

CPA:16 GLOBAL

CORPORATE PROPERTY
ASSOCIATES 16 – GLOBAL

2007 THIRD QUARTER
REPORT



GENERATING INCOME
FOR INVESTORS SINCE 2003

A MEMBER OF THE

W. P. CAREY

GROUP

DEAR FELLOW SHAREHOLDERS

We are pleased to provide you with updated information about our portfolio for the third quarter of 2007. Among the highlights were:

PORTFOLIO UPDATE

During the third quarter of 2007, we completed six investments — four domestic and two international — at a total cost of approximately \$141 million. Domestic investments included the purchase and leaseback of three Sheplers, Inc. western wear facilities in Kansas and Oklahoma. In addition, we acquired the Doubletree Hotel Memphis Downtown, a leading full-service hotel located in the heart of Memphis, Tennessee. In association with Watermark Capital Partners, we will be making several upgrades to the property over the next year.

Our international transactions for the period included: the acquisition of automotive manufacturer, The Voit Group's, headquarters and manufacturing facility in Germany and the completion of a two-part \$63 million sale-leaseback with International Aluminum Corporation, in which we purchased and leased back the building products manufacturer's Ontario and British Columbia industrial facilities.

We and an affiliate also entered into a \$74 million sale-leaseback transaction with Schuler AG, acquiring the German manufacturing company's global headquarters and largest production site. Approximately 60% of our total \$909 million year-to-date investment volume is international.

As of September 30, 2007, we own full or partial interests in 362 properties leased to 64 tenants. Totalling approximately 23 million square feet, these properties are located throughout the United States, Canada, Europe, Mexico, Malaysia and Thailand. We are proud that our portfolio of properties is 99.82% occupied.

DISTRIBUTION INCREASE

Our board of directors increased the 2007 third quarter distribution to \$0.1627 per share, which was paid on October 15, 2007 to shareholders of record as of September 28, 2007.

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.

ONLINE ACCOUNT 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 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.

As we approach 2008, on behalf of the entire CPA®:16 – Global family, we wish you and your family the very best for a happy Holiday Season and a safe and prosperous New Year. Thank you again 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

Please note that this letter provides only a summary of the information contained in our quarterly report on Form 10-Q for the three and nine months ended September 30, 2007, 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 CASH FLOWS (UNAUDITED)

(in thousands)

	Nine months ended September 30,	
	2007	2006
CASH FLOWS — OPERATING ACTIVITIES		
Net income	\$ 31,703	\$ 19,604
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	22,862	9,436
Straight-line rent adjustments and amortization of rent-related intangibles	(33)	(1,354)
Income from equity investments in real estate in excess of distributions received	(1,768)	(1,338)
Minority interest in income	18,282	1,459
Issuance of shares to affiliate in satisfaction of fees due	20,333	3,857
Realized gain on foreign currency transactions, net	(320)	(399)
Unrealized (gain) loss on foreign currency and derivative transactions, net	(6,209)	4
Increase in accrued interest	6,957	549
(Decrease) increase in due to affiliates	(6,670)	4,902
Change in other operating assets and liabilities, net	4,857	745
Net cash provided by operating activities	89,994	37,465
CASH FLOWS — INVESTING ACTIVITIES		
Distributions from equity investments in real estate in excess of equity income	1,885	3,420
Acquisitions of real estate and other capital expenditures	(531,469)	(215,902)
Purchases of notes receivable	(337,764)	—
Contributions to equity investments in real estate	(24,818)	(10,088)
Funds placed in escrow for future acquisition and construction of real estate	(19,188)	(28,419)
Release of funds held in escrow for acquisition and construction of real estate	4,084	26,454
VAT taxes (paid) recovered in connection with acquisitions of real estate	(885)	4,008
Proceeds from maturity of short-term investment	1,698	—
Receipt of principal payment of mortgage note receivable	215	206
Receipt of principal prepayment of mortgage note receivable	—	20,000
Net cash used in investing activities	(906,242)	(200,321)
CASH FLOWS — FINANCING ACTIVITIES		
Distributions paid	(53,367)	(28,328)
Distributions paid to minority interest partners	(296,838)	(1,220)
Contributions from minority interest partners	319,773	—
Proceeds from mortgages and notes payable	710,965	119,744
Scheduled payments of mortgage principal	(7,845)	(4,571)
Deferred financing costs and mortgage deposits, net of deposits refunded	(463)	(1,356)
Proceeds from issuance of shares, net of costs of raising capital	23,155	258,319
Purchase of treasury stock	(5,461)	(3,717)
Net cash provided by financing activities	689,919	338,871
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		
Effect of exchange rate changes on cash	483	80
Net (decrease) increase in cash and cash equivalents	(125,846)	176,095
Cash and cash equivalents, beginning of period	464,223	155,374
Cash and cash equivalents, end of period	\$ 338,377	\$ 331,469

