

CORPORATE PROPERTY ASSOCIATES 17 — GLOBAL INCORPORATED

Prospectus Supplement No. 1 Dated May 14, 2012
To Prospectus Dated April 30, 2012

This prospectus supplement (the “Prospectus Supplement”) is part of, and should be read in conjunction with, the prospectus of Corporate Property Associates 17 — Global Incorporated, dated April 30, 2012 (as amended or supplemented, the “Prospectus”). Unless the context indicates otherwise, the information contained in this Prospectus Supplement supersedes the information contained in the Prospectus. Terms used but not defined in the Prospectus Supplement shall have the meanings given to them in the Prospectus. A copy of the Prospectus will be provided by Corporate Property Associates 17 — Global Incorporated upon request.

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RECENT DEVELOPMENTS

Our Offerings and Issuances through our Distribution Reinvestment and Stock Purchase Plan

As detailed in the Prospectus, we are offering up to \$1.475 billion in shares of our common stock, including \$475.0 million in shares of common stock through our distribution reinvestment plan. We commenced this offering in April 2011, upon completion of our initial public offering. We issued 153,957,700 shares of common stock in our initial public offering, raising aggregate gross proceeds of approximately \$1.5 billion. As of May 10, 2012, we have issued 68,347,011 shares of common stock in our current offering, raising aggregate gross proceeds of approximately \$682 million. In addition, as of May 10, 2012, we have also issued a total of 7,617,571 shares (\$72.4 million) pursuant to our distribution reinvestment plan.

Filing of Quarterly Report on Form 10-Q

On May 11, 2012, we filed with the Securities and Exchange Commission our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. This Quarterly Report is attached as Annex A to this Prospectus Supplement.

ANNEX A — QUARTERLY REPORT ON FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-52891



CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED

(Exact name of registrant as specified in its charter)

Maryland
(State of incorporation)

20-8429087
(I.R.S. Employer Identification No.)

50 Rockefeller Plaza
New York, New York
(Address of principal executive office)

10020
(Zip Code)

Investor Relations (212) 492-8920
(212) 492-1100
(Registrant's telephone numbers, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Registrant has 235,945,586 shares of common stock, \$0.001 par value, outstanding at May 8, 2012.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q (the “Report”), including Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of Part I of this Report, contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. It is important to note that our actual results could be materially different from those projected in such forward-looking statements. You should exercise caution in relying on forward-looking statements as they involve known and unknown risks, uncertainties and other factors that may materially affect our future results, performance, achievements or transactions. Information on factors which could impact actual results and cause them to differ from what is anticipated in the forward-looking statements contained herein is included in this Report as well as in our other filings with the Securities and Exchange Commission (the “SEC”), including but not limited to those described in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 as filed with the SEC on March 22, 2012 (the “2011 Annual Report”). We do not undertake to revise or update any forward-looking statements. Additionally, a description of our critical accounting estimates is included in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of our 2011 Annual Report. There has been no significant change in our critical accounting estimates.

PART I
Item 1. Financial Statements

CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share and per share amounts)

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Assets		
Investments in real estate:		
Real estate, at cost	\$ 1,654,959	\$ 1,500,151
Operating real estate, at cost	178,307	178,141
Accumulated depreciation	(52,286)	(43,267)
Net investments in properties	1,780,980	1,635,025
Real estate under construction	82,525	90,176
Net investments in direct financing leases	474,068	462,505
Equity investments in real estate	187,412	187,067
Net investments in real estate	2,524,985	2,374,773
Notes receivable	70,000	70,000
Cash and cash equivalents	319,372	180,726
Intangible assets, net	390,247	334,137
Other assets, net	75,938	86,176
Total assets	\$ 3,380,542	\$ 3,045,812
Liabilities and Equity		
Liabilities:		
Non-recourse and limited-recourse debt	\$ 1,296,365	\$ 1,154,254
Accounts payable, accrued expenses and other liabilities	51,081	48,035
Prepaid and deferred rental income	72,401	56,029
Due to affiliates	27,029	27,747
Distributions payable	35,106	32,288
Total liabilities	1,481,982	1,318,353
Commitments and contingencies (Note 11)		
Equity:		
CPA®:17 – Global shareholders’ equity:		
Preferred stock, \$0.001 par value; 50,000,000 shares authorized; none issued	-	-
Common stock, \$0.001 par value; 400,000,000 shares authorized; 227,940,523 and 207,975,777 shares issued and outstanding, respectively	228	208
Additional paid-in capital	2,042,787	1,863,227
Distributions in excess of accumulated earnings	(181,044)	(157,062)
Accumulated other comprehensive loss	(18,212)	(32,601)
Less, treasury stock at cost, 1,826,959 and 1,826,959 shares, respectively	(17,104)	(17,104)
Total CPA®:17 – Global shareholders’ equity	1,826,655	1,656,668
Noncontrolling interests	71,905	70,791
Total equity	1,898,560	1,727,459
Total liabilities and equity	\$ 3,380,542	\$ 3,045,812

See Notes to Consolidated Financial Statements.

CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2012	2011
Revenues		
Rental income	\$ 39,852	\$ 27,244
Interest income from direct financing leases	13,874	11,293
Other operating income	924	549
Other interest income	1,391	2,219
Other real estate income	9,763	853
	<u>65,804</u>	<u>42,158</u>
Operating Expenses		
Depreciation and amortization	(14,728)	(8,359)
General and administrative	(3,722)	(1,836)
Property expenses	(6,811)	(3,782)
Other real estate expenses	(6,071)	(484)
Impairment charges	(2,019)	-
	<u>(33,351)</u>	<u>(14,461)</u>
Other Income and Expenses		
Income from equity investments in real estate	379	1,770
Other income and (expenses)	465	(666)
Interest expense	(17,116)	(12,184)
	<u>(16,272)</u>	<u>(11,080)</u>
Income from continuing operations before income taxes	16,181	16,617
Provision for income taxes	(246)	(367)
Income from continuing operations	<u>15,935</u>	<u>16,250</u>
Discontinued Operations		
Income from operations of discontinued properties	88	398
Gain on sale of real estate	740	-
Income from discontinued operations	<u>828</u>	<u>398</u>
Net Income	<u>16,763</u>	<u>16,648</u>
Less: Net income attributable to noncontrolling interests	(5,640)	(4,213)
Net Income Attributable to CPA®:17 – Global Shareholders	<u>\$ 11,123</u>	<u>\$ 12,435</u>
Earnings Per Share		
Income from continuing operations attributable to CPA®:17 – Global shareholders	\$ 0.05	\$ 0.08
Income from discontinued operations attributable to CPA®:17 – Global shareholders	-	-
Net income attributable to CPA®:17 – Global shareholders	<u>\$ 0.05</u>	<u>\$ 0.08</u>
Weighted Average Shares Outstanding	<u>215,976,545</u>	<u>151,599,433</u>
Amounts Attributable to CPA®:17 – Global Shareholders		
Income from continuing operations, net of tax	\$ 10,295	\$ 12,037
Income from discontinued operations, net of tax	828	398
Net income	<u>\$ 11,123</u>	<u>\$ 12,435</u>
Distributions Declared Per Share	<u>\$ 0.1607</u>	<u>\$ 0.1600</u>

See Notes to Consolidated Financial Statements.

CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2012	2011
Net Income	\$ 16,763	\$ 16,648
Other Comprehensive Income:		
Foreign currency translation adjustments	20,334	37,378
Unrealized loss on derivative instrument	(5,590)	(3,118)
	14,744	34,260
Comprehensive Income	31,507	50,908
Amounts Attributable to Noncontrolling Interests:		
Net income	(5,640)	(4,213)
Foreign currency translation adjustments	(294)	(635)
Change in unrealized gain on derivative instrument	(61)	(24)
Comprehensive income attributable to noncontrolling interests	(5,995)	(4,872)
Comprehensive Income Attributable to CPA®:17 – Global Shareholders	\$ 25,512	\$ 46,036

See Notes to Consolidated Financial Statements.

CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

For the Three Months Ended March 31, 2012 and the Year Ended December 31, 2011

(in thousands, except share and per share amounts)

	CPA [®] :17 – Global Shareholders								
	Total Outstanding Shares	Common Stock	Additional Paid-In Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total CPA [®] :17 – Global Shareholders	Noncontrolling Interests	Total
Balance at January 1, 2011	142,366,962	\$ 143	\$1,280,453	\$ (93,446)	\$ (14,943)	\$ (8,044)	\$ 1,164,163	\$ 72,346	\$1,236,509
Shares issued, net of offering costs	63,628,957	63	571,592				571,655		571,655
Shares issued to affiliates	1,114,867	2	11,182				11,184		11,184
Contributions from noncontrolling interests							-	1,197	1,197
Distributions declared (\$0.6475 per share)				(113,271)			(113,271)		(113,271)
Distributions to noncontrolling interests							-	(23,214)	(23,214)
Net income				49,655			49,655	20,791	70,446
Other comprehensive loss:									
Foreign currency translation adjustments					(12,533)		(12,533)	(220)	(12,753)
Change in unrealized loss on derivative instruments					(5,110)		(5,110)	(109)	(5,219)
Change in unrealized appreciation on marketable securities					(15)		(15)		(15)
Repurchase of shares	(961,968)					(9,060)	(9,060)		(9,060)
Balance at December 31, 2011	206,148,818	208	1,863,227	(157,062)	(32,601)	(17,104)	1,656,668	70,791	1,727,459
Shares issued, net of offering costs	19,383,918	19	173,753				173,772		173,772
Shares issued to affiliates	580,828	1	5,807				5,808		5,808
Contributions from noncontrolling interests							-	172	172
Distributions declared (\$0.1607 per share)				(35,105)			(35,105)		(35,105)
Distributions to noncontrolling interests							-	(5,053)	(5,053)
Net income				11,123			11,123	5,640	16,763
Other comprehensive income:									
Foreign currency translation adjustments					20,040		20,040	294	20,334
Change in unrealized loss on derivative instruments					(5,651)		(5,651)	61	(5,590)
Balance at March 31, 2012	226,113,564	\$ 228	\$2,042,787	\$ (181,044)	\$ (18,212)	\$ (17,104)	\$ 1,826,655	\$ 71,905	\$1,898,560

See Notes to Consolidated Financial Statements.

CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash Flows — Operating Activities		
Net income	\$ 16,763	\$ 16,648
Adjustments to net income:		
Depreciation and amortization, including intangible assets and deferred financing costs	15,321	9,847
Income from equity investments in real estate less than (in excess of) distributions received	1,328	(259)
Issuance of shares to affiliate in satisfaction of fees due	5,808	2,426
Gain on sale of real estate	(740)	-
Unrealized loss on foreign currency transactions and others	158	636
Realized loss on foreign currency transactions and others	241	43
Straight-line rent adjustment and amortization of rent-related intangibles	(3,386)	585
Settlement of derivative liability	-	(4,469)
Impairment charges	2,019	-
Decrease in accounts receivable and prepaid expenses	101	926
Increase (decrease) in accounts payable and accrued expenses	1,620	(2,192)
Increase (decrease) in prepaid and deferred rental income	495	(496)
(Decrease) increase in due to affiliates	(488)	4,579
Net changes in other operating assets and liabilities	808	(1,870)
Net cash provided by operating activities	<u>40,048</u>	<u>26,404</u>
Cash Flows — Investing Activities		
Distributions received from equity investments in real estate in excess of equity income	2,773	80,753
Acquisitions of real estate and direct financing leases and other capital expenditures ^(a)	(182,158)	(149,163)
Capital contributions to equity investments in real estate ^(a)	-	(172,439)
Value added taxes (“VAT”) paid in connection with acquisition of real estate	-	(3,542)
VAT refunded in connection with acquisitions of real estate	2,295	4,728
Proceeds from sale of real estate	12,656	-
Funds placed in escrow	(1,617)	(5,666)
Funds released from escrow	1,432	7,407
Payment of deferred acquisition fees to an affiliate	(4,760)	(4,513)
Proceeds from repayment of notes receivable	-	49,560
Investment in securities	-	(1,250)
Net cash used in investing activities	<u>(169,379)</u>	<u>(194,125)</u>
Cash Flows — Financing Activities		
Distributions paid	(32,287)	(21,520)
Contributions from noncontrolling interests	172	1,138
Distributions to noncontrolling interests	(5,053)	(8,100)
Scheduled payments of mortgage principal	(3,911)	(2,779)
Proceeds from mortgage financing	133,075	92,166
Funds released from escrow	(539)	(393)
Payment of financing costs and mortgage deposits, net of deposits refunded	3,115	(6,683)
Proceeds from issuance of shares, net of issuance costs	172,046	156,714
Purchase of treasury stock	-	(1,370)
Net cash provided by financing activities	<u>266,618</u>	<u>209,173</u>
Change in Cash and Cash Equivalents During the Period		
Effect of exchange rate changes on cash	1,359	6,679
Net increase in cash and cash equivalents	138,646	48,131
Cash and cash equivalents, beginning of period	180,726	162,745
Cash and cash equivalents, end of period	<u>\$ 319,372</u>	<u>\$ 210,876</u>

Supplemental non-cash investing and financing activities:

- (a) The cost basis of real estate investments acquired during the three months ended March 31, 2012 and 2011, including equity investments in real estate, also included deferred acquisition fees payable of \$3.4 million and \$6.4 million, respectively (Note 3).

See Notes to Consolidated Financial Statements.

CORPORATE PROPERTY ASSOCIATES 17 – GLOBAL INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Organization and Offering

Organization

Corporate Property Associates 17 – Global Incorporated (“CPA[®]:17 – Global” and, together with its consolidated subsidiaries and predecessors, “we”, “us” or “our”) is a publicly owned, non-listed real estate investment trust (“REIT”) that invests primarily in commercial properties leased to companies domestically and internationally. As a REIT, we are not subject to United States (“U.S.”) federal income taxation as long as we satisfy certain requirements, principally relating to the nature of our income, the level of our distributions and other factors. We earn revenue principally by leasing the properties we own to single corporate tenants, primarily on a triple-net leased basis, which requires the tenant to pay substantially all of the costs associated with operating and maintaining the property. Revenue is subject to fluctuation because of the timing of new lease transactions, lease terminations, lease expirations, contractual rent adjustments, tenant defaults and sales of properties. At March 31, 2012, our portfolio was comprised of our full or partial ownership interests in 303 fully-occupied properties, substantially all of which were triple-net leased to 46 tenants, and totaled approximately 28 million square feet (on a pro rata basis). In addition, we own 44 self-storage properties and retain a fee interest in a hotel property for an aggregate of approximately 3 million square feet (on a pro rata basis). As opportunities arise, we also make other types of commercial real estate related investments. We were formed in 2007 and are managed by W. P. Carey & Co. LLC (“WPC”) and its subsidiaries (collectively, the “advisor”).

Public Offering

Since inception through the termination of our initial public offering on April 7, 2011, we raised a total of more than \$1.5 billion.

In October 2010, we filed a registration statement on Form S-11 (File No. 333-170225) with the SEC for a continuous public offering of up to \$1.0 billion of common stock, which was declared effective by the SEC on April 7, 2011, terminating our initial public offering. The registration statement also covers the offering of up to 50,000,000 shares of common stock at \$9.50 pursuant to our distribution reinvestment and stock purchase plan. We refer to this continuous public offering as the “follow-on offering.” From the beginning of the follow-on offering on April 7, 2011 through March 31, 2012, we raised \$595.4 million. There can be no assurance that we will successfully sell the full number of shares registered.

We intend to use the net proceeds of these offerings to acquire, own and manage a portfolio of commercial properties leased to a diversified group of companies primarily on a single tenant net lease basis.

Note 2. Basis of Presentation

Our interim consolidated financial statements have been prepared, without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair statement of our consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the U.S. (“GAAP”).

In the opinion of management, the unaudited financial information for the interim periods presented in this Report reflects all normal and recurring adjustments necessary for a fair statement of results of operations, financial position and cash flows. Our interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes for the year ended December 31, 2011, which are included in our 2011 Annual Report, as certain disclosures that would substantially duplicate those contained in the audited consolidated financial statements have not been included in this Report. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our consolidated financial statements and the accompanying notes. Actual results could differ from those estimates. The consolidated financial statements included in this Report have been retrospectively adjusted to reflect the disposition (or planned disposition) of certain properties as discontinued operations for all periods presented.

Basis of Consolidation

The consolidated financial statements reflect all of our accounts, including those of our majority-owned and/or controlled subsidiaries. The portion of equity in a subsidiary that is not attributable, directly or indirectly, to us is presented as noncontrolling interests. All significant intercompany accounts and transactions have been eliminated.

We have investments in tenancy-in-common interests in various domestic and international properties. Consolidation of these investments is not required as they do not qualify as Variable Interest Entities (“VIE”) and do not meet the control requirement required for consolidation. Accordingly, we account for these investments using the equity method of accounting. We apply the equity method of accounting because the shared decision-making involved in a tenancy-in-common interest investment creates an opportunity for us to have significant influence on the operating and financial decisions of these investments and thereby creates some responsibility by us for a return on our investment. Additionally, we own interests in single-tenant net leased properties leased to corporations through noncontrolling interests in partnerships and limited liability companies that we do not control but over which we exercise significant influence. We account for these investments under the equity method of accounting. At times the carrying value of our equity investments may fall below zero for certain investments. We intend to fund our share of the investments’ future operating deficits should the need arise. However, we have no legal obligation to pay for any of the liabilities of such investments nor do we have any legal obligation to fund operating deficits.

Because we conduct our investment activities and own all of our assets through an operating partnership, substantially all of the assets and liabilities presented in our consolidated balance sheets are attributable to the operating partnership. The following table presents amounts included in the consolidated balance sheets that are not attributable to the operating partnership but rather are attributable to CPA®:17 – Global, the primary beneficiary of the operating partnership (in thousands):

	March 31, 2012	December 31, 2011
Assets:		
Cash and cash equivalents not attributable to consolidated VIE	\$ 13,130	\$ 7,585
Other assets, net not attributable to consolidated VIE	2,060	2,811
Total assets not attributable to VIE	<u>\$ 15,190</u>	<u>\$ 10,396</u>
Liabilities:		
Due to affiliates not attributable to consolidated VIE	\$ (1,056)	\$ (1,044)
Distributions payable not attributable to consolidated VIE	(35,106)	(32,288)
Total liabilities not attributable to VIE	<u>\$ (36,162)</u>	<u>\$ (33,332)</u>

Because we generally utilize non-recourse debt, our maximum exposure to the operating partnership is limited to the equity we have in the operating partnership. We have not provided financial or other support to the operating partnership, and there were no guarantees or other commitments from third parties that would affect the value of or risk related to our interest in this entity.

Counterparty Credit Risk Portfolio Exception Election

Effective January 1, 2011, or the “effective date,” we have made an accounting policy election to use the exception in Accounting Standards Codification 820-10-35-18D, the “portfolio exception,” with respect to measuring counterparty credit risk for derivative instruments, consistent with the guidance in 820-10-35-18G. We manage credit risk for our derivative positions on a counterparty-by-counterparty basis (that is, on the basis of its net portfolio exposure with each counterparty), consistent with our risk management strategy for such transactions. We manage credit risk by considering indicators of risk such as credit ratings, and by negotiating terms in our International Swaps and Derivatives Association, Inc. (“ISDA”) master netting arrangements with each individual counterparty. Credit risk plays a central role in the decision of which counterparties to consider for such relationships and when deciding with whom it will enter into derivative transactions. Since the effective date, we have monitored and measured credit risk and calculated credit valuation adjustments for our derivative transactions on the basis of its relationships at ISDA master netting arrangement level. We receive reports from an independent third-party valuation specialist on a quarterly basis providing the credit valuation adjustments at the counterparty portfolio level for purposes of reviewing and managing our credit risk exposures. Since the portfolio exception applies only to the fair value measurement and not to financial statement presentation, the portfolio-level adjustments are then allocated in a reasonable and consistent manner each period to the individual assets or liabilities that make up the group, in accordance with other applicable accounting guidance and our accounting policy elections. Derivative transactions are measured at fair value in the statement of financial position each reporting period. We note that key market participants take into account the existence of such arrangements that mitigate credit risk exposure in the event of default. As such, we elect to apply the portfolio exception in 820-10-35-18D with respect to measuring counterparty credit risk for all of our derivative transactions subject to master netting arrangements.

Notes to Consolidated Financial Statements

Information about International Geographic Areas

At March 31, 2012, our international investments were comprised of investments primarily in Europe. The following tables present information about these investments (in thousands):

	Three Months Ended March 31,	
	2012	2011
Revenues	\$ 20,872	\$ 11,973
Net investments in real estate	\$ 1,003,195	\$ 980,160

Note 3. Agreements and Transactions with Related Parties

Transactions with the Advisor

We have an advisory agreement with the advisor whereby the advisor performs certain services for us for a fee. The current term of the agreement is scheduled to expire on September 30, 2012, except that it will terminate sooner if the closing of the proposed merger between our advisor and our affiliate, Corporate Property Associates 15 Incorporated (“CPA[®]:15”), which was announced on February 21, 2012 occurs before that date so that we can incorporate any changes to the advisory agreement resulting from the merger. Under the terms of this agreement, the advisor manages our day-to-day operations, for which we pay the advisor asset management fees and certain cash distributions, and structures and negotiates the purchase and sale of investments and debt placement transactions for us, for which we pay the advisor structuring and subordinated disposition fees. In addition, we reimburse the advisor for organization and offering costs incurred in connection with our offering and for certain administrative duties performed on our behalf. We also have certain agreements with affiliates regarding joint investments. The following tables present a summary of fees we paid and expenses we reimbursed to the advisor in accordance with the advisory agreement (in thousands):

	Three Months Ended March 31,	
	2012	2011
Amounts included in operating expenses:		
Asset management fees ^(a)	\$ 4,553	\$ 2,850
Distribution of available cash ^(b)	2,693	1,815
Personnel reimbursements ^(c)	938	388
Office rent reimbursements ^(c)	157	74
	<u>\$ 8,341</u>	<u>\$ 5,127</u>
Transaction fees incurred:		
Current acquisition fees ^(d)	\$ 4,204	\$ 7,929
Deferred acquisition fees ^{(d) (e)}	3,433	6,351
	<u>\$ 7,637</u>	<u>\$ 14,280</u>
Unpaid transaction fees:		
Deferred acquisition fees	\$ 21,414	\$ 22,748
Subordinated disposition fees ^(f)	202	202
	<u>\$ 21,616</u>	<u>\$ 22,950</u>

- (a) Asset management fees are included in Property expenses in the consolidated financial statements. For both 2012 and 2011, the advisor elected to receive its asset management fees in shares of our common stock. At March 31, 2012, the advisor owned 2,490,700 shares (1.1%) of our common stock.

Notes to Consolidated Financial Statements

- (b) We also pay the advisor up to 10% of the Available Cash, as defined in the limited partnership agreement, of the operating partnership, which is defined as cash generated from operations, excluding capital proceeds, as reduced by operating expenses and debt service, excluding prepayments and balloon payments.
- (c) Personnel and office rent reimbursements are included in General and administrative expenses in the consolidated financial statements. Based on current gross revenues, our current share of future annual minimum lease payments under our agreement would be \$0.7 million annually through 2016; however, we anticipate that our share of future annual minimum lease payments will increase as we continue to invest the proceeds of our offerings.
- (d) Current and deferred acquisition fees for real estate asset acquisitions were capitalized and included in the cost basis of the assets acquired and for business combinations were expensed and included in General and administrative expenses.
- (e) We made payments of deferred acquisition fees to the advisor totaling \$4.8 million and \$4.5 million during the three months ended March 31, 2012 and 2011, respectively.
- (f) These fees, which are subordinated to the performance criterion and certain other provisions included in the advisory agreement, are deferred and are payable to the advisor only in connection with a liquidity event for our stockholders.

The total costs paid by the advisor and its affiliates in connection with the organization and offering of our securities were \$18.2 million from inception through March 31, 2012, of which \$17.6 million had been reimbursed as of March 31, 2012.

Other Transactions with Affiliates

We own interests in entities ranging from 12% to 85%, as well as jointly-controlled tenancy-in-common interests in properties, with the remaining interests generally held by affiliates. We consolidate certain of these investments and account for the remainder under the equity method of accounting.

Note 4. Net Investments in Properties and Real Estate Under Construction

Real Estate

Real estate, which consists of land and buildings leased to others, at cost, and which are subject to operating leases, is summarized as follows (in thousands):

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Land	\$ 410,707	\$ 390,445
Buildings	1,244,252	1,109,706
Less: Accumulated depreciation	(48,614)	(40,522)
	<u>\$ 1,606,345</u>	<u>\$ 1,459,629</u>

Acquisitions of Real Estate

During the three months ended March 31, 2012, we entered into the following investments, which were classified as operating leases, at a total cost of \$171.7 million, including net lease intangible assets totaling \$44.3 million (Note 7) and acquisition-related costs and fees:

- a domestic investment for \$169.0 million with Blue Cross Blue Shield, Inc (“BCBS”) for eight office facilities. The purchase price was allocated to the assets acquired, based upon their preliminary fair values. We are in the process of finalizing our assessment of the fair value of the assets acquired; and
- a domestic follow-on transaction in an existing investment for a total cost of \$2.7 million.

In connection with these investments, which we deemed to be real estate asset acquisitions under current authoritative accounting guidance, we capitalized acquisition-related costs and fees totaling \$8.1 million.

Assets disposed of during the current year period are discussed in Note 13. Additionally, the U.S. dollar weakened against the Euro, as the end-of-period rate for the U.S. dollar in relation to the Euro at March 31, 2012 increased 3% to \$1.3339 from \$1.2950 at December 31, 2011. The impact of this weakening was a \$22.7 million increase in Real estate from December 31, 2011 to March 31, 2012.

Notes to Consolidated Financial Statements

Operating Real Estate

Operating real estate, which consists primarily of our hotel and self-storage operations, at cost, is summarized as follows (in thousands):

	March 31, 2012	December 31, 2011
Land	\$ 43,950	\$ 43,950
Buildings	132,903	132,478
Furniture, fixtures & equipment	1,454	1,713
Less: Accumulated depreciation	(3,672)	(2,745)
	<u>\$ 174,635</u>	<u>\$ 175,396</u>

Real Estate Under Construction

During the three months ended March 31, 2012, we did not enter into any build-to-suit projects. During the three months ended March 31, 2012, we funded \$13.8 million and placed assets totaling \$22.7 million into service, which are now classified as Real estate, at cost, for projects that we entered into in 2011 and 2010. In connection with these projects, we capitalized interest totaling \$1.1 million, which is classified as Real estate under construction in the consolidated balance sheet.

At March 31, 2012, the unfunded commitment on these projects totaled approximately \$57.0 million.

Asset Retirement Obligations

During the three months ended March 31, 2012, we recorded asset retirement obligations for the removal of asbestos and environmental waste totaling \$1.2 million primarily in connection with an acquisition of a domestic office facility. We estimated the fair value of the asset retirement obligations based on the estimated economic lives of the properties and the estimated removal costs provided by the inspectors. The liability was discounted using the weighted-average interest rate on the associated fixed-rate mortgage loans at the time the liability was incurred.

The following table provides a reconciliation of our asset retirement obligations, which are included in Accounts payable, accrued expenses and other liabilities on the consolidated balance sheets, for the periods presented (in thousands):

	March 31, 2012	December 31, 2011
Balance - beginning of period	\$ 11,453	\$ 1,508
Additions	1,150	9,562
Accretion expense	119	250
Foreign currency translation adjustments and other	137	133
Balance - end of period	<u>\$ 12,859</u>	<u>\$ 11,453</u>

Note 5. Finance Receivables

Assets representing rights to receive money on demand or at fixed or determinable dates are referred to as finance receivables. Our finance receivable portfolios consist of our Net investments in direct financing leases and Notes receivable. Operating leases are not included in finance receivables as such amounts are not recognized as an asset in the consolidated balance sheets.

Notes Receivable

In June 2011, we provided financing of \$30.0 million to a developer, BPS Partners, LLC ("BPS"), in connection with the construction of a shopping center, which includes a Walgreens store, in Las Vegas, Nevada. In connection with the loan, we received an option to purchase the second floor of the Walgreens store or to exchange the \$30.0 million loan for an equity interest in BPS. This loan is secured by the property and personally guaranteed by each of the principals of BPS, has an annual interest rate of 0.5% and matures in September 2013. On its maturity date, if we do not elect to exchange the loan for an equity interest in BPS, we will receive additional interest at an annual rate of 7.5% from inception through maturity as consideration for making the loan. At March 31, 2012 and December 31, 2011, the balance of this note receivable was \$30.0 million.

Notes to Consolidated Financial Statements

In December 2010, we provided financing of \$40.0 million to China Alliance Properties Limited, a subsidiary of Shanghai Forte Land Co., Ltd (“Forte”). The financing was provided through a collateralized loan that is guaranteed by Forte’s parent company, Fosun International Limited, and has an interest rate of 11% and matures in December 2015. At March 31, 2012 and December 31, 2011, the balance of the note receivable was \$40.0 million.

Credit Quality of Finance Receivables

We generally seek investments in facilities that we believe are critical to the tenant’s business and that we believe have a low risk of tenant defaults. At March 31, 2012 and December 31, 2011, none of the balances of our finance receivables were past due and we had not established any allowances for credit losses. Additionally, there have been no modifications of finance receivables during the three months ended March 31, 2012. We evaluate the credit quality of our tenant receivables utilizing an internal 5-point credit rating scale, with 1 representing the highest credit quality and 5 representing the lowest. The credit quality evaluation of our tenant receivables was last updated in the first quarter of 2012.

A summary of our finance receivables by internal credit quality rating for the periods presented is as follows (dollars in thousands):

Internal Credit Quality Indicator	Number of Tenants at		Net Investments in Direct Financing Leases at	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
1	1	1	\$ 2,228	\$ 2,225
2	3	3	86,461	85,857
3	7	6	385,379	374,423
4	-	-	-	-
5	-	-	-	-
			<u>\$ 474,068</u>	<u>\$ 462,505</u>

At March 31, 2012 and December 31, 2011, Other assets, net included \$2.3 million and \$2.0 million, respectively, of accounts receivable related to amounts billed under these direct financing leases.

Internal Credit Quality Indicator	Number of Obligor at		Notes Receivable at	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
1	1	1	\$ 30,000	\$ 30,000
2	1	1	40,000	40,000
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
			<u>\$ 70,000</u>	<u>\$ 70,000</u>

Note 6. Equity Investments in Real Estate

We own interests in single-tenant net leased properties leased to corporations through noncontrolling interests (i) in partnerships and limited liability companies that we do not control but over which we exercise significant influence or (ii) as tenants-in-common subject to common control. Generally, the underlying investments are jointly-owned with affiliates. We account for these investments under the equity method of accounting (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions, plus contributions and other adjustments required by equity method accounting, such as basis differences from other-than-temporary impairments). Under current authoritative accounting guidance for investments in unconsolidated investments, we are required to periodically compare an investment’s carrying value to its estimated fair value and recognize an impairment charge to the extent that the carrying value exceeds fair value.

Notes to Consolidated Financial Statements

The following table sets forth our ownership interests in our equity investments in real estate and their respective carrying values. The carrying value of these investments is affected by the timing and nature of distributions (dollars in thousands):

Lessee	Ownership Interest at March 31, 2012	Carrying Value at	
		March 31, 2012	December 31, 2011
C1000 Logistiek Vastgoed B.V. ^{(a) (b)}	85%	\$ 89,926	\$ 89,063
U-Haul Moving Partners, Inc. and Mercury Partners, LP	12%	28,736	28,956
Berry Plastics Corporation	50%	19,179	19,411
Tesco plc ^(a)	49%	18,458	17,923
Hellweg Die Profi-Baumarkte GmbH & Co. KG ^(a)	33%	16,057	16,817
Eroski Sociedad Cooperativa - Mallorca ^(a)	30%	9,473	9,158
Dick's Sporting Goods, Inc.	45%	5,583	5,739
		<u>\$ 187,412</u>	<u>\$ 187,067</u>

- (a) The carrying value of this investment is affected by the impact of fluctuations in the exchange rate of the Euro.
(b) We acquired our tenancy-in-common interest, under which the entity is under common control by us and our investment partner, in this investment in January 2011.

The following tables present combined summarized financial information of our investment properties. Amounts provided are the total amounts attributable to the investment properties and do not represent our proportionate share (in thousands):

	March 31, 2012	December 31, 2011
Assets	\$ 1,138,788	\$ 1,125,342
Liabilities	(763,748)	(748,312)
Partners'/members' equity	<u>\$ 375,040</u>	<u>\$ 377,030</u>

	Three Months Ended March 31,	
	2012	2011
Revenues	\$ 26,618	\$ 7,498
Expenses	(22,118)	(4,770)
Net income from continuing operations	<u>\$ 4,500</u>	<u>\$ 2,728</u>
Net income attributable to equity method investments	<u>\$ 4,500</u>	<u>\$ 2,728</u>

We recognized income from equity investments in real estate of \$0.4 million and \$1.8 million for the three months ended March 31, 2012 and 2011, respectively. Income from equity investments in real estate represents our proportionate share of the income or losses of these investments as well as certain depreciation and amortization adjustments related to other-than-temporary impairment charges and basis differentials from acquisitions of certain investments.

Note 7. Intangible Assets and Liabilities

In connection with our acquisition of properties, we have recorded net lease intangibles of \$378.9 million, which are being amortized over periods ranging from one year to 40 years. In connection with our investment activity during the three months ended March 31, 2012, we have recorded intangibles of \$47.0 million with a weighted-average life of 22.4 years, which consists of \$61.5 million of in-place lease intangible assets with a weighted-average life of 23.3 years, \$0.2 million of tenant relationship intangible assets with a weighted-average life of 31.5 years, and \$1.4 million of above-market rent intangible assets with a weighted-average life of 18.2 years offset by \$16.1 million of below-market rent intangible liabilities with a weighted-average life of 25.6 years. In-place lease, tenant relationship, and above-market rent intangibles are included in Intangible assets, net in the consolidated financial statements. Below-market rent intangibles are included in Prepaid and deferred rental income and security deposits in the consolidated financial statements.

Notes to Consolidated Financial Statements

Intangible assets and liabilities are summarized as follows (in thousands):

	March 31, 2012	December 31, 2011
Amortizable Intangible Assets		
Lease intangibles:		
In-place lease	\$ 348,386	\$ 286,913
Tenant relationship	13,279	13,102
Above-market rent	60,198	58,788
Less: accumulated amortization	(31,616)	(24,666)
Total intangible assets	\$ 390,247	\$ 334,137
Amortizable Below-Market Rent Intangible Liabilities		
Below-market rent	\$ (42,920)	\$ (26,809)
Less: accumulated amortization	1,678	1,187
	\$ (41,242)	\$ (25,622)

Net amortization of intangibles, including the effect of foreign currency translation, was \$6.1 million and \$3.3 million for the three months ended March 31, 2012 and 2011, respectively. Amortization of below-market and above-market rent intangibles is recorded as an adjustment to lease revenue, while amortization of in-place lease and tenant relationship intangibles is included in Depreciation and amortization.

Based on the intangible assets and liabilities recorded at March 31, 2012, scheduled annual net amortization of intangibles for each of the next five years is as follows (in thousands):

Years Ending December 31,	Total
2012 (remainder)	\$ 18,921
2013	23,481
2014	20,504
2015	19,732
2016	19,366
Thereafter	247,001
Total	\$ 349,005

Note 8. Fair Value Measurements

Under current authoritative accounting guidance for fair value measurements, the fair value of an asset is defined as the exit price, which is the amount that would either be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-tier fair value hierarchy based on the inputs used in measuring fair value. These tiers are: Level 1, for which quoted market prices for identical instruments are available in active markets, such as money market funds, equity securities and U.S. Treasury securities; Level 2, for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument, such as certain derivative instruments including an interest rate cap and swaps; and Level 3, for which little or no market data exists, therefore requiring us to develop our own assumptions, such as certain warrants and other securities that do not fall into Level 1 or Level 2.

Items Measured at Fair Value on a Recurring Basis

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Money Market Funds — Our money market funds consisted of government securities and U.S. Treasury bills. These funds were classified as Level 1 as we used quoted prices from active markets to determine their fair values.

Derivative Assets and Liabilities — Our derivative assets and liabilities are comprised of interest rate swaps, an interest rate cap, and foreign currency exchange contracts. The interest rate swaps and cap and foreign currency exchange contracts were measured at fair value using readily observable market inputs, such as quotations on interest rates and foreign currency exchange rates. These derivative instruments were classified as Level 2 because these instruments are custom, over-the-counter contracts with various bank counterparties that are not traded in an active market.

Notes to Consolidated Financial Statements

Other Derivative Assets — Our other derivative assets are comprised of stock warrants that were granted to us by lessees in connection with structuring initial lease transactions. The stock warrants that we own are not traded in an active market. We estimated the fair value of stock warrants using internal valuation models that incorporate market inputs and our own assumptions about future cash flows. We classified stock warrants as Level 3.

The following tables set forth our assets and liabilities that were accounted for at fair value on a recurring basis. Assets and liabilities presented below exclude assets and liabilities owned by unconsolidated investments (in thousands):

Description	Total	Fair Value Measurements at March 31, 2012 Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Derivative assets	\$ 6,153	\$ -	\$ 6,153	\$ -
Money market funds	5,996	5,996	-	-
Other derivative assets	1,419	-	-	1,419
Total	<u>\$ 13,568</u>	<u>\$ 5,996</u>	<u>\$ 6,153</u>	<u>\$ 1,419</u>
Liabilities:				
Derivative liabilities	\$ (9,551)	\$ -	\$ (9,551)	\$ -
Total	<u>\$ (9,551)</u>	<u>\$ -</u>	<u>\$ (9,551)</u>	<u>\$ -</u>

Description	Total	Fair Value Measurements at December 31, 2011 Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Derivative assets	\$ 10,945	\$ -	\$ 10,945	\$ -
Money market funds	5,997	5,997	-	-
Other derivative assets	1,419	-	-	1,419
Total	<u>\$ 18,361</u>	<u>\$ 5,997</u>	<u>\$ 10,945</u>	<u>\$ 1,419</u>
Liabilities:				
Derivative liabilities	\$ (8,682)	\$ -	\$ (8,682)	\$ -
Total	<u>\$ (8,682)</u>	<u>\$ -</u>	<u>\$ (8,682)</u>	<u>\$ -</u>

Notes to Consolidated Financial Statements

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3 Only) Other Derivative Assets	
	Three Months Ended	
	March 31, 2012	March 31, 2011
Beginning balance	\$ 1,419	\$ -
Total gains or losses (realized and unrealized):		
Included in earnings	-	-
Ending balance	\$ 1,419	\$ -
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	\$ -	\$ -

We did not have any transfers into or out of Level 1, Level 2 and Level 3 measurements during the three months ended March 31, 2012 and 2011. Gains and losses (realized and unrealized) included in earnings are reported in Other income and (expenses) in the consolidated financial statements.

Our other financial instruments, which we classify debt and notes receivable as Level 2 and commercial mortgage-backed securities (“CMBS”) as Level 3, had the following carrying values and fair values as of the dates shown (in thousands):

	March 31, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt	\$ 1,296,365	\$ 1,326,885	\$ 1,154,254	\$ 1,184,309
Notes receivable	70,000	74,075	70,000	71,297
CMBS ^(a)	1,753	3,419	3,777	6,701

(a) The carrying value of our CMBS represents historical cost, as we have deemed these securities to be held-to-maturity, and is inclusive of impairment charges recognized during 2012 and 2009. There were no purchases or sales during the three months ended March 31, 2012.

We determined the estimated fair value of our debt and note receivable instruments using a discounted cash flow model with rates that take into account the credit of the tenants and interest rate risk. We estimated that our other financial assets and liabilities (excluding net investments in direct financing leases) had fair values that approximated their carrying values at both March 31, 2012 and December 31, 2011.

Items Measured at Fair Value on a Non-Recurring Basis

We perform an assessment, when required, of the value of certain of our real estate investments in accordance with current authoritative accounting guidance. As part of that assessment, we determine the valuation of these assets using widely accepted valuation techniques, including expected discounted cash flows or an income capitalization approach, which considers prevailing market capitalization rates. We review each investment based on the highest and best use of the investment and market participation assumptions. We determined that the significant inputs used to value these investments fall within Level 3. As a result of our assessment, we did not recognize any impairment charges on our real estate investments during the three months ended March 31, 2012 and 2011. The valuation of real estate is subject to significant judgment and actual results may differ materially if market conditions or the underlying assumptions change.

Notes to Consolidated Financial Statements

The following table presents information about our other assets that were measured on a fair value basis for the periods presented. All of the impairment charges were measured using unobservable inputs (Level 3) and were recorded based on market conditions and assumptions that existed at the time (in thousands):

	<u>Three Months Ended March 31, 2012</u>		<u>Three Months Ended March 31, 2011</u>	
	<u>Total Fair Value Measurements</u>	<u>Total Impairment Charges</u>	<u>Total Fair Value Measurements</u>	<u>Total Impairment Charges</u>
Impairment Charges From Continuing Operations:				
Commercial mortgage-backed securities	\$ -	\$ 2,019	\$ -	\$ -
	<u>\$ -</u>	<u>\$ 2,019</u>	<u>\$ -</u>	<u>\$ -</u>

CMBS

During the first quarter of 2012, we incurred other-than-temporary impairment charges on our CMBS portfolio totaling \$2.0 million to reduce the carrying values of three CMBS tranches to zero as a result of non-performance and management's assessment that the likelihood of receiving further interest payments or return of principal is remote.

Note 9. Risk Management and Use of Derivative Financial Instruments

Risk Management

In the normal course of our ongoing business operations, we encounter economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. We are primarily subject to interest rate risk on our interest-bearing assets and liabilities. Credit risk is the risk of default on our operations and tenants' inability or unwillingness to make contractually required payments. Market risk includes changes in the value of our properties and related loans as well as changes in the value of our investments due to changes in interest rates or other market factors. In addition, we own investments in the European Union and are subject to the risks associated with changing foreign currency exchange rates.

Use of Derivative Financial Instruments

When we use derivative instruments, it is generally to reduce our exposure to fluctuations in interest rates and foreign currency exchange rate movements. We have not entered, and do not plan to enter into financial instruments for trading or speculative purposes. In addition to derivative instruments that we entered into on our own behalf, we may also be a party to derivative instruments that are embedded in other contracts, and we may own common stock warrants, granted to us by lessees when structuring lease transactions, that are considered to be derivative instruments. The primary risks related to our use of derivative instruments are that a counterparty to a hedging arrangement could default on its obligation or that the credit quality of the counterparty may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction. While we seek to mitigate these risks by entering into hedging arrangements with counterparties that are large financial institutions that we deem to be creditworthy, it is possible that our hedging transactions, which are intended to limit losses, could adversely affect our earnings. Furthermore, if we terminate a hedging arrangement, we may be obligated to pay certain costs, such as transaction or breakage fees. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities.

We measure derivative instruments at fair value and record them as assets or liabilities, depending on our rights or obligations under the applicable derivative contract. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. For a derivative designated and that qualified as a fair value hedge, the change in the fair value of the derivative is offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings. For a derivative designated and that qualified as a cash flow hedge, the effective portion of the change in fair value of the derivative is recognized in Other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. For a derivative designated and that qualified as a net investment hedge, the effective portion of the change in the fair value and/or the net settlement of the derivative are reported in Other comprehensive income as part of the cumulative foreign currency translation adjustment. The ineffective portion of the change in fair value of the derivative is recognized directly in earnings. Amounts are reclassified out of Other comprehensive income into earnings when the hedged investment is either sold or substantially liquidated.

Notes to Consolidated Financial Statements

The following table sets forth certain information regarding our derivative instruments for the periods presented (in thousands):

	Balance Sheet Location	Asset Derivatives Fair Value at		Liability Derivatives Fair Value at	
		March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Derivatives Designated as Hedging Instruments					
Foreign currency collars	Other assets, net	\$ 3,520	\$ 5,657	-	-
Foreign currency forwards	Other assets, net	2,599	5,206	-	-
Interest rate cap	Other assets, net	34	80	-	-
Interest rate swaps	Accounts payable, accrued expenses and other liabilities	-	-	\$ (9,551)	\$ (8,682)
Derivatives Not Designated as Hedging Instruments					
Stock warrants	Other assets, net	1,419	1,419	-	-
Put options	Other assets, net	-	224	-	-
Put options	Accounts payable, accrued expenses and other liabilities	-	-	-	(224)
Total derivatives		<u>\$ 7,572</u>	<u>\$ 12,586</u>	<u>\$ (9,551)</u>	<u>\$ (8,906)</u>

The following tables present the impact of derivative instruments on the consolidated financial statements (in thousands):

	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)	
	Three Months Ended March 31,	
	2012	2011
Derivatives in Cash Flow Hedging Relationships		
Interest rate cap ^(a)	\$ 75	\$ 53
Interest rate swaps	(694)	543
Foreign currency forwards	(1,263)	-
Foreign currency collars	(2,617)	-
Put options	192	-
Derivatives in Net Investment Hedging Relationships ^(b)		
Foreign currency forward	(1,343)	(3,714)
Total	<u>\$ (5,650)</u>	<u>\$ (3,118)</u>

	Amount of Gain (Loss) Reclassified from OCI into Income (Effective Portion)	
	Three Months Ended March 31,	
	2012	2011
Derivatives in Cash Flow Hedging Relationships		
Foreign currency collars ^(c)	\$ 618	\$ -
Foreign currency forwards ^(c)	138	-
Total	<u>\$ 756</u>	<u>\$ -</u>

- (a) Includes gains attributable to noncontrolling interests totaling less than \$0.1 million for both of the three months ended March 31, 2012 and 2011.
- (b) The effective portion of the change in fair value and the settlement of these contracts are reported in the foreign currency translation adjustment section of Other comprehensive income until the underlying investment is sold, at which time we reclassify the gain or loss to earnings.
- (c) Gains (losses) reclassified from Other comprehensive income into income for contracts and collars that have matured are included in Other income and (expenses).

Notes to Consolidated Financial Statements

During the three months ended March 31, 2012, we realized a loss of less than \$0.1 million related to the ineffective portions of hedging relationships or to amounts excluded from effectiveness testing. We did not recognize any gains or losses related to ineffectiveness during 2011.

See below for information on our purposes for entering into derivative instruments and for information on derivative instruments owned by unconsolidated investments, which are excluded from the tables above.

Interest Rate Swaps and Cap

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we attempt to obtain mortgage financing on a long-term, fixed-rate basis. However, from time to time, we or our investment partners may obtain variable-rate non-recourse mortgage loans and, as a result, may enter into interest rate swap agreements or interest rate cap agreements with counterparties. Interest rate swaps, which effectively convert the variable-rate debt service obligations of the loan to a fixed rate, are agreements in which one party exchanges a stream of interest payments for a counterparty's stream of cash flow over a specific period. The notional, or face, amount on which the swaps are based is not exchanged. An interest rate cap limits the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. Our objective in using these derivatives is to limit our exposure to interest rate movements.

The derivative instruments that we had outstanding on our consolidated investments at March 31, 2012 were designated as cash flow hedges and are summarized as follows (dollars in thousands):

	Type	Notional Amount	Effective Interest Rate	Effective Date	Expiration Date	Fair Value at March 31, 2012
6-Month Euribor ^(a)	"Pay-fixed" swap	\$ 219,093	4.2%	9/2011	9/2016	\$ (4,847)
3-Month London Inter-bank offered rate ("LIBOR") ^(b)	Interest rate cap	121,878	8.8%	3/2011	8/2014	34
1-Month LIBOR	"Pay-fixed" swap	92,400	3.9%	2/2012	2/2017	(744)
3-Month LIBOR	"Pay-fixed" swap	26,103	6.6%	1/2010	12/2019	(3,026)
1-Month LIBOR	"Pay-fixed" swap	9,000	5.0%	3/2012	3/2022	(84)
3-Month Euribor ^(a)	"Pay-fixed" swap	7,919	5.8%	7/2010	11/2017	(416)
1-Month LIBOR	"Pay-fixed" swap	4,192	6.0%	1/2011	1/2021	(413)
1-Month LIBOR	"Pay-fixed" swap	1,600	4.8%	12/2011	12/2021	(21)
						<u>\$ (9,517)</u>

(a) Amounts are based upon the applicable exchange rate of the Euro at March 31, 2012.

(b) The applicable interest rate of the related debt was 3.08%, which was below the effective interest rate of the cap at March 31, 2012. Inclusive of noncontrolling interests are the notional amount and fair value of the swap of \$54.8 million and less than \$0.1 million, respectively.

Foreign Currency Contracts

We are exposed to foreign currency exchange rate movements in the Euro and, to a lesser extent, the British Pound Sterling. We manage foreign currency exchange rate movements by generally placing both our debt obligation to the lender and the tenant's rental obligation to us in the same currency. This reduces our overall exposure to the actual equity that we have invested and the equity portion of our cash flow. However, we are subject to foreign currency exchange rate movements to the extent of the difference in the timing and amount of the rental obligation and the debt service. We may also face challenges with repatriating cash from our foreign investments. We may encounter instances where it is difficult to repatriate cash because of jurisdictional restrictions or because repatriating cash may result in current or future tax liabilities. Realized and unrealized gains and losses recognized in earnings related to foreign currency transactions are included in Other income and (expenses) in the consolidated financial statements.

In order to hedge certain of our foreign currency cash flow exposures, we enter into foreign currency forward contracts, and collars. A foreign currency forward contract is a commitment to deliver a certain amount of currency at a certain price on a specific date in the future. By entering into forward contracts, we are locked into a future currency exchange rate for the term of the contract. A foreign currency collar consists of a purchased call option to buy and a written put option to sell the foreign currency. These instruments guarantee that the exchange rate will not fluctuate beyond the range of the options' strike prices.

Notes to Consolidated Financial Statements

The following table presents the foreign currency derivative contracts we had outstanding and their designations at March 31, 2012 (dollars in thousands, except strike price):

Type	Notional Amount ^(a)	Strike Price	Effective Date	Expiration Date	Fair Value at March 31, 2012
Designated as Cash Flow Hedging Instruments					
Collars ^(b)	\$ 68,080	\$ 1.40 - 1.44	9/2011	6/2012 - 9/2014	\$ 3,520
Forward contracts	60,026	1.39	7/2011	7/2013	2,273
Forward contracts	48,697	1.34 - 1.35	9/2011	9/2012 - 3/2015	326
	<u>\$ 176,803</u>				<u>\$ 6,119</u>

(a) Amounts are based upon the exchange rate of the Euro at March 31, 2012.

(b) At inception, these collars were not designated as hedging instruments because their fair values were in a net liability position at the onset of the trade. In October 2011, we designated these collars as hedging instruments because their fair values increased into a net asset position due to the depreciation of the Euro relative to the U.S. Dollar.

Stock Warrants

As part of the purchase of an interest in Hellweg Die Profi-Baumarkte GmbH & Co. KG (“Hellweg 2”) from Corporate Property Associates 14 Incorporated (“CPA[®]:14”) in May 2011, we acquired warrants from CPA[®]:14, which were granted by Hellweg 2 to CPA[®]:14, for a total cost of \$1.6 million, which is based on the fair value of the warrants on the date of acquisition. These warrants give us participation rights to any distributions made by Hellweg 2. In addition, we are entitled to a cash distribution that equals to a certain percentage of the liquidity event price of Hellweg 2, should a liquidity event occur. Because these warrants are readily convertible to cash and provide for net cash settlement upon conversion, we account for them as derivative instruments.

Embedded Credit Derivative

An unconsolidated investment in which we acquired an interest from CPA[®]:14 in May 2011 and accounted for as equity method investment obtained non-recourse mortgage financing, for which the interest rate has both fixed and variable components. In connection with providing the financing, the lender entered into an interest rate swap agreement on its own behalf through which the fixed interest rate component on the financing was converted into a variable interest rate instrument. Through this entity, we have the right, at our sole discretion, to prepay this debt at any time and to participate in any realized gain or loss on the interest rate swap at that time. This participation right is deemed to be an embedded credit derivative. Based on the valuation obtained at March 31, 2012 and including the effect of foreign currency translation, this embedded credit derivative had a fair value of zero and generated an unrealized loss of less than \$0.1 million for the three months ended March 31, 2012. Amounts provided are the total amounts attributable to the investment and do not represent our proportionate share. Changes in the fair value of the embedded credit derivative are recognized in this investment’s earnings.

Other

Amounts reported in Other comprehensive income related to interest rate swaps will be reclassified to interest expense as interest payments are made on our variable-rate debt. Amounts reported in Other comprehensive income related to foreign currency contracts will be reclassified to Other income and (expenses) when the hedged foreign currency proceeds from foreign operations are repatriated to the U.S. At March 31, 2012, we estimate that an additional \$5.0 million, inclusive of amounts attributable to noncontrolling interests of \$0.4 million, and \$0.9 million will be reclassified as interest expense and other income, respectively, during the next twelve months.

We measure our credit exposure on a counterparty basis as the net positive aggregate estimated fair value of our derivatives, net of collateral received, if any. No collateral was received as of March 31, 2012. At March 31, 2012, our total credit exposure and the maximum exposure to any single counterparty was \$5.3 million, inclusive of noncontrolling interest.

Some of the agreements we have with our derivative counterparties contain certain credit contingent provisions that could result in a declaration of default against us regarding our derivative obligations if we either default or are capable of being declared in default on

Notes to Consolidated Financial Statements

certain of our indebtedness. At March 31, 2012, we had not been declared in default on any of our derivative obligations. The estimated fair value of our derivatives that were in a net liability position was \$10.0 million and \$9.0 million at March 31, 2012 and December 31, 2011, respectively, which included accrued interest but excluded any adjustment for nonperformance risk. If we had breached any of these provisions at either March 31, 2012 or December 31, 2011, we could have been required to settle our obligations under these agreements at their aggregate termination value of \$10.9 million or \$9.7 million, respectively.

Portfolio Concentration Risk

Concentrations of credit risk arise when a group of tenants is engaged in similar business activities or is subject to similar economic risks or conditions that could cause them to default on their lease obligations to us. We regularly monitor our portfolio to assess potential concentrations of credit risk. While we believe our portfolio is reasonably well diversified, it does contain concentrations in excess of 10%, based on the percentage of our annualized contractual minimum base rent for the first quarter of 2012, in certain areas, as shown in the table below. The percentages in the table below represent our directly-owned real estate properties and do not include our pro rata share of equity investments.

	March 31, 2012
Region:	
New York	12%
Other U.S.	47%
Total U.S.	59%
Italy	14%
Croatia	10%
Other Europe	17%
Total Europe	41%
Total	100%

Asset Type:	
Office	31%
Warehouse/Distribution	28%
Retail	27%
Industrial	13%
All other	1%
Total	100%

Tenant Industry:	
Retail	25%
Media - Printing & Publishing	16%
Grocery	15%
All other	44%
Total	100%

Guarantor/Tenant:	
Metro AG (Europe)	14%
New York Times Company (U.S.)	12%

There were no significant concentrations, individually or in the aggregate, related to our unconsolidated jointly-owned investments.

Note 10. Non-Recourse and Limited-Recourse Debt

During the three months ended March 31, 2012, we obtained non-recourse mortgage financing totaling \$133.1 million at a weighted-average annual interest rate and term of 4.3% and 6.5 years, respectively. Of the total:

- \$92.4 million of non-recourse financing was related to the BCBS investment acquired during 2012; and
- \$40.7 million of non-recourse financing was related to three other domestic investments acquired during 2011.

Non-recourse and limited-recourse debt consists of mortgage notes payable, which are collateralized by an assignment of real property and direct financing leases, with an aggregate carrying value of approximately \$2.0 billion and \$1.9 billion at March 31, 2012 and December 31, 2011, respectively. At March 31, 2012, our mortgage notes payable bore interest at fixed annual rates ranging from 3.6% to 8.0% and variable effective annual rates ranging from 3.1% to 6.6%, with maturity dates ranging from 2012 to 2031.

Scheduled debt principal payments during each of the next five calendar years following March 31, 2012 and thereafter are as follows (in thousands):

Years Ending December 31,	Total
2012 (remainder)	\$ 17,930
2013	32,711
2014	30,333
2015	65,096
2016	293,692
Thereafter through 2031	857,448
	<u>1,297,210</u>
Unamortized discount ^(a)	(845)
Total	<u>\$1,296,365</u>

(a) Represents the unamortized discount on two notes.

Certain amounts in the table above are based on the applicable foreign currency exchange rate at March 31, 2012. Additionally, due to the weakening of the U.S. dollar relative to foreign currencies, Non-recourse and limited-recourse debt increased by \$12.9 million from December 31, 2011 to March 31, 2012.

Note 11. Commitments and Contingencies

Various claims and lawsuits arising in the normal course of business are pending against us. The results of these proceedings are not expected to have a material adverse effect on our consolidated financial position or results of operations.

Note 12. Income Taxes

We have elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code. We believe we have operated, and we intend to continue to operate, in a manner that allows us to continue to qualify as a REIT. Under the REIT operating structure, we are permitted to deduct distributions paid to our shareholders and generally will not be required to pay U.S. federal income taxes. Accordingly, no provision has been made for U.S. federal income taxes in the consolidated financial statements.

We conduct business in the various states and municipalities within the U.S. and in Europe, and as a result, we file income tax returns in the U.S. federal jurisdiction and various state and certain foreign jurisdictions.

We account for uncertain tax positions in accordance with current authoritative accounting guidance. At March 31, 2012 and December 31, 2011, we had unrecognized tax benefits of \$0.3 million and \$0.6 million, respectively, that, if recognized, would have a favorable impact on our effective income tax rate in future periods. We recognize interest and penalties related to uncertain tax positions in income tax expense. At both March 31, 2012 and December 31, 2011, we had less than \$0.1 million of accrued interest related to uncertain tax positions.

Notes to Consolidated Financial Statements

Our tax returns are subject to audit by taxing authorities. Such audits can often take years to complete and settle. The tax years 2007 through 2012 remain open to examination by the major taxing jurisdictions to which we are subject.

We have elected to treat one of our corporate subsidiaries that engages in hotel operations as a taxable REIT subsidiary (“TRS”). This subsidiary owns a hotel that is managed on our behalf by a third-party hotel management company. A TRS is subject to corporate federal income taxes, and we provide for income taxes in accordance with current authoritative accounting guidance. This subsidiary has recognized de minimus profit since inception.

Note 13. Discontinued Operations

From time to time, tenants may vacate space due to lease buy-outs, elections not to renew their leases, insolvency or lease rejection in the bankruptcy process. In these cases, we assess whether we can obtain the highest value from the property by re-leasing or selling it. In addition, in certain cases, we may try to sell a property that is occupied. When it is appropriate to do so under current authoritative accounting guidance for the disposal of long-lived assets, we classify the property as an asset held for sale on our consolidated balance sheet and the current and prior period results of operations of the property are reclassified as discontinued operations.

The results of operations for properties that are held for sale or have been sold are reflected in the consolidated financial statements as discontinued operations for all periods presented and are summarized as follows (in thousands):

	Three Months Ended March 31,	
	2012	2011
Revenues	\$ 108	\$ 398
Expenses	(20)	-
Gain on sale of real estate	740	-
Income from discontinued operations	<u>\$ 828</u>	<u>\$ 398</u>

During the three months ended March 31, 2012, we sold 12 domestic properties for \$12.7 million, net of selling costs, and recognized a net gain on the sale of the properties of \$0.7 million.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s discussion and analysis of financial condition and results of operations (“MD&A”) is intended to provide the reader with information that will assist in understanding our financial statements and the reasons for changes in certain key components of our financial statements from period to period. MD&A also provides the reader with our perspective on our financial position and liquidity, as well as certain other factors that may affect our future results. Our MD&A should be read in conjunction with our 2011 Annual Report.

Business Overview

We are a publicly owned, non-listed REIT that invests primarily in commercial properties leased to companies domestically and internationally. As opportunities arise, we also make other types of commercial real estate related investments. As a REIT, we are not subject to U.S. federal income taxation as long as we satisfy certain requirements, principally relating to the nature of our income, the level of our distributions and other factors. We earn revenue principally by leasing the properties we own to single corporate tenants, primarily on a triple-net lease basis, which requires the tenant to pay substantially all of the costs associated with operating and maintaining the property. Revenue is subject to fluctuation because of the timing of new lease transactions, lease terminations, lease expirations, contractual rent adjustments, tenant defaults and sales of properties. We were formed in 2007 and are managed by the advisor. We hold substantially all of our assets and conduct substantially all of our business through our operating partnership. We are the general partner of, and own approximately 99.985% of the interests in, the operating partnership.

Financial Highlights

(In thousands)

	Three Months Ended March 31,	
	2012	2011
Total revenues	\$ 65,804	\$ 42,158
Net income attributable to CPA®:17 – Global shareholders	11,123	12,435
Cash flow from operating activities	40,048	26,404
Distributions paid	32,287	21,520
Supplemental financial measures:		
Modified funds from operations	28,698	21,201
Adjusted cash flow from operating activities	35,404	22,483

We consider the performance metrics listed above, including certain supplemental metrics that are not defined by GAAP (“non-GAAP”), such as Modified funds from operations (“MFFO”), and Adjusted cash flow from operating activities (“ACFO”), to be important measures in the evaluation of our results of operations, liquidity and capital resources. We evaluate our results of operations with a primary focus on the ability to generate cash flow necessary to meet our objectives of funding distributions to shareholders. See Supplemental Financial Measures below for our definition of these non-GAAP measures and reconciliations to their most directly comparable GAAP measure.

Total revenues and Cash flow from operating activities increased during the current year period as compared to the same period in 2011, primarily reflecting our investment activity during 2011 and 2012.

Net income attributable to CPA®:17 – Global shareholders was flat for the current year period as compared to the same period in 2011, primarily due to increases in expenses reflecting our investment activity during 2011 and 2012.

For the three months ended March 31, 2012 as compared to the same period in 2011, our MFFO supplemental measure increased, primarily as a result of our investment activity during 2012 and 2011.

For the three months ended March 31, 2012 as compared to the same period in 2011, our ACFO supplemental measure increased, primarily as a result of our investment activity during 2012 and 2011.

Our daily cash distribution for the first quarter of 2012 was \$0.0017857 per share, or \$0.65 per share on an annualized basis; and was paid on April 16, 2012 to shareholders of record on each day during the first quarter. Our board of directors has declared that our daily

cash distribution for the second quarter of 2012 will be \$0.0017857 per share, or \$0.65 per share on an annualized basis. The daily distributions for the second quarter of 2012 will be paid in aggregate on or about July 16, 2012 to shareholders of record on each day during the second quarter.

Current Trends

General Economic Environment

We are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. Over the past few quarters, economic conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain. It is not possible to predict with certainty the outcome of these trends. Nevertheless, our views of the effects of the current financial and economic trends on our business, as well as our response to those trends, are presented below.

Foreign Exchange Rates

We have foreign investments and, as a result, are impacted by fluctuations in foreign currency exchange rates. Our results of foreign operations benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to foreign currencies. Investments denominated in the Euro accounted for approximately 38% of our annualized contractual minimum base rent at March 31, 2012. International investments carried on our balance sheet are marked to the spot exchange rate as of the balance sheet date. The U.S. dollar weakened at March 31, 2012 versus the spot rate at December 31, 2011. The Euro/U.S. dollar exchange rate at March 31, 2012 of \$1.3339 represented a 3% increase from the December 31, 2011 rate of \$1.2950. This weakening had a favorable impact on our balance sheet at March 31, 2012 as compared to our balance sheet at December 31, 2011.

The operational impact of currency fluctuations on our international investments is measured throughout the year. Due to the volatility of the Euro/U.S. dollar exchange rate, the average rate we utilized to measure these operations decreased by 4% during the three months ended March 31, 2012 versus the same period in 2011. This decrease had an unfavorable impact on results of operations in the current year period as compared to the prior year period. While we actively manage our foreign exchange risk, a significant unhedged decline in the value of the Euro could have a material negative impact on our net asset values, future results, financial position and cash flows.

Capital Markets

During the past few quarters, capital markets conditions in the U.S. exhibited some signs of post-crisis improvement, including new issuances of CMBS debt and increasing capital inflows to both commercial real estate debt and equity markets, which helped increase the availability of mortgage financing and sustained transaction volume. We have seen the cost for domestic debt stabilize while the Federal Reserve has kept interest rates low and new lenders, including insurers, have introduced capital into the market. Internationally, we continue to see that events in the Euro-zone have impacted the price and availability of financing and have affected global commercial real estate capitalization rates, which vary depending on a variety of factors including asset quality, tenant credit quality, geography and lease term.

Investment Opportunities

Our ability to complete investments fluctuates based on the pricing and availability of transactions and financing, among other factors.

We continue to see investment opportunities that we believe will allow us to enter into transactions on favorable terms. Although capitalization rates continue to vary widely, we believe that the investment environment remains attractive. We have benefited from commercial de-leveraging and recent new construction activity that has provided attractive investment opportunities for net lease investors such as ourselves. To the extent that these trends continue and we are able to achieve sufficient levels of fundraising, we believe that our investment volume will benefit. While the investment community continues to remain risk averse, we have experienced increased competition for investments, both domestically and internationally. We believe this is because the net lease financing market is perceived as a relatively more conservative investment vehicle, and further capital inflows into the marketplace could put additional pressure on the returns that we can generate from our investments and our willingness and ability to execute transactions. In addition, we expect to continue to expand our ability to source deals in other markets.

We entered into investments totaling approximately \$171.7 million during the three months ended March 31, 2012, all of which are domestic investments and based on current conditions we expect that we will be able to continue to take advantage of the investment

opportunities we are seeing in both the U.S. and internationally through the near term. While international activity fluctuates from quarter to quarter, we currently expect that such transactions will continue to form a significant portion of our investments, although the relative portion of international investments in any given period will vary.

We calculate net operating income for each investment we make as the rent that we receive from a tenant, less debt service for any financing obtained for our investment in such property. The capitalization rate for an investment is a function of the purchase price that we are willing to pay for an investment, the rent that the tenant is willing to pay and the risk we are willing to assume. In our target markets, we have recently seen capitalization rates in the U.S. ranging from 6.25% to 11.0% and in Europe ranging from 6.5% to 12.0%. The variability is due largely to the quality of the underlying assets, tenant credit quality, and the terms of the leases. Additionally, we have observed that capitalization rates for commoditized transactions are within the lower end of these ranges while the higher end is comprised of off-market deals requiring specialized knowledge.

Financing Conditions

During the three months ended March 31, 2012, we observed stabilization in the U.S. credit and real estate financing markets. However, the ongoing sovereign debt issues in Europe have had the impact of increasing the cost of debt in certain international markets and made it more challenging for us to obtain debt for certain international deals. During the three months ended March 31, 2012, we obtained non-recourse mortgage financing totaling \$133.1 million, which was all related to domestic investments.

Real Estate Sector

As noted above, the commercial real estate market is impacted by a variety of macro-economic factors, including but not limited to growth in gross domestic product, unemployment, interest rates, inflation, and domestic and foreign demographics. We have seen modest improvements in these domestic macro-economic factors since the beginning of the credit crisis. However, in Europe these fundamentals have not significantly improved, which may result in higher vacancies, lower rental rates, and lower demand for vacant space in future periods related to international properties. We are chiefly affected by changes in the appraised values of our properties, tenant defaults, inflation, lease expirations, and occupancy rates.

Credit Quality of Tenants

As a net lease investor, we are exposed to credit risk within our tenant portfolio, which can reduce our results of operations and cash flow from operations if our tenants are unable to pay their rent. Tenants experiencing financial difficulties may become delinquent on their rent and/or default on their leases and, if they file for bankruptcy protection, may reject our lease in bankruptcy court, resulting in reduced cash flow, which may negatively impact net asset values and require us to incur impairment charges. Even where a default has not occurred and a tenant is continuing to make the required lease payments, we may restructure or renew leases on less favorable terms, or the tenant's credit profile may deteriorate, which could affect the value of the leased asset and could in turn require us to incur impairment charges.

Despite improvement in domestic general business conditions during the past few quarters, which had a favorable impact on the overall credit quality of our tenants, we believe that there still remain significant risks to an economic recovery in the Euro-zone. As of the date of this Report, we have no significant exposure to tenants operating under bankruptcy protection. It is possible, however, that tenants may file for bankruptcy or default on their leases in the future and that economic conditions may again deteriorate.

To mitigate credit risk, we have historically looked to invest in assets that we believe are critically important to our tenants' operations and have attempted to diversify our portfolio by tenant, tenant industry and geography. We also monitor tenant performance through review of rent delinquencies as a precursor to a potential default, meetings with tenant management and review of tenants' financial statements and compliance with any financial covenants. When necessary, our asset management process includes restructuring transactions to meet the evolving needs of tenants, re-leasing properties, refinancing debt and selling properties, as well as protecting our rights when tenants default or enter into bankruptcy.

Inflation

Inflation impacts our lease revenues because our leases generally have rent adjustments that are either fixed or based on formulas indexed to changes in the consumer price index ("CPI") or other similar indices for the jurisdiction in which the property is located. Because these rent adjustments may be calculated based on changes in the CPI over a multi-year period, changes in inflation rates can have a delayed impact on our results of operations. We have seen a return of moderate inflation during the past two quarters that we expect will drive rent increases in our portfolio in coming years.

Lease Expirations and Occupancy

Our leases are in their early stages, with no significant leases scheduled to expire or renew in the near term. The advisor actively manages our real estate portfolio and begins discussing options with tenants in advance of scheduled lease expirations. In certain cases, we may obtain lease renewals from our tenants; however, tenants may elect to move out at the end of their term or may elect to exercise purchase options, if any, in their leases. In cases where tenants elect not to renew, we may seek replacement tenants or try to sell the property. Our investments were fully occupied at both March 31, 2012 and December 31, 2011, reflecting a portfolio of primarily new tenants.

Investor Capital Inflows

We are currently in our offering period and our ability to acquire assets and maintain portfolio diversification depends on our ability to raise funds.

We raised \$176.7 million during the first quarter of 2012 and \$139.3 million during the fourth quarter of 2011. Since inception through the termination of our initial public offering on April 7, 2011, we raised a total of more than \$1.5 billion. From the beginning of our follow-on offering on April 7, 2011 through March 31, 2012, we have raised \$595.4 million.

Results of Operations

The results of operations presented below for the three months ended March 31, 2012 are not expected to be representative of future results because we anticipate that our asset base will increase as we continue to invest capital. As our asset base increases, we expect that property-related revenues and expenses, as well as general and administrative expenses and other revenues and expenses, will increase.

We are dependent upon proceeds received from our follow-on offering to conduct our proposed activities. The capital required to make investments will be obtained from the follow-on offering and from any mortgage indebtedness that we may incur in connection with our investment activity.

The following table presents the components of our lease revenues (in thousands):

	Three Months Ended March 31,	
	2012	2011
Rental income	\$ 39,852	\$ 27,244
Interest income from direct financing leases	13,874	11,293
	<u>\$ 53,726</u>	<u>\$ 38,537</u>

The following table sets forth the net lease revenues (i.e., rental income and interest income from direct financing leases) that we earned from lease obligations through our direct ownership of real estate (in thousands):

Lessee (Date Acquired or Placed in Service)	Three Months Ended March 31,	
	2012	2011
Metro Cash & Carry Italia S.p.A. (9/2011) ^(a)	\$ 7,384	\$ -
The New York Times Company (3/2009) ^(b)	6,867	7,238
General Parts Inc., Golden State Supply LLC, Straus-Frank Enterprises LLC, General Parts Distribution LLC and Worldpac Inc., collectively "CARQUEST" (12/2010)	4,826	4,828
Agrokor d.d. (11/2011, 12/2010, 4/2010) ^(a)	4,773	3,822
Blue Cross and Blue Shield of Minnesota, Inc. (1/2012)	2,943	-
Eroski Sociedad Cooperativa (6/2010, 2/2010, 12/2009) ^(a)	2,600	2,662
Terminal Freezers, LLC (1/2011)	2,401	2,608
DTS Distribuidora de Television Digital SA (12/2010) ^(a)	2,230	2,255
LifeTime Fitness, Inc. (9/2008)	1,697	1,679
Flanders Corporation (12/2011, 4/2011)	1,535	-
Flint River Services, LLC (11/2010)	1,271	1,272
Angelica Corporation (3/2010)	1,266	1,250
Frontier Spinning Mills, Inc. (12/2008) ^(b)	1,126	1,111
The Sun Products Corp (9/2011)	1,125	-
McKesson Corporation (formerly US Oncology, Inc.) (12/2009)	1,047	1,047
Other ^{(a) (b)}	10,635	8,765
	<u>\$ 53,726</u>	<u>\$ 38,537</u>

- (a) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro during the three months ended March 31, 2012 decreased by approximately 4% in comparison to the same period in 2011, resulting in a negative impact on lease revenues for our Euro-denominated investments in the current year period.
- (b) These revenues are generated in consolidated investments, generally with our affiliates, and on a combined basis, include revenues applicable to noncontrolling interests totaling \$4.1 million and \$4.2 million for the three months ended March 31, 2012 and 2011, respectively.

We recognize income from equity investments in real estate, of which lease revenues are a significant component. The following table sets forth the net lease revenues earned by these investments. Amounts provided are the total amounts attributable to the investments and do not represent our proportionate share (dollars in thousands):

Lessee (Date Acquired)	Ownership Interest at March 31, 2012	Three Months Ended March 31,	
		2012	2011
Hellweg Die Profi-Baumarkte GmbH & Co. KG (5/2011) ^(a)	33%	\$ 8,695	\$ -
U-Haul Moving Partners, Inc. and Mercury Partners, LP (5/2011)	12%	8,122	-
C1000 Logistiek Vastgoed B.V. (1/2011) ^(a)	85%	3,651	3,109
Tesco plc (7/2009) ^(a)	49%	1,828	1,884
Berry Plastics Corporation (12/2007) ^(b)	50%	1,722	1,675
Dick's Sporting Goods, Inc. (5/2011)	45%	821	-
Eroski Sociedad Cooperativa - Mallorca (6/2010) ^(a)	30%	762	794
		<u>\$ 25,601</u>	<u>\$ 7,462</u>

- (a) Amounts are subject to fluctuations in foreign currency exchange rates. The average conversion rate for the U.S. dollar in relation to the Euro during the three months ended March 31, 2012 decreased by approximately 4% in comparison to the same period in 2011, resulting in a negative impact on lease revenues for our Euro-denominated investments in the current year period.
- (b) We also consolidate an investment with one of our affiliates that leases another property to this lessee.

