

Investing for the long run™



CPA:16[®]
GLOBAL

Corporate Property Associates 16 – Global
2008 Second Quarter Report

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 second quarter of 2008.

Portfolio Update

During the second quarter of 2008, we completed investments in the United States, Finland, France and Germany at a total cost of approximately \$66 million. These included the purchase and leaseback of precision parts manufacturer The Leipold Group's corporate headquarters and manufacturing facilities, the headquarters/industrial site of material handling machinery and mobile harbor crane producer, Mantsinen Group, and two manufacturing facilities leased back to reusable transit packaging company Schoeller Arca Systems. Since the end of the second quarter, we have provided approximately \$21 million of a total \$69 million in sale-leaseback and build-to-suit financing to Actebis AG, Europe's third largest wholesale distributor of IT goods and services.

As of June 30, 2008, we own full or partial interests in 383 properties leased to 75 tenants. Totalling approximately 26 million square feet, these properties are located throughout the United States, Canada, Europe, Mexico, Malaysia and Thailand.

As the economic environment remains challenging, we will continue to manage our portfolio of properties closely and aggressively in order to create value for our shareholders. We do this by restructuring leases, refinancing mortgages, selling and releasing properties. We are proud that our portfolio of properties is over 99% occupied and broadly diversified by industry, region and property type.

Increasing Distributions

We strive to provide investors with income in the form of increasing distributions. Our board of directors increased the 2008 second quarter distribution to \$0.1642 per share, which was paid on July 15, 2008 to shareholders of record as of June 30, 2008.

Madison's Tender Offer

Madison Liquidity Investors has solicited CPA® investors for several years offering to acquire their shares at a steep discount. We recommend that you do not sell your shares to Madison

Liquidity Investors. We strongly encourage you to contact your financial advisor, W. P. Carey's Investor Relations Department at 1-800-WP CAREY or by email at IR@wpcarey.com, or view the Securities and Exchange Commission's website, www.sec.gov, which can provide additional information on the dangers of these types of tender offers.

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 at our current NAV — \$10 per share — and enjoy the effects of compounding returns. It's a convenient and cost-effective way to increase your investment portfolio. For more information 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 anticipate continued success through 2008, on behalf of the entire W. P. Carey family, we 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 these highlights provide only a summary of the information contained in our quarterly report on Form 10-Q for the three and six months ended June 30, 2008, 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 Flow (Unaudited)

(in thousands)

	Six months ended June 30,	
	2008	2007
Cash Flows — Operating Activities		
Net income	\$ 13,645	\$ 21,341
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	24,686	13,893
Straight-line rent adjustments and amortization of rent-related intangibles	42	(189)
Income from equity investments in real estate in excess of distributions received	(3,018)	(1,278)
Minority interest in income	16,415	6,626
Issuance of shares to affiliate in satisfaction of fees due	6,383	3,895
Realized gain on foreign currency transactions, net	(1,477)	(277)
Unrealized gain on foreign currency and derivative transactions, net	(1,431)	(41)
Realized gain on sale of real estate	(136)	—
Increase in accrued interest	295	5,516
(Decrease) increase in due to affiliates	(3,688)	5,159
Change in other operating assets and liabilities, net	6,929	3,278
Net cash provided by operating activities	58,645	57,923
Cash Flows — Investing Activities		
Distributions from equity investments in real estate in excess of equity income	6,479	1,396
Contributions to equity investments in real estate	(6,205)	(723)
Acquisitions of real estate and other capital expenditures	(125,75)	(385,182)
Funding/purchases of notes receivable	(1,926)	(337,764)
Funds placed in escrow for future acquisition and construction of real estate	(18,511)	(19,112)
Release of funds held in escrow for acquisition and construction of real estate	40,616	3,985
VAT taxes recovered (paid) in connection with acquisitions of real estate	3,286	(796)
Proceeds from sale of real estate	22,886	—
Proceeds from maturity of short-term investment	—	1,698
Receipt of principal payment of mortgage note receivable	149	142
Payment of deferred acquisition fees to an affiliate	(29,546)	—
Net cash used in investing activities	(108,557)	(736,356)
Cash Flows — Financing Activities		
Distributions paid	(39,085)	(34,623)
Distributions paid to minority interest partners	(18,686)	(296,565)
Contributions from minority interest partners	282	333,368
Proceeds from mortgages and notes payable	100,212	604,203
Scheduled payments of mortgage principal	(8,462)	(4,941)
Prepayment of note payable	(3,286)	—
Deferred financing costs and mortgage deposits, net of deposits refunded	(456)	(149)
Proceeds from issuance of shares, net of costs of raising capital	15,486	14,871
Purchase of treasury stock	(4,741)	(3,955)
Net cash provided by financing activities	41,264	612,209
Change in Cash and Cash Equivalents During the Period		
Effect of exchange rate changes on cash	(1,985)	(3,032)
Net (decrease) increase in cash and cash equivalents	(10,633)	(69,256)
Cash and cash equivalents, beginning of period	211,759	464,223
Cash and cash equivalents, end of period	\$ 201,126	\$ 394,967