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share and per share amounts)

	September 30, 2007	December 31, 2006 (NOTE)
ASSETS		
Real estate, net	\$ 1,468,290	\$ 648,593
Net investment in direct financing leases	366,964	308,073
Equity investments in real estate	142,899	111,870
Real estate under construction	40,810	75,372
Notes receivable	369,138	9,603
Cash and cash equivalents	338,377	464,223
Intangible assets, net	157,244	108,001
Funds in escrow	120,497	10,115
Other assets, net	64,027	39,790
Total assets	\$ 3,068,246	\$ 1,775,640
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Limited recourse mortgage notes payable	\$ 1,368,894	\$ 630,795
Note payable	4,615	3,450
Accounts payable, accrued expenses and other liabilities	103,472	19,181
Prepaid and deferred rental income and security deposits	93,031	34,749
Due to affiliates	47,200	49,219
Distributions payable	19,185	16,067
Total liabilities	1,636,397	753,461
Minority interest in consolidated entities	411,754	31,358
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 250,000,000 shares authorized; 119,215,556 and 114,701,851 shares issued and outstanding, respectively	119	115
Additional paid-in capital	1,072,417	1,028,933
Distributions in excess of accumulated earnings	(65,551)	(40,679)
Accumulated other comprehensive income	25,209	9,090
	1,032,194	997,459
Less, treasury stock at cost, 1,300,767 and 713,803 shares, respectively	(12,099)	(6,638)
Total shareholders' equity	1,020,095	990,821
Total liabilities and shareholders' equity	\$ 3,068,246	\$ 1,775,640

NOTE: The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
REVENUES				
Rental income	\$ 32,073	\$ 12,723	\$ 79,344	\$ 34,876
Interest income from direct financing leases	6,814	4,413	19,428	10,935
Interest income on notes receivable	6,784	356	13,400	1,722
Other operating income	582	223	1,052	966
	<u>46,253</u>	<u>17,715</u>	<u>113,224</u>	<u>48,499</u>
OPERATING EXPENSES				
Depreciation and amortization	(8,926)	(3,436)	(22,673)	(9,202)
Property expenses	(5,603)	(3,494)	(14,773)	(9,166)
General and administrative	(2,959)	(1,028)	(6,178)	(3,121)
	<u>(17,488)</u>	<u>(7,958)</u>	<u>(43,624)</u>	<u>(21,489)</u>
OTHER INCOME AND EXPENSES				
Income from equity investments in real estate	2,434	1,776	5,705	5,256
Other interest income	4,542	3,399	16,861	6,830
Minority interest in income	(11,656)	(468)	(18,282)	(1,459)
Gain on foreign currency transactions, derivative instruments and other, net	6,211	163	6,529	229
Interest expense	(18,740)	(6,837)	(46,107)	(17,947)
	<u>(17,209)</u>	<u>(1,967)</u>	<u>(35,294)</u>	<u>(7,091)</u>
Income before income taxes	11,556	7,790	34,306	19,919
Provision for income taxes	(1,194)	(35)	(2,603)	(315)
NET INCOME	<u>\$ 10,362</u>	<u>\$ 7,755</u>	<u>\$ 31,703</u>	<u>\$ 19,604</u>
EARNINGS PER SHARE	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>\$ 0.27</u>	<u>\$ 0.29</u>
WEIGHTED AVERAGE				
SHARES OUTSTANDING	<u>117,570,074</u>	<u>81,569,191</u>	<u>115,934,112</u>	<u>67,911,308</u>
DISTRIBUTIONS DECLARED PER SHARE	<u>\$ 0.1627</u>	<u>\$ 0.1601</u>	<u>\$ 0.4866</u>	<u>\$ 0.4764</u>

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c/o Phoenix American Financial Services
2401 Kerner Boulevard
San Rafael, CA 94901

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