

**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, 2006

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)

Investor Relations (212) 492-8920
(212) 492-1100
(Registrant's telephone numbers, including area code)

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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Registrant has 79,563,850 shares of common stock, \$.001 par value outstanding at August 7, 2006.

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

INDEX

| | <u>Page No.</u> |
|---|---------------------|
| PART I — FINANCIAL INFORMATION | |
| Item 1. — Financial Statements* | |
| Consolidated Balance Sheets as of June 30, 2006 and December 31, 2005 | 2 |
| Consolidated Statements of Income for the three and six months ended June 30, 2006 and 2005 | 3 |
| Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2006 and 2005 | 3 |
| Consolidated Statement of Shareholders' Equity for the six months ended June 30, 2006 | 4 |
| Consolidated Statements of Cash Flows for the six months ended June 30, 2006 and 2005 | 5 |
| Notes to Consolidated Financial Statements | 6 |
| Item 2. — Management's Discussion and Analysis of Financial Condition and Results of Operations | 13 |
| Item 3. — Quantitative and Qualitative Disclosures About Market Risk | 21 |
| Item 4. — Controls and Procedures | 22 |
| PART II — OTHER INFORMATION | |
| Item 2. — Unregistered Sales of Equity Securities and Use of Proceeds | 23 |
| Item 4. — Submission of Matters to a Vote of Security Holders | 23 |
| Item 6. — Exhibits | 23 |
| Signatures | 24 |

* 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.

Forward Looking Statements

This quarterly report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I of this report, contains forward-looking statements that involve risks, uncertainties and assumptions. 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, 2005. 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, 2005. There has been no significant change in such critical accounting estimates.

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.

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

PART I

ITEM 1. — FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands except share and share amounts)

| | <u>June 30, 2006</u> | <u>December 31, 2005</u> <u>(NOTE)</u> |
|--|----------------------|---|
| ASSETS | | |
| Real estate, net | \$ 477,350 | \$ 386,615 |
| Net investment in direct financing leases | 180,934 | 152,772 |
| Equity investments | 108,411 | 97,179 |
| Real estate under construction | 27,612 | 15,026 |
| Mortgage notes receivable | 9,590 | 29,798 |
| Cash and cash equivalents | 222,896 | 155,374 |
| Short-term investments | 2,234 | 1,698 |
| Marketable securities | 2,858 | 2,996 |
| Funds in escrow | 33,608 | 6,377 |
| Intangible assets, net | 81,903 | 66,589 |
| Due from affiliates | — | 590 |
| Deferred offering costs | 7,141 | 4,028 |
| Other assets, net | 8,872 | 10,607 |
| Total assets | <u>\$ 1,163,409</u> | <u>\$ 929,649</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Limited recourse mortgage notes payable | \$ 434,022 | \$ 358,370 |
| Accrued interest | 2,287 | 2,330 |
| Prepaid and deferred rental income and security deposits | 22,508 | 18,548 |
| Due to affiliates | 16,159 | 9,475 |
| Distributions payable | 10,355 | 8,926 |
| Deferred acquisition fees payable to affiliate | 21,409 | 17,708 |
| Accounts payable, accrued expenses and other liabilities | 3,469 | 10,163 |
| Total liabilities | <u>510,209</u> | <u>425,520</u> |
| Minority interest in consolidated entities | 17,140 | 17,134 |
| Commitments and contingencies (Note 9) | | |
| Shareholders' equity: | | |
| Common stock, \$.001 par value; 110,000,000 shares authorized; 74,622,506 and 57,268,850 shares issued and outstanding, respectively | 75 | 57 |
| Additional paid-in capital | 667,035 | 514,014 |
| Distributions in excess of accumulated earnings | (29,974) | (22,416) |
| Accumulated other comprehensive income (loss) | 2,645 | (3,148) |
| | <u>639,781</u> | <u>488,507</u> |
| Less, treasury stock at cost, 400,179 and 162,564 shares, respectively | <u>(3,721)</u> | <u>(1,512)</u> |
| Total shareholders' equity | <u>636,060</u> | <u>486,995</u> |
| Total liabilities and shareholders' equity | <u>\$ 1,163,409</u> | <u>\$ 929,649</u> |

NOTE: The balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements at that date.

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

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, | |
|--|-----------------------------|------------|---------------------------|------------|
| | 2006 | 2005 | 2006 | 2005 |
| REVENUES: | | | | |
| Rental income | \$ 11,798 | \$ 7,000 | \$ 22,153 | \$ 10,887 |
| Interest income from direct financing leases | 3,370 | 2,380 | 6,522 | 4,307 |
| Interest income on mortgage receivable | 638 | 496 | 1,366 | 1,059 |
| Other operating income | 655 | 141 | 743 | 207 |
| | 16,461 | 10,017 | 30,784 | 16,460 |
| OPERATING EXPENSES: | | | | |
| Depreciation and amortization | (3,081) | (1,828) | (5,714) | (2,720) |
| Property expenses | (2,912) | (1,925) | (5,724) | (3,294) |
| General and administrative | (1,066) | (1,137) | (2,373) | (2,045) |
| | (7,059) | (4,890) | (13,811) | (8,059) |
| OTHER INCOME AND EXPENSES: | | | | |
| Income from equity investments | 1,777 | 1,241 | 3,480 | 2,518 |
| Other interest income | 1,970 | 1,506 | 3,431 | 3,007 |
| Minority interest in income | (516) | (130) | (991) | (130) |
| Gain (loss) on foreign currency transactions, derivative instruments and other, net | 40 | (20) | 66 | (186) |
| Interest expense | (5,824) | (3,680) | (11,110) | (5,722) |
| | (2,553) | (1,083) | (5,124) | (513) |
| NET INCOME | \$ 6,849 | \$ 4,044 | \$ 11,849 | \$ 7,888 |
| BASIC EARNINGS PER SHARE | \$.10 | \$.07 | \$.19 | \$.14 |
| DISTRIBUTIONS DECLARED PER SHARE | \$.1588 | \$.1450 | \$.3163 | \$.2700 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | | | |
| — BASIC | 65,680,890 | 56,197,766 | 61,420,609 | 55,824,822 |

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, | |
|--|--------------------------------|----------|------------------------------|----------|
| | 2006 | 2005 | 2006 | 2005 |
| Net income | \$ 6,849 | \$ 4,044 | \$ 11,849 | \$ 7,888 |
| Other comprehensive income (loss): | | | | |
| Change in unrealized loss on marketable securities | 23 | — | (3) | — |
| Change in foreign currency translation adjustment | 2,527 | (4,172) | 4,549 | (6,931) |
| Unrealized gain on derivative instruments | 873 | — | 1,247 | — |
| | 3,423 | (4,172) | 5,793 | (6,931) |
| Comprehensive income (loss) | \$ 10,272 | \$ (128) | \$ 17,642 | \$ 957 |