Lease Revenues

As of March 31, 2012, 53% of our net leases, based on annualized contractual minimum base rent, provide for adjustments based on formulas indexed to changes in the CPI, or other similar indices for the jurisdiction in which the property is located, some of which have caps and/or floors. In addition, 42% of our net leases on that same basis have fixed rent adjustments. We own international investments and, therefore, lease revenues from these investments are subject to fluctuations in exchange rate movements in foreign currencies, primarily the Euro. During the quarter ended March 31, 2012, we entered into four new leases with a total contractual annual minimum base rent of \$14.8 million and a weighted-average term of 15.1 years. Additionally, we amended a lease agreement to provide for additional contractual annual minimum base rent of \$0.3 million in connection with an expansion on a property. We did not provide for any tenant concessions in connection with this lease amendment.

For the three months ended March 31, 2012 as compared to the same period in 2011, lease revenues increased by \$15.2 million primarily due to our investment activity during 2012 and 2011, which contributed revenues of \$12.9 million. In addition, rent increases at several properties contributed \$2.2 million of the increase in lease revenues.

Other Interest Income

For the three months ended March 31, 2012 as compared to the same period in 2011, Other interest income decreased by \$0.8 million, primarily due to the termination of a participation in the limited-recourse mortgage loan related to the New York Times investment during the first quarter of 2011.

Other Real Estate Operations

Other real estate operations represent the results of operations (revenues and operating expenses) of our two domestic hotel investments and 44 self-storage properties. For the three months ended March 31, 2012 as compared to the same period in 2011, our results from these operations reflected increases in income and expenses of \$8.9 million and \$5.6 million, respectively, primarily due to the acquisition of the 44 self-storage properties over the second, third, and fourth quarters of 2011.

Depreciation and Amortization

For the three months ended March 31, 2012 as compared to the same period in 2011, depreciation and amortization increased by \$6.4 million as a result of investments we entered into during 2012 and 2011.

General and Administrative

For the three months ended March 31, 2012 as compared to the same period in 2011, general and administrative expense increased by \$1.9 million, primarily due to increases in professional fees of \$1.1 million and increases in management expenses of \$0.5 million as a result of investments we entered into during 2012 and 2011. Professional fees include legal, accounting and investor-related expenses incurred in the normal course of business. Management expenses include our reimbursements to the advisor for the allocated costs of personnel and overhead in providing management of our day-to-day operations.

Property Expenses

For the three months ended March 31, 2012 as compared to the same period in 2011, property expenses increased by \$3.0 million, primarily due to increases in asset management fees of \$1.7 million as a result of 2012 and 2011 investment volume, which increased the asset base from which the advisor earns a fee. In addition, other property expenses increased by \$1.3 million as a result of investments we entered into in 2012 and 2011.

Impairment Charges

For the three months ended March 31, 2012, we incurred other-than-temporary impairment charges on our CMBS portfolio totaling \$2.0 million to reduce the carrying values of three CMBS tranches to zero as a result of non-performance and management's assessment that the likelihood of receiving further interest payments or return of principal is remote.

Income from Equity Investments in Real Estate

Income from equity investments in real estate represents our proportionate share of net income or net loss (revenue less expenses) from investments entered into with affiliates in which we have a noncontrolling interest but over which we exercise significant influence.

For the three months ended March 31, 2012 as compared to the same period in 2011, income from equity investments in real estate decreased by \$1.4 million, primarily due to \$1.1 million of amortization of basis differences recognized during the three months ended March 31, 2012 on the investments that we acquired from CPA[®]:14 during the second quarter of 2011.

Other Income and (Expenses)

Other income and (expenses) primarily consists of gains and losses on foreign currency transactions and derivative instruments. We and certain of our foreign consolidated subsidiaries have intercompany debt and/or advances that are not denominated in the entity's functional currency. When the intercompany debt or accrued interest thereon is remeasured against the functional currency of the entity, a gain or loss may result. For intercompany transactions that are of a long-term investment nature, the gain or loss is recognized as a cumulative translation adjustment in Other comprehensive income or loss. We also recognize gains or losses on foreign currency transactions when we repatriate cash from our foreign investments. In addition, we have certain derivative instruments, including common stock warrants and foreign currency contracts that are not designated as hedging, for which realized and unrealized gains and losses are included in earnings. The timing and amount of such gains and losses cannot always be estimated and are subject to fluctuation.

For the three months ended March 31, 2012, we recognized Other income of \$0.5 million, compared to other expenses of \$0.7 million recognized in the same period in 2011. Other income recognized in the current year period was comprised primarily of \$0.8 million of realized gain on certain foreign currency derivatives, interest income of \$0.1 million and net realized and unrealized losses of \$0.5 million on foreign currency transactions primarily related to cash repatriation from our foreign investments. Other expenses recognized in the prior year period were primarily due to realized and unrealized losses on foreign currency transactions as a result of changes in the exchange rate of the Euro.

Interest Expense

For the three months ended March 31, 2012 as compared to the same period in 2011, interest expense increased by \$4.9 million, primarily as a result of mortgage financing obtained and assumed in connection with our investment activity during 2012 and 2011.

Income from Discontinued Operations

For the three months ended March 31, 2012, we recognized income from discontinued operations of \$0.8 million, primarily due to a net gain on the sale of properties of \$0.7.

For the three months ended March 31, 2011, we recognized income generated from the operations of discontinued properties of \$0.4 million.

Net Income Attributable to Noncontrolling Interests

For the three months ended March 31, 2012 as compared to the same period in 2011, net income attributable to noncontrolling interests increased by \$1.4 million, primarily due to an increase in cash distributions paid to the advisor as a result of our 2012 and 2011 investment activity. As discussed in Note 3 to the consolidated financial statements, the advisor owns a special general partner interest in our operating partnership entitling it to up to 10% of the Available Cash of our operating partnership.

Net Income Attributable to CPA®:17 – Global Shareholders

For the three months ended March 31, 2012 as compared to the same period in 2011, the resulting net income attributable to CPA®:17 – Global shareholders decreased by \$1.3 million.

MFFO

MFFO is a non-GAAP measure that we use to evaluate our business. For a definition of MFFO and reconciliation to net income attributable to CPA®:17 – Global shareholders, see Supplemental Financial Measures below. For the three months ended March 31, 2012 as compared to the same period in 2011, MFFO increased by \$7.5 million, primarily as a result of our investment activity during 2012 and 2011.

Financial Condition

Sources and Uses of Cash During the Period

We expect to continue to invest the proceeds of our offerings in a diversified portfolio of income-producing commercial properties and other real estate related assets. We use the cash flow generated from our investments to meet our operating expenses, fund distributions to shareholders and service debt. Our cash flows fluctuate period to period due to a number of factors, which may include, among other things, the timing of purchases and sales of real estate, the timing of the receipt of the proceeds from and the repayment of non-recourse mortgage loans and receipt of lease revenues, the advisor's annual election to receive fees in shares of our common stock or cash, changes in foreign currency exchange rates and the timing, payments of distributions of available cash to the advisor and characterization of distributions received from equity investments in real estate. Despite these fluctuations, we believe our net leases and other real estate related assets will generate sufficient cash from operations and from equity distributions in excess of equity income in real estate to meet our normal recurring short-term and long-term liquidity needs. However, until we have fully invested the proceeds of our offerings, we have used, and expect in the future to use a portion of the offering proceeds to fund our operating activities and distributions to shareholders (see Financing Activities below). We assess our ability to access capital on an ongoing basis. Our sources and uses of cash during the period are described below.

Operating Activities

For the three months ended March 31, 2012, we used cash flows provided by operating activities of \$40.0 million to fund cash distributions to shareholders of \$16.6 million, excluding \$15.7 million in dividends that were reinvested by shareholders through our distribution reinvestment and share purchase plan, and to pay distributions of \$5.1 million to affiliates that hold noncontrolling interests in various entities with us. For 2012, the advisor has elected to continue to receive its asset management fees in shares of our common stock, and as a result, we have paid asset management fees of \$5.8 million through the issuance of stock rather than in cash.

Investing Activities

Our investing activities are generally comprised of real estate-related transactions (purchases and sales), payment of deferred acquisition fees to the advisor and capitalized property-related costs. During the three months ended March 31, 2012, we used \$182.2 million primarily to acquire several consolidated investments, including \$165.6 million for the BCBS investment, and to fund construction costs on several build-to-suit projects. We received \$2.8 million in distributions from our equity investments in real estate in excess of cumulative equity income and proceeds of \$12.7 million from the sale of 12 domestic properties. Funds totaling \$1.6 million and \$1.4 million, respectively, were invested in and released from lender-held investment accounts. We recovered \$2.3 million of foreign VAT during the three months ended March 31, 2012, including amounts paid in prior years. Payments of deferred acquisition fees to the advisor totaled \$4.8 million.

Financing Activities

As noted above, during the three months ended March 31, 2012, we paid distributions to shareholders and to affiliates that hold noncontrolling interests in various entities with us. We also made scheduled mortgage principal installments of \$3.9 million. We received \$172.0 million in net proceeds from our follow-on public offering and \$133.1 million in proceeds from mortgage financings related to 2012 and 2011 investment activity, including \$92.4 million obtained in connection with the BCBS acquisition. We also received a \$3.1 million mortgage deposit refund in connection with the BCBS financing.

Our objectives are to generate sufficient cash flow over time to provide shareholders with increasing distributions and to seek investments with potential for capital appreciation throughout varying economic cycles. During the three months ended March 31, 2012, we have declared distributions to shareholders totaling \$35.1 million, which were comprised of cash distributions of \$18.1 million and \$17.0 million of distributions reinvested by shareholders. We have funded 100% of these distributions from ACFO. In determining our distribution policy during the periods we are raising funds and investing capital, we place primary emphasis on projections of cash flow from operations, together with equity distributions in excess of equity income in real estate, from our investments, rather than on historical results of operations (though these and other factors may be a part of our consideration). In setting a distribution rate, we thus focus primarily on expected returns from those investments we have already made, as well as our anticipated rate of future investment, to assess the sustainability of a particular distribution rate over time.

We maintain a quarterly redemption plan pursuant to which we may, at the discretion of our board of directors, redeem shares of our common stock from shareholders seeking liquidity. For the three months ended March 31, 2012, we received requests to redeem 281,500 shares of our common stock pursuant to our redemption plan and these shares were redeemed in the second quarter of 2012.

Liquidity is affected adversely by unanticipated costs, lower-than-anticipated fundraising and greater-than-anticipated operating expenses. To the extent that our cash reserves are insufficient to satisfy our cash requirements, additional funds may be provided from cash generated from operations or through short-term borrowings. In addition, we may incur indebtedness in connection with the acquisition of any property, refinancing the debt thereon, arranging for the leveraging of any previously unfinanced property, or reinvesting the proceeds from financings or refinancings of additional properties.

Adjusted Cash Flow from Operating Activities

ACFO is a non-GAAP measure that we use to evaluate our business. For a definition of ACFO and reconciliation to cash flow from operating activities, see Supplemental Financial Measures below.

Our ACFO for the three months ended March 31, 2012 and 2011 was \$35.4 million and \$22.5 million, respectively. This increase was primarily due to increases in property-level cash flow generated from our investment activity during 2012 and 2011.

Summary of Financing

The table below summarizes our non-recourse and limited-recourse debt (dollars in thousands):

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Balance		
Fixed rate	\$ 807,401	\$ 772,259
Variable rate ^(a)	488,964	381,995
Total	<u>\$ 1,296,365</u>	<u>\$ 1,154,254</u>
Percent of total debt		
Fixed rate	62%	67%
Variable rate ^(a)	38%	33%
	<u>100%</u>	<u>100%</u>
Weighted-average interest rate at end of period		
Fixed rate	6.1%	6.1%
Variable rate ^(a)	4.0%	4.0%

- (a) Variable-rate debt at March 31, 2012 consisted of (i) \$360.3 million that was effectively converted to fixed-rate debt through interest rate swap derivative instruments, (ii) \$121.8 million that was subject to an interest rate cap, but for which the applicable interest rate was below the effective interest rate of the cap at March 31, 2012, and (iii) \$6.8 million in mortgage loan obligations that bore interest at fixed rates but have interest rate reset features that may change the interest rates to then-prevailing market fixed rates at certain points during their term.

Cash Resources

At March 31, 2012, our cash resources consisted of cash and cash equivalents totaling \$319.4 million. Of this amount, \$37.0 million, at then-current exchange rates, was held in foreign subsidiaries, but we could be subject to restrictions or significant costs should we decide to repatriate these amounts. We also had unleveraged properties that had an aggregate carrying value of \$180.0 million at March 31, 2012, although there can be no assurance that we would be able to obtain financing for these properties. We may sell shares in our follow-on offering until April 7, 2013; however, we may decide to extend the offering, which may be for up to an additional 18 months. Our cash resources may be used for future investments, working capital needs and other commitments.

Cash Requirements

During the next 12 months, we expect that cash payments will include paying distributions to our shareholders and to our affiliates that hold noncontrolling interests in entities we control, making scheduled mortgage loan principal payments of \$22.4 million, reimbursing the advisor for costs incurred on our behalf, and paying normal recurring operating expenses. Balloon payments on our mortgage loan obligations totaling \$4.5 million will be due during the next 12 months. In addition, our share of balloon payments due during the next 12 months on our unconsolidated jointly-owned investments totals \$79.9 million. We expect to continue to use funds raised from our follow-on offering to invest in new properties.

Off-Balance Sheet Arrangements and Contractual Obligations

The table below summarizes our debt, off-balance sheet arrangements and other contractual obligations at March 31, 2012 and the effect that these arrangements and obligations are expected to have on our liquidity and cash flow in the specified future periods (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Non-recourse and limited-recourse debt — principal ^(a)	\$ 1,297,210	\$ 22,428	\$ 63,732	\$ 494,405	\$ 716,645
Deferred acquisition fees	21,414	13,307	8,107	-	-
Interest on borrowings and deferred acquisition fees	446,850	69,695	132,740	117,668	126,747
Subordinated disposition fees ^(b)	202	-	-	-	202
Build-to-suit commitment and other capital commitments ^(c)	6,501	6,501	-	-	-
Lending commitment ^(d)	50,473	13,604	36,869	-	-
Operating and other lease commitments ^(e)	12,959	1,704	3,471	3,200	4,584
	<u>\$ 1,835,609</u>	<u>\$ 127,239</u>	<u>\$ 244,919</u>	<u>\$ 615,273</u>	<u>\$ 848,178</u>

- (a) Excludes \$0.8 million of unamortized discount on two notes, which was included in Non-recourse and limited-recourse debt at March 31, 2012.
- (b) Payable to the advisor, subject to meeting contingencies, in connection with any liquidity event for our stockholders. There can be no assurance that any liquidity event will be achieved in this time frame.
- (c) Represents remaining build-to-suit commitments on four projects, of which two have been placed into service and still have unfunded amounts on the commitments. As of March 31, 2012, total estimated construction costs for these projects were projected to be \$68.7 million in the aggregate, of which \$62.2 million had been funded at that date.
- (d) Represents the unfunded amount on a commitment to provide a loan to a developer of a domestic build-to-suit project. As of March 31, 2012, the total commitment for the loan was for up to \$158.1 million, of which \$107.7 million had been funded at that date.
- (e) Operating and other lease commitments consist of our share of future minimum rents payable under an office cost-sharing agreement with certain affiliates for the purpose of leasing office space used for the administration of real estate entities as well as future minimum rents payable under a lease executed in June 2010 (denominated in British Pound Sterling) in conjunction with an investment in the United Kingdom. Amounts under the cost-sharing agreement are allocated among the entities based on gross revenues and are adjusted quarterly. We anticipate that our share of future minimum lease payments will increase as we continue to invest the proceeds of our follow-on offering.

Amounts in the table above related to our foreign operations are based on the exchange rate of the local currencies at March 31, 2012, which consisted primarily of the Euro. At March 31, 2012, we had no material capital lease obligations for which we were the lessee, either individually or in the aggregate.

Equity Method Investments

We have investments in unconsolidated investments that own single-tenant properties net leased to corporations. Generally, the underlying investments are jointly-owned with our affiliates. Summarized financial information for these investments and our ownership interest in the investments at March 31, 2012 is presented below. Summarized financial information provided represents the total amounts attributable to the investments and does not represent our proportionate share (dollars in thousands):

<u>Lessee</u>	<u>Ownership Interest at March 31, 2012</u>	<u>Total Assets</u>	<u>Total Third- Party Debt</u>	<u>Maturity Date</u>
C1000 Logistiek Vastgoed B.V. ^(a)	85%	\$ 199,266	\$ 94,040	3/2013
U-Haul Moving Partners, Inc. and Mercury Partners, LP	12%	277,746	154,621	5/2014
Tesco plc ^(a)	49%	85,916	44,558	6/2016
Hellweg Die Profi-Baumarkte GmbH & Co. KG ^(a)	33%	442,486	366,517	4/2017
Berry Plastics Corporation	50%	75,727	27,854	6/2020
Dick's Sporting Goods, Inc.	45%	26,547	21,427	1/2022
Eroski Sociedad Cooperativa - Mallorca ^(a)	30%	31,100	-	N/A
		<u>\$ 1,138,788</u>	<u>\$ 709,017</u>	

(a) Dollar amounts shown are based on the exchange rate of the Euro at March 31, 2012.

Supplemental Financial Measures

In the real estate industry, analysts and investors employ certain non-GAAP supplemental financial measures in order to facilitate meaningful comparisons between periods and among peer companies. Additionally, in the formulation of our goals and in the evaluation of the effectiveness of our strategies, we employ the use of supplemental non-GAAP measures, which are uniquely defined by our management. We believe these measures are useful to investors to consider because they may assist them to better understand and measure the performance of our business over time and against similar companies. A description of these non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures are provided below.

Funds from Operations and Modified Funds from Operations

Due to certain unique operating characteristics of real estate companies, as discussed below, the National Association of Real Estate Investment Trusts, Inc., or NAREIT, an industry trade group, has promulgated a measure known as funds from operations, or FFO, which we believe to be an appropriate supplemental measure to reflect the operating performance of a REIT. The use of FFO is recommended by the REIT industry as a supplemental performance measure. FFO is not equivalent to nor a substitute for net income or loss as determined under GAAP.

We define FFO, a non-GAAP measure, consistent with the standards established by the White Paper on FFO approved by the Board of Governors of NAREIT, as revised in February 2004, or the White Paper. The White Paper defines FFO as net income or loss computed in accordance with GAAP, excluding gains or losses from sales of property, impairment charges on real estate and depreciation and amortization; and after adjustments for unconsolidated partnerships and joint investments. Adjustments for unconsolidated partnerships and joint investments are calculated to reflect FFO. Our FFO calculation complies with NAREIT's policy described above.

The historical accounting convention used for real estate assets requires straight-line depreciation of buildings and improvements, which implies that the value of real estate assets diminishes predictably over time, especially if such assets are not adequately maintained or repaired and renovated as required by relevant circumstances and/or is requested or required by lessees for operational purposes in order to maintain the value disclosed. We believe that, since real estate values historically rise and fall with market conditions, including inflation, interest rates, the business cycle, unemployment and consumer spending, presentations of operating results for a REIT using historical accounting for depreciation may be less informative. Historical accounting for real estate involves

the use of GAAP. Any other method of accounting for real estate such as the fair value method cannot be construed to be any more accurate or relevant than the comparable methodologies of real estate valuation found in GAAP. Nevertheless, we believe that the use of FFO, which excludes the impact of real estate-related depreciation and amortization as well as impairment charges of real estate-related assets, provides a more complete understanding of our performance to investors and to management, and when compared year over year, reflects the impact on our operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses, and interest costs, which may not be immediately apparent from net income. In particular, we believe it is appropriate to disregard impairment charges, as this is a fair value adjustment that is largely based on market fluctuations and assessments regarding general market conditions which can change over time. An asset will only be evaluated for impairment if certain impairment indications exist and if the carrying, or book value, exceeds the total estimated undiscounted future cash flows (including net rental and lease revenues, net proceeds on the sale of the property, and any other ancillary cash flows at a property or group level under GAAP) from such asset. Investors should note, however, that determinations of whether impairment charges have been incurred are based partly on anticipated operating performance, because estimated undiscounted future cash flows from a property, including estimated future net rental and lease revenues, net proceeds on the sale of the property, and certain other ancillary cash flows, are taken into account in determining whether an impairment charge has been incurred. While impairment charges are excluded from the calculation of FFO described above, investors are cautioned that, due to the fact that impairments are based on estimated future undiscounted cash flows and the relatively limited term of our operations, it could be difficult to recover any impairment charges. However, FFO and MFFO, as described below, should not be construed to be more relevant or accurate than the current GAAP methodology in calculating net income or in its applicability in evaluating the operating performance of the company. The method utilized to evaluate the value and performance of real estate under GAAP should be construed as a more relevant measure of operational performance and considered more prominently than the non-GAAP FFO and MFFO measures and the adjustments to GAAP in calculating FFO and MFFO.

Changes in the accounting and reporting promulgations under GAAP (for acquisition fees and expenses from a capitalization/depreciation model to an expensed-as-incurred model) were put into effect in 2009. These other changes to GAAP accounting for real estate subsequent to the establishment of NAREIT's definition of FFO have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses for all industries as items that are expensed under GAAP, that are typically accounted for as operating expenses. Management believes these fees and expenses do not affect our overall long-term operating performance. Publicly registered, non-listed REITs typically have a significant amount of acquisition activity and are substantially more dynamic during their initial years of investment and operation. While other start-up entities may also experience significant acquisition activity during their initial years, we believe that non-listed REITs are unique in that they have a limited life with targeted exit strategies within a relatively limited time frame after acquisition activity ceases. As disclosed in the prospectus for our follow-on offering dated April 7, 2011 (the "Prospectus"), we intend to begin the process of achieving a liquidity event (i.e., listing of our common stock on a national exchange, a merger or sale of our assets or another similar transaction) within eight to 12 years following the investment of substantially all of the net proceeds from our initial public offering, which was terminated in April 2011. Thus, we do not intend to continuously purchase assets and intend to have a limited life. Due to the above factors and other unique features of publicly registered, non-listed REITs, the Investment Program Association ("IPA"), an industry trade group, has standardized a measure known as MFFO, which the IPA has recommended as a supplemental measure for publicly registered non-listed REITs and which we believe to be another appropriate supplemental measure to reflect the operating performance of a non-listed REIT having the characteristics described above. MFFO is not equivalent to our net income or loss as determined under GAAP, and MFFO may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate with a limited life and targeted exit strategy, as currently intended. We believe that, because MFFO excludes costs that we consider more reflective of investing activities and other non-operating items included in FFO and also excludes acquisition fees and expenses that affect our operations only in periods in which properties are acquired, MFFO can provide, on a going forward basis, an indication of the sustainability (that is, the capacity to continue to be maintained) of our operating performance after the period in which we are acquiring properties and once our portfolio is in place. By providing MFFO, we believe we are presenting useful information that assists investors and analysts to better assess the sustainability of our operating performance after our offering has been completed and once all of our properties have been acquired. We also believe that MFFO is a recognized measure of sustainable operating performance by the non-listed REIT industry. Further, we believe MFFO is useful in comparing the sustainability of our operating performance after our offering and most of our acquisitions are completed with the sustainability of the operating performance of other real estate companies that are not as involved in acquisition activities. Investors are cautioned that MFFO should only be used to assess the sustainability of a company's operating performance after a company's offering has been completed and properties have been acquired, as it excludes acquisition costs that have a negative effect on a company's operating performance during the periods in which properties are acquired.

We define MFFO, a non-GAAP measure, consistent with the IPA's Guideline 2010-01, Supplemental Performance Measure for Publicly Registered, Non-Listed REITs: Modified Funds from Operations, or the Practice Guideline, issued by the IPA in November 2010. The Practice Guideline defines MFFO as FFO further adjusted for the following items, as applicable, included in the

determination of GAAP net income; acquisition fees and expenses; amounts relating to deferred rent receivables and amortization of above and below market leases and liabilities (which are adjusted in order to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments); accretion of discounts and amortization of premiums on debt investments; nonrecurring impairments of real estate-related investments (i.e., infrequent or unusual, not reasonably likely to recur in the ordinary course of business); mark-to-market adjustments included in net income; nonrecurring gains or losses included in net income from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan, unrealized gains or losses resulting from consolidation from, or deconsolidation to, equity accounting, and after adjustments for consolidated and unconsolidated partnerships and joint investments, with such adjustments calculated to reflect MFFO on the same basis. The accretion of discounts and amortization of premiums on debt investments, nonrecurring unrealized gains and losses on hedges, foreign exchange, derivatives or securities holdings, unrealized gains and losses resulting from consolidations, as well as other listed cash flow adjustments are adjustments made to net income in calculating the cash flows provided by operating activities and, in some cases, reflect gains or losses which are unrealized and may not ultimately be realized. While we are responsible for managing interest rate, hedge and foreign exchange risk, we retain an outside consultant to review all our hedging agreements. Inasmuch as interest rate hedges are not a fundamental part of our operations, we believe it is appropriate to exclude such infrequent gains and losses in calculating MFFO, as such gains and losses are not reflective of on-going operations.

Our MFFO calculation complies with the IPA's Practice Guideline described above. In calculating MFFO, we exclude acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments of derivative financial instruments, deferred rent receivables and the adjustments of such items related to noncontrolling interests. Under GAAP, acquisition fees and expenses are characterized as operating expenses in determining operating net income. These expenses are paid in cash by a company. All paid and accrued acquisition fees and expenses will have negative effects on returns to investors, the potential for future distributions, and cash flows generated by the company, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to such property. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income in determining cash flow from operating activities. In addition, we view fair value adjustments of derivatives and gains and losses from dispositions of assets as infrequent items or items which are unrealized and may not ultimately be realized, and which are not reflective of on-going operations and are therefore typically adjusted for assessing operating performance.

Our management uses MFFO and the adjustments used to calculate it in order to evaluate our performance against other non-listed REITs which have limited lives with short and defined acquisition periods and targeted exit strategies shortly thereafter. As noted above, MFFO may not be a useful measure of the impact of long-term operating performance on value if we do not continue to operate in this manner. We believe that our use of MFFO and the adjustments used to calculate it allow us to present our performance in a manner that reflects certain characteristics that are unique to non-listed REITs, such as their limited life, limited and defined acquisition period and targeted exit strategy, and hence that the use of such measures is useful to investors. For example, acquisition costs are generally funded from the proceeds of our offering and other financing sources and not from operations. By excluding expensed acquisition costs, the use of MFFO provides information consistent with management's analysis of the operating performance of the properties. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, we believe MFFO provides useful supplemental information.

Presentation of this information is intended to provide useful information to investors as they compare the operating performance of different REITs, although it should be noted that not all REITs calculate FFO and MFFO the same way, so comparisons with other REITs may not be meaningful. Furthermore, FFO and MFFO are not necessarily indicative of cash flow available to fund cash needs and should not be considered as an alternative to net income (loss) or income (loss) from continuing operations as an indication of our performance, as an alternative to cash flows from operations as an indication of our liquidity, or indicative of funds available to fund our cash needs including our ability to make distributions to our stockholders. FFO and MFFO should be reviewed in conjunction with other GAAP measurements as an indication of our performance.

MFFO has limitations as a performance measure in an offering such as ours, where the price of a share of common stock is a stated value and there is no net asset value determination during the offering stage and for a period thereafter. MFFO is useful in assisting management and investors in assessing the sustainability of operating performance in future operating periods, and in particular, after the offering and acquisition stages are complete and net asset value is disclosed. MFFO is not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining MFFO.

Neither the SEC, NAREIT nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, the SEC, NAREIT or another regulatory body may decide to standardize the allowable adjustments across the non-listed REIT industry and we would have to adjust our calculation and characterization of FFO or MFFO accordingly.

FFO and MFFO for all periods presented are as follows (in thousands):

	Three Months Ended March 31,	
	2012	2011
Net income attributable to CPA®:17 – Global shareholders	\$ 11,123	\$ 12,435
Adjustments:		
Depreciation and amortization of real property	14,193	8,001
Gain on sale of real estate, net	(740)	-
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at FFO:		
Depreciation and amortization of real property	4,400	2,039
Proportionate share of adjustments for noncontrolling interests to arrive at FFO	(129)	(159)
Total adjustments	<u>17,724</u>	<u>9,881</u>
FFO — as defined by NAREIT ^(a)	<u>28,847</u>	<u>22,316</u>
Adjustments:		
Other depreciation, amortization and non-cash charges	173	624
Straight-line and other rent adjustments ^(b)	(3,942)	(3,050)
Impairment charges ^(c)	2,019	-
Acquisition expenses ^(d)	718	410
Above (below)-market rent intangible lease amortization, net ^(e)	282	450
Amortization of premiums on debt investments, net	37	37
Realized (gains) losses on foreign currency, derivatives and other ^(f)	(486)	57
Proportionate share of adjustments to equity in net income of partially-owned entities to arrive at MFFO:		
Other depreciation, amortization and non-cash charges	9	(9)
Straight-line and other rent adjustments ^(b)	(9)	(127)
Acquisition expenses ^(d)	64	57
Above (below)-market rent intangible lease amortization, net ^(e)	7	(2)
Realized losses on foreign currency, derivatives and other ^(f)	-	1
Proportionate share of adjustments for noncontrolling interests to arrive at MFFO	979	437
Total adjustments	<u>(149)</u>	<u>(1,115)</u>
MFFO	<u>\$ 28,698</u>	<u>\$ 21,201</u>

- (a) The SEC Staff has recently stated that they take no position on the inclusion or exclusion of impairment write-downs in arriving at FFO. Since 2003, NAREIT has taken the position that the exclusion of impairment charges on real estate is consistent with its definition of FFO. Accordingly, we have revised our computation of FFO to exclude impairment charges on real estate, if any, in arriving at FFO for all periods presented.
- (b) Under GAAP, rental receipts are allocated to periods using various methodologies. This may result in income recognition that is significantly different than underlying contract terms. By adjusting for these items (to reflect such payments from a GAAP accrual basis to a cash basis of disclosing the rent and lease payments), management believes that MFFO provides useful supplemental information on the realized economic impact of lease terms and debt investments, provides insight on the contractual cash flows of such lease terms and debt investments, and aligns results with management's analysis of operating performance.
- (c) Impairment charges were incurred on our CMBS portfolio and are considered non-real estate impairments. As such, these impairment charges were not included in our computation of FFO as defined by NAREIT but are included as an adjustment in arriving at MFFO as these charges are not directly related or attributable to our operations.
- (d) In evaluating investments in real estate, management differentiates the costs to acquire the investment from the operations derived from the investment. Such information would be comparable only for non-listed REITs that have completed their acquisition activity and have other similar operating characteristics. By excluding expensed acquisition costs, management believes MFFO provides useful supplemental information that is comparable for each type of real estate investment and is consistent with management's analysis of the investing and operating performance of our properties. Acquisition fees and

expenses include payments to our advisor or third parties. Acquisition fees and expenses under GAAP are considered operating expenses and as expenses included in the determination of net income and income from continuing operations, both of which are performance measures under GAAP. All paid and accrued acquisition fees and expenses will have negative effects on returns to shareholders, the potential for future distributions, and cash flows generated by us, unless earnings from operations or net sales proceeds from the disposition of properties are generated to cover the purchase price of the property, these fees and expenses and other costs related to the property.

- (e) Under GAAP, certain intangibles are accounted for at cost and reviewed at least annually for impairment, and certain intangibles are assumed to diminish predictably in value over time and amortized, similar to depreciation and amortization of other real estate related assets that are excluded from FFO. However, because real estate values and market lease rates historically rise or fall with market conditions, management believes that by excluding charges relating to amortization of these intangibles, MFFO provides useful supplemental information on the performance of the real estate.
- (f) Management believes that adjusting for fair value adjustments for derivatives provides useful information because such fair value adjustments are based on market fluctuations and may not be directly related or attributable to our operations.

Adjusted Cash Flow from Operating Activities

ACFO refers to our cash flow from operating activities (as computed in accordance with GAAP) adjusted, where applicable, primarily to: add cash distributions that we receive from our investments in unconsolidated real estate joint investments in excess of our equity income; subtract cash distributions that we make to our noncontrolling partners in real estate joint investments that we consolidate; and eliminate changes in working capital. We hold a number of interests in real estate joint investments, and we believe that adjusting our GAAP cash flow provided by operating activities to reflect these actual cash receipts and cash payments, as well as eliminating the effect of timing differences between the payment of certain liabilities and the receipt of certain receivables in a period other than that in which the item is recognized, may give investors additional information about our actual cash flow that is not incorporated in cash flow from operating activities as defined by GAAP.

We believe that ACFO is a useful supplemental measure for assessing the cash flow generated from our core operations as it gives investors important information about our liquidity that is not provided within cash flow from operating activities as defined by GAAP, and we use this measure when evaluating distributions to shareholders.

As we are still in our offering and investment stage, we also consider our expectations as to the yields that may be generated on existing investments and our acquisition pipeline when evaluating distributions to shareholders.

ACFO for all periods presented is as follows (in thousands):

	Three Months Ended March 31,	
	2012	2011
Summarized cash flow information:		
Cash flow provided by operating activities	\$ 40,048	\$ 26,404
Net cash used in investing activities	\$ 169,379	\$ 194,125
Net cash provided by financing activities	\$ 266,618	\$ 209,173
Reconciliation of ACFO:		
Cash flow provided by operating activities	\$ 40,048	\$ 26,404
Adjustments:		
Distributions received from equity investments in real estate in excess of equity income, net	2,773	2,085
Distributions paid to noncontrolling interests, net	(4,881)	(5,059)
Changes in working capital	(2,536)	(947)
ACFO	\$ 35,404	\$ 22,483
Distributions declared ^(a)	\$ 35,105	\$ 24,234

- (a) During the three months ended March 31, 2012 and 2011, 100% and 93%, respectively, of distributions were sourced from ACFO, with the remainder sourced from offering proceeds. From inception through March 31, 2012, cumulative distributions of \$263.3 million, including cash distributions of \$134.1 million, were sourced 80% from ACFO, with the remainder sourced from offering proceeds.

While we believe that ACFO is an important supplemental measure, it should not be considered an alternative to cash flow from operating activities as a measure of liquidity. This non-GAAP measure should be used in conjunction with cash flow from operating activities as defined by GAAP. ACFO, or similarly titled measures disclosed by other REITs, may not be comparable to our ACFO measure.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates and equity prices. The primary risks to which we are exposed are interest rate risk and foreign currency exchange risk. We are also exposed to market risk as a result of concentrations in certain tenant industries. We regularly monitor our portfolio to assess potential concentrations of market risk as we make additional investments and we seek to diversify our portfolio in order to mitigate concentration risks.

Generally, we do not use derivative instruments to manage foreign currency exchange rate exposure and do not use derivative instruments to hedge credit/market risks or for speculative purposes. However, from time to time, we may enter into foreign currency derivative contracts to hedge our foreign currency cash flow exposures.

Interest Rate Risk

The value of our real estate, related fixed-rate debt obligations and notes receivable is subject to fluctuations based on changes in interest rates. The value of our real estate is also subject to fluctuations based on local and regional economic conditions and changes in the creditworthiness of lessees, all of which may affect our ability to refinance property-level mortgage debt when balloon payments are scheduled. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. An increase in interest rates would likely cause the value of our owned assets to decrease. Increases in interest rates may also have an impact on the credit profile of certain tenants.

We are exposed to the impact of interest rate changes primarily through our borrowing activities. To limit this exposure, we attempt to obtain non-recourse mortgage financing on a long-term, fixed-rate basis. However, from time to time, we or our investment partners may obtain variable-rate non-recourse mortgage loans and, as a result, may enter into interest rate swap agreements or interest rate cap agreements with lenders that effectively convert the variable-rate debt service obligations of the loan to a fixed rate. Interest rate swaps are agreements in which one party exchanges a stream of interest payments for a counterparty's stream of cash flows over a specific period, and interest rate caps limit the effective borrowing rate of variable-rate debt obligations while allowing participants to share in downward shifts in interest rates. These interest rate swaps and caps are derivative instruments designated as cash flow hedges on the forecasted interest payments on the debt obligation. The notional, or face, amount on which the swaps or caps are based is not exchanged. Our objective in using these derivatives is to limit our exposure to interest rate movements. At March 31, 2012, we estimate that the net fair value of our interest rate cap and interest rate swaps, which are included in Other assets, net and Accounts payable, accrued expenses and other liabilities, respectively, in the consolidated financial statements, was in a net liability position of \$9.5 million (Note 9).

At March 31, 2012, all of our debt either bore interest at fixed rates, was swapped to a fixed rate, was subject to an interest rate cap, or bore interest at fixed rates that were scheduled to convert to then-prevailing market fixed rates at certain points during their term. The estimated fair value of these instruments is affected by changes in market interest rates. The annual interest rates on our fixed-rate debt at March 31, 2012 ranged from 3.6% to 8.0%. The effective annual interest rates on our variable-rate debt at March 31, 2012 ranged from 3.1% to 6.6%. Our debt obligations are more fully described under Financial Condition in Item 2 above. The following table presents principal cash flows based upon expected maturity dates of our debt obligations outstanding at March 31, 2012 (in thousands):

	2012	2013	2014	2015	2016	Thereafter	Total	Fair value
Fixed-rate debt	\$ 14,717	\$ 28,134	\$ 25,557	\$ 60,196	\$ 69,572	\$ 610,070	\$ 808,246	\$ 837,921
Variable-rate debt	\$ 3,213	\$ 4,577	\$ 4,776	\$ 4,900	\$ 224,120	\$ 247,378	\$ 488,964	\$ 488,964

A decrease or increase in interest rates of 1% would change the estimated fair value of this debt at March 31, 2012 by an aggregate increase of \$42.5 million or an aggregate decrease of \$43.4 million, respectively.

As more fully described under Financial Condition – Summary of Financing in Item 2 above, a portion of the debt classified as variable-rate debt in the table above bore interest at fixed rates at March 31, 2012 but has interest rate reset features that will change the fixed interest rates to then-prevailing market fixed rates at certain points during their term. This debt is generally not subject to short-term fluctuations in interest rates.

Foreign Currency Exchange Rate Risk

We own international investments in Europe, and as a result are subject to risk from the effects of exchange rate movements in the Euro and, to a lesser extent, the British Pound Sterling, which may affect future costs and cash flows. Although all of our foreign investments through the first quarter of 2012 were conducted in these currencies, we are likely to conduct business in other currencies in the future as we seek to invest funds from our offering internationally. We manage foreign currency exchange rate movements by generally placing both our debt obligation to the lender and the tenant's rental obligation to us in the same currency. This reduces our overall exposure to the actual equity that we have invested and the equity portion of our cash flow. In addition, we may use currency hedging to further reduce the exposure to our equity cash flow. We are generally a net receiver of these currencies (we receive more cash than we pay out), and therefore our foreign operations benefit from a weaker U.S. dollar, and are adversely affected by a stronger U.S. dollar, relative to the foreign currency.

We recognized net unrealized and realized foreign currency transaction losses of \$0.2 million and \$0.2 million, respectively, for the three months ended March 31, 2012. These losses are included in Other income and (expenses) in the consolidated financial statements and were primarily due to changes in the value of the foreign currency on accrued interest receivable on notes receivable from consolidated subsidiaries.

We enter into foreign currency forward contracts, collars, and put options to hedge certain of our foreign currency cash flow exposures. A foreign currency forward contract is a commitment to deliver a certain amount of currency at a certain price on a specific date in the future. A foreign currency collar consists of a purchased call option to buy and a written put option to sell the foreign currency. A foreign currency put option is the right to sell the currency at a predetermined price. By entering into forward contracts, we are locked into a future currency exchange rate for the term of the contract. A foreign currency collar guarantees that the exchange rate of the currency will not fluctuate beyond the range of the options' strike prices. The total estimated fair value of these instruments, which is included in Other assets, net, was \$6.1 million at March 31, 2012.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our disclosure controls and procedures include our controls and other procedures designed to provide reasonable assurance that information required to be disclosed in this and other reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the required time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures. It should be noted that no system of controls can provide complete assurance of achieving a company’s objectives and that future events may impact the effectiveness of a system of controls.

Our chief executive officer and chief financial officer, after conducting an evaluation, together with members of our management, of the effectiveness of the design and operation of our disclosure controls and procedures at March 31, 2012, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of March 31, 2012 at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

For the three months ended March 31, 2012, we issued 580,828 shares of our common stock to the advisor as consideration for asset management fees. These shares were issued at \$10.00 per share, which represents our follow-on offering price. Since none of these transactions were considered to have involved a “public offering” within the meaning of Section 4(2) of the Securities Act, the shares issued were deemed to be exempt from registration. In acquiring our shares, the advisor represented that such interests were being acquired by it for the purpose of investment and not with a view to the distribution thereof.

Item 6. Exhibits

The following exhibits are filed with this Report, except where indicated.

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from Corporate Property Associates 17 – Global Incorporated’s Quarterly Report on Form 10-Q for the quarter ended at March 31, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets at at March 31, 2012 and December 31, 2011, (ii) Consolidated Statements of Income for the three months ended March 31, 2012 and 2011, (iii) Consolidated Statements of Comprehensive Income for the three months ended March 31, 2012 and 2011, (iv) Consolidated Statements of Equity for the three months ended March 31, 2012 and 2011, (v) Consolidated Statements of Cash Flows for the three months ended March 31, 2012 and 2011, and (vi) Notes to Consolidated Financial Statements.*

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Corporate Property Associates 17 – Global Incorporated

Date: May 11, 2012

By: /s/ Mark J. DeCesaris
Mark J. DeCesaris
Chief Financial Officer
(Principal Financial Officer)

Date: May 11, 2012

By: /s/ Hisham A. Kader
Hisham A. Kader
Chief Accounting Officer
(Principal Accounting Officer)



CORPORATE PROPERTY ASSOCIATES 17 - GLOBAL INCORPORATED

100,000,000 Shares of Common Stock, \$10.00 per Share
50,000,000 Shares of Common Stock, \$9.50 per Share issuable pursuant
to our Distribution Reinvestment and Stock Purchase Plan
Minimum Investment: 200 Shares (may be higher in certain states)

Corporate Property Associates 17—Global Incorporated, or CPA[®]:17, was formed in February 2007 for the purpose of investing in a diversified portfolio of income-producing commercial properties and other real estate-related assets, both domestically and outside the United States. We conduct substantially all of our investment activities and own all of our assets through CPA:17 Limited Partnership, our “operating partnership.” Carey Asset Management Corp., a wholly-owned subsidiary of W. P. Carey & Co. LLC, is our advisor and manages our business in conjunction with W. P. Carey Holdings, LLC, a subsidiary of W. P. Carey & Co. LLC. As of the date of this prospectus, we own interests in 348 properties. We have elected to be treated as a real estate investment trust, or a REIT, for U.S. federal income tax purposes beginning with our tax year ended December 31, 2007.

An investment in our shares involves a high degree of risk. You should purchase these securities only if you can afford a complete loss of your investment. See “Risk Factors” beginning on page 35 for a discussion of certain factors that you should consider before you invest in the shares being sold with this prospectus, including:

- The recent financial and economic crisis adversely affected our business, and the continued uncertainty in the global economic environment may adversely affect our business in the future.
- Our advisor may be subject to conflicts of interest. We pay substantial fees to our advisor based on factors other than the quality of services provided. Our fee structure may encourage our advisor to make investments with increased leverage or to make riskier or more speculative investments. In addition, we, our advisor and Carey Financial, LLC, the dealer manager, are affiliates with some common management, and agreements between us and our affiliates are not arms-length agreements.
- We have had limited income. We have not yet invested all of the proceeds of our follow-on offering or identified the properties to be acquired with the proceeds from this offering, which makes this a “blind pool” offering with respect to the proceeds of this offering. You will be unable to evaluate our entire investment portfolio prior to your investment.
- There is no public market for our shares. If you have to sell your shares in the initial years of the program, you will most likely receive less than \$10.00 per share.
- Failure to continue to qualify as a REIT would adversely affect our operations and ability to make distributions.
- Our distributions have exceeded, and may in the future exceed, our GAAP earnings and our adjusted cash flow from operating activities and may be paid from offering proceeds, borrowings and other sources, without limitation, particularly during the period before we have substantially invested the remaining net proceeds from this offering, which would reduce amounts available for the acquisition of properties or require us to repay such borrowings, both of which could reduce your overall return.
- You will experience substantial dilution in the net tangible book value of your shares equal to offering costs associated with your shares.
- Our board of directors may change our investment policies without stockholder approval, which could alter the nature of your investment.
- Shares of our common stock are subject to a 9.8% ownership limitation, unless exempted by our board of directors, that is intended, among other purposes, to assist us in complying with restrictions imposed on REITs by the Internal Revenue Code.

Neither the Securities and Exchange Commission, the Attorney General of the State of New York, nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense. Projections and forecasts cannot be used in this offering. No one is permitted to make any written or oral predictions about how much cash you will receive from your investment or the tax benefits that you may receive.

	Maximum Aggregate Price to Public	Maximum Selling Commissions ⁽²⁾	Maximum Dealer Manager Fee ⁽²⁾	Proceeds, Before Expenses, to Us ⁽¹⁾
Maximum Offering	\$1,000,000,000	\$65,000,000	\$35,000,000	\$900,000,000
Per Share	\$10.00	\$0.65	\$0.35	\$9.00
Maximum Reinvestment Plan	\$475,000,000	—	—	\$475,000,000
Per Share	\$9.50	—	—	\$9.50

(1) The proceeds are calculated before deducting certain organization and offering expenses payable by us. The total of the above fees, plus other organizational and offering expenses and fees are estimated to be approximately \$105,000,000 if the maximum of 100,000,000 shares are sold in the offering and approximately \$105,000,000 if the maximum of 150,000,000 shares are sold, which includes 100,000,000 shares sold in the offering and 50,000,000 shares sold pursuant to our Distribution Reinvestment and Stock Purchase Plan. To the extent that all other organization and offering expenses exceed two percent of the gross offering proceeds, the excess expenses will be paid by our advisor. See “The Offering/Plan of Distribution.”

(2) While we will generally pay a selling commission and dealer manager fee in connection with the offering of 6.5% and 3.5%, respectively, our dealer manager may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases. See “The Offering/Plan of Distribution.”

The dealer manager, Carey Financial, LLC, is our affiliate and is not required to sell any specific number or dollar amount of the shares but will use its “best efforts” to sell the shares offered. The funds accepted by the dealer manager and selected dealers from the sale of shares will be promptly deposited into our interest-bearing account at UMB Bank. The funds will be transferred to us from time to time. You will become a stockholder once your funds are transferred to us and shares are issued to you. Transfers occur periodically to provide for an orderly flow of funds into our company. You will receive interest earned by your funds if your funds are held for 20 days or longer before being transferred to us. See “The Offering/Plan of Distribution.” No minimum number of shares are required to be sold in this offering. We may sell our shares in the offering until April 7, 2013; however, we may decide to extend the offering, which may be for up to an additional 18 months. In some states, we will need to renew our registration annually in order to continue offering our shares beyond the initial registration period.

SUITABILITY STANDARDS

The shares we are offering are suitable only as a long-term investment for persons of adequate financial means. There is currently no public market for the shares, and there is no assurance that one will develop. This means that it may be difficult to sell your shares. You should not invest in these shares if you need to sell them immediately or will need to sell them quickly in the future.

In consideration of these factors, we have established suitability standards for initial stockholders in this offering and subsequent transferees. These suitability standards require that a purchaser of shares (other than a purchaser of shares in New Hampshire) have either:

- a gross annual income of at least \$70,000 and a net worth (excluding the value of a purchaser's home, furnishings and automobiles) of at least \$70,000; or
- a net worth of at least \$250,000 (excluding the value of a purchaser's home, furnishings and automobiles).

New Hampshire — Investors must have either: (i) a net worth of \$250,000, or (ii) a net worth exclusive of home, home furnishings, and automobiles of \$125,000, and taxable income of \$50,000.

Alabama, California, Iowa, Kansas, Kentucky, Massachusetts, Michigan, Missouri, Nebraska, Ohio, Oregon, Pennsylvania and Tennessee have established suitability standards in addition to those we have established. Shares will be sold only to investors in these states who meet the additional suitability standards set forth below:

Alabama — In addition to our suitability requirements, investors must have a liquid net worth of at least ten times their investment in CPA®:17 and its affiliated programs.

California — Each investor's maximum investment in CPA®:17 may not be more than 10% of their liquid net worth. Liquid net worth is defined as net worth excluding the value of the purchaser's home, home furnishings and automobile.

Iowa — Each investor in Iowa must have either (i) a minimum net worth of \$100,000 (exclusive of home, auto and furnishings) and an annual income of \$70,000, or (ii) a minimum net worth of \$350,000 (exclusive of home, auto and furnishings). The maximum investment in CPA®:17 and its affiliated programs cannot exceed 10% of an Iowa resident's net worth.

Kansas — Kansas recommends that Kansas investors not invest, in the aggregate, more than 10% of their liquid net worth in this and other similar investments. Liquid net worth is defined as the portion of net worth which consists of cash and cash equivalents and readily marketable securities.

Kentucky — Each investor in Kentucky must have a liquid net worth of \$250,000, or a combined liquid net worth of \$70,000 and annual income of \$70,000. Each investor's total investment in CPA®:17 may not be more than 10% of their liquid net worth. Liquid net worth is defined as net worth excluding the value of the purchaser's home, home furnishings and personal automobile.

Massachusetts — The maximum investment in CPA®:17 and its affiliated programs cannot exceed 10% of a Massachusetts resident's net worth.

Michigan — The maximum investment in CPA®:17 and its affiliated programs cannot exceed 10% of a Michigan resident's net worth.

Missouri, Oregon and Tennessee — Investors must also have a liquid net worth of at least ten times their investment in CPA®:17.

Nebraska — Each investor in Nebraska must have either (i) a minimum net worth of \$100,000 (exclusive of home, auto and furnishings) and an annual income of \$70,000, or (ii) a minimum net worth of \$350,000. In addition, the total investment in CPA®:17 should not exceed 10% of the investor's net worth (exclusive of home, auto and furnishings).

Ohio — The maximum investment in CPA®:17 and its affiliated programs cannot exceed 10% of an Ohio resident's net worth.

Pennsylvania — In addition to our suitability requirements, investors must have a net worth of at least ten times their investment in CPA[®]:17.

New York, North Carolina and Pennsylvania impose a higher minimum investment requirement than we require. In New York and North Carolina, individuals must purchase at least 250 shares (not applicable to IRAs).

In the case of sales to fiduciary accounts, these suitability standards must be met by the fiduciary account, by the person who directly or indirectly supplied the funds for the purchase of the shares, or by the beneficiary of the account. These suitability standards are intended to help ensure that, given the long-term nature of an investment in CPA[®]:17, our investment objectives and the relative illiquidity of the shares, a purchase of shares is an appropriate investment. The sponsor and each person selling shares on behalf of CPA[®]:17 must make every reasonable effort to determine that the purchase of shares is a suitable and appropriate investment for each stockholder based on information provided by the stockholder regarding the stockholder's financial situation and investment objectives. Each person selling shares on behalf of CPA[®]:17 is required to maintain records for six years of the information used to determine that an investment in the shares is suitable and appropriate for a stockholder.

Additionally, investors should consult their financial advisors as to their suitability, as the minimum suitability standards may vary from broker-dealer to broker-dealer.

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QUESTIONS AND ANSWERS ABOUT THIS OFFERING

Below are some of the more frequently asked questions and answers relating to us and an offering of this type. See the “Prospectus Summary” section and the remainder of this prospectus for more detailed information about this offering.

Unless the context otherwise requires or indicates, references in this prospectus to “we,” “the corporation,” “our,” “us” and “CPA®:17” refer to Corporate Property Associates 17 – Global Incorporated, together with our subsidiary, CPA:17 Limited Partnership, a Delaware limited partnership, which we refer to in this prospectus as our “operating partnership.” References to “our shares” refer to shares of our common stock. References to “our dealer manager” refer to Carey Financial, LLC, or “Carey Financial.” References to “our advisor” refer to Carey Asset Management Corp., or “Carey Asset Management,” which is the entity named as the advisor under our advisory agreement, together with its affiliates that perform services on its behalf in connection with the advisory agreement. References to “Carey Holdings” refers to W. P. Carey Holdings, LLC. References to “W. P. Carey” refer to W. P. Carey & Co. LLC (or any of its predecessors), which is the parent company of both Carey Financial and Carey Asset Management, and holds an interest in Carey Holdings.

Q: What is Corporate Property Associates 17 – Global Incorporated?

A: We are a REIT that invests primarily in income-producing commercial properties and other real estate-related assets. We were formed in 2007 and raised approximately \$1.5 billion of gross proceeds from the commencement of our offering through April 7, 2011 under our initial public offering. We have raised approximately \$595.4 million from April 7, 2011 through March 30, 2012 under our follow-on offering. As of the date of this prospectus, we own interests in a diversified pool of 348 properties. We are externally managed by Carey Asset Management, a subsidiary of W. P. Carey.

Q: What is a REIT?

A: In general, a REIT, is an entity that:

- combines the capital of many investors to acquire or provide financing for real properties;
- enables individual investors to invest in a professionally managed portfolio of real estate assets; and
- provided certain U.S. federal income tax requirements are satisfied, avoids the “double taxation” (at the corporate and stockholder level) of income that generally results from investments in a corporation because a REIT is generally not subject to U.S. federal corporate income taxes on that portion of its net income distributed to stockholders.

Q: What is W. P. Carey?

A: W. P. Carey, our sponsor, is a New York Stock Exchange listed real estate advisory and investment company that specializes in providing net lease financing for corporate-owned real estate worldwide. W. P. Carey has previously sponsored and advised nine partnerships and seven real estate investment trusts mostly under the Corporate Property Associates brand name during W. P. Carey’s more than 35-year history. W. P. Carey is the parent company of our advisor, Carey Asset Management, our dealer manager, Carey Financial, and the special general partner, Carey Holdings.

Q: What are the CPA® Programs?

A: In this prospectus, we refer to the 15 investment programs that W. P. Carey has sponsored prior to our offering as the “CPA® Programs.” Of the previous 15 CPA® Programs, 13 have completed their investment and liquidation phases and three continue to operate as entities advised by Carey Asset Management. The two other operating CPA® Programs, Corporate Property Associates 15 Incorporated, or CPA®:15, and Corporate Property Associates 16 – Global Incorporated, or

CPA[®]:16 — Global, which are referred to herein as the “other operating CPA[®] REITs,” have investment objectives similar to our investment objectives. The other operating CPA[®] REITs have fully invested their offering proceeds and are principally focused on managing their existing portfolios of properties. On February 21, 2012, W. P. Carey announced a proposed merger with CPA[®]:15 as a liquidity event for CPA[®]:15 stockholders (the “Proposed Merger”).

Q: What is the experience of our management?

A: W. P. Carey has sponsored and, directly or through its subsidiaries such as our advisor, has managed or continues to manage the previous 15 CPA[®] Programs. For over 35 years, W. P. Carey has specialized in providing net lease financing to corporate owners of real estate and managing the CPA[®] Programs. In addition, W. P. Carey is currently sponsoring a non-traded REIT that intends to invest primarily in lodging properties, Carey Watermark Investors Incorporated.

Q: What types of investments will we acquire using the net proceeds of this offering?

A: We intend to continue to build a diversified portfolio of income-producing commercial properties and other real estate-related assets. Like some of the other operating CPA[®] REITs, we make investments both domestically and outside the United States.

Q: What are long-term net leases?

A: Net leases generally require the tenant to pay substantially all of the costs associated with operating and maintaining the property such as maintenance, insurance, taxes, structural repairs and other operating expenses. These leases also typically provide for rent increases over the term of the lease, based on changes in inflation indices. We generally consider leases having a remaining term of seven years or more to be long-term leases and those with a shorter term to be short-term leases.

We expect many of our long-term net leased asset acquisitions will continue to be through long-term sale-leaseback transactions with single-tenants, in which we acquire properties from companies that simultaneously lease the properties back from us. These sale-leaseback transactions provide the lessee company with a source of capital that is an alternative to other financing sources such as corporate borrowing, mortgaging real property, or selling shares of common stock. Our advisor focuses on properties that it believes are critical to the ongoing operations of the tenant.

Our board of directors may change our investment policies without stockholder approval, which could alter the nature of your investment. Material changes in our investment policies will be described in our periodic reports filed with the SEC; however, these reports would typically be filed after changes in our investment policies have been made, and in some cases, several months after such changes.

Q: Why are net leases attractive investment opportunities?

A: We believe that net leases represent attractive investment opportunities because they generate stable cash flows, generally require low capital expenditures, have contractual rent increases that to a certain extent provide inflation protection and, because we maintain ownership of the underlying properties, may provide downside protection.

Q: What are our investment objectives?

A: Our objective is to generate attractive risk adjusted returns for our stockholders, and a principal goal is preserving the wealth of our stockholders. Our principal focus is on generating sufficient cash flow over time to provide investors with increasing distributions. We also seek investments with the potential for capital appreciation. We intend to use leverage to enhance the returns on our investments.

Q: What are the key elements of our investment strategy?

A: The key elements of our investment strategy include:

- *Sophisticated Risk Management* — Each of our investments undergoes a review and approval process that has been in place since 1979, consisting of an in-depth fundamental credit analysis and asset valuation, and an independent investment committee review;
- *Reputation and Track Record* — We believe that W. P. Carey’s reputation and track record of sourcing, underwriting and consummating investment opportunities, both directly and on behalf of the CPA® Programs, as well as its expertise in managing similar companies through all phases of their life cycles, will continue to benefit us as we seek to achieve our investment objectives;
- *Cash Flow Generation Focus* — We focus on long-term leases to creditworthy borrowers that, when combined with our moderate leverage policy, should provide us with attractive levels of free cash flow and income over the long term;
- *Prudent Use of Leverage* — We use leverage to enhance our potential returns, and target a leverage strategy limited to the lesser of 75% of the total costs of our investments, or 300% of our net assets. We currently estimate that, over the long-term, foreign properties will generally be, on average, 55% leveraged and domestic properties will generally be, on average, 45% leveraged, resulting in the portfolio being 50% leveraged; and
- *Disciplined Investment Approach* — We rely on our advisor’s and its investment committee’s expertise in identifying investments that meet our criteria of having creditworthy borrowers, deal structures that contain appropriate protections for us, criticality of assets to the operations of the borrower and underlying real estate that has fundamental value.

Q: Why should you invest in us?

A: Allocating some portion of your investment portfolio in a company that invests in a diversified portfolio of income-producing commercial properties and other real estate-related assets may provide you with a hedge against unanticipated inflation, portfolio diversification, lower volatility and attractive risk adjusted returns.

Q: Why do we invest in global real estate assets?

A: We believe that the global real estate market has grown substantially over the years. We also believe that international real estate markets provide investors with an opportunity to diversify their portfolio and reduce portfolio risk with an investment that may provide returns that are less correlated to the returns of the equity, bond and real estate markets of the United States.

Q: How will our advisor select potential investments?

A: Our advisor’s investment department, under the oversight of Carey Asset Management’s Chief Investment Officer, is primarily responsible for evaluating, negotiating and structuring potential investment opportunities. In analyzing potential investment opportunities, the advisor reviews all aspects of a transaction, including the creditworthiness of the tenant and the underlying real estate fundamentals to determine whether a potential acquisition satisfies our acquisition criteria. Before an investment is made, the transaction is reviewed by our advisor’s independent investment committee, which functions as a separate and final step in the acquisition process.

Q: What is an UPREIT?

A: UPREIT stands for “Umbrella Partnership Real Estate Investment Trust.” An UPREIT structure involves a REIT that holds substantially all of its properties through a partnership in which the REIT (directly or indirectly) holds an interest as a general partner and/or a limited partner, approximately equal to the value of capital raised by the REIT through sales of its capital stock. Using an UPREIT structure may give us an advantage in acquiring properties from persons who may not otherwise sell their properties because of certain unfavorable U.S. federal income tax

consequences. Generally, a sale of property directly to a REIT is a taxable sale to the selling property owner. In an UPREIT structure, a seller of a property who desires to defer taxable gain on the sale of his property may in some cases transfer the property to the UPREIT partnership in exchange for limited partnership units in the partnership and defer taxation of gain until the seller later exchanges his limited partnership units on a one-for-one basis for REIT shares or for cash pursuant to the terms of the limited partnership agreement.

We hold substantially all of our properties through CPA:17 Limited Partnership, our operating partnership; therefore, we are considered an UPREIT.

Q: Do we intend to acquire some of our properties in joint ventures?

A: We have acquired and may in the future acquire investments in joint ventures with other operating CPA® REITs and/or W. P. Carey, as well as with third parties. These investments may permit us to own interests in larger properties without unduly restricting the diversity of our portfolio. We may consider pursuing joint ownership (e.g., tenancy in common or joint venture arrangement) of a particular asset if it is determined to be suitable for more than one investment entity in order to achieve diversification of each entity's portfolio and efficient completion of an entity's portfolio.

Q: What fees and expense reimbursements do we pay to our advisor and its affiliates?

A: We pay our advisor fees and expense reimbursements for services relating to, among other things, this offering, acquisitions, financings, day-to-day operations, and dispositions. In addition, the special general partner, which is an affiliate of our advisor, is entitled to receive distributions from our operating partnership based upon our available cash and the performance of our portfolio. Please see the "Management Compensation" section in this prospectus for an explanation of the fees and expense reimbursements we will pay to our advisor and its affiliates.

Q: If you buy shares, will you receive dividends and how often?

A: Consistent with our qualification as a REIT, we expect to distribute at least 90% of our REIT net taxable income each year. We intend to pay distributions on a quarterly basis, and we will calculate our distributions based upon daily record and distribution declaration dates so investors will be able to earn distributions immediately upon purchasing common stock. However, distributions are declared at the discretion of our board of directors based on a variety of factors that they will consider at the time of authorizing a potential distribution. Distributions are not guaranteed. Generally, income distributed as distributions will not be taxable to us under U.S. federal income tax laws unless we fail to comply with the REIT requirements.

Q: How will we fund the payment of dividends to stockholders?

A: Over the life of our company, we expect to fund distributions principally from adjusted cash flow from operating activities. However, we have funded a portion of our cash distributions paid to date using net proceeds from the initial offering and we may do so in the future in this offering, particularly during the early stages of the offering and until we have substantially invested the net proceeds. During such periods, if our properties are not generating sufficient cash flow or our other expenses require it, we may need to sell properties or other assets, incur indebtedness or use offering proceeds if necessary to satisfy the REIT requirement that we distribute at least 90% of our REIT net taxable income, excluding net capital gains, in order to avoid the payment of federal income tax.

Q: May you reinvest your dividends in shares of CPA®:17?

A: Yes. Subject to certain eligibility requirements, stockholders who purchase shares in this offering may elect to participate in our distribution reinvestment and stock purchase plan, which we refer to in this prospectus as our "distribution reinvestment plan." Under our distribution reinvestment plan, purchases of shares will be made directly from us at 95% of the estimated net asset value, or NAV, per share of our common stock, as estimated by our advisor or another firm we choose for that

purpose. During this offering and until our first annual NAV is received, the purchase price will be \$9.50 per share. We may terminate the distribution reinvestment plan at our discretion at any time upon 10 days' prior written notice to our stockholders.

Q: Will the dividends you receive be taxable as ordinary income?

A: Generally, dividends that you receive, including dividends that are reinvested pursuant to our distribution reinvestment plan, will be taxed as ordinary income to the extent they are from current or accumulated earnings and profits. Dividends paid by REITs, such as us, are generally not eligible for reduced rates of U.S. federal income tax for individual investors. We expect that some portion of your dividends may not be subject to tax in the year in which they are received because depreciation expense reduces the amount of our taxable income but does not reduce cash available for distribution to our stockholders. The portion of your dividend that is not subject to current tax is considered a return of capital for tax purposes and will reduce the tax basis of your investment. This, in effect, can defer a portion of your tax until your investment is sold or we are liquidated, at which time any gain should generally be taxed at capital gains rates. Any dividend or distribution that we properly designate as a capital gains distribution generally will be treated as long term capital gain without regard to the period for which you have held your shares. Individual investors are subject to a maximum U.S. federal income tax rate of 25% to the extent our capital gain dividends are attributable to the recapture of depreciation expense deductions and 28% to the extent our capital gain dividends relate to certain collectibles. Because each investor's tax considerations are different, we urge you to consult your tax advisor as to the tax consequences to you of an investment in our shares.

Q: What will we do with the money raised in this offering?

A: We expect that approximately 86% of the gross proceeds raised in this offering will be used to acquire investments, assuming that we sell 100,000,000 shares of common stock pursuant to this offering and 50,000,000 shares of common stock pursuant to our distribution reinvestment plan. The remaining portion of the proceeds will be used to pay offering fees and expenses, including the payment of fees to Carey Financial, our dealer manager, and the payment of fees and reimbursement of expenses to our advisor.

Pending investment, the balance of the proceeds of this offering will be invested in permitted temporary investments, which include short-term U.S. government securities, bank certificates of deposit and other short-term liquid investments. These investments are expected to provide a lower rate of return than we seek to achieve from our intended investments.

Q: What kind of offering is this?

A: Through Carey Financial and participating broker-dealers, we are offering up to \$1.0 billion in shares of common stock to the public on a "best efforts" basis at a price of \$10.00 per share. We are also offering up to \$475 million in shares of common stock to be issued pursuant to our distribution reinvestment plan at a purchase price equal to \$9.50 per share to stockholders who elect to participate in such plan as described in this prospectus. We reserve the right to reallocate shares of common stock being offered between the primary offering and the distribution reinvestment plan.

Q: How does a "best efforts" offering work?

A: When shares are offered on a "best efforts" basis, the broker dealers participating in the offering are only required to use their best efforts to sell the shares and have no firm commitment or obligation to purchase any of the shares. Therefore, we may not sell all or any of the shares that we are offering.

Q: How long will this offering last?

A: This offering will not last beyond April 7, 2013, which is two years after the date of the initial prospectus for this offering; however, we may decide to extend the offering, which may be for up to an additional 18 months. We will announce any extension in a prospectus supplement.

Q: Who can buy shares?

A: An investment in our company is only suitable for persons who have adequate financial means and who will not need immediate liquidity from their investment. Residents of most states can buy shares in this offering provided that they have either (1) a net worth of at least \$70,000 and an annual gross income of at least \$70,000, or (2) a net worth of at least \$250,000. For this purpose, net worth does not include your home, home furnishings and automobiles. Additional requirements may apply in certain states.

Q: Who should buy shares?

A: An investment in our shares may be appropriate for you if you meet the minimum suitability standards mentioned above, seek to diversify your personal portfolio with a finite-life, real estate-based investment, which among its benefits hedges against inflation and the volatility of the stock market, seek to receive current income, seek to preserve capital, wish to obtain the benefits of potential long-term capital appreciation, and are able to hold your investment for a time period consistent with our liquidity plans. Persons who require immediate liquidity or guaranteed income, or who seek a short-term investment, are not appropriate investors for us, as our shares will not meet those needs.

Q: May you make an investment through your IRA, SEP or other tax deferred account?

A: Yes. We may retain a custodian to act as an IRA custodian for our stockholders who desire to establish an individual retirement account, or IRA, a simplified employee pension, SEP or certain other tax-deferred accounts or transfer or rollover existing accounts. In making these investment decisions, you should, at a minimum, consider (1) whether the investment is in accordance with the documents and instruments governing such IRA, plan or other account, (2) whether the investment satisfies the fiduciary requirements associated with such IRA, plan or other account, (3) whether there is sufficient liquidity for such investment under such IRA, plan or other account, (4) the need to value the assets of such IRA, plan or other account annually or more frequently, and (5) whether such investment would constitute a prohibited transaction under applicable law.

Q: Is there any minimum investment required?

A: Yes. You must initially purchase at least 200 shares of common stock. This minimum investment level may be higher in certain states. You should carefully read the more detailed description of the minimum investment requirements appearing under the "Suitability Standards" section immediately following the cover page of this prospectus.

Q: How do you subscribe for shares?

A: If you choose to purchase shares in this offering, you will need to complete and sign an order form, like the one attached to this prospectus as Annex A, for a specific number of shares and pay for the shares at the time of your order.

Q: What are our exit strategies?

A: Our intention is to consider alternatives for providing liquidity for our stockholders, beginning generally after eight years following the investment of substantially all of the net proceeds from our initial offering, which occurred in 2011. A liquidity event could include sales of assets, either on a portfolio basis or individually, a listing of our shares on a national securities exchange, a merger (which may include a merger with one or more of the other operating CPA® REITs or with an affiliate of our advisor) or another transaction approved by our board of directors. While our intention is to seek to complete a liquidity event generally within eight to twelve years following the investment of substantially all of the proceeds from our initial offering, there can be no assurance that a suitable transaction will be available or that market conditions for a transaction will be favorable during that timeframe. Alternatively, we may seek to complete a liquidity transaction earlier than eight years. Investment of substantially all of the proceeds means the equity

investment of 90% or more of the net proceeds from our initial public offering. While we are considering liquidity alternatives, we may choose to limit the making of new investments, unless our board of directors, including a majority of our independent directors, determines that, in light of our expected life at that time, it is in our stockholders' best interests for us to make new investments.

Q: If you buy shares in this offering, how may you subsequently sell them?

A: Our shares are not listed for trading on any national securities exchange or over the counter market; therefore, there is no active public market for our shares currently, and we cannot be sure if a public market will ever develop prior to a liquidity event. Until our shares are listed, if ever, you may not sell your shares unless the buyer meets the applicable suitability and minimum purchase standards. In addition, our charter prohibits the ownership by one person of more than 9.8% in value of our outstanding shares of stock or more than 9.8% in value or number, whichever is more restrictive, of our outstanding shares of common stock, unless exempted by our board of directors. As a result, you may find that it is difficult to sell your shares, if at all, and even if you are able to sell your shares, you will likely have to sell them at a substantial discount.

In order to provide stockholders with the benefit of some interim liquidity, our board of directors has adopted a redemption plan. To redeem your shares pursuant to our redemption plan, you must have held your shares for at least one year, except in certain special circumstances, including death, qualified disability or receipt of long-term care. All redemptions are subject to the significant conditions and limitations in our redemption plan and the discretion of our board of directors to change, suspend or terminate the redemption plan for any reason without giving you advance notice.

Q: Who should you contact to update your information?

A: To ensure that any changes are made promptly and accurately, all changes to registration and contact information, including your address, ownership type and distribution mailing address, should be directed to the transfer agent. The name and address of our transfer agent is as follows:

Regular Mail:

Corporate Property Associates 17 – Global
Incorporated
W. P. Carey & Co. LLC
c/o DST Systems, Inc.
PO Box 219145
Kansas City, MO 64121-9145

Overnight Address:

Corporate Property Associates 17 – Global
Incorporated
W. P. Carey & Co. LLC
c/o DST Systems, Inc.
430 W. 7th Street, Suite 219145
Kansas City, MO 64105

Telephone:
(888) 241-3737

Q: Will you be notified of how your investment is doing?

A: Yes. We will provide you with periodic updates on the performance of your investment with us, including:

- Four quarterly distribution reports (including for investors in Arizona, New York and Maryland detailed disclosure if our cash flow from operating activities for the most recently completed fiscal quarter for which we have filed financial results with the Securities and Exchange Commission, or the SEC, was less than the distribution being paid);
- an annual report;
- an annual U.S. Internal Revenue Service, or IRS, Form 1099, if applicable; and
- supplements to the prospectus during the offering period, via mailings or website access.

We will provide this information to you via one or more of the following methods:

- United States mail or other courier;
- facsimile; or
- electronic delivery.

Q: When will you receive your detailed tax information?

A: If applicable, your Form 1099 tax information will be placed in the mail by January 31 of each year following the end of the previous December 31 tax year end.

Q: Who can help answer your questions?

A: If you have more questions about this offering or if you would like additional copies of this prospectus, you should contact your registered representative or contact:

Corporate Property Associates 17 – Global Incorporated

W. P. Carey & Co. LLC
50 Rockefeller Plaza
New York, NY 10020
1-800-WP CAREY
cpa17global@wpcarey.com

PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information, including under the caption “Risk Factors,” and our financial statements and notes thereto, included elsewhere in this prospectus. References in this prospectus to the “offering date” refer to the first day our shares of common stock are sold to the public pursuant to this offering. This prospectus will be used in connection with the continuous offering of our shares, as supplemented from time to time.

Corporate Property Associates 17 – Global Incorporated

Overview

We invest primarily in income-producing commercial properties and other real estate-related assets. As of the date of this prospectus, we own full or partial interests in 348 fully-occupied properties. We issued 149,437,748 shares of our common stock in our initial public offering, raising aggregate gross proceeds of approximately \$1.5 billion. We also issued 5,997,092 shares, raising gross proceeds of approximately \$57.0 million, in our initial public offering pursuant to our distribution reinvestment plan. Our initial public offering began in November 2007 and ended in April 2011, at which time, we commenced our current public offering, which we refer to as the “follow-on offering.” As of March 30, 2012 we have issued 59,643,672 shares of our common stock in our follow-on offering, raising aggregate gross proceeds of approximately \$595.4 million. In addition, we have issued 5,824,304 shares, raising gross proceeds of approximately \$55.3 million, pursuant to our distribution reinvestment plan.

We conduct substantially all of our investment activities and own all of our assets through CPA:17 Limited Partnership, our “operating partnership.” We are a general partner and a limited partner and own approximately a 99.985% capital interest in our operating partnership. Carey Holdings holds a special general partner interest in our operating partnership. We have elected to be treated as a REIT for federal income tax purposes beginning with our taxable year ended December 31, 2007.

Our office is located at 50 Rockefeller Plaza, New York, New York 10020. Our phone number is 1-800-WP CAREY, and our web address is www.cpa17global.com. The information on our website does not constitute a part of this prospectus. We were organized as a Maryland corporation on February 9, 2007 with the filing of our initial charter, which was amended and restated in November 2007. Our charter and bylaws will remain operative throughout our existence, unless they are further amended or we are dissolved.

Our Investment Strategy

Our core investment strategy for achieving our investment objective is to acquire, own and manage a portfolio of commercial properties leased to a diversified group of companies on a single tenant net lease basis.

