Risk

The value of our real estate is subject to fluctuations based on changes in interest rates, local and regional economic conditions and changes in the creditworthiness of lessees, and which may affect our ability to refinance our debt when balloon payments are scheduled.

All of our long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in the market interest rates. The following table presents principal cash flows based upon expected maturity dates of our debt obligations and the related weighted-average interest rates by expected maturity dates for our fixed rate debt. The interest rates on our fixed rate debt as of June 30, 2005 ranged from 4.81% to 7.15%.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Thereafter</u>	<u>Total</u>	<u>Fair Value</u>
Fixed rate debt	\$ 1,993	\$ 4,532	\$ 5,906	\$ 6,860	\$ 7,358	\$ 263,653	\$ 290,302	\$ 291,106
Weighted average interest rate	6.01%	6.04%	5.88%	5.93%	5.93%	5.87%		

A change in interest rates of 1% would not have an effect on annual interest expense as we have no variable rate debt. A change in interest rates of 1% would increase or decrease the fair value of our fixed rate debt at June 30, 2005 by approximately \$21,289.

At June 30, 2005, we own \$10,900 of auction-rate securities which are long-term securities that provide a resetting of their interest rate at intervals (typically ranging between weekly and semi-annually) and provide a market mechanism which allows a holder to sell at the interest reset date. Because of the interest reset, auction-rate securities are priced and traded as short-term investments. There is no assurance that an auction-rate security will be sold at par nor can sellers force issuers to redeem if sell orders exceed buy orders at an interest rate reset date.

Although we have not experienced any credit losses on investments in loan participations, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults could increase and result in us recognizing credit losses, which could adversely affect our liquidity and operating results. Further, such defaults could have an adverse effect on the spreads between interest earning assets and interest bearing liabilities.

Foreign Currency Exchange Rate Risk

We have foreign operations in the United Kingdom, France, Finland, Germany, Sweden, Canada and Thailand and as such are subject to risk from the effects of exchange rate movements of foreign currencies, which may affect future costs and cash flows. The majority of our foreign operations were conducted in the Euro. We are likely to conduct business in other currencies as we seek to invest funds from our offering internationally. For all currencies we are a net receiver of the foreign currency (we receive more cash than we pay out) and therefore our foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Net realized and unrealized foreign currency translation losses of \$212 are included in the accompanying condensed consolidated financial statements for the quarter ended June 30, 2005.

To date, we have not entered into any foreign currency forward exchange contracts to hedge the effects of adverse fluctuations in foreign currency exchange rates. We have obtained limited recourse mortgage financing at fixed rates of interest in the local currency. To the extent that currency fluctuations increase or decrease rental revenues as translated to dollars, the change in debt service, as translated to dollars, will partially offset the effect of fluctuations in revenue, and, to some extent mitigate the risk from changes in foreign currency rates.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

Item 4. - CONTROLS AND PROCEDURES

Our disclosure controls and procedures include our controls and other procedures designed to ensure that information required to be disclosed in this and other reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is accumulated and communicated to our management, including our Chief Executive Officer and acting Chief Financial Officer, to allow timely decisions regarding required disclosure and to ensure that such information is recorded, processed, summarized and reported, within the required time periods.

Our Chief Executive Officer and acting Chief Financial Officer have conducted an evaluation of our disclosure controls and procedures as of June 30, 2005.

Based upon this evaluation, our Chief Executive Officer and acting Chief Financial Officer have concluded that our disclosure controls (as defined in Rule 13a-15(e) promulgated under the Exchange Act) are sufficiently effective to ensure that the information required to be disclosed by us in the reports we file under the Exchange Act is recorded, processed, summarized and reported with adequate timeliness.

There have been no changes during the most recent fiscal quarter in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

PART II

Item 2. - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) For the quarter ended June 30, 2005, 79,517 shares were issued to the Advisor as consideration for asset management fees. Shares were issued at \$10 per share.
- (b) Pursuant to Rule 701 of Regulation S-K, the use of proceeds from our initial offering of common stock which commenced in December 2003 (File #333-106838) is as follows as of June 30, 2005:

Shares registered:	110,000,000
Aggregate price of offering amount registered:	\$ 1,100,000,000
Shares sold:	55,453,937
Aggregated offering price of amount sold:	\$ 554,539,370
Direct or indirect payments to directors, officers, general partners of the issuer or their associates, to persons owning ten percent or more of any class of equity securities of the issuer and to affiliates of the issuer:	\$ -
Direct or indirect payments to others:	\$ 55,178,016
Net offering proceeds to the issuer after deducting expenses:	\$ 499,361,354
Purchases of real estate, mortgage notes receivable, and equity investments:	\$ 467,961,450
Temporary investments in cash and cash equivalents:	\$ 31,399,904

(c) Issuer Purchases of Equity Securities

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS (1)
January 1, 2005 – January 31, 2005	--	--	N/A
February 1, 2005 - February 28, 2005	--	--	N/A
March 1, 2005 - March 31, 2005	--	--	N/A
April 1, 2005 - April 30, 2005	12,558	\$ 9.30	N/A
May 1, 2005 - May 31, 2005	--	--	N/A
June 1, 2005 - June 30, 2005	<u>56,212</u>	9.30	N/A
Total	<u>68,770</u>		

- (1) All shares were purchased pursuant to the Company's redemption plan. The maximum amount of shares purchasable in any period depends on the availability of funds generated by the Distribution Reinvestment and Share Purchase Plan and other factors at the discretion of the Company's Board of Directors.

Item 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

An annual Shareholders' meeting was held on June 9, 2005, at which time a vote was taken to elect the Company's directors through the solicitation of proxies. The following directors were elected for a one-year term:

Name of Director	Total Shares Voting	Shares Voting For	Shares Withheld
Trevor P. Bond	28,055,065	27,160,888	894,177
William P. Carey	28,055,065	27,153,877	901,188
Gordon F. Dugan	28,055,065	27,168,867	886,198
Elizabeth P. Munson	28,055,065	27,156,183	898,882
Warren G. Wintrub	28,055,065	27,137,969	917,096

Item 6. - EXHIBITS:

- 31.1 Certification of Chief Executive Officer
- 31.2 Certification of Chief Financial Officer
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORPORATE PROPERTY ASSOCIATES 16-GLOBAL INCORPORATED

8/15/2005	By: <u>/s/ Claude Fernandez</u>
Date	Claude Fernandez Managing Director and acting Chief Financial Officer (acting Principal Financial Officer)
8/15/2005	By: <u>/s/ Michael D. Roberts</u>
Date	Michael D. Roberts Executive Director and Controller (acting Principal Accounting Officer)

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)

I, Gordon F. DuGan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Corporate Property Associates 16-Global Incorporated (the "Registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the Registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) Disclosed in this quarterly report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date 8/15/2005

/s/ Gordon F. DuGan

Gordon F. DuGan

Vice Chairman and Chief Executive Officer

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)

I, Claude Fernandez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Corporate Property Associates 16-Global Incorporated (the "Registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the Registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) Disclosed in this quarterly report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date 8/15/2005

/s/ Claude Fernandez

Claude Fernandez
acting Chief Financial Officer

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Corporate Property Associates 16-Global Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gordon F. DuGan, Chief Executive Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gordon F. DuGan
Gordon F. DuGan
Vice Chairman and Chief Executive Officer

8/15/2005

Date

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CORPORATE PROPERTY ASSOCIATES 16 - GLOBAL INCORPORATED

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Corporate Property Associates 16-Global Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Claude Fernandez, acting Chief Financial Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Claude Fernandez
Claude Fernandez
acting Chief Financial Officer

8/15/2005

Date

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.