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

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

For the six months ended June 30, 2006

(In thousands except share and per share amounts)

| | <u>Common Stock</u> | <u>Additional Paid-In Capital</u> | <u>Distributions in Excess of Accumulated Earnings</u> | <u>Accumulated Other Comprehensive Income (Loss)</u> | <u>Treasury Stock</u> | <u>Total</u> |
|--|-------------------------|---|--|--|---------------------------|-------------------|
| Balance at December 31, 2005 | \$ 57 | \$ 514,014 | \$ (22,416) | \$ (3,148) | \$ (1,512) | \$ 486,995 |
| 17,353,656 shares issued \$.001 par, at \$10 per share, net of offering costs | 18 | 153,021 | | | | 153,039 |
| Distributions declared | | | (19,407) | | | (19,407) |
| Net income | | | 11,849 | | | 11,849 |
| Change in other comprehensive income (loss) | | | | 5,793 | | 5,793 |
| Repurchase of 237,615 shares | | | | | (2,209) | (2,209) |
| Balance at June 30, 2006 | <u>\$ 75</u> | <u>\$ 667,035</u> | <u>\$ (29,974)</u> | <u>\$ 2,645</u> | <u>\$ (3,721)</u> | <u>\$ 636,060</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, | |
|--|----------------------------------|-------------------|
| | 2006 | 2005 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 11,849 | \$ 7,888 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization including intangible assets and deferred financing costs | 5,912 | 2,754 |
| (Gain) loss on foreign currency transactions, net | (232) | 212 |
| Unrealized gain on derivative instrument | — | (26) |
| Equity income in excess of distributions received | (867) | (303) |
| Issuance of shares to affiliate in satisfaction of fees due | 2,457 | 1,190 |
| Minority interest in income | 991 | 130 |
| Straight-line rent adjustments and amortization of rent-related intangibles | (909) | (434) |
| (Decrease) increase in accrued interest | (48) | 1,353 |
| Increase in due to affiliates(a) | 3,570 | 2,332 |
| Increase in accounts payable, accrued expenses and other liabilities(a) | 263 | 137 |
| Increase in prepaid and deferred rental income and security deposits | 1,462 | 3,793 |
| Net change in other operating assets and liabilities | <u>(313)</u> | <u>(752)</u> |
| Net cash provided by operating activities | <u>24,135</u> | <u>18,274</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Distributions received from equity investments in excess of equity income | 3,372 | 1,079 |
| Acquisition of real estate and equity investments(b) | (145,964) | (351,534) |
| Contributions to equity investments | (10,088) | (79) |
| Funds held in escrow for future acquisition and construction | (29,915) | (4,253) |
| Release of funds held in escrow for acquisition and construction of real estate | 2,251 | 12,371 |
| VAT taxes recovered from purchase of real estate | 4,008 | — |
| Purchase of mortgage note receivable | — | (12,778) |
| Receipt of principal payment of mortgage note receivable | 135 | 66 |
| Receipt of principal prepayment of mortgage note receivable | 20,000 | — |
| Purchase of short term investments | — | (3,516) |
| Purchases of securities | — | (31,825) |
| Proceeds from sale of securities | <u>—</u> | <u>90,825</u> |
| Net cash used in investing activities | <u>(156,201)</u> | <u>(299,644)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of stock, net of costs of raising capital | 150,582 | 41,340 |
| Proceeds from mortgages(c) | 73,732 | 196,065 |
| Deferred financing costs and mortgage deposits, net of deposits refunded | (691) | 44 |
| Scheduled payments of mortgage principal | (2,634) | (1,056) |
| Distributions paid | (17,978) | (12,281) |
| Distributions paid to minority partners | (985) | — |
| Purchase of treasury stock | <u>(2,209)</u> | <u>(640)</u> |
| Net cash provided by financing activities | <u>199,817</u> | <u>223,472</u> |
| Effect of exchange rate changes on cash | <u>(229)</u> | <u>(236)</u> |
| Net increase (decrease) in cash and cash equivalents | 67,522 | (58,134) |
| Cash and cash equivalents, beginning of period | <u>155,374</u> | <u>217,310</u> |
| Cash and cash equivalents, end of period | <u>\$ 222,896</u> | <u>\$ 159,176</u> |

(a) Changes in due to affiliates and accounts payable, accrued expenses and other liabilities excludes amounts related to the raising of capital (financing activities) pursuant to the Company's public offerings. At June 30, 2006 and 2005, the amount due to the Company's advisor for such costs was \$7,141 and \$3,583, respectively. The above caption also excludes deferred acquisition fees payable related to the acquisition of real estate (investing activities).

(b) The cost basis of real estate investments acquired during the six months ended June 30, 2006 and 2005 also includes deferred acquisition fees payable of \$3,701 and \$6,716, respectively.

(c) Net of \$2,325 retained by mortgage lenders during the six months 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. Business

Corporate Property Associates 16 — Global Incorporated (the “Company”) is a real estate investment trust (“REIT”) that invests in commercial properties leased to companies domestically and internationally. The primary source of the Company’s revenue is earned from leasing real estate, primarily on a triple net lease basis. Revenue is subject to fluctuation because of lease expirations, lease terminations, the timing of new lease transactions, tenant defaults and sales of properties. As of June 30, 2006, the Company’s portfolio consisted of 189 properties leased to 41 tenants and approximating 13.5 million square feet. The Company was formed in 2003 and is managed by W. P. Carey & Co. LLC and its subsidiaries (the “advisor”). As a REIT, the Company is not subject to U.S. 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.

NOTE 2. Basis of Presentation

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”). Accordingly, they do not include all information and notes required by generally accepted accounting principles in the United States of America 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, 2005.

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of the Company, and its majority-owned and/or controlled subsidiaries. The portion of these entities not owned by the Company is presented as minority interest as of and during the periods consolidated.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity (“VIE”), and if the Company is deemed to be the primary beneficiary, in accordance with FASB Interpretation No. 46(R), “Consolidation of Variable Interest Entities” (“FIN 46(R)"). The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Company controls. Entities that the Company accounts for under the equity method (i.e. at cost, increased or decreased by the Company’s share of earnings or losses, less distributions) include (i) entities that are VIEs and of which the Company is not deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Company does not control, but over which the Company has the ability to exercise significant influence. The Company will reconsider its determination of whether an entity is a VIE and who the primary beneficiary is if certain events occur that are likely to cause a change in the original determinations.