As opportunities arise, we may also seek to expand our portfolio to include other types of real estate investments, such as the following:

- equity investments in real properties that are not net leased to a single tenant under long-term leases and may include partially leased properties, multi-tenanted properties, vacant or undeveloped properties and properties subject to short-term net leases, among others;
- mortgage loans secured by commercial real properties;
- subordinated interests in first mortgage real estate loans, B Notes or C Notes;

- mezzanine loans related to commercial real estate that is senior to the borrower's equity position but subordinated to other third-party financing;
- equity and debt securities (including commercial mortgage-backed securities, or CMBS, preferred equity and other higher-yielding structured debt and equity investments) and other interests issued by entities that are engaged in real estate-related businesses, including real estate funds and other REITs; and
- credit-based investments.

We currently expect that, for the foreseeable future, most of our investments will be in commercial properties leased to tenants under long-term triple-net leases; however, at this time, we are unable to predict what percentage of our assets may consist of other types of investments, if any. We do not plan to make investments in sub-prime residential mortgages. We may engage in securitization transactions with respect to the mortgage loans we purchase.

Our Investment Program

We generally intend to follow an opportunistic investment strategy, subject to the following guidelines:

- We will not purchase any real property when the contractual purchase price of the property plus all acquisition fees, but excluding acquisition expenses, payable to our advisor is in excess of its appraised value. We will not make or invest in mortgage loans unless an appraisal is obtained on the underlying property. The appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the lessee's credit and conditions of the credit markets, and they may exceed the construction cost, replacement cost or the value of the property not subject to such lease.
- We will not invest in or make mortgage loans on any one property, or in one borrower, which would exceed 20% of the proceeds raised from this offering.
- We will not invest in or make mortgage loans in any one property if the aggregate amount of all mortgage loans outstanding on the property that are senior to or *pari passu* with our loan, together with our loan, would exceed 85% of the appraised value of the property at the time that we make the investment, unless such investment is justified by the presence of other underwriting criteria such as the credit rating of the borrower, a collateral that is adequate to justify the waiver of this limitation or the guarantee of the mortgage by a government agency. For this purpose, we do not treat CMBS as mortgage loans.
- Any purchase from, sale to, or joint venture with, an affiliate must be approved or ratified by at least a majority of our independent directors.
- We may invest no more than 10% of our net equity in unimproved or non-income-producing real property or mortgage loans on unimproved or non-income-producing property.

The maximum leverage that our advisor may arrange for us to incur in the aggregate on our portfolio, without the need for further approval, is limited to the lesser of 75% of the total costs of our investments, or 300% of our net assets. Net assets are our total assets (other than intangibles), valued at cost before deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. Any excess must be approved by a majority of our independent directors. Our charter and bylaws do not restrict the form of indebtedness we may incur (for example, we may incur either recourse or non-recourse debt or cross collateralized debt).

We intend our portfolio to be diversified by property type, geography, tenant, and industry. However, we are not required to meet any diversification standards and have no specific policies or restrictions regarding the geographic areas where we make investments, the industries in which our tenants or borrowers may conduct business, or the percentage of our capital that we may invest in a particular asset.

Description of the Properties

As of the date of this prospectus, we own interests along with certain of the other operating CPA[®] REITs in forty-two real estate investments, all of which are leased to single tenants on a long-term net leased basis. The table below sets forth information with respect to our materially important real estate investments. A real estate investment is considered materially important if it represents 10% or more of estimated total assets or total annualized revenues of our investments as of March 31, 2012.

Lessee	Property Location	Ownership Interest	Purchase Price ⁽¹⁾⁽²⁾	Initial Acquisition Fee ⁽²⁾	Subordinated Acquisition Fee ⁽²⁾	Primary Property Type ⁽³⁾	Approximate Square Footage ⁽²⁾	Initial Annual Rent ⁽²⁾	Rent Increase Factor	Lease Expiration	Maximum Term	Amount of Non-Recourse and Limited Recourse Financing ⁽²⁾	Date of Acquisition
The New York Times Company	New York, NY	55%	\$233,720,223	\$4,844,568	\$3,875,654	3	750,000	\$24,187,500	1.5% per year	3/24	3/44	\$119,750,000 ⁽⁴⁾	3/09
Metro Cash & Carry Italia SpA ⁽⁵⁾	Various Locations in Italy	100%	396,329,146	9,880,932	7,904,746	4	2,478,703	29,984,216	75% of Italian CPI	Various	Various	222,680,295	9/11

(1) Purchase price means the contractual purchase price plus acquisition fees and transaction closing costs.

(2) All amounts shown are for the total investment, that is, at 100%, as of the date of acquisition/financing.

(3) Property Types are coded as follows: 1 – Industrial/Manufacturing; 2 – Distribution/Warehouse; 3 – Office/Institutional Research; 4 – Retail

(4) In August 2009, we obtained secured financing for the Times property. In July 2010, we purchased a \$50 million participation in this mortgage loan from the lender. In March 2011, we refinanced the mortgage loan with new limited-recourse financing of \$125.0 million. In connection with the refinancing, our participation in the mortgage loan was repaid in full.

(5) All U.S. dollars amounts are based on the exchange rate of the Euro on the date of closing, or \$1.3557. Investment includes properties in the following locations in Italy: Baranzate, Bari, Bastia Umbra, Brescia, Cinisello Elmas, Ferrara, Lana, Lucca, Mestre, Piacenza, Prodenone, Roma, Rubano, Salerno, San Donato Milanese, San Giovanni Teatino, Silea, and Torino. Leases expire between January 2026 and January 2029. As of December 31, 2011, the Federal tax basis for the properties is \$351.8 million, which is being depreciated over 40 years using the Modified Accelerated Cost Recovery System, or MACRS, depreciation method. Additionally, we assumed non-recourse indebtedness of \$222.7 million in connection with this acquisition.

Information with respect to our other real estate investments as of March 31, 2012 is as follows:

Lessee	Property Location	Ownership Interest	Purchase Price ⁽¹⁾⁽²⁾	Initial Acquisition Fee ⁽²⁾	Subordinated Acquisition Fee ⁽²⁾	Primary Property Type ⁽³⁾	Lease Expiration	Amount of Non-Recourse Financing ⁽²⁾	Date of Acquisition
Berry Plastics Corporation and Berry Plastics OPCO Inc. ⁽⁴⁾	Evansville, IN; Baltimore, MD; Lawrence, KS	50%	\$ 86,911,000	\$2,172,775	\$1,738,220	1	3/32	\$ 29,000,000	12/07, 5/08
	Evansville, IN	100%	31,413,613	785,340	628,272	1	3/32	—	3/10,4/11
Flexmag Industries, Inc.	Norfolk, NE	100%	2,617,801	65,445	52,356	1	7/28	1,950,000	6/08
Actebis Peacock GmbH ⁽⁵⁾	Soest and Bad Wunnenberg, Germany	70%	58,310,943	1,448,759	1,159,008	1, 3	7/24	36,087,840	7/08
Laureate Education, Inc.	Chicago, IL	100%	29,369,372	732,984	586,387	3	7/28	17,000,000	7/08
Wagon Automotive GmbH and Wagon Automotive Nagold GmbH ⁽⁶⁾	Waldaschaff and Nagold, Germany	66.67%	57,840,144	1,439,987	1,151,989	1	8/23	29,327,390	8/08
Sabre Communications Corporation and Cellxion, LLC ⁽⁷⁾	Bossier City, LA; Alvarado, TX	100%	32,447,960	811,200	648,959	1, 2	2/32	16,020,000	8/08, 6/10, 3/12
Life Time Fitness, Inc.	Columbia, MD and Scottsdale, AZ	100%	63,365,113	1,584,128	1,267,302	5	10/28	39,300,000	9/08
Frontier Spinning Mills, Inc.	Mayodan and Sanford, NC	60%	38,866,363	968,586	774,869	1, 2	3/28	23,400,000	12/08
Kronos Products, Inc. ⁽⁸⁾	Glendale Heights, IL	100%	32,338,845	811,518	649,215	1, 2	1/30	19,500,000	1/09
Tesco Plc ⁽⁹⁾	Gyal, Herceghalom, Hungary	49%	93,605,632	2,340,141	1,872,114	2	7/24	49,515,570	7/09
National Express Limited ⁽¹⁰⁾	Birmingham, United Kingdom	100%	27,515,685	662,110	542,536	5	9/34	13,717,935	9/09
OBI Group Holding GmbH, OBI Holding GmbH and OBI AG ⁽¹¹⁾	Gorzow Wielkopolski, Poland	100%	15,002,922	367,487	293,990	4	10/27	7,996,392	10/09
Mori Seiki USA, Inc. ⁽¹²⁾	Hoffman Estates, IL	100%	33,042,774	826,069	660,885	2, 3	9/29	20,000,000	12/09
US Oncology, Inc.	The Woodlands, TX	100%	44,889,211	1,101,106	880,885	3	1/24	28,500,000	12/09
Eroski Sociedad Cooperativa ⁽¹³⁾	Various locations in Spain	100%	104,454,344	2,611,358	2,089,086	4	12/29	52,177,800	12/09, 2/10
	Elorrio, Spain(14)	100%	27,859,564	696,489	557,191	2	6/30	—	6/10
	Mallorca, Spain(14)	30%	27,247,215	211,001	168,801	2	6/30	—	6/10
Curtiss-Wright Flow Control Service Corp. ⁽¹⁵⁾	Middleburg Heights and Cincinnati, OH	100%	16,362,424	409,113	327,291	1, 3	2/25	7,000,000	2/10, 3/11
Angelica Corporation ⁽¹⁶⁾	Various locations in the U.S.	100%	57,591,623	1,439,791	1,151,832	1	1/30	24,500,000	3/10
Agrokor d.d.	Zagreb, Croatia ⁽¹⁷⁾	100%	101,546,302	2,538,658	2,030,926	2, 3	4/30	52,426,440	4/10
	Various locations in Croatia (18)	100%	63,989,925	1,599,748	1,279,799	4	12/30	34,311,956	12/10
	Sesvete, Pozega, & Delnice, Croatia (19)	100%	56,738,019	1,418,353	1,138,903	4	11/31	14,808,504	11/11
General Parts Inc. ⁽²¹⁾	Various locations in the U.S.(20)	100%	236,056,331	5,901,408	4,721,127	2, 3	12/30	117,000,000	12/10
	Lansing, MI	100%	2,436,209	60,905	48,724	2	12/30	—	12/10
TDG Limited ⁽²²⁾	Various locations in the United Kingdom	100%	36,619,172	915,479	732,383	2	4/28, 5/28	—	4/10, 5/10
J.P. Morgan Chase N.A. ⁽²³⁾	Tampa, FL	100%	57,167,237	1,426,702	1,141,361	3	2/25, 2/30	35,425,000	5/10
Sun Products Corporation ⁽²⁴⁾	Bowling Green, KY	100%	42,982,142	1,074,554	859,643	2	11/30	28,000,000	5/10

Lessee	Property Location	Ownership Interest	Purchase Price ⁽¹⁾⁽²⁾	Initial Acquisition Fee ⁽²⁾	Subordinated Acquisition Fee ⁽²⁾	Primary Property Type ⁽³⁾	Lease Expiration	Amount of Non-Recourse Financing ⁽²⁾	Date of Acquisition
Neuca S.A. ⁽²⁵⁾	Warsaw, Poland	100%	9,052,753	226,319	181,055	2, 3	1/30	—	8/10
Memorial Holdings, LLC	Elberton, GA	100%	3,455,689	86,392	69,114	1, 3	8/30	—	9/10
Flint River Services, LLC	Unadilla and Rincon, GA	100%	52,356,021	1,308,901	1,047,120	2	10/30	27,000,000	11/10
Merge Healthcare Incorporated ⁽²⁶⁾	Hartland, WI	100%	6,836,895	170,922	136,738	3	11/25	3,900,000	11/10
Distribuidora de Television Digital S.A. ⁽²⁷⁾	Madrid, Spain	100%	112,601,663	2,815,042	2,252,033	3	12/30	—	12/10
American Air Liquide Holdings Inc. ⁽²⁸⁾	Houston, TX; Countryside, IL	100%	8,401,785	210,045	168,036	1.33	12/21, 12/25	5,800,000	12/10, 12/11
Terminal Freezers, LLC ⁽²⁹⁾	Watsonville and Oxnard, CA	100%	99,476,440	2,486,911	1,989,529	2	3/21, 3/31	53,700,000	1/11
C1000 Vastgoed Heur B.V. ⁽³⁰⁾	Various locations in The Netherlands	85%	207,639,984	5,190,049	4,152,423	2	1/26	98,361,600	1/11
Harbor Freight Tools U.S.A. Inc	Dillon, SC	100%	32,071,318	801,783	641,426	2	12/21	21,409,671	3/11
Flanders Corporation ⁽³¹⁾	Bartow, FL; Momence, IL; Smithfield, NC; Ardmore, OK; Hudson, NY	100%	56,007,030	1,400,176	1,120,141	1	8/31 - 12/31	25,125,000	4/11, 12/11
Dick's Sporting Goods, Inc. ⁽³²⁾	Plainfield, IN	45%	34,370,000	—	—	2	8/31	21,241,742	5/11
Hellweg Die Profi-Baumarkte GmbH & Co. KG ⁽³²⁾	37 locations throughout Germany	32%	482,080,000	—	—	4	1/22	394,978,020	5/11
U-Haul Moving Partners, Inc. and Mercury Partners, LP ⁽³²⁾	69 locations throughout the U.S.	12%	430,810,000	—	—	5	2/30	165,420,524	5/11
ICF Consulting Group, Inc. and ICF International Inc. ⁽³³⁾	Martinsville, VA	100%	14,818,935	370,473	296,379	3	3/27	—	5/11
CRO- San Luis Development LLC	Chicago, IL	100%	7,414,005	185,350	148,280	5	5/30	5,250,000	6/11
Precision Printing and Packaging, Inc.	Clarksville, TN	100%	7,965,209	199,005	159,204	1	8/31	5,000,000	8/11
Faurecia International System, Inc. ⁽³⁴⁾	Auburn Hills, MI	100%	6,774,838	169,371	135,497	1	12/21	—	9/11
Blue Cross and Blue Shield of Minnesota, Inc	Eagan, MN; Aurora, MN; Virginia, MN	100%	168,995,581	4,216,941	3,437,749	3	2/17	92,400,000	1/12

⁽¹⁾ Purchase price means the contractual purchase price plus acquisition fees and transaction closing costs, except as noted below.

⁽²⁾ All amounts shown are for the total investment, that is, at 100%, as of the date of acquisition/financing, except as noted below.

⁽³⁾ Property Types are coded as follows: 1 — Industrial/Manufacturing; 2 — Distribution/Warehouse; 3 — Office/Institutional Research; 4 — Retail; 5 — Other, which includes sports/fitness and bus terminal

⁽⁴⁾ We acquired an initial 0.01% interest in this property in December 2007 and exercised an option to acquire an additional 49.99% interest in May 2008. CPA®:16 — Global owns the remaining 50% and consolidates this investment in its financial statements. We account for this investment under the equity method of accounting as, in our capacity as a limited partner, we have no substantive participating rights or ability to dissolve the venture or otherwise remove our venture partner. The venture obtained non-recourse financing of \$39.4 million for this investment in January 2008. In February 2009, the venture repaid the existing mortgage loan and obtained new non-recourse mortgage financing of \$29 million with a variable interest rate. In March 2010, we purchased a newly-completed expansion of Berry's corporate headquarters in Evansville, IN. In connection with this transaction, we extended the term of the existing lease with Berry to be co-terminous with the new lease. We also agreed to fund an additional office buildout on this facility for up to \$2.6 million. In June 2010, the venture refinanced the existing variable rate loan with new fixed rate financing of \$29 million. Amounts exclude approximately \$11.7 million of improvements funded by the tenant.

⁽⁵⁾ We and our venture partner also entered into a commitment to construct an expansion at one of these facilities at a total cost to the venture of approximately \$11.1 million, and the venture obtained a commitment from the lender for additional non-recourse mortgage financing of approximately \$7.8 million for the purpose of constructing the expansion. U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.5828. We consolidate this investment in our financial statements.

- (6) U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.4887. We consolidate this investment in our financial statements. In December 2008, Wagon PLC, the parent company of Wagon Automotive GmbH and Wagon Automotive Nagold GmbH, and a guarantor of the tenants' lease obligations, filed for bankruptcy in the United Kingdom and Wagon Automotive GmbH filed for bankruptcy in Germany. In May 2009, Wagon Automotive GmbH terminated its lease with us and a successor company, Waldaschaff Automotive GmbH, took over the business. Waldaschaff Automotive has been paying us reduced rent. In April 2010, Waldaschaff Automotive GmbH executed a temporary lease under which monthly rent is unchanged but real estate expenses are now reimbursed by the tenant. In addition, in October 2009, we terminated the existing lease with Wagon Automotive Nagold GmbH, and signed a new lease with this tenant on substantially the same terms. In connection with the preparation of our consolidated financial statements for the year ended December 31, 2009, we recorded a non-cash impairment charge of \$7.5 million on our property leased to Waldaschaff Automotive GmbH, inclusive of noncontrolling interest of \$2.5 million, and a non-cash impairment charge of \$0.8 million on our property leased to Wagon Automotive Nagold GmbH, inclusive of noncontrolling interest of \$0.3 million. In April 2010, we sold vacant land at the Nagold site back to the tenant. The tenant will fund the planned \$10.4 million expansion of the facility and we will not be involved in financing the expansion.
- (7) We acquired this investment in August 2008 for \$28.0 million. In June 2010, we completed an expansion at the Texas property for a total cost of \$1.8 million. In connection with this transaction, we extended the term of the existing lease with Sabre. In March 2012, we completed an additional expansion at the Texas property for a total cost of \$2.6 million and extended the term of the existing lease with Sabre for another one and a half years.
- (8) Purchase price includes a \$17.5 million renovation that we completed in March 2010. In February 2010, we obtained non-recourse financing for this investment.
- (9) U. S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.4107.
- (10) U. S. dollar amounts are based on the exchange rate of the British pound on the date of closing, or \$1.6229. In December 2009, we completed construction at this facility and the lease commenced. In August 2011, we obtained non-recourse mortgage financing for this investment. Amount of financing is based on the exchange rate of the British Pound Sterling on the date of financing, or \$1.6478.
- (11) U. S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.4699. We obtained non-recourse financing for this investment in July 2010. U.S. dollar amount of financing is based on the exchange rate of the Euro on the date of financing, or \$1.3066.
- (12) In June 2010, we obtained non-recourse financing for this investment.
- (13) All U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.4327 for the facilities acquired in December 2009 and \$1.3731 for the facilities acquired in February 2010. The financing for the properties acquired in December 2009 and February 2010 was obtained concurrently with the facilities acquired in February 2010. Investment includes properties in the following locations in Spain: Bilbao, Sestao, Algorta, Basauri, Galdakao, Amorebieta, Lekeitio, Durango, Zumarraga, Legazpia, Aretxabaleta, Vitoria, Irun, Hondarrabia, Amurrio, Portugalete, Markina and Llodio.
- (14) All U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.2075.
- (15) In April 2010, we obtained non-recourse financing for this investment. In March 2011, we purchased another property for this investment.
- (16) Investment includes properties in the following locations: Phoenix, AZ; Colton, CA; Fresno, CA; Orange, CA; Pomona, CA; San Diego, CA; Los Angeles, CA; Holly Hill, FL; Safety Harbor, FL; Rockmart, GA; Durham, NC; Columbia, SC; Ooltewah, TN; Dallas, TX. In April 2011, we obtained non-recourse mortgage financing for this investment.
- (17) U.S. dollar amounts for all except financing are based on the exchange rate of the Euro on the date of closing, or \$1.3239. In December 2010, we refinanced the existing seller's note with new non-recourse financing of approximately \$53.0 million, based on the exchange rate of the Euro on the date of refinancing, or \$1.3065.
- (18) U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.3065. Investment includes properties in the following cities in Croatia: Dugosalo, Kutina, Novizagreb (Sopot), Sambovar, Slavonski Brod, and Spansko.
- (19) U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.3761. In connection with this investment, we assumed non-recourse mortgage totaling \$14.8 million. Purchase price is inclusive of \$23.6 million for the construction of two facilities. One of the facilities was completed in November 2011 and the other two were completed in March 2012.
- (20) Investment includes properties in the following locations: Montgomery, AL; Phoenix, AZ; Bakersfield, CA; Riverside, CA; Denver, CO; Ocala, FL; Ankeny, IA; Indianapolis, IN; Romeoville, IL; Shawnee, KS; Lexington, KY; Baton Rouge, LA; Bangor, ME; Bay City, MI; Lakeville, MN; Southaven, MS; Billings, MT; Raleigh, NC; Albuquerque, NM; Portland, OR; Kent, WA; Marshfield, WI; Nashville, TN; Lewisville, TX; and Winchester, VA.
- (21) In June 2011, we sold the properties in New Brunswick and Quebec, Canada with an original purchase price of \$18.5 million.
- (22) U.S. dollar amounts are based on the exchange rate of the British pound on the date of closing, or \$1.540 for the facilities acquired in April 2010 and \$1.4928 for the facility acquired in May 2010. Investment includes properties in the following locations in the United Kingdom: Bristol, Cannock, Leeds, Luton, Mersey, Newport, Plymouth, Southampton and Taunton.
- (23) In June 2010, we obtained non-recourse financing for this investment.
- (24) Investment represents a build-to-suit transaction at a total cost of \$43.0 million, all of which has been funded. In August 2011, we completed construction at this facility and the lease commenced. In December 2011, we obtained non-recourse mortgage financing for this investment.
- (25) U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.2853.

- (26) In March 2011, we obtained non-recourse mortgage financing for this investment.
- (27) U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.3137.
- (28) In January 2011, we obtained non-recourse mortgage financing of \$4.2 million for the December 2010 investment. In December 2011, we purchased another property for this investment. In connection with the December 2011 investment, we obtained non-recourse mortgage financing of \$1.6 million.
- (29) We also purchased an 8.3% interest in the entity that owns Terminal Freezers, LLC for \$1.3 million.
- (30) U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.3349. Investment includes properties in the following cities in the Netherlands: Breda, Elst, Raalte I, Raalte II, and Woerder. In March 2011, we obtained non-recourse mortgage financing for this investment. U.S. dollar amount of financing is based on the exchange rate of the Euro on the date of financing, or \$1.3952.
- (31) We purchased another property for this investment in December 2011.
- (32) We purchased our interests in these ventures from one of our affiliates, Corporate Property Associates 14 Incorporated (“CPA[®]:14”). The acquisitions were made pursuant to an agreement entered into between us and CPA[®]:14 in December 2010, and were conditioned upon completion of the merger of CPA[®]:14 with and into a subsidiary of CPA[®]:16: – Global, which occurred on May 2, 2011. The purchase price was based on the appraised values of the underlying venture properties and the non-recourse mortgage debt on the properties.
- (33) Investment represents a build-to-suit transaction at a total cost of \$14.8 million, all of which has been funded. In March 2012, we completed construction at this facility and the lease commenced.
- (34) Investment represents a build-to-suit transaction at a total cost of \$6.8 million, of which \$5.9 million has been funded to date. Lease expiration date is based on the anticipated completion of construction.

The weighted average yield for our real estate investments to date, which is based upon the aggregate purchase price of all of our real estate investments as compared with the initial annual rent of those investments, adjusted for our percentage ownership of each investment, is approximately 9%.

The aggregate initial annual base rent and square footage of our real estate investments to date are \$245.4 million and 29.4 million square feet, respectively. The weighted average base rent by square footage for our real estate investments to date is approximately \$8.36. These amounts are inclusive of noncontrolling interest or reflect our proportionate share of total cost under the equity method of accounting, and are based upon the foreign exchange rate at the date of closing of the acquisition, as applicable.

Description of Real Estate-Related Investments

Operating Real Estate

During the year ended December 31, 2011, we entered into several investments to acquire a total of 44 domestic self-storage properties at a cost of approximately \$169.3 million in the aggregate. As these acquisitions were deemed to be business combinations under current authoritative accounting guidance, we expensed the acquisition-related fees and expenses of approximately \$6.2 million. In connection with these investments, we assumed and obtained mortgage financing totaling \$85.9 million. Our advisor received acquisition fees of approximately \$1.7 million related to these transactions. The properties are managed by third parties who receive management fees.

In May 2010, we acquired a 106-suite select service hotel in Hillsboro, Oregon from Orenco Hospitality, LLC. We purchased the fee interest in the hotel with no third-party lessee. We have been granted a franchise license agreement from Marriott International Inc. to operate the property as a SpringHill Suites by Marriott. The hotel is managed by third parties, who receive management fees and a performance-based carried interest in the property. The total cost of acquiring the property, including acquisition fees and expenses, was \$14.6 million. We paid at closing an acquisition fee to Carey Asset Management of \$0.4 million. Carey Asset Management is also expected to receive a deferred acquisition fee in the total amount of \$0.3 million. The acquisition fees are expensed in accordance with current authoritative accounting guidance. In connection with this acquisition, we assumed the seller's limited recourse mortgage loan with a principal balance of approximately \$5.9 million at the date of closing. The loan has a fixed annual interest rate of 6.58% and matures in September 2016.

Notes Receivable

In June 2011, we provided financing of \$30.0 million to a developer, BPS Partners, LLC ("BPS"), in connection with the construction of a shopping center, which includes a Walgreens store, in Las Vegas, Nevada. In connection with the loan, we received an option to purchase the second floor of the Walgreens store or to exchange the \$30.0 million loan for an equity interest in BPS. This loan is secured by the property and personally guaranteed by each of the principals of BPS, has an annual interest rate of 0.5% and matures in September 2013. On its maturity date, if we do not elect to exchange the loan for an equity interest in BPS, we will receive additional interest at an annual rate of 7.5% from inception through maturity as consideration for making the loan.

In December 2010, we funded a five-year, \$40.0 million loan to China Alliance Properties Limited, a subsidiary of Shanghai Forte Land, Co., Ltd., which was guaranteed by Fosun International Limited, the ultimate parent company. Interest is payable quarterly at the rate of 11% per annum. Principal is payable at the end of the five-year term and voluntary prepayments are not permitted. In connection with this transaction, we paid at closing an acquisition fee to W. P. Carey International of \$0.4 million. Shanghai Forte Land, Co., Ltd. and Fosun International Limited are both publicly traded companies on the Hong Kong Stock Exchange.

Construction Loans

In December 2011, we entered into a construction loan with a developer for a to-be-built shopping center in Orlando, Florida. We expect to fund up to \$72.5 million to build the shopping center. As of March 31, 2012, we have funded a total of \$36.1 million related to this loan. The loan bears interest at 8% per annum. Interest is payable monthly with the principal due upon maturity on December 31, 2014. We paid at the closing of the initial draw an acquisition fee to Carey Asset Management of \$0.4 million, which relates to the entire amount of the first phase of the funding,

and we expect to pay an acquisition fee of approximately \$0.3 million to Carey Asset Management in connection with the second phase of the funding at the time of the initial draw thereunder. Upon completion of construction, we have the option to purchase the Walgreens store in the shopping center for up to approximately \$35.3 million, plus certain acquisition fees and expenses, and lease the property back to Walgreens. The balance of the construction loan will be paid off after completion.

In December 2010, we funded \$31.0 million for the initial draw of a construction loan for the first phase of a to-be-built shopping center in Las Vegas, Nevada. We expect to fund up to \$85.6 million to build the shopping center. The loan is to be funded in two phases: \$51.6 million for the cost of the land and the construction of the first floor, and \$34.0 million for the construction of the second and third floors after certain requirements are met. As of March 31, 2012, we have funded a total of \$77.0 million related to these two loans. The first phase bears interest at 7% per annum, and the second phase bears interest at 8.8% per annum. Interest is payable monthly with the principal due upon maturity in September 2013. We paid an acquisition fee to Carey Asset Management of \$0.5 million at the closing of the initial draw, which relates to the entire amount of the first phase of the funding. In September 2011, we paid an acquisition fee of \$0.3 million to Carey Asset Management, which relates to the entire amount of the second phase of the funding. Upon completion of construction, we expect to purchase the Walgreens store in the shopping center for up to approximately \$45.5 million, plus certain acquisition fees and expenses, and lease the property back to Walgreens. The balance of the construction loan will be paid off after completion.

Recent Developments

On February 21, 2012, W. P. Carey announced that its board of directors had approved its conversion to a real estate investment trust ("REIT conversion") and that its board of directors and the board of directors of CPA[®]:15, had unanimously approved a definitive merger agreement pursuant to which W. P. Carey will acquire CPA[®]:15 (the "Proposed Merger") immediately following the REIT conversion. These transactions are subject to requisite shareholder approvals and other closing conditions. If the Proposed Merger is approved and the other closing conditions are satisfied, the advisor currently expects that the Proposed Merger will be consummated by the third quarter of 2012, although there can be no assurance of such timing.

Risk Factors

An investment in our shares has risks. The "Risk Factors" section of this prospectus contains a detailed discussion of the most important risks. Please refer to the "Risk Factors" section for a more detailed discussion of the risks summarized below and other risks of investment in us.

Risks Related to this Offering

- The offering price for shares being offered in this offering and through our distribution reinvestment plan was arbitrarily determined by our board of directors and may not be indicative of the price at which the shares would trade if they were listed on an exchange or were actively traded by brokers.
- A delay in investing funds may adversely affect or cause a delay in our ability to deliver expected returns to investors and may adversely affect our performance.
- Our distributions have exceeded, and may in the future exceed, our GAAP net income and our adjusted cash flow from operating activities and may be paid from offering proceeds, borrowing proceeds and other sources, without limitation, particularly during the period

before we have substantially invested the remaining net proceeds from this offering, which would reduce amounts available for the acquisition of properties or require us to repay such borrowings, both of which could reduce your overall return. Coverage based on GAAP net income was 62% for the fiscal year ended December 31, 2011.

- We have had limited income. We have not yet invested all of the proceeds of our follow-on offering or identified the properties to be acquired with the proceeds from this offering, which makes this a “blind pool” offering with respect to the proceeds of this offering. You will be unable to evaluate our entire investment portfolio prior to your investment.
- You will experience substantial dilution in the net tangible book value of your shares equal to the offering costs associated with your shares.
- We are not required to meet any diversification standards; therefore, our investments may become subject to concentration of risk.
- Our board of directors may change our investment policies without stockholder approval, which could alter the nature of your investment.

Risks Related to Our Relationship with Our Advisor

- Our success will be dependent on the performance of our advisor.
- We may invest in assets outside our advisor’s core expertise and incur losses as a result.
- Our advisor has limited experience managing a REIT that has a broad investment strategy such as ours.
- The termination or replacement of our advisor could trigger a default or repayment event under our financing arrangements for some of our assets. In addition, it could be prohibitively expensive for us to repurchase the special general partner interest.
- Payment of fees to our advisor, and distributions to our special general partner, will reduce cash available for investment and distribution.
- Our advisor may be subject to conflicts of interest.

Risks Related to Our Operations

- The recent financial and economic crisis adversely affected our business, and the continued uncertainty in the global economic environment may adversely affect our business in the future.
- We have recognized, and may in the future recognize, substantial impairment charges on our properties.
- A potential change in U.S. accounting standards regarding operating leases may make the leasing of facilities less attractive to our potential domestic tenants, which could reduce overall demand for our leasing services.
- International investment risks may adversely affect our operations and our ability to make distributions.

- We will incur debt to finance our operations, which may subject us to an increased risk of loss.
- Real estate investments are illiquid and we may have difficulty selling properties, if necessary.

Risks Related to Net Lease Investments

- The inability of a tenant in a single tenant property to pay rent will reduce our revenues.
- The bankruptcy or insolvency of tenants or borrowers may cause a reduction in revenue.
- Highly leveraged tenants may have a higher possibility of filing for bankruptcy or insolvency.
- The credit profiles of our tenants may create a higher risk of lease defaults and therefore lower revenues.

Risks Related to an Investment in Our Shares

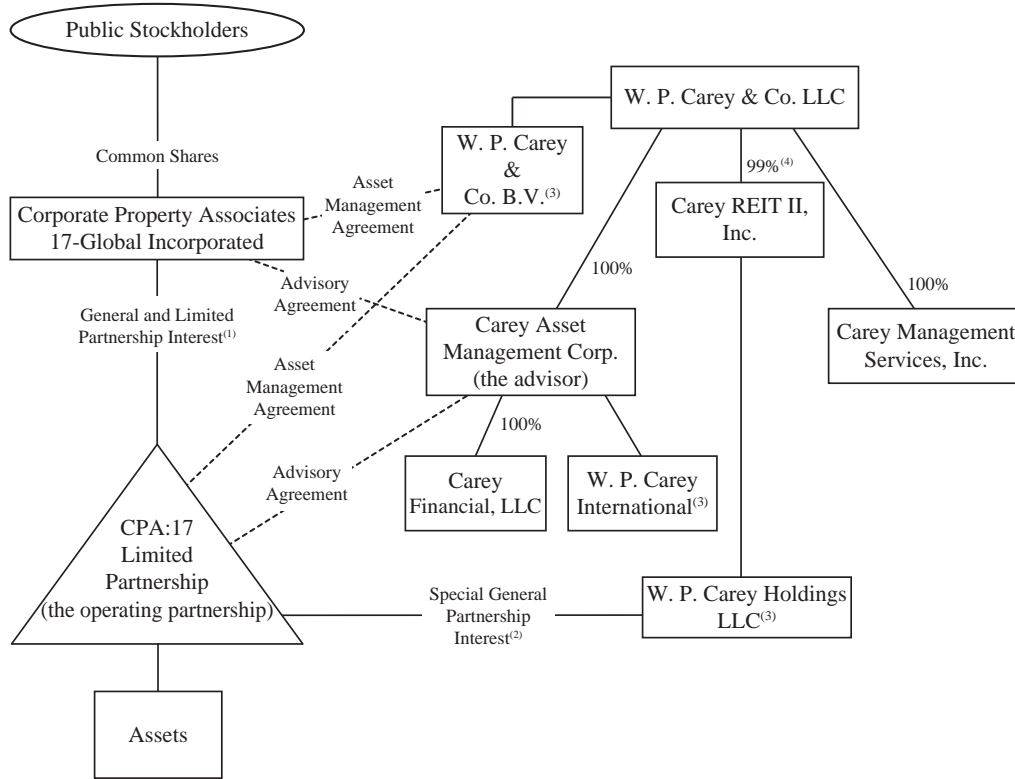
- The lack of an active public trading market for our shares combined with the limit on the number of our shares a person may own may discourage a takeover and make it difficult for stockholders to sell shares quickly.
- Failing to continue to qualify as a REIT would adversely affect our operations and ability to make distributions.
- Dividends payable by REITs generally do not qualify for reduced U.S. federal income tax rates because qualifying REITs do not pay U.S. federal income tax on their undistributed net income.
- Our board of directors may revoke our REIT election without stockholder approval, which may cause adverse consequences to our stockholders.
- Conflicts of interest may arise between holders of our common stock and holders of partnership interests in our operating partnership.

Our Advisor

We are externally managed and advised by Carey Asset Management, which is responsible for managing us on a day-to-day basis and for identifying and making acquisitions on our behalf. W. P. Carey & Co. B.V., an affiliate of our advisor, provides asset management services with respect to our non-U.S. investments. Carey Holdings also provides management assistance to our operating partnership. Carey Asset Management and its affiliates Carey Management Services, Inc. and W. P. Carey & Co. B.V. provide services to W. P. Carey and the other operating CPA® REITs. In connection with the offering, we have also entered into a dealer manager agreement with Carey Financial, an affiliate of Carey Asset Management. Carey Asset Management shares the same address and telephone number as Carey Financial, Carey Management Services, Inc. and W. P. Carey.

Our Structure

The following chart shows our ownership structure and our relationship with our advisor, Carey Holdings and W. P. Carey.



- (1) We own approximately a 99.985% capital interest in the operating partnership consisting of general and limited partnership interests. We are the managing general partner of the operating partnership and, therefore, our board of directors controls nearly all of the decisions of our operating partnership. Our board has delegated authority for our management and the management of our operating partnership to our advisor, subject to the terms of the advisory agreement.
- (2) The special general partner interest may entitle Carey Holdings to receive a special allocation of our operating partnership's profits as well as certain operating partnership distributions. See "Management Compensation."
- (3) One of our officers, Jan F. Kärst, President, who is also an officer of W. P. Carey, currently has an approximately 7.7% interest in W. P. Carey International. W. P. Carey International performs services under our advisory agreement and receives a portion of the fees paid to our advisor and is entitled to a share of the allocable income received by Carey Asset Management with respect to the international transactions entered into by our operating partnership. In addition, Mr. Kärst has an approximately 7.7% interest in each of W.P.C.I. Holdings I LLC ("Holdings I"), a subsidiary of Carey REIT II Inc., and W.P.C.I. Holdings II LLC ("Holdings II"), a subsidiary of W. P. Carey. Holdings I and Holdings II, which are not shown in the chart, hold interests in W. P. Carey Holdings LLC and W. P. Carey & Co. B.V., respectively, which entitle them to a portion of the revenues received by those entities with respect to the international transactions entered into by our operating partnership. See "Conflicts of Interest."
- (4) W. P. Carey owns all of the common stock, representing 100% of the voting power, in Carey REIT II, Inc. In order to qualify as a REIT, Carey REIT II, Inc. has issued 120 shares of 6% cumulative redeemable non-voting preferred stock to 120 individuals, including six shares that were issued to six of its officers.

Our REIT Qualification

As a REIT, we generally are not subject to U.S. federal income tax on our net taxable income that we distribute to our stockholders as long as we meet the REIT requirements, including that we distribute at least 90% of our net taxable income (excluding net capital gains) on an annual basis. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, and we may not be able to qualify for treatment as a REIT for the following four years. Even if we qualify as a REIT for U.S. federal income tax purposes, we may be subject to U.S. federal, state, local and foreign taxes on our income and property and to income and excise taxes on our undistributed income. See “Risk Factors — Risks Related to an Investment in Our Shares” for a description of risks associated with our election to be subject to taxation as a REIT.

Conflicts of Interest

Entities with which we may potentially have conflicts of interest are W. P. Carey, which is the parent company of Carey Asset Management and Carey Financial; Carey Asset Management, our advisor; Carey Financial, its affiliate and the dealer manager for this offering; the other operating CPA[®] REITs; affiliates of Carey Asset Management and entities managed by it; those of our officers and directors who have ownership interests in W. P. Carey; W. P. Carey International, a subsidiary of Carey Asset Management; and Jan F. Kärst, our President, who is also an officer of W. P. Carey and who currently has an approximately 7.7% interest in each of W. P. Carey International, Holdings I and Holdings II.

Our advisor may experience conflicts in the management of our operations with respect to matters related to:

- compensation payable to the advisor and its affiliates;
- allocation of new investments and management time and services between us and various other affiliates;
- the timing and terms of the investment in or sale of an asset;
- investments with our affiliates or our advisor;
- purchases of assets from, sales of assets to, or business combination transactions involving, other operating CPA[®] REITs, such as the Proposed Merger;
- the termination of our advisory agreement; and
- our relationship with the dealer manager, Carey Financial, which is an affiliate of ours and of Carey Asset Management.

Furthermore, our duties as general partner to our operating partnership and its limited partners may come into conflict with the duties of our directors and officers to us and to our stockholders. See also “Risk Factors — Risk Related to an Investment in Our Shares — Conflicts of interest may arise between holders of our common stock and holders of partnership interests in our operating partnership.”

The “Conflicts of Interest” section discusses in more detail the more significant of these potential conflicts of interest, as well as the procedures that have been established to resolve a number of these potential conflicts.

The Offering

Maximum Offering Amount	\$1.0 billion of common stock
Maximum Amount Issuable Pursuant to Our Distribution Reinvestment Plan	\$475 million of common stock
Minimum Investment	200 shares. (The minimum investment amount may vary from state to state. Please see the “Suitability Standards” section for more details.)
Suitability Standards for Initial Purchasers in this Offering and Subsequent Transferees	Net worth of at least \$70,000 and annual gross income of at least \$70,000 (For this purpose, net worth excludes home, home furnishings and personal automobiles); OR Net worth of at least \$250,000. Suitability standards may vary from state to state and by broker-dealer to broker-dealer. Please see the “Suitability Standards” section for more details.
Distribution Policy	Consistent with our objective of continuing to qualify as a REIT, we expect to distribute at least 90% of our net taxable income each year. We intend to pay distributions on a quarterly basis and we will calculate our distributions based upon daily record and distribution declaration dates so investors will be able to earn distributions immediately upon purchasing common stock.
Estimated Use of Proceeds	Approximately 86% — to acquire investments. Approximately 14% — to pay fees and expenses of the offering, including the payment of fees to Carey Financial and the payment of fees and reimbursement of expenses to Carey Asset Management.

The offering is a “best efforts” offering. When shares are offered to the public on a “best efforts” basis, we are not guaranteeing that any minimum number of shares will be sold. If you choose to purchase stock in this offering, you will fill out an order form, like the one attached to this prospectus as Annex A, for a specific number of shares and pay for the shares at the time of your order. Funds received will be placed into our interest-bearing account at UMB Bank until the time you are admitted by us as a stockholder. It is our intention to admit stockholders generally on a daily basis. You will be paid interest earned by your funds if your funds are held for 20 days or longer before being transferred to us. We may sell our shares in the offering until April 7, 2013, which is two years from the date of the initial prospectus for the follow-on offering. However, our board of directors may decide to extend the offering for up to an additional year. If we extend the offering for another year and file another registration statement during the one-year extension in order to sell additional shares, we could continue to sell shares in this offering until the earlier of 180 days after the third anniversary of the effective date of this offering or the effective date of the subsequent registration statement. If we decide to extend this offering beyond April 7, 2013, we will provide that information in a prospectus supplement. If we file a subsequent registration

statement, we could continue offering shares with the same or different terms and conditions. Nothing in our organizational documents prohibits us from engaging in additional subsequent public offerings of our stock. Our board of directors may terminate this offering at any time prior to the termination date. This offering must be registered in every state, the District of Columbia and Puerto Rico in which we offer or sell shares. Generally, such registrations are for a period of one year. Thus, we may have to stop selling shares in any state, the District of Columbia and Puerto Rico in which the registration is not renewed annually.

We may not transfer your funds to us until at least five business days have passed since you received a final prospectus, at which time the sale will be considered completed. At any time prior to the date the sale is completed, referred to as the settlement date, you may withdraw your order by notifying your broker-dealer.

Compensation

We will pay our advisor fees for its services and will reimburse our advisor for some expenses. In addition, affiliates of our advisor will be entitled to receive distributions from our operating partnership based upon our available cash and the performance of our portfolio. Outlined below are the material items of compensation. Investors should note that when we refer to certain fees and distributions payable to the advisor or the special general partner as being subordinated to the “5% preferred return rate” or the “6% preferred return rate,” we mean that such fees and distributions will accrue but will not be paid to the advisor or the special general partner if we have not paid distributions at an average, annualized, non-compounded rate of at least 5% or 6%, as applicable, on a cumulative basis from our initial issuance of shares pursuant to this offering through the date of calculation. Once we have achieved the applicable preferred return rate, we may commence paying accrued, subordinated fees and distributions for so long as the applicable preferred return rate is maintained. Until we have invested at least 90% of the net proceeds of this offering, the 5% preferred return rate will be calculated based on our aggregate invested capital, which means the capital actually invested by us in investments other than money market securities. Once we have invested at least 90% of the net proceeds of this offering, we will calculate the 5% preferred return rate based on the proceeds from the sale of our shares, as adjusted for redemptions and distributions of the proceeds from sales and refinancing of assets. We will calculate the 6% preferred return rate based on the proceeds from the sale of our shares, as adjusted for redemptions and distributions of the proceeds from sales and refinancing of assets.

<u>Entity Receiving Compensation</u>	<u>Form and Method of Compensation</u>
Organization and Offering Stage	
Carey Asset Management	Reimbursement for organization and offering expenses; <i>provided</i> that, the advisor shall bear all organization and offering expenses that exceed in the aggregate 2% of the gross proceeds from this offering and our distribution reinvestment plan.
Carey Financial	Selling commissions of \$0.65 per share sold. Carey Financial will, in turn, re-allow all selling commissions to selected dealers, and may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases.
Carey Financial	A dealer manager fee will be paid to Carey Financial of up to \$0.35 per share sold. Carey Financial may, in turn, re-allow a portion of the dealer manager fee to selected dealers for shares sold by the selected dealers.

Entity Receiving Compensation

Form and Method of Compensation

Acquisition Stage

We will pay the advisor an acquisition fee, which is divided into two components: an initial up front acquisition fee and a performance-based fee that is subordinated to the 5% preferred return rate. The amount of the fee varies, depending upon the type of asset acquired, as described below. We will also reimburse the advisor for acquisition expenses.

The total of all acquisition fees (including interest thereon) payable by sellers, borrowers or us to Carey Asset Management and unaffiliated third parties on all investments (including subordinated acquisition fees), and the total amount of acquisition expenses we pay, must be reasonable and together may not exceed 6% of the aggregate contract purchase price of all investments we purchase and the principal amount of loans we make.

Carey Asset Management

Initial Acquisition Fee:

- long-term (*i.e.*, lease terms of seven years or more), net leased properties — 2.5% of the aggregate total cost of properties, which includes the contract purchase price plus related acquisition fees (including subordinated acquisition fees) and expenses. We refer to this sum as the “aggregate total cost” of a property.
- B Notes, C Notes, mortgage-backed securities and real estate-related loans acquired or originated by us — 1% of the total amount of equity that we invest in the portion of such investment that we retain plus the related acquisition fees.
- investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — no acquisition fees are payable.
- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — 1.75% of the sum of the equity that we invest plus the related acquisition fees.

Carey Asset Management

Subordinated Acquisition Fee:

Total subordinated acquisition fees payable to Carey Asset Management by us will range from zero to 2% of the total cost of our investments, depending on the type of investment as described below:

- long-term, net leased properties — 2% of the aggregate total cost of properties;
- B Notes, C Notes, mortgage-backed securities and real estate-related loans — none;
- investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — none; and

Entity Receiving Compensation

Form and Method of Compensation

- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — none.

This fee together with accrued interest is payable in three equal annual installments on the first business day of the fiscal quarter immediately following the fiscal quarter in which an investment is made, and the first business day of the corresponding fiscal quarter in each of the subsequent two fiscal years. The unpaid portion of the fee with respect to any investment will bear interest at the rate of 5% per annum from the date of acquisition of the investment until it is paid. The fee payable in any year, and accrued interest thereon, will be subordinated to the 5% preferred return rate and only paid if the 5% preferred return rate has been achieved through the end of the prior fiscal quarter.

Operational Stage

All fees, expenses and distributions on the special general partner interest payable during the operational stage are subject to the 2%/25% Guideline. The 2%/25% Guideline is the requirement that, in the twelve-month period ending on the last day of any fiscal quarter, operating expenses not exceed the greater of 2% of the average invested assets during such twelve-month period or 25% of our adjusted net income over the same twelve-month period. Average invested assets means the average aggregate book value of our investments, before deducting non-cash items, computed by taking the average of such values at the end of each month during such period. Adjusted net income means our total consolidated revenues less its total consolidated expenses, excluding non-cash items and gains, losses or writedowns from the sale of our assets.

Carey Asset Management

In addition to reimbursement of third party expenses that will be paid by our advisor (including property-specific costs, professional fees, office expenses, travel expenses and business development expenses), we will reimburse our advisor for the allocated costs (including compensation) of personnel and overhead in providing management of our day-to-day operations, including accounting services, stockholder services, corporate management, and property management and operations, except that we will not reimburse our advisor for the cost of personnel to the extent such personnel are used in transactions (acquisitions, dispositions and refinancing) for which our advisor receives a transaction fee. Unless our independent directors determine otherwise, Carey Asset Management must absorb, or reimburse us for, the amount in any twelve month period ending on the last day of any fiscal quarter by which our operating expenses, including asset management fees and distributions paid on the special general partner interest during the operational stage and disposition fees paid on assets, other than interests in real property, exceed the 2%/25% Guideline.

Entity Receiving Compensation**Form and Method of Compensation**

Carey Asset Management

An asset management fee is payable to Carey Asset Management (or W. P. Carey & Co. B.V., in the case of international assets) by us on the market value or equity value of our investments, as described below:

- long-term, net leased properties — 0.5% of the average market value;
- B Notes, C Notes, CMBS investments and real estate-related loans — 1.75% of the average equity value;
- investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — 1.50% of the average equity value; and
- other investments not described in the foregoing categories such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — 0.5% of the average market value.

Average market value is equal to the aggregate purchase price paid by us for the investment, unless a later appraisal by an independent appraiser is obtained, in which case that later appraised value will become the average market value. Average equity value is equal to the equity portion of the aggregate purchase price paid by us for the investment, *provided that*, if (A) a later appraisal is obtained for the asset, that later appraised value will be used to determine average equity value, and (B) for investments in securities that we treat as available for sale under GAAP, the fair value of such securities as determined on the last day of each month, or if applicable, on the date the securities are disposed of, will be used to determine average equity value.

Carey Holdings

Carey Holdings' special general partner profits interest entitles Carey Holdings to receive up to 10% of distributions of available cash, depending on the type of investment as described below:

- Long-term, net leased properties — up to 10% of available cash;
- B Notes, C Notes, CMBS investments and real estate-related loans — up to the lesser of (x) 10% of available cash or (y) 20% of available cash in excess of 5%;
- investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — none; and
- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — up to 10% of available cash.

Available cash means the cash generated by operating partnership operations and investments excluding cash from sales and refinancing, after the payment of debt and other operating expenses, but before distributions to partners. Distributions of available cash will be paid quarterly.

Entity Receiving Compensation

Form and Method of Compensation

Independent Directors

We will pay to each independent director an annual fee of \$25,000, a fee of \$1,000 for each regular quarterly meeting attended in person, \$1,000 for full board or audit committee meetings attended by telephone and an additional \$10,000 to the Chairman of the Audit Committee, plus an annual grant of shares of our common stock having an aggregate value of \$13,500 at the time of grant based on our most recently published estimated net asset value or, during the period before we publish our initial estimated net asset value, the public offering price minus discounts and commission expense.

Dispositions/Liquidation Stage

All disposition fees payable upon sales of assets, other than interests in real property, are subject to the 2%/25% Guideline.

Carey Asset Management

Disposition Fees Upon Sales of Assets. If Carey Asset Management (or W. P. Carey & Co. B.V., in the case of international assets) provides a substantial amount of services in the sale of an investment, subordinated disposition fees shall accrue in an amount depending on the type of assets, as described below:

- net leased properties — equal to the lesser of (i) 50% of the brokerage commission paid or (ii) 3% of the contract sales price of a property;
- investments in B Notes, C Notes, mortgage-backed securities and real estate-related loans — 1% of the average equity value;
- readily marketable real estate securities — none;
- other investments not described in the foregoing categories — equal to the lesser of (i) 50% of the brokerage commission or (ii) 3% of the contract sales price of an investment.

The total real estate commissions and the subordinated disposition fees we pay shall not exceed an amount equal to the lesser of: (i) 6% of the contract sales price of an investment or (ii) the commission paid in a competitive market for the purchase or sale of an investment that is reasonable and competitive in light of the size, type, location or other relevant characteristics of the investment. The fee will only be paid if and when the 5% preferred return rate has been achieved through the end of the prior fiscal quarter. The fee will bear interest at the rate of 5% per annum from the date of disposition of the investment until it is paid. This will increase the amount received by the advisor beyond the actual fee accrued.

If the advisory agreement is terminated, other than for cause, or not renewed, we will pay our advisor accrued and unpaid fees and expense reimbursements, including any payment of subordinated fees, earned prior to termination or non-renewal of the advisory agreement. If our advisory agreement is terminated for cause, we will pay our advisor unpaid expense reimbursements.

Entity Receiving Compensation**Form and Method of Compensation**

Carey Holdings

Interest in Disposition Proceeds. Carey Holdings' special general partner interest will also entitle it to receive distributions of up to 15% of the net proceeds from the sale, exchange or other disposition of operating partnership assets remaining after the corporation has received a return of 100% of its initial investment in the operating partnership (which will be equivalent to the initial investment by our stockholders in our shares), through certain events or distributions, plus the 6% preferred return rate. If we terminate or do not renew the advisory agreement (including as a result of a merger, sale of substantially all of our assets or a liquidation), if our advisor resigns for good reason, all after two years from the start of operations of our operating partnership, our operating partnership will have the right, but not the obligation, to repurchase all or a portion of Carey Holdings' interests in our operating partnership at the fair market value of those interests on the date of termination, as determined by an independent appraiser.

Please see the "Management Compensation" section of this prospectus for a more complete description of compensation.

Carey Asset Management and W. P. Carey & Co. B.V. may each choose on an annual basis to take its fees in cash or shares of our common stock, or a combination thereof. For 2011, Carey Asset Management and W. P. Carey & Co. B.V. each have elected to receive its asset management fees in shares of our common stock. The number of shares of stock is determined by dividing the dollar amount of fees by our public offering price of \$10.00. Carey Holdings may also choose on an annual basis to reinvest the distributions from its special general partnership interest in our operating partnership in exchange for partnership units at a price equal to the public offering price of our common stock.

W. P. Carey, Carey Asset Management, Carey Financial and their affiliates earned the compensation and expense reimbursements shown below in connection with their services during the year ended December 31, 2011 and the period from inception (February 20, 2007) to December 31, 2011 relating to our organization and offering stage and our acquisition and operational stage. All fees and expenses that have been paid or accrued during such periods are reflected in the table. No fees that were otherwise payable during such periods have been waived or deferred until a later period. As described in “Management Compensation” and as shown below, we pay certain fees and expenses as they are incurred, while other accrue and will be paid in future periods, subject in some cases to the achievement of performance criteria.

	Year Ended December 31, 2011			Since Inception Total ^(a)
	Paid	Accrued	Total	
Organization and Offering Stage				
Organization and offering expenses	\$ 4,555,082	\$ 519,663	\$ 5,074,745	\$ 17,503,877
Selling commissions paid in connection with the offering ^(b)	37,119,988	—	37,119,988	124,862,004
Selling commissions paid in connection with purchases pursuant to our distribution reinvestment plan	—	—	—	—
Dealer Manager fee ^(c)	17,857,550	—	17,857,550	45,144,482
Wholesaling fee ^(c)	2,459,682	—	2,459,682	23,080,754
	<u>61,992,302</u>	<u>519,663</u>	<u>62,511,965</u>	<u>210,591,117</u>
Acquisition and Operational Stage				
Initial acquisition fee	24,558,881	—	24,558,881	64,749,557
Subordinated acquisition fee	14,454,508	2,943,333	17,397,841	49,514,212
Reimbursement of expenses incurred in connection with Carey Asset Management’s provision of services to us	1,885,585	372,685	2,258,270	3,562,223
Asset management fees	10,965,330	2,469,840	13,435,170	21,681,610
Special general partner profits interest distributions to Carey Holdings	9,378,000	—	9,378,000	16,005,819
Payments to independent directors	129,417	—	129,417	442,255
	<u>61,371,721</u>	<u>5,785,858</u>	<u>67,157,579</u>	<u>155,955,676</u>
Total	<u>\$123,364,023</u>	<u>\$6,305,521</u>	<u>\$129,669,544</u>	<u>\$366,546,793</u>

(a) Represents total incurred during the period from inception (February 20, 2007) to December 31, 2011.
(b) These fees are initially paid to Carey Financial and then re-allowed to third party broker-dealers.
(c) These fees are initially paid to Carey Financial, and Carey Financial may re-allow a portion of such fees to selected dealers. In the initial public offering, Carey Financial received a selected dealer fee and a wholesaling fee. In this offering, Carey Financial receives a dealer manager fee instead of a wholesaling fee.

Selected Financial Data

We are providing this information to aid you in your analysis of the financial aspects of this offering. The following table sets forth selected operating and balance sheet information on a consolidated historical basis. This information is only a summary and should be read in conjunction with the discussion in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes to those financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated herein by reference.

	Years ended December 31,				Period ended
	2011	2010	2009	2008	December 31, 2007 ^(a)
Operating Data					
Total revenues	\$ 196,536,000	\$ 99,463,000	\$ 50,346,000	\$ 9,684,000	\$ —
Net income (loss)	70,446,000	45,787,000	2,180,000	(1,650,000)	(106,000)
(Less) Add: Net (income) loss attributable to noncontrolling interests	(20,791,000)	(15,333,000)	(9,881,000)	403,000	—
Net income (loss) attributable to CPA :17 – Global shareholders ^(b)	49,655,000	30,454,000	(7,701,000)	(1,247,000)	(106,000)
Per share:					
Net income (loss) attributable to CPA :17 – Global shareholders	0.28	0.27	(0.14)	(0.07)	(4.76)
Cash distributions declared	0.6475	0.6400	0.6324	0.5578	0.0792
Balance Sheet Data					
Total assets	\$3,045,812,000	\$1,988,255,000	\$1,067,872,000	\$479,072,000	\$2,944,000
Net investments in real estate ^(c)	2,374,773,000	1,426,907,000	698,332,000	273,314,000	8,000
Long -term obligations ^(d)	1,177,002,000	687,297,000	308,830,000	137,181,000	—
Other Information					
Cash provided by (used in) operating activities	\$ 101,515,000	\$ 69,518,000	\$ 35,348,000	\$ 4,443,000	\$ (17,000)
Cash distributions paid	102,503,000	60,937,000	27,193,000	5,196,000	—
Payment of mortgage principal ^(e)	14,136,000	6,541,000	4,494,000	540,000	—

(a) For period from inception (February 20, 2007) through December 31, 2007.

(b) Net loss in 2009 reflects impairment charges totaling \$26.8 million, inclusive of amounts attributable to noncontrolling interests totaling \$2.8 million.

(c) Net investments in real estate consists of Net investments in properties, Net investments in direct financing leases, Equity investments in real estate and Real estate under construction as applicable.

(d) Represents mortgage obligations and deferred acquisition fee installments.

(e) Represents scheduled mortgage principal payments.

Distributions

We make distributions on a quarterly basis. Aggregate quarterly distributions declared for the period from inception (February 20, 2007) through December 31, 2011 are as follows:

For The Period Ended	Distributions			Sources of Total Distributions			
	Total	Cash ⁽¹⁾	Reinvested	Adjusted Cash Flow from Operating Activities ⁽²⁾	Coverage % ⁽³⁾	Offering Proceeds	%
Cumulative through December 31, 2011	\$228,169,000	\$115,988,000	\$112,181,000	\$175,776,000	77%	\$52,128,000	23%
12/31/2011	\$ 32,285,000	\$ 16,605,000	\$ 15,680,000	\$ 27,359,000	85%	\$ 4,926,000	15%
9/30/2011	29,915,000	15,361,000	14,554,000	29,080,000	97%	835,000	3%
6/30/2011	26,895,000	13,850,000	13,045,000	20,574,000	76%	6,321,000	24%
3/31/2011	24,231,000	12,305,000	11,926,000	22,483,000	93%	1,748,000	7%
	<u>\$ 113,326,000</u>	<u>\$ 58,121,000</u>	<u>\$ 55,205,000</u>	<u>\$ 99,496,000</u>	<u>88%</u>	<u>\$ 13,830,000</u>	<u>12%</u>
12/31/2010	\$ 21,519,000	\$ 10,856,000	\$ 10,663,000	\$ 14,963,000	70%	\$ 6,556,000	30%
9/30/2010	18,846,000	9,465,000	9,381,000	13,556,000	72%	5,290,000	28%
6/30/2010	16,470,000	8,271,000	8,199,000	11,976,000	73%	4,494,000	27%
3/31/2010	13,945,000	7,048,000	6,897,000	9,147,000	66%	4,798,000	34%
	<u>\$ 70,780,000</u>	<u>\$ 35,640,000</u>	<u>\$ 35,140,000</u>	<u>\$ 49,642,000</u>	<u>70%</u>	<u>\$ 21,138,000</u>	<u>30%</u>
12/31/2009	\$ 11,675,000	\$ 5,896,000	\$ 5,779,000	\$ 6,378,000	55%	\$ 5,297,000	45%
9/30/2009	9,322,000	4,705,000	4,617,000	9,036,000	97%	286,000	3%
6/30/2009	7,405,000	3,749,000	3,656,000	4,732,000	64%	2,673,000	36%
3/31/2009	5,959,000	3,012,000	2,947,000	3,258,000	55%	2,701,000	45%
	<u>\$ 34,361,000</u>	<u>\$ 17,362,000</u>	<u>\$ 16,999,000</u>	<u>\$ 23,404,000</u>	<u>68%</u>	<u>\$ 10,957,000</u>	<u>32%</u>
12/31/2008	\$ 4,507,000	\$ 2,261,000	\$ 2,246,000	\$ 1,404,000	31%	\$ 3,103,000	69%
9/30/2008	3,140,000	1,568,000	1,572,000	1,994,000	64%	1,146,000	36%
6/30/2008	1,647,000	833,000	814,000	101,000	6%	1,546,000	94%
3/31/2008	406,000	201,000	205,000	(159,000)	0%	406,000	100%
	<u>\$ 9,700,000</u>	<u>\$ 4,863,000</u>	<u>\$ 4,837,000</u>	<u>\$ 3,340,000</u>	<u>36%</u>	<u>\$ 6,201,000</u>	<u>64%</u>
12/31/2007	\$ 2,000	\$ 2,000	—	\$ (106,000)	0%	\$ 2,000	100%

(1) Cash distributions were paid generally within fifteen days following the end of the stated period.

(2) Amounts shown represent the portion used for distributions only. Adjusted cash flow from operating activities is a non-GAAP measure. A reconciliation of cumulative adjusted cash flow from operating activities to reported cash flow from operating activities follows.

(3) Coverage represents amount of total distributions sourced by adjusted cash flow from operating activities.

Cumulative coverage based on GAAP net income was 51% through December 31, 2011. Coverage based on GAAP net income was 62% for the fiscal year ended December 31, 2011.

Adjusted cash flow from operating activities refers to our cash provided by operating activities, as determined in accordance with GAAP, adjusted primarily to reflect timing differences between the period an expense is incurred and paid and when revenues are earned and received, to add cash distributions that we receive from our investments in unconsolidated real estate joint ventures in excess of our equity investment in the joint ventures, and to subtract cash distributions that we make to our noncontrolling partners in real estate joint ventures that we consolidate. We hold a number of interests in real estate joint ventures, and we believe that adjusting our GAAP cash provided by operating activities to reflect these actual cash receipts and

In March 2012, our board of directors declared daily distributions of \$0.0017857 per share for the second quarter of 2012, payable to stockholders of record as of the close of business on each day during the quarter, or \$0.65 per share on an annualized basis. The daily distributions for the second quarter of 2012 will be paid in aggregate on or about July 16, 2012.

Redemptions

For the year ended December 31, 2011, we received requests to redeem 961,968 shares of our common stock pursuant to our redemption plan, and we redeemed all of these requests at a price per share of \$9.30. Of the total 2011 redemptions, we redeemed 518,469 shares in the fourth quarter of 2011. We funded these share redemptions from the proceeds of the sale of shares of our common stock pursuant to our distribution reinvestment plan. See “Description of Shares — Redemption of Shares.”

Audit Fees

For the year ended December 31, 2011, the aggregate audit and tax fees billed to us by PricewaterhouseCoopers LLP were \$1,257,749 and \$13,469, respectively. No fees were billed for audit related fees or other services.

Our Status Under the Investment Company Act

We conduct our operations so that neither we nor any of our subsidiaries is required to register as an investment company under the Investment Company Act of 1940, as amended, or the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer’s total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, or the 40% test. We monitor our holdings to ensure continuing and ongoing compliance with this test. In addition, we believe we are not considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because we do not engage primarily or hold ourselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, through our operating partnership, we are primarily engaged in non-investment company businesses related to the ownership of real estate.

We hold our assets and operate our business through our operating partnership. We believe that our operating partnership will continue to rely upon the exemption from registration as an investment company under the Investment Company Act pursuant to Section 3(c)(5)(C) of the Investment Company Act, which is available for entities “primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” This exemption generally requires that at least 55% of these subsidiaries’ assets must be comprised of qualifying real estate assets and at least 80% of each of their portfolios must be comprised of qualifying real estate assets and real estate-related assets under the Investment Company Act. We rely on guidance published by the SEC staff or on our analyses of guidance published with respect to other types of assets to determine which assets are qualifying real estate assets and real estate-related assets. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our strategy accordingly. In addition, we may be limited in our ability to make certain investments and these limitations could result in the operating partnership holding assets we might wish to sell or selling assets we might wish to hold.

If we fail to continue to comply with the 40% test or if the operating partnership fails to maintain an exception or exemption from the Investment Company Act under Section 3(c)(5)(C) of that act, we could, among other things, be required either (a) to substantially change the manner in which we conduct our operations to avoid being required to register as an investment company or (b) to register as an investment company under the Investment Company Act, either of which could have an adverse effect on us and our net asset value. If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters.

See “Risk Factors — Risks Related to Our Operations — Our operations could be restricted if we become subject to the Investment Company Act and your investment return, if any, may be reduced if we are required to register as an investment company under the Investment Company Act.”

Description of Shares

General

We will not issue stock certificates. A stockholder’s investment will be recorded on our books as held by DST Systems, Inc., or DST, our transfer agent. If you wish to sell your shares, you will be required to comply with the transfer restrictions and send an executed transfer form to DST. Transfer fees will apply in certain circumstances.

Stockholder Voting Rights and Limitations

Stockholders will meet each year for the election of directors, who are elected by the affirmative vote of a majority of shares that are present, in person or by proxy, at such meeting at which a quorum is present. Other business matters may be presented at the annual meeting or at special stockholder meetings. You are entitled to one vote for each share you own. All stockholders are bound by the decision of the majority of stockholders who vote on each question voted upon or, in certain instances, by the decision of a majority of all stockholders entitled to vote.

Limitation on Share Ownership

Our charter restricts ownership by one person and their affiliates to no more than 9.8% of the value of our issued and outstanding shares and, unless exempted by our board of directors, no more than 9.8% in value or number, whichever is more restrictive, of our issued and outstanding shares of common stock. See “Description of Shares — Restriction on Ownership of Shares.” These restrictions are designed, among other purposes, to assist us in complying with restrictions imposed on REITs by the Code.

Distribution Reinvestment Plan

We have adopted a distribution reinvestment plan in which investors can reinvest their distributions in additional shares. For information on how to participate in our distribution reinvestment plan, see the section of the prospectus entitled “Description of Shares — Summary of Our Distribution Reinvestment and Stock Purchase Plan.”

If you have more questions about this offering or if you would like additional copies of this prospectus, you should contact your registered representative or:

Corporate Property Associates 17 — Global Incorporated

W. P. Carey & Co. LLC
50 Rockefeller Plaza
New York, NY 10020
1-800-WP CAREY
cpa17global@wpcarey.com

RISK FACTORS

Before you invest in our securities, you should be aware that there are various risks. The material risks are described below. You should consider carefully these risk factors together with all of the other information included in this prospectus before you decide to purchase our securities.

RISKS RELATED TO THIS OFFERING

There is no assurance that we will be able to achieve our investment objectives.

We may not achieve our investment objectives as described in this prospectus and the value of your investment could decline substantially. Our financial condition and results of operations will depend on many factors, including the availability of opportunities for the acquisition of assets, readily accessible short- and long-term financing, conditions in the financial markets, economic conditions generally, and the performance of our advisor. There can be no assurance that we will be able to generate sufficient cash flow over time to pay our operating expenses and make distributions to stockholders.

The past performance of programs sponsored by or affiliated with W. P. Carey is not an indicator of our future performance.

You should not rely upon the past performance of other CPA[®] Programs managed by the advisor as an indicator of our future performance. This is particularly true since we may make investments other than in net leased properties of the type that were the focus of prior CPA[®] Programs. We cannot guarantee that we will be able to find suitable investments. Our failure to timely invest the proceeds of this offering, or to invest in quality assets, could diminish returns to investors and our ability to pay distributions to our stockholders.

The offering price for shares being offered in this offering and through our distribution reinvestment plan was determined by our board of directors and may not be indicative of the price at which the shares would trade if they were listed on an exchange or were actively traded by brokers.

The offering price of the shares being offered in this offering and through our distribution reinvestment plan was arbitrarily determined by our board of directors in the exercise of its business judgment. This price may not be indicative of the price at which shares would trade if they were listed on an exchange or actively traded by brokers nor of the proceeds that a stockholder would receive if we were liquidated or dissolved or of the value of our portfolio at the time you purchase shares.

A delay in investing funds may adversely affect or cause a delay in our ability to deliver expected returns to investors and may adversely affect our performance.

We have not yet identified all of the assets to be purchased with the proceeds of this offering and our distribution reinvestment plan; therefore, there could be a substantial delay between the time you invest in our shares and the time substantially all the proceeds are invested by us. Delays in investing our capital could also arise from the fact that our advisor is simultaneously seeking to locate suitable investments for the other operating CPA[®] REITs managed by our advisor and its affiliates. We currently expect that, if this offering is subscribed for in its entirety, it may take up to two years after commencement of this offering or one year after the termination of this offering, if later, until our capital is substantially invested. Pending investment, the balance of the proceeds of this offering will be invested in permitted temporary investments, which include short-term U.S. government securities, bank certificates of deposit and other short-term liquid investments. The rate of return on those investments, which affects the amount of cash available to make distributions to stockholders, has been extremely low in recent years and most likely will be less than the return obtainable from real property or other investments. Therefore, delays in our ability to invest the proceeds of this offering could adversely affect our ability to pay distributions to our stockholders and adversely affect your total

return. If we fail to timely invest the net proceeds of this offering or to invest in quality assets, our ability to achieve our investment objectives could be materially adversely affected. In addition, because we have not identified the assets to be purchased with the net proceeds of this offering, which makes this a “blind pool” offering with respect to the proceeds of this offering, uncertainty and risk is increased to you as you will be unable to evaluate the manner in which these proceeds are to be invested.

Our distributions have exceeded, and may in the future exceed, our GAAP net income and our adjusted cash flow from operating activities and may be paid from offering proceeds, borrowing proceeds and other sources, without limitation, particularly during the period before we have substantially invested the remaining net proceeds from this offering, which would reduce amounts available for the acquisition of properties or require us to repay such borrowings, both of which could reduce your overall return. Coverage based on GAAP net income was 62% for the fiscal year ended December 31, 2011.

Over the life of our company, the regular quarterly cash distributions we pay are expected to be principally sourced by adjusted cash flow from operating activities. Adjusted cash flow from operating activities represents GAAP cash flow from operating activities, adjusted primarily to reflect timing differences between the period an expense is incurred and paid, to add cash distributions we receive from equity investments in real estate in excess of equity income and to subtract cash distributions we pay to our noncontrolling partners in jointly-owned real estate that we consolidate. However, we have funded a portion of our cash distributions paid to date using net proceeds from our initial public offering and we may do so in the future proceeds from this offering, particularly until we have substantially invested the offering net proceeds. In addition, our distributions paid to date have exceeded our GAAP earnings and future distributions may do the same, particularly until we have substantially invested the net proceeds of this offering. If our properties are not generating sufficient cash flow or our other expenses require it, we may need to sell properties or other assets, incur indebtedness or use offering proceeds if necessary to satisfy the REIT requirement that we distribute at least 90% of our REIT net taxable income, excluding net capital gains, and to avoid the payment of federal income tax. If we fund distributions from financings, then such financings will need to be repaid, and if we fund distributions from offering proceeds, then we will have fewer funds available for the acquisition of properties, which may affect our ability to generate future cash flows from operations and, therefore, reduce your overall return. These risks will be greater for persons who acquire our shares relatively early in this offering, before a significant portion of the offering proceeds have been invested.

For U.S. federal income tax purposes, portions of the distributions we make may represent return of capital to our stockholders if they exceed our earnings and profits.

Stockholders’ equity interests may be diluted.

Our stockholders do not have preemptive rights to any shares of common stock issued by us in the future. Therefore, if we (1) sell shares of common stock in the future, including those issued pursuant to our distribution reinvestment plan, (2) sell securities that are convertible into our common stock, (3) issue common stock in a private placement to institutional investors, or (4) issue shares of common stock to our directors or to W. P. Carey and its affiliates for payment of fees in lieu of cash, then existing stockholders and investors purchasing shares in this offering will experience dilution of their percentage ownership in us. Depending on the terms of such transactions, most notably the offer price per share, which may be less than the price paid per share in this offering, and the value of our properties and our other investments, existing stockholders might also experience a dilution in the book value per share of their investment in us.

You will experience substantial dilution in the net tangible book value of your shares equal to the offering costs associated with your shares.

If you purchase our common stock in this offering, you will incur immediate dilution equal to the costs of the offering associated with your shares. This means that the investors who purchase shares of common stock will pay a price per share that substantially exceeds the per share value of our assets after subtracting our liabilities. The costs of this offering are currently unknown and cannot be precisely estimated at this time. The costs will be substantial.

Our board of directors may change our investment policies without stockholder approval, which could alter the nature of your investment.

Our charter requires that our independent directors review our investment policies at least annually to determine that the policies we are following are in the best interest of our stockholders. These policies may change over time. The methods of implementing our investment policies may also vary, as new investment techniques are developed. Our investment policies, the methods for their implementation, and our other objectives, policies and procedures may be altered by a majority of the directors (which must include a majority of the independent directors), without the approval of our stockholders. As a result, the nature of your investment could change without your consent. A change in our investment strategy may, among other things, increase our exposure to interest rate risk, default risk and commercial real property market fluctuations, all of which could materially adversely affect our ability to achieve our investment objectives.

We are not required to meet any diversification standards; therefore, our investments may become subject to concentration of risk.

Subject to our intention to maintain our qualification as a REIT, there are no limitations on the number or value of particular types of investments that we may make. We are not required to meet any diversification standards, including geographic diversification standards. If we raise less money in this offering than anticipated, we will have fewer assets and less diversification. Our investments may become concentrated in type or geographic location, which could subject us to significant concentration of risk with potentially adverse effects on our investment objectives. Approximately 16% and 11% of our lease revenues in 2011 were derived from our leases with The New York Times Company and CARQUEST, respectively. A failure by either The New York Times or CARQUEST to meet its obligations to us could have a material adverse effect on our financial condition and results of operations and our ability to pay distributions to our stockholders.

Since this is a “best-efforts” offering, there can be no assurance that more shares of common stock will be sold than have already been sold.

