CPA®:17
GLOBAL

Corporate Property Associates 17 - Global Incorporated

April 14, 2010

Mr. Kevin Shannon
Vice Chairman
CB Richard Ellis, Inc.

Re: Sale Leaseback of 116,687 square foot Cal EMA facility in Sacramento, CA currently owned by the State of California.

Dear Kevin:

We are pleased to advise you that Corporate Property Associates 17 – Global Incorporated and/or one of its affiliates or assigns ("CPA:17" or "Lessor") is prepared to purchase the above referenced facility (the "Facility") currently owned by the State of California and lease it back to the State of California ("State", "Seller" or "Lessee"). It is understood that this letter and the terms outlined below will be the basis for the preparation of legal documents required by the transaction described herein (the "Transaction").

The Transaction: CPA:17 will purchase the Facility from the State and lease it back to the State. The Facility is generally described below:

Location	Sq. Ft.
Cal EMA 3650 Schriever Avenue Sacramento, CA 95655	116,687

Purchase Price: The Purchase Price for the Facility will be $36,750,000 based on an assumed 2011 Net Operating Income of $2,921,245. In addition to the above amount, W. P. Carey & Co. LLC ("WPC") will be paid an acquisition fee paid by CPA:17 in connection with the Transaction which will be added to the above amount to constitute the Total Purchase Price. Neither the rent nor the sale proceeds will be affected by this fee.

Purchaser/Lessor: Corporate Property Associates 17 Incorporated and/or one of its affiliates or assigns.

Lessee/Guarantor: State of California.

Seller: State of California.

Terms of the Lease: The Facility will be leased to Lessee based upon a single net lease. Lessee will be responsible for all costs related to gas and electricity; services, utilities and supplies; repair and maintenance and capital repairs and replacements; and all other property-related expenses of whatever description, unless specifically mentioned otherwise. Lessor will be responsible for insurance and taxes. The lease term will be twenty (20) years with six, five-year renewal options at the end of the initial lease term. The Lease will automatically renew for each renewal period unless Lessee, at least twenty four (24) months before the end of the current term, gives Lessor notice of its intention to terminate the Lease as of the end of the term.

Lease Rate: Base annual rent for the Facility will be $3,570,622. Rent will be payable monthly in arrears on the last day of each month during the Lease Term and will increase by 10% every 5 years, with the first increase occurring on the fifth anniversary of the Lease commencement date.

Option to Renew Lease: State shall have the option to extend the term of this Lease for 6 additional terms of 5 years each, on the same terms, conditions and covenants as set forth in this Lease, with the exception of Basic Rent and CPI escalator operating expenses. State shall provide written notice of its intention to extend this Lease at least 24 months prior to the expiration of the then applicable term of its Lease. Rent during the then applicable renewal term shall be set on the basis of the same schedule of 10% increases at the end of each 5 years that applied to the Initial Term, thus the monthly rent during the applicable renewal term shall be equal to 110% of the monthly rent payable during the immediately preceding year of the Lease. Further, the amount of the base amount for the CPI Escalator Operating expenses shall be equivalent to the amount applicable to the immediately preceding 12 month period and increased or decreased by the percentage in the applicable CPI index and the base period shall be the first 12 months of the applicable renewal term. The parties shall enter into a brief lease amendment incorporating the applicable rent and the revised CPI escalator operating expense provision.

Gas/Electricity: The State shall pay directly the cost of gas and electricity.

Services, Utilities and Supplies: The State, at State's sole cost and expense, shall provide all required services, utilities, and supplies to the entirety of the State's premises (including but not limited to): sewer, trash disposal, water, elevator service, janitorial services, security services and facility management services.

Repair & Maintenance and Capital Repairs & Replacements: The State shall maintain the entire leased premises (including occupied space) and the building and property of which they are a part (to include site, landscape and parking areas and structures) in good repair and tenantable condition during the Lease Term. Such maintenance and repairs and replacements shall include but not be limited to: ongoing maintenance of designated special equipment, annual testing and maintenance of all fire extinguishers, replacing inoperative lighting, repairing floor covering as necessary and replacing all building system components (including roof) as and when required.

CPI Escalator Operating Expenses: On the first anniversary date of the Lease, and each twelve months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth of an amount that will be determined by multiplying the base amount (insurance expense only) by the percentage that the applicable CPI index for the preceding 12 months increased over or decreased under the same index.

Property Taxes: The State, as part of its rent, shall pay any property taxes assessed against the leased premises as a result of the sale of same from the State to a subsequent purchaser. In the event that an obligation to pay property taxes does not exist, the State shall be provided with an annual credit against its Rent equal to the amount of the taxes not assessed.

Property Tax Expense Calculator: On the first anniversary date of the Lease, and each twelve months thereafter, the monthly Rent will automatically increase by one-twelfth of an amount determined by multiplying the annual property tax expense for the preceding twelve months by the actual percent increase capped at 2%. Initial property tax expense shall be based on the initial purchase price, and will not reflect future changes in value due to subsequent sales.

Assignment and Subletting: No assignment of Lease without prior written consent of Lessor, which shall not be unreasonably withheld; State may sublet the premises, or any portion thereof.