Information about International Geographic Areas

The Company has international investments in Canada, Europe, Mexico, Thailand and the United Kingdom. These investments accounted for lease revenues (rental income and interest income from direct financing leases) of \$3,275 and \$1,745 for the three months ended June 30, 2006 and 2005, respectively, lease revenues of \$6,281 and \$3,337 for the six months ended June 30, 2006 and 2005, respectively, income from equity investments of \$1,060 and \$518 for the three months ended June 30, 2006 and 2005, respectively, and income from equity investments of \$2,014 and \$1,020 for the six months ended June 30, 2006 and 2005, respectively. As of June 30, 2006 and December 31, 2005, long-lived assets related to international investments were \$183,740 and \$152,148, respectively and the carrying value of international equity investments was \$70,936 and \$57,997, respectively.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period financial statement presentation.

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except share and per share amounts)

Recent Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments an Amendment of FASB No. 133 and 140” (“SFAS 155”). The purpose of SFAS No. 155 is to simplify the accounting for certain hybrid financial instruments by permitting fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 also eliminates the restriction on passive derivative instruments that a qualifying special-purpose entity may hold. The provisions of FAS 155 will be effective for the Company as of the beginning of its 2007 fiscal year. The Company is currently evaluating the impact of adopting FAS 155 on its consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” (“FIN 48”), which clarifies the accounting for uncertainty in income tax positions. This Interpretation requires that the Company not recognize in its consolidated financial statements the impact of a tax position that fails to meet the more likely than not recognition threshold based on the technical merits of the position. The provisions of FIN 48 will be effective for the Company as of the beginning of its 2007 fiscal year. The Company is currently evaluating the impact of adopting FIN 48 on its consolidated financial statements.

NOTE 3. Organization and Offerings

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 & Co. LLC, and other selected 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 50,000,000 issuable under its Distribution Reinvestment and Share Purchase Plan (the “Plan”). In March 2006, the Company deregistered all remaining Plan shares with respect to this registration statement that were not issued as of March 23, 2006.

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 of common stock at a price of \$10 per share. This registration statement was declared effective in February 2006, and the Company commenced its second public offering effective March 27, 2006. During the six months ended June 30, 2006, the Company issued 16,298,662 shares for proceeds of \$162,945, pursuant to this offering. From June 30, 2006 through August 11, 2006, the Company has raised \$58,045 through its second public offering of common stock, or a total of \$220,990 from inception of such second offering.

NOTE 4. Transactions with Related Parties

Pursuant to an advisory agreement between the Company and the 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 performance criterion, a non-compounded cumulative distribution return of 6%. As of June 30, 2006, the non-compounded cumulative distribution return was 5.67%. The asset management and performance fees will be payable in cash or restricted stock at the option of the advisor. For 2006, the advisor has elected to receive its asset management and performance fees in restricted shares of common stock of the Company, at \$10.00 per share. 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 operations of the Company. The Company incurred base asset management fees of \$1,337 and \$869 for the three months ended June 30, 2006 and 2005, respectively, and \$2,517 and \$1,506 for the six months ended June 30, 2006 and 2005, respectively, with performance fees in like amounts, which are included in property expenses in the accompanying consolidated financial statements. The Company incurred personnel reimbursements of \$308 and \$99 for the three months ended June 30, 2006 and 2005, respectively, and \$605 and \$178 for the six months ended June 30, 2006 and 2005, respectively, which are included in general and administrative expenses in the accompanying consolidated financial statements.

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except share and per share amounts)

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 investments acquired, of which 2% will be deferred and payable in equal annual installments over three years with payment subordinated to the performance criterion. Unpaid installments bear interest at an annual rate of 5%. For transactions that were completed during the six months ended June 30, 2006, current and deferred acquisition fees were \$4,626 and \$3,701, respectively, and were paid or payable to the advisor subject to subordination to the performance criterion. 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 subject to subordination to the performance criterion. For investments completed using the proceeds from the Company's initial public offering, the Company pays the advisor an acquisition expense allowance of 0.5% of the cost of the investment in consideration for the advisor's payment of certain acquisition expenses. For the six months ended June 30, 2006 and 2005, the allowance was \$889 and \$2,063, respectively. For investments that will be completed using the proceeds from the Company's second public offering, the advisor will not receive an acquisition expense allowance but will be reimbursed for all acquisition related costs.

The Company owns interests in entities which range from 25% to 70%, with the remaining interests held by affiliates.

The Company is a participant in an agreement with certain affiliates for the purpose of leasing office space used for the administration of real estate entities and sharing the associated costs. Pursuant to the terms of the agreement, the Company's share of rental occupancy and leasehold costs is based on gross revenues of the affiliates. Expenses incurred were \$88 and \$48 in the three months ended June 30, 2006 and 2005, respectively, and were \$171 and \$57 in the six months ended June 30, 2006 and 2005, respectively. The Company's estimated current share of future annual minimum lease payments on the office lease, which has a current term through 2016, is \$280.

NOTE 5. Real Estate

Real estate, which consists of land and buildings leased to others, at cost, and accounted for under the operating method is summarized as follows:

| | <u>June 30, 2006</u> | <u>December 31, 2005</u> |
|--------------------------------|----------------------|--------------------------|
| Cost | \$ 487,157 | \$ 392,210 |
| Less: Accumulated depreciation | (9,807) | (5,595) |
| | <u>\$ 477,350</u> | <u>\$ 386,615</u> |

NOTE 6. Equity Investments

On April 29, 2004, the Company, along with two affiliates, Corporate Properties Associates 14 Incorporated ("CPA[®]:14") and Corporate Properties Associates 15 Incorporated ("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, 2006</u> | <u>December 31, 2005</u> |
|---|-------------------------|--------------------------|
| Assets (primarily real estate) | \$ 313,666 | \$ 323,364 |
| Liabilities (primarily mortgage notes payable) | (192,560) | (196,752) |
| Partners' and members' equity | <u>\$ 121,106</u> | <u>\$ 126,612</u> |
| Company's share of equity investees' net assets | <u>\$ 37,476</u> | <u>\$ 39,182</u> |
| | Six Months Ended | |
| | June 30, | |
| | <u>2006</u> | <u>2005</u> |
| Revenues (primarily rental income) | \$ 14,292 | \$ 14,294 |
| Expenses (primarily interest on mortgages and depreciation) | (9,492) | (9,385) |
| Net income | <u>\$ 4,800</u> | <u>\$ 4,909</u> |
| Company's share of net income from equity investments | <u>\$ 1,465</u> | <u>\$ 1,498</u> |

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except share and per share amounts)

The Company also owns interests in single-tenant net leased properties leased to corporations through non-controlling 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, Hellweg Die Profi-Baumarkte GmbH & Co. KG, Pohjola Non-Life Insurance Company, Police Prefecture (French Government), Thales S.A., TietoEnator Plc and OBI A.G. ("OBI"). The interest in OBI was acquired during the six months ended June 30, 2006 (see Note 7).