This is a “best-efforts,” as opposed to a “firm commitment” offering. This means that the dealer manager is not obligated to purchase any shares of stock, but has only agreed to use its “best efforts” to sell the shares of stock to investors.

As a general matter, at any point during the offering of our shares of common stock, there can be no assurance that more shares of common stock will be sold than have already been sold. Accordingly, investors purchasing such shares should not assume that the number of shares sold, or gross offering proceeds received, by us will be greater than the number of shares sold or the gross offering proceeds received by us to that point in time. No investor should assume that we will sell the maximum offering made by this prospectus, or any other particular offering amount. See “The Offering/Plan of Distribution” and “Estimated Use of Proceeds.”

We make forward-looking statements in this prospectus that may prove to be inaccurate.

This prospectus contains forward-looking statements within the meaning of the federal securities laws which are intended to be covered by the safe harbors created by those laws. These statements

include our plans and objectives for future operations, including plans and objectives relating to future growth and availability of funds. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and many of which are beyond our control. Although we believe the assumptions underlying the forward-looking statements, and the forward looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that these forward-looking statements will prove to be accurate. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans, which we consider to be reasonable, will be achieved.

RISKS RELATED TO OUR RELATIONSHIP WITH OUR ADVISOR

Our success is dependent on the performance of our advisor.

Our ability to achieve our investment objectives and to pay distributions is largely dependent upon the performance of our advisor in the acquisition of investments, the selection of tenants, the determination of any financing arrangements, and the management of our assets. The advisory agreement in effect on the date of this prospectus ends the earlier of the consummation of the Proposed Merger or September 30, 2012 and may be renewed at our option upon expiration. The past performance of partnerships and CPA® Programs managed by our advisor may not be indicative of our advisor's performance with respect to us. We cannot guarantee that our advisor will be able to successfully manage and achieve liquidity for our stockholders to the extent it has done so for prior programs.

We may invest in assets outside our advisor's core expertise and incur losses as a result.

We are not restricted in the types of investments we may make and we may invest in assets outside our advisor's core expertise of long-term net leased properties. Our advisor may not be as familiar with the potential risks of investments outside net leased properties. If we invest in assets outside our advisor's core expertise, the fact that our advisor does not have the same level of experience in evaluating investments outside its core business could result in such investments performing more poorly than long-term net lease investments, which in turn could adversely affect our revenues, estimated net asset values, and distributions to our stockholders.

W. P. Carey and our dealer manager are parties to a settlement agreement with the SEC and are subject to a federal court injunction as well as a consent order with the Maryland Division of Securities.

In 2008, W. P. Carey and Carey Financial, the dealer manager for this offering, settled all matters relating to an investigation by the SEC, including matters relating to payments by certain CPA® REITs other than us during 2000-2003 to broker-dealers that distributed their shares, which were alleged by the SEC to be undisclosed underwriting compensation; which W. P. Carey and Carey Financial neither admitted nor denied. In connection with implementing the settlement, a federal court injunction has been entered against W. P. Carey and Carey Financial enjoining them from violating a number of provisions of the federal securities laws. Any further violation of these laws by W. P. Carey or Carey Financial could result in civil remedies, including sanctions, fines and penalties, which may be more severe than if the violation had occurred without the injunction being in place. Additionally, if W. P. Carey or Carey Financial breaches the terms of the injunction, the SEC may petition the court to vacate the settlement and restore the SEC's original action to the active docket for all purposes.

The settlement is not binding on other regulatory authorities, including FINRA, which regulates Carey Financial, state securities regulators, or other regulatory organizations, which may seek to commence proceedings or take action against W. P. Carey or its affiliates on the basis of the settlement or otherwise.

In 2012, CPA:15, W. P. Carey and Carey Financial (the “Parties”) settled all matters relating to an investigation by the state of Maryland regarding the sale of unregistered securities of CPA:15 in 2002 and 2003. Under the consent order, the Parties agreed, without admitting or denying liability, to cease and desist from any further violations of selling unregistered securities in Maryland. Contemporaneous with the issuance of the consent order, the Parties paid to the Maryland Division of Securities a civil penalty of \$10,000.

Additional regulatory action, litigation or governmental proceedings could adversely affect us by, among other things, distracting W. P. Carey and Carey Financial from their duties to us, resulting in significant monetary damages to W. P. Carey and Carey Financial which could adversely affect their ability to perform services for us, or resulting in injunctions or other restrictions on W. P. Carey’s or Carey Financial’s ability to act as our advisor and dealer manager, respectively, in the U.S. or in one or more states.

Exercising our right to repurchase all or a portion of Carey Holdings’ interests in our operating partnership upon certain termination events could be prohibitively expensive and could deter us from terminating the advisory agreement.

The termination of Carey Asset Management as our advisor, including by non-renewal of the advisory agreement, and replacement with an entity that is not an affiliate of Carey Asset Management, or the resignation of our advisor for good reason, all after two years from the start of operations of our operating partnership, would give our operating partnership the right, but not the obligation, to repurchase all or a portion of Carey Holdings’ interests in our operating partnership at the fair market value of those interests on the date of termination, as determined by an independent appraiser. This repurchase could be prohibitively expensive, could require the operating partnership to have to sell assets to raise sufficient funds to complete the repurchase and could discourage or deter us from terminating the advisory agreement. Alternatively, if our operating partnership does not exercise its repurchase right and Carey Holdings’ interest is converted into a special limited partnership interest, we might be unable to find another entity that would be willing to act as our advisor while Carey Holdings owns a significant interest in the operating partnership. If we do find another entity to act as our advisor, we may be subject to higher fees than the fees charged by Carey Asset Management.

The repurchase of Carey Holdings’ special general partner interest in our operating partnership upon the termination of Carey Asset Management as our advisor may discourage a takeover attempt if our advisory agreement would be terminated and Carey Asset Management not replaced by an affiliate of Carey Asset Management as our advisor in connection therewith.

In the event of a merger in which our advisory agreement is terminated and Carey Asset Management is not replaced by an affiliate of Carey Asset Management as our advisor, the operating partnership must either repurchase all or a portion of Carey Holdings’ special general partner interest in our operating partnership or obtain the consent of Carey Holdings to the merger. This obligation may deter a transaction that could result in a merger in which we are not the surviving entity. This deterrence may limit the opportunity for stockholders to receive a premium for their shares of common stock that might otherwise exist if an investor were to attempt to acquire us through a merger.

The termination or replacement of our advisor could trigger a default or repayment event under our financing arrangements for some of our assets.

Lenders for certain of our assets may request change of control provisions in the loan documentation that would make the termination or replacement of W. P. Carey or its affiliates as our advisor an event of default or an event requiring the immediate repayment of the full outstanding balance of the loan. If an event of default or repayment event occurs with respect to any of our assets, our revenues and distributions to our stockholders may be adversely affected.

Payment of fees to our advisor, and distributions to our special general partner, will reduce cash available for investment and distribution.

Our advisor will perform services for us in connection with the offer and sale of our shares, the selection and acquisition of our investments, the management and leasing of our properties and the administration of our other investments. Unless our advisor elects to receive our common stock in lieu of cash compensation, we will pay our advisor substantial cash fees for these services. In addition, our special general partner is entitled to certain distributions from our operating partnership. The payment of these fees and distributions will reduce the amount of cash available for investments or distribution to our stockholders.

Our advisor may be subject to conflicts of interest.

Our advisor manages our business and selects our investments. Our advisor has some conflicts of interest in its management of us, which arise primarily from the involvement of our advisor in other activities that may conflict with us and the payment of fees by us to our advisor. Circumstances under which a conflict could arise between us and our advisor include:

- the receipt of compensation by our advisor for acquisitions of investments, leases, sales and financing for us, which may cause our advisor to engage in transactions that generate higher fees, rather than transactions that are more appropriate or beneficial for our business;
- agreements between us and our advisor, including agreements regarding compensation, will not be negotiated on an arm's-length basis as would occur if the agreements were with unaffiliated third parties;
- acquisitions of single assets or portfolios of assets from affiliates, including the other operating CPA® REITs, subject to our investment policies and procedures, which may take the form of a direct purchase of assets, a merger or another type of transaction, will not be negotiated on an arm's-length basis as would occur if the agreements were with unaffiliated third parties;
- competition with certain affiliates for investment acquisitions, which may cause our advisor and its affiliates to direct investments suitable for us to other related entities;
- a decision by our advisor (on our behalf) of whether to hold or sell an asset. This decision could impact the timing and amount of fees payable to our advisor as well as allocations and distributions payable to Carey Holdings pursuant to its special general partner interests. On the one hand, our advisor receives asset management fees and may decide not to sell an asset. On the other hand, Carey Holdings will be entitled to certain profit allocations and cash distributions based upon sales of assets as a result of its operating partnership profits interest;
- a recommendation by our advisor that we declare distributions at a particular rate because our advisor and Carey Holdings may begin collecting subordinated fees and subordinated distributions once the applicable preferred return rate has been met;
- disposition fees based on the sale price of assets and interests in disposition proceeds based on net cash proceeds from sale, exchange or other disposition of assets may cause a conflict between the advisor's desire to sell an asset and our plans to hold or sell the asset; and
- whether a particular entity has been formed by the advisor specifically for the purpose of making particular types of investments (in which case it will generally receive preference in the allocation of those types of investments).

See "Conflicts of Interest — Our advisor may be subject to conflicts of interest."

We delegate our management functions to our advisor.

We delegate our management functions to our advisor, for which it earns fees pursuant to an advisory agreement. Although at least a majority of our board of directors must be independent,

because the advisor earns fees from us and has an ownership interest in us, we have limited independence from the advisor.

We face competition from affiliates of our advisor in the purchase, sale, lease and operation of properties.

W. P. Carey and its affiliates specialize in providing lease financing services to corporations and in sponsoring funds, such as the CPA[®] REITs, and to a lesser extent Carey Watermark Investors Incorporated (“CWI”), that invest in real estate. The other operating CPA[®] REITs have investment policies and return objectives that are similar to ours and CWI is currently actively seeking opportunities to invest capital. Therefore, W. P. Carey and its affiliates, including other operating CPA[®] REITs and future entities advised by W. P. Carey, may compete with us with respect to properties, potential purchasers, sellers and lessees of properties, and mortgage financing for properties. We do not have a non-competition agreement with W. P. Carey or the other operating CPA[®] REITs and there are no restrictions on W. P. Carey’s ability to sponsor or manage funds or other investment vehicles that may compete with us in the future. Some of the entities formed and managed by W. P. Carey may be focused specifically on particular types of investments and receive preference in the allocation of those types of investments. See “Conflicts of Interest — We may enter into transactions with or take loans from our advisor or its affiliates,” and “Conflicts of Interest — There may be competition from our advisor and its affiliates for the time and services of officers and directors.”

The dealer manager’s affiliation with our advisor may cause a conflict of interest and may hinder the performance of its due diligence obligations.

Carey Financial receives selling commissions and a dealer manager fee, all or a portion of which it may re-allow to other dealers, in connection with this offering. As dealer manager, Carey Financial has certain obligations under the federal securities laws to undertake a due diligence investigation with respect to the parties involved in this offering, including our advisor. Carey Financial’s affiliation with our advisor may cause a conflict of interest for Carey Financial in carrying out its due diligence obligations. While we make certain representations to Carey Financial on which it may rely, Carey Financial has not requested and will not obtain from counsel an opinion to the effect that the prospectus will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the prospectus, in the light of the circumstances under which they were made, not misleading. The absence of an independent due diligence review by Carey Financial may increase the risk and uncertainty you face as a potential investor in our common stock. See also “Conflicts of Interest — Our dealer manager’s affiliation with W. P. Carey, its parent, may cause conflicts of interest.”

Because this offering will not be underwritten, you will not have the benefit of an independent review of us, including our operations, internal controls and properties, or this prospectus, customarily undertaken in underwritten offerings.

Generally, offerings of securities to the public are underwritten by a third-party “underwriter” within the meaning of the Securities Act of 1933, as amended, which we refer to in this prospectus as the Securities Act. The structure of this offering does not require the use of an underwriter as we will issue shares of common stock directly to investors, and thus you will not have the benefit of an independent review of us or this prospectus. The absence of an independent due diligence review increases the risks and uncertainty you face as a potential investor in our shares of common stock.

Our advisor may hire subadvisors in areas where our advisor is seeking additional expertise. Stockholders will not be able to review these subadvisors, and our advisor may not have sufficient expertise to monitor the subadvisors.

Our advisor has the right to appoint one or more subadvisors with expertise in our target asset classes to assist our advisor with investment decisions and asset management. We do not have control

over which subadvisors our advisor may choose and our advisor may not have the necessary expertise to effectively monitor the subadvisors' investment decisions.

If we internalize our management functions, the percentage of our outstanding common stock owned by our other stockholders could be reduced, and we could incur other significant costs associated with being self-managed.

In the future, our board of directors may consider internalizing the functions performed for us by our advisor by, among other methods, acquiring our advisor's assets. The method by which we could internalize these functions could take many forms. There is no assurance that internalizing our management functions will be beneficial to us and our stockholders. An acquisition of our advisor could also result in dilution of your interests as a stockholder and could reduce earnings per share and funds from operation per share. Additionally, we may not realize the perceived benefits or we may not be able to properly integrate a new staff of managers and employees or we may not be able to effectively replicate the services provided previously by our advisor, property manager or their affiliates. Internalization transactions, including without limitation, transactions involving the acquisition of advisors or property managers affiliated with entity sponsors have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims, which would reduce the amount of funds available for us to invest in properties or other investments and to pay distributions. All of these factors could have material adverse effect on our results of operations, financial condition and ability to pay distributions.

RISKS RELATED TO OUR OPERATIONS

The recent financial and economic crisis adversely affected our business, and the continued uncertainty in the global economic environment may adversely affect our business in the future.

We are impacted by macro-economic environmental factors, the capital markets, and general conditions in the commercial real estate market, both in the U.S. and globally. During 2011 as compared to the prior year period, we observed slow improvement in the U.S. economy following the significant distress experienced in 2008 and 2009. Towards the end of 2011, however, there was an increase in international economic uncertainty as a result of the sovereign debt crisis and a deterioration of economic fundamentals in Europe. To date, these crises have had a limited impact on our business, primarily in that a number of tenants have experienced increased levels of financial distress. Currently, conditions in the U.S. appear to have stabilized, while the situation in Europe remains uncertain.

If the economic situation worsens, we could in the future experience a number of additional effects on our business, including higher levels of default in the payment of rent by our tenants, additional bankruptcies and impairments in the value of our property investments, as well as difficulties in financing transactions and refinancing existing loans as they come due. Any of these conditions may negatively affect our earnings, as well as our cash flow and, consequently, our ability to sustain the payment of dividends at current levels.

Our earnings or cash flow may also be adversely affected by other events, such as increases in the value of the U.S. Dollar relative to other currencies in which we receive rent. Additionally, our ability to make new investments will be affected by the availability of financing as well as our ability to raise new funds.

Deterioration in the credit markets could adversely affect our ability to finance or refinance investments and the ability of our tenants to meet their obligations, which could affect our ability to meet our financial objectives.

During the recent economic crisis, loans backed by real estate became increasingly difficult to obtain, and where obtainable, rates increased and terms became more onerous, as compared with prior

years. Although we have recently seen a gradual improvement in capital market conditions, any reduction in available financing will affect our ability to achieve our financial objectives. Among other things, we may be unable to finance future acquisitions, which could cause potential acquisitions to fail to meet our investment criteria or, even if we determine that such criteria are met, reduce our returns until such time, if ever, as we are able to obtain financing for such investments. Even where we are able to obtain financing, higher costs of borrowing may negatively affect our profitability and cash flow. In addition, failure to obtain financing, or obtaining financing at reduced leverage ratios, will adversely affect our ability to achieve diversification in our overall portfolio, as the number of different investments we can make with our capital will be reduced.

In addition, the creditworthiness of some of our tenants was adversely affected by the recent credit crisis, and others may be adversely affected in the future if the lack of credit and available financing to fund their business operations returns. Any such effects could adversely impact our tenants' ability to meet their ongoing lease obligations to us, which could in turn adversely affect our ability to make distributions.

We have recognized, and may in the future recognize, substantial impairment charges on our properties.

We have incurred, and may in the future incur, substantial impairment charges, which we are required to recognize whenever we sell a property for less than its carrying value or we determine that the carrying amount of the property is not recoverable and exceeds its fair value (or, for direct financing leases, that the unguaranteed residual value of the underlying property has declined). By their nature, the timing or extent of impairment charges are not predictable. We may incur non-cash impairment charges in the future, which may reduce our net income, although it will not necessarily affect our cash flow from operations.

Liability for uninsured losses could adversely affect our financial condition.

Losses from disaster-type occurrences (such as wars, terrorist activities, floods or earthquakes) may be either uninsurable or not insurable on economically viable terms. Should an uninsured loss or a loss in excess of the limits of our insurance occur, we could lose our capital investment and/or anticipated profits and cash flow from one or more investments, which in turn could cause the value of the shares and distributions to our stockholders to be reduced.

A potential change in U.S. accounting standards regarding operating leases may make the leasing of facilities less attractive to our potential domestic tenants, which could reduce overall demand for our leasing services.

Under current authoritative accounting guidance for leases, a lease is classified by a tenant as a capital lease if the significant risks and rewards of ownership are considered to reside with the tenant. This situation is considered to be met if, among other things, the non-cancellable lease term is more than 75% of the useful life of the asset or if the present value of the minimum lease payments equals 90% or more of the leased property's fair value. Under capital lease accounting for a tenant, both the leased asset and liability are reflected on their balance sheet. If the lease does not meet any of the criteria for a capital lease, the lease is considered an operating lease by the tenant, and the obligation does not appear on the tenant's balance sheet; rather, the contractual future minimum payment obligations are only disclosed in the footnotes thereto. Thus, entering into an operating lease can appear to enhance a tenant's balance sheet in comparison to direct ownership. In response to concerns caused by a 2005 SEC study that the current model does not have sufficient transparency, the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") issued an Exposure Draft on a joint proposal that would dramatically transform lease accounting from the existing model. The FASB and IASB met during July 2011 and voted to re-expose the proposed standard. A revised exposure draft for public comment is currently expected to be issued in the first half of 2012, with a final standard expected to be issued during 2012. As of the date of this

prospectus, the proposed guidance has not yet been finalized. Changes to the accounting guidance could affect both our accounting for leases as well as that of our tenants. These changes would impact most companies but are particularly applicable to those that are significant users of real estate. The proposal outlines a completely new model for accounting by lessees, whereby their rights and obligations under all leases, existing and new, would be capitalized and recorded on the balance sheet. For some companies, the new accounting guidance may influence whether or not, or the extent to which, they may enter into the type of sale-leaseback transactions in which we specialize.

Our participation in equity investments in jointly-owned entities creates additional risk.

From time to time we participate in equity investments and jointly-owned entities and purchase assets jointly with the other operating CPA® REITs and/or W. P. Carey and may do so as well with third parties. There are additional risks involved in joint venture transactions. As a co-investor in a joint investment, we would not be in a position to exercise sole decision-making authority relating to the property, jointly-owned entity or other entity. In addition, there is the potential of our investment partner becoming bankrupt and the possibility of diverging or inconsistent economic or business interests of us and our partner. These diverging interests could result in, among other things, exposing us to liabilities of the investment in excess of our proportionate share of these liabilities. The partition rights of each owner in a jointly owned property could reduce the value of each portion of the divided property. In addition, the fiduciary obligation that our advisor or members of our board may owe to our partner in an affiliated transaction may make it more difficult for us to enforce our rights.

Our operations could be restricted if we become subject to the Investment Company Act and your investment return, if any, may be reduced if we are required to register as an investment company under the Investment Company Act.

A person will generally be deemed to be an “investment company” for purposes of the Investment Company Act if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which is referred to as the “40% test.”

We believe that we are engaged primarily in the business of acquiring and owning interests in real estate. We hold ourselves out as a real estate firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we are, or following this offering will be, an “orthodox” investment company as defined in section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Further, following this offering, we will have no material assets other than our 99.97% ownership interest in the operating partnership. Excepted from the term “investment securities” for purposes of the 40% test described above, are securities issued by majority-owned subsidiaries, such as our operating partnership, that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

Our operating partnership relies upon the exemption from registration as an investment company pursuant to Section 3(c)(5)(C) of the Investment Company Act, which is available for entities “primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” This exemption generally requires that at least 55% of the operating partnership’s assets must be comprised of qualifying real estate assets and at least 80% of its portfolio must be comprised of qualifying real estate assets and real estate-related assets. Qualifying assets for this purpose include mortgage loans and other assets, including certain mezzanine loans, B Notes and C Notes, that the SEC staff in various no-action letters has affirmed can be treated as qualifying assets. We treat as real estate-related assets CMBS, debt and equity securities of companies primarily

engaged in real estate businesses and securities issued by pass-through entities of which substantially all the assets consist of qualifying assets and/or real estate-related assets. We rely on guidance published by the SEC staff or on our analyses of guidance published with respect to other types of assets to determine which assets are qualifying real estate assets and real estate-related assets. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our strategy accordingly. In addition, we may be limited in our ability to make certain investments and these limitations could result in the operating partnership holding assets we might wish to sell or selling assets we might wish to hold.

We may use derivative financial instruments to hedge against interest rate and currency fluctuations, which could reduce the overall returns on your investment.

We may use derivative financial instruments to hedge exposures to changes in interest rates and currency rates. These instruments involve risk, such as the risk that counterparties may fail to perform under the terms of the derivative contract or that such arrangements may not be effective in reducing our exposure to interest rate changes. In addition, the possible use of such instruments may reduce the overall return on our investments. These instruments may also generate income that may not be treated as qualifying REIT income for purposes of the 75% or 95% REIT income test. See “United States Federal Income Tax Considerations — Gross Income Tests — Hedging Transactions.”

International investment risks may adversely affect our operations and our ability to make distributions.

We have purchased and may in the future purchase properties and/or assets secured by properties or interests in properties located outside the U.S. At December 31, 2011, our directly-owned real estate properties located outside of the U.S. represented 41% of current annualized contractual minimum base rent. Foreign real estate investments involve certain risks not generally associated with investments in the U.S. These risks include unexpected changes in regulatory requirements, political and economic instability in certain geographic locations, potential imposition of adverse or confiscatory taxes, possible challenges to the anticipated tax treatment of the structures through which we acquire and hold investments, possible currency transfer restrictions, expropriation, the difficulty in enforcing obligations in other countries and the burden of complying with a wide variety of foreign laws. Each of these risks might adversely affect our performance and impair our ability to make distributions to our stockholders required to maintain our REIT qualification. In addition, there is less publicly available information about foreign companies and a lack of uniform financial accounting standards and practices (including the availability of information in accordance with GAAP), which could impair our ability to analyze transactions and receive timely and accurate financial information from tenants necessary to meet our reporting obligations to financial institutions or governmental or regulatory agencies. Certain of these risks may be greater in emerging markets and less developed countries.

We may invest in new geographic areas that have risks that are greater or less well known to us, and we may incur losses as a result.

We may purchase properties and assets secured by properties located outside the U.S. and Europe. Our advisor’s expertise to date is primarily in the U.S. and Europe and our advisor does not have the same expertise in other international markets. Our advisor may not be as familiar with the potential risks to our investments outside the U.S. and Europe, and we may incur losses as a result.

We will incur debt to finance our operations, which may subject us to an increased risk of loss.

We will incur debt to finance our operations. The leverage we employ will vary depending on our ability to obtain credit facilities, the loan-to-value and debt service coverage ratios of our assets, the yield on our assets, the targeted leveraged return we expect from our investment portfolio and our ability to meet ongoing covenants related to our asset mix and financial performance. Our return on

our investments and cash available for distribution to our stockholders may be reduced to the extent that changes in market conditions cause the cost of our financing to increase relative to the income that we can derive from the assets we acquire.

Debt service payments may reduce the net income available for distributions to our stockholders. Moreover, we may not be able to meet our debt service obligations and, to the extent that we cannot, we risk the loss of some or all of our assets to foreclosure or sale to satisfy our debt obligations. Our charter or bylaws do not restrict the form of indebtedness we may incur.

Our revenues from our operating real estate are significantly influenced by demand for self-storage space generally, and a decrease in such demand would likely have an adverse effect on such revenues.

A decrease in the demand for self-storage space would have an adverse effect on our revenues from our operating real estate, which consists primarily of self-storage properties. Demand for self-storage space has been and could be adversely affected by ongoing weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing self-storage facilities in an area and the excess amount of self-storage space in a particular market. To the extent that any of these conditions occur, they are likely to affect market rents for self-storage space, which could cause a decrease in our revenue. Our revenues from our operating real estate represented approximately 7% of our total revenues in 2011.

We do not operate our hotel and, as a result, we do not have complete control over implementation of our strategic decisions.

In order for us to satisfy certain REIT qualification rules, we cannot directly operate our hotel. Instead, we must engage an independent management company to operate our hotel. One of our taxable REIT subsidiaries (“TRSs”) engages an independent management company as the property manager for our hotel, as required by the REIT qualification rules. The management company operating our hotel makes and implements strategic business decisions, such as decisions with respect to the repositioning of the franchise or food and beverage operations and other similar decisions. Decisions made by the management company operating the hotel may not be in the best interests of the hotel or us. Accordingly, we cannot assure you that the management company operating our hotel will operate it in a manner that is in our best interests.

RISKS RELATED TO NET LEASE INVESTMENTS

The inability of a tenant in a single tenant property to pay rent will reduce our revenues and increase our expenses.

We expect that most of our commercial real estate properties will each be occupied by a single tenant, and therefore the success of our investments is materially dependent on the financial stability of these tenants. Revenues from several of our tenants/guarantors constitute a significant percentage of our lease revenues. Our five largest tenants/guarantors represented approximately 49%, 58%, and 85% of total lease revenues in 2011, 2010 and 2009, respectively. Lease payment defaults by tenants could negatively impact our net income and reduce the amounts available for distributions to our stockholders. A default of a tenant on its lease payments to us could cause us to lose the revenue from the property and require us to find an alternative source of revenue to meet any mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property. If a lease is terminated, there is no assurance that we will be able to lease the property for the rent previously received or sell the property without incurring a loss. Approximately 16% and 11% of our lease revenues in 2011 were derived from our leases with The New York Times Company and CARQUEST, respectively. A failure by either The New York Times or CARQUEST to meet its obligations to us could have a material adverse effect on our financial condition and results of operations and our ability to pay distributions to our stockholders.

We do not fully control the management of our properties.

The tenants or managers of net lease properties are responsible for maintenance and other day-to-day management of the properties. If a property is not adequately maintained in accordance with the terms of the applicable lease, we may incur expenses for deferred maintenance expenditures or other liabilities once the property becomes free of the lease. A bankrupt or financially troubled tenant may be more likely to defer maintenance and it may be more difficult to enforce remedies, including those provided in the applicable lease, against such a tenant. In addition, to the extent tenants are unable to conduct their operation of the property on a financially successful basis, their ability to pay rent may be adversely affected. Monitoring, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of our properties, may not in all circumstances ascertain or forestall deterioration either in the condition of a property or the financial circumstances of a tenant.

We may incur material losses on some of our investments.

Our objective is to generate attractive risk adjusted returns, which means that we will take on risk in order to achieve higher returns. We expect that we will incur losses on some of our investments. Some of these losses could be material.

The bankruptcy or insolvency of tenants or borrowers may cause a reduction in revenue.

Bankruptcy or insolvency of a tenant or borrower could cause:

- the loss of lease or interest and principal payments;
- an increase in the costs incurred to carry the asset;
- litigation;
- a reduction in the value of our shares; and
- a decrease in distributions to our stockholders.

Under U.S. bankruptcy law, a tenant who is the subject of bankruptcy proceedings has the option of assuming or rejecting any unexpired lease. If the tenant rejects the lease, any resulting claim we have for breach of the lease (excluding collateral securing the claim) will be treated as a general unsecured claim. The maximum claim will be capped at the amount owed for unpaid rent prior to the bankruptcy unrelated to the termination, plus the greater of one year's lease payments or 15% of the remaining lease payments payable under the lease (but no more than three years' lease payments). In addition, due to the long-term nature of our leases and, and in some cases, terms providing for the repurchase of a property by the tenant, a bankruptcy court could recharacterize a net lease transaction as a secured lending transaction. If that were to occur, we would not be treated as the owner of the property, but might have rights as a secured creditor. Those rights would not include a right to compel the tenant to timely perform its obligations under the lease but may instead entitle us to "adequate protection," a bankruptcy concept that applies to protect against a decrease in the value of the property if the value of the property is less than the balance owed to us.

Insolvency laws outside of the U.S. may not be as favorable to reorganization or to the protection of a debtor's rights as tenants under a lease as are the laws in the U.S. Our rights to terminate a lease for default may be more likely to be enforceable in countries other than the U.S., in which a debtor/ tenant or its insolvency representative may be less likely to have rights to force continuation of a lease without our consent. Nonetheless, such laws may permit a tenant or an appointed insolvency representative to terminate a lease if it so chooses.

However, in circumstances where the bankruptcy laws of the U.S. are considered to be more favorable to debtors and to their reorganization, entities that are not ordinarily perceived as U.S. entities may seek to take advantage of the U.S. bankruptcy laws if they are eligible. An entity

would be eligible to be a debtor under the U.S. bankruptcy laws if it had a domicile (state of incorporation or registration), place of business or assets in the U.S. If a tenant became a debtor under the U.S. bankruptcy laws, then it would have the option of assuming or rejecting any unexpired lease. As a general matter, after the commencement of bankruptcy proceedings and prior to assumption or rejection of an expired lease, U.S. bankruptcy laws provide that until an unexpired lease is assumed or rejected, the tenant (or its trustee if one has been appointed) must timely perform obligations of the tenant under the lease. However, under certain circumstances, the time period for performance of such obligations may be extended by an order of the bankruptcy court.

We and the other CPA® Programs managed by our advisor or its affiliates have had tenants file for bankruptcy protection in the past and have been involved in bankruptcy-related litigation (including litigation involving several international tenants). Four prior CPA® Programs reduced the rate of distributions to their investors as a result of adverse developments involving tenants. See “Prior Offerings by Affiliates.”

Similarly, if a borrower under our loan transactions declares bankruptcy, there may not be sufficient funds to satisfy its payment obligations to us, which may adversely affect our revenue and distributions to our stockholders. See also “Risk Factors — Risks Related to Our Other Potential Investments — The mortgage loans in which we may invest and the mortgage loans underlying the commercial mortgage-backed securities in which we may invest will be subject to delinquency, foreclosure and loss, which could result in losses to us.”

Our leases may permit tenants to purchase a property at a predetermined price, which could limit our realization of any appreciation.

In some circumstances, we may grant tenants a right to repurchase the property they lease from us. The purchase price may be a fixed price or it may be based on a formula or the market value at the time of exercise. If a tenant exercises its right to purchase the property and the property’s market value has increased beyond that price, we could be limited in fully realizing the appreciation on that property. Additionally, if the price at which the tenant can purchase the property is less than our carrying value (for example, where the purchase price is based on an appraised value), we may incur a loss.

Highly leveraged tenants may have a higher possibility of filing for bankruptcy or insolvency.

Highly leveraged tenants that experience downturns in their operating results due to adverse changes to their business or economic conditions may have a higher possibility of filing for bankruptcy or insolvency. In bankruptcy or insolvency, a tenant may have the option of vacating a property instead of paying rent. Until such a property is released from bankruptcy, our revenues may be reduced and could cause us to reduce distributions to stockholders.

The credit profiles of our tenants may create a higher risk of lease defaults and therefore lower revenues.

Generally, no credit rating agencies evaluate or rank the debt or the credit risk of many of our tenants, as we seek tenants that we believe will have stable or improving credit profiles that have not been recognized by the traditional credit market. Our long-term leases with certain of these tenants may therefore pose a higher risk of default than would long-term leases with tenants whose credit is rated highly by a rating agency.

We may incur costs to finish build-to-suit properties.

We have acquired and may continue to acquire undeveloped land or partially developed buildings for the purpose of owning to-be-built facilities for a prospective tenant. The primary risks of a build-to-suit project are potential for failing to meet an agreed-upon delivery schedule and cost-overruns, which may among other things, cause the total project costs to exceed the original appraisal. In some cases, the prospective tenant

will bear these risks. However, in other instances we may be required to bear these risks, which means that we may have to advance funds to cover cost-overruns that we would not be able to recover through increased rent payments or that we may incur schedule delays that delay commencement of rent. We will attempt to minimize these risks through guaranteed maximum price contracts, review of contractor financials and completed plans and specifications prior to commencement of construction. The incurrence of the costs described above or any non-occupancy by the tenant upon completion may reduce the project's and our portfolio's returns or result in losses to us.

GENERAL REAL ESTATE RISKS

We are subject, in part, to the risks of real estate ownership, which could reduce the value of our properties.

Our performance and asset value is, in part, subject to risks incident to the ownership and operation of real estate, including:

- changes in the general economic climate;
- changes in local conditions such as an oversupply of space or reduction in demand for real estate;
- changes in interest rates and the availability of financing; and
- changes in laws and governmental regulations, including those governing real estate usage, zoning and taxes.

We may have difficulty selling or re-leasing our properties and this lack of liquidity may limit our ability to quickly change our portfolio in response to changes in economic or other conditions.

Real estate investments generally have less liquidity compared to other financial assets and this lack of liquidity may limit our ability to quickly change our portfolio in response to changes in economic or other conditions. The leases we may enter into or acquire may be for properties that are specially suited to the particular needs of our tenant. With these properties, if the current lease is terminated or not renewed, we may be required to renovate the property or to make rent concessions in order to lease the property to another tenant. In addition, if we are forced to sell the property, we may have difficulty selling it to a party other than the tenant due to the special purpose for which the property may have been designed. These and other limitations may affect our ability to sell properties without adversely affecting returns to our stockholders.

Potential liability for environmental matters could adversely affect our financial condition.

Our properties currently are used for industrial, manufacturing, and other commercial purposes, and some of our tenants may handle hazardous or toxic substances, generate hazardous wastes, or discharge regulated pollutants to the environment. We therefore may own properties that have known or potential environmental contamination as a result of historical or ongoing operations. Buildings and structures on the properties we purchase may have known or suspected asbestos-containing building materials. We may invest in properties located in countries that have adopted laws or observe environmental management standards that are less stringent than those generally followed in the U.S., which may pose a greater risk that releases of hazardous or toxic substances have occurred to the environment. Leasing properties to tenants that engage in these activities, and owning properties historically and currently used for industrial, manufacturing, and commercial purposes, will cause us to be subject to the risk of liabilities under environmental laws. Some of these laws could impose the following on us:

- Responsibility and liability for the costs of investigation and removal or remediation of hazardous or toxic substances released on or from our real property, generally without regard to our knowledge of, or responsibility for, the presence of these contaminants.

- Liability for the costs of investigation and removal or remediation of hazardous substances at disposal facilities for persons who arrange for the disposal or treatment of such substances.
- Liability for claims by third parties based on damages to natural resources or property, personal injuries, or costs of removal or remediation of hazardous or toxic substances in, on, or migrating from our property.
- Responsibility for managing asbestos-containing building materials, and third-party claims for exposure to those materials.

Our costs of investigation, remediation or removal of hazardous or toxic substances, or for third-party claims for damages, may be substantial. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination, or otherwise adversely affect our ability to sell or lease the property or to borrow using the property as collateral. In addition, environmental liabilities, or costs or operating limitations imposed on a tenant to comply with environmental laws, could affect its ability to make rental payments to us. Also, we may be required, in connection with any future divestitures of property, to provide buyers with indemnification against potential environmental liabilities.

We face competition for the investments we make.

In raising funds for investment, we face competition from other funds with similar investment objectives that seek to raise funds from investors through publicly registered, non-traded funds, publicly-traded funds and private funds. This competition, as well as any change in the attractiveness to investors of an investment in the types of assets held by us, relative to other types of investments, could adversely affect our ability to raise funds for future investments. We face competition for the acquisition of commercial properties and real estate-related assets from insurance companies, credit companies, pension funds, private individuals, investment companies and other REITs. We also face competition from institutions that provide or arrange for other types of commercial financing through private or public offerings of equity or debt or traditional bank financings. These institutions may accept greater risk or lower returns, allowing them to offer more attractive terms to prospective tenants. In addition, our advisor's evaluation of the acceptability of rates of return on our behalf will be affected by our relative cost of capital. Thus, to the extent our fee structure and cost of fundraising is higher than our competitors, we may be limited in the amount of new acquisitions we are able to make.

Valuations that we obtain may include leases in place on the property being appraised, and if the leases terminate, the value of the property may become significantly lower.

The valuations that we obtain on our properties may be based on the value of the properties when the properties are leased. If the leases on the properties terminate, the value of the properties may fall significantly below the appraised value.

RISKS RELATED TO OUR OTHER POTENTIAL INVESTMENTS

The mortgage loans in which we may invest and the mortgage loans underlying the commercial mortgage-backed securities in which we may invest will be subject to delinquency, foreclosure and loss, which could result in losses to us.

The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by the risks particular to real property described above, as well as, among other things:

- tenant mix;

- success of tenant businesses;
- property management decisions;
- property location and condition;
- competition from comparable types of properties;
- changes in specific industry segments;
- declines in regional or local real estate values, or rental or occupancy rates; and
- increases in interest rates, real estate tax rates and other operating expenses.

In the event of any default under a mortgage loan (or any financing lease or net lease that is recharacterized as a mortgage loan) held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on our ability to achieve our investment objectives, including, without limitation, diversification of our commercial real estate properties portfolio by property type and location, moderate financial leverage, low to moderate operating risk and an attractive level of current income. In the event of the bankruptcy of a mortgage loan borrower (or any tenant under a financing lease or a net lease that is recharacterized as a mortgage loan), the mortgage loan (or any financing lease or net lease that is recharacterized as a mortgage loan) to that borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan (or any financing lease or net lease that is recharacterized as a mortgage loan) can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan.

The B Notes, C Notes, subordinate mortgage notes, mezzanine loans and participation interests in mortgage and mezzanine loans in which we may invest may be subject to risks relating to the structure and terms of the transactions, as well as subordination in bankruptcy, and there may not be sufficient funds or assets remaining to satisfy the subordinate notes in which we may have invested, which may result in losses to us.

We may invest in B Notes, C Notes, subordinate mortgage notes, mezzanine loans and participation interests in mortgage and mezzanine loans, to the extent consistent with our investment guidelines and the rules applicable to REITs. These investments are subordinate to first mortgages on commercial real estate properties and are secured by subordinate rights to the commercial real estate properties or by equity interests in the commercial entity. If a borrower defaults or declares bankruptcy, after senior obligations are met, there may not be sufficient funds or assets remaining to satisfy the subordinate notes in which we may have invested. Because each transaction is privately negotiated, B Notes, C Notes and subordinate mortgage notes can vary in their structural characteristics and lender rights. Our rights to control the default or bankruptcy process following a default will vary from transaction to transaction. The subordinate real estate-related debt in which we intend to invest may not give us the right to demand foreclosure. Furthermore, the presence of intercreditor agreements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies and control decisions made in bankruptcy proceedings relating to borrowers. Bankruptcy and borrower litigation can significantly increase the time needed for us to acquire underlying collateral in the event of a default, during which time the collateral may decline in value. In addition, there are significant costs and delays associated with the foreclosure process. The Internal Revenue Service, or IRS, has issued restrictive guidance as to when a loan secured by equity in an entity will be treated as a qualifying REIT asset. Failure to comply with such guidance could jeopardize our ability to continue to qualify as a REIT.

Interest rate fluctuations and changes in prepayment rates could reduce our ability to generate income on our investments in commercial mortgage loans.

The yield on our investments in commercial mortgage loans may be sensitive to changes in prevailing interest rates and changes in prepayment rates. Therefore, changes in interest rates may affect our net interest income, which is the difference between the interest income we earn on our interest-earning investments and the interest expense we incur in financing these investments. We will often price loans at a spread to either United States Treasury obligations, swaps or the London Inter-Bank Offered Rate, or LIBOR. A decrease in these indexes may lower the yield on our investments. Conversely, if these indexes rise materially, borrowers may become delinquent or default on the high-leverage loans we occasionally target. As discussed below with respect to mortgage loans underlying commercial mortgage-backed securities, when a borrower prepays a mortgage loan more quickly than we expect, our expected return on the investment generally will be adversely affected.

An increase in prepayment rates of the mortgage loans underlying our CMBS investments may adversely affect the profitability of our investment in these securities.

The CMBS investments we may acquire will be secured by pools of mortgage loans. When we acquire CMBS, we anticipate that the underlying mortgage loans will be prepaid at a projected rate generating an expected yield. When borrowers prepay their mortgage loans more quickly than we expect, it results in redemptions that are earlier than expected on the CMBS, and this may adversely affect the expected returns on our investments. Prepayment rates generally increase when interest rates fall and decrease when interest rates rise, but changes in prepayment rates are difficult to predict. Prepayment rates also may be affected by conditions in the housing and financial markets, general economic conditions and the relative interest rates on fixed-rate and adjustable-rate mortgage loans.

As the holder of CMBS, a portion of our investment principal will be returned to us if and when the underlying mortgage loans are prepaid. In order to continue to earn a return on this returned principal, we must reinvest it in other mortgage-backed securities or other investments. If interest rates are falling, however, we may earn a lower return on the new investment as compared to the original CMBS.

We may invest in subordinate commercial mortgage-backed securities, which are subject to a greater risk of loss than more senior securities.

We may invest in a variety of subordinate commercial mortgage-backed securities, to the extent consistent with our investment guidelines and the rules applicable to REITs. The ability of a borrower to make payments on a loan underlying these securities is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which we invest, we may not be able to recover all of our investment in the securities we purchase.

Expenses of enforcing the underlying mortgage loans (including litigation expenses), expenses of protecting the properties securing the mortgage loans and the lien on the mortgaged properties and, if such expenses are advanced by the servicer of the mortgage loans, interest on such advances will also be allocated to junior securities prior to allocation to more senior classes of securities issued in the securitization. Prior to the reduction of distributions to more senior securities, distributions to the junior securities may also be reduced by payments of compensation to any servicer engaged to enforce a defaulted mortgage loan. Such expenses and servicing compensation may be substantial and consequently, in the event of a default or loss on one or more mortgage loans contained in a securitization, we may not recover our investment.

In times of economic distress, such as the recent downturn, the risk of loss on our investments in subordinated commercial mortgage-backed securities could increase. In 2009, we incurred a significant

impairment charge on our CMBS investments. The prices of lower credit-quality securities are generally less sensitive to interest rate changes than more highly rated investments but are more sensitive to adverse economic downturns or individual property developments. An economic downturn or a projection of an economic downturn could cause a decline in the price of lower credit quality securities because the ability of obligors of mortgage loans underlying mortgage-backed securities to make principal and interest payments may be impaired. In such event, existing credit support to a securitized structure may be insufficient to protect us against loss of our principal on these securities.

Investments in B Notes and C Notes may be subject to additional risks relating to the privately negotiated structure and terms of the transaction, which may result in losses to us.

We may invest in B Notes and C Notes. A B Note is a mortgage loan typically (i) secured by a first mortgage on a single large commercial property or group of related properties and (ii) subordinated to an A Note secured by the same first mortgage on the same collateral. As a result, if a borrower defaults, there may not be sufficient funds remaining for B Note owners after payment to the A Note owners. B Notes, including C Notes, which are junior to B Notes, reflect similar credit risks to comparably rated CMBS. However, since each transaction is privately negotiated, B Notes can vary in their structural characteristics and risks. For example, the rights of holders of B Notes to control the process following a borrower default may be limited in certain investments. We cannot predict the terms of each B Note investment. Further, B Notes typically are secured by a single property and so reflect the increased risks associated with a single property compared to a pool of properties. B Notes also are less liquid than CMBS, and thus we may be unable to dispose of underperforming or non-performing investments. The higher risks associated with our subordinate position in B Note investments could subject us to increased risk of losses.

Investment in non-conforming and non-investment grade loans may involve increased risk of loss.

We may acquire or originate certain loans that do not conform to conventional loan criteria applied by traditional lenders and are not rated or are rated as non-investment grade (for example, for investments rated by Moody's Investors Service, ratings lower than Baa3, and for S&P, BBB- or below). The non-investment grade ratings for these loans typically result from the overall leverage of the loans, the lack of a strong operating history for the properties underlying the loans, the borrowers' credit history, the properties' underlying cash flow or other factors. As a result, these loans we may originate or acquire have a higher risk of default and loss than conventional loans. Any loss we incur may reduce distributions to our stockholders. There are no limits on the percentage of unrated or non-investment grade assets we may hold in our portfolio.

Investments in mezzanine loans involve greater risks of loss than senior loans secured by income producing properties.

We may invest in mezzanine loans. Investments in mezzanine loans take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests in the entity that directly or indirectly owns the property. These types of investments involve a higher degree of risk than a senior mortgage loan because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of the property owning entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. As a result, we may not recover some or all of our investment, which could result in losses. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal.

Our investments in debt securities are subject to specific risks relating to the particular issuer of securities and to the general risks of investing in subordinated real estate securities.

Our investments in debt securities involve special risks. REITs generally are required to invest substantially in real estate or real estate-related assets and are subject to the inherent risks associated with real estate-related investments discussed in this prospectus. Our investments in debt are subject to the risks described above with respect to mortgage loans and mortgage-backed securities and similar risks, including:

- risks of delinquency and foreclosure, and risks of loss in the event thereof;
- the dependence upon the successful operation of and net income from real property;
- risks generally incident to interests in real property; and
- risk that may be presented by the type and use of a particular commercial property.

Debt securities are generally unsecured and may also be subordinated to other obligations of the issuer. We may also invest in debt securities that are rated below investment grade. As a result, investment in debt securities are also subject to risks of:

- limited liquidity in the secondary trading market;
- substantial market price volatility resulting from changes in prevailing interest rates;
- subordination to the prior claims of banks and other senior lenders to the issuer;
- the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the issuer to reinvest premature redemption proceeds in lower yielding assets;
- the possibility that earnings of the debt security issuer may be insufficient to meet its debt service; and
- the declining creditworthiness and potential for insolvency of the issuer of such debt securities during periods of rising interest rates and economic downturn.

The risks may adversely affect the value of outstanding debt securities and the ability of the issuers thereof to repay principal and interest.

Investments in loans collateralized by non-real estate assets create additional risk and may adversely affect our REIT qualification.

We may in the future invest in secured corporate loans, which are loans collateralized by real property, personal property connected to real property (i.e., fixtures) and/or personal property, on which another lender may hold a first priority lien. If a default occurs, the value of the collateral may not be sufficient to repay all of the lenders that have an interest in the collateral. Our right in bankruptcy will be different for these loans than typical net lease transactions. To the extent that loans are collateralized by personal property only, or to the extent the value of the real estate collateral is less than the aggregate amount of our loans and equal or higher-priority loans secured by the real estate collateral, that portion of the loan will not be considered a “real estate asset” for purposes of the 75% REIT asset test. Also, income from that portion of such a loan will not qualify under the 75% REIT income test for REIT qualification.

RISKS RELATED TO INVESTMENTS IN SECURITIES OF ENTITIES ENGAGED IN REAL ESTATE ACTIVITIES

Investments in securities of REITs, real estate operating companies and companies with significant real estate assets will expose us to many of the same general risks associated with direct real property ownership.

Investments we may make in other REITs, real estate operating companies and companies with significant real estate assets, directly or indirectly through other real estate funds, will be subject to many of the same general risks associated with direct real property ownership. In particular, equity REITs may be affected by changes in the value of the underlying property owned by us, while mortgage REITs may be affected by the quality of any credit extended. Since REIT investments, however, are securities, they also may be exposed to market risk and price volatility due to changes in financial market conditions and changes as discussed below.

The value of the equity securities of companies engaged in real estate activities that we may invest in may be volatile and may decline.

The value of equity securities of companies engaged in real estate activities, including those of REITs, fluctuates in response to issuer, political, market and economic developments. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments and they can affect a single issuer, multiple issuers within an industry or economic sector or geographic region or the market as a whole. These fluctuations in value could result in significant gains or losses being reported in our financial statements because we will be required to mark such investments to market periodically.

The real estate industry is sensitive to economic downturns. The value of securities of companies engaged in real estate activities can be adversely affected by changes in real estate values and rental income, property taxes, interest rates, and tax and regulatory requirements. In addition, the value of a REIT's equity securities can depend on the structure and amount of cash flow generated by the REIT. It is possible that our investments in securities may decline in value even though the obligor on the securities is not in default of its obligations to us.

RISKS RELATED TO AN INVESTMENT IN OUR SHARES

The lack of an active public trading market for our shares combined with the limit on the number of our shares a person may own may discourage a takeover and make it difficult for stockholders to sell shares quickly.

There is no active public trading market for our shares, and we do not expect there ever will be one. Our charter also prohibits the ownership by one person or affiliated group of more than 9.8% in value of our stock or more than 9.8% in value or number, whichever is more restrictive, of our outstanding shares of common stock, unless exempted by our board of directors, to assist us in meeting the REIT qualification rules, among other things. This limit on the number of our shares a person may own may discourage a change of control of us and may inhibit individuals or large investors from desiring to purchase your shares by making a tender offer for your shares through offers financially attractive to you. Moreover, you should not rely on our redemption plan as a method to sell shares promptly because our redemption plan includes numerous restrictions that limit your ability to sell your shares to us, and our board of directors may amend, suspend or terminate our redemption plan without giving you advance notice. In particular, the redemption plan provides that we may redeem shares only if we have sufficient funds available for redemption and to the extent the total number of shares for which redemption is requested in any quarter, together with the aggregate number of shares redeemed in the preceding three fiscal quarters, does not exceed five percent of the total number of our shares outstanding as of the last day of the immediately preceding fiscal quarter. See "Description of Shares — Redemption of Shares" for a description of our redemption plan. Therefore, it will be difficult

for you to sell your shares promptly or at all. In addition, the price received for any shares sold prior to a liquidity event is likely to be less than the proportionate value of the real estate we own. Investor suitability standards imposed by certain states may also make it more difficult to sell your shares to someone in those states. As a result, our shares should be purchased as a long-term investment only.

Failing to continue to qualify as a REIT would adversely affect our operations and ability to make distributions.

If we fail to continue to qualify as a REIT in any taxable year, we would be subject to U.S. federal income tax on our net taxable income at corporate rates. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year we lost our REIT qualification. Losing our REIT qualification would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability, and we would no longer be required to make distributions. We might be required to borrow funds or liquidate some investments in order to pay the applicable tax. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of requirements regarding the composition of our assets and the sources of our gross income. Also, we must make distributions to our stockholders aggregating annually at least 90% of our REIT net taxable income, excluding net capital gains. Because we have investments in foreign real property, we are subject to foreign currency gains and losses. Foreign currency gains may or may not be taken into account for purposes of the REIT income requirements. In addition, legislation, new regulations, administrative interpretations or court decisions may adversely affect our investors, our ability to qualify as a REIT for U.S. federal income tax purposes or the desirability of an investment in a REIT relative to other investments. See “United States Federal Income Tax Considerations — Requirements for Qualification — General.”

The IRS may take the position that specific sale-leaseback transactions we treat as true leases are not true leases for U.S. federal income tax purposes but are, instead, financing arrangements or loans. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the qualification requirements applicable to REITs. See “United States Federal Income Tax Considerations — Sale-Leaseback Transactions.”

Dividends payable by REITs generally do not qualify for reduced U.S. federal income tax rates because qualifying REITs do not pay U.S. federal income tax on their undistributed net income.

The maximum U.S. federal income tax rate for dividends payable by domestic corporations to taxable U.S. stockholders (as such term is defined under “United States Federal Income Tax Considerations” below) is 15% (through 2012 under current law). Dividends payable by REITs, however, are generally not eligible for the reduced rates, except to the extent that they are attributable to dividends paid by a taxable REIT subsidiary or a C corporation, or relate to certain other activities. This is because qualifying REITs receive an entity level tax benefit from not having to pay U.S. federal income tax on their undistributed net income. As a result, the more favorable rates applicable to regular corporate dividends could cause stockholders who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. In addition, the relative attractiveness of real estate in general may be adversely affected by the reduced U.S. federal income tax rates applicable to corporate dividends, which could negatively affect the value of our properties.

You may have a current tax liability on distributions you elect to reinvest in our common stock, but because you would not receive cash from such reinvested amounts, you may need to use funds from other sources to pay such tax liability.

If you participate in our distribution reinvestment plan, you will be deemed to have received, and for U.S. federal income tax purposes will be taxed on, the amount reinvested in common stock to the extent the amount reinvested was not a tax-free return of capital. In addition, our stockholders will be treated for tax purposes as having received an additional distribution to the extent the shares of our common stock are purchased at a discount to fair market value. As a result, unless you are a tax-exempt entity, you may have to use funds from other sources to pay your tax liability on the value of the common stock received. See “Description of Shares — Summary of Our Distribution Reinvestment and Stock Purchase Plan — Taxation of Distributions.”

Our board of directors may revoke our REIT election without stockholder approval, which may cause adverse consequences to our stockholders.

Our organizational documents permit our board of directors to revoke or otherwise terminate our REIT election, without the approval of our stockholders, if the board determines that it is not in our best interest to qualify as a REIT. In such a case, we would become subject to U.S. federal income tax on our net taxable income and we would no longer be required to distribute most of our net taxable income to our stockholders, which may have adverse consequences on the total return to our stockholders.

Conflicts of interest may arise between holders of our common stock and holders of partnership interests in our operating partnership.

Our directors and officers have duties to us and to our stockholders under Maryland law in connection with their management of us. At the same time, we as general partner have fiduciary duties under Delaware law to our operating partnership and to the limited partners in connection with the management of our operating partnership. Our duties as general partner of our operating partnership and its partners may come into conflict with the duties of our directors and officers to us and our stockholders.

Under Delaware law, a general partner of a Delaware limited partnership owes its limited partners the duties of good faith and fair dealing. Other duties, including fiduciary duties, may be modified or eliminated in the partnership’s partnership agreement. The partnership agreement of our operating partnership provides that, for so long as we own a controlling interest in our operating partnership, any conflict that cannot be resolved in a manner not adverse to either our stockholders or the limited partners will be resolved in favor of our stockholders.

Additionally, the partnership agreement expressly limits our liability by providing that we and our officers, directors, employees and designees will not be liable or accountable to our operating partnership for losses sustained, liabilities incurred or benefits not derived if we or our officers, directors, agents, employees or designees, as the case may be, acted in good faith. In addition, our operating partnership is required to indemnify us and our officers, directors, agents, employees and designees to the extent permitted by applicable law from and against any and all claims arising from operations of our operating partnership, unless it is established that: (1) the act or omission was committed in bad faith, was fraudulent or was the result of active and deliberate dishonesty; (2) the indemnified party actually received an improper personal benefit in money, property or services; or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. These limitations on liability do not supersede the indemnification provisions of our charter.

The provisions of Delaware law that allow the fiduciary duties of a general partner to be modified by a partnership agreement have not been tested in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict our fiduciary duties.

Maryland law could restrict change in control, which could have the effect of inhibiting a change in control even if a change in control were in our stockholders' interest.

Provisions of Maryland law applicable to us prohibit business combinations with:

- any person who beneficially owns 10% or more of the voting power of our outstanding voting shares, referred to as an interested stockholder;
- an affiliate who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our outstanding shares, also referred to as an interested stockholder; or
- an affiliate of an interested stockholder.

These prohibitions last for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any business combination must be recommended by our board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of our outstanding voting shares and two-thirds of the votes entitled to be cast by holders of our voting shares other than voting shares held by the interested stockholder or by an affiliate or associate of the interested stockholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in our stockholders' interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that someone becomes an interested stockholder. In addition, a person is not an interested stockholder if the board of directors approved in advance the transaction by which he or she otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

Our charter permits our board of directors to issue stock with terms that may subordinate the rights of the holders of our current common stock or discourage a third party from acquiring us.

Our board of directors may determine that it is in our best interest to classify or reclassify any unissued stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms or conditions of redemption of any such stock. Thus, our board of directors could authorize the issuance of such stock with terms and conditions that could subordinate the rights of the holders of our common stock or have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock. However, the issuance of preferred stock must also be approved by a majority of independent directors not otherwise interested in the transaction, who will have access at our expense to our legal counsel or to independent legal counsel. In addition, the board of directors, with the approval of a majority of the entire board and without any action by the stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series that we have authority to issue. If our board of directors determines to take any such action, it will do so in accordance with the duties it owes to holders of our common stock.

There are special considerations for pension or profit-sharing trusts, Keoghs or IRAs.

If you are investing the assets of a pension, profit sharing, 401(k), Keogh or other retirement plan, IRA or any other employee benefit plan subject to ERISA or Section 4975 of the Code in us, you should consider:

- whether your investment is consistent with the applicable provisions of ERISA and the Code;
- whether your investment will produce unrelated business taxable income, referred to as UBTI, to the benefit plan; and
- your need to value the assets of the benefit plan annually.

We believe that, under current ERISA law and regulations, our assets should not be treated as “plan assets” of a benefit plan subject to ERISA and/or Section 4975 of the Code that purchases shares, if the facts and assumptions described in this prospectus arise as expected, and based on our charter and on our related representations. See also “ERISA Considerations.” Our view is not binding on the IRS or the Department of Labor. If our assets were considered to be plan assets, our assets would be subject to ERISA and/or Section 4975 of the Code, and some of the transactions we have entered into with our advisor and its affiliates could be considered “prohibited transactions,” which could cause us, our advisor and its affiliates to be subject to liabilities and excise taxes. In addition, Carey Asset Management could be deemed to be a fiduciary under ERISA and subject to other conditions, restrictions and prohibitions under Part 4 of Title I of ERISA. Even if our assets are not considered to be plan assets, a prohibited transaction could occur if we, Carey Financial, any selected dealer, the transfer agent or any of their affiliates is a fiduciary (within the meaning of ERISA) with respect to a purchase by a benefit plan and, therefore, unless an administrative or statutory exemption applies in the event such persons are fiduciaries (within the meaning of ERISA) with respect to your purchase, shares should not be purchased.

ESTIMATED USE OF PROCEEDS

The following table presents information about how the proceeds raised in this offering will be used. Information is provided assuming (i) the sale of the maximum number of shares in the offering, and (ii) the sale of 50% of the shares in the offering based on the \$10.00 per share offering price and (iii) we incur no leverage. Many of the numbers in the table are estimates because all fees and expenses cannot be determined precisely at this time. The actual use of the capital we raise is likely to be different than the figures presented in the table because we may not raise the entire offering amount of \$1.0 billion. Raising less than the full \$1.0 billion in the offering will alter the amounts of commissions, fees and expenses set forth below. In addition, we currently estimate that, over the long-term, foreign properties will generally be, on average, 55% leveraged and domestic properties will generally be, on average, 45% leveraged, resulting in the portfolio being 50% leveraged. We expect that approximately 86% of the proceeds of the \$1.0 billion offering will be used for investments, while the remaining 14% will be used to pay expenses and fees, including the payment of fees to Carey Financial and the payment of fees and reimbursement of expenses to our advisor.

	Maximum Sale of 100,000,000 Shares in the Offering		Sale of 50% of the Shares in the Offering (50,000,000 Shares)	
	Amount (\$)	Percent of Public Offering Proceeds	Amount (\$)	Percent of Public Offering Proceeds
Gross Public Offering Proceeds	1,000,000,000	100.00%	500,000,000	100.00%
Less Public Offering Expenses				
Selling Commissions ⁽¹⁾	65,000,000	6.50	32,500,000	6.50
Dealer Manager Fee ⁽²⁾	35,000,000	3.50	17,500,000	3.50
Other Organization and Offering Expenses ⁽³⁾	9,170,668	0.92	6,878,000	1.38
Total Organization and Offering Expenses ⁽⁴⁾	<u>109,170,668</u>	<u>10.92</u>	<u>56,878,000</u>	<u>11.38</u>
Amount of Public Offering Proceeds Available for Investment ⁽⁵⁾	890,829,332	89.08	443,122,000	88.62
Acquisition Fees ⁽⁶⁾	22,270,733	2.23	11,078,050	2.22
Acquisition Expenses ⁽⁷⁾	5,000,000	0.50	2,500,000	0.50
Working Capital Reserve ⁽⁸⁾	0	0	0	0
Total Proceeds to be Invested	<u>863,558,599</u>	<u>86.35</u>	<u>429,543,950</u>	<u>85.90</u>

Other terms of the subordinated acquisition fees are described in the “Management Compensation” section of this prospectus.

- (1) While we will generally pay a selling commission in connection with the offering of \$0.65 per share sold, equivalent to six and a half percent of the \$10.00 offering price, our dealer manager may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases. Sales that qualify for volume discounts and net of commission sales will reduce the aggregate overall selling commissions. See “The Offering/Plan of Distribution” for a description of volume discounts.
- (2) We will generally pay a dealer manager fee of up to \$0.35 per share sold, equivalent to three and a half percent of the \$10.00 offering price to Carey Financial. A portion of this fee may be re-allowed to any selected dealer that enters into an addendum to the selected dealer agreement with Carey Financial. See “The Offering/Plan of Distribution.”
- (3) “Other Organization and Offering Expenses” represent all expenses incurred in connection with our qualification and registration of our shares, including registration fees paid to the SEC, the Financial Industry Regulatory Authority, or FINRA, and state regulatory authorities, issuer legal expenses, advertising, sales literature, fulfillment, escrow agent, transfer agent, personnel costs associated with preparing the registration and offering of our shares and reimbursements to the dealer manager and selected dealers for reasonable bona fide due diligence expenses incurred, which are supported by a detailed and itemized invoice. Amounts of certain of the “Other Organization and Offering Expenses” are not determinable at this time. If “Other Organization and Offering Expenses” exceed two percent of the gross proceeds of this offering and our distribution reinvestment plan, the excess will be paid by Carey Asset Management with no recourse to us. See “Management Compensation.”
- (4) The total underwriting compensation in connection with this offering, including selling commissions and the dealer manager fee cannot exceed the limitations prescribed by FINRA. The “Total Organization and Offering Expenses” shall be reasonable and shall in no event exceed an amount equal to 15% of the gross proceeds of this offering and our distribution reinvestment plan. In addition, our advisor will be responsible for other organization and offering expenses in excess of two percent of the gross proceeds of this offering and our distribution reinvestment plan.

- (5) Cash amounts distributed to stockholders in excess of cash flow from operating activities may be funded, without limitation, from offering proceeds, which would reduce the amount of offering proceeds available for investment.
- (6) Acquisition fees include all fees and commissions (including interest thereon) paid by us in connection with the making of investments, including the development or construction of properties. However, acquisition fees exclude any development fee or construction fee paid to a person who is not our affiliate in connection with the actual development and construction of a project after our acquisition of the property. For purposes of the table only, subordinated acquisition fees have not been included as part of "Acquisition Fees" because these fees will be paid from operating funds generated by us and not from the proceeds of this offering and our distribution reinvestment plan. The presentation in the table is based on the assumption that we will not borrow any funds to make investments. The presentation in the table also assumes that all investments are in long-term net-leased properties. If we raise the maximum amount of the offering of \$1.0 billion and all of our investments in such long-term net leased properties are 50% leveraged, the total acquisition fees payable will be approximately \$44.54 million. We currently estimate that, over the long-term, foreign properties will generally be, on average, 55% leveraged and domestic properties will generally be, on average, 45% leveraged, resulting in the portfolio being 50% leveraged. See "Management Compensation" for a complete description of the terms, conditions and limitations of the payment of fees to W. P. Carey. Assuming we do not borrow money to make investments, the subordinated acquisition fees are not expected to exceed approximately \$17.8 million (1.78% of the offering proceeds) in the event the maximum offering of \$1.0 billion is achieved. These fees with respect to any investment are payable in equal amounts over a three year period following the acquisition of an investment, assuming the five percent preferred return rate has been paid to stockholders.
- (7) "Acquisition Expenses" are expenses related to our selection and acquisition of investments, whether or not the investments are ultimately acquired or originated. These expenses include but are not limited to travel and communications expenses, the cost of appraisals, title insurance, non-refundable option payments on property not acquired, legal fees and expenses, accounting fees and expenses and miscellaneous expenses, related to selection, acquisition and origination of investments whether or not ultimately acquired or originated. "Acquisition Expenses" do not include acquisition fees.
- (8) Because leases generally will be on a net basis, we have not established a permanent reserve for maintenance and repairs. W. P. Carey may, but is not required to, establish reserves from offering proceeds, operating funds or the available proceeds of any sales of our assets.

Commencing on the offering date and thereafter on an ongoing basis, we will contribute the net proceeds of this offering and our distribution reinvestment plan to our operating partnership. Our operating partnership will use the net proceeds received from us: (1) to fund acquisitions and investments in accordance with our investment guidelines; (2) for working capital purposes; (3) to fund our ongoing operations and pay our expenses; (4) to fund redemptions of our common stock and interests in the operating partnership; and/or (5) repay indebtedness incurred under various financing instruments.

The following table presents information about proceeds raised under our distribution reinvestment plan, assuming we sell all of the shares available under the plan, in one case, and half of the available shares, in the other case. We will pay no selling commissions or dealer manager fees in connection with purchases through our distribution reinvestment plan and we will not use offering proceeds to pay administrative expenses of the plan. Over the life of our company, we generally expect that the amount of proceeds received under our distribution reinvestment plan will be used to fund requests for redemptions by our stockholders. In the early years of our program, when we expect to receive fewer redemption requests, the proceeds from our distribution reinvestment plan will likely exceed redemption requests. Any such excess proceeds will not be reserved, but will be available for other purposes, which may include funding investments or for working capital. In the later years of our program, redemption requests may exceed the amount of proceeds received under our distribution reinvestment plan, in which event we may use other funds, to the extent available, to fund such redemptions.

	<u>Maximum Sale of 50,000,000 Shares in the Distribution Plan</u>	<u>Sale of 25,000,000 Shares in the Distribution Plan</u>
Gross Proceeds	\$475,000,000	\$237,500,000

MANAGEMENT COMPENSATION

The following table sets forth the type and, to the extent possible, estimates of the amounts of all fees, compensation, income, partnership distributions and other payments that W. P. Carey, Carey Asset Management, Carey Financial and their affiliates will be entitled to receive in connection with (1) our organization and offering stage, (2) our acquisition and operational stage and (3) our liquidation stage. These payments will result from non-arm’s-length bargaining. See “Conflicts of Interest.” The estimated amounts of fees listed in the following table are based on the assumptions that (a) all investments are made in long-term net leased properties and (b) the net proceeds of the offering available for investment are \$867.6 million as discussed under “Estimated Use of Proceeds.”

Entity Receiving Compensation	Form and Method of Compensation	Estimated Amount
Organization and Offering Stage		
Carey Asset Management	Reimbursement for organization and offering expenses. ⁽¹⁾ Our advisor will be responsible for other organization and offering expenses in excess of 2% of the gross proceeds of this offering and our distribution reinvestment plan.	These expenses are estimated to be approximately \$9.2 million if 100,000,000 shares are sold in the offering. Amounts that may be reimbursed to broker-dealers and certain other costs are not determinable at this time.
Carey Financial	<i>Selling commissions paid in connection with the offering:</i> Selling commissions will be paid to Carey Financial of \$0.65 per share sold. Carey Financial will, in turn, re-allow all selling commissions to selected dealers, and may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases. <i>Selling commissions paid in connection with purchases pursuant to our distribution reinvestment plan:</i> We will not pay selling commissions related to the purchases of shares through our distribution reinvestment plan.	The amount payable to Carey Financial is \$65 million, if 100,000,000 shares are sold in the offering, all of which will be re-allowed to the selected dealers. In addition, Carey Financial may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases. The estimated amounts payable to Carey Financial take into consideration volume discounts and sales made net of commissions in connection with the offering only.
Carey Financial	<i>Dealer manager fees in connection with the offering:</i> A dealer manager fee will be paid to Carey Financial of up to \$0.35 per share sold. Carey Financial may, in turn, re-allow a portion of the dealer manager fee to selected dealers for shares sold by the selected dealers. <i>Dealer manager fees in connection with purchases pursuant to our distribution reinvestment plan:</i> We will not pay dealer manager fees in connection with purchases of shares made pursuant to our distribution reinvestment plan.	The amount payable to Carey Financial is \$35 million, if 100,000,000 shares are sold in the offering, a portion of which may be re-allowed to the selected dealers. The estimated amounts payable to Carey Financial take into consideration volume discounts and sales made net of commissions in connection with the offering only.

**Entity Receiving
Compensation**

Form and Method of Compensation

Estimated Amount

Acquisition Stage

Our acquisition fee is divided into two components, an initial up front acquisition fee and a performance-based fee that is subordinated to the 5% preferred return rate, as described below. We will also reimburse the advisor for acquisition expenses.

Carey Asset Management

Initial Acquisition Fee:

Total acquisition fees payable to Carey Asset Management by us (which fees may include real estate brokerage fees, mortgage placement fees, lease-up fees and transaction structuring fees), other than subordinated acquisition fees, will range from zero to 2.5% of the aggregate total cost of our investments, depending on the type of investment as described below. We will also reimburse Carey Asset Management for acquisition expenses.

- long-term, (*i.e.*, lease terms of seven years or more), net leased properties — 2.5% of the aggregate total cost of properties, which includes the contract purchase price plus related acquisition fees (including subordinated acquisition fees) and expenses;
- B Notes, C Notes, mortgage-backed securities and real estate-related loans acquired or originated by us — 1% of the total amount of equity invested in the portion of such investment that we retain plus the related acquisition fees;
- investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — none; and

The actual amount to be paid to Carey Asset Management will depend upon the aggregate total cost of the investments we make or acquire, which in turn is dependent upon the gross offering proceeds and the amount of leverage we use to implement our investment strategy, and accordingly is not determinable at this time. If the investments we make or acquire from the proceeds of this offering are, on average, 50% leveraged, the acquisition fees payable to Carey Asset Management are estimated to be approximately \$44.5 million if the maximum of 100,000,000 shares are sold in the offering.⁽²⁾ See “Conflicts of Interest.”

Entity Receiving Compensation

Form and Method of Compensation

Estimated Amount

- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — 1.75% of the sum of the equity invested plus the related acquisition fees.

The total of all acquisition fees (including interest thereon) payable by sellers, borrowers or us to Carey Asset Management and unaffiliated third parties on all investments (including subordinated acquisition fees), and the total amount of acquisition expenses we pay, must be reasonable and together may not exceed 6% of the aggregate contract purchase price of all investments we purchase and 6% of the funds advanced as loans we make or acquire. A majority of the directors (including a majority of the independent directors) not otherwise interested in any transaction may approve fees in excess of these limits if they find the excess commercially competitive, fair and reasonable to us.(3)(4) If our advisor retains any subadvisor to assist in making investment decisions and providing asset management, our advisor will pay the subadvisor a portion of the fees that it receives from us.

Carey Asset Management

Subordinated Acquisition Fee: Total subordinated acquisition fees payable to Carey Asset Management by us will range from zero to 2% of the total cost of our investments, depending on the type of investment as described below:

- long-term, net leased properties — 2% of the aggregate total cost of properties;
- B Notes, C Notes, mortgage-backed securities and real estate-related loans — none;
- investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — none; and

The actual amount to be paid to Carey Asset Management will depend upon the aggregate total cost of the investments we make or acquire, which in turn is dependent upon the gross offering proceeds and the amount of leverage we use to implement our investment strategy, and accordingly is not determinable at this time. If the investments we make or acquire from the proceeds of this offering are, on average, 50% leveraged, the subordinated acquisition fees payable to Carey Asset Management are estimated to be approximately \$35.6 million if the maximum of 100,000,000 shares are sold in the offering. (2) See “Conflicts of Interest.”

Entity Receiving Compensation

Form and Method of Compensation

Estimated Amount

- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — none.

This fee, together with accrued interest, is payable in three equal annual installments on the first business day of the fiscal quarter immediately following the fiscal quarter in which an investment is made, and the first business day of the corresponding fiscal quarter in each of the subsequent two fiscal years. The unpaid portion of the subordinated acquisition fee with respect to any investment will bear interest at the rate of 5% per annum from the date of acquisition of the investment until it is paid. The subordinated acquisition fee payable in any year, and accrued interest thereon, will be subordinated to the 5% preferred return rate.⁽³⁾⁽⁴⁾⁽⁵⁾

Operational Stage

All fees, expenses and distributions on the special general partner interest payable during the operational stage are subject to the 2%/25% Guideline.

Carey Asset Management

We will reimburse Carey Asset Management for various expenses incurred in connection with its provision of services to us. In addition to reimbursement of third party expenses that will be paid by our advisor (including property-specific costs, professional fees, office expenses, travel expenses and business development expenses), we will reimburse our advisor for the allocated costs (including compensation) of personnel and overhead in providing management of our day-to-day operations, including accounting services,

Not determinable at this time.

Entity Receiving Compensation

Form and Method of Compensation

Estimated Amount

stockholder services, corporate management, and property management and operations, except that we will not reimburse our advisor for the cost of personnel to the extent such personnel are used in transactions (acquisitions, dispositions and financings) for which our advisor receives a transaction fee. Carey Asset Management must absorb, or reimburse us for, the amount in any twelve-month period ending on the last day of any fiscal quarter by which our operating expenses, including asset management fees and distributions paid on the special general partner interest during the operational stage and disposition fees paid on assets, other than interests in real property, exceed the 2%/25% Guideline. Such reimbursement must be made within 60 days after the end of the applicable twelve-month period. To the extent that operating expenses payable or reimbursable by us exceed this limit and a majority of independent directors determine that the excess expenses were justified based on any unusual and nonrecurring factors which they deem sufficient, Carey Asset Management may be reimbursed in future quarters for the full amount of the excess, or any portion thereof, but only to the extent the reimbursement would not cause our operating expenses to exceed the 2%/25% Guideline in the twelve-month period ending on the last day of such quarter.⁽³⁾⁽⁴⁾⁽⁵⁾

Carey Asset Management

An asset management fee is payable to Carey Asset Management (or W. P. Carey & Co. B.V. in the case of international assets) by us on the market value or equity value of our investments, as described below:

- long-term, net leased properties — 0.5% of the average market value;

If the maximum number of 100,000,000 shares is sold in the offering and the investments we make or acquire from the proceeds of this offering are all long-term net leased properties that are 50% leveraged, the average market value as a result of the offering would be approximately \$1.7 billion. The annual asset management fee on these assets would be approximately \$8.6 million.⁽²⁾

**Entity Receiving
Compensation**

Form and Method of Compensation

Estimated Amount

- B Notes, C Notes, mortgage-backed securities and real estate-related loans — 1.75% of the average equity value;
- Investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — 1.50% of the average equity value; and
- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — 0.5% of the average market value. Average market value is equal to the aggregate purchase price paid by us for the investment unless a later appraisal by an independent appraiser is obtained, in which case that later appraised value will become the average market value. Average equity value is equal to the equity portion of the aggregate purchase price, *provided that*, if (A) a later appraisal is obtained for the asset, that later appraised value will be used to determine average equity value, and (B) for investments in securities that we treat as available for sale under GAAP, the fair value of such securities as determined on the last day of each month, or if applicable, on the date the securities are disposed of, will be used to determine average equity value.