Consolidated Balance Sheets (Unaudited)

(in thousands, except share and per share amounts)

	June 30, 2008	December 31, 2007 (NOTE)
Assets		
Real estate, net	\$ 1,755,313	\$ 1,597,457
Net investment in direct financing leases	382,874	343,721
Equity investments in real estate	188,572	178,661
Real estate under construction	—	50,140
Notes receivable	385,327	358,079
Cash and cash equivalents	201,126	211,759
Intangible assets, net	167,912	163,824
Funds in escrow	115,042	137,473
Other assets, net	37,113	40,755
Total assets	\$ 3,233,279	\$ 3,081,869
Liabilities and Shareholders' Equity		
Liabilities:		
Non-recourse debt	\$ 1,532,121	\$ 1,403,299
Accounts payable, accrued expenses and other liabilities	62,423	69,419
Prepaid and deferred rental income and security deposits	102,605	96,057
Due to affiliates	19,690	52,291
Distributions payable	19,864	19,432
Total liabilities	1,736,703	1,640,498
Minority interest in consolidated entities	472,216	420,274
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 250,000,000 shares authorized; 122,987,159 and 120,567,308 shares issued and outstanding, respectively	123	121
Additional paid-in capital	1,107,373	1,085,506
Distributions in excess of accumulated earnings	(108,353)	(82,481)
Accumulated other comprehensive income	43,912	31,905
	1,043,055	1,035,051
Less, treasury stock at cost, 2,009,977 and 1,500,198 shares, respectively	(18,695)	(13,954)
Total shareholders' equity	1,024,360	1,021,097
Total liabilities and shareholders' equity	\$ 3,233,279	\$ 3,081,869

NOTE: The consolidated balance sheet at December 31, 2007 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 June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenues				
Rental income	\$ 38,888	\$ 29,028	\$ 75,669	\$ 47,271
Interest income from direct financing leases	7,596	6,468	14,677	12,614
Interest income on notes receivable	7,857	6,310	15,138	6,616
Other real estate income	6,455	—	10,996	—
Other income	882	326	1,456	470
	<u>61,678</u>	<u>42,132</u>	<u>117,936</u>	<u>66,971</u>
Operating Expenses				
Depreciation and amortization	(11,724)	(8,515)	(22,853)	(13,747)
Property expenses	(7,723)	(5,181)	(15,226)	(9,170)
Other real estate expenses	(4,949)	—	(8,989)	—
General and administrative	(2,866)	(1,900)	(6,136)	(3,219)
	<u>(27,262)</u>	<u>(15,596)</u>	<u>(53,204)</u>	<u>(26,136)</u>
Other Income and Expenses				
Income from equity investments in real estate	3,035	1,519	5,588	3,271
Other interest income	1,145	6,122	2,737	12,319
Minority interest in income	(8,217)	(6,116)	(16,415)	(6,626)
Gain on foreign currency transactions, derivative instruments and other, net	860	49	3,044	318
Interest expense	(22,049)	(17,175)	(43,356)	(27,367)
	<u>(25,226)</u>	<u>(15,601)</u>	<u>(48,402)</u>	<u>(18,085)</u>
Income before income taxes	9,190	10,935	16,330	22,750
Provision for income taxes	(1,357)	(892)	(2,685)	(1,409)
Net Income	<u>\$ 7,833</u>	<u>\$ 10,043</u>	<u>\$ 13,645</u>	<u>\$ 21,341</u>
Earnings Per Share	<u>\$ 0.06</u>	<u>\$ 0.09</u>	<u>\$ 0.11</u>	<u>\$ 0.19</u>
Weighted Average Shares Outstanding	<u>120,930,804</u>	<u>115,527,351</u>	<u>120,435,559</u>	<u>115,102,574</u>
Distributions Declared Per Share	<u>\$ 0.1642</u>	<u>\$ 0.1622</u>	<u>\$ 0.3279</u>	<u>\$ 0.38239</u>



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