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

| | <u>June 30, 2006</u> | <u>December 31, 2005</u> |
|---|-------------------------|--------------------------|
| Assets (primarily real estate) | \$ 807,162 | \$ 575,944 |
| Liabilities (primarily mortgage notes payable) | (600,434) | (419,690) |
| Partners' and members' equity | <u>\$ 206,728</u> | <u>\$ 156,254</u> |
| Company's share of equity investees' net assets | <u>\$ 70,935</u> | <u>\$ 57,997</u> |
| | <u>Six Months Ended</u> | |
| | <u>June 30.</u> | |
| | <u>2006</u> | <u>2005</u> |
| Revenues (primarily rental income and interest income from direct financing leases) | \$ 27,462 | \$ 14,368 |
| Expenses (primarily interest on mortgages and depreciation) | (20,968) | (11,748) |
| Net income | <u>\$ 6,494</u> | <u>\$ 2,620</u> |
| Company's share of net income from equity investments | <u>\$ 2,015</u> | <u>\$ 1,020</u> |

NOTE 7. Acquisitions of Real Estate-Related Investments

Real Estate Acquired

2006 — During the six months ended June 30, 2006, the Company acquired five properties (four domestic and one in Germany), at a total cost of \$114,300, which is based upon the applicable exchange rate at the date of acquisition where appropriate. In connection with these investments, \$39,614 in limited recourse mortgage financing was obtained with a weighted average annual fixed interest rate and term of 6% and 13.6 years, respectively.

2005 — During the six months ended June 30, 2005, the Company acquired eleven properties (ten domestic, one of which also has operations in Canada, and one in Thailand), at a total cost of \$335,324, which is based upon the applicable exchange rate at the date of acquisition where appropriate. In connection with these investments, we obtained \$208,776 in limited recourse mortgage financing, based upon the applicable exchange rate at the date of acquisition where appropriate, with a weighted average annual fixed interest rate and term of approximately 5.8% and 14.5 years, respectively.

Equity Investments Acquired

2006 — During the six months ended June 30, 2006, the Company, together with an affiliate, entered an equity investment in Europe where the Company's ownership interest is 25%. The Company is accounting for this investment under the equity method of accounting as the Company does not have a controlling interest. The Company's proportionate share of cost and non-recourse mortgage financing in this investment is \$45,989 and \$36,306, respectively, based upon the applicable exchange rate at the date of acquisition. Although the non-recourse mortgage financing is variable, as a result of entering into two interest rate swap agreements effective July 2006, the Company has an effective blended annual fixed interest rate of 5%. The financing has a term of 10 years.

2005 — During the six months ended June 30, 2005, the Company, together with affiliates, entered into two equity investments in Europe where the Company's ownership interests are 50% or less. The Company is accounting for these investments under the equity method of accounting as the Company does not have a controlling interest. The Company's proportionate share of cost and limited recourse mortgage financing in these investments is \$83,997 and \$60,457, respectively, based upon the applicable exchange rate at the date of acquisition. The limited recourse mortgage financing has a weighted average annual fixed interest rate and term of approximately 4.56% and 10 years, respectively.

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except share and per share amounts)

Mortgage Notes Receivable Acquired

2005 — During the six months ended June 30, 2005, the Company originated a \$54,000 mortgage collateralized by the distribution and storage facilities of the borrower. The mortgage was originated as a 10-year loan with a 25-year amortization schedule, bearing interest at an annual 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 an annual 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 an annual 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 payable at an annual rate of 6.34% and 5.14%). The interest only participation is accounted for as a marketable security with changes in its fair value included in other comprehensive income.

Real Estate Under Construction

2006 — During the six months ended June 30, 2006, the Company entered into a domestic build-to-suit project. Costs incurred through June 30, 2006 of \$27,612 in connection with several build-to-suit projects have been presented in the balance sheet as real estate under construction. The Company also obtained limited resource mortgage financing on current and completed build-to-suit projects of up to \$32,349 at a weighted average annual fixed interest rate and term of 6.14% and 20 years, respectively. As of June 30, 2006, \$18,807 of this financing has been drawn down.

NOTE 8. Intangibles

In connection with its acquisition of properties, the Company has recorded net lease intangibles of \$72,809, 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 revenue. Below-market rent intangibles are included in prepaid and deferred rental income and security deposits in the accompanying consolidated financial statements.

Intangibles are summarized as follows:

| | <u>June 30, 2006</u> | <u>December 31, 2005</u> |
|--------------------------------|----------------------|--------------------------|
| Lease intangibles | | |
| In-place lease | \$ 53,147 | \$ 43,481 |
| Tenant relationship | 15,557 | 12,808 |
| Above-market rent | 18,035 | 13,150 |
| Less: accumulated amortization | <u>(4,836)</u> | <u>(2,850)</u> |
| | <u>\$ 81,903</u> | <u>\$ 66,589</u> |
| Below-market rent | \$ (13,930) | \$ (11,866) |
| Less: accumulated amortization | <u>733</u> | <u>420</u> |
| | <u>\$ (13,197)</u> | <u>\$ (11,446)</u> |

Net amortization of intangibles, including the effect of foreign currency translation, was \$906 and \$619 for the three months ended June 30, 2006 and 2005, respectively and \$1,673 and 844 for the six months ended June 30, 2006 and 2005, respectively. Based on the intangibles recorded through June 30, 2006, annual net amortization of intangibles for each of the next five years is expected to be \$3,833.

NOTE 9. Commitments and Contingencies

As of June 30, 2006, the Company was not involved in any material litigation.

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”), CPA[®]:14 and CPA[®]:15, in addition to selling commissions and selected dealer fees.

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except share and per share amounts)

Among the payments reflected in documents produced to the Enforcement Staff were certain payments, aggregating in excess of \$9,600, 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 \$875; CPA[®]:12 paid in excess of \$2,455; CPA[®]:14 paid in excess of \$4,990; and CPA[®]:15 paid in excess of \$1,240. 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 Company expects 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.

Several state securities regulators have sought information from Carey Financial relating to the matters described above. While one or more states may commence proceedings against Carey Financial in connection with these inquiries, the Company does not currently expect that these inquiries will have a material effect on the advisor or Carey Financial incremental to that caused by any SEC action.

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 and its subsidiaries in connection with offerings of the Company's securities were \$27,189 through June 30, 2006, of which the Company has reimbursed \$20,048. Unpaid costs are included in due to affiliates in the accompanying consolidated financial statements.