Insurance: Lessor shall furnish to the State a certificate of insurance as evidence of insurance as fully set forth in the Lease paragraph 33 and briefly include: 1) Commercial General Liability of not less than $1 million combined per occurrence and $10 million General Aggregate with State as additional insured; 2) commercial property insurance for full replacement cost (max deductable $100,000) to include business income coverage equal to 24 months Rent and with State as additional insured; 3) Automobile Liability with State as additional insured; 4) Workers Compensation Insurance with Waiver of Subrogation in favor of State; 5) Employee Dishonesty blanket insurance with limit of not less than $1 million and with State named as loss payee; and 6) for demolition and construction activities, Pollution Liability coverage of not less than $3 million per occurrence and Builder's Risk/Installation Floater covering labor, materials and equipment.

Financing Contingency:	None. CPA:17 will commit to closing the transaction with 100% equity.
Timing:	CPA:17 expects to be in a position to close this transaction by June 30th, 2010.
Right of First Refusal:	At any time that is 90 days or more prior to the then scheduled lease termination date, if Lessor receives bona fide offer from unaffiliated third party to purchase Lessor's interest in Facility, State shall have up to 30 days from receipt of Lessor's written notice of receipt of such offer to respond in writing advising Lessor of State's election to acquire Lessor's interest in the Facility under same terms and conditions as those set forth in such third party offer.
Third Party Reports:	It is understood that CPA:17 will receive a Phase I environmental assessment and a property condition assessment of the Facility in form reasonably satisfactory to it. In addition, CPA:17 shall receive an appraisal acceptable to CPA:17 which will contain an appraised value of not less than the Total Purchase Price.
Fees, Expenses, etc.:	Upon execution of this letter, Seller shall be responsible for all fees and expenses related to the Transaction including, but not limited to, the costs of environmental and condition assessments and reports, zoning reports, appraisal and survey costs, transfer taxes, recording fees and charges, title insurance charges and premiums (including endorsements), UCC and related searches, mortgage application and transfer charges, commitment fees and points, if any, updated report costs, reliance letter charges, and Lessor's and mortgagee's reasonable attorneys fees and expenses.
Buyer's Intentions:	CPA:17 purchases single-tenant corporate properties and leases them back to the original tenant on long-term leases. The objective of CPA:17 is to provide investors with consistent and rising quarterly dividends and inflation-protected income. CPA:17's approach to the selection and leasing of properties is designed to assure the stability and continuity of lease revenues, thereby maintaining the value of the portfolio and helping to preserve capital. Given its "Income Oriented" focus, CPA:17 rarely sells properties that it owns. CPA:17 prefers to hold its investments for the entire length of the lease, as well as work with the tenant to structure convenient renewal options. CPA:17 considers itself to be in a long-term partnership with the tenant. Once an initial investment is made by CPA:17, it typically embarks on a long-term relationship with the tenant which includes providing continual access to capital for additional sale-leasebacks on existing facilities or construction financing for new facilities.

Description of Buyer: The W. P. Carey Group ("WPC") is comprised of its private CPA REIT series of funds (including CPA:17), its institutional fund, CIP, and the publicly traded W. P. Carey & Co. LLC. (NYSE: WPC). The W. P. Carey Group is a New York City based investment banking firm specializing in long term financing, and is America's largest landlord of net leased corporate real estate. Since its founding in 1973, WPC has built a strong and consistent record in all phases of the business cycle. The firm has built effective, long-standing working relationships with tenant companies and has established a tradition of excellence in the real estate financing marketplace. With its $10 billion sale-leaseback portfolio, WPC owns and manages more than 850 commercial or industrial properties comprising upwards of 100 million square feet of space. Over the years, both emerging and well-known companies such as AT&T, Applied Materials, AMD, Bell Atlantic, Carrefour, Del Monte, Honeywell, Holiday Inn, Sears, Georgia Pacific, Lockheed Martin, Marriott, FedEx, the New York Times Company and Xerox have found it advantageous to lease the facilities they need from WPC.

This letter represents our mutual intention to move forward on the Transaction in good faith with all deliberate speed. Consummation of the Transaction is conditional upon the completion of satisfactory due diligence, satisfactory review of the lease, Investment Committee approval, and the execution and delivery of definitive agreements satisfactory to all parties and their respective counsel. For a period of 60 days after executing this Letter, Lessee and Seller and its subsidiaries and affiliates agree and shall cause their officers, employees, agents, trustees, etc., not to solicit or encourage, directly or indirectly, in any manner other offers for the Transaction, or negotiate for or otherwise pursue, any transaction similar to the Transaction, including placing a mortgage on the Facility, other than with CPA:17 and/or one of its affiliates or assigns.

We would be delighted to be of service in connection with the Transaction and hope that we can work together with you. This letter and the terms herein shall expire unless executed by all parties no later than April 23, 2010.

Sincerely,

Jason Fox
Managing Director

Kathleen Barthmaier

Kathleen Barthmaier
Director

Marc Weisselberg
Associate

Accepted this ________ day of ___________ , 2010

State of California.

By: ___________________________________

Title: ___________________________________