

CPA:16 GLOBAL

2006 FIRST QUARTER REPORT

CORPORATE PROPERTY ASSOCIATES 16 — GLOBAL

GENERATING INCOME FOR INVESTORS SINCE 2003



A MEMBER OF THE

W. P. CAREY

GROUP

Dear Fellow CPA®:16 – Global Shareholders

We are pleased to provide you with updated information about CPA®:16 – Global's portfolio for the three-month period ended March 31, 2006.

Revenues, net income and cash flows from operating activities increased due in large part to a more fully vested real estate portfolio as compared to the same period in 2005. Formed in 2003, CPA®:16 – Global is developing into a diversified portfolio of single-tenant triple-net leased real estate properties that as of March 31, 2006 consisted of 179 properties leased to 38 tenants, totaling more than 13 million square feet located throughout the United States, Canada, Finland, France, Germany, Mexico, Poland, Sweden, Thailand and the United Kingdom.

Fundraising Activity

Effective March 27, 2006, we commenced our second public offering of up to \$550 million and have raised over \$130 million through June 13, 2006.

Portfolio Update

During the three months ended March 31, 2006, we completed four investments at a total cost of \$103 million. Three of the four investments included properties located throughout the United States leased to Corinthian Colleges, Inc., UTEX Industries, Inc. and Datastream Systems, Inc., with the remaining investment consisting of multiple retail properties located throughout Poland leased to OBI Group.

Subsequently in April 2006, we completed an investment with Kings Super Markets, Inc. of six retail properties located in New Jersey for a total purchase price of approximately \$48.4 million. In addition, in May 2006, we completed an investment with Hilite International, Inc. of its European Headquarters located in Germany for a total purchase price of approximately \$24.3 million.

Foss Manufacturing Company, Inc., which filed for bankruptcy protection in September 2005, affirmed its lease in May 2006 under its new name, Foss Manufacturing, LLC. Separately, Clean Earth Kentucky, LLC and Clean Earth Environmental Group LLC (collectively, "Clean Earth"), which filed for bankruptcy protection in January 2006, filed a motion to reject our lease in June 2006. We continue to monitor this situation closely.

Quarterly Distribution

Our first quarter 2006 distribution increased to \$.1575 per share, which equates to an annualized yield of 6.3% based on our original share price of \$10.00. Upon payment of the

quarterly cash distribution on April 13, 2006, W. P. Carey & Co. LLC and its CPA® funds paid more than \$2 billion through more than 700 distributions to investors since the inception of the first CPA® fund in 1979.

Distribution Reinvestment and Share Purchase Plan (DRIP)

As a reminder, our DRIP enables you to reinvest your quarterly distributions in new CPA®:16 – Global shares and enjoy the effects of compounding returns. It's a convenient and cost-effective way to increase your investment portfolio. For more information about how you can take advantage of this program, please contact our Investor Relations Department at 1-800-WP CAREY or IR@wpcarey.com

Shareholder Access

Please consider receiving your future investor correspondence, such as this quarterly report, electronically. Register at www.wpcarey.com/ShareholderAccess and you will find a convenient, secure and cost-effective way to access your CPA®:16 – Global investment information online 24 hours a day, seven days a week. In addition to lowering shareholder expenses, you will be able to access your current investment balances and distribution history, among other options.

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

With best regards,



Wm. Polk Carey
Chairman of the Board



Gordon F. DuGan
Chief Executive Officer



Thomas E. Zacharias
President

P.S. As always, please direct any change of address, name and transfer instructions 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

Please note that this letter provides only a summary of the information contained in our quarterly report on Form 10-Q for the three-month period ended March 31, 2006, which we have filed with the Securities and Exchange Commission. We encourage you to read the full report, which can be found at www.cpa16global.com.

Consolidated Statements of Income (Unaudited)

(in thousands except share and per share amounts)

	Three months ended March 31,	
	2006	2005
Revenues		
Rental income	\$ 10,355	\$ 3,887
Interest income from direct financing leases	3,152	1,927
Interest income on mortgage receivable	728	563
Other operating income	88	66
	<u>14,323</u>	<u>6,443</u>
Operating Expenses		
Depreciation and amortization	(2,633)	(892)
Property expenses	(2,812)	(1,369)
General and administrative	(1,307)	(908)
	<u>(6,752)</u>	<u>(3,169)</u>
Other Income and Expenses		
Income from equity investments	1,703	1,277
Other interest income	1,461	1,501
Minority interest in income	(475)	—
Gain (loss) on foreign currency transactions and derivative instruments, net	26	(166)
Interest expense	(5,286)	(2,042)
	<u>(2,571)</u>	<u>570</u>
Net Income	<u>\$ 5,000</u>	<u>\$ 3,844</u>
Basic Earnings Per Share	<u>\$.09</u>	<u>\$.07</u>
Distributions Declared Per Share	<u>\$.1575</u>	<u>\$.1250</u>
Weighted Average Shares Outstanding - Basic	<u>57,485,161</u>	<u>55,447,733</u>