As compensation for any advisory services that a subadvisor may provide to our advisor, our advisor will agree to pay to such subadvisor a portion of the acquisition fees that it receives from us.

<u>Entity Receiving Compensation</u>	<u>Form and Method of Compensation</u>	<u>Estimated Amount</u>
Carey Asset Management	<p>We will not borrow funds from Carey Asset Management and its affiliates unless (A) the transaction is approved by a majority of the independent directors and a majority of the directors who are not interested in the transaction as being fair, competitive and commercially reasonable, (B) the interest and other financing charges or fees received by the advisor or its affiliates do not exceed the amount which would not be charged by non-affiliated lending institutions and (C) the terms are not less favorable than those prevailing for comparable arm's-length loans for the same purpose. W. P. Carey will not borrow on a long-term basis from the advisor and its affiliates unless it is to provide the debt portion of a particular investment and we are unable to obtain a permanent loan at that time or, in the judgment of the board, it is not in our best interest to obtain a permanent loan at the interest rates then prevailing and the board has reason to believe that we will be able to obtain a permanent loan on or prior to the end of the loan term provided by the advisor and its affiliates.</p>	<p>The number and amounts of loans, and the amount of interest we may pay, is not determinable at this time.</p>
Carey Holdings	<p>Carey Holdings has a special general partner profits interest in our operating partnership that will entitle Carey Holdings to receive up to 10% of distributions of available cash, depending on the type of investment as described below:</p> <ul style="list-style-type: none"> • long-term, net leased properties — up to 10% of available cash; • B Notes, C Notes, mortgage-backed securities and real estate-related loans — up to the lesser of (x) 10% of available cash or (y) 20% of available cash in excess of 5%; 	<p>Not determinable at this time. The actual amount to be paid to Carey Holdings is not limited.</p>

Entity Receiving Compensation

Form and Method of Compensation

Estimated Amount

- Investments in readily marketable real estate securities (other than B Notes, C Notes, mortgage-backed securities and real estate-related loans) purchased on the secondary market — none; and
- other investments not described in the foregoing categories, such as interests in entities that own real estate or are engaged in real estate-related businesses, short-term net leases and equity investments in real property not subject to long-term net leases — up to 10% of available cash.

Available cash means the cash generated by operating partnership operations and investments excluding cash from sales and refinancings, after the payment of debt and other operating expenses, but before distributions to partners.

Distributions of available cash will be paid quarterly.⁽⁶⁾

Independent Directors

We will pay to each independent director an annual fee of \$25,000, a fee of \$1,000 for each regular quarterly meeting attended in person, \$1,000 for full board or audit committee meetings attended by telephone and an additional \$10,000 to the Chairman of the Audit Committee, plus an annual grant of shares of our common stock having an aggregate value of \$13,500 at the time of grant based on our most recently published estimated net asset value or, during the period before we publish our initial estimated net asset value, the public offering price minus discounts and commission expense.

The estimated aggregate compensation payable to the independent directors as a group for a full fiscal year is approximately \$196,000.

**Entity Receiving
Compensation**

Form and Method of Compensation

Estimated Amount

Dispositions/Liquidation Stage

All disposition fees payable upon sales of assets, other than interests in real property, are subject to the 2%/25% Guideline.

Carey Asset Management

If Carey Asset Management (or W. P. Carey & Co. B.V. in the case of international assets) provides a substantial amount of services in the sale of an investment, subordinated disposition fees shall accrue in an amount depending on the type of assets as described below:

Not determinable at this time.

- net leased properties — equal to the lesser of (i) 50% of the brokerage commission paid or (ii) 3% of the contract sales price of a property;
- investments in B Notes, C Notes, mortgage-backed securities and real estate-related loans — 1% of the average equity value;
- readily marketable real estate securities — none;
- other real estate investments not described in the foregoing categories — equal to the lesser of (i) 50% of the brokerage commission or (ii) 3% of the contract sales price of an investment.

The total real estate commissions and the subordinated disposition fees we pay will not exceed an amount equal to the lesser of: (i) 6% of the contract sales price of an investment or (ii) the commission paid in a competitive market for the purchase or sale of an investment that is reasonable and competitive in light of the size, type, location or other relevant characteristics of the investment.(3)(4) The fee will only be paid if and when the 5% preferred return rate has been achieved through the end of the prior fiscal quarter. The fee will bear interest at the rate of 5% per annum from the date of disposition of the investment until it is paid. This will increase the amount received by the advisor beyond the actual fee accrued.

Entity Receiving Compensation

Form and Method of Compensation

Estimated Amount

Entity Receiving Compensation	Form and Method of Compensation	Estimated Amount
	<p>If the advisory agreement is terminated, other than for cause, or not renewed, we will pay our advisor accrued and unpaid fees and expense reimbursements, including any payment of subordinated fees, earned prior to termination or non-renewal of the advisory agreement. If our advisory agreement is terminated for cause, we will pay our advisor unpaid expense reimbursements.</p>	<p>Not determinable at this time.</p>
Carey Holdings	<p><i>Interest in Disposition Proceeds.</i> Carey Holdings' special general partner interest will also entitle it to receive distributions of up to 15% of the net proceeds from the sale, exchange or other disposition of operating partnership assets remaining after the corporation has received a return of 100% of its initial investment in the operating partnership (which will be equivalent to the initial investment by our stockholders in our shares), through certain liquidity events or distributions, plus the 6% preferred return rate.</p>	<p>The incentive profits interest is dependent on our operations and the amounts received upon the sale or other disposition of the assets and is not determinable at this time.</p>
	<p>If we terminate or do not renew the advisory agreement (including as a result of a merger, sale of substantially all of our assets or a liquidation), or if our advisor resigns for good reason, all after two years from the start of operations of our operating partnership, our operating partnership will have the right, but not the obligation, to repurchase all or a portion of Carey Holdings' interests in our operating partnership at the fair market value of those interests on the date of termination, as determined by an independent appraiser.⁽⁴⁾⁽⁵⁾</p>	<p>Not determinable at this time.</p>

(1) "Organization and offering expenses" represents all expenses incurred in connection with our qualification and registration of our shares including registration fees paid to the SEC, the FINRA and state regulatory authorities, issuer legal and accounting expenses, due diligence costs, advertising, sales literature, fulfillment, escrow agent, transfer agent and personnel costs associated with preparing the registration and offering of our Shares.

(2) We currently estimate that we will borrow, on average, approximately 50% of the purchase price of our properties. The actual leverage percentage we experience will affect the amount of acquisition fees earned by Carey Asset Management and the amount available for investment will be affected by the amount we borrow (i.e., the more that is borrowed, the more funds

available for investment in properties). If the maximum offering of 100,000,000 shares are sold and the investment portfolio is 75% leveraged (the maximum allowable), acquisition fees (not including subordinated acquisition fees) payable to Carey Asset Management as a result of the offering (assuming an aggregate total cost of all investments of approximately \$3.5 billion) are estimated to be approximately \$89.1 million and subordinated acquisition fees are estimated to be approximately \$71.3 million. We do not expect all of our investments to be 75% leveraged.

- (3) Carey Asset Management and W. P. Carey & Co. B. V., as applicable, may choose on an annual basis to take the acquisition fee, subordinated acquisition fee, asset management fee and subordinated disposition fee in cash or restricted shares of our common stock, or a combination thereof. For purposes of calculating the value per share of restricted stock given for payment of a fee, the price per share will be the estimated net asset value per share as determined by the most recent appraisal performed by an independent appraiser or, if an appraisal has not yet been performed, \$10.00 per share.
- (4) If at any time the shares become listed on a national securities exchange, we will negotiate in good faith with Carey Asset Management a fee structure appropriate for an entity with a perpetual life. A majority of the independent directors must approve the new fee structure negotiated with Carey Asset Management. In negotiating a new fee structure, the independent directors shall consider the following factors and any other factors they deem relevant:
 - the size of the advisory fee in relation to the size, composition and profitability of our portfolio;
 - the success of Carey Asset Management in generating opportunities that meet our investment objectives;
 - the rates charged to other REITs and to investors other than REITs by advisors performing similar services;
 - additional revenues realized by Carey Asset Management and its affiliates through their relationship with us whether we pay them or they are paid by others with whom we do business;
 - the quality and extent of service and advice furnished by Carey Asset Management;
 - the performance of our investment portfolio, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations; and
 - the quality of our portfolio in relationship to the investments generated by Carey Asset Management for the account of other clients.

The board, including a majority of the independent directors, may not approve a new fee structure that is, in its judgment, more favorable to Carey Asset Management than the then-current fee structure.

- (5) If the advisory agreement is terminated, other than for cause, or not renewed, we will pay our advisor accrued and unpaid fees and expense reimbursements, including any subordinated fees, earned prior to termination or non-renewal of the advisory agreement.
- (6) Carey Holdings may choose on an annual basis to reinvest the distributions from its special general partnership in our operating partnership in exchange for partnership units.

Refer to “Prospectus Summary — Compensation” for a discussion of amounts paid or payable to W. P. Carey, Carey Asset Management, Carey Financial and their affiliates during the year ended December 31, 2011 and from inception (February 20, 2007) to December 31, 2011.

CONFLICTS OF INTEREST

There are various conflicts of interest in the operation of our business. The independent directors have an obligation to function on our behalf in all situations in which a conflict of interest arises and have a fiduciary obligation to act on behalf of the stockholders. Possible conflicts of interest include the following:

Our advisor may realize substantial compensation. A transaction involving the purchase, financing, lease or sale of any investment by us may result in the realization by our advisor and its affiliate, Carey Holdings, which owns a special general partnership interest in our operating partnership, of substantial compensation. In most cases, our advisor has discretion with respect to all decisions relating to any such transaction. Acquisition fees and subordinated acquisition fees are based upon the purchase price of, or equity investment in, the assets acquired, rather than the quality or suitability of the investments. Asset management fees are based on the estimated value of the investments. Distributions on the special general partnership interest are based on available cash flow and gains from dispositions of our investments. While compensation based on the total amount or value of the investment may create an incentive for the advisor to use more leverage to invest in assets, the maximum total overall leverage the advisor may arrange for us to incur without the need for further approval is the lesser of 75% of the total cost of all our investments, or 300% of our net assets. Net assets are our total assets (other than intangibles), valued at cost before deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. The CPA[®] REITs have averaged approximately 61% leverage as of December 31, 2011. Like CPA[®]:16 - Global, we expect to hold investments in domestic and international assets. Notwithstanding the leverage cap, a conflict still exists in that fees based on the total amount or value of the investment increase as leverage increases and more assets are purchased using leverage. Potential conflicts may also arise in connection with a decision by our advisor (on our behalf) of whether to hold or sell an asset. Subordinated disposition fees, Carey Holdings's right to certain distributions pursuant to its special general partnership profits interest and the advisor's interest in our operating partnership's available cash may create a conflict between the advisor and us regarding the timing and terms of the sale of such assets. Alternatively, because our advisor and its affiliates receive asset management fees, it may have an incentive not to sell a property. These conflicts are mitigated in part by the subordination of many of such fees to certain levels of investor return. However, our advisor may also face a conflict in recommending the rate at which we pay distributions because our advisor will begin collecting subordinated acquisition and disposition fees once the five percent preferred return rate has been met. In addition, the special general partner will be entitled to distributions in respect of realized gains on the disposition of assets once stockholders have received a return of 100% of their initial investment and the six percent preferred return rate has been met.

Agreements between our advisor, affiliates of the advisor or entities managed by our advisor and us are not arm's-length agreements. Agreements and arrangements between our advisor or its affiliates and us will not be the result of arm's-length negotiations. In addition, as a result of the fact that we and our advisor have some common management, our board of directors may encounter conflicts of interest in enforcing our rights against our advisor in the event of a default by, or disagreement with, our advisor, or in invoking powers, rights or options pursuant to any agreement between our advisor and us. Certain provisions of our charter require that compensation to our advisor be reviewed by a majority of the independent directors and that terms of transactions with our advisor be no less favorable to us than terms that could be obtained from unaffiliated entities. In making such determinations, our directors will use their judgment and may, but are not required to, retain the services of advisors, professional service providers or other third parties to assist them. We may enter into transactions, such as real estate joint ventures or investments in real estate funds, with the other operating CPA[®] REITs, other entities that are managed by our advisor or W. P. Carey. We may also purchase assets from, sell assets to, or enter into mergers or other business combination transactions with W. P. Carey, the other operating CPA[®] REITs or other related entities. Although all such transactions must be approved on our behalf by our independent directors, and in some cases by our stockholders, conflicts may arise in the event of a disagreement between us, W. P. Carey, another

operating CPA® REIT or other entity that is managed by our advisor, or because our independent directors also serve on the boards of the other operating CPA® REITs or other entities, or in enforcing our rights against another operating CPA® REIT under agreements we have with them.

We delegate our management functions to our advisor and its affiliates. We delegate our management functions to our advisor, for which it earns fees pursuant to an advisory agreement. Although at least a majority of our board of directors must be independent, because the advisor earns fees from us and has an ownership interest in us, we have limited independence from the advisor. This limited independence may exacerbate the conflicts of interest described in this section by giving our advisor and W. P. Carey substantial control over us while having different economic incentives than our stockholders.

Most of our officers and certain of our directors have ownership interests in W. P. Carey. Most of our officers own shares in W. P. Carey, which is the parent company of Carey Asset Management and Carey Financial. None of our directors own shares in W. P. Carey. These ownership interests may result in conflicts by creating an incentive for members of our management to make decisions or enter into transactions on our behalf that may be beneficial to W. P. Carey and not necessarily beneficial to us.

The following table sets forth as of March 30, 2012 certain information regarding the beneficial ownership interests in W. P. Carey of our officers.

<u>Name</u>	<u>Number of Shares of W. P. Carey Beneficially Owned⁽¹⁾</u>
Trevor P. Bond	32,972
Jan F. Kärst	42,742
Mark J. DeCesaris	84,360
John D. Miller	22,390
Hisham A. Kader	656
Thomas E. Zacharias	309,914

(1) Beneficial ownership has been determined in accordance with the rules of the SEC and includes shares that each individual has the right to acquire within 60 days.

We may enter into transactions with or take loans from our advisor or its affiliates. We may borrow funds or purchase properties from our advisor or its affiliates if doing so is consistent with the investment procedures, our objectives and policies and if other conditions are met. In May 2011, we purchased equity interests in three entities from CPA®:14, in connection with the merger of CPA®:14 with and into a subsidiary of CPA®:16 – Global. See “Investment Objectives, Procedures and Policies.” We may borrow funds from our advisor or its affiliates to provide the debt portion of a particular investment or to facilitate refinancings if we are unable to obtain a permanent loan at that time or, in the judgment of the board, it is not in our best interest to obtain a permanent loan at the interest rates then prevailing and the board has reason to believe that we will be able to obtain a permanent loan on or prior to the end of the loan term provided by W. P. Carey or its affiliates. See “Investment Objectives, Procedures and Policies.” We may borrow funds on a short-term basis from W. P. Carey or its affiliates at any time.

We may also acquire assets from our affiliates, including the other CPA® REITs, if we believe that doing so is consistent with our investment objectives and we comply with our investment policies and procedures. We may acquire single assets or portfolios of assets. Like us, the CPA® REITs intend to consider alternatives for providing liquidity for their stockholders some years after they have invested substantially all of the net proceeds from their public offerings. We may seek to purchase assets from another operating CPA® REIT that is entering its liquidation phase. These transactions may take the form of a direct purchase of assets, a merger or another type of transaction. We may invest in other vehicles, such as real estate opportunity funds, that are formed, sponsored or managed by W. P. Carey, our advisor or their affiliates. See “Recent Developments.”

Except as provided in our charter, we may not invest in other REITs advised or managed, directly or through affiliates, by the advisor and with respect to which the advisor, its subsidiaries or affiliates receive separate fees.

Our advisor and its affiliates are engaged in or will engage in additional management or investment activities that have and may have in the future overlapping objectives with us, including those relating to the other operating CPA® REITs. In addition, our advisor and its affiliates may establish other investment vehicles that will invest in commercial real estate-related assets. Our advisor may face conflicts of interest in allocating investment, purchase and sale, and financing opportunities among itself or its affiliates and other entities that it advises, including the other operating CPA® REITs. These conflicts may be affected by variations in the economic benefits to our advisor and such entities from different allocations of such opportunities. For example, in CPA®:15, our advisor does not hold a special general partnership interest. Our advisor will use its best efforts to present suitable investments to us consistent with our investment procedures, objectives and policies. If our advisor or any of its affiliates is presented with a potential investment in an asset which might be made by an affiliate or by more than one investment entity which it advises or manages, the decision as to the suitability of the asset for investment by a particular entity will be made by the chief investment officer of Carey Asset Management based upon a variety of factors which may include:

- cash flow from the asset;
- effect of the acquisition of the asset on the diversification of each entity's portfolio;
- rental payments during any renewal period;
- the amount of equity required to make the investment;
- the policies of each entity relating to leverage;
- the funds of each entity available for investment;
- the length of time the funds have been available for investment and the manner in which the potential investment can be structured by each entity; and
- whether a particular entity has been formed specifically for the purpose of making particular types of investments (in which case it will generally receive preference in the allocation of those types of investments).

Consideration will be given to joint ownership (e.g., tenancy-in-common or joint venture arrangement) of a particular asset determined to be suitable for more than one investment entity in order to achieve diversification of each entity's portfolio and efficient completion of an entity's portfolio. Our directors (including the independent directors) must approve any investment in which we invest jointly with another operating CPA® REIT.

There may be competition from our advisor and its affiliates for the time and services of our officers and directors. We depend on our directors and our advisor for our operations and for the acquisition, operation and disposition of our investments. Carey Asset Management has entered into the advisory agreement with us pursuant to which it will perform certain functions relating to the investment of our funds and our day-to-day management. See "Management — Advisory Agreement." Our advisor and its affiliates will be performing similar services for the other operating CPA® REITs and may perform these services for REITs, partnerships or other investment entities offered or managed in the future by affiliates of our advisor. Our advisor and its affiliates will devote the time to our affairs as they, within their sole discretion, exercised in good faith, determine to be necessary for our benefit and that of our stockholders. See "Management." Neither Carey Financial, Carey Asset Management, W. P. Carey & Co. B.V. nor any of their affiliates are restricted from acting as general partner, advisor, underwriter, selling agent or broker-dealer in public or private offerings of securities in REITs, real estate partnerships or other entities which may have objectives similar to ours and which are sponsored by affiliated or non-affiliated persons.

One of our officers owns a noncontrolling interest in W. P. Carey International, which performs services and receives fees under our advisory agreement. One of our officers, Jan F. Kärst, President, who is also an officer of W. P. Carey, has an approximately 7.7% interest in W. P. Carey International. W. P. Carey International, a subsidiary of Carey Asset Management, performs services on behalf of Carey Asset Management under our advisory agreement and receives a portion of the compensation we pay to our advisor and is entitled to a share of the allocable income received by Carey Asset Management with respect to the international transactions entered into by our operating partnership. In addition, Mr. Kärst has an approximately 7.7% interest in each of Holdings I, a subsidiary of Carey REIT II Inc., and Holdings II, a subsidiary of W. P. Carey. Holdings I and Holdings II hold interests in W. P. Carey Holdings LLC and W. P. Carey & Co. B.V., respectively, which entitle them to a portion of the revenues received by those entities with respect to the international transactions entered into by our operating partnership. Mr. Kärst does not receive current distributions on his interests, except as necessary to pay taxes on his profit interests.

Our UPREIT Structure. Our directors and officers have duties to us and to our stockholders under Maryland law in connection with their management of us. At the same time, we, as general partner, have fiduciary duties under Delaware law to our operating partnership and to the limited partners in connection with the management of our operating partnership. Our duties as general partner to our operating partnership and its partners may come into conflict with the duties of our directors and officers to us and to our stockholders. Under Delaware law, a general partner of a Delaware limited partnership owes its limited partners the duties of good faith and fair dealing. Other duties, including fiduciary duties, may be modified or eliminated in the partnership's partnership agreement. The partnership agreement of our operating partnership provides that for so long as we own a controlling interest in our operating partnership, any conflict that cannot be resolved in a manner not adverse to either our stockholders or the limited partners will be resolved in favor of our stockholders.

Additionally, the partnership agreement expressly limits our liability by providing that we and our officers, directors, employees and designees will not be liable or accountable to our operating partnership for losses sustained, liabilities incurred or benefits not derived if we acted in good faith. In addition, our operating partnership is required to indemnify us and our officers, directors, employees and designees to the extent permitted by applicable law from and against any and all claims arising from operations of our operating partnership, unless it is established that (1) the act or omission was committed in bad faith, was fraudulent or was the result of active and deliberate dishonesty; (2) the indemnified party actually received an improper personal benefit in money, property or services; or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. These limitations on liability do not supercede the indemnification provisions of our charter, which are discussed under "Management — Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents."

The provisions of Delaware law that allow the fiduciary duties of a general partner to be modified by a partnership agreement have not been tested in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict our fiduciary duties. See "Risk Factors — Risks Related to an Investment in Our Shares — Conflicts of interest may arise between holders of our common stock and holders of partnership interests in our operating partnership."

Our dealer manager's affiliation with W. P. Carey, its parent, may cause conflicts of interest. Carey Financial, a subsidiary of W. P. Carey, will receive selling commissions and a dealer manager fee for each share sold by it, subject to certain exceptions, and will receive reimbursement for bona fide due diligence expenses. See "The Offering/Plan of Distribution." As dealer manager, Carey Financial has certain obligations to undertake a due diligence investigation with respect to the parties involved in this offering, including W. P. Carey. The need to investigate its parent may cause a conflict of interest for Carey Financial in carrying out its due diligence obligations.

PRIOR OFFERINGS BY AFFILIATES

The information in this section should not be considered as indicative of how we will perform. This discussion refers to the performance of prior programs over the lifetime of the programs and does not mean that we will make investments comparable to those reflected in this section. If you purchase our shares, you will not have any ownership interest in any of the real estate programs described in this section (unless you are also an investor in those real estate programs). While our investment objectives are similar to those of the CPA[®] Programs, our performance is subject to additional risks, including the potential adverse impact on results due to changes in currency exchange rates. Changes in exchange rates will impact the amount of and the stability of any distributions we make to our stockholders as well as any potential gains on the sales of property.

Affiliates of W. P. Carey organized the limited partnerships known as:

- Corporate Property Associates (CPA[®]:1)
- Corporate Property Associates 2 (CPA[®]:2)
- Corporate Property Associates 3 (CPA[®]:3)
- Corporate Property Associates 4 (CPA[®]:4)
- Corporate Property Associates 5 (CPA[®]:5)
- Corporate Property Associates 6 (CPA[®]:6)
- Corporate Property Associates 7 (CPA[®]:7)
- Corporate Property Associates 8 (CPA[®]:8)
- Corporate Property Associates 9 (CPA[®]:9)

On January 1, 1998, these nine partnerships were merged into Carey Diversified LLC (“CDC”), a New York Stock Exchange listed limited liability company. In this merger, limited partners of CPA[®]:1 through CPA[®]:9 had the option to exchange their units for shares of CDC or, through subsidiary partnership units, or SPUs, to retain a direct interest in the respective CPA partnership. The SPUs were redeemed for cash in July 1998 based on appraised valuations of each partnership as of May 31, 1998. The partnerships no longer operate as independent entities. In June 2000, CDC acquired the net lease business operations of W. P. Carey & Co. Inc. and is now known as W. P. Carey & Co. LLC (NYSE:WPC). The rollup of these nine partnerships occurred within the contemplated timeframes for a liquidity event that were disclosed in the initial offering documents for these partnerships, except with regard to Corporate Property Associates, Corporate Property Associates 2 and Corporate Property Associates 3. The initial offering documents for these partnerships contemplated potential liquidity events prior to the end of 1992, 1995 and 1997, respectively.

Affiliates of W. P. Carey have also organized the REITs listed below, referred to as the CPA[®] REITs (in addition to us):

- Corporate Property Associates 10 Incorporated (CPA[®]:10)
- Carey Institutional Properties Incorporated (CIP[®])
- Corporate Property Associates 12 Incorporated (CPA[®]:12)
- Corporate Property Associates 14 Incorporated (CPA[®]:14)
- Corporate Property Associates 15 Incorporated (CPA[®]:15)
- Corporate Property Associates 16 — Global Incorporated (CPA[®]:16 — Global)

In May 2002, CPA[®]:10 and CIP[®] merged, with CIP[®] being the surviving company. In this transaction CPA[®]:10 stockholders exchanged their shares for either shares of CIP[®] or 4% promissory notes. The promissory notes were redeemed for cash at par value in December 2002. In September

2004, CIP[®] and CPA[®]:15 merged, with CPA[®]:15 being the surviving company and CIP[®] stockholders received either cash or CPA[®]:15 shares, at the stockholders' election, in addition to receiving a special cash distribution out of the proceeds of the sale of certain assets to W. P. Carey. In December 2006, CPA[®]:12 and CPA[®]:14 merged, with CPA[®]:14 being the surviving company. In this transaction, CPA[®]:12 stockholders received either cash or CPA[®]:14 shares, at the stockholders' election, and also received a special cash distribution out of the proceeds of the sale of certain assets to W. P. Carey. In May 2011, CPA[®]:14 and CPA[®]:16 – Global merged, with CPA[®]:16 – Global being the surviving company. In this transaction, CPA[®]:14 stockholders received either cash or CPA[®]:16 – Global shares, at the stockholders' election, and also received a special cash distribution. Each of these liquidity events occurred within the timeframes contemplated by the initial offering documents of the acquired company. The offering materials for each of the entities that have not been liquidated, namely CPA[®]:15 and CPA[®]:16 – Global, disclose an anticipated timeframe for their boards to seek liquidity alternatives. CPA[®]:15 has recommended the Proposed Merger as a liquidity alternative for its stockholders within its time frame, however, such timeframe has not yet occurred for CPA[®]:16 – Global. In no case did the offering materials establish an absolute deadline for completing a liquidity event. The primary investment objectives of the CPA[®] Programs have been to own a diversified portfolio of income producing, single tenant net leased real estate assets. This is also our core investment objective, and we currently expect that for at least the first few years of our operations, most of our investments will be long-term, single tenant triple net leases. Prior to 1998, all of the CPA[®] Programs' investments were made in the U.S. Since 1998, the other operating CPA[®] REITs have made both domestic and international investments, with CPA[®]:15 and CPA[®]:16 – Global making significant investments in international properties.

We do not have any current plans to merge with another operating CPA[®] REIT; however, a merger transaction is not prohibited by our organizational documents and it is possible that our board of directors might determine that a merger transaction is advisable in the future. Any merger between us and another operating CPA[®] REIT would require the approval of the holders of at least a majority of our outstanding shares of common stock. If we were the surviving entity of a merger between us and another operating CPA[®] REIT, the merger would result in our advisor being eligible to collect subordinated disposition fees from the other CPA[®] REIT if the applicable stockholder return conditions for the payment of the fees were satisfied. If we were the acquired company in a merger between us and another operating CPA[®] REIT, our advisor would be eligible to receive subordinated disposition fees and Carey Holdings would be eligible to receive its 15% profits distributions if the applicable stockholder preferred return conditions were satisfied. These same fees and distributions would be payable if we were to be acquired by an unrelated third party.

The following is information relating to the CPA[®] Programs for the ten year period beginning January 1, 2002 and ending December 31, 2011:

Total equity raised:	\$2,133,820,000
Total investors (at December 31, 2011):	82,163
Total number of Properties Purchased ⁽¹⁾ :	535
Properties Purchased Outside the United States:	221
Aggregate Purchase Price of Properties:	\$5,569,190,821
Total Equity Investment in Properties:	\$2,192,250,848
Total Mortgage Financing:	\$3,376,939,973

(1) Total number of properties purchased includes properties purchased outside the United States.

The CPA[®] Programs have made international investments totaling more than \$2.3 billion from January 1, 2002 through December 31, 2011.

The following table summarizes all property acquisitions by the other operating CPA[®] REITs from January 1, 2009 to December 31, 2011. This table reflects information regarding properties acquired and is not indicative of the total portfolios of the entities listed below. See “— W. P. Carey Group — Portfolio Diversification” for additional information.

**Acquisition of properties by
CPA[®]:14, CPA[®]:15 and CPA[®]:16 — Global
from January 1, 2009 to December 31, 2011**

	CPA [®] :14	CPA [®] :15 ⁽¹⁾	CPA [®] :16 -Global
Locations	IA	Germany, the Netherlands	NY, SC, Finland, Germany, Hungary, Malaysia
Type of property	(Note 2)	(Note 2)	(Note 2)
Gross leas able space (sq.ft.)	40,500	340,128	799,922
Dates of purchase	4/2009	12/2009 - 5/2011	3/2009 - 11/2011
Original mortgage financing	\$ —	\$ 17,351,289	\$ 58,750,499
Cash down payment-equity	2,513,089	20,859,941	65,001,650
Contract purchase price plus acquisition fees ⁽³⁾	2,513,089	38,211,230	123,752,149
Other cash expenditures expensed	—	—	—
Other capitalized expenditures	—	—	—
Total cost of property	<u>\$2,513,089</u>	<u>\$ 38,211,230</u>	<u>\$ 123,752,149</u>

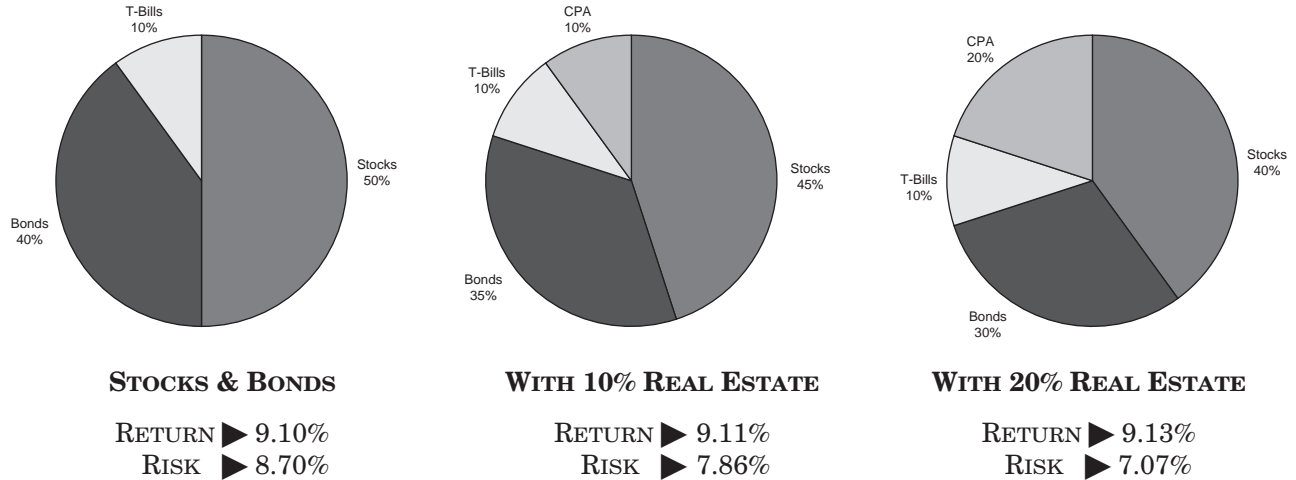
- (1) The fund owns interests in one or more joint ventures or tenants-in-common with affiliates that own property. The amounts included in the table above reflect the fund's percentage ownership in joint ventures or tenants-in-common.
- (2) Acquisitions consist of the following types of properties: CPA[®]:14 — Industrial facilities; CPA[®]:15 — retail facilities; CPA[®]:16 — Global — Distribution, industrial, office, retail and warehouse facilities
- (3) Consists of initial purchase price, including closing costs such as the cost of appraisals, attorney's and accountants' fees, costs of title reports, transfer and recording taxes, title insurance and financing costs, and excludes improvements subsequent to the acquisition. For properties under construction, this column consists of amounts funded to date. Amounts are based on currency conversion rates in effect on date funded, where applicable.

We currently estimate that we will borrow approximately 50%, on average, of the purchase price of our properties. The CPA[®] Programs had an expectation of borrowing between 50% and 60% of the purchase price of properties. International portions of the CPA[®] Programs have averaged approximately 61% leverage.

No CPA[®] Program has missed a quarterly distribution payment, although certain CPA[®] Programs have reduced the rate of distributions as a result of adverse developments such as tenant bankruptcies, as described below. In addition, CPA[®]:14 and CPA[®]:15 suspended their redemption programs in 2009 in part to preserve liquidity and capital in the then-distressed economic environment. CPA[®]:15's suspension remains in effect as of the date of this prospectus. Eighty percent of CPA[®] Programs have gone full cycle to liquidity, providing investors with an average annual return of 11.4%. The most recently published estimated net asset values per share for CPA[®]:15 is \$10.40, which is above its original issue price of \$10.00 per share and is the same as the prior valuation as of December 31, 2010. The most recently published estimated net asset value per share for CPA[®]:16 – Global is \$9.10, which reflects a 2.2% increase from its prior valuation as of June 30, 2011. An interim valuation was performed for CPA[®]:15 as of September 30, 2011 in connection with the Proposed Merger, while the valuation for CPA[®]:16—Global is as of December 31, 2011. The other operating CPA[®] REITs provided an average distribution yield of 7.0% as of March 31, 2012. Occupancy rates for CPA[®] Programs have averaged in excess of 97% every year. As of April 16, 2012, the CPA[®] Programs have paid 769 quarterly distributions over 36 years, with 15 initial payments, 8 payments going down from the prior quarter, 76 payments staying the same and 670 payments increasing over the prior quarter.

W. P. Carey's experience managing the prior CPA[®] Programs has shown that investments in real estate through programs such as the CPA[®] Programs can help diversify a portfolio and reduce overall portfolio risk.

DIVERSIFICATION WITH REAL ESTATE MAY REDUCE RISK AND /OR INCREASE RETURN (1990 – 2011)



**DIVERSIFICATION OF MARKET RISK
CORRELATION MATRIX (1990-2011)**

	S&P 500	20-Year U.S. Gov't Bond Index	CPA® Programs	FTSE NAREIT Equity Index	U.S. Inflation
CPA® Programs	0.14	-0.13	1.00	0.04	0.08
FTSE NAREIT Equity Index (Traded REITs)	0.61	-0.16	0.04	1.00	0.11

Historically, as the table above indicates, over a twenty-two-year period (1990-2011), relative to NAREIT Equity (Traded REITs), CPA® Programs have had less significant correlation with broader equity markets and U.S. inflation and negative correlation with bonds. CPA® Programs are unlisted and not actively traded and therefore may serve as portfolio stabilizer, counterbalancing the daily market fluctuations of actively traded securities, such as stocks, bonds, as well as long-term market cycles.

The above figures do not include years prior to 1990 because annual appraisals were not performed prior to 1990. For informational purposes only. Past performance is no guarantee of future results. The following are used in the exhibits above: Stocks – Standard & Poor’s 500®, a capitalization-weighted index of 500 stocks; Bonds – 20-year U.S. Government Bond Index; T-Bills – U.S. 30-Day T-Bill; CPA® Programs – CPA®:1-15 and CPA®:16 – Global; FTSE NAREIT Equity Index – all REITs traded on the New York Stock Exchange, the NASDAQ National Market System and the American Stock Exchange; U.S. Inflation – Consumer Price Index (CPI). As presented here, CPA® Programs’ returns are total returns calculated on a quarterly basis, net of fees. The returns include cash distributions, special or liquidating distributions issued as a result of property sales or liquidation of the CPA® Program, distribution reinvestment and capital appreciation based changes in estimated net asset value. During a CPA® Program’s operational stage, capital appreciation is determined by annual changes to a CPA® Program’s estimated net asset value based on independent appraisals of assets. Upon a CPA® Program’s ultimate liquidity event, capital appreciation is based on the end value associated with that liquidity event. We define risk as the variability of a given portfolio’s return in any given period from the mean return of that portfolio. A portfolio’s standard deviation is a measure of that variability and is being

used in this case as a measure of that risk. A lower standard deviation indicates less variability in a given portfolio's period returns from its mean return. For example, in the 20% Real Estate portfolio, the annual returns over the 20-year period ranged from -5.91% to 9.16%. CPA® Programs and S&P 500 total returns are calculated by reinvesting distributions on the respective dividend dates. The 20-Year U.S. Government Bond total return is calculated as the quarterly change in the flat price plus the accrued interest. FTSE NAREIT Equity Index total return is calculated by adding the dividend to the index's quarter-end value and dividing by the previous quarter-end value. U.S. Inflation total return is calculated by taking the quarterly change in the price on a market basket of goods. CPA® Programs and FTSE NAREIT Equity Index incorporate any special distributions (return of initial capital) as income for total return calculation purposes. Source: © 2011 Morningstar, Inc. Calculated by W. P. Carey. All rights reserved. Used with permission.

The CPA® Programs have sold all or a portion of 175 properties during the ten-year period between January 1, 2002 and December 31, 2011.

Some investments in our CPA® Programs have experienced adverse business developments, which have included the filing by some tenants for protection from creditors under applicable bankruptcy codes, the vacating of facilities by a tenant at or prior to the end of an initial lease term, and litigation with tenants involving lease defaults. These developments negatively impacted financial results in a variety of ways by, among other things: reducing cash flow and rental revenue over periods of time, which in some cases lasted several years, increasing administrative expenses and resulting in impairment charges.

W. P. Carey undertakes measures to mitigate the effects of adverse business developments, such as re-leasing properties vacated by initial tenants; restructuring lease terms; refinancing mortgage loans and restructuring terms of existing mortgage loans; selling properties; and, in the case of litigation, vigorously defending the interests of affected CPA® Programs and, where appropriate, settling litigation. Through December 31, 2011, a total of 80 tenants of properties held by CPA® Programs had filed for bankruptcy or liquidated, affecting 184 properties. As of the same date, substantially all of these properties had been re-leased or sold. For the period between 1978 and 2011, the CPA® Programs had average tenant defaults or liquidations of 3 per year (with 3 in 2010 and 2 in 2011). With four exceptions described below, these developments have not caused the affected CPA® Programs to reduce their rate of distributions to partners or stockholders.

Most CPA® Programs in which adverse developments have occurred have been able to meet their obligations and maintain distributions to their investors, primarily as a result of the efforts of management and the existence of cash reserves for distribution payments. Several CPA® Programs experienced the types of adverse business developments described above, of which four CPA® Programs, CPA®:1, CPA®:5, CPA®:7 and CPA®:10, reduced the rate of distributions to their partners or stockholders as a result of adverse developments. The adverse developments that were primarily responsible for causing these reductions in the rate of distributions are: in the case of CPA®:1, the bankruptcy filing by Storage Technology; in the case of CPA®:5, the sale of two properties; in the case of CPA®:7, the bankruptcy filings of Yellow Front Stores, Inc. and NV Ryan L. P.; and in the case of CPA®:10, the expiration of one lease and the bankruptcy of Harvest Foods. The reductions in distribution rates in each of CPA®:1, CPA®:5, CPA®:7 and CPA®:10 were followed by increases in the distribution rates.

Upon written request to the Director of Investor Relations, 50 Rockefeller Plaza, New York, New York 10020, 1-800-WP CAREY, CPA®:17 – Global will provide, at no fee, the most recent annual report (on Form 10-K) filed by any of the operating CPA® REITs and, at a reasonable fee, the exhibits to the annual reports. These annual reports and exhibits, as well as other reports required to be filed with the SEC, are also available at the SEC's Website at www.sec.gov.

W. P. CAREY'S COMPLETED PROGRAMS

	CPA®:1	CPA®:2	CPA®:3	CPA®:4	CPA®:5	CPA®:6	CPA®:7	CPA®:8	CPA®:9	CPA®:10	CIP®	CPA®:12	CPA®:14
Total Cash Distributions Plus Terminal Value per \$10,000 Invested	\$23,670	\$36,864	\$40,806	\$31,007	\$21,024	\$26,382	\$21,504	\$22,851	\$18,393	\$20,833	\$24,243	\$23,689	\$21,719
Value Received at Termination per \$10,000 Invested ⁽¹⁾	\$11,314	\$12,028	\$16,317	\$14,184	\$ 7,903	\$14,848	\$11,914	\$14,960	\$11,321	\$11,230	\$13,900	\$13,300	\$11,500
Total Cash Distributions per \$10,000 Invested ⁽²⁾	\$12,356	\$24,835	\$24,489	\$16,824	\$13,122	\$11,534	\$ 9,590	\$ 7,891	\$ 7,072	\$ 9,603	\$10,343	\$10,389	\$10,219
Percentage of Original Investment Received ⁽³⁾	237%	369%	408%	310%	210%	264%	215%	229%	184%	208%	242%	237%	217%
Average Annual Return ⁽⁴⁾	7.17%	14.89%	18.81%	13.85%	7.72%	12.47%	10.15%	13.10%	9.59%	8.81%	11.22%	10.91%	8.96%
Annualized Yields Based on Calendar Year Distributions ⁽⁵⁾													
2011													8.38%
2010													8.37%
2009													8.29%
2008													8.19%
2007													8.11%
2006												8.27%	7.79%
2005												8.27%	7.63%
2004										8.58%	8.27%	7.58%	
2003										8.54%	8.26%	7.54%	
2002										7.18%	8.51%	8.23%	7.49%
2001										7.15%	8.41%	8.20%	7.08%
2000										7.12%	8.32%	8.17%	6.59%
1999										7.09%	8.28%	8.14%	6.49%
1998										7.05%	8.25%	8.10%	6.14%
1997	7.05%	18.92%	19.86%	11.44%	7.05%	9.71%	8.62%	8.81%	8.50%	7.35%	8.22%	8.07%	
1996	7.02%	18.73%	19.72%	11.38%	7.71%	9.61%	8.52%	8.72%	8.48%	8.30%	8.17%	8.04%	
1995	6.50%	17.90%	18.95%	11.24%	9.78%	9.29%	8.37%	8.53%	8.44%	8.29%	8.09%	7.63%	
1994	6.29%	17.51%	18.69%	11.16%	9.74%	9.23%	6.74%	8.45%	8.40%	8.25%	8.02%	7.04%	
1993	6.23%	17.33%	18.49%	11.11%	9.68%	9.17%	6.12%	8.41%	8.36%	8.20%	7.41%		
1992	6.15%	17.11%	17.95%	11.03%	9.60%	9.08%	6.62%	8.35%	8.30%	8.12%	7.10%		
1991	6.07%	16.82%	16.44%	10.83%	9.52%	8.67%	8.32%	8.27%	8.22%	7.94%			
1990	5.75%	16.57%	15.80%	10.59%	9.44%	8.46%	8.29%	8.19%	8.14%				
1989	5.41%	16.00%	14.60%	10.45%	9.36%	8.33%	8.18%	8.08%	8.09%				
1988	5.32%	15.40%	13.54%	10.35%	9.28%	8.23%	8.10%	8.03%					
1987	5.27%	15.08%	13.00%	10.26%	9.19%	8.14%	8.03%						
1986	5.22%	13.29%	12.25%	10.19%	9.10%	8.06%							
1985	7.45%	9.57%	11.55%	10.11%	8.84%	8.01%							
1984	7.45%	9.17%	11.15%	10.03%	8.48%								
1983	7.45%	9.09%	10.06%	8.92%									
1982	7.45%	8.79%	9.76%										
1981	7.43%	8.03%											
1980	7.33%	8.01%											
1979	7.18%												

Past Performance is not a guarantee of future results.

- (1) CPA®:1 through CPA®:9 were merged into Carey Diversified LLC and listed on the New York Stock Exchange in January 1998. Terminal values are based on any final cash distributions plus the average share price for the 30 trading days after the listing, which was \$21.51 per share. In June 2000, Carey Diversified LLC acquired the net lease business operations of W. P. Carey & Co., Inc. and is now known as W. P. Carey & Co. LLC. In May 2002, CPA®:10 and CIP® merged, with CIP® being the surviving company. In this transaction CPA®:10 stockholders exchanged their shares for either shares of CIP® or 4% promissory notes. Those who elected promissory notes received interest and \$11.23 per share at the end of 2002, as illustrated here. In September 2004, CIP® and CPA®:15 merged with CPA®:15 being the surviving company. In the merger, CIP® stockholders received a special cash distribution of \$3.00 per share and, in addition, the choice of either \$10.90 in cash or 1.09 shares of CPA®:15. In December 2006, CPA®:12 and CPA®:14 merged, with CPA®:14 being the surviving company. In the merger, CPA®:12 stockholders received a special cash distribution of \$3.19 per share and, in addition, the choice of \$10.30 in cash or 0.8692 shares of CPA®:14. In May 2011, CPA®:14 and CPA®:16 — Global merged, with CPA®:16 — Global being the surviving company. In the merger, CPA®:14 stockholders received a special cash distribution of \$1.00 per share and, in addition, the choice of \$10.50 in cash or 1.1932 shares of CPA®:16 — Global.
- (2) Includes special distributions made during the life of a CPA® Program for the following programs (per \$10,000 investment): CPA®:2 \$7,300, CPA®:3 \$5,000, CPA®:4 \$1,400, CPA®:5 \$540, CPA®:7 \$500, CPA®:14 \$490.
- (3) Percentage of original investment received = (cash distributions + liquidation value) / original investment.
- (4) Average annual return = total return / number of years in the program. Total return = [(cash distributions + liquidation value) – original investment] / original investment.

- (5) Cash distribution percentages are calculated by dividing the cash distributed during any given year (excluding distributions of cash from property sales) by the total investment in the program assuming investment in first closing. Cash distributions from property sales are deducted from the original investment in calculating subsequent cash return percentages. When a fund's first or last year was a partial year, the cash distribution rate for that year is quoted on an annualized basis.

**W. P. Carey's Other Operating REITs
Cash Distributions From Operations⁽¹⁾**

		<u>CPA[®]:15</u>	<u>CPA[®]:16 - Global</u>
Total Cash Distributions Per \$10,000 Invested ⁽¹⁾		\$6,892	\$5,101
Annualized Yields Based On Calendar Year Distributions ⁽²⁾	2012	7.35%	6.68%
	2011	7.34%	6.63%
	2010	7.29%	6.62%
	2009	7.15%	6.62%
	2008	6.89%	6.56%
	2007	6.64%	6.48%
	2006	6.48%	6.33%
	2005	6.37%	5.36%
	2004	6.29%	4.54%
	2003	6.21%	
	2002	6.05%	

Past Performance is not a guarantee of future results.

- (1) Total cash distributions include those received from operations and from property sales through April 16, 2012 and are exclusive of increases or decrease in property values and equity build-up from paydown of mortgage balances. The percentages reflected above will represent a return of the money originally invested in a program and not a return on such money to the extent aggregate proceeds from the sale of such program's properties are less than the gross investment in such program.
- (2) Cash distribution percentages are calculated by dividing the cash distributed during any given year (excluding distributions of cash from property sales) by the total original investment in the program assuming investment in first closing. Beginning in January 2008, CPA[®]:15 cash distribution percentages are based on a \$9.92 per share investment after adjusting for a \$0.08 per share special distribution paid in January 2008. Cash distribution percentages are quoted on an annualized basis.

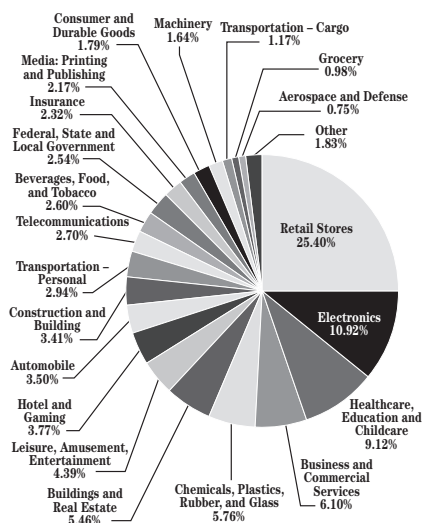
The charts above include, in summary form, the performance histories of the other operating CPA[®] REITs and should not be considered as indicative of our possible operations. We will own a portfolio of properties different from those owned by the CPA[®] Programs. The inclusion of these charts does not imply in any manner that we will make investments comparable to those reflected in the charts with respect to cash flow, taxable income or other factors, nor does it imply or indicate that purchasers of shares will experience returns comparable to those experienced by investors in the real estate portfolios other than ours referred to in the charts. Moreover, the size of cash distributions is only one criterion on which a decision to invest in our shares should be based. Investors who purchase our shares will not have ownership interests in any of the other real estate portfolios depicted here (unless they are also investors in those real estate portfolios). An investment in the other real estate portfolios listed above was subject to risks similar to those of an investment in our shares, except that we are subject to additional risks associated with significant international investments.

W. P. CAREY GROUP – PORTFOLIO DIVERSIFICATION

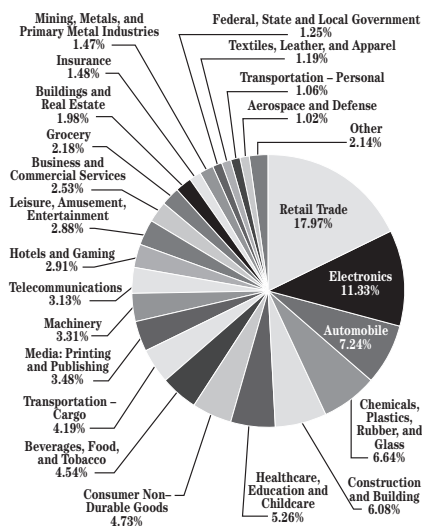
The following charts show, as of December 31, 2011, the portfolio diversification of each of the operating CPA® REITs, including us, by tenant industry, facility type and region.

Portfolio Diversification by Tenant Industry (Based on Annualized Contractual Minimum Base Rent at December 31, 2011)

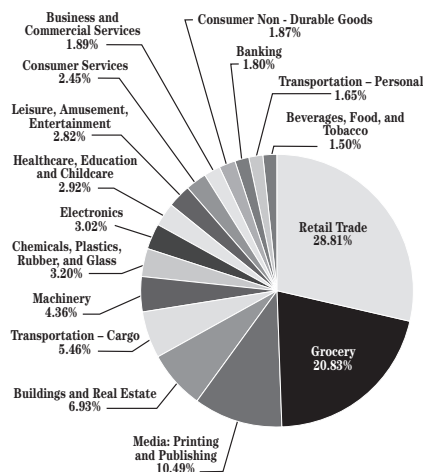
CPA®:15



CPA®:16 – Global



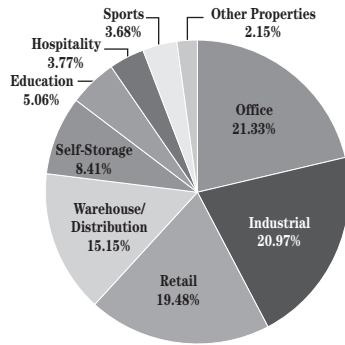
CPA®:17



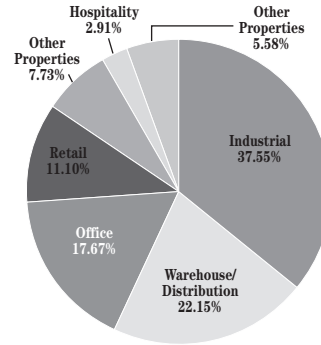
Amounts may not add to 100% due to rounding.

Portfolio Diversification by Facility Type
(Based on Annualized Contractual Minimum Base Rent at December 31, 2011)

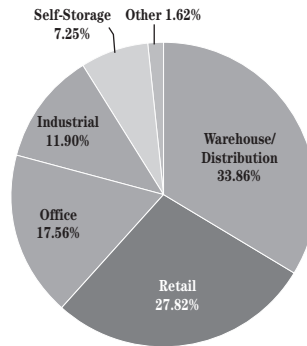
CPA®:15



CPA®:16 – Global



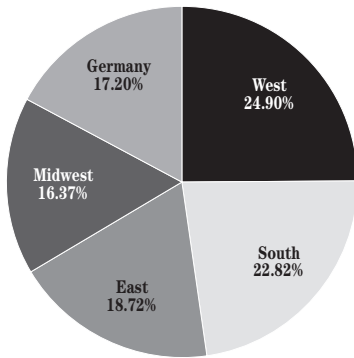
CPA®:17



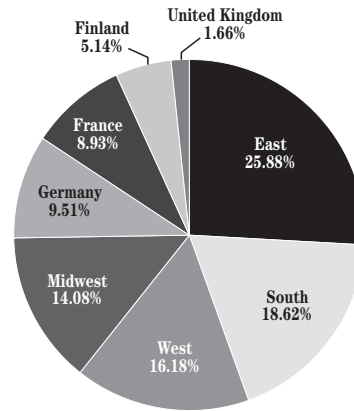
Amounts may not add to 100% due to rounding.

Portfolio Diversification by Region
 (Based on Annualized Contractual Minimum Base Rent at December 31, 2011)

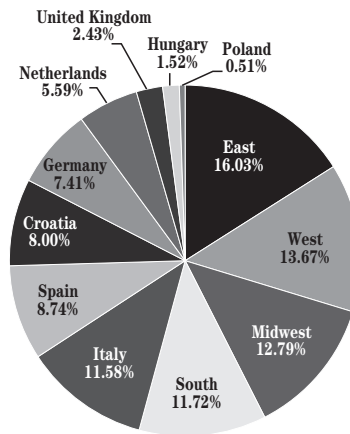
CPA®:15



CPA®:16 - Global



CPA®:17



Amounts may not add to 100% due to rounding.

MANAGEMENT

We operate under the direction of a board of directors, the members of which are accountable to us and our stockholders as fiduciaries. Our directors have reviewed and ratified the amended and restated charter and adopted the bylaws. The board of directors is responsible for the management and control of our affairs. The board of directors has retained Carey Asset Management to manage our day-to-day affairs and the acquisition and disposition of investments, subject to the board's supervision. In addition, our board of directors has authorized our advisor to appoint one or more subadvisors with expertise in our target asset classes to assist our advisor with investment decisions and asset management. We have no employees. We must have at least three directors and may have no more than fifteen directors.

A majority of the board of directors must be comprised of independent directors, except for a period of up to 90 days after the death, removal or resignation of an independent director. An independent director is a director who is not and has not for the last two years been associated with the sponsor, the advisor or any of its affiliates. A director is deemed to be associated with the advisor if he or she, directly or indirectly (including through a member of his or her immediate family), owns any interest in, is employed by, has any material business or professional relationship with, or serves as an officer or director of the advisor or any of its affiliates, except as a director or trustee for not more than two other REITs organized by or advised by Carey Asset Management. An independent director may not perform material services for us, except to carry out the responsibilities of a director. Our board of directors currently consists of five seats, including four independent directors. Our board of directors has nominated Trevor P. Bond, our chief executive officer, to be elected as a director at our 2012 annual meeting of stockholders.

Each director holds office until the next annual meeting of stockholders and until his or her successor has been duly elected and qualified. Although the number of directors may be increased or decreased by a majority of the existing directors, a decrease shall not have the effect of shortening the term of any incumbent director. Any director may resign at any time and may be removed with or without cause by the stockholders upon the affirmative vote of at least a majority of all the votes entitled to be cast at a meeting called for the purpose of the proposed removal. The notice of the meeting shall indicate that the purpose, or one of the purposes, of the meeting is to determine if the director shall be removed.

A vacancy created by an increase in the number of directors or the death, resignation, removal, adjudicated incompetence or other incapacity of a director may be filled only by a vote of a majority of the remaining directors (in case of election of an independent director, by a majority of the remaining independent directors) and any director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred.

The directors are not required to devote all of their time to us and are only required to devote the time to our affairs as their duties require. The directors will generally meet quarterly or more frequently if necessary. It is not expected that the directors will be required to devote a substantial portion of their time to discharge their duties as directors. Consequently, in the exercise of their fiduciary responsibilities, the directors will be relying heavily on our advisor. The board is empowered to fix the compensation of all officers that it selects and may pay remuneration to directors for services rendered to us in any other capacity. Under our current compensation plan, we pay to each independent director an annual fee of \$25,000, a fee of \$1,000 for each regular quarterly meeting attended in person and for full board or audit committee meetings attended by telephone and an additional \$10,000 to the Chairman of the Audit Committee, plus an annual grant of shares of our common stock having an aggregate value of \$13,500 at the time of grant based on our most recently published estimated net asset value or, during the period before we publish our estimated net asset value, the public offering price minus discounts, commissions, and wholesaling expense. We will not pay any compensation to our officers or directors who also serve as officers or directors of our advisor. However, we reimburse our advisor for the actual cost of personnel allocable to their time devoted to providing administrative services to us. See "Management — Advisory Agreement" for a more complete discussion of these reimbursements. The board may change the compensation of directors.

Under our current compensation plan, the aggregate compensation payable to the independent directors as a group for a full fiscal year is estimated to be approximately \$196,000.

Our general investment and borrowing policies are set forth in this prospectus. The directors may establish further written policies on investments and borrowings and shall monitor the administrative procedures, investment operations and performance of us and our advisor to assure that the policies are in the best interest of the stockholders and are fulfilled. We will follow the policies on investments and borrowings set forth in this prospectus unless and until they are modified by the directors.

The board is also responsible for reviewing our fees and expenses on at least an annual basis and with sufficient frequency to determine that the fees and expenses incurred are reasonable in light of our investment performance, our net assets, net income, and the fees and expenses of other comparable unaffiliated REITs. In addition, a majority of the independent directors and a majority of directors not otherwise interested in the transaction must approve all transactions with our advisor or its affiliates (other than other publicly-registered entities, in which case only the allocation of interests in the transaction must be approved by the independent directors). The independent directors also will be responsible for reviewing the performance of our advisor and determining that the compensation to be paid to our advisor is reasonable in relation to the nature and quality of services to be performed and that the provisions of the advisory agreement are being carried out. Specifically, the independent directors will consider factors such as:

- the amount of the fee paid to our advisor in relation to the size, composition and performance of our investment portfolio;
- the success of our advisor in generating investment opportunities that meet our investment objectives;
- rates charged to other REITs and investment entities other than REITs by advisors performing similar services;
- additional revenues realized by our advisor and its affiliates through their relationship with us, whether we pay them or they are paid by others with whom we do business;
- the quality and extent of service and advice furnished by our advisor;
- the performance of our investment portfolio, including income, conservation or appreciation of capital, frequency of problem investments and competence in dealing with distress situations; and
- the quality of our portfolio relative to the investments generated by our advisor for itself or its other clients.

The advisor may not vote any shares it now owns or hereafter acquires in any vote for the removal of our directors or any vote regarding the approval or termination of any contract with itself or any of its affiliates and any shares owned by the advisor will not be included in determining the requisite percentage in interest in shares necessary to take action on any such matter.

Directors and Executive Officers of CPA®:17

On January 2, 2012, Mr. Wm. Polk Carey, our founder and the chairman of our board of directors passed away. As of the date of this prospectus, our directors, director nominee and executive officers are as follows:

<u>Name</u>	<u>Office</u>
Trevor P. Bond	Chief Executive Officer and Director Nominee
Marshall E. Blume	Independent Director
Elizabeth P. Munson	Independent Director
Richard J. Pinola	Independent Director
James D. Price	Independent Director
Jan F. Kärst	President
Thomas E. Zacharias	Chief Operating Officer
Mark J. DeCesaris	Chief Financial Officer
John D. Miller	Chief Investment Officer

The following is a biographical summary of the experience of our directors and executive officers, including information concerning the particular attributes, experience and/or skills that have led the Board of Directors to determine that each director should serve as a director.

Trevor P. Bond, age 50, has served as Chief Executive Officer since September 2010, having served as interim Chief Executive Officer since July 2010. He has also served in the same capacity with W. P. Carey, CPA®:15, and CPA®:16 — Global since September 2010 after serving as interim Chief Executive Officer since July 2010. Mr. Bond serves as a Director of W. P. Carey since 2007 and as its President since September 2010, and he served as a Director and a member of the Audit Committees of CPA®:15 and CPA®:16 — Global from February 2005 to April 2007. Until his appointment as interim Chief Executive Officer, Mr. Bond was a member of the Investment Committee of Carey Asset Management Corp. Since September 2010, Mr. Bond has also served as Chairman of the Board of Directors of Carey Watermark Investors Incorporated, a publicly owned, non-listed real estate investment trust sponsored by W. P. Carey. He had also served as an Independent Director and a member of the Audit Committee of CPA®:14 from February 2005 to April 2007 and as its Chief Executive Officer from September 2010 to May 2011, having served as its interim Chief Executive Officer since July 2010. Mr. Bond has been the managing member of a private investment vehicle investing in real estate limited partnerships, Maidstone Investment Co., LLC, since 2002. He served in several management capacities for Credit Suisse First Boston (“CSFB”), from 1992 to 2002, including: co-founder of CSFB’s Real Estate Equity Group, which managed approximately \$3 billion of real estate assets; founding team member of Praedium Recovery Fund, a \$100 million fund managing distressed real estate and mortgage debt; and as a member of the Principal Transactions Group managing \$100 million of distressed mortgage debt. Prior to CSFB, Mr. Bond served as an associate to the real estate and finance departments of Tishman Realty & Construction Co. and Goldman, Sachs & Co. in New York. Mr. Bond also founded and managed an international trading company from 1985 to 1987 that sourced industrial products in China for U.S. manufacturers. Mr. Bond’s more than 25 years of real estate experience in several sectors, including finance, development, investment and asset management, across a range of property types, as well as direct experience in Asia led us to conclude that he should serve as a member of our Board. Mr. Bond received an M.B.A. from Harvard University.

Marshall E. Blume, age 71, a director since June 2008, serves as an Independent Director and as a member of the Audit Committee of the Board of Directors. Dr. Blume has also served as an Independent Director and a member of the Audit Committees of CPA®:15 since June 2011 (having previously served in those capacities from April 2007 to June 2009) and CPA®:16 — Global since June 2011 (having previously served in those capacities from April 2007 to April 2008 and again from June 2009 to July 2010). Dr. Blume had also served as an Independent Director and a member of the Audit Committee of CPA®:14 from April 2007 to May 2011. Dr. Blume is the Howard Butcher III Professor,

Emeritus, of Financial Management at the Wharton School of the University of Pennsylvania and Director Emeritus of the Rodney L. White Center for Financial Research, also at the Wharton School. Dr. Blume has been associated with the Wharton School since 1967. Dr. Blume has also been a partner in Prudent Management Associates, a registered investment advisory firm, since 1982, and Chairman and President of Marshall E. Blume, Inc., a consulting firm, for over 25 years. He is an Associate Editor of the Journal of Fixed Income and the Journal of Portfolio Management. He is currently a member of the Board of Managers of the Measey Foundation, which is dedicated to the support of medical education in the Philadelphia area. He is a member of the Board of Managers, Episcopal Church, Eastern Diocese, the Shadow Financial Regulatory Committee and the Financial Economist Roundtable. Dr. Blume is a former trustee of Trinity College (Hartford) and the Rosemont School. Dr. Blume received his S.B. from Trinity College, and both his M.B.A. and Ph.D. from the University of Chicago. Dr. Blume's qualifications include his distinguished academic career at a leading educational institution, his expertise in the field of economics and finance and his involvement in several charitable and industry organizations.

Elizabeth P. Munson, age 55, a director since October 2007, serves as an Independent Director and as a member of the Audit Committee of the Board of Directors. Ms. Munson has also served as an Independent Director and a member of the Audit Committees of CPA®:15 since April 2003 and CPA®:16 — Global since April 2004. Ms. Munson had also served as an Independent Director and member of the Audit Committee of CPA®:14 from December 2006 to September 2007, having previously served in those capacities from April 2002 to December 2003. Ms. Munson is the Chairman, President and a Director of Rockefeller Trust Company, N.A. and The Rockefeller Trust Company (Delaware), having joined those companies in June 2001. Ms. Munson is also a Managing Director of, and head of Wealth Management Services for, Rockefeller & Co. Prior to joining Rockefeller, she was a partner in the Private Clients Group of White & Case LLP from January 1993 to June 2001 and an associate at White & Case LLP from October 1983. Ms. Munson is a member of the Board of Managers, Vice President and Secretary of Episcopal Social Services, New York, New York, is a member of the Board of Directors and President of United Neighbors of East Midtown, New York, New York and is a member of the Board of Directors and Secretary of Friends of WWB/USA Inc., New York, New York, a member of the Board of Directors of the Cancer Schmancer Foundation, New York, New York, and a member of the Board of Directors of Lenox Hill Neighborhood House, New York, New York. Ms. Munson received her B.A. from Yale University, her J.D. from Harvard University and her Masters in Tax Law from New York University. Ms. Munson's qualifications for election to our Board include her executive experience with a leading investment and wealth management firm, her prior legal experience and her involvement in several charitable organizations.

Richard J. Pinola, age 66, has served as an Independent Director and Chairman of the Audit Committee of the Board of Directors from October 2007 to June 2009 and has served as an Independent Director and a member of the Audit Committee again since July 2010. Mr. Pinola has also served as an Independent Director and Chairman of the Audit Committee of CPA®:15 from August 2006 to September 2007 and has served as an Independent Director and a member of the Audit Committee again since June 2008 (Chairman of the Committee since August 2009) and also served as an Independent Director and Chairman of the Audit Committee of CPA®:16 — Global since August 2006. Mr. Pinola had also served as an Independent Director and a member of the Audit Committee of CPA®:14 from June 2009 to July 2010 (having previously served in those capacities, including as Chairman of the Committee, from July 2006 to April 2008). Mr. Pinola served as Chief Executive Officer and Chairman of Right Management Consultants from 1994 through 2004. He served as a Director of the company from 1990 and as CEO from 1992 until Right Management was purchased by Manpower Inc. Prior to joining Right Management Consultants, Mr. Pinola was President and Chief Operating Officer of Penn Mutual Life Insurance Company, an \$8 billion diversified financial service firm. He was also a CPA with PriceWaterhouse & Co. (now PricewaterhouseCoopers). Mr. Pinola is a Director of Kenexa Inc. and Bankrate.com, having previously served in that capacity from October 2004 to September 2009. Mr. Pinola also served as a Director of K-Tron International from 1994 to April 2010 and Nobel Learning Communities from October 2004 to August 2011. He is also on the Boards of

the Visiting Nurses Association and King's College. He has also served on the boards of directors of the American Lung Association, Janney Montgomery Scott LLC, the Life Office Management Association and the Horsham Clinic. Mr. Pinola was the Founder and Director of The Living Wills Archive Company and a Founder and board member of the Mutual Association for Professional Services. Mr. Pinola received his B.S. in Accounting from King's College. Mr. Pinola's qualifications for election to our Board include his extensive executive experience, his knowledge of accounting and his involvement in several charitable organizations.

James D. Price, age 73, has served as an Independent Director and a member of the Audit Committee of the Board of Directors since October 2007 (Chairman of the Audit Committee since August 2009). He has also served as an Independent Director and a member of the Audit Committees of CPA[®]:15 since June 2006 (Chairman of the Committee from September 2007 to August 2009) and CPA[®]:16 – Global since June 2011 (having previously served in those capacities from September 2005 to September 2007). Mr. Price had also served as an Independent Director and a member of the Audit Committee of CPA[®]:14 from September 2005 to April 2006 and again from December 2006 to May 2011, having served as Chairman since April 2008. Mr. Price has over 40 years of real estate experience in the U.S. and foreign markets, including significant experience in structuring mortgage loans, leveraged leases, credit leases and securitizations involving commercial and industrial real estate. He is the President of Price & Marshall, Inc., a corporate equipment and real estate financing boutique which he founded in 1993. From March 1990 to October 1993, he worked at Bear Stearns & Co., Inc., where he structured and negotiated securitizations of commercial mortgages and corporate financings of real and personal property. From March 1985 to March 1990, he served as a Managing Director at Drexel Burnham Lambert Incorporated and as an Executive Vice President at DBL Realty, its real estate division. He also served in various capacities at Merrill Lynch & Co., including serving as manager of the Private Placement Department from 1970 to 1980, as a founder of Merrill Lynch Leasing, Inc. in 1976 and as Chairman of the Merrill Lynch Leasing, Inc. Investment Committee from 1976 to 1982. He is also on the Board of Advisors of the Harry Ransom Center at the University of Texas in Austin. Mr. Price received his B.A. from Syracuse University and his M.B.A. from Columbia University. Mr. Price's qualifications for election to our Board include his extensive experience in corporate real estate financing and sale-leaseback transactions in the U.S. and foreign markets.

Jan F. Kärst, age 48, was appointed President of CPA[®]:17 – Global in October 2007 and has served as Managing Director of W. P. Carey & Co. LLC since 2005. He also serves as Chief Operating Officer and is a member of the Board of Directors of W. P. Carey International LLC. Mr. Kärst joined W. P. Carey & Co. LLC in 1992 as a Senior Analyst and Assistant to the Chairman. Mr. Kärst left W. P. Carey & Co. LLC to pursue his M.B.A. at Duke University's Fuqua School of Business in 1994. After receiving his M.B.A. in 1996, Mr. Kärst joined Deutsche Bank's Associate Program and became Assistant Vice President and Vice President. Mr. Kärst returned to W. P. Carey & Co. LLC's Investment Department in 2000 and was promoted to Director in 2001 and to Managing Director in 2005. Mr. Kärst serves as a Trustee of the W. P. Carey Foundation and on the Board of Overseers of the Rensselaerville Institute. He is also Chairman of the Real Estate Committee of the US-India Business Council and serves on the board of Friends of Atlantik-Brücke e.V. Foundation, Inc., the U.S. representative of the German-based-not-for-profit Atlantik-Brücke. Mr. Kärst attended Germany's University of Konstanz and received his B.A. in Economics from Colorado College.

Mark J. DeCesaris, age 53, has served as Chief Financial Officer since July 2010. He has also served in the same capacity with W. P. Carey, CPA[®]:15, and CPA[®]:16 – Global since July 2010, having previously served as Acting Chief Financial Officer since November 2005 and of the Company since October 2007. He has also served as Chief Administrative Officer and Managing Director of W. P. Carey and each of the CPA[®] REITs since November 2005 (and, in the case of the Company, since October 2007). Mr. DeCesaris has also served as Chief Financial Officer of CWI since March 2008 and as its Chief Administrative Officer since September 2010. He had also served in the same capacities with CPA[®]:14 from July 2010 to May 2011, having served as its Acting Chief Financial Officer since November 2005. Mr. DeCesaris had previously been a consultant to W. P. Carey's Finance Department

since May 2005. Prior to joining W. P. Carey, from 2003 to 2004 Mr. DeCesaris was Executive Vice President for Southern Union Company, a natural gas energy company publicly traded on the New York Stock Exchange, where his responsibilities included overseeing the integration of acquisitions and developing and implementing a shared service organization to reduce annual operating costs. From 1999 to 2003, he was Senior Vice President for Penn Millers Insurance Company, a property and casualty insurance company where he served as President and Chief Operating Officer of Penn Software, a subsidiary of Penn Millers Insurance. From 1994 to 1999, he was President and Chief Executive Officer of System One Solutions, a business consulting firm that he founded. Mr. DeCesaris is a licensed Certified Public Accountant and started his career with Coopers & Lybrand in Philadelphia. He graduated from King's College with a B.S. in Accounting and a B.S. in Informational Technology. He currently serves as Vice Chairman of the Board of Trustees of King's College and as a member of the Board of Trustees of the Chilton Memorial Hospital Foundation, and he is a member of the American Institute of Certified Public Accountants.

Thomas E. Zacharias, age 58, has served as Chief Operating Officer and Managing Director since 2007. He has also served in the same capacities with W. P. Carey and CPA[®]:15 since 2005 and CPA[®]:16 — Global since May 2011. Mr. Zacharias joined W. P. Carey in 2002, is head of the Asset Management Department and served as President of CPA[®]:16 — Global from June 2003 through May 2011. Mr. Zacharias has also served as Chief Operating Officer of CWI since September 2010, having previously served as the sole member of the Board of Directors since March 2008. He had also served as Chief Operating Officer and Managing Director of CPA[®]:14 from March 2005 to May 2011. Mr. Zacharias previously served as an Independent Director of CPA[®]:14 from 1997 to 2001 and CPA[®]:15 in 2001. Prior to joining W. P. Carey, Mr. Zacharias was a Senior Vice President of MetroNexus North America, a Morgan Stanley Real Estate Funds Enterprise. Prior to joining MetroNexus in 2000, Mr. Zacharias was a Principal at Lend Lease Development U.S., a subsidiary of Lend Lease Corporation, a global real estate investment management company. Between 1981 and 1998, Mr. Zacharias was a senior officer at Corporate Property Investors, which at the time of its merger into Simon Property Group in 1998 was one of the largest private equity REITs in the U.S. Mr. Zacharias received his undergraduate degree, magna cum laude, from Princeton University in 1976 and a Masters in Business Administration from Yale School of Management in 1979. He is a member of the Urban Land Institute, International Council of Shopping Centers and NAREIT, and served as a Trustee of Groton School in Groton, Massachusetts between 2003 and 2007.

John D. Miller, age 67, has served as Chief Investment Officer since 2007. He has also served in the same capacity with W. P. Carey, CPA[®]:15, and CPA[®]:16 — Global since 2005. Mr. Miller had also served in the same capacity with CPA[®]:14 from 2005 to May 2011. Mr. Miller joined W. P. Carey in 2004 as Vice Chairman of Carey Asset Management. Mr. Miller was a Co-founder of StarVest Partners, L.P., a technology oriented venture capital fund. Mr. Miller continues to retain a Non-Managing Member interest in StarVest. From 1995 to 1998, he served as President of Rothschild Ventures Inc., the private investment unit of Rothschild North America. Prior to joining Rothschild in 1995, he held positions at two private equity firms, Credit Suisse First Boston's Clipper group and Starplough Inc., an affiliate of Rosecliff. Mr. Miller previously served in investment positions at the Equitable Capital Management Corporation, including serving as President, Chief Executive Officer, and head of its corporate finance department. He currently serves on the Board of Circle Entertainment Inc. and Function (X), Inc. He received his B.S. from the University of Utah and an M.B.A. from the University of Santa Clara.