NOTE 10. Pro Forma Financial Information

The following consolidated pro forma financial information has been presented as if the Company's acquisitions made and new financing obtained during the six-month period ended June 30, 2006 had occurred on January 1, 2006 and 2005 for the three-month and six-month periods ended June 30, 2006 and 2005. 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.

| | Three Months Ended June 30, | |
|-------------------------------|--|-------------|
| | 2006 | 2005 |
| Pro forma total revenues | \$ 16,511 | \$ 15,954 |
| Pro forma net income | 6,491 | 5,772 |
| Pro forma earnings per share: | | |
| Basic and diluted | \$.10 | \$.09 |
| | Six Months Ended June 30, | |
| | 2006 | 2005 |
| Pro forma total revenues | \$ 32,478 | \$ 30,497 |
| Pro forma net income | 11,422 | 11,922 |
| Pro forma earnings per share: | | |
| Basic and diluted | \$.19 | \$.19 |

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except share and per share amounts)

The pro forma weighted average shares outstanding for the three and six months ended June 30, 2006 and 2005 were determined as if all shares issued since the inception of the Company were issued on January 1, 2005.

NOTE 11. Subsequent Events

In July and August 2006, the Company acquired two domestic properties for a combined purchase price of \$39,347. In connection with one of these investments, \$10,500 in limited recourse mortgage financing was obtained with a fixed annual interest rate of 6.63% and a term of 20 years.

In July 2006, the Company obtained \$17,400 of limited recourse mortgage financing in connection with certain properties in California and New Jersey. The limited recourse mortgage financing has a weighted average annual fixed interest rate of 6.45% and a 10 year term.

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 should be read in conjunction with the consolidated financial statements and notes thereto as of June 30, 2006.

EXECUTIVE OVERVIEW

Business Overview

We are a real estate investment trust ("REIT") that invests in commercial properties leased to companies domestically and internationally. The primary source of our revenue is earned from leasing real estate, primarily on a triple net lease basis. Revenue is subject to fluctuation because of lease expirations, lease terminations, the timing of new lease transactions, tenant defaults and sales of properties. As of June 30, 2006, our portfolio consisted of 189 properties leased to 41 tenants and approximating 13.5 million square feet. We were formed in 2003 and are managed by W. P. Carey & Co. LLC and its subsidiaries (the "advisor"). As a REIT, we are not subject to U.S. federal income taxation as long as we satisfy certain requirements relating to the nature of our income, the level of our distributions and other factors.

Current Developments and Trends

Current developments include:

FUND RAISING ACTIVITY — Effective March 27, 2006, we commenced our second public offering of up to 55,000,000 shares of common stock at a price of \$10.00 per share and raised \$162,945 during the three months ended June 30, 2006. From June 30, 2006 through August 11, 2006, we have raised \$58,045 through our second public offering of common stock, or a total of \$220,990 from inception of such second offering.

INVESTMENT ACTIVITY — During the three months ended June 30, 2006, we acquired three properties, at a total cost of \$83,262, which is based upon the applicable foreign exchange rate at the date of acquisition where appropriate. During the three months ended June 30, 2006, we also obtained limited recourse mortgage financing of \$47,251, which is based upon the applicable foreign exchange rate at the date of closing where appropriate, with a weighted average fixed annual interest rate and term of approximately 6% and 14.4 years, respectively. Of the three investments made, two are in the U.S. and one is in Germany.

TENANT ACTIVITY — In June 2006, our tenants, Clean Earth Kentucky, LLC and Clean Earth Environmental Group LLC (collectively, "Clean Earth,"), which filed for Chapter 11 bankruptcy protection in January 2006, notified us that they would not affirm their lease. Aggregate annual rent under the leases to Clean Earth approximated \$710. In July 2006, the assets of Clean Earth were purchased by EZ Pack Holdings, LLC, EZ Pack Manufacturing LLC, and EZ Pack Parts, LLC (collectively, "EZ Pack"), and we entered into a new long-term lease with EZ Pack which provides for initial annual rent consistent with revenue generated under the Clean Earth leases. In May 2006, Foss Manufacturing Company, LLC assumed the lease of Foss Manufacturing Company, Inc. which operated under bankruptcy protection since September 2005.

QUARTERLY DISTRIBUTION — In June 2006, our board of directors approved and increased the 2006 second quarter distribution to \$.1588 per share payable in July 2006 to shareholders of record as of June 30, 2006.

Current trends include:

We continue to see increased competition for net leased properties as capital continues to flow into real estate, in general, and net leased real estate, in particular. We believe that low long-term interest rates by historical standards have created greater investor demand for yield-based investments, such as net leased real estate, thus creating increased capital flows and a more competitive investment environment.

We believe that several factors may provide us with continued investment opportunities both domestically and internationally including increased merger and acquisition activity, which may provide additional sale-leaseback opportunities as a source of

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)

funding, a continued desire of corporations to divest themselves of real estate holdings and increasing opportunities for sale-leaseback transactions in the international market, which continues to make up a large portion of our investment opportunities.

We currently expect international commercial real estate to comprise a significant portion of the investments we make. International investments have comprised 38% of our year-to-date investments. Financing terms for international transactions are generally more favorable as they provide for lower interest rates and greater flexibility to finance the underlying property. These benefits are partially offset by shorter financing maturities and increased exposure to fluctuations in foreign currency exchange rates.

Increases in long term interest rates would likely cause the value of our real estate assets to decrease. Increases in interest rates may also have an impact on the credit quality of certain tenants. Rising interest rates would likely cause an increase in inflation and a corresponding increase in the Consumer Price Index (“CPI”). To the extent that the CPI increases, additional rental income streams may be generated for leases with CPI adjustment triggers and partially offset the impact of declining property values. In addition, we constantly evaluate our debt exposure and to the extent that opportunities exist to refinance and lock in lower interest rates over a longer term, we may be able to reduce our exposure to short term interest rate fluctuation.

We have foreign operations and as such are subject to risk from the effects of exchange rate movements in foreign currencies. We benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies. Although the U.S. dollar has weakened since December 31, 2005, our results of operations related to our foreign investments have been negatively impacted by the relative strengthening of the average exchange rate of the U.S. dollar as compared to the comparable 2005 period.

For the six months ended June 30, 2006, cash flow generated from operations and equity investments was sufficient to fund distributions paid to shareholders and minority partners and scheduled mortgage principal payments.

We expect that substantially all of the capital that will be raised with our second public offering will be through 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.

How Management Evaluates Results of Operations

Management evaluates our results of operations with a primary focus on the ability to generate cash flow necessary to meet our 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 non-cash 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 non-cash 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 an assessment of the long-term sustainability of our real estate portfolio.