Consolidated Statements of Cash Flows (Unaudited)

(in thousands except share amounts)

	Three months ended March 31,	
	2006	2005
Cash flows from operating activities		
Net income	\$ 5,000	\$ 3,844
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	2,683	903
Realized loss (gain) on foreign currency transactions, net	4	(35)
Unrealized (gain) loss on foreign currency transactions, net	(30)	129
Unrealized loss on derivative instrument	—	72
Equity income in excess of distributions received	(408)	(199)
Issuance of shares to affiliate in satisfaction of fees due	773	395
Minority interest in income	475	—
Straight-line rent adjustments and amortization of rent related intangibles	(531)	(232)
(Decrease) increase in accrued interest	(88)	669
Increase (decrease) in due to affiliates ^(a)	2,595	(1,707)
Increase in accounts payable, accrued expenses and other liabilities ^(a)	1,457	338
Increase in prepaid and deferred rental income and security deposits	234	1,671
Decrease in funds held in escrow	73	745
Net change in other operating assets and liabilities	(2,250)	557
Net cash provided by operating activities	9,987	7,150
Cash flows from investing activities		
Distributions received from equity investments in excess of equity income	915	387
Contributions to equity investments	(10,088)	(76)
Purchase of short term investments	—	(5,616)
Purchases of securities	—	(17,625)
Proceeds from sale of securities	—	82,525
Purchase of mortgage note receivable	—	(12,778)
Funds held in escrow for future acquisition and construction	(7,957)	(4,753)
Release of funds held in escrow for acquisition and construction of real estate	2,832	12,371
Receipt of principal payment of mortgage note receivable	66	—
VAT taxes recovered from purchase of real estate	4,008	—
Acquisition of real estate and equity investments ^(b)	(40,935)	(230,039)
Net cash used in investing activities	(51,159)	(175,604)
Cash flows from financing activities		
Proceeds from issuance of stock, net of costs of raising capital	3,963	38,360
Proceeds from mortgages	10,614	121,540
Payment of financing costs and mortgage financing deposits	—	(3)
Deferred financing costs and mortgage deposits, net of deposits refunded	(358)	—
Distributions paid to minority partners	(510)	—
Scheduled payments of mortgage principal	(1,314)	(391)
Distributions paid	(8,926)	(5,348)
Purchase of treasury stock	(1,045)	—
Net cash provided by financing activities	2,424	154,158
Effect of exchange rate changes on cash	54	(62)
Net (decrease) increase in cash and cash equivalents	(38,694)	(14,358)
Cash and cash equivalents, beginning of period	155,374	217,310
Cash and cash equivalents, end of period	\$ 116,680	\$ 202,952

(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 initial public offering. At March 31, 2006 and 2005, the amount due to the Company's advisor for such costs were \$5,804 and \$2,918, respectively. The financial statement 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 three months ended March 31, 2006 and 2005 also includes deferred acquisition fees payable of \$2,052 and \$4,162, respectively.

Consolidated Balance Sheets (Unaudited)

(in thousands except share and per share amounts)

	March 31, 2006	December 31, 2005 (Note)
Assets		
Real estate, net	\$ 412,428	\$ 386,615
Net investment in direct financing leases	153,800	152,772
Equity investments	108,117	97,179
Real estate under construction	25,535	15,026
Mortgage notes receivable	29,771	29,798
Cash and cash equivalents	116,680	155,374
Short-term investments	2,084	1,698
Marketable securities	2,904	2,996
Funds in escrow	11,574	6,377
Intangible assets, net	73,971	66,589
Due from affiliates	—	590
Deferred offering costs	5,804	4,028
Other assets, net	10,053	10,607
Total assets	<u>\$ 952,721</u>	<u>\$ 929,649</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Limited recourse mortgage notes payable	\$ 369,173	\$ 358,370
Accrued interest	2,255	2,330
Prepaid and deferred rental income and security deposits	20,390	18,548
Due to affiliates	13,848	9,475
Distributions payable	9,052	8,926
Deferred acquisition fees payable to affiliate	19,760	17,708
Accounts payable, accrued expenses and other liabilities	12,140	10,163
Total liabilities	<u>446,618</u>	<u>425,520</u>
Minority interest in consolidated entities	<u>17,099</u>	<u>17,134</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.001 par value; 110,000,000 shares authorized; 57,749,522 and 57,268,850 shares issued and outstanding at March 31, 2006 and December 31, 2005	58	57
Additional paid-in capital	518,749	514,014
Distributions in excess of accumulated earnings	(26,468)	(22,416)
Accumulated other comprehensive loss	(778)	(3,148)
	<u>491,561</u>	<u>488,507</u>
Less, treasury stock at cost, 274,919 and 162,564 shares at March 31, 2006 and December 31, 2005	<u>(2,557)</u>	<u>(1,512)</u>
Total shareholders' equity	<u>489,004</u>	<u>486,995</u>
Total liabilities and shareholders' equity	<u>\$ 952,721</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.



c/o Phoenix American Financial Services
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W. P. CAREY

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