Some of our future directors and officers may act as directors or officers of W. P. Carey and its affiliates and the other CPA[®] REITs and may own interests in those entities.

Audit Committee

Our board of directors has established an Audit Committee, which is currently comprised of four directors, all of whom are independent directors as defined in our charter and by reference to the rules,

regulations and listing standards of the New York Stock Exchange and the applicable rules of the SEC. The Audit Committee currently consists of Marshall E. Blume, Elizabeth P. Munson, Richard J. Pinola and James D. Price. Mr. Price serves as our “audit committee financial expert,” as that term is defined by the SEC.

The Audit Committee will assist the board in overseeing:

- the integrity of our consolidated financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our independent registered public accounting firm; and
- the performance of our independent registered public accounting firm and any internal auditors.

Our board of directors has adopted a formal written charter for the Audit Committee, which can be found on our website (www.cpa17global.com) in the Corporate Governance section.

Pre-Approval by Audit Committee

The Audit Committee’s policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, or the Exchange Act, requires that directors, executive officers and persons who are the beneficial owners of more than 10% of our shares file reports of their ownership and changes in ownership of our shares with the SEC and to furnish us with copies of all such Section 16 reports that they file. Based upon a review of the copies of such reports furnished to us as filed with the SEC and other written representations that no other reports were required to be filed during the year, we believe that our directors, executive officers and beneficial owners of 10% or more of our shares were in compliance with the reporting requirements of Section 16(a) of the Exchange Act during 2011.

Code of Ethics

Our board of directors has adopted a Code of Ethics, which sets forth the standards of business conduct and ethics applicable to all of our employees, including our executive officers and directors. This code is available on the Company’s website (www.cpa17global.com) in the “Corporate Governance” section. We also intend to post amendments to or waivers from the Code of Ethics at this location on the website.

Recommendation of Nominees to Our Board of Directors

Information concerning our procedures by which stockholders may recommend nominees to our board of directors is set forth in our proxy statement relating to our 2011 annual meeting of stockholders under the heading “Nominating Procedures.” We have not made any material changes to these procedures since they were last disclosed in our proxy statement.

Board’s Role in Risk Oversight and Its Leadership Structure

Our advisor is charged with assessing and managing risks associated with our business on a day-to-day basis. We rely on our advisor’s internal processes to identify, manage and mitigate material

risks and to communicate with our board of directors. The board's role is to oversee the advisor's execution of these responsibilities and to assess the advisor's approach to risk management on our behalf. The board exercises this role periodically as part of its regular meetings and through meetings of its Audit Committee. The board and the Audit Committee receive reports at their regular meetings from representatives of our advisor on areas of material risk to CPA[®]:17, including operational, financial, legal, regulatory, strategic and reputational risk, in order to review and understand risk identification, risk management and risk mitigation strategies.

On January 2, 2012, our Chairman, Wm. Polk Carey, passed away. As of the date of this prospectus, our Board of Directors has not named anyone to fill the vacancy. During 2011, we maintained separate roles for our Chairman of the board and Chief Executive Officer in recognition of the differences between the two roles. Our Chief Executive Officer, who is also the Chief Executive Officer of our advisor, has the general responsibility for implementing the policies of CPA[®]:17 and for the management of the business and affairs of CPA[®]:17, while our Chairman presided over meetings of the full board and provided critical thinking with respect to CPA[®]:17's strategy and performance. Our independent directors meet regularly in executive session and maintain an open line of communication with our Chief Executive Officer. Because our Chairman was not independent under applicable rules promulgated by the SEC, our Board appointed Richard J. Pinola as lead independent director of the Board. Our Board believes that Mr. Pinola is well suited for leading independent sessions of the Board in this capacity based on his extensive executive experience. Since the date of Mr. Carey's passing, Mr. Pinola has also chaired meetings of the Board of Directors in his capacity as Lead Independent Director.

Board Meetings and Directors' Attendance

There were four regular board meetings, four additional board meetings, and nine Audit Committee meetings held in 2011, and each director attended at least 75% of the aggregate Audit Committee meetings and board meetings held while he or she was a director. The board of directors of CPA[®]:17 does not have standing nominating or compensation committees. Although there is no specific policy regarding director attendance at meetings of stockholders, directors are invited and encouraged to attend. All directors attended the annual meeting of stockholders held on June 15, 2011.

Compensation of Directors

The table below sets forth the amount of compensation received by CPA[®]:17's directors in 2011. Mr. Carey, our former Chairman of the board of directors, did not receive compensation for serving as a director.

<u>Director</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)⁽¹⁾</u>	<u>All Other Compensation (\$)⁽³⁾</u>	<u>Total (\$)</u>
Marshall E. Blume	\$28,167	\$13,500	\$237	\$41,904
Elizabeth Munson	28,167	13,500	237	41,905
Richard Pinola	28,167	13,500	237	41,905
James D. Price	36,167	13,500	237	49,905

- (1) Amounts in the "Stock Awards" column reflect the aggregate grant date fair value of awards of shares of our common stock granted for 2011, computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, related to the annual grant of \$13,500 of shares of our common stock on July 1, 2011. The grant date fair values of awards were calculated by multiplying the number of shares granted by \$10.00, our offering price.
- (2) All other compensation reflects dividends paid on the stock awards set forth in the table.

Additional Management

<u>Name</u>	<u>Office</u>
Susan C. Hyde	Managing Director and Secretary
Jason E. Fox	Managing Director
Gino M. Sabatini	Managing Director
Hisham A. Kader	Chief Accounting Officer

Susan C. Hyde, age 43, is a Managing Director, Corporate Secretary and Director of Investor Relations of W. P. Carey. Ms. Hyde oversees the Investor Relations, Corporate Communications and Marketing departments. Ms. Hyde also serves on the Board of Managers of Carey Financial, LLC. She joined W. P. Carey in 1990 after graduating from Villanova University, where she received a B.S. degree in Business Administration with a concentration in marketing and a B.A. degree in English. She is a member of NAREIT and The Society of Corporate Secretaries and Governance Professionals.

Jason E. Fox, age 39, joined W. P. Carey in July 2002. Since then, he has served in various capacities at W. P. Carey, and at its affiliated CPA® REITs series of funds, and is currently the Co-Head of Global Investments and Managing Director. He also serves as Managing Director of CPA®:15 and CPA®:16 – Global. Previously, he worked at the Spectrem Group, a consulting and mergers and acquisitions advisory firm in San Francisco, from 1997 until 2000. Prior to this, he spent two years teaching mathematics and physics at The Hotchkiss School in Connecticut. Mr. Fox graduated magna cum laude from the University of Notre Dame, where he earned a B.S. in Civil Engineering and Environmental Science. He received his M.B.A. from Harvard Business School.

Gino M. Sabatini, age 43, joined W. P. Carey in June 2000. Since then, he has served in various capacities at W. P. Carey, and at its affiliated CPA® REITs series of funds, and is currently the Co-Head of Global Investments and Managing Director. He also serves as Managing Director of CPA®:15 and CPA®:16 – Global. Mr. Sabatini had previously served as President of CPA®:14 from January 2010 to May 2011. Mr. Sabatini graduated in 1991 from the University of Pennsylvania where he was enrolled in the Management and Technology program and he received a B.S. in Mechanical Engineering from the Engineering School and a B.S. in Economics from the Wharton School. In 2000, he received an M.B.A. from Harvard Business School.

Hisham A. Kader, age 43, joined W. P. Carey in June 2011 as Senior Vice President and Corporate Controller and became the Chief Accounting Officer in March 2012. Prior to joining W. P. Carey, Mr. Kader was a director in the Transaction Services practice of PricewaterhouseCoopers LLP (“PwC”). He joined PwC in 1997 in New York and spent six years at their offices in Sydney, Australia and Brussels, Belgium during which time he specialized in advisory services focusing on finance effectiveness, accounting standards conversions, mergers and acquisitions and capital raising transactions. Mr. Kader, a certified public accountant, holds a Bachelor’s degree in Electronics and Communication Engineering from the Manipal Institute of Technology in India, an MBA in Finance from the University of Illinois at Urbana-Champaign and an MS in Accounting from Pace University.

Investment Committee

W. P. Carey manages us through Carey Asset Management and its investment committee. Carey Asset Management specializes in arranging private financing for companies, principally net lease financings of real property. W. P. Carey is the parent company of Carey Asset Management and, therefore, many of our directors and executive officers hold similar positions for W. P. Carey. The investment committee evaluates the terms of property acquisition transactions for us and approves acquisitions for us.

The members of the investment committee of Carey Asset Management’s board of directors are:

Nathaniel S. Coolidge	Chairman
Axel K.A. Hansing	Member
Frank J. Hoenemeyer	Member
Jean Hoysradt	Member
Richard C. Marston	Member
Nick J.M. van Ommen	Member
Dr. Karsten von Köller	Member

Nathaniel S. Coolidge, age 73, currently serves as Chairman of the Investment Committee. He has previously served as Chairman of the Audit Committee and is currently a member of that committee. Mr. Coolidge, former Senior Vice President of John Hancock Mutual Life Insurance Company, retired in 1996 after 23 years of service. From 1986 to 1996, Mr. Coolidge headed the Bond and Corporate Finance Department, which was responsible for managing its entire fixed income investments portfolio. Prior to 1986, Mr. Coolidge served as Second Vice President and Senior Investment Officer. Mr. Coolidge is a graduate of Harvard University and served as a U.S. naval officer. Mr. Coolidge has been a director of W. P. Carey since December 2002.

Axel K.A. Hansing, age 69, is a Senior Partner at Collier Capital, Ltd., a global leader in the private equity secondary market, and is responsible for investment activity in parts of Europe, Turkey and South Africa. Prior to joining Collier Capital in 2000, Mr. Hansing was Chief Executive Officer of Hansing Associates, a corporate finance boutique, which he founded in 1994. He was previously Managing Director of Equitable Capital Management (New York and London), head of the International Division of Bayerische Hypotheken und Wechsel-Bank in Munich and New York, and spent four years with Merrill Lynch International Banking in London and Hong Kong. Mr. Hansing attended the Advanced Management Program at Harvard Business School.

Frank J. Hoenemeyer, age 92, is former Vice Chairman and Chief Investment Officer of the Prudential Insurance Company of America. As Chief Investment Officer, he was responsible for all of Prudential Insurance Company of America’s investments including stocks, bonds and real estate.

Jean Hoysradt, age 61 is the Chief Investment Officer of Mousse Partners Limited, an investment office based in New York. Prior to joining Mousse, she served as Senior Vice President and head of Securities Investment and Treasury at New York Life Insurance Company. Ms. Hoysradt previously held positions of increasing responsibility at AXA (The Equitable Life Assurance Society), Credit Suisse (The First Boston Corporation) and JP Morgan (Manufacturers Hanover Trust Company), where she was involved with a variety of investment management and transaction related areas. A graduate of Duke University, Ms. Hoysradt also holds an MBA from the Columbia University School of Business. She is a member of the Duke University Management Company (“DUMAC”) Board of Directors and the DUMAC Audit Committee.

Dr. Richard C. Marston, age 69, is the James R.F. Guy Professor of Finance and Economics at the Wharton School of the University of Pennsylvania, having joined the faculty of the University in 1972. Dr. Marston has close to four decades of financial and economic industry experience, is a holder of earned degrees from Massachusetts Institute of Technology, Oxford University (Balliol College), and Yale University, and has been awarded numerous honors, fellowships and grants throughout the United States, Europe and Asia. Dr. Marston has been a consultant to government agencies like the U.S. Treasury, Federal Reserve and IMF and to firms such as Citigroup, JP Morgan, and Morgan Stanley. He currently serves as an advisor to Morgan Stanley’s Portfolio Advisory Services and is also an advisor to several family offices. Dr. Marston has been a director of W. P. Carey International and of our advisor since June 2009 and a member of the Investment Committee since September 2010.

Nick J.M. van Ommen, age 65, served as Chief Executive Officer of the European Public Real Estate Association (EPRA) from 2000 to 2008, promoting, developing and representing the European

public real estate sector. He has over three decades of financial industry experience, serving in various roles in the banking, venture capital and asset management sectors. Mr. van Ommen currently serves on the supervisory boards of several companies, including Babis Vovos International Construction SA, a listed real estate company in Greece, Intervest Retail and Intervest Offices, listed real estate companies in Belgium, BUWOG/ESG, a residential leasing and development company in Austria, and IMMOFINANZ, a listed real estate company in Austria.

Dr. Karsten von Köller, age 72, is currently Chairman of Lone Star Germany GmbH, a U.S. private equity firm (“Lone Star”). He also serves as Chairman of the Supervisory Boards of Düsseldorfer Hypothekenbank AG, a subsidiary of Lone Star, and MHB Bank AG and Vice Chairman of the Supervisory Boards of IKB Deutsche Industriebank AG and Corealcredit Bank AG. Dr. von Köller was Chief Executive Officer of Eurohypo AG until 2003. He was elected to the Board of Directors of W. P. Carey in 2003.

Shares Owned by the Advisor

Compensation payable to the advisor pursuant to the advisory agreement and to W. P. Carey & Co. B.V. in respect of international asset management services will be paid in cash unless the advisor or W. P. Carey & Co. B.V. chooses to receive such compensation in the form of restricted shares of our common stock or a combination of cash and our restricted stock by notifying us writing. Restricted shares acquired in lieu of cash fees are subject to ratable vesting over five years after their issuance and cannot be sold prior to vesting. Furthermore, any resale of the shares that Carey Asset Management currently owns and the resale of any shares that may be acquired by our affiliates are subject to the provisions of SEC Rule 144, promulgated under the Securities Act, which limits the number of shares that may be sold at any one time and the manner of such resale. Although Carey Asset Management and its affiliates are not prohibited from acquiring additional shares of our stock, none of Carey Asset Management or its affiliates have options or warrants to acquire any such shares. There is no limitation on the ability of Carey Asset Management or its affiliates to resell any shares of our stock they may acquire in the future, other than restrictions included as part of any fee arrangement or restriction imposed by securities laws. Our advisor may not vote any shares of our stock it now owns or hereafter acquires in any vote for the removal of directors or any vote regarding the approval or termination of any contract with itself or any of its affiliates and any such shares owned by the advisor will not be included in determining the requisite percentage in interest in shares necessary to take action on any such matter.

Executive Compensation

We have no employees to whom we pay salaries. We do not intend to pay any annual compensation to our officers for their services as officers; however, we will pay fees to the advisor and reimburse the advisor for the services of its personnel, including those who serve as our officers, pursuant to the advisory agreement.

Principal Stockholders

The following table sets forth certain information regarding the ownership of our common stock as of March 30, 2012 by:

- each of our directors and director nominees;
- each of our executive officers;
- each holder of 5% or more of each class of our capital stock; and
- all of our directors and executive officers as a group.

In accordance with SEC rules, each listed person’s beneficial ownership includes:

- all shares the investor actually owns beneficially or of record;
- all shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and
- all shares the investor has the right to acquire within 60 days (such as shares of restricted common stock that are currently vested or which are scheduled to vest within 60 days).

As of March 30, 2012, we had 226,110,564 shares of common stock outstanding.

Unless otherwise indicated, all shares are owned directly and the indicated person has sole voting and investment power. The business address of the stockholders listed below is the address of our principal executive office, 50 Rockefeller Plaza, New York, New York 10020.

<u>Name of Beneficial Owner</u>	<u>Common Stock Beneficially Owned</u>	<u>Percentage of Class</u>
Trevor P. Bond	—	*
Marshall E. Blume	5,492	*
Elizabeth P. Munson	7,640	*
Richard J. Pinola	16,343	*
James D. Price	4,833	*
Jan F. Kärst	—	*
Thomas E. Zacharias	1,000	*
Mark J. DeCesaris	—	*
John Miller	—	*
Directors and officers as a group	35,308	*

* Less than 1%

Policies and Procedures With Respect to Related Party Transactions

Our bylaws generally provide that all of the transactions that we enter into with our “affiliates,” such as our directors, officers, advisor and their respective affiliates, must be, after disclosure of such affiliation, approved or ratified by a majority of our independent directors and a majority of the directors who are not otherwise interested in the transaction. In addition, such directors and independent directors must determine that (1) the transaction is in all respects on such terms as, at the time of the transaction and under the circumstances then prevailing, fair and reasonable to our stockholders and (2) the terms of such transaction are at least as favorable as the terms then prevailing for comparable transactions made on an arm’s-length basis.

Investment Decisions

Our advisor’s investment department, under the oversight of Carey Asset Management’s Chief Investment Officer, is primarily responsible for evaluating, negotiating and structuring potential investment opportunities. Before an investment is made, the transaction is reviewed by our advisor’s investment committee. The investment committee is not directly involved in originating or negotiating potential investments, but instead functions as a separate and final step in the acquisition process. Our advisor places special emphasis on having experienced individuals serve on its investment committee. Our advisor generally will not invest in a transaction on our behalf unless it is approved by the investment committee; provided, however, that investments of \$10 million or less may be approved by either the Chairman of the investment committee or the Chief Investment Officer, up to, in the case of investments other than long-term net leases, a cap of \$30 million or 5% of our estimated net asset value, whichever is greater, provided that such investments may not have a credit rating of less than

BBB-. The investment committee retains the authority to identify other categories of transactions that may be entered into without its prior approval. The investment committee may delegate its authority, such as to investment advisory committees with specialized expertise in a particular geographic market, like our Asia Advisory Committee for potential investments in China. However, we do not currently expect that investments delegated to these advisory committees will account for a significant portion of the investments we make in the near term.

Limited Liability and Indemnification of Directors, Officers, Employees and Other Agents

We maintain a directors and officers liability insurance policy and have entered into indemnification agreements with each of our independent directors. Except as set forth below, our organizational documents limit the personal liability of our directors and officers to us and our stockholders for monetary damages and provide that a director or officer will be indemnified (including the payment or reimbursement of reasonable expenses in advance of final disposition of a proceeding).

Our charter provides that our directors, W. P. Carey, the advisor and their affiliates will be indemnified by us for losses suffered by them and held harmless for losses suffered by us only if all of the following conditions are met:

- the directors, W. P. Carey, the advisor or their affiliates have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interest;
- the directors, W. P. Carey, the advisor or their affiliates were acting on our behalf or performing services for us;
- the liability or loss was not the result of negligence or misconduct by the directors (excluding independent directors), W. P. Carey, the advisor or their affiliates; and
- the liability or loss was not the result of gross negligence or willful misconduct by the independent directors.

In addition, any indemnification or any agreement to hold harmless is recoverable only out of our assets and not from the stockholders. Indemnification could reduce the legal remedies available to us and the stockholders against the indemnified individuals.

This provision does not reduce the exposure of directors and officers to liability under federal or state securities laws, nor does it limit the stockholder's ability to obtain injunctive relief or other equitable remedies for a violation of a director's or an officer's duties to us or our stockholders, although the equitable remedies may not be an effective remedy in some circumstances.

In addition to any indemnification to which directors and officers shall be entitled, our organizational documents provide that we shall indemnify other employees and agents to the extent authorized by the directors, whether they are serving us or, at our request, any other entity. Provided the above conditions are met, we have agreed to indemnify and hold harmless our advisor and its affiliates performing services for us from any loss or liability arising out of the performance of its/their obligations under the advisory agreement. As a result, we and our stockholders may be entitled to a more limited right of action than we and you would otherwise have if these indemnification rights were not included in the charter or the advisory agreement.

We will not indemnify our directors, the advisor and its affiliates for losses and liabilities arising from alleged violations of federal or state securities laws unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged material securities law violations as to the particular indemnitee;
- such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; or

- a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and of the published position of any state securities regulatory authority in which securities of us were offered or sold as to indemnification for violation of securities laws.

Our advancement of funds to our directors, the advisor or affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied:

- The legal action relates to acts or omissions with respect to the performance of duties or services on our behalf.
- The legal action is initiated by a third party who is not a shareholder or the legal action is initiated by a shareholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement.
- The directors, advisor or affiliates undertake to repay the advanced funds to us, together with the applicable legal rate of interest thereon, in cases in which such directors, advisor or affiliates are found not to be entitled to indemnification.

In addition, the limitation on liability provided for under our charter is subject to conditions under Maryland law. The Maryland General Corporation law provides that a Maryland corporation may not limit the liability of directors and officers to the corporation and its stockholders if such liability results from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Maryland law allows directors and officers to be indemnified against judgments, penalties, fines, settlements, and expenses actually incurred in a proceeding unless the following can be established:

- the act or omission of the director or officer was material to the cause of action adjudicated in the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- with respect to any criminal proceeding, the director or officer had reasonable cause to believe his or her act or omission was unlawful.

Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We have been informed that the SEC and some states' securities commissions take the position that indemnification against liabilities arising under the Securities Act is against public policy and unenforceable.

The general effect to investors of any arrangement under which any controlling person, director or officer of us is insured or indemnified against liability is a potential reduction in distributions resulting from our payment of premiums associated with insurance. In addition, indemnification could reduce the legal remedies available to us and our stockholders against the officers and directors.

Advisory Agreement

Many of the services performed by the advisor and its affiliates in managing our day-to-day activities are summarized below. This summary is provided to illustrate the material functions which the advisor and its affiliates perform for us and it is not intended to include all of the services which may be provided to us by third parties.

Under the terms of our advisory agreement, the advisor undertakes to use its best efforts to present to us investment opportunities consistent with our investment policies and objectives. Subject to the authority of our board and at times with the assistance of the special general partner, the advisor:

- sources, analyzes and makes investments on our behalf, consistent with our investment policies and objectives;
- provides advice to us, and acts on our behalf with respect to the acquisition, financing, refinancing, holding, leasing and disposition of investments;
- takes the action and obtains the services necessary to effectuate the acquisition, financing, refinancing, holding, leasing and disposition of investments; and
- provides day-to-day management of our business activities and performs other administrative services for us as requested by the board.

The board has authorized the advisor to make investments in assets on our behalf if the investment, in conjunction with our other investments and proposed investments, is reasonably expected to fulfill our investment objectives and policies as established by the board and then in effect.

The term of the advisory agreement in effect on the date of this prospectus ends the earlier of the consummation of the Proposed Merger or on September 30, 2012. The advisory agreement may be renewed for successive one-year periods, following an evaluation of our advisor's performance by our directors as required by our charter and the criteria used in such evaluation shall be reflected in the minutes of such meeting. This review must be conducted annually and the agreement will continue in effect until 60 days after our directors shall have notified the advisor of their determination either to renew the agreement for an additional one-year period or terminate it, as required by our charter. The advisory agreement may be amended only by the written agreement of its parties. Pursuant to our charter all amendments to the advisory agreement must be approved by our directors.

Additionally, the advisory agreement may be terminated:

- immediately by us, at the sole option of a majority of our independent directors, upon the bankruptcy of Carey Asset Management or for "cause";
- without cause or penalty by action of our directors, a majority of our independent directors or a majority of our stockholders upon 60 days' written notice; or
- immediately with good reason by Carey Asset Management.

"Good reason" is defined in the advisory agreement to mean either:

- any failure to obtain a satisfactory agreement from any successor to us to assume and agree to perform our obligations under the advisory agreement, or
- any material breach of the advisory agreement of any nature whatsoever by us *provided* that the breach is of a material term or condition of the advisory agreement and we have not cured it within 30 days after written notice or, if the breach cannot be cured within 30 days by reasonable effort, we have not taken all necessary action without a reasonable time period to cure the breach.

"Cause" is defined in the advisory agreement to mean, with respect to the termination of the advisory agreement, fraud, criminal conduct, willful misconduct or willful or negligent breach of fiduciary duty by Carey Asset Management that, in each case, is determined by a majority of independent directors to be materially adverse to us, or a breach of a material term or condition of the advisory agreement by Carey Asset Management which breach has not been cured within 30 days after written notice or, if the breach cannot be cured within 30 days by reasonable effort, Carey Asset Management has not taken all necessary action within a reasonable time period to cure the breach.

In the event the advisory agreement expires with the consent of the advisor, or is terminated for any reason other than by Carey Asset Management and an affiliate of Carey Asset Management is not the advisor under the replacement advisory agreement or Carey Asset Management resigns for good reason, all after two years from the start of operations of our operating partnership, our operating partnership will have the right, but not the obligation, to repurchase all or a portion of Carey Holdings' interests in our operating partnership at the fair market value of those interests on the date of termination, as determined by an independent appraiser. In such event, the purchase price will be paid in cash or shares of common stock, at the option of Carey Holdings. The operating partnership must purchase any such interests within 120 days after it gives Carey Holdings written notice of its desire to repurchase all or a portion of Carey Holdings' interests in the operating partnership. If the advisory agreement is terminated or not renewed, we will pay our advisor accrued and unpaid fees and expense reimbursements, including any payment of subordinated fees, earned prior to termination or non-renewal of the advisory agreement.

Carey Asset Management and its affiliates engage in other business ventures and, as a result, their resources will not be dedicated exclusively to our business. See "Conflicts of Interest." However, pursuant to the advisory agreement, Carey Asset Management must devote sufficient resources to the administration of us to discharge its obligations. The advisory agreement is not assignable or transferable by either party without the consent of the other party, except that we may assign or transfer the advisory agreement to a successor entity and Carey Asset Management may assign the advisory agreement to an entity that is directly or indirectly controlled by W. P. Carey and that has a net worth of at least \$5 million. In addition, the advisor may subcontract some of its duties to affiliates without our consent so long as the advisor remains liable for their performance. The directors shall determine that any successor advisor possesses sufficient qualifications to justify the compensation provided for in its contract with us.

The actual terms and conditions of transactions involving investments in assets shall be determined in the sole discretion of Carey Asset Management, subject at all times to compliance with the foregoing requirements.

Some types of transactions require the prior approval of the board, including a majority of the independent directors and a majority of directors not interested in the transaction, including the following:

- investments that may not be reasonably expected to fulfill our investment objectives and policies;
- investments made through joint venture arrangements with W. P. Carey, Carey Asset Management or their affiliates;
- investments which are not contemplated by the terms of a prospectus;
- transactions that present issues which involve conflicts of interest for Carey Asset Management or its affiliates (other than conflicts involving the payment of fees or the reimbursement of expenses);
- the lease of assets to W. P. Carey, Carey Asset Management or its affiliates, or to any director of us;
- any purchase or sale of an investment asset from or to Carey Asset Management or any of its affiliates; and
- the retention of any affiliate of Carey Asset Management to provide services to us not expressly contemplated by the advisory agreement and the terms of such services by such affiliate.

We will pay to Carey Asset Management compensation for services it provides to us. See "Management Compensation."

We will pay directly or reimburse Carey Asset Management for all of the costs incurred in connection with organization and offering expenses, which include expenses attributable to

preparation, printing, filing and delivery of any registration statement or prospectus (including any amendments thereof or supplements thereto), qualification of the shares for sale under state securities laws, escrow arrangements, reimbursements to the dealer manager and selected dealers for reasonable bona fide due diligence expenses incurred, which are supported by a detailed and itemized invoice, filing fees and expenses attributable to selling the shares, including, but not limited to, advertising expenses, expense reimbursement, counsel and accounting fees; provided, however, that the advisor will be responsible for the payment of all other organization and offering expenses in excess of two percent of the gross offering proceeds. The amounts of certain of the organization and offering expenses are not determinable at this time.

In addition, we will reimburse Carey Asset Management for all of the costs it incurs in connection with certain other services provided to us, including, but not limited to:

- expenses incurred in connection with the investment of our funds;
- interest and other costs for borrowed money, including discounts, points and other similar fees;
- taxes and assessments on income, to the extent advanced or paid by the advisor, or on assets and taxes as an expense of doing business;
- certain insurance costs in connection with our business;
- expenses of managing and operating assets owned by us, whether payable to an affiliate of the advisor or a non-affiliated person;
- fees and expenses of legal counsel, auditors and accountants;
- payments to directors for expenses in connection with director and stockholder meetings;
- expenses relating to the listing of the shares on a securities exchange;
- expenses in connection with dividend payments;
- expenses of revising or amending our charter;
- expenses of maintaining communication with our stockholders, including the cost of mailing annual reports;
- expenses related to investments and other fees relating to making investments, including personnel and other costs incurred in any transaction, where a fee is not payable to Carey Asset Management; and
- all other expenses Carey Asset Management incurs in connection with providing services to us including reimbursement to Carey Asset Management or its affiliates for the costs of rent, goods, material and personnel incurred by them based upon the compensation of the persons involved and an appropriate share of the overhead allocable to those persons.

Carey Asset Management must absorb, or reimburse us at least annually for, the amount in any twelve month period immediately preceding the end of any fiscal quarter by which our operating expenses, including asset management fees, exceed the 2%/25% Guideline. To the extent that operating expenses payable or reimbursable by us exceed this limit and a majority of independent directors determine that the excess expenses were justified based on any unusual and nonrecurring factors which they deem sufficient, Carey Asset Management may be reimbursed in future quarters for the full amount of the excess, or any portion thereof, but only to the extent the reimbursement would not cause our operating expenses to exceed the 2%/25% Guideline in the twelve month period ending on the last day of such quarter. Within 60 days after the end of any of our fiscal quarters for which total operating expenses for the 12 months then ended exceed the limitation, there shall be sent to the stockholders a written disclosure, together with an explanation of the factors the independent directors considered in arriving at the conclusion that the excess expenses were justified. This information shall also be reflected in the minutes of the meeting of our board of directors.

W. P. Carey or its affiliates will be paid fees in connection with services provided to us by Carey Asset Management. We do not have any agreements requiring W. P. Carey or its affiliates to provide services to us other than our advisory agreement with Carey Asset Management, the asset management agreement with W. P. Carey & Co. B.V. as described below and our operating partnership agreement, which provides that Carey Holdings will assist in certain management functions for no additional consideration. For the year ended December 31, 2011, we incurred initial acquisition fees of \$24.6 million and subordinated acquisition fees of \$17.4 million. We incurred asset management fees of \$13.4 million for the year ended December 31, 2011. For the period from inception (February 20, 2007) through December 31, 2011, we incurred initial acquisition fees of \$64.8 million and subordinated acquisition fees of \$49.5 million. We incurred asset management fees of \$21.7 million for the period from inception through December 31, 2011. If the advisory agreement is not renewed by us or is terminated by us without cause or with good reason by Carey Asset Management, we will pay all accrued and unpaid fees and expense reimbursements and any earned but unpaid subordinated acquisition fees. See “Management Compensation.”

We have entered into an asset management agreement with W. P. Carey & Co. B.V. under which it will provide us with asset management and disposition services in respect of our international assets on substantially the same terms as apply under the advisory agreement to U.S. assets.

Our board of directors has authorized our advisor to retain one or more subadvisors with expertise in our target asset classes to assist our advisor with investment decisions and asset management, including the following:

- assisting our advisor in selecting the investments that we will acquire;
- formulating and evaluating the terms of each proposed acquisition, and arranging for the acquisition of the investment, subject to approval of the investment committee (except in limited circumstances);
- assisting our advisor in negotiating in terms of any borrowing, including lines of credit and any long-term financing; and
- assisting our advisor in arranging for and negotiating the sale of assets.

If our advisor retains any subadvisor to assist in making investment decisions and providing asset management, our advisor will pay a portion of the fees and the asset management fees that it receives from us. We will not pay any additional fees to a subadvisor.

Promoter

W. P. Carey, the parent company of our advisor, is the promoter of our company because it is our founder and organizer.

In 2008, W. P. Carey and Carey Financial, a wholly-owned broker-dealer subsidiary of W. P. Carey and the dealer manager for this offering, settled all matters relating to an investigation by the SEC, including matters relating to payments by certain CPA[®] REITs other than us during 2000-2003 to broker-dealers that distributed their shares, which were alleged by the SEC to be undisclosed underwriting compensation but which W. P. Carey and Carey Financial neither admitted nor denied.

Under the settlement, W. P. Carey was required to cause payments to be made to the affected CPA[®] REITs of approximately \$20 million and paid a civil monetary penalty of \$10 million. Also, in connection with implementing the settlement, a federal court injunction has been entered against W. P. Carey and Carey Financial enjoining them from violating a number of provisions of the federal securities laws. Any further violation of these laws by W. P. Carey or Carey Financial could result in civil remedies, including sanctions, fines and penalties, which may be more severe than if the violation had occurred without the injunction being in place. Additionally, if W. P. Carey or Carey Financial breaches the terms of the injunction, the SEC may petition the court to vacate the settlement and restore the SEC’s original action to the active docket for all purposes.

The settlement is not binding on other regulatory authorities, including FINRA, which regulates Carey Financial, state securities regulators, or other regulatory organizations, which may seek to commence proceedings or take action against W. P. Carey or its affiliates on the basis of the settlement or otherwise.

In 2012, CPA:15, W. P. Carey and Carey Financial (the “Parties”) settled all matters relating to an investigation by the state of Maryland regarding the sale of unregistered securities of CPA:15 in 2002 and 2003. Under the consent order, the Parties agreed, without admitting or denying liability, to cease and desist from any further violations of selling unregistered securities in Maryland. Contemporaneous with the issuance of the consent order, the Parties paid to the Maryland Division of Securities a civil penalty of \$10,000.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our board of directors oversees our management. However, Carey Asset Management, our affiliate, is responsible for managing us on a day-to-day basis and identifying and making investments on our behalf. Carey Asset Management, a wholly-owned subsidiary of W. P. Carey, utilizes the services of W. P. Carey and its affiliates in performing its duties under the advisory agreement. W. P. Carey & Co. B.V., a wholly-owned subsidiary of W. P. Carey, provides us with asset management and disposition services in respect of our international assets. Our dealer manager, Carey Financial, a wholly owned subsidiary of Carey Asset Management and an affiliate of ours, will also provide services to us in connection with the offering and investments made through our distribution reinvestment plan. In addition, several of our officers and directors are also officers and directors of W. P. Carey and its affiliates. For a more complete explanation of these relationships see “Conflicts of Interest” and “Management.”

Carey Asset Management, Carey Financial and their affiliates will receive the compensation described under “Management Compensation” and “Conflicts of Interest.”

Carey Holdings, as the holder of a special general partner interest in our operating partnership, will be entitled to receive profits allocations and cash flow distributions equal to up to 10% of our operating profits and available cash flow, respectively, and 15% of the profit and the net proceeds arising from the sale, exchange or other disposition of our assets or other liquidity transaction once our stockholders have received a return of 100% of their initial investment plus the 6% preferred return rate. If we terminate the advisory agreement with Carey Asset Management and do not name another affiliate of Carey Asset Management as successor advisor or Carey Asset Management resigns for good reason, all after two years from the start of operations of our operating partnership, our operating partnership will have the right, but not the obligation to repurchase all or a portion of Carey Holdings’ interests in our operating partnership at the fair market value of those interests on the date of termination, as determined by an independent appraiser. See “Risk Factors — Risks Related to Our Relationship with Our Advisor.”

We are a participant in an agreement with the other operating CPA[®] REITs for the purpose of leasing office space used for the administration of real estate entities and sharing the associated costs. Pursuant to the terms of the agreement, our share of rental occupancy and leasehold costs will be based on gross revenues of the affiliates.

We have entered into and may in the future enter into joint venture or other investment transactions with the other operating CPA[®] REITs. For a more complete description of the conflicts of interest that may arise, see “Conflicts of Interest.” We operate pursuant to certain policies and procedures for the review, approval or ratification of our transactions with related persons. These policies include the following:

- *Transactions with our Advisor.* Except for transactions under the advisory agreement or as otherwise described in this prospectus, we will not purchase goods or services from our advisor or its affiliates unless a majority of our directors, including a majority of our independent directors, not otherwise interested in the transactions approve such transactions as fair and reasonable to us and on terms and conditions not less favorable to us than those available from unaffiliated third parties.
- *Transactions with the Advisor and its Affiliates.* We will not purchase investments or lease properties in which our advisor or its affiliates has an ownership interest without a determination by a majority of our directors, including a majority of our independent directors, not otherwise interested in such transaction that such transaction is fair and reasonable to us and at a price to us no greater than the cost of the investment to our advisor or its affiliates, unless there is substantial justification for any amount that exceeds such cost and such excess amount is determined to be reasonable. In no event will we acquire any such property at an

amount in excess of its current appraised value. We will not sell investments or lease properties to our advisor or its affiliates or to our directors unless a majority of our directors, including a majority of our independent directors, not otherwise interested in the transaction determine the transaction is fair and reasonable to us.

- *Loans.* We will not make any loans to our advisor or its affiliates or to our directors. We may not borrow money from any of our directors or from our advisor and its affiliates unless approved by a majority of our directors (including a majority of the independent directors) not otherwise interested in the transaction, as fair, competitive and commercially reasonable, and no less favorable to us than loans between unaffiliated parties under the same circumstances.

INVESTMENT OBJECTIVES, PROCEDURES AND POLICIES

Our objective is to generate attractive risk adjusted returns for our stockholders, and a principal goal is preserving the wealth of our stockholders. Our principal focus is on generating sufficient cash flow over time to provide investors with increasing distributions. We also seek investments with the potential for capital appreciation. We intend to use leverage to enhance the returns on our investments.

Our core investment strategy for achieving these objectives is to acquire, own and manage a portfolio of commercial properties leased to a diversified group of companies on a single tenant net lease basis. These leases generally require the tenant to pay substantially all of the costs associated with operating and maintaining the property such as maintenance, insurance, taxes, structural repairs and other operating expenses (referred to as triple-net leases). We generally consider leases having a remaining term of seven years or more to be long-term leases, and those with a shorter term to be short-term leases.

As opportunities arise, we may also seek to expand our portfolio to include other types of real estate-related investments, such as the following:

- equity investments in real properties that are not long-term net leased to a single tenant; to date such investments have included self-storage properties and one hotel and may include partially leased properties, multi-tenanted properties, vacant or undeveloped properties and properties subject to short-term net leases, among others;
- mortgage loans secured by commercial real properties;
- subordinated interests in first mortgage real estate loans, or B Notes and C Notes;
- mezzanine loans related to commercial real estate that is senior to the borrower's equity position but subordinated to other third-party financing; and
- equity and debt securities (including CMBS, preferred equity and other higher-yielding structured debt and equity investments) issued by companies that are engaged in real estate-related businesses including other REITs.

We expect to continue to invest primarily in commercial properties leased to a diversified group of companies on a single tenant net lease basis and in other real estate related assets. Currently, 7% of our assets consist of investments other than long-term triple net leases, which consist of 44 storage properties and one hotel. At this time we are unable to predict what percentage of our assets may ultimately consist of investments other than long-term triple-net leases; however, we currently expect that for at least the first few years of our operations most of our investments will continue to be long-term triple-net leases. We do not plan to make investments in sub-prime mortgages. We may engage in securitization transactions with respect to the mortgage loans we purchase. We expect to make investments both domestically and outside the U.S., as have other more recent CPA® REITs such as CPA®:15 and CPA®:16 — Global. Our advisor has made significant foreign investments on behalf of CPA®:15 and CPA®:16 — Global in recent years because foreign markets have presented attractive opportunities relative to U.S. real estate markets, which have seen significant increases in price for commercial real estate investments. Our advisor will evaluate potential acquisitions on a case-by-case basis. While we aim to diversify our portfolio by property type, tenant and industry exposure as well as geography, we are not required to meet any diversification standards and have no specific policies or restrictions regarding the geographic areas where we make investments, the industries in which our tenants or borrowers may conduct business or on the percentage of our capital that we may invest in a particular asset type.

We currently expect that, if the entire offering is subscribed for, it may take up to two years after commencement of the offering or one year after the termination of this offering, if later, until our capital is substantially invested. Pending investment, the balance of the proceeds of this offering will be invested in permitted temporary investments, which include short-term U.S. Government securities, bank certificates of deposit and other short-term liquid investments. Any proceeds of the offering not

invested or committed within the later of two years after commencement of this offering or one year after the termination of this offering, other than necessary working capital, will be distributed to our stockholders.

Real Estate Properties

We intend to invest primarily in income-producing properties that are, upon acquisition, improved or being developed or that are to be developed within a reasonable period after acquisition.

Long-Term, Net Leased Assets

We currently expect that most of our acquisitions are subject to long-term net leases and were acquired through long-term sale-leaseback transactions, in which we acquire properties from companies that simultaneously lease the properties back from us. These sale-leaseback transactions provide the lessee company with a source of capital that is an alternative to other financing sources such as corporate borrowing, mortgaging real property, or selling shares of common stock.

We anticipate that some of our sale-leasebacks may occur in conjunction with acquisitions, recapitalizations or other corporate transactions. We may act as one of several sources of financing for these transactions by purchasing real property from the seller and net leasing it to the seller or its successor in interest (the lessee). Through our advisor, we actively seek such opportunities.

In analyzing potential net lease investment opportunities, the advisor reviews all aspects of a transaction, including the creditworthiness of the tenant or borrower and the underlying real estate fundamentals to determine whether a potential acquisition satisfies our acquisition criteria. The advisor generally considers, among other things, the following aspects of each transaction:

Tenant/Borrower Evaluation. The advisor evaluates each potential tenant or borrower for its creditworthiness, typically considering factors such as management experience; industry position and fundamentals; operating history; and capital structure, as well as other factors that may be relevant to a particular investment. Our advisor seeks opportunities in which it believes the tenant may have a stable or improving credit profile or credit potential that has not been recognized by the market. In evaluating a possible investment, the creditworthiness of a tenant or borrower is often a more significant factor than the value of the underlying real estate, particularly if the underlying property is specifically suited to the needs of the tenant; however, in certain circumstances where the real estate is attractively valued, the creditworthiness of the tenant may be a secondary consideration. Whether a prospective tenant or borrower is creditworthy will be determined by the advisor's investment department and its investment committee. Creditworthy does not mean "investment grade."

Properties Important to Tenant/Borrower Operations. Our advisor focuses on properties that it believes are essential or important to the ongoing operations of the tenant. Our advisor believes that these properties provide better protection generally as well as in the event of a bankruptcy, since a tenant/borrower is less likely to risk the loss of a critically important lease or property in a bankruptcy proceeding or otherwise.

Diversification. The advisor attempts to diversify our portfolio to avoid dependence on any one particular tenant, borrower, collateral type, geographic location or tenant/borrower industry. By diversifying our portfolio, the advisor reduces the adverse effect of a single under-performing investment or a downturn in any particular industry or geographic region.

Lease Terms. Generally, the net leased properties in which we invest are leased on a full recourse basis to our tenants or their affiliates. In addition, the advisor generally seeks to include a clause in each lease that provides for increases in rent over the term of the lease. These increases are fixed or tied generally to increases in indices such as the CPI, or other similar index in the jurisdiction in which the property is located, but may contain caps or other limitations, either on an annual or overall basis. Further, in some jurisdictions (notably Germany), these clauses must

provide for rent adjustments based on increases or decreases in the relevant index. In the case of retail stores and hotels, the lease may provide for participation in gross revenues above a stated level. Alternatively, a lease may provide for mandated rental increases on specific dates and the advisor may adopt other methods in the future.

Collateral Evaluation. Our advisor reviews the physical condition of the property and conducts a market evaluation to determine the likelihood of replacing the rental stream if the tenant defaults, or of a sale of the property in such circumstances. Our advisor will also generally engage third parties to conduct, or require the seller to conduct, Phase I or similar environmental site assessments (including a visual inspection for the potential presence of asbestos) in an attempt to identify potential environmental liabilities associated with a property prior to its acquisition. If potential environmental liabilities are identified, our advisor generally requires that identified environmental issues be resolved by the seller prior to property acquisition or, where such issues cannot be resolved prior to acquisition, require tenants contractually to assume responsibility for resolving identified environmental issues after the acquisition and provide indemnification protections against any potential claims, losses or expenses arising from such matters. Although our advisor generally relies on its own analysis in determining whether to make an investment, each real property to be purchased by us will be appraised by an appraiser that is independent of the advisor, prior to acquisition. All independent appraisers must be approved by our independent directors. The contractual purchase price (plus acquisition fees, but excluding acquisition expenses, payable to our advisor) for a real property we acquire will not exceed its appraised value, unless approved by our independent directors. The appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the lessee's credit and the conditions of the credit markets at the time the lease transaction is negotiated. The appraised value may be greater than the construction cost or the replacement cost of a property, and the actual sale price of a property if sold by us may be greater or less than the appraised value. In cases of special purpose real estate, a property is examined in light of the prospects for the tenant/borrower's enterprise and the financial strength and the role of that asset in the context of the tenant/borrower's overall viability. Operating results of properties and other collateral may be examined to determine whether or not projected income levels are likely to be met. The advisor considers factors particular to the laws of foreign countries, in addition to the risks normally associated with real property investments, when considering an investment outside the U.S.

Transaction Provisions that Enhance and Protect Value. Our advisor attempts to include provisions in our leases that it believes may help protect our investment from changes in the operating and financial characteristics of a tenant that may affect its ability to satisfy its obligations to us or reduce the value of our investment. Such provisions include requiring our consent to specified tenant activity, requiring the tenant to provide indemnification protections, and requiring the tenant to satisfy specific operating tests. Our advisor may also seek to enhance the likelihood of a tenant's lease obligations being satisfied through a guaranty of obligations from the tenant's corporate parent or a letter of credit. This credit enhancement, if obtained, provides us with additional financial security. However, in markets where competition for net lease transactions is strong, some or all of these provisions may be difficult to negotiate. In addition, in some circumstances, tenants may retain a right to repurchase the property leased by the tenant. The option purchase price is generally the greater of the contract purchase price and the fair market value of the property at the time the option is exercised.

Other Equity Enhancements. Our advisor may attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of the tenant or borrower or their parent. If warrants are obtained, and become exercisable, and if the value of the stock subsequently exceeds the exercise price of the warrant, equity enhancements can help us to achieve our goal of increasing investor returns.

Operating Real Estate

During 2010, we purchased a fee interest in a hotel with no third-party lessee. We have been granted a franchise license agreement from Marriott International Inc. to operate the property as a SpringHill Suites by Marriott. The hotel is managed by third parties, who receive management fees and a performance-based carried interest in the property. In addition, during 2011, we entered into several investments for a total of 44 self-storage properties. These properties are managed by third parties who receive management fees.

Real Estate-Related Assets

In addition to investing in long-term net leases, we may invest in other real estate-related assets, where our advisor believes that such investments may help achieve diversification and provide attractive risk-adjusted returns. Certain of these investments may provide greater opportunities for capital appreciation, but may also involve greater risk and may provide little or no current income.

Opportunistic Investments

We believe there may be opportunities to purchase non-long-term, net leased real estate assets from corporations and other owners due to our market presence in the corporate real estate marketplace. These assets may differ significantly in character from our traditional net leased real estate assets: short-term net leases, vacant property, land, multi-tenanted property, non-commercial property and property leased to non-related tenants. However, we believe we may find attractive opportunities to make investments in these assets as they may either be part of a larger sale-leaseback transaction, an existing relationship with the owner or from some other source where our market presence and reputation may give us an advantage over certain other investors.

Mortgage Loans Secured by Commercial Real Properties

We have invested, and may in the future invest, in commercial mortgages and other commercial real estate interests consistent with the requirements for qualification as a REIT. We may originate or acquire interests in mortgage loans, which may pay fixed or variable interest rates or have “participating” features. Our loans may include first mortgage loans, second mortgage loans and leasehold mortgage loans. Loans will usually not be insured or guaranteed by the U.S. government, its agencies or anyone else. They usually will be non-recourse, which means they will not be the borrower’s personal obligations.

In general, loans will be underwritten based on a process substantially similar to that described above with respect to long-term net leases. We will generally require a security interest in the underlying properties or leases. We will obtain independent appraisals for underlying real property. However, the advisor generally will rely on its own analysis and not exclusively on appraisals in determining whether to make a particular loan. We will not make a loan when the amount we advance plus the amount of any existing loans that are equal or senior to our loan exceeds 100% of the appraised value of the underlying real property.

We may also invest in secured corporate loans, which are loans collateralized by real property, personal property connected to real property (i.e., fixtures) and/or personal property, on which another lender may hold a first priority lien. The value of the collateral against which we lend may or may not be valued by an appraisal.

Loans with “participating” features may allow us to participate in the economic benefits of any increase in the value of the property securing repayment of the loan as though we were an equity owner of a portion of the property. The forms and extent of the participations may vary depending on factors such as the equity investment, if any, of the borrower, credit support provided by the borrower, the interest rate on our loans and the anticipated and actual cash flow from the underlying real property.

B Notes and C Notes

We may purchase from third parties, and may retain from mortgage loans we originate and securitize or sell, subordinated interests referred to as B Notes. B Notes are loans secured by a first mortgage and subordinated to a senior interest, referred to as an A Note. The subordination of a B Note is generally evidenced by a co-lender or participation agreement between the holders of the related A Note and the B Note. In some instances, the B Note lender may require a security interest in the stock or partnership interests of the borrower as part of the transaction. B Note lenders have the same obligations, collateral and borrower as the A Note lender, but typically are subordinated in recovery upon a default. B Notes share certain credit characteristics with second mortgages, in that both are subject to the greater credit risk with respect to the underlying mortgage collateral than the corresponding first mortgage or A Note, and in consequence generally carry a higher rate of interest. When we acquire and/or originate B Notes, we may earn income on the investment, in addition to interest payable on the B Note, in the form of fees charged to the borrower under that note. If we originate first mortgage loans, we may divide them, securitizing or selling the A Note and keeping the B Note for investment.

Our ownership of a B Note with controlling class rights may, in the event the financing fails to perform according to its terms, cause us to elect to pursue our remedies as owner of the B Note, which may include foreclosure on, or modification of, the note. In some cases, the owner of the A Note may be able to foreclose or modify the note against our wishes as holder of the B Note. As a result, our economic and business interests may diverge from the interests of the holders of the A Note. These divergent interests among the holders of each investment may result in conflicts of interest.

We may also retain or acquire interests in A Notes and notes sometimes referred to as “C Notes,” which are junior to the B Notes.

Mezzanine Loans

We may invest in mezzanine loans that are senior to the borrower’s common and preferred equity in, and subordinate to a first mortgage loan on, a property. These loans are secured by pledges of ownership interests, in whole or in part, in entities that directly or indirectly own the real property.

Mezzanine loans may have elements of both debt and equity instruments, offering fixed returns in the form of interest payments and principal payments associated with senior debt, while providing lenders an opportunity to participate in the capital appreciation of a borrower, if any, through an equity interest. Due to their higher risk profile, and often less restrictive covenants, as compared to senior loans, mezzanine loans generally earn a higher return than senior secured loans. Mezzanine loans also may include a “put” feature, which permits the holder to sell its equity interest back to the borrower at a price determined through an agreed upon formula.

Commercial Mortgage-Backed Securities (CMBS)

We have invested, and may in the future invest, in mortgage-backed securities and other mortgage related or asset-backed instruments, including CMBS, mortgage-backed securities issued or guaranteed by agencies or instrumentalities of the U.S. Government, non-agency mortgage instruments, and collateralized mortgage obligations that are fully collateralized by a portfolio of mortgages or mortgage-related securities to the extent consistent with the requirements for qualification as a REIT. Mortgage-backed securities are instruments that directly or indirectly represent a participation in, or are secured by and payable from, one or more mortgage loans secured by real estate. In most cases, mortgage-backed securities distribute principal and interest payments on the mortgages to investors. Interest rates on these instruments can be fixed or variable. Some classes of mortgage-backed securities may be entitled to receive mortgage prepayments before other classes do. Therefore, the prepayment risk for a particular instrument may be different than for other mortgage-related securities.

Equity and Debt Securities of Companies Engaged in Real Estate Activities, including other REITs

We may invest in equity and debt securities (including common and preferred stock, as well as limited partnership or other interests) of companies engaged in real estate activities, including for the purpose of exercising control over such entities. Such investments may be an attractive alternative to direct investments in property. Companies engaged in real estate activities and real estate-related investments may include, for example, companies engaged in the net lease business, REITs that either own properties or make construction or mortgage loans, real estate developers, companies with substantial real estate holdings and other companies whose products and services are related to the real estate industry, such as building supply manufacturers, mortgage lenders or mortgage servicing companies. Such securities may or may not be readily marketable and may or may not pay current dividends or other distributions. We may acquire all or substantially all of the securities or assets of companies engaged in real estate-related activities where such investment would be consistent with our investment policies and our status as a REIT. In any event, we do not intend that our investments in securities will require us to register as an “investment company” under the Investment Company Act, and we intend to generally divest appropriate securities before any such registration would be required.

Investment Procedures

We utilize our advisor’s expertise in credit and real estate underwriting and its more than 35 years of experience in evaluating fixed income and real estate investment opportunities to analyze opportunities for us. Our advisor has over 25 professionals globally with experience in all phases of the investment process relating to long-term net leases and other real estate-related investments, including credit review, real estate underwriting, legal structuring and pricing.

Our advisor’s investment department, under the oversight of Carey Asset Management’s Chief Investment Officer, is primarily responsible for evaluating, negotiating and structuring potential investment opportunities. Before an investment is made, the transaction is reviewed by our advisor’s investment committee. The investment committee is not directly involved in originating or negotiating potential investments, but instead functions as a separate and final step in the acquisition process. Our advisor places special emphasis on having experienced individuals serve on its investment committee. Subject to limited exceptions, our advisor generally will not invest in a transaction on our behalf unless it is approved by the investment committee.

The investment committee has developed policies that permit certain investments to be made without committee approval. Under current policy, investments of \$10 million or less may be approved by either the Chairman of the investment committee or the Chief Investment Officer, up to, in the case of investments other than long-term net leases, a cap of \$30 million or 5% of our net asset value, whichever is greater, provided that such investments may not have a credit rating of less than BBB-. Additional such delegations may be made in the future, at the discretion of the investment committee. For example, the advisor may create one or more investment advisory committees with specialized expertise in a particular geographic market, like our Asia Advisory Committee for potential investments in China, or in a type of investment to assist the investment committee, and the investment committee may delegate authority for certain types of non-net lease investments, subject to policies and procedures developed by the committee. In particular, to the extent our advisor may conclude that its in-house resources are insufficient to evaluate a particular type of investment, our advisor may retain the services of third parties with expertise in that type of investment to assist the advisor in reviewing and approving investments on our behalf. In such circumstances, it would be up to the investment committee to determine the appropriate review and approval procedures to be utilized. Any determination by our advisor to retain third parties to make investments must be reviewed and approved by our independent directors. We do not currently expect that investments delegated to these advisory committees will account for a significant portion of the investments we make in the near term.

Investments With Other Operating CPA® REITs or W. P. Carey

We have acquired and may in the future acquire investments in joint ventures with other operating CPA® REITs and/or W. P. Carey. These investments may permit us to own interests in larger properties without unduly restricting the diversity of our portfolio. We may invest in funds sponsored by W. P. Carey or its affiliates in which other operating CPA® REITs invest. We may also merge with other operating CPA® REITs or acquire property portfolios or single assets from other operating CPA® REITs. We will not enter into a joint venture to make an investment that we would not be permitted to make on our own.

We may participate jointly with publicly registered investment programs or other entities sponsored or managed by the advisor in investments as tenants-in-common or in some type of joint venture arrangement. Joint ventures with affiliates of W. P. Carey will be permitted only if:

- a majority of the directors (including a majority of the independent directors) not otherwise interested in the transaction approve the allocation of the transaction among the affiliates as being fair and reasonable to us; and
- the affiliate makes its investment on substantially the same terms and conditions as us.

Investment Limitations

Numerous limitations are placed on the manner in which we may invest our funds. Unless our common stock is listed, we will not:

- invest in commodities or commodity futures contracts, with this limitation not being applicable to futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in real estate assets and mortgage loans;
- make or invest in mortgage loans unless an appraisal is obtained concerning the underlying property, except for those loans insured or guaranteed by a government or government agency;
- make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all mortgage loans outstanding on the property, including our loans, would exceed an amount equal to 85% of the appraised value of the property, unless such investment is justified by the presence of other underwriting criteria such as the credit rating of the borrower, collateral that is adequate to justify the waiver of this limitation or the guarantee of the mortgage by a government agency. For this purpose, we do not treat CMBS as mortgage loans;
- invest in contracts for the sale of real estate unless the contract is in recordable form and is appropriately recorded in the chain of title;
- invest in equity securities unless a majority of our directors, including a majority of our independent directors, not otherwise interested in such transaction approve the transaction as being fair, competitive and commercially reasonable;
- borrow in amounts such that the total amount of all borrowings exceed the lesser of 75% of the total costs of our investments or 300% of our net assets, absent a satisfactory showing that a higher level of borrowing is appropriate. "Net assets," for the purpose of this clause means total assets (other than intangibles), valued at cost before deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities;
- make investments in unimproved property or indebtedness secured by a deed of trust or mortgage loans on unimproved property in excess of 10% of our total assets. "Unimproved real property" means property which has the following three characteristics:
 - an equity interest in property which was not acquired for the purpose of producing rental or other operating income;
 - no development or construction is in process on the property; and

- no development or construction on the property is planned in good faith to commence on the property within one year of acquisition;
- issue equity securities on a deferred payment basis or other similar arrangement;
- issue debt securities in the absence of adequate cash flow to cover debt service;
- issue equity securities in a private offering if the voting rights per share issued in a private offering exceed the voting rights which bear the same relationship to the voting rights of a publicly held share as the consideration paid to us for each privately offered share bears to the book value of each outstanding publicly held share;
- issue shares redeemable solely at the option of the holders (except pursuant to our redemption plan);
- take any action that would cause us to be classified as an “investment company” under the Investment Company Act;
- grant warrants and/or options to purchase shares to W. P. Carey, our directors or affiliates thereof except on the same terms as the options or warrants are sold to the general public and *provided* that the amount of the options or warrants does not exceed an amount equal to 10% of the outstanding shares on the date of grant of the warrants and options;
- make any investment inconsistent with our objectives of qualifying and remaining qualified as a REIT; or
- make or invest in mortgage loans that are subordinate to any mortgage or equity interest of W. P. Carey, our directors, or our affiliates.

Subject to the limitations set forth therein, our charter currently provides that we will not engage in transactions with our directors, W. P. Carey, or any affiliate thereof, except to the extent that each such transaction has, after disclosure of such affiliation, been approved or ratified by a majority of our independent directors and a majority of our directors who are not interested in the transaction after a determination by them that: (1) the transaction is on such terms as at the time of the transaction and under the circumstances then prevailing, fair and reasonable to us; and (2) the terms of such transaction are at least as favorable as the terms then prevailing for comparable transactions with unaffiliated third parties.

Under Delaware law (where our operating partnership is formed), we, as a general partner, have a fiduciary duty to our operating partnership and, consequently, such transactions with our directors also are subject to the duties of care and loyalty that we, as general partner, owe to limited partners in our operating partnership to the extent such duties have not been eliminated pursuant to the terms of the limited partnership agreement of our operating partnership. Under the terms of the partnership agreement, we are under no obligation to consider the separate interests of the limited partners in deciding whether to cause our operating partnership to take any actions. Furthermore, in the event of a conflict of interest between the interests of our stockholders and the limited partners, the partnership agreement provides that we must endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or the limited partners; provided, however, that for so long as we directly own a controlling interest in our operating partnership, any such conflict that we, in our sole discretion, determine cannot be resolved in a manner not adverse to either our stockholders or the limited partners, will be resolved in favor of our stockholders.

Our charter currently provides that we will not purchase an investment in property from our directors, W. P. Carey or affiliates, unless a majority of the independent directors and a majority of the directors who are not interested in the transaction approve such transaction as being fair and reasonable to us and (i) at a price to us no greater than the cost of the asset to the affiliate, or (ii) if the price to us is in excess of such costs, that a substantial justification for such excess exists, such excess is reasonable and the total purchase price for the property does not exceed the appraised value of such property.

If at any time the character of our investments would cause us to be deemed an “investment company” for purposes of the Investment Company Act, we will take the necessary action to ensure that we are not deemed to be an “investment company.” Our advisor will continually review our investment activity to attempt to ensure that we do not come within the application of the Investment Company Act. Among other things, our advisor will attempt to monitor the proportion of our portfolio that is placed in various investments so that we do not come within the definition of an investment company under the Investment Company Act. We have been advised by counsel that if we operate in accordance with the description of our proposed business in this prospectus, we will not be deemed an “investment company” for purposes of the Investment Company Act.

Although we are authorized to issue senior securities, we have no current plans to do so. In addition, while we are engaged in investing in real estate and real estate-related assets, we will not engage in underwriting or the agency distribution of securities issued by others or in trading, as compared to investment activities. Further, we are authorized to offer securities in exchange for property if approved by our board of directors.

Our reserves, if any, will be invested in permitted temporary investments. Carey Asset Management will evaluate the relative risks and rate of return, our cash needs and other appropriate considerations when making short-term investments on our behalf. The rate of return on permitted temporary investments may be less than or greater than would be obtainable from real estate investments.

Other Investment Policies

Holding Period for Investments and Application of Proceeds of Sales or Refinancings

We generally intend to hold our investments in real property for an extended period depending on the type of investment. We may dispose of other types of investments, such as investments in securities, more frequently. However, circumstances might arise which could result in the early sale of some assets. An asset may be sold before the end of the expected holding period if in our judgment or in the judgment of our advisor, the sale of the asset is in the best interest of our stockholders.

The determination of whether a particular asset should be sold or otherwise disposed of will be made after consideration of relevant factors, including prevailing economic conditions, with a view to achieving maximum capital appreciation or avoiding increases in risk. The selling price of an asset which is leased for a significant period of time will be determined in large part by the amount of rent payable under the lease. If a tenant has a repurchase option at a formula price, we may be limited in realizing any appreciation. In connection with our sales of properties, we may lend the purchaser all or a portion of the purchase price. In these instances, our taxable income may exceed the cash received in the sale. See “United States Federal Income Tax Considerations — Requirements for Qualification — General.”

The terms of payment will be affected by custom in the area in which the investment being made is located and the then prevailing economic conditions. To the extent that we receive purchase money mortgages rather than cash in connection with sales of properties, there may be a delay in making distributions to stockholders. A decision to provide financing to such purchasers would be made after an investigation into and consideration of the same factors regarding the purchaser, such as creditworthiness and likelihood of future financial stability, as are undertaken when we consider a net lease transaction. See “United States Federal Income Tax Considerations.”

Change in Investment Objectives and Limitations

Our charter requires that the independent directors review our investment policies at least annually to determine that the policies we are following are in the best interest of the stockholders. Each determination and the basis therefor shall be set forth in our minutes. The methods of implementing our investment policies also may vary as new investment techniques are developed. The

methods of implementing our investment procedures, objectives and policies, except as otherwise provided in the charter, may be altered by a majority of the directors (including a majority of the independent directors) without the approval of the stockholders. We will provide notice to stockholders of any material alteration in our investment objectives through our public reports filed under the Exchange Act.

Financing Policies

We may borrow at the corporate level or the asset level. We will generally borrow in the same currency that is used to pay income on the investment or in which we make an investment for which we are seeking financing. This will enable us to hedge a portion of our currency risk. We, through the subsidiaries we form to make investments, generally will seek to borrow on a non-recourse basis, in amounts that we believe will maximize the return to our stockholders. The use of non-recourse financing allows us to improve returns to our stockholders and to limit our exposure on any investment to the amount invested. Non-recourse indebtedness means the indebtedness of the borrower or its subsidiaries that is secured only by the assets to which such indebtedness relates without recourse to the borrower or any of its subsidiaries, other than in case of customary carve-outs for which the borrower or its subsidiaries acts as guarantor in connection with such indebtedness, such as fraud, misappropriation, misapplication of funds, environmental conditions and material misrepresentation. Since non-recourse financing generally restricts the lender's claim on the assets of the borrower, the lender generally may only take back the asset securing the debt, which protects our other assets. In some cases, particularly with respect to non-U.S. investments, the lenders may require that they have recourse to other assets owned by a subsidiary borrower, in addition to the asset securing the debt. Such recourse generally would not extend to assets of our other subsidiaries. We currently estimate that we will borrow, on average, up to 50% of the purchase price of our properties; however, there is no limitation on the amount we may borrow against any single property. Our aggregate borrowings, secured and unsecured, will be reasonable in relation to our net assets and will be reviewed by our board of directors at least quarterly. Aggregate borrowings as of the time that the net proceeds of the offering have been fully invested and at the time of each subsequent borrowing may not exceed on average the lesser of 75% of the total costs of all investments, or 300% of our net assets unless the excess is approved by a majority of the independent directors and disclosed to stockholders in our next quarterly report, along with justification for the excess. Net assets are our total assets (other than intangibles), valued at cost before deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities.

It is expected that, by operating on a leveraged basis, we will have more funds available and, therefore, will make more investments and be in a better position to improve the returns to our stockholders than would otherwise be possible without such leverage. This is expected to result in a more diversified portfolio. Our advisor will use its best efforts to obtain financing on the most favorable terms available to us.

Lenders typically seek to include in the terms of a loan change of control provisions making the termination or replacement of W. P. Carey as our advisor, or the dissolution of the advisor, events of default or events requiring the immediate repayment of the full outstanding balance of the loan. While we will attempt to negotiate to not include such provisions, lenders may require them.

We may refinance properties or defease loans during the term of a loan when a decline in interest rates makes it profitable to prepay an existing loan, when an existing loan matures or if an attractive investment becomes available and the proceeds from the refinancing can be used to purchase such investment. The benefits of the refinancing may include an increased cash flow resulting from reduced debt service requirements, an increase in distributions from proceeds of the refinancing, if any, and/or an increase in property ownership if some refinancing proceeds are reinvested in real estate. The prepayment of loans may require us to pay a yield maintenance premium to the lender in order to pay off a loan prior to its maturity.

We may enter into borrowing arrangements such as secured or unsecured credit lines, warehouse facilities, repurchase agreements or other types of financing arrangements. We may also issue corporate debt securities, subject to the limitations in our charter. Some of these arrangements may be recourse to us or may be secured by our assets. Many of these arrangements would likely require us to meet financial and non-financial covenants. Some of these borrowings may be short term and may require that we meet margin requirements.

We may borrow funds or purchase properties from our advisor or its affiliates if doing so is consistent with the investment procedures, our objectives and policies and if other conditions are met. See “Investment Objectives, Procedures and Policies.” We may borrow funds from our advisor or its affiliates to provide the debt portion of a particular investment or to facilitate refinancings if we are unable to obtain a permanent loan at that time or, in the judgment of the board, it is not in our best interest to obtain a permanent loan at the interest rates then prevailing and the board has reason to believe that we will be able to obtain a permanent loan on or prior to the end of the loan term provided by our advisor or the affiliate.

These short-term loans may be fully or partially amortized, may provide for the payment of interest only during the term of the loan or may provide for the payment of principal and interest only upon maturity. In addition, these loans may be secured by a first or junior mortgage on the asset to be invested in or by a pledge of or security interest in the offering proceeds that are being held in escrow which are to be received from the sale of our shares. Any short-term loan from our advisor or its affiliates will bear interest at a rate equal to the lesser of one percent above the prime rate of interest published in the Wall Street Journal or the rate that would be charged to us by unrelated lending institutions on comparable loans for the same purpose in the locality of the investment. See “Conflicts of Interest — We may enter into transactions with or take loans from our advisor or its affiliates.”

Our charter currently provides that we will not borrow funds from our directors, W. P. Carey, or affiliates unless the transaction is approved by a majority of the independent directors and a majority of the directors who are not interested in the transaction as being fair, competitive and commercially reasonable and not less favorable than those prevailing for loans between unaffiliated third parties under the same circumstances.

DESCRIPTION OF THE PROPERTIES

Set forth below is a description of our materially important real properties as of the date of this prospectus. Refer to “Prospectus Summary — Description of the Properties” for a tabular description of these properties and our other real properties.

The tenants for our net leased real properties generally will be required to maintain insurance on the leased properties or pay the costs of any insurance maintained by us. While we anticipate that each of our real properties will be adequately insured, we will maintain a contingent, blanket building, business personal property and business income policy covering our real properties, as well as a comprehensive commercial general liability policy covering our real properties. Properties that are not net-leased will either be insured by tenants or by us. We believe that our real properties are adequately insured.

The New York Times Company

Acquisition

In March 2009, an entity in which we, CPA[®]:16-Global, and W. P. Carey own 55%, 27.25%, and 17.75% interests, respectively, completed a net lease financing transaction with respect to a leasehold condominium interest encompassing approximately 750,000 rentable square feet in the office headquarters of The New York Times Company (“The Times”) in New York, NY. This jointly-owned entity acquired record leasehold title and a secured interest in the property and entered into a net lease agreement with NYT Real Estate Company LLC (“NYT”), a subsidiary of The Times.

Purchase Terms

The total cost of the transaction, including the acquisition fee payable to Carey Asset Management, was approximately \$223.7 million, of which our share is approximately \$129.6 million. We and CPA[®]:16-Global paid at closing an acquisition fee of approximately \$4.8 million to Carey Asset Management, of which our share is approximately \$3.2 million. Carey Asset Management is also expected to receive from us and CPA[®]:16-Global a deferred acquisition fee in the total amount of approximately \$3.9 million, of which our share is approximately \$2.6 million. This deferred fee is payable in equal annual installments over each of the next three years, but is contingent upon our achieving the 5% preferred return rate.

Description of the Lease

The property is leased to NYT by the jointly owned entity under a net lease. The Times has guaranteed NYT’s obligations under the lease. The lease has an initial term of 15 years and provides NYT with one 10-year renewal option and two additional 5-year renewal options. In the 10th year of the initial term of the lease, NYT has an option to purchase the leasehold title interest for approximately \$250 million. Such purchase option, together with the other terms of the net lease and related transaction documents, allows the transaction to be accounted for as a financing lease. The initial annual rent under the lease is \$24.2 million, of which our share is approximately \$13.3 million. Additionally, the lease provides for annual rent increases of 1.5% for the initial term, and formula rent increases for any renewal terms.

Description of Financing

In August 2009, we obtained secured financing for The Times property of \$119.7 million, inclusive of amounts attributable to noncontrolling interests of \$53.9 million. The financing bears interest at a variable rate that has been capped at 8.8% per annum and matures in five years. In July 2010, we purchased a \$50 million participation in this mortgage loan from the lender. We expect to receive 42.5% of the principal and interest payments on this loan.

Description of The New York Times Company

The Times has advised us that it is a leading media company, which owns and manages major newspapers such as The New York Times, along with other daily newspapers, and multiple websites.

Metro Cash & Carry Italia S.p.A and Metro Dolomiti S.p.A (“Metro”)

All U.S. dollar amounts are based on the exchange rate of the Euro on the date of closing, or \$1.3557.

Acquisition

On September 28, 2011, one of our subsidiaries, CPA:17 Limited Partnership, completed the acquisition of 100% of the Class A units of an Italian real estate fund (the “REIF”), which constitutes substantially all of the economic and voting interests in the REIF.

Purchase Terms

The total cost of acquiring the interests in the REIF, including estimated acquisition fees and expenses, was approximately \$396.3 million. We paid acquisition fees to W. P. Carey International totaling approximately \$9.9 million at closing. W. P. Carey International is also expected to receive deferred acquisition fees in the total amount of approximately \$7.9 million. These deferred fees are payable in equal annual installments over each of the next three years but are contingent upon our achieving the 5% preferred return rate.

Description of the Leases

The REIF owns 20 cash and carry retail assets located throughout Italy, of which 19 are leased to Metro Cash & Carry Italia S.p.A. and one is leased to Metro Dolomiti S.p.A. The leases are guaranteed by Metro AG. The initial aggregate annual rent is \$30.0 million with lease terms ranging from 15 to 18 years. The leases provide for annual rent increase base on 75% of the Italian CPI.

Description of Financing

In connection with this investment, we assumed \$222.7 million of indebtedness with an annual interest rate equal to Euribor plus 2.15% that has been fixed at 4.18% through an interest rate swap, and a term of five years.

Description of Metro

Metro has advised us that it is the world’s largest cash and carry operator, is the world’s fourth largest retailer and is based in Germany.

DESCRIPTION OF REAL ESTATE-RELATED INVESTMENTS

Refer to “Prospectus Summary — Description of Real Estate-Related Investments” for a description of our real estate-related investments.

THE OPERATING PARTNERSHIP

General

We have elected to be treated as a REIT for U.S. federal income tax purposes. We are structured as an umbrella partnership REIT, or UPREIT, under which substantially all of our business is conducted through our operating partnership. Our operating partnership was formed under Delaware law to acquire, own and lease properties on our behalf. We will utilize this UPREIT structure generally to enable us to acquire real property in exchange for limited partnership units in our operating partnership, or OP units, from owners who desire to defer taxable gain that would otherwise normally be recognized by them upon the disposition of their property or the transfer of their property to us in exchange for our common stock or cash. These owners may also desire to achieve diversity in their investment and other benefits afforded to owners of stock in a REIT. For purposes of satisfying the asset and income tests for qualification as a REIT for U.S. federal income tax purposes (see “United States Federal Income Tax Considerations”), the REIT’s proportionate share of the assets and income of our operating partnership are deemed to be assets and income of the REIT.

The property owner’s goals are accomplished because the owner may contribute property to our operating partnership in exchange for OP units on a tax deferred basis. Further, our operating partnership is structured to make distributions with respect to OP units which are equivalent to the dividend distributions made to our stockholders. Finally, a limited partner in our operating partnership may later redeem his, her or its OP units for shares of our common stock (in a taxable transaction) or cash and achieve liquidity for his, her or its investment.

We intend to hold substantially all of our assets in our operating partnership or in subsidiary entities in which our operating partnership owns an interest, and we intend to make future acquisitions of real properties using the UPREIT structure. We are the controlling general partner of and a limited partner in the operating partnership and own approximately a 99.985% capital interest in the operating partnership. We are the managing general partner of the operating partnership; therefore, our board of directors controls nearly all of the decisions of our operating partnership. Our board has delegated authority for our management and the management of our operating partnership to our advisor subject to the terms of the advisory agreement. Carey Holdings assists our advisor in management and holds a special general partnership profits interest entitling it to receive certain profit allocations and distributions of cash. Carey Holdings owns approximately a 0.015% capital interest in the operating partnership.

