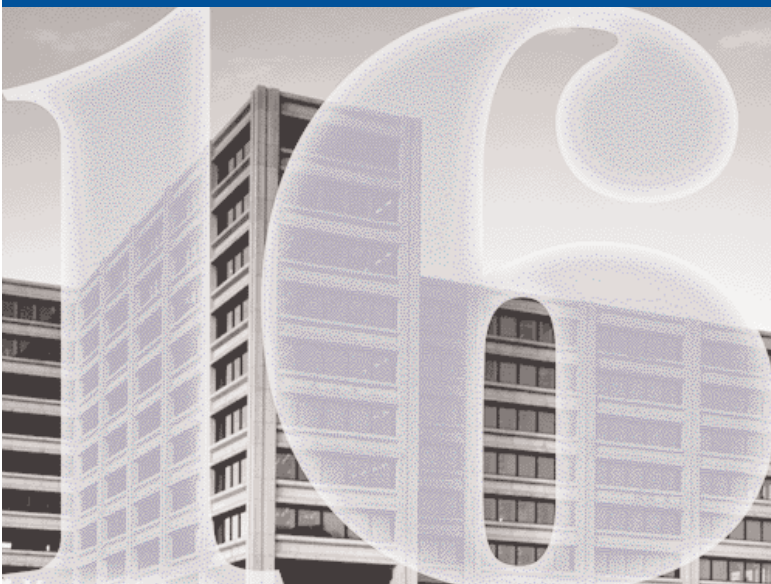


CPA:16 GLOBAL

2005 Second Quarter Report

CORPORATE PROPERTY ASSOCIATES 16-GLOBAL



DIVERSIFICATION THROUGH REAL ESTATE

A MEMBER OF THE

W. P. CAREY

GROUP

DEAR FELLOW CPA®:16 – GLOBAL SHAREHOLDERS

We are pleased to provide you with details on CPA®:16 – Global's financial results for the three-month period ended June 30, 2005. Among the quarterly and year-to-date highlights were:

- In June, CPA®:16 – Global's Board of Directors approved a second quarter distribution of \$0.1450 per share. This equates to an annualized yield of 5.8% based on the initial share price of \$10.00 per share.
- Cash flows from operating activities for the six-month period ended June 30, 2005 increased to \$18.3 million, from \$945,000 during the comparable period last year.
- Net income increased to \$4 million, from \$515,000 during the comparable period in 2004.
- Revenues rose to \$10 million, from \$447,000 as compared to the comparable period in 2004.
- Total assets increased to \$831.9 million, from \$585.5 million since December 31, 2004.

Investment Activity

CPA®:16 – Global completed a number of investments in this past quarter, among them:

- In May, CPA®:16 – Global and its affiliate, Corporate Property Associates 15 Incorporated (CPA®:15), acquired and leased back five boat fabrication, storage and servicing facilities from The Hinckley Company, one of the premier yacht building and servicing businesses in the United States, for \$58.3 million. The facilities, totaling approximately 473,000 square feet, will be leased for an initial period of 25 years. CPA®:16 – Global owns 70% of the portfolio, while CPA®:15 owns the remaining 30%.
- In June, CPA®:16 – Global and its affiliate, CPA®:15, acquired and leased back 16 retail facilities from Hellweg Die Profi-Baumärkte GmbH & Co. KG, one of the leading Do-It-Yourself retailers in Germany, for approximately \$154 million. The transaction was the largest single European investment completed in the history of the CPA® funds. Hellweg will maintain control of the facilities, which total approximately 1.3 million square feet, for an initial period of 25 years. CPA®:16 – Global owns 25% of the portfolio, while CPA®:15 owns the remaining 75%.

We are pleased to offer a convenient, secure and cost-effective way to access your CPA®:16 – Global investment information online 24 hours a day, seven days a week at www.wpcarey.com/ShareholderAccess. You can access your current investment balances and distribution history, among other options.

As a reminder, CPA®:16 – Global's Distribution Reinvestment and Share Purchase Plan (DRIP) 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 Investor Relations Department.

On behalf of the entire CPA®:16 – Global family, we thank you again for your continued confidence and support.

With best regards,



Wm. Polk Carey <i>Chairman</i>	Gordon F. DuGan <i>Vice Chairman</i> & <i>CEO</i>	Thomas E. Zacharias <i>President</i>
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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.wpcarey.com/ShareholderAccess

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

<i>(in thousands except share and per share amounts)</i>	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	—
	10,017	447	16,460	447
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
	4,890	419	8,059	546
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	\$ 4,044	\$ 515	\$ 7,888	\$ 482
Basic earnings per share	\$ 0.07	\$ 0.03	\$ 0.14	\$ 0.05
Dividends declared per share	\$.14500	\$.11290	\$.27001	\$.22537
Weighted average shares outstanding – basic	56,197,766	15,320,209	55,824,822	9,357,555

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(in thousands)</i>	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 amounts 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.

CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands except share amounts)

	June 30, 2005	December 31, 2004*
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		
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	(2,878)	4,053
	<u>489,349</u>	<u>463,208</u>
Less treasury stock at cost, 68,770 shares at June 30, 2005	(640)	—
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>

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



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