Our operations consist primarily of the investment in and the leasing of commercial real estate. Management’s evaluation of the sources of lease revenues for the six months ended June 30, 2006 and 2005 is as follows:

| | Six Months Ended June 30, | |
|--|------------------------------|------------------|
| | 2006 | 2005 |
| Rental income | \$ 22,153 | \$ 10,887 |
| Interest income from direct financing leases | 6,522 | 4,307 |
| | <u>\$ 28,675</u> | <u>\$ 15,194</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)

We earned net lease revenues (i.e., rental income and interest income from direct financing leases) from our direct ownership of real estate from the following lease obligations:

| | Six Months Ended June 30, | |
|--|--------------------------------------|------------------|
| | 2006 | 2005 |
| Telcordia Technologies, Inc.(a) | \$ 4,442 | \$ 2,617 |
| The Talaria Company (Hinckley)(a)(b) | 2,507 | 775 |
| Huntsman International, LLC(a) | 2,013 | — |
| MetoKote Corporation, MetoKote Canada Limited and MetoKote de Mexico(a)(c) | 1,884 | 319 |
| Ply Gem Industries, Inc.(c) | 1,773 | 1,708 |
| Finisar Corporation(a) | 1,632 | 1,333 |
| Foss Manufacturing Company, LLC(f) | 1,598 | 1,598 |
| Polestar Petty Ltd.(c) | 1,313 | 1,353 |
| LFD Manufacturing Limited and IDS Logistics (Thailand) Limited(a)(c)(e) | 1,163 | 749 |
| Murray International Metals, Limited(a)(c) | 1,025 | — |
| HMS Healthcare, Inc. | 852 | 897 |
| Xpedite Systems, Inc. | 796 | 796 |
| Precise Technology Group, Inc.(a) | 724 | 659 |
| Plantagen Finland Oy and Plantagen Sverige AB(c) | 722 | 871 |
| Bob’s Discount Furniture, LLC(a) | 687 | — |
| Castle Rock Industries, Inc. | 675 | 655 |
| Dick’s Sporting Goods, Inc.(a)(b) | 674 | — |
| Kings Super Markets Inc.(d) | 603 | — |
| Career Education Corp.(a) | 454 | 11 |
| John McGavigan Limited(a)(c) | 449 | — |
| Other(a)(c)(d) | 2,689 | 853 |
| | <u>\$ 28,675</u> | <u>\$ 15,194</u> |

- (a) We acquired or placed into service our interest in this investment during 2005.
 (b) Includes lease revenues applicable to minority interests totaling \$1,426 and \$232 in 2006 and 2005, respectively.
 (c) Revenue amounts are subject to fluctuations in foreign currency exchange rates.
 (d) We acquired or placed into service our interest in this investment during 2006.
 (e) We completed an expansion at this property in December 2005.
 (f) In May 2006, Foss Manufacturing Company, LLC assumed the lease of Foss Manufacturing Company, Inc., which was operating under bankruptcy protection since September 2005.

We recognize income from equity investments of which lease revenues are a significant component. Our ownership interests range from 25% to 50%. Our share of net lease revenues in the following lease obligations is as follows:

| | Six Months Ended June 30, | |
|---|--------------------------------------|-----------------|
| | 2006 | 2005 |
| U-Haul Moving Partners, Inc. and Mercury Partners, LP | \$ 4,391 | \$ 4,391 |
| Thales S.A.(a) | 1,927 | 2,002 |
| Hellweg Die Profi-Baumarkte GmbH & Co. KG(a)(b) | 1,551 | 139 |
| Police Prefecture, French Government(a)(b) | 1,525 | — |
| Pohjola Non-life Insurance Company(a)(b) | 1,493 | 1,534 |
| TietoEnator Plc(a) | 1,397 | 1,442 |
| OBI A.G.(a)(c) | 875 | — |
| Actuant Corporation(a)(d) | 376 | 194 |
| | <u>\$ 13,535</u> | <u>\$ 9,702</u> |

- (a) Revenue amounts are subject to fluctuations in foreign currency exchange rates.
 (b) We acquired or placed into service our interest in this investment during 2005.
 (c) We acquired or placed into service our interest in this investment during 2006.
 (d) Increase due to rent increase in 2006.

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)*

RESULTS OF OPERATIONS

The results of operations presented below for the three and six months ended June 30, 2006 and 2005 are not expected to be representative of future results because we anticipate that our asset base will continue to increase substantially. As our asset base increases, revenues and general and administrative and property expenses as well as depreciation are expected to increase. Interest expense is expected to increase as we obtain mortgage financing for our investments.

Lease Revenues

For the three months ended June 30, 2006 and 2005, lease revenues (rental income and interest income from direct financing leases) increased by \$5,788 primarily as a result of recent investment activity. Lease revenues from several investments acquired during 2006 and 2005 contributed \$4,714 of this increase, the completion of two build-to-suit projects in 2005 contributed \$1,141 of the increase and rent increases at several existing properties contributed \$458. These increases were partially offset by reductions in lease revenue due to fluctuations in foreign currency exchange rates.

For the six months ended June 30, 2006 and 2005, lease revenues increased by \$13,481 primarily for the same reasons as described above. Investments acquired during 2005 and 2006 and the completion of the build-to-suit projects in 2005 generated \$11,383 and \$2,290 of the increase, respectively, and were partially offset by the impact of fluctuations in foreign currency exchange rates.

Our leases generally have rent increases based on formulas indexed to increases in the CPI or other indices for the jurisdiction in which the property is located, sales overrides or other periodic increases, which are designed to increase lease revenues in the future.

We have acquired several international investments and expect that such investments will continue to make up a significant portion of our investment activity. We expect lease revenue from our international investments to fluctuate in the future in connection with exchange rate movements in foreign currencies.

Depreciation and Amortization

For the three and six months ended June 30, 2006 as compared to the comparable 2005 periods, depreciation and amortization increased \$1,253 and \$2,994, respectively, primarily as a result of depreciation and amortization incurred on investments completed in 2006 and 2005.

Property Expenses

For the three months ended June 30, 2006 and 2005, property expenses increased by \$987 primarily due to an increase in asset management and performance fees of \$983 and an increase in legal expenses of \$256 related to the Clean Earth and Foss bankruptcy proceedings. The increase in asset management and performance fees paid to the advisor results from an increase in our asset base due to recent investment activity in 2005 and 2006. These increases were partially offset by a decrease in the provision for uncollected rents primarily related to Foss, which paid its outstanding receivables of \$231 when it affirmed its lease in May 2006.

For the six months ended June 30, 2006 and 2005, property expenses increased by \$2,430 primarily due to the same factors as described above. Asset management and performance fees increased by \$2,022 and legal expenses increased by \$271. Property expenses also increased by \$221 due to an increase in reimbursable tenant costs, which are recorded as both revenue and expense and therefore have no impact on net income. These increases were partially offset by a decrease in the provision for uncollected rents related to Foss following its payment of \$231 in outstanding receivables.

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)

General and Administrative

For the three months ended June 30, 2006 and 2005, general and administrative expenses decreased by \$71 primarily due to a reduction in acquisition expenses of \$301 as a result of lower investment volume in 2006 as compared to the comparable prior year period, partially offset by an increase in our share of expenses allocated by the advisor. The increase in expenses allocated by the advisor results from the increase in our asset base due to recent investment activity in 2005 and 2006.