The following is a summary of certain provisions of the amended and restated limited partnership agreement of our operating partnership. This summary is not complete and is qualified by the specific language in the partnership agreement. You should refer to the actual partnership agreement, a copy of which has been filed as an exhibit to the registration statement of which this prospectus is a part, for more detail.

Capital Contributions

In connection with this offering and future offerings of our common stock, we will transfer substantially all of the net offering proceeds to our operating partnership in exchange for OP units. However, we will be deemed to have made capital contributions in the amount of the gross offering proceeds, and our operating partnership will be deemed to have simultaneously paid the underwriting discounts and commissions and other costs associated with the offering. Carey Holdings made an initial capital contribution of \$300,000 in cash and provides services to the operating partnership in exchange for its special general partnership interest.

If our operating partnership requires additional funds at any time in excess of capital contributions made by us, we may borrow funds from a financial institution or other lender or issue additional shares of common stock and receive additional OP units in the operating partnership in exchange for the proceeds. In addition, we are authorized to cause our operating partnership to issue partnership

interests for less than fair market value if we conclude in good faith that such issuance is in the best interest of our operating partnership and our company.

Fiduciary Duties

For a description of the fiduciary duties that we, as a general partner, owe to limited partners in our operating partnership pursuant to Delaware law and the terms of the partnership agreement, see “Risk Factors — Risks Related to an Investment in Our Shares — Conflicts of Interest may arise between holders of our common stock and holders of partnership interests in our operating partnership” and “Investment Objectives, Procedures and Policies — Investment Limitations.”

Operations

The partnership agreement requires that our operating partnership be operated in a manner that enables us to (1) satisfy the requirements for being classified as a REIT for U.S. federal income tax purposes, unless we otherwise cease to qualify as a REIT and (2) ensure that our operating partnership will not be classified as a “publicly traded partnership” for purposes of Section 7704 of the Code, which classification could result in our operating partnership being taxed as a corporation, rather than as a partnership. See “United States Federal Income Tax Considerations — Federal Income Tax Aspects of Our Partnership — Classification as a Partnership.”

Redemption Rights

The limited partners of our operating partnership (other than our company) and the special general partner generally have the right to cause our operating partnership to redeem all or a portion of their OP units for cash or, at our sole discretion, shares of our common stock, or a combination of both. If we elect to redeem OP units for shares of our common stock, we will generally deliver one share of our common stock for each OP unit redeemed. If we elect to redeem OP units for cash, we will generally deliver cash to be paid in an amount equal to, for each redeemed OP unit, the average of the daily market price for the ten consecutive trading days immediately preceding the date we receive a notice of redemption by a limited partner. In connection with the exercise of these redemption rights, a limited partner or the special general partner must make certain representations, including that the delivery of shares of our common stock upon redemption would not result in such limited partner or the special general partner owning shares in excess of our ownership limits in our charter.

Subject to the foregoing, limited partners and the special general partner may exercise their redemption rights at any time after one year following the date of issuance of their OP units; provided, however, that a limited partner may not deliver more than two redemption notices each calendar year and may not exercise a redemption right for less than 1,000 OP units, unless the limited partner holds less than 1,000 OP units, in which case it must exercise its redemption right for all of its OP units.

Transferability of Interests

We may not (1) voluntarily withdraw as a general partner of our operating partnership, (2) engage in any merger, consolidation or other business combination, or (3) transfer our general partnership interest in our operating partnership, unless we obtain the consent of at least 50% of the partners of our operating partnership including us; provided, however, that if such merger or business combination results in the termination of our advisory agreement with Carey Asset Management, the consent of the special general partner to such transaction will be required unless the operating partnership agrees to repurchase the special general partnership interest in the operating partnership for its fair market value, as determined by an independent appraiser. With certain exceptions, the limited partners may not transfer their interests in our operating partnership, in whole or in part, without our written consent as general partner and that of the special general partner. Carey Holdings may not transfer its special general partner interest in our operating partnership without our consent, which must be approved by a majority of our independent directors, except to us or to our affiliates.

Distributions of Cash and Allocation of Income

The partnership agreement generally provides that our operating partnership will distribute cash flows from operations and net sales proceeds from dispositions of assets to the partners of our operating partnership in accordance with their relative percentage interests, on at least a quarterly basis, in amounts determined by us as a general partner. In addition, Carey Holdings, as the holder of a special general partner interest, will be entitled to special distributions of cash flow and sale proceeds, as described under “Management Compensation.” The general partner will have the power, in its reasonable discretion, to adjust or withhold the distributions to the special general partner in order to avoid violations of the 2%/25% Guideline.

Similarly, the partnership agreement of our operating partnership provides that income of our operating partnership from operations and income of our operating partnership from disposition of assets normally will be allocated to the partners of our operating partnership in accordance with their relative percentage interests such that a holder of one OP unit will be allocated income for each taxable year in an amount equal to the amount of taxable income allocated to us in respect of a holder of one share of our common stock, subject to compliance with the provisions of Sections 704(b) and 704(c) of the Code and corresponding Treasury Regulations. Losses, if any, will generally be allocated among the partners in accordance with their respective percentage interests in our operating partnership. Upon the liquidation of our operating partnership, after payment of debts and obligations, any remaining assets of our operating partnership will be distributed in accordance with the distribution provisions of the partnership agreement to the extent of each partner’s positive capital account balance.

In addition to the administrative and operating costs and expenses incurred by our operating partnership or its subsidiaries, in acquiring and operating real properties, our operating partnership pays all administrative costs and expenses of our company, and such expenses will be treated as expenses of our operating partnership. Such expenses include, without limitation:

- All expenses relating to maintaining our corporate existence;
- All expenses relating to the public offering and registration of our securities;
- All expenses associated with the preparation and filing of any periodic reports by allocations of certain portions of our profits under federal, state or local laws or regulations;
- All expenses associated with our compliance with applicable laws, rules and regulations; and
- All our other operating or administrative costs incurred in the ordinary course of its business on behalf of our operating partnership.

The Special General Partner Interest

Carey Holdings, an entity in which W. P. Carey owns interests, holds a special general partner profits interest in our operating partnership. Carey Holdings’ special general partner interest entitles it to certain distributions of our operating partnership’s available cash and an allocation of certain operating partnership profits, as described in the next paragraph.

Operating partnership profits means profits as determined under the operating partnership’s partnership agreement and the provisions of the Code that apply to partnership taxation. For a description of the calculation of profits, see “United States Federal Income Tax Considerations — Federal Income Tax Aspects of Our Partnership.” Operating partnership profits are determined in accordance with the Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in the determination of operating partnership profits), with the following adjustments: (a) any income of the partnership that is exempt from federal income tax and not otherwise taken into account in computing operating partnership profits shall be included in the determination of operating partnership profits; (b) any expenditures of the partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not

otherwise taken into account in computing operating partnership profits shall be subtracted from such determination; (c) in the event the value of any partnership asset is adjusted pursuant to the partnership agreement, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing operating partnership profits; (d) gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the gross asset value of the property (as determined under the partnership agreement) disposed of, notwithstanding that the adjusted tax basis of such property differs from such value; (e) depreciation, amortization, and other cost recovery deductions taken into account in computing operating partnership profits shall be based upon the gross asset value of partnership assets (as determined under the partnership agreement) as opposed to the adjusted tax bases of such assets; (f) to the extent an adjustment to the adjusted tax basis of any partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining capital accounts as a result of a distribution other than in liquidation of a partner's interest in the partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing operating partnership profits; and (g) notwithstanding any other provision regarding the calculation of operating partnership profits, any items that are specially allocated pursuant to the partnership agreement shall not be taken into account in computing operating partnership profits. The amounts of the items of partnership income, gain, loss, or deduction available to be specially allocated pursuant to the partnership agreement shall be determined by applying rules analogous to those set forth in this definition of operating partnership profits.

Substantially all of Carey Holdings' special general partner interest in our operating partnership is intended to qualify as a "profits interest" for tax purposes within the meaning of IRS Revenue Procedure 93-27. As a result, the special general partnership interest initially has no liquidation value aside from Carey Holdings' actual capital contributions. Further, without a significant initial liquidation value, the interest is limited in its ability to receive loss allocations from the operating partnership.

If the advisory agreement expires with the consent of the advisor, is terminated for any reason other than by the advisor and an affiliate of the advisor is not the advisor under the replacement advisory agreement, or Carey Asset Management resigns for good reason, all after two years of the date the operating partnership began operations, our operating partnership will have the right, but not the obligation, to repurchase all or a portion of Carey Holdings' interests in our operating partnership at the fair market value of those interests on the date of termination, as determined by an independent appraiser. Please see "Management — Advisory Agreement" and "Risk Factors — Risks Related to Our Relationship with Our Advisor — Exercising our right to repurchase all or a portion of Carey Holdings' interests in our operating partnership upon certain termination events could be prohibitively expensive and could deter us from terminating the advisory agreement."

Tax-Matters Partner

We are the tax-matters partner of our operating partnership, and, as such, we have authority to make tax elections under the Code on behalf of our operating partnership.

Term

Our operating partnership will continue in full force perpetually or until sooner dissolved in accordance with its terms or as otherwise provided by law.

Amendment

The partnership agreement may not be amended without our consent as general partner. In general, we may not amend the partnership agreement without first obtaining the consent of partners

holding at least 50% of the ownership interests of all partners. In addition, the consent of the special general partner and the limited partners holding greater than 50% of the ownership interests of the limited partners would be required for any amendment that would contravene an express prohibition or limitation in the partnership agreement. Further, the general partner may not make any amendment to the partnership agreement that would (i) subject a limited partner to liability as a general partner in any jurisdiction or any other liability except as provided in the partnership agreement or under the Delaware Revised Uniform Limited Partnership Act, or (ii) prohibit or restrict, or have the effect of prohibiting or restricting, the ability of a limited partner to exercise its rights to a redemption in full without the consent of the affected limited partner.

However, there are certain circumstances in which we are permitted to amend the partnership agreement without any consent.

Indemnity

The operating partnership must indemnify and hold us (and our officers, directors, employees or designees) harmless from any liabilities incurred, losses sustained, or benefit not derived as a result of errors in judgments or mistakes of fact or law or any act or omission if we acted in good faith. In addition, the operating partnership must indemnify us (and our officers, directors, employees and designees) to the extent permitted by applicable law from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the operating partnership, unless our charter prohibits us from indemnifying the indemnified party for a matter, in which case the operating partnership will likewise be prohibited from indemnifying the indemnified party for the matter or it is established that:

- the act or omission was material to the matter giving rise to the proceeding and was either committed in bad faith, was fraudulent or was the result of active and deliberate dishonesty;
- the indemnified party actually received an improper personal benefit in money, property or services; or
- in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

LEGAL PROCEEDINGS

As of the date of this prospectus, we are not involved in any material litigation.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material United States federal income tax considerations relating to our qualification and taxation as a REIT and the acquisition, holding, and disposition of our shares. For purposes of this section, under the heading “United States Federal Income Tax Considerations,” references to “the company,” “we,” “our” and “us” mean only Corporate Property Associates 17 — Global Incorporated and not the operating partnership, except as otherwise indicated. This summary is based upon the Code, the Treasury Regulations, current administrative interpretations and practices of the IRS (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings) and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary. The summary is also based upon the assumption that the operation of the company, and of its subsidiaries and other lower-tier and affiliated entities, will be, in each case, in accordance with its applicable organizational documents or partnership agreement. This summary is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular stockholder in light of its investment or tax circumstances or to stockholders subject to special tax rules, such as:

- U.S. expatriates;
- persons who mark-to-market our shares;
- subchapter S corporations;
- U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- trusts and estates;
- persons who receive our shares through the exercise of employee share options or otherwise as compensation;
- persons holding our shares as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code;
- persons holding their shares through a partnership or similar pass-through entity;
- persons holding shares constituting 10% or more (by vote or value) of the ownership of the company; and, except to the extent discussed below:
- tax-exempt organizations; and
- non-U.S. stockholders (as defined below).

This summary assumes that stockholders will hold our shares as capital assets, which generally means as property held for investment.

THE U.S. FEDERAL INCOME TAX TREATMENT OF HOLDERS OF OUR SHARES DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW

FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES TO ANY PARTICULAR STOCKHOLDER OF HOLDING OUR SHARES WILL DEPEND ON THE STOCKHOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF OUR SHARES.

Taxation of the Company

We have elected to be taxed as a REIT under the Code, commencing with our taxable year ended December 31, 2007. We believe we have operated, and we intend to continue to operate, in a manner that allows us to continue to qualify for taxation as a REIT under the Code.

The law firm of Venable LLP has acted as our tax counsel in connection with this offering. We have received the opinion of Venable LLP to the effect that, commencing with our taxable year ended December 31, 2007, we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code, and our method of operation will continue to enable us to meet the requirements for qualification and taxation as a REIT under the Code. A copy of the opinion of Venable LLP has been filed as an exhibit to the registration statement of which this prospectus is a part. It must be emphasized that the opinion of Venable LLP is based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, all actions described in this prospectus are completed in a timely fashion and that we will at all times operate in accordance with the method of operation described in our organizational documents and this prospectus. In addition, to the extent we make certain investments, such as investments in preferred equity securities of REITS, or whole loan mortgage or CMBS securitizations, the accuracy of such opinion will also depend on the accuracy of certain opinions rendered to us in connection with such transactions. While we believe that we are organized and intend to operate so that we will continue to qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances or applicable law, no assurance can be given by Venable LLP or us that we will so qualify for any particular year. Venable LLP will have no obligation to advise us or the holders of our shares of any subsequent change in the matters stated, represented or assumed or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual results of operations, distribution levels and diversity of share ownership, various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by Venable LLP. In addition, our qualification as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest, which could include entities that have made elections to be taxed as REITs, the qualification of which will not be reviewed by Venable LLP. Our qualification as a REIT also requires that we satisfy certain asset and income tests, some of which depend upon the fair market values of assets directly or indirectly owned by us or which serve as security for loans made by us. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy the requirements for qualification and taxation as a REIT.

Taxation of REITs in General

As indicated above, qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below, under “— Requirements for Qualification — General.”

While we intend to operate so that we continue to qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification as a REIT or that we will be able to operate in accordance with the REIT requirements in the future. See “— Failure to Qualify.”

As a REIT, we generally will be entitled to a deduction for dividends that we pay and, therefore, will not be subject to U.S. federal corporate income tax on our net income that is currently distributed to our stockholders. This treatment substantially eliminates the “double taxation” at the corporate and stockholder levels that generally results from investment in a corporation. Rather, income generated by a REIT generally is taxed only at the stockholder level, upon a distribution of dividends by the REIT. See “— Taxation of Taxable U.S. Stockholders — Distributions.”

Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the stockholders of a REIT, subject to special rules for certain items, such as capital gains, recognized by REITs. See “— Taxation of Taxable U.S. Stockholders.”

As a REIT, we are nonetheless subject to U.S. federal income tax in the following circumstances:

- We will be taxed at regular U.S. federal corporate income tax rates on any undistributed income, including undistributed net capital gains.
- We may be subject to the “alternative minimum tax” on our items of tax preference, if any.
- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See “— Prohibited Transactions,” and “— Foreclosure Property,” below.
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as “foreclosure property,” we may thereby (a) avoid the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) treat income and gain from such property as qualifying income for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).
- If we fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on an amount equal to (a) the greater of (1) the amount by which we fail the 75% gross income test or (2) the amount by which we fail the 95% gross income test, as the case may be, multiplied by (b) a fraction intended to reflect our profitability.
- If we fail to satisfy any of the REIT asset tests, as described below, by larger than a *de minimis* amount, but our failure is due to reasonable cause and not willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of \$50,000 or the highest corporate tax rate (currently 35%) of the net income generated by the nonqualifying assets during the period in which we failed to satisfy the asset tests.
- If we fail to satisfy any provision of the Code that would result in our failure to continue to qualify as a REIT (other than a gross income or asset test requirement) and the violation is due to reasonable cause and not willful neglect, we may retain our REIT qualification but we will be required to pay a penalty of \$50,000 for each such failure.
- If we fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year and (c) any undistributed taxable income from prior periods, or the “required distribution,” we will be subject to a 4% excise tax on the excess of the required distribution over the sum of (1) the amounts actually distributed (taking into account excess distributions from prior years), plus (2) retained amounts on which income tax is paid at the corporate level.

- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders, as described below in “— Requirements for Qualification — General.”
- A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between us and our TRSs (as defined below), if any, if and to the extent that the IRS successfully adjusts the reported amounts of these items.
- If we acquire appreciated assets from a corporation that is not a REIT in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the non-REIT corporation, we will be subject to tax on such appreciation (determined as of the date of our acquisition of such assets) at the highest corporate income tax rate then applicable to the extent that we subsequently recognize gain on a disposition of any such assets during the 10-year period following their acquisition from the non-REIT corporation. The results described in this paragraph assume that the non-REIT corporation will not elect, in lieu of this treatment, to be subject to an immediate tax when the asset is acquired by us. For tax year 2011, the 10-year period described above was reduced to 5 years. Without further legislative action, the 10-year period will apply once again for 2012 and future years. Congress, however, may propose a reduced time period before the end of 2012.
- We will generally be subject to tax on the portion of any excess inclusion income derived from direct or indirect ownership of residual interests in real estate mortgage investment conduits, or REMICs, to the extent our shares are held by specified tax-exempt organizations not subject to tax on unrelated business taxable income. Similar rules apply if we own an equity interest in a taxable mortgage pool. To the extent that we own a REMIC residual interest or a taxable mortgage pool through a TRS, we will not be subject to this tax. For a discussion of “excess inclusion income,” see “— Effect of Subsidiary Entities” and “— Excess Inclusion Income.”
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income and would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the stockholder’s basis in our shares.
- We may have subsidiaries or own interests in other lower-tier entities that are subchapter C corporations (including TRSs), the earnings of which would be subject to U.S. federal corporate income tax.

In addition, we and our subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including payroll taxes and state, local, and foreign income, franchise, property and other taxes on assets and operations. As further described below, any TRS in which we own an interest will be subject to U.S. federal income tax on its taxable income. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification — General

The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- (3) that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs;
- (4) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

- (5) the beneficial ownership of which is held by 100 or more persons;
- (6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding shares is owned, directly or indirectly, by five or fewer “individuals” (as defined in the Code to include specified entities);
- (7) which meets other tests described below, including with respect to the nature of its income and assets and the amount of its distributions; and
- (8) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year that has not been terminated or revoked.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) do not need to be satisfied for the first taxable year for which an election to become a REIT has been made. Our organizational documents provide restrictions regarding the ownership and transfer of its shares, which are intended to assist in satisfying the share ownership requirements described in conditions (5) and (6) above. For purposes of condition (6), an “individual” generally includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit sharing trust.

To monitor compliance with the share ownership requirements, we are generally required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our shares, in which the record holders are to disclose the actual owners of the shares (i.e., the persons required to include in gross income the dividends paid by us). A list of those persons failing or refusing to comply with this demand must be maintained as part of our records. Failure by us to comply with these record-keeping requirements could subject us to monetary penalties. If we satisfy these requirements and after exercising reasonable diligence would not have known that condition (6) is not satisfied, we will be deemed to have satisfied such condition. A stockholder that fails or refuses to comply with the demand is required by Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of the shares and other information.

In addition, a real estate investment trust generally may not elect to become a REIT unless its taxable year is the calendar year. We satisfy this requirement.

Effect of Subsidiary Entities

Ownership of Partnership Interests. In the case of a REIT that is a partner in a partnership, Treasury Regulations provide that the REIT is deemed to own its proportionate share of the partnership’s assets and to earn its proportionate share of the partnership’s gross income based on its pro rata share of capital interest in the partnership for purposes of the asset and gross income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test, described below, the determination of a REIT’s interest in partnership assets will be based on the REIT’s proportionate interest in any securities issued by the partnership, excluding, for these purposes, certain excluded securities as described in the Code. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of partnerships in which we own an equity interest (including our interest in our operating partnership) is treated as assets and items of income of our company for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership’s assets and operations may affect our ability to continue to qualify as a REIT, even though we may have no control or only limited influence over the partnership. A summary of certain rules governing the U.S. federal income taxation of partnerships and their partners is provided below in “— Federal Income Tax Aspects of Our Partnership.”

Disregarded Subsidiaries. If a REIT owns a corporate subsidiary that is a “qualified REIT subsidiary,” that subsidiary is disregarded for U.S. federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT itself, including for purposes of the gross income and asset tests applicable to REITs, as summarized below. A qualified REIT subsidiary is any entity otherwise treated as a corporation for U.S. federal income tax purposes, other than a TRS (as described below), that is wholly owned by a REIT, by other disregarded subsidiaries or by a combination of the two. Single member limited liability companies that are wholly owned by a REIT are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT gross income and asset tests. Disregarded subsidiaries, along with partnerships in which we hold an equity interest, are sometimes referred to herein as “pass-through subsidiaries.”

In the event that a disregarded subsidiary ceases to be wholly owned by us — for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of us — the subsidiary’s separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See “— Asset Tests” and “— Gross Income Tests.”

Taxable REIT Subsidiaries. A REIT, in general, may jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary corporation as a Taxable REIT Subsidiary, or a TRS. The separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, such an entity would generally be subject to corporate income tax on its earnings, which may reduce the cash flow generated by us and our subsidiaries in the aggregate and our ability to make distributions to our stockholders.

A REIT is not treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by the subsidiary is an asset in the hands of the REIT, and the REIT generally recognizes as income the dividends, if any, that it receives from the subsidiary. This treatment can affect the gross income and asset test calculations that apply to the REIT, as described below. Because a parent REIT does not include the assets and income of such subsidiary corporations in determining the parent’s compliance with the REIT requirements, such entities may be used by the parent REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries or render commercially unfeasible (for example, activities that give rise to certain categories of income such as nonqualifying hedging income or inventory sales). If dividends are paid to us by one or more of our TRSs, if any, then a portion of the dividends that we distribute to stockholders who are taxed at individual rates generally will be eligible for taxation at preferential qualified dividend income tax rates rather than at ordinary income rates. See “— Taxation of Taxable U.S. Stockholders — Distributions.”

Certain restrictions imposed on TRSs are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. First, a TRS may not deduct interest payments made in any year to an affiliated REIT to the extent that such payments exceed, generally, 50% of the TRS’s adjusted taxable income for that year (although the TRS may carry forward to, and deduct in, a succeeding year the disallowed interest amount if the 50% test is satisfied in that year). In addition, if amounts are paid to a REIT or deducted by a TRS due to transactions between a REIT, its tenants and/or a TRS, that exceed the amount that would be paid to or deducted by a party in an arm’s-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess. Rents we receive that include amounts for services furnished by one of our TRSs, if any, to any of our tenants will not be subject to the excise tax if such amounts qualify for the safe harbor provisions contained in the Code. Safe harbor provisions are provided where (1) amounts are excluded from the definition of

impermissible tenant service income as a result of satisfying the 1% de minimis exception; (2) a TRS renders a significant amount of similar services to unrelated parties and the charges for such services are substantially comparable; (3) rents paid to us by tenants that are not receiving services from the TRS are substantially comparable to the rents paid by our tenants leasing comparable space that are receiving such services from the TRS and the charge for the services is separately stated; or (4) the TRS's gross income from the service is not less than 150% of the TRS's direct cost of furnishing the service.

We may form one or more TRSs in the future. To the extent that any such TRSs pay any taxes, they will have less cash available for distribution to us. If dividends are paid by our TRSs to us, then the dividends we designate and pay to our stockholders who are individuals, up to the amount of dividends we receive from such entities, generally will be eligible to be taxed (through 2012) at the reduced 15% maximum U.S. federal rate applicable to qualified dividend income. See “— Taxation of Taxable U.S. Stockholders.”

Taxable Mortgage Pools

An entity, or a portion of an entity, is classified as a taxable mortgage pool under the Code if:

- substantially all of its assets consist of debt obligations or interests in debt obligations;
- more than 50% of those debt obligations are real estate mortgage loans or interests in real estate mortgage loans as of specified testing dates;
- the entity has issued debt obligations that have two or more maturities; and
- the payments required to be made by the entity on its debt obligations “bear a relationship” to the payments to be received by the entity on the debt obligations that it holds as assets.

Under Treasury Regulations, if less than 80% of the assets of an entity (or a portion of an entity) consist of debt obligations, these debt obligations are considered not to comprise “substantially all” of its assets, and therefore the entity would not be treated as a taxable mortgage pool.

To the extent we make significant expenditures with respect to senior mortgage loans, CMBS or RMBS securities, we may convey one or more pools of real estate mortgage loans to a trust, owned by a subsidiary REIT substantially owned by our operating partnership, which trust will issue several classes of mortgage-backed bonds having different maturities, and the cash flow on the real estate mortgage loans will be the sole source of payment of principal and interest on the several classes of mortgage-backed bonds. We may not make a REMIC election with respect to such securitization transactions, and, as a result, each such transaction would likely be a taxable mortgage pool.

A taxable mortgage pool generally is treated as a corporation for U.S. federal income tax purposes. However, special rules apply to a REIT, a portion of a REIT, or a qualified REIT subsidiary that is a taxable mortgage pool. If a REIT, including a subsidiary REIT formed by our operating partnership, owns directly, or indirectly through one or more qualified REIT subsidiaries or other entities that are disregarded as a separate entity for U.S. federal income tax purposes, 100% of the equity interests in the taxable mortgage pool, the taxable mortgage pool will be a qualified REIT subsidiary and, therefore, ignored as an entity separate from the REIT for U.S. federal income tax purposes and would not generally affect the tax qualification of the REIT. Rather, the consequences of the taxable mortgage pool classification would generally, except as described below, be limited to the REIT's stockholders. See “— Excess Inclusion Income.”

If such a subsidiary REIT of our operating partnership owns less than 100% of the ownership interests in a subsidiary that is a taxable mortgage pool, the foregoing rules would not apply. Rather, the subsidiary would be treated as a corporation for U.S. federal income tax purposes, and would be subject to corporate income tax. In addition, this characterization would alter the REIT income and asset test calculations of such a subsidiary REIT and could adversely affect such REIT's compliance with those requirements, which, in turn, could affect our compliance with the REIT requirements. We

do not expect that we, or any subsidiary REIT owned by our operating partnership, would form any subsidiary that would become a taxable mortgage pool, in which we own some, but less than all, of the ownership interests, and we intend to monitor the structure of any taxable mortgage pools in which we have an interest to ensure that they will not adversely affect our qualification as a REIT.

Gross Income Tests

In order to continue to qualify as a REIT, we annually must satisfy two gross income tests. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or property held primarily for sale to customers in the ordinary course of business, or “prohibited transactions,” must be derived from assets relating to real property or mortgages on real property, including “rents from real property,” dividends received from other REITs, interest income derived from mortgage loans secured by real property (including certain types of CMBS), and gains from the sale of real estate assets, as well as income from certain kinds of temporary assets. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions, must be derived from some combination of income that qualifies under the 75% income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

For purposes of the 75% and 95% gross income tests, a REIT is deemed to have earned a proportionate share of the income earned by any partnership, or any limited liability company treated as a partnership for U.S. federal income tax purposes, in which it owns an interest, which share is determined by reference to its capital interest in such entity, and is deemed to have earned the income earned by any qualified REIT subsidiary or disregarded subsidiary.

Interest Income. Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the obligation is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we had a binding commitment to acquire or originate the mortgage loan, the interest income will be apportioned between the real property and the other property, and our income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a “shared appreciation provision”), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests, *provided* that the property is not inventory or dealer property in the hands of the borrower or us.

To the extent that we derive interest income from a loan where all or a portion of the amount of interest payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales and not the net income or profits of any person. This limitation does not apply, however, to a mortgage loan where the borrower derives substantially all of its income from the property from the leasing of substantially all of its interest in the property to tenants, to the extent that the rental income derived by the borrower would qualify as rents from real property had it been earned directly by us.

Any amount includible in our gross income with respect to a regular or residual interest in a REMIC generally is treated as interest on an obligation secured by a mortgage on real property. If, however, less than 95% of the assets of a REMIC consists of real estate assets (determined as if we held such assets), we will be treated as receiving directly our proportionate share of the income of the REMIC for purposes of determining the amount which is treated as interest on an obligation secured by a mortgage on real property.

Among the assets we may hold are certain mezzanine loans secured by equity interests in a pass-through entity that directly or indirectly owns real property, rather than a direct mortgage on the real property. The IRS issued Revenue Procedure 2003-65, which provides a safe harbor pursuant to which a mezzanine loan, if it meets each of the requirements contained in the Revenue Procedure, will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from it will be treated as qualifying mortgage interest for purposes of the 75% gross income test (described above). Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. The mezzanine loans that we acquire may not meet all of the requirements for reliance on this safe harbor. Hence, there can be no assurance that the IRS will not challenge the qualification of such assets as real estate assets or the interest generated by these loans as qualifying income under the 75% gross income test (described above). To the extent we make corporate mezzanine loans, such loans will not qualify as real estate assets and interest income with respect to such loans will not be qualifying income for the 75% gross income test (described above).

We believe that the interest, original issue discount, and market discount income that we receive from our mortgage related securities generally will be qualifying income for purposes of both gross income tests. However, to the extent that we own non-REMIC collateralized mortgage obligations or other debt instruments secured by mortgage loans (rather than by real property) or secured by non-real estate assets, or debt securities that are not secured by mortgages on real property or interests in real property, the interest income received with respect to such securities generally will be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. In addition, the loan amount of a mortgage loan that we own may exceed the value of the real property securing the loan. In that case, income from the loan will be qualifying income for purposes of the 95% gross income test, but the interest attributable to the amount of the loan that exceeds the value of the real property securing the loan will not be qualifying income for purposes of the 75% gross income test.

Fee Income. We may receive various fees in connection with our operations. The fees will be qualifying income for purposes of both the 75% and 95% gross income tests if they are received in consideration for entering into an agreement to make a loan secured by real property and the fees are not determined by income and profits. Other fees are not qualifying income for purposes of either gross income test. Any fees earned by our TRS, if any, will not be included for purposes of the gross income tests.

Dividend Income. We may receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions will be classified as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. Any dividends received by us from a REIT will be qualifying income for purposes of both the 95% and 75% gross income tests. Certain income inclusions received with respect to our contemplated equity transactions with respect to collateralized debt obligations, or CDOs, may not represent qualifying income for purposes of either the 75% or 95% gross income tests.

Foreign Assets. To the extent that we hold or acquire foreign assets, such as CMBS denominated in foreign currencies, such assets may generate foreign currency gains and losses. For purposes of the REIT income requirements, foreign currency gains are divided into two categories: “real estate foreign exchange gain” and “passive foreign exchange gain.” Real estate foreign exchange gain is excluded from gross income for both the 75% gross income test and the 95% gross income test. Passive foreign exchange gain is excluded from gross income for the 95% gross income test, but is treated as non-qualifying income for the 75% gross income test.

Real estate foreign exchange gain consists primarily of foreign currency gain attributable to gain that would be qualifying income for purposes of satisfying the 75% gross income test. Passive foreign exchange gain consists primarily of foreign currency gain attributable to gain that would otherwise qualify under the 95% gross income test but not the 75% gross income test. Any foreign exchange gain that is not real estate foreign exchange gain or passive foreign exchange gain would be non-qualifying

income for both income tests, unless it is excluded under the hedging rules discussed below in “— Hedging Transactions.” No assurance can be given that any foreign currency gains recognized by us directly or through pass-through subsidiaries will not adversely affect our ability to continue to satisfy the REIT qualification requirements.

Hedging Transactions. We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury Regulations, any income from a hedging transaction we enter into in the normal course of our business primarily to (i) manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as specified in Treasury Regulations before the close of the day on which it was acquired, originated, or entered into, including gain from the sale or disposition of such a transaction, or (ii) primarily manage risk of currency fluctuations with respect to any item of income or gain that would qualify under the 75% gross income test or the 95% gross income test (or any property which generates such income or gain), provided the transaction is clearly identified as such before the close of the day on which it is acquired, originated, or entered into, will not constitute gross income for purposes of the 95% gross income test or the 75% gross income test. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT.

Rents from Real Property. To the extent that we acquire real property or interests therein, rents we receive will qualify as “rents from real property” in satisfying the gross income tests described above, only if several conditions are met, including the following. If rent is partly attributable to personal property leased in connection with real property (based on the relative fair market value of the properties involved), then the portion of the rent attributable to the fair market value of such personal property will not qualify as rents from real property unless it constitutes 15% or less of the total rent received under the lease. The determination of whether an item of personal property constitutes real or personal property under the REIT provisions of the Code is subject to both legal and factual considerations and is therefore subject to different interpretations.

In addition, in order for rents received by us to qualify as “rents from real property,” the rent must not be based in whole or in part on the income or profits of any person. However, an amount will not be excluded from rents from real property solely because it is based on a fixed percentage or percentages of sales or if it is based on the net income of a tenant which derives substantially all of its income with respect to such property from subleasing substantially all of such property, to the extent that the rents paid by the subtenants would qualify as rents from real property if earned directly by us. Moreover, for rents received to qualify as “rents from real property,” we generally must not operate or manage the property or furnish or render certain services to the tenants of such property, other than through an “independent contractor” who is adequately compensated and from which we derive no income, or through a TRS, as discussed below. We are permitted, however, to perform services that are “usually or customarily rendered” in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In addition, we may directly or indirectly provide non-customary services to tenants of our properties without disqualifying all of the rent from the property if the payment for such services does not exceed 1% of the total gross income from the property. In such a case, only the amounts for non-customary services are not treated as rents from real property and the provision of the services does not disqualify the related rent. Moreover, we are permitted to provide services to tenants or others through a TRS without disqualifying the rental income received from tenants for purposes of the REIT income tests.

Rental income will qualify as rents from real property only to the extent that we do not directly or constructively own, (1) in the case of any tenant which is a corporation, stock possessing 10% or more of the total combined voting power of all classes of stock entitled to vote, or 10% or more of the total value

of shares of all classes of stock of such tenant, or (2) in the case of any tenant which is not a corporation, an interest of 10% or more in the assets or net profits of such tenant. However, rental payments from a TRS will qualify as rents from real property even if we own more than 10% of the combined voting power of the TRS if at least 90% of the property is leased to unrelated tenants and the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space.

Failure to Satisfy the Gross Income Tests. We intend to monitor our sources of income, including any non-qualifying income received by us, so as to ensure our compliance with the gross income tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for the year if we are entitled to relief under applicable provisions of the Code. These relief provisions generally will be available if the failure of our company to meet these tests was due to reasonable cause and not due to willful neglect and, following the identification of such failure, we set forth a description of each item of our gross income that satisfies the gross income tests in a schedule for the taxable year filed in accordance with regulations prescribed by the Treasury. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances involving us, we will not continue to qualify as a REIT. As discussed above under “— Taxation of REITs in General,” even where these relief provisions apply, a tax would be imposed upon the profit attributable to the amount by which we fail to satisfy the particular gross income test.

Asset Tests

At the close of each calendar quarter, we must satisfy four tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of “real estate assets,” cash, cash items, U.S. government securities and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other REITs and certain kinds of CMBS and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

The second asset test is that the value of any one issuer’s securities owned by us may not exceed 5% of the value of our gross assets. Third, we may not own more than 10% of any one issuer’s outstanding securities, as measured by either voting power or value. Fourth, the aggregate value of all securities of TRSs held by us may not exceed 25% of the value of our gross assets.

The 5% and 10% asset tests do not apply to securities of TRSs and qualified REIT subsidiaries. The 10% value test does not apply to certain “straight debt” and other excluded securities, as described in the Code, including but not limited to any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, (a) a REIT’s interest as a partner in a partnership is not considered a security for purposes of applying the 10% value test; (b) any debt instrument issued by a partnership (other than straight debt or other excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership’s gross income is derived from sources that would qualify for the 75% REIT gross income test; and (c) any debt instrument issued by a partnership (other than straight debt or other excluded security) will not be considered a security issued by the partnership to the extent of the REIT’s interest as a partner in the partnership.

For purposes of the 10% value test, “straight debt” means a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into stock, (ii) the interest rate and interest payment dates are not contingent on profits, the borrower’s discretion, or similar factors other than certain contingencies relating to the timing and amount of principal and interest payments, as described in the Code and (iii) in the case of an issuer which is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our “controlled TRSs” as defined in the Code, hold any securities

of the corporate or partnership issuer which: (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer's outstanding securities (including, for the purposes of a partnership issuer, our interest as a partner in the partnership).

After initially meeting the asset tests at the close of any quarter, we will not lose our qualification as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy the asset tests because we acquire securities during a quarter, we can cure this failure by disposing of sufficient non-qualifying assets within 30 days after the close of that quarter. If we fail the 5% asset test, or the 10% vote or value asset tests at the end of any quarter and such failure is not cured within 30 days thereafter, we may dispose of sufficient assets (generally within six months after the last day of the quarter in which our identification of the failure to satisfy these asset tests occurred) to cure such a violation that does not exceed the lesser of 1% of our assets at the end of the relevant quarter or \$10 million. If we fail any of the other asset tests or our failure of the 5% and 10% asset tests is in excess of the de minimis amount described above, as long as such failure was due to reasonable cause and not willful neglect, we are permitted to avoid disqualification as a REIT, after the 30 day cure period, by taking steps including the disposition of sufficient assets to meet the asset test (generally within six months after the last day of the quarter in which our identification of the failure to satisfy the REIT asset test occurred) and paying a tax equal to the greater of \$50,000 or the highest corporate income tax rate (currently 35%) of the net income generated by the nonqualifying assets during the period in which we failed to satisfy the asset test.

We expect that the assets and mortgage related securities that we own generally will be qualifying assets for purposes of the 75% asset test. However, to the extent that we own non-REMIC collateralized mortgage obligations or other debt instruments secured by mortgage loans (rather than by real property) or secured by non-real estate assets, or debt securities issued by C corporations that are not secured by mortgages on real property, those securities may not be qualifying assets for purposes of the 75% asset test. We believe that our holdings of securities and other assets will be structured in a manner that will comply with the foregoing REIT asset requirements and intend to monitor compliance on an ongoing basis. However, values of some assets may not be susceptible to a precise determination and are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset tests. As an example, if we were to acquire equity securities of a REIT issuer that were determined by the IRS to represent debt securities of such issuer, such securities would also not qualify as real estate assets. Accordingly, there can be no assurance that the IRS will not contend that our interests in subsidiaries or in the securities of other issuers (including REIT issuers) cause a violation of the REIT asset tests.

Annual Distribution Requirements

In order to continue to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to:

- (a) the sum of:
 - 90% of our "REIT net taxable income" (computed without regard to our deduction for dividends paid and our net capital gains); and
 - 90% of the net income (after tax), if any, from foreclosure property (as described below); minus
- (b) the sum of specified items of non-cash income that exceeds a percentage of our income.

These distributions must be paid in the taxable year to which they relate or in the following taxable year if such distributions are declared in October, November or December of the taxable year, are payable to stockholders of record on a specified date in any such month and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by each stockholder on December 31 of the year in which they are declared. In addition, at our election,

a distribution for a taxable year may be declared before we timely file our tax return for the year and be paid with or before the first regular dividend payment after such declaration, provided that such payment is made during the 12-month period following the close of such taxable year. These distributions are taxable to our stockholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted towards our distribution requirement and to provide a tax deduction to us, they must not be “preferential dividends.” A dividend is not a preferential dividend if it is *pro rata* among all outstanding shares within a particular class and is in accordance with the preferences among different classes of shares as set forth in the organizational documents.

To the extent that we distribute at least 90%, but less than 100%, of our “REIT net taxable income,” as adjusted, we will be subject to tax at ordinary U.S. federal corporate income tax rates on the retained portion. In addition, we may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we could elect to have our stockholders include their proportionate share of such undistributed long-term capital gains in income and receive a corresponding credit for their proportionate share of the tax paid by us. Our stockholders would then increase the adjusted basis of their shares in us by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their proportionate shares.

If we fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year and (c) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior periods) and (y) the amounts of income retained on which we have paid corporate income tax. We intend to make timely distributions so that we are not subject to the 4% excise tax.

It is possible that we, from time to time, may not have sufficient cash to meet the distribution requirements due to timing differences between (a) the actual receipt of cash, including receipt of distributions from our subsidiaries and (b) the inclusion of items in income by us for U.S. federal income tax purposes, including the inclusion of items of income from CDO entities in which we hold an equity interest. For example, we may acquire or originate debt instruments or notes whose face value may exceed its issue price as determined for U.S. federal income tax purposes (such excess, “original issue discount” or “OID”), such that we will be required to include in our income a portion of the OID each year that the instrument is held before we receive any corresponding cash. In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable in-kind distributions of property.

We may be able to rectify a failure to meet the distribution requirements for a year by paying “deficiency dividends” to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this case, we may be able to avoid losing our qualification as a REIT or being taxed on amounts distributed as deficiency dividends. However, we will be required to pay interest and possibly a penalty based on the amount of any deduction taken for deficiency dividends.

Excess Inclusion Income

If we, including a subsidiary REIT owned by our operating partnership, acquire a residual interest in a REMIC, we may realize excess inclusion income. If we are deemed to have issued debt obligations having two or more maturities, the payments on which correspond to payments on mortgage loans owned by us, such arrangement will be treated as a taxable mortgage pool for U.S. federal income tax purposes. See “— Taxable Mortgage Pools.” If all or a portion of our company is treated as a taxable mortgage pool, our qualification as a REIT generally should not be impaired. However, to the extent

that all or a portion of our company is treated as a taxable mortgage pool, or we include assets in our portfolio or enter into financing and securitization transactions that result in our being considered to own an interest in one or more taxable mortgage pools, a portion of our REIT taxable income may be characterized as excess inclusion income and allocated to our stockholders, generally in a manner set forth under the applicable Treasury Regulations. The Treasury Department has issued guidance on the tax treatment of stockholders of a REIT that owns an interest in a taxable mortgage pool. Excess inclusion income is an amount, with respect to any calendar quarter, equal to the excess, if any, of (i) taxable income allocable to the holder of a residual interest in a REMIC during such calendar quarter over (ii) the sum of amounts allocated to each day in the calendar quarter equal to its ratable portion of the product of (a) the adjusted issue price of the interest at the beginning of the quarter multiplied by (b) 120% of the long term U.S. federal rate (determined on the basis of compounding at the close of each calendar quarter and properly adjusted for the length of such quarter). Our excess inclusion income would be allocated among our stockholders that hold our shares in record name in proportion to dividends paid to such stockholders. A stockholder's share of any excess inclusion income:

- could not be offset by net operating losses of a stockholder;
- would be subject to tax as unrelated business taxable income to a tax-exempt holder;
- would be subject to the application of the U.S. federal income tax withholding (without reduction pursuant to any otherwise applicable income tax treaty) with respect to amounts allocable to non-U.S. stockholders;
- would be taxable (at the highest corporate tax rates) to us, rather than our stockholders, to the extent allocable to our shares held in record name by disqualified organizations (generally, tax-exempt entities not subject to unrelated business income tax, including charitable remainder trusts and governmental organizations). Nominees or other broker/dealers who hold our shares on behalf of disqualified organizations also will be subject to this tax on the portion of our excess inclusion income allocable to our shares held on behalf of disqualified organizations; and
- in the case of a stockholder that is a REIT, regulated investment company ("RIC") or common trust fund, or other pass through entity would be considered excess inclusion income of such entity and such entity will be subject to tax at the highest corporate tax rate on any excess inclusion income allocated to their owners that are disqualified organizations.

No detailed guidance has been provided with respect to the manner in which excess inclusion income would be allocated among different classes of shares, but generally such income must be allocated in proportion to the distributions made to stockholders. Tax-exempt investors, foreign investors, taxpayers with net operating losses, RICs and REITs should carefully consider the tax consequences described above and should consult their tax advisors with respect to excess inclusion income.

Prohibited Transactions

Net income we derive from a prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property (other than foreclosure property) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, by a lower-tier partnership in which the REIT holds an equity interest or by a borrower that has issued a shared appreciation mortgage or similar debt instrument to the REIT. We intend to conduct our operations so that no asset owned by us or our subsidiaries, other than a TRS, will be held as inventory or primarily for sale to customers in the ordinary course of business, and that a sale of any assets owned by us directly or through a pass-through subsidiary will not be in the ordinary course of business. However, whether property is held as inventory or "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any particular asset in which we hold a direct or indirect interest will not be treated as inventory or property held primarily for sale to customers or that certain safe-harbor

provisions of the Code that prevent such treatment will apply. The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular U.S. federal income tax rates.

Foreclosure Property

Foreclosure property is real property and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid on the property at foreclosure or having otherwise reduced the property to ownership or possession by agreement or process of law after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT. We do not anticipate that we will receive any income from foreclosure property that is not qualifying income for purposes of the 75% gross income test, but, if we do receive any such income, we intend to elect to treat the related property as foreclosure property.

Failure to Qualify

In the event that we violate a provision of the Code that would result in our failure to continue to qualify as a REIT, we may nevertheless continue to qualify as a REIT under specified relief provisions that will be available to us to avoid such disqualification if (1) the violation is due to reasonable cause, (2) we pay a penalty of \$50,000 for each failure to satisfy a requirement for qualification as a REIT and (3) the violation does not include a violation under the gross income or asset tests described above (for which other specified relief provisions are available). This cure provision reduces the instances that could lead to our disqualification as a REIT for violations due to reasonable cause. If we fail to qualify for taxation as a REIT in any taxable year and none of the relief provisions of the Code apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to our stockholders in any year in which we are not a REIT will not be deductible by us, nor will they be required to be made. In this situation, to the extent of current and accumulated earnings and profits, and, subject to limitations of the Code, distributions to our stockholders will generally be taxable in the case of our stockholders who are individual U.S. stockholders (as defined below), at a maximum rate of 15% (through 2012), and dividends in the hands of our corporate U.S. stockholders may be eligible for the dividends received deduction, in each case, provided applicable requirements of the Code are satisfied. Unless we are entitled to relief under the specific statutory provisions, we will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following a year during which qualification was lost. It is not possible to state whether, in all circumstances, we will be entitled to statutory relief.

Federal Income Tax Aspects of Our Partnership

General

We intend to hold assets through entities that are classified as partnerships for U.S. federal income tax purposes, including our interest in our operating partnership and the equity interests in lower-tier partnerships. In general, partnerships are “pass-through” entities that are not subject to U.S. federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are subject to tax on these items without regard to whether the partners receive a distribution from the partnership. We will include in our income our proportionate share of these partnership items for purposes of the various REIT income

tests, based on our capital interest in such partnership, and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by subsidiary partnerships, based on our capital interest in such partnerships (other than for purposes of the 10% value test, for which the determination of our interest in partnership assets will be based on our proportionate interest in any securities issued by the partnership excluding, for these purposes, certain excluded securities as described in the Code). Consequently, to the extent that we hold an equity interest in a partnership, the partnership's assets and operations may affect our ability to continue to qualify as a REIT, even though we may have no control, or only limited influence, over the partnership.

Classification as a Partnership

The ownership by us of equity interests in partnerships involves special tax considerations, including the possibility of a challenge by the IRS of the status of any of our subsidiary partnerships as a partnership, as opposed to an association taxable as a corporation, for U.S. federal income tax purposes. If any of these entities were treated as an association for U.S. federal income tax purposes, it would be taxable as a corporation and, therefore, could be subject to an entity-level tax on its income. In such a situation, the character of our assets and items of our gross income would change and could preclude us from satisfying the REIT asset tests (particularly the tests generally preventing a REIT from owning more than 10% of the voting securities, or more than 10% of the value of the securities, of a corporation) or the gross income tests as discussed in “— Asset Tests” and “— Gross Income Tests” above, and in turn could prevent us from continuing to qualify as a REIT. See “— Failure to Qualify,” above, for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, any change in the status of any of our subsidiary partnerships for tax purposes might be treated as a taxable event, in which case we could have taxable income that is subject to the REIT distribution requirements without receiving any cash.

Tax Allocations with Respect to Partnership Properties

The partnership agreement of our operating partnership generally provides that items of operating income and loss will be allocated to the holders of units in proportion to the relative percentage interests held by each holder. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership's allocations of income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder. Under the Code and the Treasury Regulations, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property and the adjusted tax basis of such property at the time of the contribution (a “book-tax difference”). Such allocations are solely for U.S. federal income tax purposes and do not affect partnership capital accounts or other economic or legal arrangements among the partners.

To the extent that any of our subsidiary partnerships acquires appreciated (or depreciated) properties by way of capital contributions from its partners, allocations would need to be made in a manner consistent with these requirements. In connection with the organization transactions, appreciated property will be acquired by our operating partnership as a result of actual or deemed contributions of such property to our operating partnership. As a result, partners, including us, in subsidiary partnerships, could be allocated greater or lesser amounts of depreciation and taxable

income in respect of a partnership's properties than would be the case if all of the partnership's assets (including any contributed assets) had a tax basis equal to their fair market values at the time of any contributions to that partnership. This could cause us to recognize, over a period of time, (1) lower amounts of depreciation deductions for tax purposes than if all of the contributed properties were to have a tax basis equal to their fair market value at the time of their contribution to the operating partnership and (2) taxable income in excess of economic or book income as a result of a sale of a property, which might adversely affect our ability to comply with the REIT distribution requirements and result in our stockholders recognizing additional dividend income without an increase in distributions.

Sale-Leaseback Transactions

Some of our investments will be in the form of sale-leaseback transactions. In most instances, depending on the economic terms of the transaction, we will be treated for federal income tax purposes as either the owner of the property or the holder of a debt secured by the property. We do not expect to request an opinion of counsel concerning the status of any leases of properties as true leases for federal income tax purposes. The IRS may take the position that specific sale-leaseback transactions we will treat as true leases are not true leases for federal income tax purposes but are, instead, financing arrangements or loans. In this event, for purposes of the asset tests and gross income tests, each such loan likely would be viewed as secured by real property to the extent of the fair market value of the underlying property. It is expected that, for this purpose, the fair market value of the underlying property would be determined without taking into account our lease. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the asset tests or the income tests and consequently lose our REIT status effective with the year of recharacterization. Alternatively, the amount of our REIT taxable income could be recalculated which could cause us to fail the annual distribution requirements.

Taxation of Taxable U.S. Stockholders

This section summarizes the taxation of U.S. stockholders that are not tax-exempt organizations. For these purposes, a U.S. stockholder is a beneficial owner of our shares that for U.S. federal income tax purposes is:

- a citizen or resident of the U.S.;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of a political subdivision thereof (including the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our shares should consult its tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our shares by the partnership.

Distributions. Provided that we continue to qualify as a REIT, distributions made to our taxable U.S. stockholders out of our current and accumulated earnings and profits, and not designated as capital gain dividends, will generally be taken into account by them as ordinary dividend income and will not be eligible for the dividends received deduction for corporations. Dividends received from REITs are generally not eligible to be taxed at the preferential qualified dividend income rates applicable to individual U.S. stockholders who receive dividends from taxable subchapter C corporations.

In addition, distributions from us that are designated as capital gain dividends will be taxed to U.S. stockholders as long-term capital gains, to the extent that they do not exceed the actual net capital gain of our company for the taxable year, without regard to the period for which the U.S. stockholder has held its shares. To the extent that we elect under the applicable provisions of the Code to retain our net capital gains, U.S. stockholders may be treated as having received, for U.S. federal income tax purposes, our undistributed capital gains as well as a corresponding credit for taxes paid by us on such retained capital gains. In such cases, U.S. stockholders will increase their adjusted tax basis in our shares by the difference between their allocable share of such retained capital gain and their share of the tax paid by us. Corporate U.S. stockholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Long-term capital gains are generally taxable at maximum U.S. federal rates of 15% (through 2012 under current law) in the case of U.S. stockholders who are individuals, and 35% for corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum U.S. federal income tax rate for individual U.S. stockholders who are individuals, to the extent of previously claimed depreciation deductions.

Distributions in excess of our current and accumulated earnings and profits will not be taxable to a U.S. stockholder to the extent that they do not exceed the adjusted tax basis of the U.S. stockholder's shares in respect of which the distributions were made, but rather will reduce the adjusted tax basis of those shares. To the extent that such distributions exceed the adjusted tax basis of an individual U.S. stockholder's shares, they will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any dividend declared by us in October, November or December of any year and payable to a U.S. stockholder of record on a specified date in any such month will be treated as both paid by us and received by the U.S. stockholder on December 31 of such year, *provided* that the dividend is actually paid by us before the end of January of the following calendar year.

With respect to U.S. stockholders who are taxed at the rates applicable to individuals, we may elect to designate a portion of our distributions paid to such U.S. stockholders as "qualified dividend income." A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. stockholders as capital gain, *provided* that the U.S. stockholder has held the shares with respect to which the distribution is made for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which such shares became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

- (a) the qualified dividend income received by us during such taxable year from non-REIT C corporations (including our TRS, if any, which is subject to U.S. federal income tax);
- (b) the excess of any "undistributed" REIT taxable income recognized during the immediately preceding year over the U.S. federal income tax paid by us with respect to such undistributed REIT taxable income; and
- (c) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT C corporation over the U.S. federal income tax paid by us with respect to such built-in gain.

Generally, dividends that we receive will be treated as qualified dividend income for purposes of (a) above if the dividends are received from a domestic C corporation (other than a REIT or a regulated investment company), such as our TRS, if any, which is subject to U.S. federal income tax, or a "qualifying foreign corporation" and specified holding period requirements and other requirements are met. We expect that any foreign corporate CDO entity for which we would make expenditures would not be a "qualifying foreign corporation," and accordingly our distribution of any income with respect to such entities will not constitute "qualifying dividend income."

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that must be made in order to

comply with the REIT distribution requirements. See “— Taxation of the Company” and “— Annual Distribution Requirements.” Such losses, however, are not passed through to U.S. stockholders and do not offset income of U.S. stockholders from other sources, nor do they affect the character of any distributions that are actually made by us, which are generally subject to tax in the hands of U.S. stockholders to the extent that we have current or accumulated earnings and profits.

Dispositions of Our Shares

There is no current, and there may never be, a public market for our shares. Therefore, it will be difficult for stockholders to sell shares quickly. In general, a U.S. stockholder will realize gain or loss upon the sale, redemption or other taxable disposition of our shares in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder's adjusted tax basis in the shares at the time of the disposition. In general, a U.S. stockholder's adjusted tax basis will equal the U.S. stockholder's acquisition cost, increased by the excess of net capital gains deemed distributed to the U.S. stockholder (discussed above) less tax deemed paid on such gain and reduced by returns of capital. In general, under current law capital gains recognized by individuals and other non-corporate U.S. stockholders upon the sale or disposition of shares will be subject to a maximum U.S. federal income tax rate of 15% for taxable years through 2012, if our shares are held for more than 12 months, and will be taxed at ordinary income rates (of up to 35% through 2012) if our shares are held for 12 months or less. Gains recognized by U.S. stockholders that are corporations are subject to U.S. federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains. The IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for non-corporate holders) to a portion of the capital gain realized by a non-corporate holder on the sale of REIT shares that would correspond to the REIT's “unrecaptured Section 1250 gain.” Holders are urged to consult their tax advisors with respect to the taxation of capital gain income. Capital losses recognized by a U.S. stockholder upon the disposition of our shares held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the U.S. stockholder but not ordinary income (except in the case of individuals, who may offset up to \$3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares by a U.S. stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from us that were required to be treated by the U.S. stockholder as long-term capital gain.

Passive Activity Losses and Investment Interest Limitations

Distributions made by us and gain arising from the sale or exchange by a U.S. stockholder of our shares will not be treated as passive activity income. As a result, U.S. stockholders will not be able to apply any “passive losses” against income or gain relating to our shares. Distributions made by us, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. stockholder that elects to treat capital gain dividends, capital gains from the disposition of shares or qualified dividend income as investment income for purposes of the investment interest limitation will be taxed at ordinary income rates on such amounts.

Health Care Legislation

On March 30, 2010, President Obama signed into law the Health Care and Education Reconciliation Act of 2010, or the Reconciliation Act. The Reconciliation Act will require certain U.S. stockholders who are individuals, estates or trusts to pay a 3.8% Medicare tax on, among other things, dividends on and capital gains from the sale or other disposition of stock, subject to certain exceptions. This additional tax will apply broadly to essentially all dividends and all gains from dispositions of stock, including dividends from REITs and gains from disposition of REIT shares. As enacted, the tax

will apply for taxable years beginning after December 31, 2012. You should consult your tax advisor regarding the effect, if any, of the Reconciliation Act on taxable income arising from ownership and disposition of our shares.

Taxation of Tax-Exempt U.S. Stockholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, which we refer to in this prospectus as UBTI. While ownership of many real estate assets may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and *provided that* (1) a tax-exempt U.S. stockholder has not held our shares as “debt-financed property” within the meaning of the Code (i.e., where the acquisition or holding of the shares is financed through a borrowing by the tax-exempt stockholder), (2) our shares are not otherwise used in an unrelated trade or business, and (3) we do not hold an asset that gives rise to “excess inclusion income” (see “— Taxable Mortgage Pools” and “— Excess Inclusion Income”), distributions from us and income from the sale of our shares generally should not be treated as UBTI to a tax-exempt U.S. stockholder. As previously noted, we may engage in transactions that would result in a portion of our dividend income being considered “excess inclusion income,” and accordingly, a portion of our dividends received by a tax-exempt stockholder may be treated as UBTI.

Tax-exempt U.S. stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI.

In certain circumstances, a pension trust (1) that is described in Section 401(a) of the Code, (2) is tax exempt under Section 501(a) of the Code, and (3) that owns more than 10% of our shares could be required to treat a percentage of the dividends from us as UBTI if we are a “pension-held REIT.” We will not be a pension-held REIT unless (1) either (A) one pension trust owns more than 25% of the value of our shares, or (B) a group of pension trusts, each individually holding more than 10% of the value of our shares, collectively owns more than 50% of the value of our shares; and (2) we would not have satisfied the ownership tests described above in “— Requirements for Qualification — General” but for the fact that Section 856(h)(3) of the Code provides that shares owned by such trusts shall be treated, as owned by the beneficiaries of such trusts. Certain restrictions on ownership and transfer of our shares should generally prevent a tax-exempt entity from owning more than 10% of the value of our shares, or us from becoming a pension-held REIT.

Tax-exempt U.S. stockholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign tax consequences of owning our shares.

Taxation of Non-U.S. Stockholders

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock applicable to non-U.S. stockholders of our common stock. For purposes of this summary, a non-U.S. stockholder is a beneficial owner of our common stock that is not a U.S. stockholder. The discussion is based on current law and is for general information only. It addresses only selective aspects of U.S. federal income taxation.

Ordinary Dividends. The portion of dividends received by non-U.S. stockholders payable out of our earnings and profits that are not attributable to gains from sales or exchanges of U.S. real property interests and which are not effectively connected with a U.S. trade or business of the non-U.S. stockholder will generally be subject to U.S. federal withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, however, lower rates

generally applicable to dividends do not apply to dividends from REITs. In addition, any portion of the dividends paid to non-U.S. stockholders that are treated as excess inclusion income will not be eligible for exemption from the 30% withholding tax or a reduced treaty rate. As previously noted, we may engage in transactions that result in a portion of our dividends being considered excess inclusion income, and accordingly, a portion of our dividend income may not be eligible for exemption from the 30% withholding rate or a reduced treaty rate.

In general, non-U.S. stockholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our shares. In cases where the dividend income from a non-U.S. stockholder's investment in our shares is, or is treated as, effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to U.S. federal income tax at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax on the income after the application of the income tax in the case of a non-U.S. stockholder that is a corporation.

Non-Dividend Distributions. Unless (A) our shares constitute a U.S. real property interest, or USRPI, or (B) either (1) the non-U.S. stockholder's investment in our shares is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain) or (2) the non-U.S. stockholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S. (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual's net capital gain for the year), distributions by us which are not dividends out of our earnings and profits generally will not be subject to U.S. federal income tax. If it cannot be determined at the time at which a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the non-U.S. stockholder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our shares constitute a USRPI, as described below, distributions by us in excess of the sum of our earnings and profits plus the non-U.S. stockholder's adjusted tax basis in our shares will be taxed under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, at the rate of tax, including any applicable capital gains rates, that would apply to a U.S. stockholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distribution exceeds the stockholder's share of our earnings and profits.

Capital Gain Dividends. Under FIRPTA, a distribution made by us to a non-U.S. stockholder, to the extent attributable to gains from dispositions of USRPIs held by us directly or through pass-through subsidiaries ("USRPI capital gains"), will be considered effectively connected with a U.S. trade or business of the non-U.S. stockholder and will be subject to U.S. federal income tax at the rates applicable to U.S. stockholders, without regard to whether the distribution is designated as a capital gain dividend. In addition, we will be required to withhold tax equal to 35% of the amount of capital gain dividends to the extent the dividends constitute USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax (applied to the net amount after the 35% tax rate is applied) in the hands of a non-U.S. holder that is a corporation. However, the 35% withholding tax will not apply to any capital gain dividend with respect to any class of our shares which is regularly traded on an established securities market located in the U.S. if the non-U.S. stockholder did not own more than 5% of such class of shares at any time during the taxable year. Instead, such capital gain dividend will be treated as a distribution subject to the rules discussed above under "— Taxation of Non-U.S. Stockholders — Ordinary Dividends." Also, the branch profits tax will not apply to such a distribution. A distribution is not a USRPI capital gain if we held the underlying asset solely as a creditor, although the holding of a shared appreciation mortgage loan would not be solely as a creditor. Capital gain dividends received by a non-U.S. stockholder from a REIT that are not USRPI capital

gains are generally not subject to U.S. federal income or withholding tax, unless either (1) the non-U.S. stockholder's investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain) or (2) the non-U.S. stockholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S. (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual's net capital gain for the year).

Dispositions of Our Shares. Unless our shares constitute a USRPI, a sale of the shares by a non-U.S. stockholder generally will not be subject to U.S. federal income taxation under FIRPTA. The shares will not be treated as a USRPI if less than 50% of our business assets throughout a prescribed testing period consist of interests in real property located within the U.S., excluding, for this purpose, interests in real property solely in a capacity as a creditor.

Even if our shares would be a USRPI under the foregoing test, our shares will not constitute a USRPI if we are a "domestically controlled REIT." A domestically controlled REIT is a REIT in which, at all times during a specified testing period, less than 50% in value of its outstanding shares is held directly or indirectly by non-U.S. stockholders. We believe we will be a domestically controlled REIT and, therefore, the sale of our common stock should not be subject to taxation under FIRPTA. However, we cannot assure our investors that we will become or remain a domestically controlled REIT. Even if we do not qualify as a domestically controlled REIT, a non-U.S. stockholder's sale of our shares nonetheless will generally not be subject to tax under FIRPTA as a sale of a USRPI, *provided that* (a) our shares owned are of a class that is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and (b) the selling non-U.S. stockholder owned, actually or constructively, 5% or less of our shares of that class at all times during a specified testing period.

If gain on the sale of our shares were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to the same treatment as a U.S. stockholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the shares could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of our shares that would not otherwise be subject to FIRPTA will nonetheless be taxable in the U.S. to a non-U.S. stockholder in two cases: (a) if the non-U.S. stockholder's investment in our shares is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder, the non-U.S. stockholder will be subject to the same treatment as a U.S. stockholder with respect to such gain, or (b) if the non-U.S. stockholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S., the nonresident alien individual will be subject to a 30% tax on the individual's capital gain.

Backup Withholding and Information Reporting

We will report to our U.S. stockholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a U.S. stockholder may be subject to backup withholding with respect to dividends paid unless the holder (i) is a corporation or comes within other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number or social security number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A U.S. stockholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distributions to any U.S. stockholder who fails to certify its non-foreign status.

We must report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. stockholder resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our shares within the U.S. is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. stockholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our shares conducted through certain U.S. related financial intermediaries is subject to information reporting (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

On October 18, 2010, the Treasury Department published final regulations that require us to report the cost basis and gain or loss to a shareholder upon the sale or liquidation of "covered shares." For purposes of the final regulations, all shares acquired by non-tax exempt shareholders on or after January 1, 2011 will be considered "covered shares" and will be subject to the new reporting requirement. In addition, beginning on January 1, 2012, all shares acquired by non-tax exempt shareholders through our distribution reinvestment plan will also be considered "covered shares."

Upon the sale or liquidation of "covered shares," a broker must report both the cost basis of the shares and the gain or loss recognized on the sale of those shares to the shareholder and to the IRS on Form 1099-B. In addition, effective January 1, 2011, S corporations will no longer be exempt from Form 1099-B reporting and shares purchased by an S corporation on or after January 1, 2012 will be "covered shares" under the final regulations. If we take an organizational action such as a stock split, merger, or acquisition that affects the cost basis of "covered shares," we will report to each shareholder and to the IRS a description of any such action and the quantitative effect of that action on the cost basis on an information return.

We have elected the first in, first out method as the default for calculating the cost basis and gain or loss upon the sale or liquidation of "covered shares." Effective January 1, 2011, a non-tax exempt shareholder may elect a different method of computation until the settlement date of the sold or liquidated shares by notifying us in writing and following our procedures for notification. We suggest that you consult with your tax advisor to determine the appropriate method of accounting for your investment.

State, Local and Foreign Taxes

Our company and our subsidiaries and stockholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which it or they transact business, own property or reside. We may own interests in properties located in a number of jurisdictions, and may be required to file tax returns in certain of those jurisdictions. The state, local or foreign tax treatment of our company and our stockholders may not conform to the U.S. federal income tax treatment discussed above. Any foreign taxes incurred by us would not pass through to stockholders as a credit against their U.S. federal income tax liability. Prospective stockholders should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our shares.

Other Tax Considerations

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, U.S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the federal tax laws and interpretations of federal tax laws could adversely affect an investment in our shares.

Future Changes in Tax Rates

Without Congressional action, the tax rates for individuals recognizing long-term capital gains and qualified dividends will increase in 2013 from 15% to 20%, in the case of long-term capital gains, and from 15% to 39.6%, in the case of qualified dividends. At this time, we have no way of knowing if there will be Congressional action to prevent these rate increases. We encourage you to consult your tax advisor about the impact of these potential rate increases on your investments.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with an investment in us by a pension, profit-sharing, IRA or other employee benefit plan subject to ERISA or Section 4975 of the Code. This summary is based on provisions of ERISA and the Code, as amended through the date of this prospectus, and relevant regulations and opinions issued by the Department of Labor. No assurance can be given that legislative or administrative changes or court decisions may not be forthcoming that would significantly modify the statements expressed herein. Any changes may or may not apply to transactions entered into prior to the date of their enactment.

In considering using the assets of an employee benefit plan subject to ERISA to purchase shares, such as a profit-sharing, 401(k), or pension plan, or of any other retirement plan or account subject to Section 4975 of the Code such as an IRA or Keogh Plan (collectively, “Benefit Plans”), a fiduciary, taking into account the facts and circumstances of such Benefit Plan, should consider, among other matters,

- whether the investment is consistent with the applicable provisions of ERISA and the Code,
- whether the investment will produce UBTI to the Benefit Plan (see “United States Federal Income Tax Considerations-Taxation of Tax-Exempt U.S. Stockholders”), and
- the need to value the assets of the Benefit Plan annually.

Under ERISA, a plan fiduciary’s responsibilities include the duty:

- to act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;
- to invest plan assets prudently;
- to diversify the investments of the plan unless it is clearly prudent not to do so; and
- to comply with plan documents insofar as they are consistent with ERISA.

ERISA also requires that the assets of an employee benefit plan be held in trust and that the trustee (or a duly authorized named fiduciary or investment manager) have exclusive authority and discretion to manage and control the assets of the plan.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit specified transactions involving assets of a Benefit Plan and any “party in interest” or “disqualified person” with respect to that Benefit Plan. These transactions are prohibited regardless of how beneficial they may be for the Benefit Plan. The prohibited transactions include the sale, exchange or leasing of property, the lending of money or the extension of credit between a Benefit Plan and a party in interest or disqualified person, and the transfer to, or use by or for the benefit of, a party in interest, or disqualified person, of any assets of a Benefit Plan. A fiduciary of a Benefit Plan also is prohibited from engaging in self-dealing, acting for a person who has an interest adverse to the plan (other than in the case of most IRAs and some Keogh Plans), or receiving any consideration for its own account from a party dealing with the plan in a transaction involving plan assets.

Furthermore, Section 408 of the Code states that assets of an IRA trust may not be commingled with other property except in a common trust fund or common investment fund.

Plan Assets

While neither ERISA nor the Code defines the term “plan assets,” a Department of Labor regulation describes what constitutes the assets of a Benefit Plan when it invests in specific kinds of entities (29 C.F.R. Section 2510.3-101, as modified by ERISA, the “Regulation”). Under the Regulation, an entity in which a Benefit Plan makes an equity investment will be deemed to be “plan assets” of the Benefit Plan unless the entity satisfies at least one of the exceptions to this general rule.

The Regulation provides as one exception that the underlying assets of entities such as ours will not be treated as assets of a Benefit Plan if the interest the Benefit Plan acquires is a “publicly-offered security.” A publicly-offered security must be:

- “freely transferable,”
- part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another, and
- either part of a class of securities registered under the Exchange Act or sold as part of a public offering registered under the Securities Act and be part of a class of securities registered under the Exchange Act within 120 days (or such later time as may be allowed by the SEC) after the end of the fiscal year of the issuer during which the offering of such securities to the public occurred.

Whether a security is freely transferable depends upon the particular facts and circumstances. The shares will be subject to restrictions intended to ensure that we continue to qualify for U.S. federal income tax treatment as a REIT. According to the Regulation, where the minimum investment in a public offering of securities is \$10,000 or less, the presence of a restriction on transferability intended to prohibit transfers that would result in a termination or reclassification of the entity for state or federal tax purposes will not ordinarily affect a determination that such securities are freely transferable. The minimum investment in shares is less than \$10,000. Thus, we will proceed on the basis that the restrictions imposed to maintain our status as a REIT should not cause the shares to not be considered freely transferable for purposes of the Regulation.

We anticipate having over 100 stockholders following the completion of this offering. Thus, the second criterion of the publicly offered exception will be satisfied.

The shares are being sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act, and the shares are part of a class that was registered under the Exchange Act. Any shares purchased, therefore, should satisfy the third criterion of the publicly offered exemption.

We believe that the shares should constitute “publicly-offered securities,” and that our underlying assets should not be considered plan assets under the Regulation, assuming that our common stock is “freely transferable” and widely held (as contemplated above) and that the offering otherwise takes place as described in this prospectus.

In the event that our underlying assets were treated by the Department of Labor as “plan assets” of a Benefit Plan, our management could be treated as fiduciaries with respect to Benefit Plan stockholders, and the prohibited transaction restrictions of ERISA and the Code could apply to any transaction involving our management and assets (absent an applicable administrative or statutory exemption). These restrictions could, for example, require that we avoid transactions with entities that are affiliated with us or our affiliates or restructure our activities in order to obtain an exemption from the prohibited transaction restrictions. Alternatively, we might provide Benefit Plan stockholders with the opportunity to sell their shares to us or we might dissolve or terminate.

If our underlying assets were treated as assets of a Benefit Plan, the investment in us also might constitute an ineffective delegation of fiduciary responsibility to W. P. Carey and expose the fiduciary of the plan to co-fiduciary liability under ERISA for any breach by W. P. Carey of its ERISA fiduciary duties. Finally, an investment by an IRA in us might result in an impermissible commingling of plan assets with other property.

If a prohibited transaction were to occur, W. P. Carey, and possibly other fiduciaries of Benefit Plan stockholders subject to ERISA who permitted the prohibited transaction to occur or who otherwise breached their fiduciary responsibilities, or a non-fiduciary participating in the prohibited transaction could be required to restore to the plan any profits they realized as a result of the transaction or breach and make good to the plan any losses incurred by the plan as a result of the transaction or breach. In

addition, the Code imposes an excise tax equal to fifteen percent (15%) of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not “corrected.” These taxes would be imposed on any disqualified person who participates in the prohibited transaction. With respect to an IRA, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, could cause the IRA to lose its tax-exempt status under Section 408(e)(2) of the Code.

If, as contemplated above, our assets do not constitute plan assets following an investment in shares by Benefit Plans, the problems discussed in the preceding three paragraphs are not expected to arise.

Other Prohibited Transactions

Regardless of whether the shares qualify for the “publicly-offered security” exception of the Regulation, a prohibited transaction could occur if we, any selected dealer, the escrow agent or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to the purchase of the shares. Accordingly, unless an administrative or statutory exemption applies, shares should not be purchased by a Benefit Plan to which any of the above persons is a fiduciary with respect to the purchase. A person is a fiduciary to a plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to plan assets or provides investment advice for a fee with respect to the assets. Under a regulation issued by the Department of Labor, a person would be deemed to be providing investment advice if that person renders advice as to the advisability of investing in shares and that person regularly provides investment advice to the plan pursuant to a mutual agreement or understanding (written or otherwise) that: (i) the advice will serve as the primary basis for investment decisions, and (ii) the advice will be individualized for the plan based on its particular needs.

Admittance of Stockholders

Funds received will be promptly deposited into our interest-bearing account at UMB Bank. On each admittance date, the funds deposited by each investor will be transferred to us and exchanged for the applicable number of shares. Any interest earned by the investor’s funds prior to any such admittance date will be paid to an investor only if the investor’s funds have been held in the account for 20 days or longer.

In considering an investment in us, a Benefit Plan should consider whether the escrow account arrangement as well as the ultimate investment in us would be consistent with fiduciary standards applicable to that Benefit Plan.

Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan’s fiscal year and to file a report reflecting that value. When no fair market value of a particular asset is available, the fiduciary is to make a good faith determination of that asset’s “fair market value” assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide an IRA participant with a statement of the value of the IRA each year. In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA.

Unless and until the shares are listed on a national securities exchange, it is not expected that a public market for the shares will develop. To date, neither the IRS nor the Department of Labor has promulgated regulations specifying how a plan fiduciary should determine the “fair market value” of the shares when the fair market value of the shares is not determined in the marketplace. Therefore, to assist fiduciaries in fulfilling their valuation and annual reporting responsibilities with respect to ownership of shares, we intend to provide, no less frequently than annually, reports of our

determinations of the current estimated value of our net assets per outstanding share to those fiduciaries (including IRA trustees and custodians) who identify themselves to us and request the reports. Beginning no later than the earlier of (1) the end of the third full calendar year after the final closing of the initial offering or (2) 18 months after the termination of the final closing of our final public offering, the estimated value of the properties and our other assets will be based on a valuation performed by a third party independent of us and of W. P. Carey. Prior to that time, we intend to use the offering price of shares as the per share estimated net asset value.

