

Investing for the long run™



**CPA:16<sup>®</sup>**  
**GLOBAL**

Corporate Property Associates 16 – Global  
2008 Third Quarter Report

A MEMBER OF THE

**W. P. CAREY**

GROUP

## Dear Fellow Shareholders

The Corporate Property Associates series of programs was founded thirty years ago based on an investment strategy intended to work in good times and in bad. Since then, we have continued to follow this strategy through a conservative risk management approach which includes:

### Diversification:

We diversify our portfolio by tenant, tenant industry and geography so that we limit exposure to any one tenant, region or single industry, given our belief that the performance of companies in the same industry or the same area tends to correlate in a down time. CPA<sup>®</sup>:16 - Global's portfolio is broadly diversified, consisting of 76 separate corporate obligors from 24 industries with 385 properties in 38 states and eleven countries. And the portfolio is more than 99% occupied.

### Critical Operating Assets:

We identify and purchase assets that we deem essential for companies to maintain their core operations and stay in business in down markets—assets such as flow-through warehouses and profitable retail properties. We also look to acquire properties that contribute significantly to the overall profitability of the tenant company.

### Focus on Tenant Creditworthiness:

Each acquisition we complete undergoes a thorough underwriting process. Generally, our independent investment committee, comprised of seasoned investment professionals with a combined 200 years of experience and expertise, must review and approve all transactions.

We are pleased that our disciplined and conservative approach to building the CPA<sup>®</sup>:16 - Global portfolio has resulted in solid, steady cash flows. In addition, while we

have seen a small increase in rent delinquencies, so far in 2008 we have not experienced a significant increase in corporate defaults. This being said, in light of current economic conditions, we believe corporate defaults will increase in the next 12 to 24 months. We will monitor our tenants closely and continue to manage the portfolio aggressively to mitigate any effect this may have on the overall portfolio.

We have much to look forward to in 2009, and on behalf of the entire W. P. Carey family, we thank you for your ongoing confidence and support. We will continue to work diligently on your behalf to maintain our track record of excellence during these challenging times.

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 nine months ended September 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](http://www.cpa16global.com).*

# Consolidated Statements of Cash Flow (Unaudited)

(in thousands)

	Nine months ended September 30,	
	2008	2007
<b>Cash Flows — Operating Activities</b>		
Net income	\$ 18,649	\$ 31,703
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including intangible assets and deferred financing costs	37,492	22,862
Straight-line rent adjustments and amortization of rent-related intangibles	(530)	(33)
Income from equity investments in real estate in excess of distributions received	1,842	(1,768)
Minority interest in income	21,019	18,282
Issuance of shares to affiliate in satisfaction of fees due	9,406	20,333
Realized gain on foreign currency transactions, net	(2,648)	(320)
Unrealized loss (gain) on foreign currency and derivative transactions, net	3,111	(6,209)
Realized gain on sale of real estate	(136)	—
Increase in accrued interest	235	6,957
Decrease in due to affiliates	(3,688)	(6,670)
Change in other operating assets and liabilities, net	11,364	4,857
<b>Net cash provided by operating activities</b>	<b>96,116</b>	<b>89,994</b>
<b>Cash Flows — Investing Activities</b>		
Distributions from equity investments in real estate in excess of equity income	8,869	1,885
Contributions to equity investments in real estate	(12,682)	(24,818)
Acquisitions of real estate and other capital expenditures	(125,972)	(531,469)
Funding/purchases of notes receivable	(4,169)	(337,764)
Funds placed in escrow for future acquisition and construction of real estate	(18,511)	(19,188)
Release of funds held in escrow for acquisition and construction of real estate	39,072	4,084
VAT taxes recovered (paid) in connection with acquisitions of real estate	3,286	(885)
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	225	215
Payment of deferred acquisition fees to an affiliate	(29,546)	—
<b>Net cash used in investing activities</b>	<b>(116,542)</b>	<b>(906,242)</b>
<b>Cash Flows — Financing Activities</b>		
Distributions paid	(58,949)	(53,367)
Distributions paid to minority interest partners	(28,511)	(296,838)
Contributions from minority interest partners	406	319,773
Proceeds from mortgages and notes payable	100,212	710,965
Scheduled payments of mortgage principal	(11,746)	(7,845)
Prepayment of note payable	(4,312)	—
Deferred financing costs and mortgage deposits, net of deposits refunded	(450)	(463)
Proceeds from issuance of shares, net of costs of raising capital	23,702	23,155
Purchase of treasury stock	(7,880)	(5,461)
<b>Net cash provided by financing activities</b>	<b>12,472</b>	<b>689,919</b>
<b>Change in Cash and Cash Equivalents During the Period</b>		
Effect of exchange rate changes on cash	(5,690)	483
Net decrease in cash and cash equivalents	(13,644)	(125,846)
Cash and cash equivalents, beginning of period	211,759	464,223
<b>Cash and cash equivalents, end of period</b>	<b>\$ 198,115</b>	<b>\$ 338,377</b>



## Consolidated Statements of Income (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
<b>Revenues</b>				
Rental income	\$ 38,866	\$ 32,073	\$ 114,535	\$ 79,344
Interest income from direct financing leases	7,412	6,814	22,089	19,428
Interest income on notes receivable	7,571	6,784	22,709	13,400
Other real estate income	6,929	18	17,925	18
Other income	575	564	2,031	1,034
	<u>61,353</u>	<u>46,253</u>	<u>179,289</u>	<u>113,224</u>
<b>Operating Expenses</b>				
Depreciation and amortization	(12,032)	(8,926)	(34,885)	(22,673)
Property expenses	(8,151)	(5,603)	(23,377)	(14,773)
Other real estate expenses	(5,324)	—	(14,313)	—
General and administrative	(3,884)	(2,959)	(10,020)	(6,178)
	<u>(29,391)</u>	<u>(17,488)</u>	<u>(82,595)</u>	<u>(43,624)</u>
<b>Other Income and Expenses</b>				
Income from equity investments in real estate	3,026	2,434	8,614	5,705
Other interest income	1,114	4,542	3,851	16,861
Minority interest in income	(4,604)	(11,656)	(21,019)	(18,282)
Loss (gain) on foreign currency transactions, derivative instruments and other, net	(3,371)	6,211	(327)	6,529
Interest expense	(21,972)	(18,740)	(65,328)	(46,107)
	<u>(25,807)</u>	<u>(17,209)</u>	<u>(74,209)</u>	<u>(35,294)</u>
Income before income taxes	6,155	11,556	22,485	34,306
Provision for income taxes	(1,151)	(1,194)	(3,836)	(2,603)
<b>Net Income</b>	<u>\$ 5,004</u>	<u>\$ 10,362</u>	<u>\$ 18,649</u>	<u>\$ 31,703</u>
<b>Earnings Per Share</b>	<u>\$ 0.04</u>	<u>\$ 0.08</u>	<u>\$ 0.15</u>	<u>\$ 0.27</u>
<b>Weighted Average Shares Outstanding</b>	<u>121,817,667</u>	<u>117,570,074</u>	<u>120,899,625</u>	<u>115,934,112</u>
<b>Distributions Declared Per Share</b>	<u>\$ 0.1647</u>	<u>\$ 0.1627</u>	<u>\$ 0.4926</u>	<u>\$ 0.4866</u>



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

W. P. CAREY

[www.wpcarey.com](http://www.wpcarey.com)

Presort Standard  
U.S. Postage  
**PAID**  
Permit No. 8048  
New York, N.Y.

To receive this report electronically, please visit [www.wpcarey.com/ShareholderAccess](http://www.wpcarey.com/ShareholderAccess)