For the six months ended June 30, 2006 and 2005, general and administrative expenses increased by \$328 primarily due an increase in our share of expenses allocated by the advisor and an increase in our share of rental expenses under an office-sharing agreement totaling \$540, as well as an overall growth in expenses due to the increase in our asset base as a result of recent investment activity. These increases were partially offset by a decrease in acquisition expenses related to lower investment volume in 2006 as compared to the comparable prior year period.

Income from Equity Investments

Income from equity investments represents our proportionate share of net income (revenue less expenses) from investments entered into with affiliates or third parties in which we have been deemed to have a non-controlling interest but exercise significant influence.

For the three and six months ended June 30, 2006 as compared to the comparable 2005 periods, income from equity investments increased by \$536 and \$962, respectively, primarily due to our equity participation in several investments completed in 2006 and 2005, which contributed \$467 and \$937 of the increase, respectively.

Other Interest Income

For the three and six months ended June 30, 2006 as compared to the comparable 2005 periods, other interest income increased by \$464 and \$424, respectively, primarily due to an increase in our average cash balances as a result of proceeds received from our second offering as well as higher average interest rates on money market accounts.

Minority Interest in Income

We consolidate investments in which we are deemed to have a controlling interest. Minority interest in income represents the proportionate share of net income (revenue less expenses) from such investments that is attributable to the partner(s) holding the non-controlling interest.

For the three and six months ended June 30, 2006 and 2005, the increase in minority interest in income of \$386 and \$861, respectively, reflects the effect of our acquisition of controlling interests in two investments during the second and fourth quarters of 2005.

Interest Expense

For the three and six months ended June 30, 2006 as compared to the comparable 2005 periods, interest expense increased by \$2,144 and \$5,388 primarily due to the impact of limited recourse mortgage loans obtained on investments acquired during 2006 and 2005. Our mortgage notes payable have increased \$143,720 since June 30, 2005.

Net Income

For the three and six months ended June 30, 2006 as compared to the comparable 2005 periods, net income increased by \$2,805 and \$3,961, respectively, primarily due to the results of operations from our recent investments completed during 2005 and 2006. This investment activity resulted in increases in lease revenue and equity income, which were partially offset by increases in interest expense and depreciation and amortization as described above.

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)

FINANCIAL CONDITION

Uses of Cash During the Period

Cash and cash equivalents totaled \$222,896 as of June 30, 2006, which represents an increase of \$67,522 since December 31, 2005. We commenced our second public offering of common stock in March 2006. We believe that we have sufficient cash balances to invest in a diversified investment portfolio and meet existing working capital needs. Our use of cash during the six months ended June 30, 2006 is described below.

OPERATING ACTIVITIES — One of our objectives is to use the cash flow from net leases (including cash flow from our equity investments) to meet operating expenses, service debt and fund distributions to shareholders. During the six months ended June 30, 2006, cash flows from operations and equity investments of \$27,507 were sufficient to fund distributions to shareholders of \$17,978, meet scheduled mortgage principal installments of \$2,634 and distribute \$985 to minority interest partners. For 2006, the advisor has elected to receive asset management and performance fees in restricted common stock. As a result of this election, we paid asset management fees of \$2,457 through the issuance of common stock rather than in cash. Performance fees have not been paid as we have not achieved the performance criterion.

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 used \$145,964 to complete six investments and to fund construction costs at four build-to-suit projects, one of which was placed into service during the six months ended June 30, 2006. We also placed \$29,915 into escrow, of which \$22,504 was for an investment which was completed in July 2006 and \$7,411 will be used for future construction costs at an existing build-to-suit project. In June 2006, we received \$20,000 from the early prepayment of a mortgage receivable. Our 2006 year-to-date investment activity was funded through the use of existing cash balances and proceeds from limited recourse mortgage financing.

FINANCING ACTIVITIES — During the six months ended June 30, 2006, we obtained \$150,582 from the issuance of stock, net of costs, primarily from our second public offering, which commenced in March 2006. We also obtained \$73,732 in mortgage financing to fund investment activity. In addition to making scheduled mortgage principal payments, paying distributions to shareholders and minority partners, we used \$2,209 to purchase treasury shares through a redemption plan which allows shareholders to sell shares back to us, subject to certain limitations.

All of our mortgage obligations effectively bear interest at fixed rates. 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, 2006, we had \$222,896 in cash and cash equivalents as well as \$2,234 in short-term instruments that we intend to convert to cash, which will primarily be used to fund future 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 \$21,440 as of June 30, 2006 and any proceeds may be used to finance future investments. We expect to continue raising funds through the second public offering of our common stock which commenced in March 2006.

We expect cash flows from operating activities to be affected by several factors in 2006 including:

- The impact of investments completed during 2006, the full year impact of investments completed in 2005 and the expected completion of a build-to-suit project in 2006, all of which we expect will have a net positive impact on cash flow.
- The advisor's election in 2006 to continue to receive asset management and performance fees in restricted shares.
- Scheduled rent increases on several properties during 2006 should result in additional cash from operations.

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)

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 as well as other normal recurring operating expenses. We also intend to use our cash to make new investments to further diversify our portfolio and maintain cash balances sufficient to meet working capital needs.

Based on projected increases in operating cash flows from recent investments, 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. Accordingly, we expect to have sufficient cash flow to continue funding distributions to our shareholders. Distributions are determined based in part upon our long-term projections of cash flow.

Summary of Financing

The table below summarizes our mortgage notes payable as of June 30, 2006 and 2005, respectively.

| | <u>June 30,</u> | |
|---|-------------------|-------------------|
| | <u>2006</u> | <u>2005</u> |
| Balance: | | |
| Fixed rate | \$ 434,022 | \$ 290,302 |
| Variable rate | — | — |
| Total | <u>\$ 434,022</u> | <u>\$ 290,302</u> |
| Weighted average interest rate at end of period: | | |
| Fixed rate | 5.92% | 5.88% |

Aggregate Contractual Agreements

The table below summarizes our contractual obligations as of June 30, 2006 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> |
|--|-------------------|-----------------------------|------------------|------------------|------------------------------|
| Mortgage notes payable — Principal | \$ 434,022 | \$ 7,224 | \$ 18,491 | \$ 21,762 | \$ 386,545 |
| Mortgage notes payable — Interest | 272,722 | 25,411 | 49,777 | 47,319 | 150,215 |
| Deferred acquisition fees due to affiliate — Principal | 21,409 | 8,399 | 11,769 | 1,241 | — |
| Deferred acquisition fees due to affiliate — Interest | 3,471 | 1,362 | 1,908 | 201 | — |
| Build-to-suit commitments(1) | 47,430 | 47,430 | — | — | — |
| Operating leases(2) | <u>2,842</u> | <u>165</u> | <u>547</u> | <u>559</u> | <u>1,571</u> |
| | <u>\$ 781,896</u> | <u>\$ 89,991</u> | <u>\$ 82,492</u> | <u>\$ 71,082</u> | <u>\$ 538,331</u> |

(1) Represents remaining build-to-suit commitments for four projects. Commitments include a project in Blairsville, Pennsylvania where estimated total construction costs are currently projected to total approximately \$25,152, of which \$4,416 was funded as of June 30, 2006; a project in Plainfield, Indiana where estimated total construction costs are currently projected to total approximately \$17,600 of which \$8,725 was funded as of June 30, 2006; and a project in Laramie, Wyoming, where estimated total construction costs are currently projected to total approximately \$24,731 of which \$6,912 was funded as of June 30, 2006.