We anticipate that, after we determine an estimated annual valuation, we will publish the determination of the estimated net asset value of our shares by filing a current report on Form 8-K with the SEC. We also anticipate that we will provide annual reports of the determination (i) to IRA trustees and custodians not later than January 15 of each year, and (ii) to other plan trustees and custodians within 75 days after the end of each calendar year. Each determination may be based upon valuation information available as of October 31 of the preceding year, updated for any material changes occurring between October 31 and December 31.

This estimated value is not likely to reflect the proceeds you would receive upon our liquidation or upon the sale of your shares. Accordingly, we can make no assurances that such estimated value will satisfy the applicable annual valuation requirements under ERISA and the Internal Revenue Code. The Department of Labor or the Internal Revenue Service may determine that a plan fiduciary or an IRA custodian is required to take further steps to determine the value of our common stock. In the absence of an appropriate determination of value, a plan fiduciary or an IRA custodian may be subject to damages, penalties or other sanctions.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA and the Internal Revenue Code may result in the imposition of civil and criminal penalties, and can subject the fiduciary to claims for damages or for equitable remedies. In addition, if an investment in our shares constitutes a prohibited transaction under ERISA or the Internal Revenue Code, the fiduciary or IRA owner who authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested. In the case of a prohibited transaction involving an IRA owner, the IRA may be disqualified and all of the assets of the IRA may be deemed distributed and subjected to tax. ERISA plan fiduciaries and IRA custodians should consult with counsel before making an investment in our common stock.

DESCRIPTION OF SHARES

The following description of the shares does not purport to be complete but contains a summary of portions of our amended and restated charter and bylaws, and such description is qualified in its entirety by reference to the forms of those documents filed as exhibits to this registration statement. Our charter and bylaws will remain in effect for the duration of our existence although they may be amended in accordance with their terms.

General Description of Shares

We are authorized to issue 400,000,000 shares of common stock and 50,000,000 shares of preferred stock, each share having a par value of \$.001. The issuance of the preferred stock must be approved by a majority of our independent directors who do not have an interest in the transactions and who have access, at our expense, to our counsel or independent legal counsel. Each common share is entitled to participate equally in distributions when and as authorized by the directors and declared by us and in the distribution of our assets upon liquidation. Each common share is entitled to one vote and will be fully paid and non-assessable by us upon issuance and payment therefor. Shares of common stock are not subject to mandatory redemption. The shares of common stock have no preemptive rights (which are intended to insure that a stockholder has the right to maintain the same ownership interest on a percentage basis before and after the issuance of additional securities) or cumulative voting rights (which are intended to increase the ability of smaller groups of stockholders to elect directors). We have the authority to issue shares of any class or securities convertible into shares of any class or classes, to classify or to reclassify any unissued stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption of the stock, all as determined by our board of directors. In addition, the board of directors, with the approval of a majority of the entire board and without any action by the stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares or the number of shares of any class or series that we have authority to issue.

Our intention is to consider alternatives for providing liquidity for our stockholders beginning generally after eight years following the investment of substantially all of the net proceeds from our initial offering, which terminated in April 2011. A liquidity transaction could include sales of assets, either on a portfolio basis or individually, a listing of our shares on a stock exchange or inclusion in an automated quotation system, a merger (which may include a merger with one or more of the other operating CPA[®] REITs) or another transaction approved by our board of directors and, if required by law, our stockholders. While our intention is to seek to complete a liquidity transaction generally within eight to twelve years following the investment of substantially all of the proceeds from our initial offering, there can be no assurance that a suitable transaction will be available or that market conditions for a transaction will be favorable during that timeframe. Alternatively, we may seek to complete a liquidity transaction earlier than eight years. Investment of substantially all of the proceeds means the equity investment of 90% or more of the net proceeds from our initial offering. While we are considering liquidity alternatives, we may choose to limit the making of new investments, unless our board of directors, including a majority of our independent directors, determines that, in light of our expected life at that time, it is in our stockholders' best interests for us to make new investments.

We will not issue stock certificates. Shares will be held in "uncertificated" form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to the transfer agent to effect a transfer. Transfers can be effected by mailing to DST a duly executed transfer form available upon request from them or from our website at www.cpa17global.com. Upon the issuance of our shares and upon the request of a stockholder, we will send to each such stockholder a written statement which will include all information that is required to be written upon stock certificates under Maryland law.

Meetings and Special Voting Requirements

An annual meeting of the stockholders will be held each year, not fewer than 30 days after delivery of our annual report. Special meetings of stockholders may be called only upon the request of a majority of the directors, a majority of the independent directors, or our chairman, chief executive officer or president, and must be called by our secretary upon the written request of stockholders entitled to cast at least 10% of all the votes entitled to be cast at such a meeting. In general, the presence in person or by proxy of holders of shares entitled to cast a majority of all the votes entitled to be cast at the meeting on any matter shall constitute a quorum. Generally, the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is necessary to take stockholder action, although the affirmative vote of the majority of shares present in person or by proxy at a meeting at which a quorum is present is necessary to elect each director.

Except as otherwise provided by Maryland law or our charter, our charter may be amended only if such amendment is declared advisable by a majority of our board of directors and approved by the stockholders either at a duly held meeting at which a quorum is present by the affirmative vote of a majority of all votes entitled to be cast or by unanimous written or electronic consent. Our board of directors has the exclusive power to amend, alter or repeal our bylaws. Stockholders may, by the affirmative vote of a majority of the votes entitled to be cast on such matter, remove a director from the board. Stockholders do not have the ability to vote to replace Carey Asset Management or to select a new advisor. A dissolution proposed by our board of directors must be declared advisable by a majority of our entire board of directors and approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter.

Except as otherwise provided by law, a merger or sale of all or substantially all of our assets other than in the ordinary course of business must be declared advisable by our board of directors and approved by holders of shares entitled to cast a majority of the votes entitled to be cast on the matter. Our stockholders will not have appraisal rights unless our board of directors determines that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Stockholders are entitled to receive a copy of our stockholder list upon request *provided* that the requesting stockholder represents to us that the list will not be used to pursue commercial interests unrelated to the stockholder's interest in us. The list provided by us will include the name, address and telephone number of, and number of shares owned by, each stockholder and will be in alphabetical order, on white paper and in easily readable type size (in no event smaller than 10-point type) and will be sent within ten days of the receipt by us of the request. A stockholder requesting a list will be required to pay our reasonable cost of postage and duplication. We will pay the costs incurred and any actual damages suffered by a stockholder who must compel the production of a list and is successful. It shall be a defense that the actual purpose and reason for the requests for inspection or for a copy of the stockholders list is to secure such list of stockholders or other information for the purpose of selling such list or copies thereof, or of using the same for a commercial purpose other than in the interest of the applicant as a stockholder relative to our affairs. The list will be updated at least quarterly to reflect changes in the information contained therein.

The rights of stockholders described above are in addition to and do not adversely affect rights provided to investors under Rule 14a-7 promulgated under the Exchange Act, which provides that, upon request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters presented to stockholders, or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholders may make the distribution themselves.

Restriction on Ownership of Shares

In order for us to continue to qualify as a REIT, not more than 50% of our outstanding shares may be owned by any five or fewer individuals (including some tax-exempt entities) during the last half of each taxable year, and the outstanding shares must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year for which an election to be treated as a REIT is made. We may prohibit certain acquisitions and transfers of shares so as to facilitate our qualification as a REIT under the Code. However, there can be no assurance that this prohibition will be effective.

Our charter contains restrictions on the number of shares of our stock that a person may own. No person may acquire or hold, directly or indirectly, in excess of 9.8% in value of our outstanding shares of stock. In addition, no person may acquire or hold, directly or indirectly, common stock in excess of 9.8% (in value or in number of shares, whichever is more restrictive) of our outstanding shares of common stock.

Our charter further prohibits (a) any person from owning shares of our stock that would result in our being “closely held” under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT and (b) any person from transferring shares of our stock if the transfer would result in our stock being owned by fewer than 100 persons. Any person who acquires or intends to acquire shares of our stock that may violate any of these restrictions, or who is the intended transferee of shares of our stock which are transferred to the trust, as defined below, is required to give us immediate written notice or, in the case of a proposed or attempted transaction, at least 15 days’ prior written notice and provide us with such information as we may request in order to determine the effect of the transfer on our status as a REIT. The above restrictions will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Our board of directors, in its sole discretion, may exempt a person (prospectively or retroactively) from these limits. However, the board may not exempt any person whose ownership of our outstanding stock would result in our being “closely held” within the meaning of Section 856(h) of the Code or otherwise would result in our failing to continue to qualify as a REIT. In order to be considered by the board for exemption, a person also must not own, directly or indirectly, an interest in our tenant (or a tenant of any entity which we own or control) that would cause us to own, directly or indirectly, more than a 9.9% interest in the tenant. The person seeking an exemption must represent to the satisfaction of the board that it will not violate these two restrictions. The person also must agree that any violation or attempted violation of these restrictions will result in the automatic transfer of the shares of stock causing the violation to the trust. The board of directors may require a ruling from the IRS or an opinion of counsel in order to determine or ensure our status as a REIT.

Any attempted transfer of our stock that, if effective, would result in our stock being owned by fewer than 100 persons will be null and void. Any attempted transfer of our stock which, if effective, would result in violation of the ownership limits discussed above or in our being “closely held” under Section 856(h) of the Code or otherwise failing to continue to qualify as a REIT, will cause the number of shares causing the violation (rounded to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares. The automatic transfer will be deemed to be effective as of the close of business on the business day (as defined in the charter) prior to the date of the transfer. Shares of our stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares of stock held in the trust, will have no rights to dividends and no rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend

or other distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Maryland law, the trustee will have the authority (i) to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and (ii) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of our stock have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows. The proposed transferee will receive the lesser of (i) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (*e.g.*, a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (ii) the price received by the trustee from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions which have been paid to the proposed transferee and are owed by the proposed transferee to the trustee. Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that shares of our stock have been transferred to the trust, the shares are sold by the proposed transferee, then (i) the shares shall be deemed to have been sold on behalf of the trust and (ii) to the extent that the proposed transferee received an amount for the shares that exceeds the amount he was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, shares of our stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and (ii) the market price on the date we, or our designee, accept the offer. We may reduce the amount payable to the proposed transferee by the amount of dividends and other distributions which have been paid to the proposed transferee and are owed by the proposed transferee to the trustee. We may pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee.

Any certificates representing shares of our stock will bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, is required to give us written notice, stating his name and address, the number of shares of each class and series of our stock which he beneficially owns and a description of the manner in which the shares are held. Each such owner shall provide us with such additional information as we may request in order to determine the effect, if any, of his beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder shall upon demand be required to provide us with such information as we may request in good faith in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These ownership limits could delay, defer or prevent a transaction or a change in control that might involve a premium price for the common stock or otherwise be in the best interest of the stockholders.

Distributions

Consistent with our qualification as a REIT, we expect to distribute at least 90% of our REIT net taxable income each year. We intend to pay distributions on a quarterly basis and we will calculate our distributions based upon daily record and distribution declaration dates so investors will be able to earn distributions immediately upon purchasing common stock. Generally, income distributed as distributions will not be taxable to us under U.S. federal income tax laws unless we fail to comply with the REIT requirements.

Distributions will be paid out of funds legally available therefor at the discretion of the directors, in accordance with our earnings, cash flow and general financial condition. The directors' discretion will be directed, in substantial part, by their obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during its fiscal year, distributions may not reflect our income earned in that particular distribution period but may be made in anticipation of cash flow which we expect to receive during a later quarter and may be made in advance of actual receipt in an attempt to make distributions relatively uniform. Also each distribution will not necessarily be funded solely through current or accumulated earnings and profits. As discussed in "United States Federal Income Tax Considerations — Taxation of Taxable U.S. Stockholders — Distributions," we may make distributions in excess of our current or accumulated earnings and profits, in which case the distribution will be treated in part as a return of capital. The directors, in their discretion, will determine in each case whether the sources and amounts of distributions are appropriate. We can borrow to make distributions if the borrowing is necessary to comply with the REIT requirements or if the borrowing is part of a liquidation strategy whereby the borrowing is done in anticipation of the sale of the properties and the proceeds will be used to repay the loan.

We are not prohibited from distributing our own securities in lieu of making cash distributions to stockholders, *provided* that the securities distributed to stockholders are readily marketable. Stockholders who receive marketable securities in lieu of cash distributions may incur transaction expenses in liquidating the securities.

Summary of Our Distribution Reinvestment and Stock Purchase Plan

We have adopted the CPA[®]:17 Distribution Reinvestment and Stock Purchase Plan, referred to in this prospectus as the "distribution reinvestment plan," pursuant to which some stockholders may elect to have up to the full amount of their cash distributions from us reinvested in additional shares. The following discussion summarizes the principal terms of the distribution reinvestment plan. The distribution reinvestment plan has been filed as an exhibit to this registration statement.

The primary purpose of the distribution reinvestment plan is to provide interested investors with an economical and convenient method of increasing their investment in us by investing cash distributions in additional shares and voluntary cash payments after the termination of the offering at the estimated net asset value per share of common stock determined by our board of directors from time to time. To the extent shares are purchased from us under the distribution reinvestment plan, we will receive additional funds for acquisitions and general purposes including the repurchase of shares.

The distribution reinvestment plan will be available to stockholders who purchase shares in this offering. You may elect to participate in the distribution reinvestment plan by making a written election to participate on your subscription agreement at the time you subscribe for shares. Any other stockholder who receives a copy of our prospectus in this offering or a separate prospectus relating solely to the distribution reinvestment plan and who has not previously elected to participate in the distribution reinvestment plan may so elect at any time to participate in the distribution reinvestment plan.

Participation; Agent. Our distribution reinvestment plan is available to stockholders of record of our common stock. DST Systems, Inc., acting as agent for each participant in the plan, will apply cash distributions which become payable to such participant on our shares (including shares held in the participant's name and shares accumulated under the plan), to the purchase of additional whole and fractional shares of our common stock for such participant.

Eligibility. Participation in the distribution reinvestment plan is limited to registered owners of our common stock. Shares held by a broker-dealer or nominee must be transferred to ownership in the name of the stockholder in order to be eligible for this plan. Further, a stockholder who wishes to participate in the distribution reinvestment plan may purchase shares through the plan only after receipt of a prospectus relating to the distribution reinvestment plan, which prospectus may also relate to a concurrent public offering of shares by us. Our board of directors reserves the right to amend the plan in the future to permit voluntary cash investments in our common stock pursuant to the plan. A participating stockholder is not required to include all of the shares owned by such stockholder in the plan but all of the distributions paid on enrolled shares will be reinvested.

Stock Purchases. In making purchases for the accounts of participants, DST may commingle the funds of one participant with those of other participants in the distribution reinvestment plan. All shares purchased under the distribution reinvestment plan will be held in the name of each participant. Purchases will be made directly from us at 95% of the estimated net asset value, or NAV, per share of our common stock, as estimated by our advisor or another firm we choose for that purpose. During the offering and until the first annual valuation of our assets is received, the purchase price will be \$9.50 per share. Subsequent to the time that we begin to receive annual valuations, the per share purchase price will be 95% of the then current NAV. NAV is determined by adding the most recent appraised value of the real estate owned by us to the value of our other assets, subtracting the total amount of all liabilities and dividing the difference by the total number of outstanding shares. DST shall have no responsibility with respect to the market value of our common stock acquired for participants under the plan.

Timing of Purchases. DST will make every reasonable effort to reinvest all distributions on the day the cash distribution is paid, except where necessary for us to comply with applicable securities laws. If, for any reason beyond the control of DST, reinvestment of the distribution cannot be completed within 30 days after the applicable distribution payment date, participants' funds held by DST will be distributed to the participant.

Account Statements. Following each purchase of shares, DST will provide to each participant an account statement showing the cash distribution, the number of shares purchased with the cash distribution and the year-to-date and cumulative cash distributions paid.

Expenses and Commissions. There will be no direct expenses to participants for the administration of the plan. Administrative fees associated with the distribution reinvestment plan will be paid by us. In no event will any discounts on shares exceed 5% of the fair market value of such purchased shares.

Taxation of Distributions. The reinvestment of distributions does not relieve the participant of any taxes which may be payable on such distributions (i.e., 100% of the distribution, not 95% of the distribution). As a result, unless you are exempt from tax, you may have to use funds from other sources to pay the tax liability attributable to reinvested amounts.

Stock Certificates. No share certificates will be issued to a participant.

Voting of Shares. In connection with any matter requiring the vote of our stockholders, each participant will be entitled to vote all of the whole shares held by the participant in the distribution reinvestment plan. Fractional shares will not be voted.

Absence of Liability. Neither we nor DST shall have any responsibility or liability as to the value of our shares, any change in the value of the shares acquired for any participant's account, or the rate of return earned on, or the value of, the interest-bearing accounts, if any, in which distributions are invested. Neither we nor DST shall be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims of liability: (a) arising out of the failure to terminate a participant's participation in the distribution reinvestment plan upon such participant's death prior to the date of receipt of such notice, and (b) with respect to the time and prices at which shares are purchased for a participant. Notwithstanding the foregoing, liability under the U.S. federal

securities laws cannot be waived. Similarly, we and DST have been advised that in the opinion of certain state securities commissioners, indemnification is also considered contrary to public policy and therefore unenforceable.

Termination of Participation. A participant may terminate participation in the distribution reinvestment plan at any time by written instructions to that effect to DST. To be effective on a distribution payment date, the notice of termination and termination fee must be received by DST at least 15 days before that distribution payment date. Upon receipt of notice of termination from the participant, DST may also terminate any participant's account at any time in its discretion by notice in writing mailed to the participant.

Amendment, Supplement, Termination and Suspension of Distribution Reinvestment Plan. The distribution reinvestment plan may be amended, supplemented or terminated by us at any time by the delivery of written notice to each participant at least 10 days prior to the effective date of the amendment, supplement or termination. Any amendment or supplement shall be effective as to the participant unless, prior to its effective date, DST receives written notice of termination of the participant's account. Amendment may include an appointment by us or DST with our approval of a successor agent, in which event such successor shall have all of the rights and obligations of DST under the distribution reinvestment plan. The plan may also be suspended by us at any time without notice to the participants.

Governing Law. The distribution reinvestment plan and the authorization card signed by the participant (which is deemed a part of the distribution reinvestment plan) and the participant's account shall be governed by and construed in accordance with the laws of Maryland *provided* that the foregoing choice of law will not restrict the application of any state's securities laws to the sale of shares to its residents or within such state.

Redemption of Shares

Prior to the time, if any, as our shares are listed on a national securities exchange, any stockholder that has held shares for at least one year since the date of their issuance (or less than one year, in the case of a stockholder's death or qualifying disability, as described below), and who purchased those shares from us or received the shares from us through a non-cash transaction, not in the secondary market, may present all or any portion of these shares to us for redemption at any time, in accordance with the procedures outlined in this prospectus. At that time, we may, at our option, subject to the conditions described below, redeem the shares presented for redemption for cash to the extent we have sufficient funds available for redemption and to the extent the total number of shares for which redemption is requested in any quarter, together with the aggregate number of shares redeemed in the preceding three fiscal quarters, does not exceed 5% of the total number of our shares outstanding as of the last day of the immediately preceding fiscal quarter, which we refer to as the 5% limit. As a result, some or all of a stockholder's shares may not be redeemed. In addition, our advisor may assist with the identification of prospective third party buyers, but receives no compensation for such assistance. Affiliates of our advisor are eligible to have their shares redeemed on the same terms as other stockholders.

Generally, cash available for redemption will be limited to proceeds from our distribution reinvestment plan, plus up to 1% of the operating cash flow of the previous fiscal year. Stockholders may offer shares to us for purchase and we may purchase the offered shares if we have sufficient cash, subject to the 5% limit.

Except for redemptions sought upon a stockholder's death or qualifying disability (as defined below) or redemptions sought upon a stockholder's receipt of qualifying long-term care upon the conditions set forth below, during this offering the redemption price will be \$9.30 per share, and during any subsequent offerings the redemption price will be the offering price per share minus a surrender charge, which is currently fixed at 7%. In no event will the redemption price exceed the then-current offering price of our common stock. During periods when we are not engaged in an offering, the

redemption price will be \$9.30 per share until we commence obtaining an annual independent valuation of the estimated net value of the assets in our portfolio as discussed in “ERISA Considerations — Annual Valuation.” After an annual valuation, the redemption price during periods when we are not conducting an offering will be 93% of the estimated net asset value per share.

In addition, and subject to the limitations described in this prospectus and provided that the redemption request is made within one calendar year of the event giving rise to the following special circumstances, we may allow a stockholder to request a redemption of his or her shares, including shares held through a revocable grantor trust, or an IRA or other retirement or profit-sharing plan, earlier than one year from the date of their issuance (a) upon the request of the estate, heir or beneficiary of a deceased stockholder who is a natural person, or (b) upon the qualifying disability of or upon receipt of qualifying long-term care by a stockholder who is a natural person, provided that the condition causing such disability or receipt of qualifying long-term care was not preexisting on the date that such person became a stockholder. We refer to the foregoing redemption requests as the Special Circumstances Redemptions.

Furthermore, in order for the disability to be considered a qualifying disability, the stockholder must receive a determination of disability based on a physical or mental condition or impairment made by the governmental agency responsible for reviewing the disability retirement benefit that the stockholder could be eligible to receive. The governmental agencies are limited to the following: (a) if the stockholder paid Social Security taxes and therefore could be eligible to receive Social Security disability benefits, the Social Security Administration or the agency charged with responsibility for administering Social Security disability benefits at that time; (b) if the stockholder did not pay Social Security taxes and therefore could not be eligible to receive Social Security disability benefits, but the stockholder could be eligible to receive disability benefits under the Civil Service Retirement System (“CSRS”), the U.S. Office of Personnel Management or the agency charged with responsibility for administering CSRS benefits at that time; or (c) if the stockholder did not pay Social Security taxes and therefore could not be eligible to receive Social Security benefits but suffered a disability that resulted in the stockholder’s discharge from military service under conditions that were other than dishonorable and therefore could be eligible to receive military disability benefits, the Veteran’s Administration or the agency charged with the responsibility for administering military disability benefits at that time.

Disability determinations by governmental agencies for purposes other than those listed above, including but not limited to worker’s compensation insurance, administration or enforcement of the Rehabilitation Act or Americans with Disabilities Act, or waiver of insurance premiums, will not entitle a stockholder to the terms available for Special Circumstances Redemptions, unless permitted in the discretion of our board of directors. Redemption requests following an award by the applicable governmental agency of disability benefits must be accompanied by (1) the stockholder’s initial application for disability benefits and (2) a Social Security Administration Notice of Award, a U.S. Office of Personnel Management determination of disability under CSRS, a Veteran’s Administration record of disability-related discharge or such other documentation issued by the applicable governmental agency that we deem acceptable and demonstrates an award of the disability benefits.

We understand that the following disabilities do not entitle a worker to Social Security disability benefits:

- disabilities occurring after the legal retirement age;
- temporary disabilities; and
- disabilities that do not render a worker incapable of performing substantial gainful activity.

Therefore, these disabilities will not qualify for the terms available for Special Circumstances Redemptions.

The purchase price per share for shares redeemed upon the death or qualifying disability of the stockholder or upon the stockholder's receipt of qualifying long-term care will be the price paid to acquire the shares from us until we commence obtaining an annual independent valuation of the estimated net value of the assets in our portfolio as discussed in "ERISA Considerations — Annual Valuation." After an annual valuation, the redemption price for redemptions sought upon a stockholder's death or qualifying disability or upon the stockholder's receipt of qualifying long-term care will be the greater of (i) the price paid to acquire the shares from us or (ii) 93% of the estimated net asset value per share.

Redemption requests following receipt of long-term care must be accompanied by (1) a written statement from a licensed physician certifying the stockholder's continuous and continuing need for long-term care as previously defined and that the stockholder will indefinitely require long-term care as previously defined and (2) a written statement from the long-term care facility verifying initial date of admittance or from the health agency verifying initial date of services.

"Long-term care" means (a) a stockholder's continuous and continuing need for confinement to a long-term care facility or long-term home health care provided by a home health agency and (b) that a licensed physician has determined that the stockholder will require confinement to a long-term care facility or home health care services provided by a home health agency indefinitely.

A "long-term care facility" means an institution that (a) is approved by Medicare as a provider of skilled nursing care, (b) is licensed as a skilled nursing home by the state or territory in which it is located (it must be within the United States, Puerto Rico, or U.S. Virgin Islands), or (c) is licensed in the state of residence as an assisted living facility that provides housing, twenty four hour on-site monitoring, and personal care services and/or home care services in a home-like setting to five or more adult residences. "Long-term home health care" is health care that is provided by a home health agency that either (a) is approved by Medicare or (b) is certified in the state of residence to provide long-term home health care services.

If we have sufficient funds to purchase some but not all of the shares offered, or if over 5% of our then outstanding shares are offered for redemption, requesting stockholders' shares may be redeemed on a pro rata basis, rounded to the nearest whole share, based upon the total number of shares for which redemption was requested, and the total funds available for redemption. Requests not fulfilled in one quarter will automatically be carried forward to the next quarter, unless such request is revoked, and will receive priority over requests made in the carryover quarter. Requests can be revoked by sending a letter requesting revocation to our Investor Relations department. There can be no assurances that we will have sufficient funds to repurchase any shares.

A stockholder who wishes to have shares redeemed must mail or deliver a written request on a form provided by us and executed by the stockholder, its trustee or authorized agent to the redemption agent, which is currently DST. To request a form, call our Investor Relations Department at 1-800-WP CAREY. The redemption agent at all times will be registered as a broker-dealer with the SEC and each state's securities commission unless exempt from registration. Within 30 days following our receipt of the stockholder's request, we will forward to the stockholder the documents necessary to effect the redemption, including any signature guarantee we or the redemption agent may require. As a result, we anticipate that, assuming sufficient funds for redemption, the effective date of redemptions will be no later than 30 days after the quarterly determination of the availability of funds for redemption.

A stockholder may present to us fewer than all of the stockholder's shares for redemption, *provided, however*, that the stockholder must present for redemption at least 25% of the stockholder's shares.

The board of directors, in its sole discretion, may amend, suspend or terminate the redemption of shares at any time it determines that such amendment, suspension or termination is in our best interest. The board of directors may also change or waive the limitations described above on the number of shares we may repurchase during any 12 month period and the amount of operating cash flow we may use to affect redemptions. The board of directors may also suspend the redemption of shares if:

- it determines, in its sole discretion, that such redemption impairs our capital or operations;

- it determines, in its sole discretion, that an emergency makes such redemption not reasonably practical;
- any governmental or regulatory agency with jurisdiction over us so demands for the protection of the stockholders;
- it determines, in its sole discretion, that such redemption would be unlawful; or
- it determines, in its sole discretion, that such redemption, when considered with all other redemptions, sales, assignments, transfers and exchanges of our shares, could cause direct or indirect ownership of shares to become concentrated to an extent which would prevent us from continuing to qualify as a REIT under the Code.

Shares of our common stock redeemed under the redemption plan will return to the status of authorized but unissued shares of common stock. We will not resell such shares to the public unless they are first registered with the SEC under the Securities Act and under appropriate state securities laws or otherwise sold in compliance with such laws. We will immediately terminate the redemption plan and will not accept shares of common stock for redemption in the event the shares of common stock are listed on any stock exchange or included for quotation on an automatic quotation system or if a secondary trading market for the common stock is otherwise established.

W.P. Carey, the advisor, our directors and affiliates are prohibited from receiving a fee on any share redemptions, including selling commissions and dealer manager fees.

For a discussion of the tax treatment of such redemptions, see “United States Federal Income Tax Considerations — Taxation of Taxable U.S. Stockholders.” The redemption plan will terminate, and we will no longer accept shares for redemption, if and when our shares are listed on a national securities exchange.

Restrictions on Roll-Up Transactions

In connection with any proposed transaction considered a “Roll-up Transaction” involving us and the issuance of securities of an entity (a “Roll-up Entity”) that would be created or would survive after the successful completion of the Roll-up Transaction, an appraisal of all properties shall be obtained from a competent independent appraiser. The properties shall be appraised on a consistent basis, and the appraisal shall be based on the evaluation of all relevant information and shall indicate the value of the properties as of a date immediately prior to the announcement of the proposed Roll-up Transaction. The appraisal shall assume an orderly liquidation of properties over a 12-month period.

The terms of the engagement of the independent appraiser shall clearly state that the engagement is for the benefit of us and our stockholders. If the appraisal will be included in a prospectus used to offer the securities of a Roll-Up Entity, the appraisal shall be filed with the SEC and the states as an exhibit to the registration statement for the offering. Accordingly, an issuer using the appraisal in the registration statement shall be subject to liability for violation of Section 11 of the Securities Act and comparable provisions under state laws for any material misrepresentations or material omissions in the appraisal, unless the issuer can establish a defense to such liability. A summary of the appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to stockholders in connection with a proposed Roll-up Transaction. A “Roll-up Transaction” is a transaction involving the acquisition, merger, conversion or consolidation, directly or indirectly, of us and the issuance of securities of a Roll-up Entity. This term does not include:

- a transaction involving our securities that have been listed on a national securities exchange for at least 12 months; or
- a transaction involving the conversion to corporate, trust or association form of only us if, as a consequence of the transaction there will be no significant adverse change in any of the following: stockholder voting rights; the term of our existence; compensation to W. P. Carey; or our investment objectives.

In connection with a proposed Roll-up Transaction, the person sponsoring the Roll-up Transaction must offer to stockholders who vote “no” on the proposal the choice of:

- (i) accepting the securities of a Roll-up Entity offered in the proposed Roll-up Transaction; or

(ii) one of the following:

(A) remaining as stockholders of us and preserving their interests therein on the same terms and conditions as existed previously, or

(B) receiving cash in an amount equal to the stockholder's *pro rata* share of the appraised value of our net assets.

We are prohibited from participating in any proposed Roll-up Transaction:

(i) which would result in the stockholders having democracy rights in a Roll-up Entity that are less than those provided in the charter and described elsewhere in this prospectus, including rights with respect to the election and removal of directors, annual reports, annual and special meetings, amendment of the charter, and dissolution of us. See "Management," "Reports to Stockholders" and "Description of Shares;"

(ii) which includes provisions that would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the Roll-up Entity (except to the minimum extent necessary to preserve the tax status of the Roll-up Entity), or which would limit the ability of an investor to exercise the voting rights of its securities of the Roll-up Entity on the basis of the number of shares held by that investor;

(iii) in which investor's rights to access of records of the Roll-up Entity will be less than those provided in the section of this prospectus entitled "— Meetings and Special Voting Requirements;" or

(iv) in which any of the costs of the Roll-up Transaction would be borne by us if the Roll-up Transaction is rejected by the stockholders.

Transfer Agent

The transfer agent and registrar for the shares is DST Systems, Inc. The transfer agent's address is 430 W. 7th Street, Suite 219145, Kansas City, MO 64105, and its phone number is 1-888-241-3737.

Business Combinations

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns ten percent or more of the voting power of the corporation's outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than voting shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

Maryland law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third,
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred, and
- a majority requirement for the calling of a special meeting of stockholders.

In our charter, we have elected that vacancies on the board be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we vest in the board the exclusive power to fix the number of directorships. Our charter, however, provides that the total number of directors shall not be less than 3. We have not adopted provisions for a classified board. As described above under “— Meetings and Special Voting Requirements,” stockholders may, by the affirmative vote of a majority of the votes entitled to be cast on the matter, remove a director. In addition, stockholders entitled to cast at least 10% of all the votes entitled to be cast at the meeting may request that we call a special meeting of stockholders.

Although our board of directors has no current intention to opt in to any of the other above provisions permitted under Maryland law, our charter does not prohibit our board from doing so. Becoming governed by any of these provisions could discourage an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our securities.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the board of directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of the board of directors or (iii) by a stockholder who was a stockholder of record both at the time of giving of the advance notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the board of directors at a special meeting may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of the board of directors, or (iii) provided that the board of directors has determined that directors will be elected at the meeting, by a stockholder who was a stockholder of record both at the time of giving of the advance notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

THE OFFERING/PLAN OF DISTRIBUTION

We are publicly offering through Carey Financial, our dealer manager, on a best efforts basis a maximum of \$1,000,000,000 of shares of common stock consisting of 100,000,000 shares priced at \$10 per share. There are discounts available for certain categories of purchasers as described below.

A stockholder may purchase shares in the offering only after receipt of a final prospectus related to the offering. The minimum order is 200 shares or \$2,000. The offering price of \$10.00 per share is based solely upon the amount of funds we wish to raise, divided by the number of shares we have deemed appropriate for investor liquidity and marketability of the shares, rather than upon an appraisal of our assets or expected earnings. The offering price was arbitrarily determined by our board of directors in the exercise of its business judgment. This price may not be indicative of the price at which shares would trade if they were listed on an exchange or actively traded by brokers nor of the proceeds that a stockholder would receive if we were liquidated or dissolved.

We have also registered 50,000,000 shares (\$475 million) available to stockholders who elect to participate in the distribution reinvestment plan who receive a copy of this prospectus or a separate prospectus for such plan. We reserve the right to reallocate the shares of common stock we are offering between this offering and our distribution reinvestment plan. The shares purchased through our distribution reinvestment plan will initially be purchased at a price of \$9.50 per share. Once we establish an estimated net asset value per share that is not based on the price to acquire a share in this offering, the price of shares issued pursuant to our distribution reinvestment plan will be based upon the estimated net asset value per share of our common stock, as determined by our advisor or another firm chosen for that purpose, less administrative fees. We expect to establish an estimated net asset value per share not based on the price to acquire a share in this offering upon the completion of our offering stage. We will consider our offering stage complete when we are no longer engaged in public equity offerings and have not done so for 18 months. For purposes of determining the completion of our offering stage, we do not consider “public equity offerings” to include offerings on behalf of selling stockholders or offerings related to any distribution reinvestment plan, employee benefit plan or the redemption of interests in our operating partnership.

This offering of shares of our common stock will terminate on or before April 7, 2013, which is two years after the initial effective date of this offering. However, our board of directors may decide to extend the offering for up to an additional year. If we extend the offering for another year and file another registration statement during the one-year extension in order to sell additional shares, we could continue to sell shares in this offering until the earlier of 180 days after the third anniversary of the effective date of this offering or the effective date of the subsequent registration statement. If we decide to extend the primary offering beyond April 7, 2013, we will provide that information in a prospectus supplement. If we file a subsequent registration statement, we could continue offering shares with the same or different terms and conditions. Nothing in our organizational documents prohibits us from engaging in additional subsequent public offerings of our stock. Our board of directors may terminate this offering at any time prior to the termination date.

This offering must be registered in every state, the District of Columbia and Puerto Rico in which we offer or sell shares. Generally, such registrations are for a period of one year. Thus, we may have to stop selling shares in any state, the District of Columbia and Puerto Rico in which our registration is not renewed annually.

Our shares may also be sold by our officers and directors and the officers and directors of our advisor without receiving any selling commission or dealer manager fees, in those states where they are licensed to do so or are exempt from licensing. All offers and sales of shares by our officers and directors and those of our advisor will be made under the safe harbor from broker-dealer registration provided by SEC Rule 3a4-1.

Dealer Manager and Compensation We Will Pay for the Sale of Our Shares

Our dealer manager is a member firm of FINRA. We have agreed to indemnify Carey Financial and selected dealers against specified liabilities, including liabilities under the Securities Act.

Except as provided below, Carey Financial will receive selling commissions of 6.5% of the gross offering proceeds for shares sold in this offering. Our dealer manager will receive 3.5% of the gross offering proceeds as compensation for acting as the dealer manager. Reduced selling commissions will be paid with respect to certain volume discount sales. We do not pay any selling commissions or dealer manager fees for shares sold under our friends and family program or our distribution reinvestment plan, although we will pay administrative fees related to the purchase of shares through our distribution reinvestment plan. We will also reimburse our dealer manager for reasonable bona fide invoiced due diligence expenses as described below.

We expect our dealer manager to authorize other broker-dealers that are members of FINRA, which we refer to as selected dealers, to sell our shares. Except as provided below, our dealer manager will re-allow all of its selling commissions attributable to a selected dealer. In addition, our dealer manager may re-allow up to \$0.50 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases.

We may also sell shares at a discount to the offering price of \$10.00 per share through the following distribution channels in the event that the investor:

- pays a broker a single fee, e.g., a percentage of assets under management, for investment advisory and broker services, which is frequently referred to as a “wrap fee;”
- engages the services of a registered investment advisor with whom the investor has agreed to pay compensation for investment advisory or other financial services, other than a registered investment advisor that is also registered as a broker dealer who does not have a wrap fee or similar arrangement with the investor; or
- invests through a bank acting as trustee or fiduciary.

If an investor purchases shares through one of these distribution channels in our offering, we will sell the shares at a 6.5% discount, or at \$9.35 per share, reflecting that selling commissions are not being paid in connection with such purchases. The net proceeds to us will not be affected by any such reduction in selling commissions.

Neither our dealer manager nor its affiliates will compensate any person engaged as an investment advisor by a potential investor as an inducement for such investment advisor to advise favorably for an investment in us.

The dealer manager may re-allow to a selected dealer a portion of its dealer manager fee to that selected dealer as a marketing fee based upon such factors as:

- the volume of sales estimated to be made by the selected dealer; or
- the selected dealer’s agreement to provide one or more of the following services:
 - providing internal marketing support personnel and marketing communications vehicles to assist the dealer manager in our promotion;
 - responding to investors’ inquiries concerning monthly statements, valuations, distribution rates, tax information, annual reports, reinvestment and redemption rights and procedures, our financial status and the markets in which we have invested;
 - assisting investors with redemptions; or
 - providing other services requested by investors from time to time and maintaining the technology necessary to adequately service investors.

In addition, Carey Financial may reimburse certain of our selected dealers for:

- technology costs; and
- other costs and expenses associated with the primary offering, the facilitation of the marketing of our shares, such as the expenses associated with a web-based platform to assist in identifying potential investors, and the ownership of such shares by our selected dealers’ customers.

These costs will be paid out of the dealer manager fee. There is a possibility that these reimbursements may cause the aggregate compensation paid to a particular selected dealer to exceed ten percent of its sales. For a more complete discussion of all compensation and fees paid in connection with the offering, see “Management Compensation.”

Carey Financial, as our dealer manager, provides services to us, which include conducting broker-dealer seminars, holding informational meetings and providing information and answering any questions concerning this offering. We pay Carey Financial a dealer manager fee of 3.5% of the gross offering proceeds. In addition to re-allowing a portion of the dealer manager fee as a marketing fee or as an additional commission to certain selected dealers, the fee will also be used for certain costs that are viewed by FINRA as included in the 10% underwriting compensation limit, such as the cost of the following activities:

- travel and entertainment expenses;
- compensation of Carey Financial’s employees in connection with wholesaling activities;
- expenses incurred in coordinating broker-dealer seminars and meetings;
- wholesaling expense reimbursements paid by Carey Financial or its affiliates to other entities;
- the national and regional sales conferences of our selected dealers;
- training and education meetings for registered representatives of our selected dealers; and
- permissible forms of non-cash compensation to registered representatives of our selected dealers, such as logo apparel items and gifts that do not exceed an aggregate value of \$100 per annum per registered representative and that are not pre-conditioned on achievement of a sales target. These gifts would include, but not be limited to, seasonal gifts.

The maximum amount of all items of compensation we may pay to Carey Financial and the selected dealers is set forth in the table below. For a complete description of these fees, see “Management Compensation.” This table assumes that all shares are sold through distribution channels associated with the highest possible selling commissions and dealer manager fees.

Dealer Manager and Selected Dealer Compensation

	Maximum Aggregate⁽¹⁾
Selling Commission (maximum)	\$ 65,000,000
Dealer Manager fee (maximum)	35,000,000
Total	\$100,000,000

(1) While we will generally pay a selling commission and a dealer manager fee in connection with the offering of 6.5% and 3.5%, respectively, our dealer manager may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases. In no event will the aggregate selling commissions and dealer manager fees exceed 10%.

We will reimburse our dealer manager for reimbursements it may make to itself and selected dealers for reasonable bona fide due diligence expenses incurred which are supported by a detailed and itemized invoice. Such reimbursements are subject to the limitations on organization and offering expenses described below.

Under FINRA rules, the total underwriting compensation to be paid to Carey Financial and selected dealers from any source in connection with the primary offering, including selling commissions and the dealer manager fee may not exceed 10% of our gross offering proceeds from the sale of shares in our offering. Carey Financial and we will monitor the payment of all fees and expense reimbursements to assure that this 10% underwriting compensation limit is not exceeded. Our dealer manager will reimburse us for any underwriting compensation in excess of FINRA’s 10% underwriting compensation limit in the event the offering is abruptly terminated before reaching the maximum offering amount.

In addition to the 10% underwriting compensation limit, FINRA and many states also limit the total organizational and offering expenses (including selling commissions and the dealer manager fee) that we may incur to 15% of our gross offering proceeds. Our advisor has agreed to reimburse any organizational and offering expenses, excluding selling commissions and the dealer manager fee that exceed 2% of the gross offering proceeds. We expect that our total organizational and offering expenses, including selling commissions and the dealer manager fee, in connection with the primary offering to be \$109,170,668 if the maximum of 100,000,000 shares are sold in the offering. If we sell the maximum of 150,000,000 shares in the offering and pursuant to our distribution reinvestment plan, we expect our organizational and offering expenses to be approximately \$109,170,668. During the course of the offering we may pay up to 5% of our gross offering proceeds for organizational and offering expenses (excluding selling commissions and the dealer manager fee) and at the end of the offering our advisor will reimburse us so that our organizational and offering expenses (excluding selling commissions and the dealer manager fee) do not exceed 2% of the gross offering proceeds in the offering.

Volume Discounts

We will offer a reduced share purchase price in the offering to single purchasers on orders of more than \$500,000 made through the same selected dealer, which we refer to in this prospectus as “volume discounts.” Volume discounts are not applicable to shares purchased pursuant to our distribution reinvestment plan. Selling commissions paid to Carey Financial and selected dealers will be reduced by the amount of the discount. The share purchase price will be reduced for each incremental share purchased in the total volume ranges set forth in the table below.

<u>For A “Single” Purchaser</u>	<u>Purchase Price Per Share For Incremental Share In Volume Discount Range</u>	<u>Selling Commission For Incremental Share In Volume Discount Range⁽¹⁾</u>
\$2,000 — \$500,000	\$10.00	6.5%
\$500,001 — \$1,000,000	9.95	6.0
\$1,000,001 — \$2,000,000	9.90	5.5
\$2,000,001 — \$3,000,000	9.75	4.0
\$3,000,001 — \$5,000,000	9.65	3.0
\$5,000,001 — \$10,000,000	9.60	2.5
Over \$10,000,000	9.50	1.5

(1) While we will generally pay a selling commission in connection with the offering of 6.5%, our dealer manager may re-allow up to \$0.05 per share sold of its dealer manager fee to selected dealers as an additional commission in certain cases.

For example, a single purchaser would receive 100,251.2563 shares rather than 100,000 shares for an investment of \$1,000,000 and the selling commission would be \$62,651. The discount would be calculated as follows: On the first \$500,000 of the investment there would be no discount and the purchaser would receive 50,000 shares at \$10.00 per share. On the remaining \$500,000, the per share price would be \$9.95 and the purchaser would receive 50,251.2563 shares.

For purposes of determining investors eligible for volume discounts, investments made by accounts with the same primary account holder, as determined by the account tax identification number, may be combined. This includes individual accounts and joint accounts that have the same primary holder as any individual account. Investments made through individual retirement accounts may also be combined with accounts that have the same tax identification number as the beneficiary of the individual retirement account.

An investor may accomplish this instruction by checking the appropriate box and providing requested information under the “Investment” section of our order form. To the extent an investor qualified for a volume discount on a particular purchase, any subsequent purchase, regardless of the number of shares subscribed for in that purchase (other than through the distribution reinvestment plan), will also qualify for that volume discount or, to the extent the subsequent purchase when aggregated with the prior purchase(s) qualifies for a greater volume discount, such greater discount.

For example, if an initial purchase is for \$450,000, and a second purchase is for \$80,000, then the first \$50,000 of the second purchase will be priced at \$10.00 per share and the remaining \$30,000 of the second purchase will be priced at \$9.95 per share. Any request to treat a subsequent purchase cumulatively for purposes of the volume discount must be made in writing and will be subject to our verification that all of the orders were made by a single purchaser.

In the event orders are combined, the commission payable with respect to the subsequent purchase of shares will equal the commission per share which would have been payable in accordance with the commission schedule set forth above if all purchases had been made simultaneously. Any reduction of the selling commission otherwise payable to Carey Financial or a selected dealer will be credited to the purchaser as additional shares. Unless investors indicate that orders are to be combined and provide all other requested information, we cannot be held responsible for failing to combine orders properly.

The volume discount will be prorated among the separate accounts considered to be a single purchaser. The amount of total commissions thus computed will be apportioned *pro rata* among the individual orders on the basis of the respective amounts of the orders being combined. Shares purchased pursuant to our distribution reinvestment plan on behalf of a participant in the plan will not be combined with other subscriptions for shares by the participant.

Any reduction in selling commissions will reduce the effective purchase price per share to the investor involved but will not alter the proceeds available to us with which to acquire properties or use for other corporate purposes. All investors will be deemed to have contributed the same amount per share to us whether or not the investor receives a discount. Accordingly, for purposes of distributions, investors who pay reduced selling commissions will receive higher returns on their investments in us as compared to investors who do not pay reduced selling commissions.

California residents should be aware that volume discounts will not be available in connection with the sale of shares made to California residents to the extent such discounts do not comply with the provisions of Rule 260.140.51 adopted pursuant to the California Corporate Securities Law of 1968. Pursuant to this rule, volume discounts can be made available to California residents only in accordance with the following conditions:

- there can be no variance in the net proceeds to us from the sale of the shares to different purchasers of the same offering;
- all purchasers of the shares must be informed of the availability of quantity discounts;
- the same volume discounts must be allowed to all purchasers of shares which are part of the offering;
- the minimum amount of shares as to which volume discounts are allowed cannot be less than \$10,000;
- the variance in the price of the shares must result solely from a different range of commissions, and all discounts must be based on a uniform scale of commissions; and
- no discounts are allowed to any group of purchasers.

Accordingly, volume discounts for California residents will be available in accordance with the foregoing table of uniform discount levels based on dollar volume of shares purchased, but no discounts are allowed to any group of purchasers, and no subscriptions may be aggregated as part of a combined order for purposes of determining the number of shares purchased.

Shares Purchased by Broker-Dealers Participating in the Offering and our Affiliates

We may sell shares to selected dealers, their retirement plans, their representatives, employees and the family members, IRAs and the qualified plans of their representatives at a purchase price of \$9.35 per share, which is net of the selling commissions. For purposes of this discount, we consider a family member to be a spouse, parent, child, sibling, cousin, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law. The net offering proceeds we receive will not be affected by the discounted sales price of such shares.

Our officers and directors and their family members, as defined above, as well as our advisor and its affiliates and the officers, directors, and employees of our advisor and its affiliates and their family members and if approved by our board, consultants, may purchase directly from us shares offered in this offering at \$9.00 per share, which is net of all selling commissions and the dealer manager fee. Except for certain share ownership and transfer restrictions contained in our charter, there is no limit on the number of shares that may be sold to such persons. The net offering proceeds we receive will not be affected by the reduced sales price of such shares. Such persons shall be expected to hold their shares purchased as stockholders for investment and not with a view towards distribution.

Investments through IRA Accounts

We may retain a custodian to act as an IRA custodian for our stockholders who desire to establish an IRA, SEP or certain other tax-deferred accounts or transfer or rollover existing accounts.

Other Sales

From time to time, we or our operating partnership may sell equity securities to institutional investors. We may sell shares of our common stock directly to institutional investors in this offering or we and our operating partnership may sell equity interests in other public offerings or private placement transactions. Such sales may be based upon the price at which shares of common stock are being sold in this offering, or they may be at negotiated prices and on terms that are different from the terms of this offering. We may pay commissions to placement agents, selected dealers, brokers and our dealer manager in connection with such transactions that are different from the dealer manager fees and selling commissions described above. In the event of a sale to an institution in this offering at a negotiated price, then we will supplement this prospectus to include:

- the aggregate amount of the sale;
- the price per share paid by the institution; and
- a statement that other similar institutions wishing to purchase at that volume of securities will pay the same price for that volume of securities.

For a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock applicable to non-U.S. stockholders of our common stock, see “United States Federal Income Tax Considerations — Taxation of Non-U.S. Stockholders.”

Arrangements with Respect to Money Held in the Interest-Bearing Account

We intend to admit stockholders generally every 20 days or sooner and pay interest to those stockholders whose funds have been held in the interest-bearing account maintained by UMB Bank for at least 20 days. You will not otherwise be entitled to interest earned on funds held in the interest-bearing account at UMB Bank. Interest earned, but not payable to you, will be paid to us.

We may not complete a sale of shares to you until at least five business days after you receive a final prospectus. The sale of shares pursuant to the order form will not be complete until we issue a written confirmation of purchase to you. While your funds are held in escrow or in the interest-bearing account and at any time prior to the date the sale is completed, you may withdraw your order by notifying your broker-dealer.

REPORTS TO STOCKHOLDERS

We will provide periodic reports to stockholders regarding our operations over the course of the year. Financial information contained in all reports to stockholders will be prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Tax information will be mailed to the stockholders by January 31 of each year. Our annual report, which will include financial statements audited and reported upon by independent public accountants, will be furnished within 120 days following the close of each fiscal year, or such shorter period (but not less than 90 days) as may be required by law. Our quarterly report on Form 10-Q will be furnished within 45 days after the close of each quarterly fiscal period, or such shorter period as may be required by law. The annual financial statements will contain or be accompanied by a complete statement of any transactions with W. P. Carey or its affiliates and of compensation and fees paid or payable by us to Carey Asset Management and its affiliates. The annual report will also contain an estimated value per share, the method by which that value was determined, and the date of the data used to develop the estimated value.

If a distribution is not being funded from cash flow from operating activities, our stockholders resident in Arizona, New York and Maryland will be provided disclosure that provides the percentage and dollar amount that is being funded from cash flow from operating activities and the percentage and dollar amount that is being funded by offering proceeds or borrowings.

We may also receive requests from stockholders and their advisors to answer specific questions and report to them regarding our operations over the course of the year utilizing means of communication in addition to the periodic written reports referred to in the previous paragraph. Personnel from our dealer manager and our advisor's investor relations group will endeavor to meet any such reasonable request electronically or in person. We expect that the costs not material to our total operation budget will be incurred to provide this stockholder service.

Investors have the right under applicable federal and Maryland laws to obtain information about us and, at their expense, may obtain a list of names and addresses of all of the stockholders under certain conditions. See "Description of Shares — Meetings and Special Voting Requirements." Stockholders also have the right to inspect and duplicate our appraisal records. In the event that the SEC promulgates rules and/or in the event that the applicable guidelines of the North American Securities Administrators Association, Inc., are amended so that, taking these changes into account, our reporting requirements are reduced, we may cease preparing and filing some of the aforementioned reports if the directors determine this action to be in the best interest of us and if this cessation is in compliance with the rules and regulations of the commission and state securities law and regulations, both as then amended.

LEGAL OPINIONS

Certain legal matters, including the legality of the shares, were passed upon for us by Clifford Chance US LLP, 31 West 52nd Street, New York, New York 10019 and Venable LLP, 750 E. Pratt Street, Suite 900, Baltimore, MD 21202. Certain legal matters will be passed upon for us by Reed Smith LLP, 2500 Liberty Place, Philadelphia, Pennsylvania 19103.

EXPERTS

The financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2011 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

SALES LITERATURE

In addition to and apart from this prospectus, we will use sales material in connection with this offering. This material may include, but is not limited to, the following:

- an investor sales promotion brochure;
- prospecting letters or mailers and seminar invitations;
- media advertising inviting seminar attendance;
- a brochure describing the investment committee;
- information on a website;
- a presentation using a computer;
- reprints of articles about us or the net lease or sale-leaseback industry;
- a fact sheet describing acquisitions;
- a slide presentation and studies of the prior performance of entities managed by W. P. Carey and its affiliates as well as other net lease investment programs;
- broker-dealer updates;
- an electronic media presentation;
- a video presentation;
- a cd-rom presentation;
- a script for telephonic marketing; and
- certain third-party articles.

In some jurisdictions the sales material will not be available. Other than as described herein, we have not authorized the use of other sales material. This offering is made only by means of this prospectus. Although the information contained in the material will not conflict with any of the information contained in this prospectus, the material does not purport to be complete and should not be considered as a part of this prospectus or the registration statement of which this prospectus is a part, or as incorporated in this prospectus or said registration statement by reference, or as forming the basis of this offering.

INCORPORATION BY REFERENCE

In this prospectus, we “incorporate by reference” certain information we filed with the SEC, which means that we may disclose important information to you by referring you to other documents that we have previously filed with the SEC. The information incorporated by reference is deemed to be a part of this prospectus, except for any information superseded by information in this prospectus. We incorporate by reference the documents listed below:

- our Annual Report on Form 10-K for the year ended December 31, 2011 filed on March 22, 2012;
- our Current Reports on Form 8-K filed on March 22, 2012 and March 20, 2012;
- our Definitive Proxy Statement on Schedule 14A filed on April 29, 2011; and
- description of our common stock in Registration Statement on Form 8-A filed on November 5, 2007.

The information relating to us contained in this prospectus should be read together with the information in the documents incorporated by reference herein as these documents contain important information about us, our business and our finances.

You can obtain any of the documents incorporated by reference in this prospectus from us, or from the SEC through the SEC's website at the address www.sec.gov. Upon written request to the Director of Investor Relations, 50 Rockefeller Plaza, New York, New York 10020, 1-800-WP CAREY, we will provide you with a copy of any or all documents that are incorporated by reference. Such documents will be provided to you free of charge, but will not contain any exhibits, unless those exhibits are incorporated by reference into the document. You can also obtain these documents, free of charge, at our website at the address www.cpa17global.com.

FURTHER INFORMATION

We have filed a registration statement on Form S-11 with the SEC with respect to the shares of common stock to be issued in this offering. This prospectus is a part of that registration statement and, as permitted by SEC rules, does not include all of the information you can find in the registration statement or the exhibits to the registration statement. You may read and copy our registration statement and all of its exhibits, which we have filed, at the SEC's Public Reference Room in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about operation of the Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. The address of this website is <http://www.sec.gov>. All summaries contained herein of documents which are filed as exhibits to the registration statement are qualified in their entirety by this reference to those exhibits. We have not knowingly made any untrue statement of a material fact or omitted to state any fact required to be stated in the registration statement, including this prospectus, or necessary to make the statements therein not misleading.

INSTRUCTIONS TO INVESTORS

Any person investing in Corporate Property Associates 17 — Global Incorporated (the “Company”) or CPA®:17 — Global should read the Prospectus, as supplemented to date, in its entirety for a complete explanation of an investment in the Company. Investors must complete all items and sign the order form in Section 5.

1. INVESTMENT

Indicate the dollar amount of your investment (\$2,000 is the minimum, or \$2,500 for New York and North Carolina resident non-IRA investments). Check the appropriate box to indicate if this is an initial or additional investment in the Company. If this is a net of commission purchase, designate type of purchase.

The order form will need to be completed in its entirety, even if this is an additional investment in the Company. Please see “The Offering/Plan of Distribution” section of the Prospectus for further information on if this investment, or combined with a previous CPA®:17 — Global investment with the same primary account holder or beneficiary for IRA registrations, qualifies for a Volume Discount.

2. FORM OF OWNERSHIP

Check the appropriate box to indicate form of ownership.

The Broker/Dealer may require additional documents for investment in the Company and require all investment documents, including custodian paperwork if applicable, sent to their home office for a compliance review for further delivery to the Company. Be sure to first check your Broker/Dealer’s policies on investment in this offering.

NON-CUSTODIAL OWNERSHIP

For non-custodial accounts without a custodian, please mail the complete and executed order form and your check made payable to **Corporate Property Associates 17 — Global** to:

CPA®:17 — Global, c/o W. P. Carey/DST Systems
Regular Mail: P.O. Box 219145, Kansas City, MO 64121-9145
Overnight Mail: 430 W. 7th St., Suite 219145, Kansas City, MO 64105

For wiring instructions, contact W. P. Carey at 1-800-WP CAREY.

Please include the additional required information and/or documents as stated on the order form if the investor is a Corporation, Pension or Profit Sharing Plan, Partnership or Trust.

Trusts: Include a copy of the pages of the trust instrument indicating the name and date of the trust as well as the pages with the current trustee(s) and trustee(s) signature(s).

Corporations: Include an appropriate corporate resolution or secretary’s certificate indicating the names and signatures of the general partners.

Partnerships: Include a copy of the partnership agreement indicating the names and signatures of the authorized signatories.

Pension and Profit Sharing Plans: If the plan has a trustee, include a copy of the pages of the plan showing the name of Plan, name of trustee(s) and signature of trustee(s). If the plan has a custodian, please check the form of ownership under Custodial Ownership.

A Transfer on Death (TOD) registration may only be held on Individual or Joint Tenants with Right of Survivorship (JTWROS) registrations (not on an estate, trust, IRA, etc.). Please include the completed TOD Form which is included in the marketing kit.

CUSTODIAL OWNERSHIP

For accounts, please mail the complete and executed order form with necessary custodian paperwork (with a check payable to the custodian if funding the custodial account) to the custodian, for further processing and delivery to the Company. All custodial accounts will require a signature, with a Medallion Signature Guarantee stamp, of an authorized trust officer of the custodian.

	<p>Complete the Custodian Information section with the name of the custodian and mailing address.</p> <p>The custodian must complete the remaining custodian information, including its tax ID number, the custodian account number and its phone number.</p>		
<p>3. INVESTOR INFORMATION</p>	<p>Provide the name(s) of the investor(s) or trustee(s) in which shares are to be registered and investor address, telephone number and date of birth. All individual investors should provide their social security number. Custodians on UGMA or UTMA registrations should provide the minor's social security number. Trusts and other entities should provide their tax identification number.</p> <p>If you are not a U.S. citizen or are subject to backup withholding, check the appropriate box. If you are a nonresident alien, complete and submit a Form W-8BEN available on the IRS website. If you are subject to backup withholding, cross out clause (ii) in the paragraph appearing immediately above section 1.</p> <p>If you have an account with the Broker/Dealer named on the reverse side of the form, provide your account number.</p> <p>If you would like to receive your investor correspondence related to your investment via e-mail instead of in the mail, check the GO PAPERLESS box. You may request paper copies of any document delivered electronically. You may revoke this consent at any time, and the revoking of this consent applies to all documents and not to a portion of the deliverable documents.</p>		
<p>4. DISTRIBUTION PAYMENT OPTIONS</p>	<p>Check the appropriate box(es) based on your distribution payment preference.</p> <table border="0" data-bbox="381 829 1518 1186"> <tr> <td style="vertical-align: top;"> <p>NON-CUSTODIAL OWNERSHIP OPTIONS:</p> <p>(a) Mail to Investor address as provided in Section 3</p> <p>(b) Distribution Reinvestment</p> <p>(c) Directed to an alternate payee such as a bank account or brokerage firm. You may elect to have the distributions automatically deposited via Automated Clearing House (ACH) (please include a voiced check if deposited into a checking account).</p> </td> <td style="vertical-align: top; padding-left: 20px;"> <p>CUSTODIAL OWNERSHIP OPTIONS:</p> <p>(a) Mail to custodial account</p> <p>(b) Distribution Reinvestment</p> </td> </tr> </table> <p>Distribution payee will default to option (a) if no selection is made.</p> <p>If electing to enroll in Distribution Reinvestment, you are not required to enroll all of your shares for reinvestment but all of the distributions paid on enrolled shares will be reinvested. By signing the order form, you agree to notify the Company and your Broker/Dealer or Investment Advisor if, at any time, you no longer meet the suitability standards as outlined in the prospectus and any supplements thereto.</p> <p>If distributions will be sent to a bank or brokerage account, complete the firm information in its entirety.</p>	<p>NON-CUSTODIAL OWNERSHIP OPTIONS:</p> <p>(a) Mail to Investor address as provided in Section 3</p> <p>(b) Distribution Reinvestment</p> <p>(c) Directed to an alternate payee such as a bank account or brokerage firm. You may elect to have the distributions automatically deposited via Automated Clearing House (ACH) (please include a voiced check if deposited into a checking account).</p>	<p>CUSTODIAL OWNERSHIP OPTIONS:</p> <p>(a) Mail to custodial account</p> <p>(b) Distribution Reinvestment</p>
<p>NON-CUSTODIAL OWNERSHIP OPTIONS:</p> <p>(a) Mail to Investor address as provided in Section 3</p> <p>(b) Distribution Reinvestment</p> <p>(c) Directed to an alternate payee such as a bank account or brokerage firm. You may elect to have the distributions automatically deposited via Automated Clearing House (ACH) (please include a voiced check if deposited into a checking account).</p>	<p>CUSTODIAL OWNERSHIP OPTIONS:</p> <p>(a) Mail to custodial account</p> <p>(b) Distribution Reinvestment</p>		
<p>5. SIGNATURE OF INVESTORS</p>	<p>You MUST initial the representations and sign and date the form in Section 5. Except in the case of fiduciary accounts, you may not grant any person a power of attorney (POA) to make such representations on your behalf. An Attorney-in-Fact signing on behalf of the investor pursuant to a POA represents by their signature that they are acting as a fiduciary for the investor (POA documentation must be provided).</p>		

Notice to Investors. The Sponsor or any person selling shares on behalf of the Sponsor or REIT may not complete a sale of shares to an investor until at least five (5) business days after the date an investor receives a final prospectus. The sale of shares pursuant to this order form will not be effective until CPA[®]:17 — Global has issued written confirmation of purchase to the investor.

INSTRUCTIONS TO REGISTERED REPRESENTATIVES

6. REGISTERED REPRESENTATIVE INFORMATION

You MUST provide the investor with the most up to date prospectus and supplement(s). Please refer to www.cpa17global.com to check for the most recent offering materials. Verify all investor information on the order form and ensure that investors have signed and initialed in section 5. **YOU MUST COMPLETE SECTION 6 AND SIGN THE ORDER FORM FOR THE ORDER TO BE ACCEPTED.**

Complete this section in its entirety, including your representative number at your firm and your FINRA CRD number, if applicable. If you would like to receive correspondence relating to your clients' investments via e-mail, check the GO PAPERLESS box. This consent applies to all of your clients and not just this individual investment. This consent may be revoked at any time.

Your Broker/Dealer may require additional paperwork and review of documentation. All investment documents should be delivered to your Broker/Dealer for further delivery to:

CPA®:17 — Global, c/o W. P. Carey/DST Systems, Regular Mail: P.O. Box 219145, Kansas City, MO 64121-9145 Overnight Mail: 430 W. 7th St., Suite 219145, Kansas City, MO 64105

The investor named below, under penalties of perjury, certifies that (i) the number shown under Item 3 on this Order Form is his correct Taxpayer Identification Number (or he is waiting for a number to be issued to him) and (ii) he is not subject to backup withholding either because he has not been notified by the Internal Revenue Service ("IRS") that he is subject to backup withholding as a result of a failure to report all interest or distributions, or the IRS has notified him that he is no longer subject to backup withholding [NOTE: CLAUSE (ii) IN THIS CERTIFICATION SHOULD BE CROSSED OUT IF THE APPROPRIATE BOX IN ITEM 3 BELOW HAS BEEN CHECKED].

1. INVESTMENT

This is an (check one): Initial Investment (Minimum \$2,000, or \$2,500 for NY and NC non-IRA investments) Additional Investment Amount of Investment: \$ _____

Payment will be made with: Enclosed check Funds Wired Funds to Follow
Make check payable to Corporate Property Associates 17 – Global

Net of commission purchase (check one, if applicable): Net of commission through a Broker/Dealer Firm Fee based account through an SEC Registered Investment Advisor W. P. Carey Employee or Affiliate

2. FORM OF OWNERSHIP

NON-CUSTODIAL OWNERSHIP

Individual
 Transfer on Death
One signature required and initial

Joint Tenants with Right of Survivorship
 Transfer on Death
Both investors must sign and initial

Tenants in Common
All parties must sign and initial

Community Property
All parties must sign and initial

Trust Taxable Tax Exempt
Type: _____
(Revocable, Living etc.)
Trustee or Grantor signature and trust documents required

Corporation or Partnership
Authorized signature and Corporate Resolution is required
 S-Corp C-Corp
(will default to S-Corp if nothing is checked)

Partnership
Authorized signature and Partnership Agreement is required

Uniform Gift to Minors Act or the Uniform Transfers to Minors Act / State of _____
Custodian signature required

Pension or Profit Sharing Plans
 Taxable Exempt Under §501A
Authorized signature and paperwork required

Non-Profit Organization

Other _____
Please specify

NAME OF TRUST OR BUSINESS ENTITY (required for Trust, Corporation, Partnership or Pension Plan): _____

_____ Tax ID# _____ Date Established _____
(if applicable)

CUSTODIAL OWNERSHIP

Send ALL paperwork to the custodian

IRA _____ (Type) **Pension or Profit Sharing Plan** Taxable Exempt Under §501A **Other** _____
Please specify

Simplified Employee Pension / Trust (S.E.P.) **Non-Qualified Custodial Account**

Custodian Information:
NAME OF CUSTODIAN: _____
MAILING ADDRESS: _____
CITY/STATE/ZIP: _____

To be completed by Custodian:
CUSTODIAN TAX ID #: _____
CUSTODIAN ACCOUNT #: _____
CUSTODIAN PHONE #: _____

3. INVESTOR INFORMATION

Name(s) and address will be recorded exactly as printed below. Please print name(s) in which shares are to be registered. In order to meet their obligations under Federal law, the SEC Registered Broker/Dealer or Investment Advisor can obtain, verify and record information that identifies each investor who opens an account.

Check this box if you are a resident alien Check this box if you are a non-resident alien Check this box if you are subject to backup withholding Form W-8BEN required

NAME OF INVESTOR OR TRUSTEE: _____ SOCIAL SECURITY NUMBER / TIN: _____ DATE OF BIRTH: _____

NAME OF JOINT INVESTOR OR TRUSTEE: _____ SOCIAL SECURITY NUMBER / TIN: _____ DATE OF BIRTH: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

HOME PHONE: _____ E-MAIL ADDRESS: _____

GO PAPERLESS Check this box if you would like to receive your correspondence relating to your W. P. Carey investment(s) at the e-mail address provided above. You may request paper copies of any document delivered electronically. You may revoke this consent at any time, and the revoking of this consent applies to all documents and not to a portion of the deliverable documents.

INVESTOR'S ACCOUNT NUMBER WITH BROKER/DEALER OR RIA (IF ANY): _____

MAIL TO: CPA®: 17 – Global, c/o W.P. Carey/DST, Regular Mail: P.O. Box 219145, Kansas City, MO 64121-9145 Overnight Mail: 430 W. 7th St., Suite 219145, Kansas City, MO 64105

4. **DISTRIBUTION PAYMENT OPTIONS**

- (a) Mail to Investor address shown in Section 3 (FOR NON-CUSTODIAL ACCOUNTS) Pay to Custodial Account (FOR CUSTODIAL ACCOUNTS)
Distribution payee will default to option (a) if no selection is made.
- (b) Distribution Reinvestment: 100% Other ____%
Investor agrees to notify CWI and its Broker/Dealer or Investment Advisor if, at any time, it no longer meets the suitability standards as outlined in the prospectus and any supplements thereto.
- (c) Distributions directed to: Via Electronic Deposit* (ACH – complete information below)
 Checking (include voided check) Savings

BANK, BROKERAGE FIRM OR PERSON: _____
MAILING ADDRESS: _____
CITY / STATE / ZIP: _____
ACCOUNT #: _____ BANK ABA # (FOR ACH ONLY): _____

*I authorize UMB Bank to deposit variable entries to my checking, savings or brokerage account. This authority will remain in effect until I notify W. P. Carey's Investor Relations Department or DST Systems, the transfer agent for CPA[®]:17 – Global, in writing to cancel in such time as to afford a reasonable opportunity to act on the cancellation. In the event that UMB deposits funds erroneously into my account, they are authorized to debit my account for an amount not to exceed the amount of the erroneous debit.

5. **SIGNATURE OF INVESTOR(S)**

Please separately initial each of the representations below. Except in the case of fiduciary accounts, you may not grant any person a power of attorney (POA) to make such representations on your behalf. An Attorney-in-Fact signing on behalf of the investor pursuant to a POA represents by their signature that they are acting as a fiduciary for the investor.

In order to induce the Company to accept this subscription, I hereby represent and warrant to you as follows:

- | Investor | Joint Investor | |
|----------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| [] | [] | (a) I acknowledge receipt of a final Prospectus, whether over the internet, on a CD-ROM, a paper copy, or any other delivery method. |
| Initials | Initials | |
| [] | [] | (b) I hereby certify that (i) I have (a) a net worth (exclusive of home, furnishings and automobiles) of at least \$250,000 or more, or; (b) a net worth (as described above) of at least \$70,000 and had during the last two years or estimate that I will have during the current tax year a minimum of \$70,000 annual gross income, and meet the additional suitability requirements, if any, imposed by my state of primary residence (or in the case of New Hampshire residents, the special suitability standards) as set forth in the prospectus under "Suitability Standards;" (ii) I am purchasing the shares for my own account or in a fiduciary capacity; and (iii) I acknowledge that the shares are not liquid. |
| Initials | Initials | |
| [] | [] | (c) For Kansas residents only: I acknowledge Kansas' recommendation that Kansas investors not invest, in the aggregate, more than 10% of their liquid net worth in this and other similar investments and that Kansas defines liquid net worth as the portion of net worth which consists of cash and cash equivalents and readily marketable securities. |
| Initials | Initials | |
| [] | [] | (d) For Alabama residents only: I acknowledge that Alabama investors must have a liquid net worth of at least ten times their investment in CPA [®] :17 – Global and its affiliated programs. |
| Initials | Initials | |

NOTICE TO INVESTORS. The Sponsor or any person selling shares on behalf of the Sponsor or REIT may not complete a sale of shares to an investor until at least five (5) business days after the date an investor receives a final prospectus. The sale of shares pursuant to this order form will not be effective until CPA[®]:17 – Global has issued written confirmation of purchase to the investor.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

[]	[]
SIGNATURE OF INVESTOR	DATE
[]	[]
SIGNATURE OF JOINT INVESTOR OR CUSTODIAN	DATE

ORDER FORM MUST BE SIGNED AND SIGNATURE GUARANTEED BY CUSTODIAN IF INVESTING THROUGH A CUSTODIAL ACCOUNT

6. **REGISTERED REPRESENTATIVE INFORMATION**

The investor's Registered Representative must sign below to complete the order and hereby warrants that he/she is either: a duly licensed Registered Representative of an SEC registered Broker/Dealer and may lawfully sell shares in the state designated as the investor's residents; or, a supervised person of an SEC Registered Investment Advisor that has the authority to recommend or to purchase for client accounts shares of CPA[®]:17 – Global.

BROKER/DEALER OR RIA FIRM NAME: Check if recently employed by new Firm

REGISTERED REPRESENTATIVE(S) OR ADVISOR(S) NAME(S): _____

REGISTERED REPRESENTATIVE OR ADVISOR ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

REPRESENTATIVE NUMBER: _____ FINRA CRD NUMBER (IF APPLICABLE): _____

E-MAIL ADDRESS: _____ TELEPHONE NUMBER (REQUIRED): _____

GO PAPERLESS Check this box to receive correspondence relating to your clients' W. P. Carey investments at the e-mail address provided above. This consent applies to all of your clients and not just this individual investment. This consent may be revoked at any time.

The undersigned confirms by his/her signature that he/she (i) has reasonable grounds to believe that the information and representations concerning the investor identified herein are true, correct and complete in all respects; (ii) has discussed such investor's prospective purchase of Shares with such investor; (iii) has advised such investor of all pertinent facts with regard to the liquidity and marketability of the Shares; (iv) has delivered a current Prospectus and related supplements, if any, to such investor; and (v) has reasonable grounds to believe that the purchase of Shares is a suitable investment for such investor, that such investor meets the suitability standards applicable to such investor set forth in the Prospectus and related supplements, if any, and that such investor is in a financial position to enable such investor to realize the benefits of such an investment and to suffer any loss that may occur with respect thereto.

The above-identified entity, acting in its capacity as agent, SEC Registered Broker/Dealer or Select Investment Advisor, has performed functions required by federal and state securities laws, regulations and rules, and, where applicable, FINRA rules including, but not limited to Know Your Customer, Suitability and, based upon USA PATRIOT Act and its implementing regulations, has performed anti-money laundering and customer identification program functions with respect to the investor identified on this document.

[]	[]
SIGNATURE OF REGISTERED REPRESENTATIVE OR ADVISOR	DATE

ALL INVESTOR AND REGISTERED REPRESENTATIVE INFORMATION MUST BE COMPLETED OR REGISTRATION CANNOT BE PROCESSED
MAIL TO: CPA[®]:17 – Global, c/o W. P. Carey/DST, Regular Mail: P.O. Box 219145, Kansas City, MO 64121-9145 Overnight Mail: 430 W. 7th St., Suite 219145, Kansas City, MO 64105

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No person has been authorized to give any information or to make any representation in connection with the offer contained in this prospectus unless preceded or accompanied by this prospectus nor has any person been authorized to give any information or to make any representation other than those contained in this prospectus in connection with the offer contained in this prospectus, and, if given or made, such information or representations must not be relied upon. This prospectus does not constitute an offer or solicitation in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of CPA®:17 - Global since the date hereof. However, if any material change occurs while this prospectus is required by law to be delivered, this prospectus will be amended or supplemented accordingly.

W. P. CAREY



Corporate Property
Associates 17 - Global Incorporated
A Maximum of 100,000,000 Shares of Common Stock
A Maximum of 50,000,000 Shares of Common Stock
issuable pursuant to Our Distribution
Reinvestment and Stock Purchase Plan

PROSPECTUS