(2) 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 adjusted quarterly.

Amounts in the table above related to our foreign operations are based on the exchange rate of the local currencies as of June 30, 2006.

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)

As of June 30, 2006, we have no material capital lease obligations for which we are the lessee, either individually or in the aggregate.

SUBSEQUENT EVENTS

In July and August 2006, we acquired two domestic properties for a combined purchase price of \$39,347. In connection with one of these investments, \$10,500 in limited recourse mortgage financing was obtained with a fixed annual interest rate of 6.63% and a term of 20 years.

In July 2006, we obtained \$17,400 of limited recourse mortgage financing in connection with certain properties in California and New Jersey. The limited recourse mortgage financing has a weighted average annual fixed interest rate of 6.45% and a 10 year term.

CORPORATE PROPERTY ASSOCIATES 16 – GLOBAL INCORPORATED

ITEM 3. —QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (In thousands)

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 risk 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 effectively 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 and scheduled amortization payments of our debt obligations and the related weighted-average interest rates by expected maturity dates for our fixed rate debt. The annual interest rates on our fixed rate debt as of June 30, 2006 ranged from 4.36% to 7.15%.

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>Thereafter</u> | <u>Total</u> | <u>Fair Value</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|--------------|-------------------|
| Fixed rate debt | \$ 3,409 | \$ 8,108 | \$ 9,287 | \$ 10,016 | \$ 10,797 | \$ 392,405 | \$ 434,022 | \$ 419,258 |
| Weighted average interest rate | 5.99% | 5.95% | 5.97% | 5.97% | 5.98% | 6.55% | | |

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, 2006 by approximately \$18,719.

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 European Union, Thailand and Canada 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. A significant portion 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 gains of \$232 and losses of \$212 are included in the accompanying financial statements for the six months ended June 30, 2006 and 2005, respectively. Such gains are primarily due to changes in foreign currency on accrued interest receivable on notes receivable from wholly-owned subsidiaries.

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 provide reasonable assurance 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 specified in the SEC’s rules and regulations.

Our Chief Executive Officer and acting Chief Financial Officer have conducted a review of our disclosure controls and procedures as of June 30, 2006. Based upon this review, our Chief Executive Officer and acting Chief Financial Officer have concluded that our disclosure controls and procedures (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 within the required time periods specified in the SEC’s rules and regulations.

There have been no changes during the second quarter of 2006 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, 2006, 166,717 shares of common stock were issued to the advisor as consideration for asset management and performance fees. Shares were issued at \$10 per share. Since none of these transactions were considered to have involved a “public offering” within the meaning of Section 4(2) of the Securities Act, as amended, the shares issued were deemed to be exempt from registration. In acquiring our shares, the advisor represented that such interests were being acquired by it for the purposes of investment and not with a view to the distribution thereof.

(c) Issuer Purchases of Equity Securities

| <u>2006</u> | <u>Total Number of Shares Purchased(1)</u> | <u>Average Price Paid per Share</u> | <u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)</u> | <u>Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs(1)</u> |
|-------------|--|---|--|--|
| April | — | — | N/A | N/A |
| May | — | — | N/A | N/A |
| June | <u>125,260</u> | \$ 9.29 | N/A | N/A |
| Total | <u>125,260</u> | | | |

(1) All shares were purchased pursuant to our redemption plan, which we announced in December 2003. Under our redemption plan we may elect to redeem shares of our common stock subject to certain conditions and limitations. The maximum amount of shares purchasable by us 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 our Board of Directors. However, at no time during a 12-month period may the number of shares redeemed by us exceed 5% of the number of shares of our outstanding common stock at the beginning of such period. The redemption plan will terminate if and when our shares are listed on a national securities exchange or included for quotation on Nasdaq.

ITEM 4. — SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

An annual shareholders’ meeting was held on June 8, 2006, at which time a vote was taken to elect our directors through the solicitation of proxies. The following directors were elected for a one-year term:

| <u>Name of Director</u> | <u>Total Shares Voting</u> | <u>Shares Voting For</u> | <u>Shares Withheld</u> |
|-------------------------|--------------------------------|--------------------------|----------------------------|
| Trevor P. Bond | 30,046,154 | 30,025,27 | 20,876 |
| William P. Carey | 30,046,154 | 30,030,00 | 16,149 |
| Gordon F. DuGan | 30,046,154 | 30,036,14 | 10,014 |
| Elizabeth P. Munson | 30,046,154 | 30,034,81 | 11,337 |
| James D. Price | 30,046,154 | 30,024,58 | 21,570 |

ITEM 6. — EXHIBITS

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification of Chief Executive Officer and 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

8/14/2006
Date

By: /s/ Mark J. DeCesaris
Mark J. DeCesaris
Managing Director and acting Chief Financial Officer
(acting Principal Financial Officer)

8/14/2006
Date

By: /s/ Claude Fernandez
Claude Fernandez
Managing Director and Chief Accounting Officer
(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;
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)) 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) 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
 - c) 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.

8/14/2006
Date

/s/ Gordon F. DuGan
Gordon F. DuGan
Chief Executive Officer

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

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

I, Mark J. DeCesaris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Corporate Property Associates 16-Global Incorporated;
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)) 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) 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
 - c) 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.

8/14/2006
Date

/s/ Mark J. DeCesaris
Mark J. DeCesaris
acting Chief Financial Officer

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL INCORPORATED

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND 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 on Form 10-Q for the period ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gordon F. DuGan, Chief Executive Officer of Corporate Property Associates 16-Global Incorporated, 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 Corporate Property Associates 16-Global Incorporated.

/s/ Gordon F. DuGan
Gordon F. DuGan
Chief Executive Officer

8/14/2006
Date

In connection with the Quarterly Report of Corporate Property Associates 16-Global Incorporated on Form 10-Q for the period ended June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark J. DeCesaris, acting Chief Financial Officer of Corporate Property Associates 16-Global Incorporated, 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 Corporate Property Associates 16-Global Incorporated.

/s/ Mark J. DeCesaris
Mark J. DeCesaris
acting Chief Financial Officer

8/14/2006
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.